



Presented by Clint Stephen
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Mission:

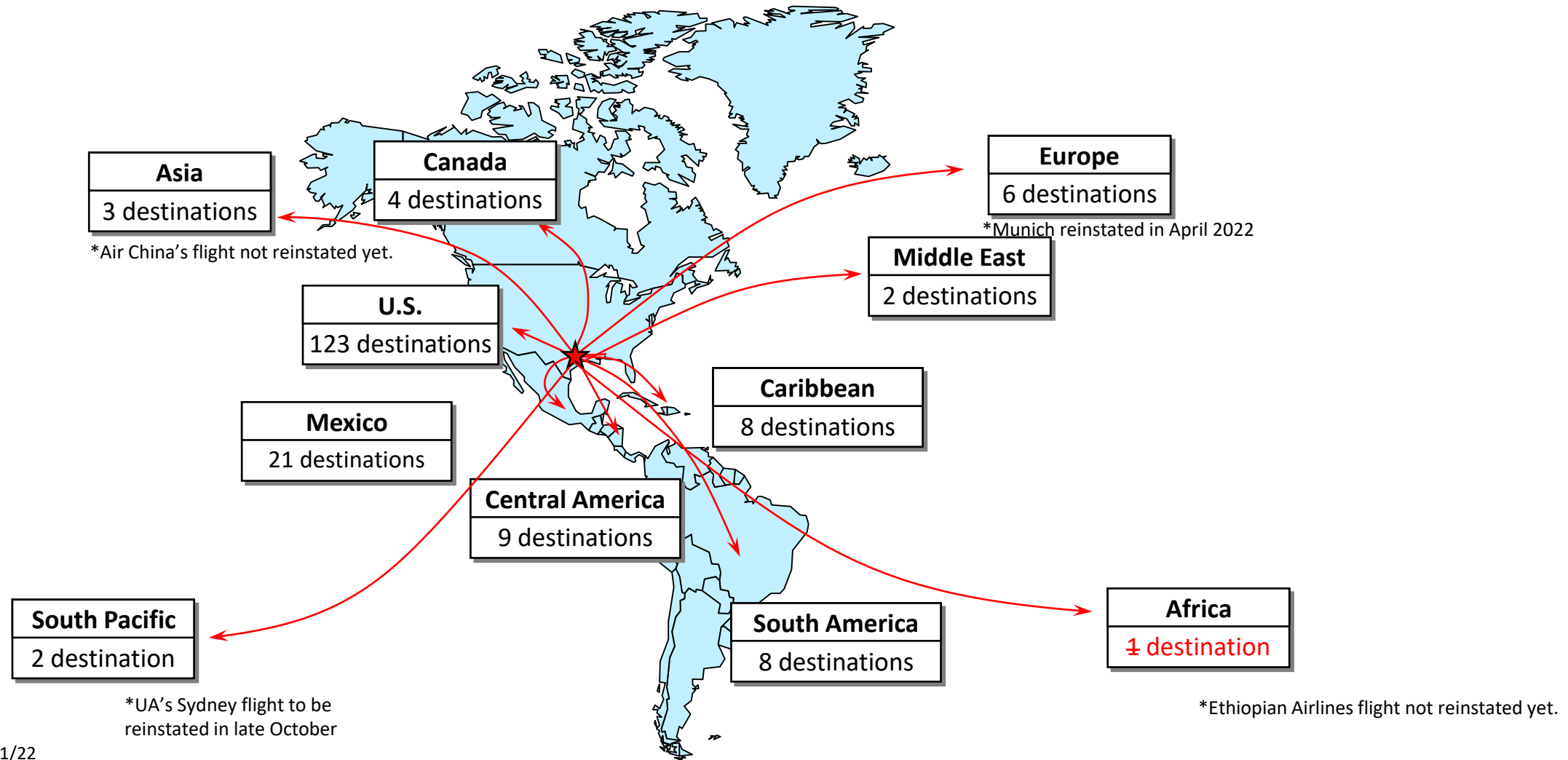
We exist to connect the people, businesses, cultures and economies of the world to Houston.

