

# THE BOND BUYER

## Fitch revises outlook on Denver Airport's ratings to positive

By

**Karen Pierog**

Published

October 31, 2023, 11:56 a.m. EDT

Fitch Ratings lifted its outlook on Denver International Airport's ratings to positive from stable ahead of the sale of as much as \$815 million of subordinate lien revenue bonds as soon as next week.

The rating agency, which affirmed ratings of A-plus for the subordinate bonds and AA-minus for senior bonds, cited "ongoing positive trends in enplanements and financial performance, with full pre-pandemic recovery achieved and volume activities continuing to exceed Fitch's base-case expectations."



Denver International Airport received a positive rating outlook from Fitch Ratings ahead of an up to \$815 million revenue bond refunding. *Denver International Airport*

"A rating upgrade is likely within the next one to two years should clarity into DEN's future capital needs beyond the current (capital improvement program) result in metrics at least consistent with present levels," Fitch said in a report.

Michael Biel, the airport's deputy chief financial officer, said Fitch highlighted a recovery to pre-pandemic operations as a factor.

"As DEN prepares for even more growth over the next decade, it's vital that we continue to balance capital improvement needs with financial prudence," he said in a statement.

The airport reported passenger traffic [hit a record 36.5 million](#) in the first half of 2023, marking a 13.6% increase from the same period in 2022 and 11.8% over the first six months of 2019.

It ranked [third among U.S. airports last year](#) for passenger traffic.

At its meeting Monday, the Denver City Council approved the sale of up to \$815 million of alternative minimum tax and non-AMT bonds to refund debt issued in 2012 and 2013 to save on interest rate costs.

The deal is headed by Ramirez & Co. with Frasca & Associates serving as financial advisor and Hogan Lovells US LLP as bond counsel.

After fully funding its 2018-2022 capital program, the airport developed a subsequent \$2.9 billion plan that includes ongoing projects at the Jeppesen Terminal, as well as airfield, concourse and other improvements with proceeds from 2022 bonds and the future issuance of about \$1.3 billion bonds among the funding sources, according to a draft preliminary official statement

Moody's Investors Service, which [upgraded the airport's ratings a notch](#) last year, rated the subordinate bonds A1 with a stable outlook.

S&P Global Ratings affirmed the subordinate bonds at A-plus and senior bonds at AA-minus with a stable outlook.

"The rating reflects our view of DEN's track record of meeting or exceeding its financial forecasts, which we view as a positive credit factor as it progresses through its substantial five-year capital improvement plan," S&P analyst Andrew Bredeson said in a statement. "The stable outlook reflects our expectation that DEN will continue its long track record of prioritizing its coverage, liquidity, and cost per enplaned passenger financial targets.