



AAAE Conference and Exposition: Financial Considerations for Consolidated Rental Car Facilities

June 17, 2009

Don Arthur
Principal





Financial Considerations for Consolidated Rental Car Facilities

- Current RAC industry environment
- Affordability analysis
- Negotiation of business deal

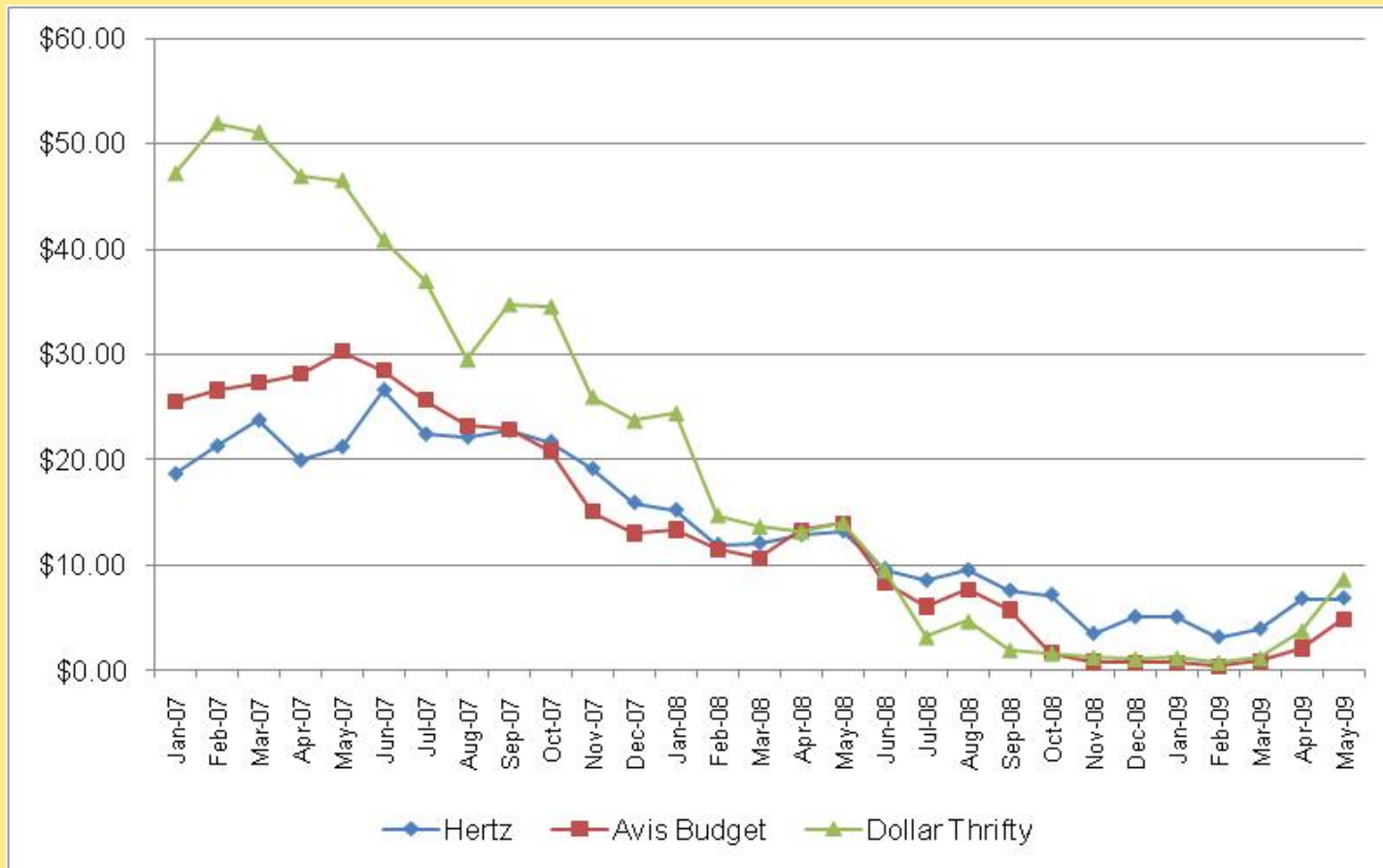


Current RAC Industry Environment

- Financial challenges facing RACs
- Reduced rental car demand in many markets
- Intense competition
- Multiple branding