Our Vision:

Establish the Houston Airport System as a five-star global air service gateway where the magic of flight is celebrated.

HAS connects Houston to the world with nonstop service to 5 continents

IAH is still in COVID-19 global pandemic recovery and flights to China and Ethiopia have not yet been reinstated.



Source: Mi Diio as of 10/21/22

Houston Airport System (HAS)

Three-airport system managed and operated by the City's Department of Aviation/Houston Airport System serving the nation's fifth-largest metropolitan area

- George Bush Intercontinental (IAH) – international gateway hub
 - ✓ United - one of top three largest hubs 
- William P. Hobby (HOU) – international low-cost service
 - ✓ Southwest's 7th busiest airport 
- Ellington – NASA, general aviation, military and licensed commercial spaceport

	2021	IAH	HOU	TOTAL
Total passengers (M)		16.8	5.6	22.4
Share domestic		80%	94%	84%
Originating percentage		58%	65%	60%
Average daily departures		545	147	692
Number of gates		128	30	158

Houston Airports' Recent Accolades

A leading global air transport rated organization committed to maintaining 5-star level status

William P. Hobby (HOU)

First and Only 5-star rated airport in North America

Best Regional Airport in North America

#2 U.S. Airport

#3 Best Airport in North America

Top 10 Cleanest Airports in North America



George Bush Intercontinental (IAH)

#3 World's Best Airport: 30-40 Million Passengers

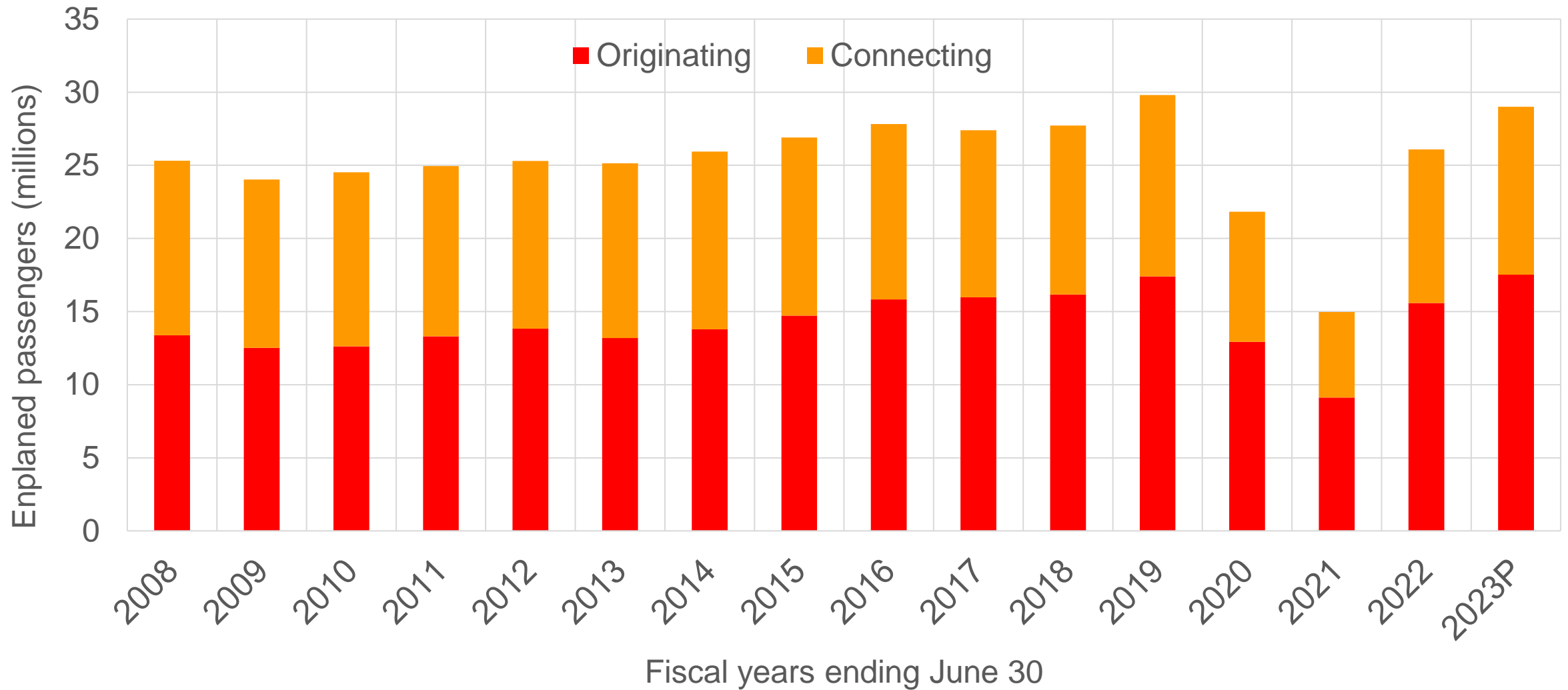
#2 World's Best Website and Digital Services

Top 10 Cleanest Airports in North America



Originating traffic remains strong

HAS Originating traffic has held strong as passenger enplanements approaches 30 million



Source: HAS records.

International traffic has remained positive in recent years

International traffic continues to recover as more destinations open to travel



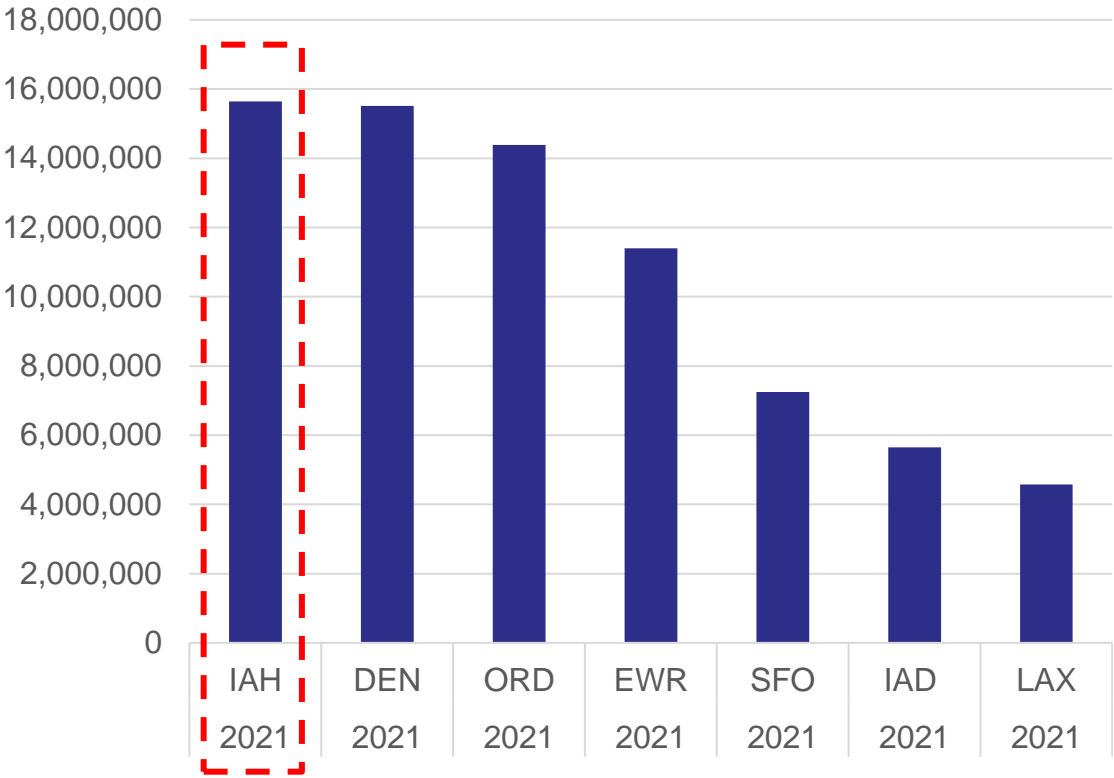
Source: HAS records.