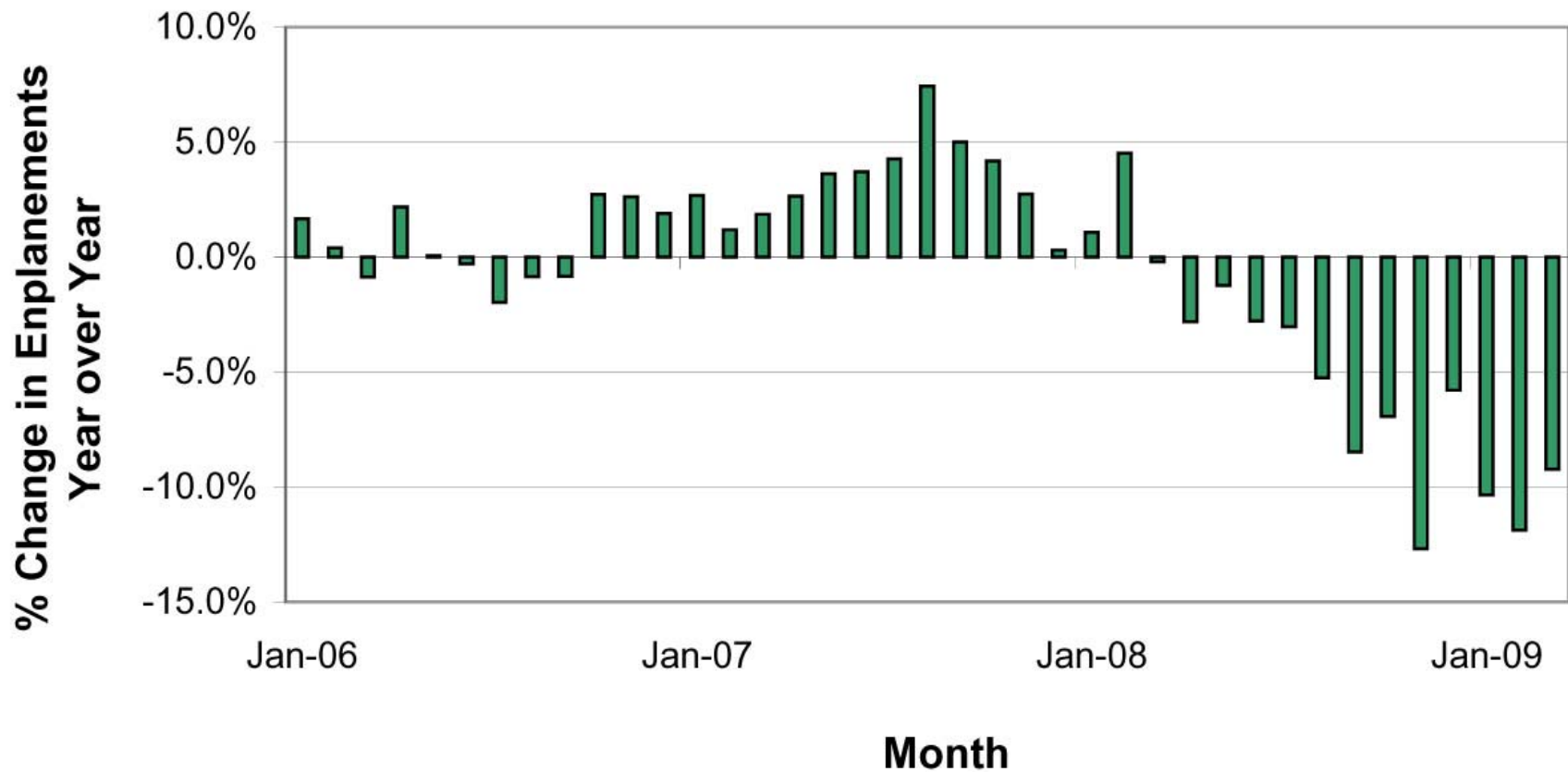


Stock Prices of Publicly Traded RACs January 2007- May 2009



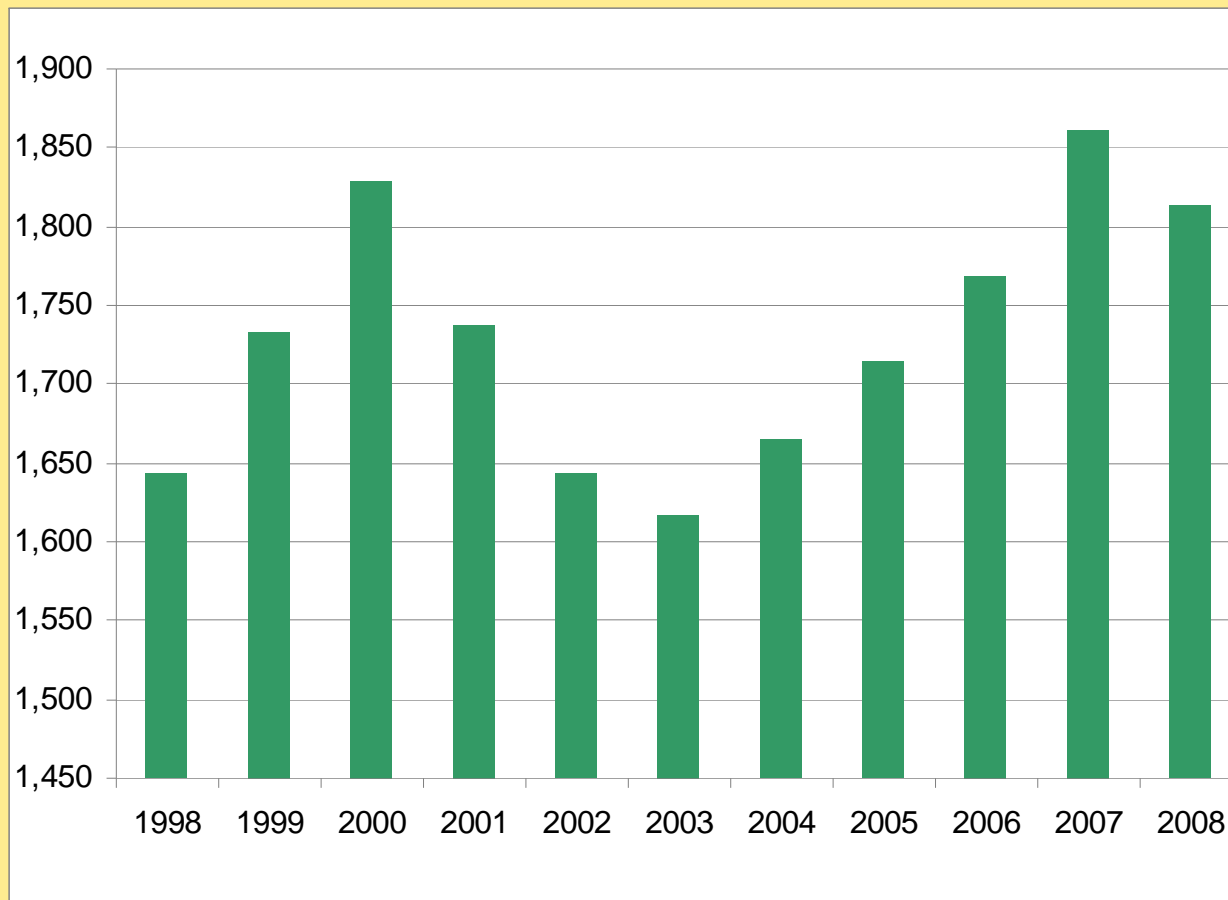


Percentage Change National Enplanements (Year-over-Year), January 2006 – March 2009





U.S. Rental Car Fleet 1998 - 2008





Affordability Analysis: Factors to Consider

- Transaction day forecast
- CFC rate
- CFC implementation date
- Projection of CFC collections
- CFC collections prior to DBO of CONRAC
- Bond proceeds
- Debt service coverage (rolling and “real”)
- Adjustment of CFC rate



Illustrative Affordability Analysis

	\$3.00		\$4.00		\$5.00	
	Transaction Day Scenario		Transaction Day Scenario		Transaction Day Scenario	
	#1	#2	#1	#2	#1	#2
Estimated CFC Collections Prior to DBO						
Actual CFC Collections, Oct. - Dec. 2008	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Estimated 2009 CFC Collections						
Estimated 2009 transaction days	425,000	450,000	425,000	450,000	425,000	450,000
Assumed CFC rate	\$3.00	\$3.00	\$4.00	\$4.00	\$5.00	\$5.00
Estimated 2009 CFC Collections	\$1,275,000	\$1,350,000	\$1,700,000	\$1,800,000	\$2,125,000	\$2,250,000
Estimated 2010 CFC Collections						
Estimated 2010 transaction days	429,000	459,000	429,000	459,000	429,000	459,000
Assumed CFC rate	\$3.00	\$3.00	\$4.00	\$4.00	\$5.00	\$5.00