George Bush Intercontinental (IAH) remains one of United's major hubs

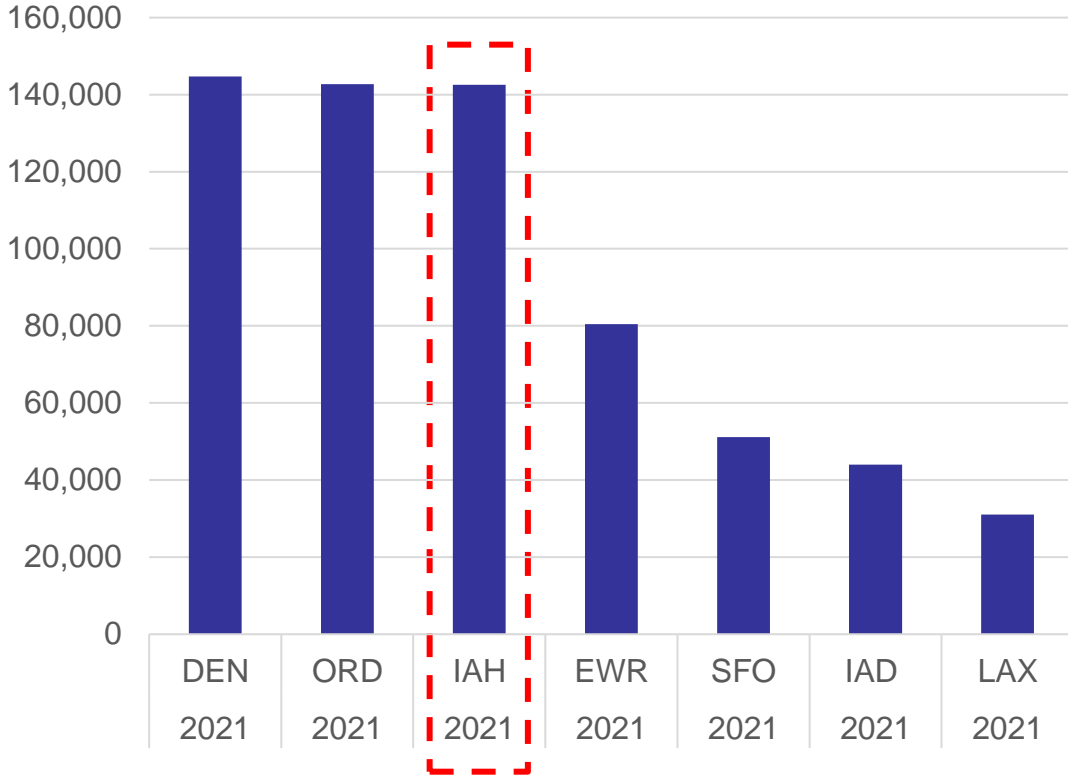
IAH maintained position as United's 3rd largest hub with 142,574 departures during calendar year 2021 and largest hub in terms of seats with 15.6 million **scheduled seats**



IAH is UA's #1 HUB in number of Seats



IAH Departures



Source: Diio Cirium accessed October 2022.



IAH Terminal Redevelopment Program (ITRP)

- Combine Terminals D and E by 2024
- Consolidate all ticketing counters, security lanes and baggage claims into a central ticketing hall
- No longer will Terminal E domestic passengers have to retrieve checked bags from Terminal C

Investing in George Bush Intercontinental (IAH)



Domestic Redevelopment Program:

- Expand gate capacity to meet demand for domestic flying for non-hub carriers
- Replace passenger boarding bridges
- Associated enabling projects (utilities, etc.)

Skyway Train Replacement

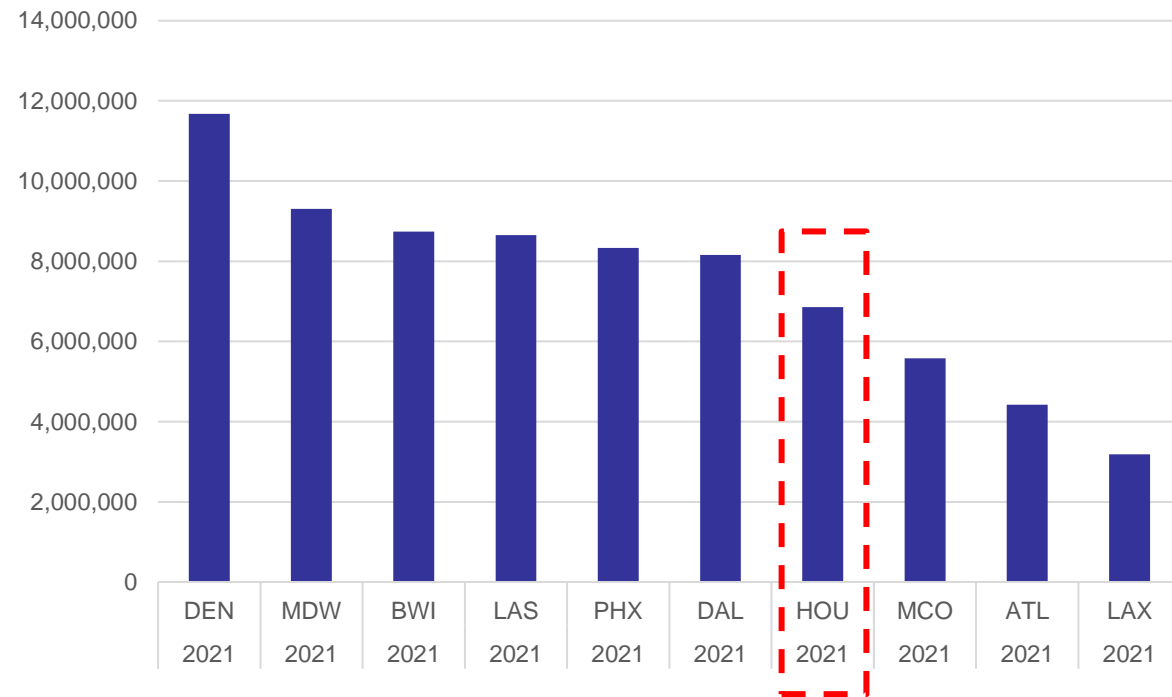
Central Utility Plant Upgrades

William P. Hobby (HOU) remained Southwest's 7th busiest airport in 2021

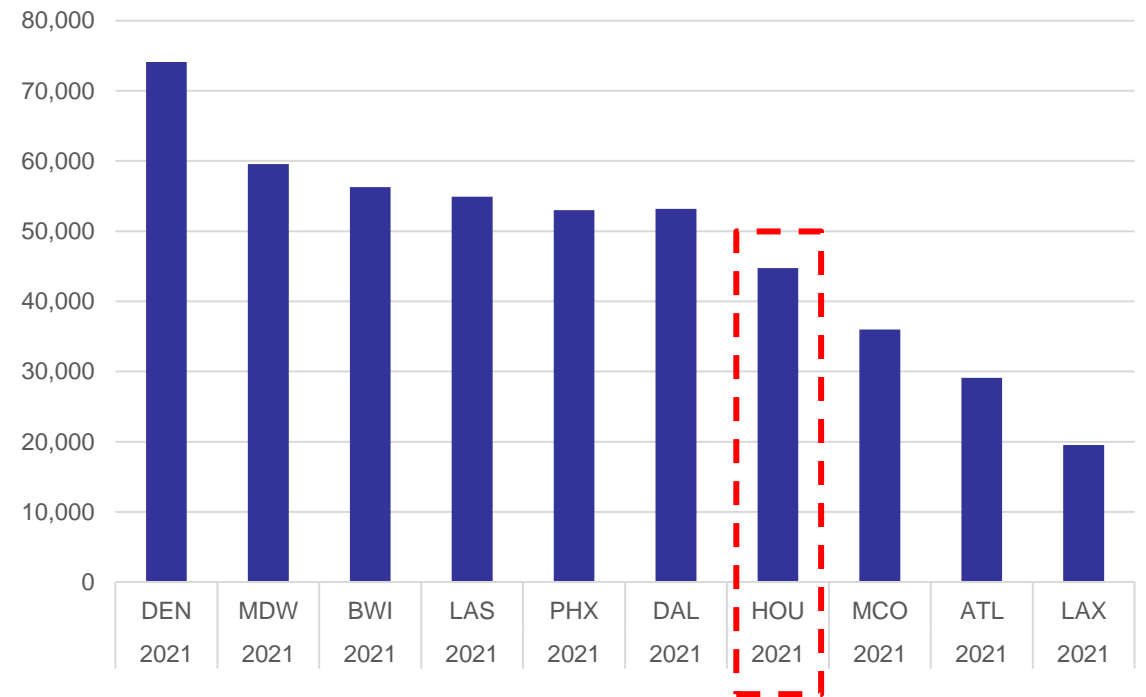
Southwest reached 6,857,523 million scheduled seats and 44,733 departures in 2021