Estimated 2010 CFC Collections	\$1,287,000	\$1,377,000	\$1,716,000	\$1,836,000	\$2,145,000	\$2,295,000
Estimated CFC Collections Prior to DBO	\$2,762,000	\$2,927,000	\$3,616,000	\$3,836,000	\$4,470,000	\$4,745,000
Plus: Bond proceeds	\$9,200,000	\$9,900,000	\$12,200,000	\$13,200,000	\$15,300,000	\$18,500,000
Total Affordable Cost	\$11,962,000	\$12,827,000	\$15,816,000	\$17,036,000	\$19,770,000	\$23,245,000



Illustrative Affordability Analysis (Cont'd.)

CALCULATION OF DEBT SERVICE COVERAGE

	\$3.00		\$4.00		\$5.00	
	Transaction Day Scenario		Transaction Day Scenario		Transaction Day Scenario	
	#1	#2	#1	#2	#1	#2
Estimated 2011 transaction days	433,000	468,000	433,000	468,000	433,000	468,000
Assumed CFC rate	\$3.00	\$3.00	\$4.00	\$4.00	\$5.00	\$5.00
2011 CFC Collections	\$1,299,000	\$1,404,000	\$1,732,000	\$1,872,000	\$2,165,000	\$2,340,000
Plus: Balance in Coverage Fund	283,000	305,000	376,000	407,000	471,000	507,000
Total Revenues for Calculation	\$1,582,000	\$1,709,000	\$2,108,000	\$2,279,000	\$2,636,000	\$2,847,000
Annual Debt Service	\$1,134,000	\$1,220,000	\$1,503,000	\$1,627,000	\$1,885,000	\$2,030,000
Debt Service Coverage	1.40	1.40	1.40	1.40	1.40	1.40



Negotiation of Business Deal

- Concession Agreement and CONRAC Facilities Lease
 - Bid process
 - Allocation of counter and ready/return space
- Shuttle Bus operation
- Management of CONRAC