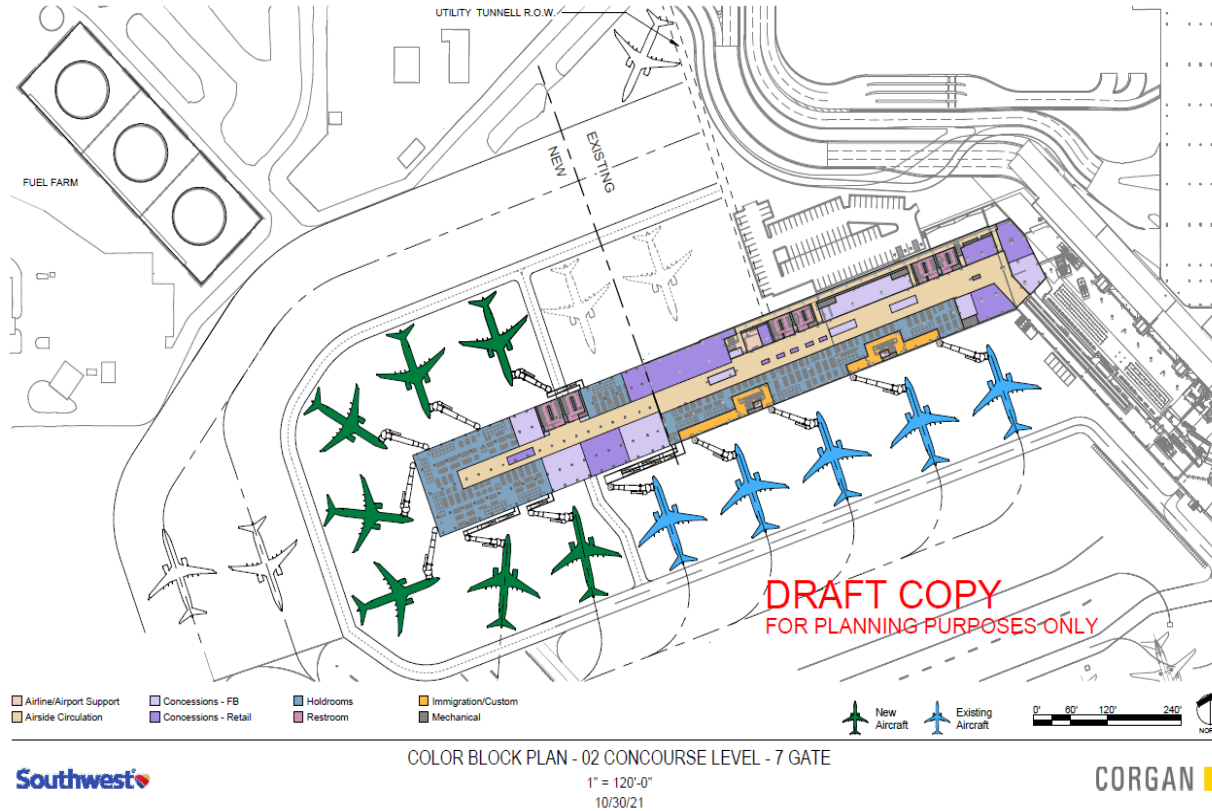
WN seats in 2021



WN departures in 2021



Investing in William P. Hobby Airport (HOU)



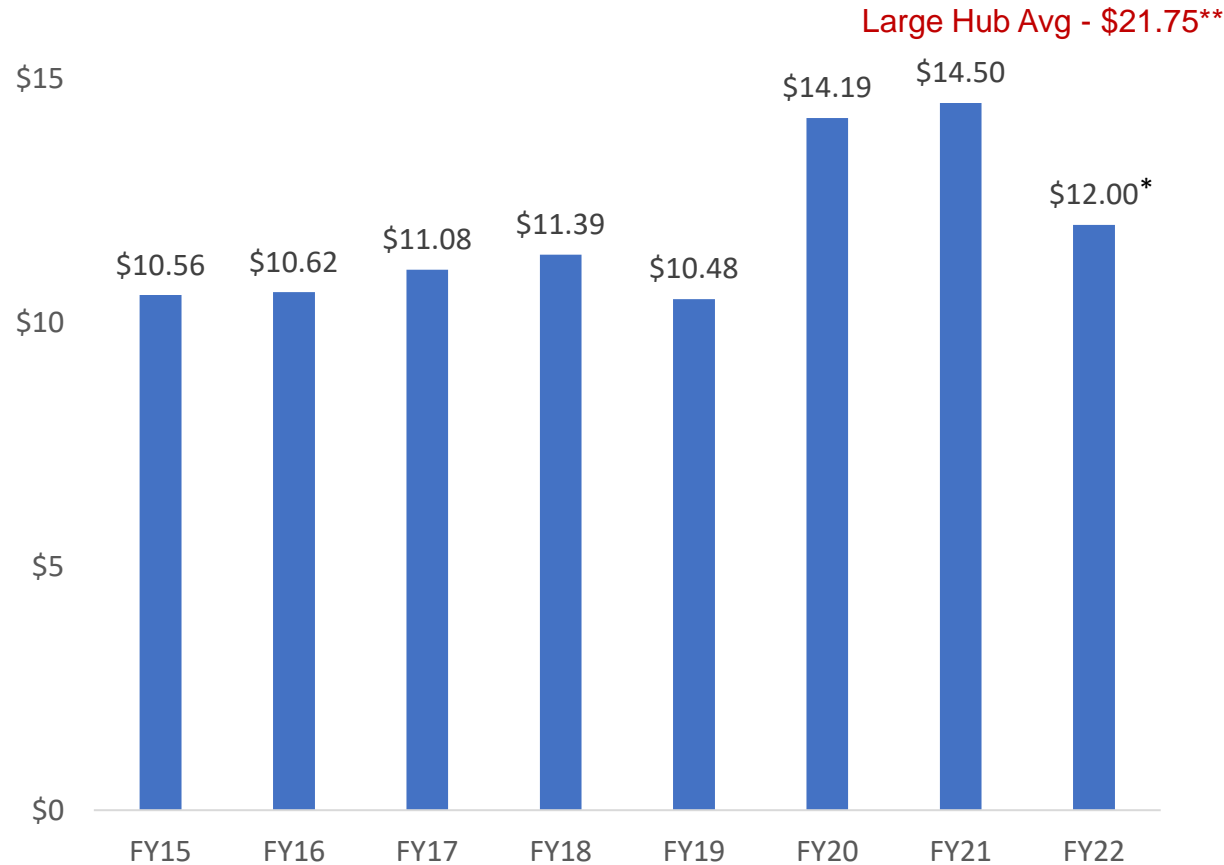
West Concourse Expansion

- 7-gate expansion of HOU's West Concourse to support growth in passenger traffic
 - 6 preferential-use gates to Southwest
 - 1 common-use international gate which can be assigned by HAS to any carrier
- Baggage claim expansion and upgrades
- Sewer system replacement

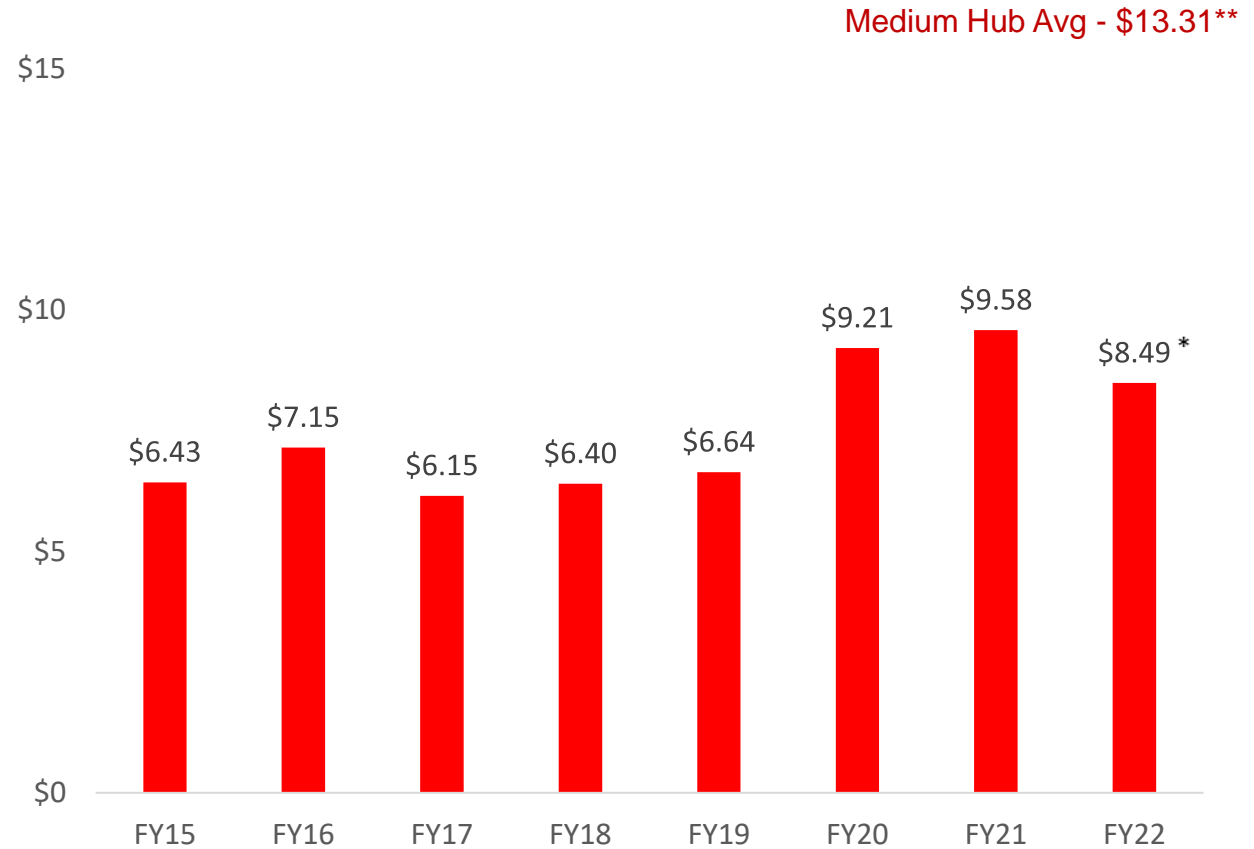
IAH and HOU have competitive airline costs

Both Houston airports are attractive for major carriers that desire to add or expand service

IAH



HOU



Source: HAS records. Amounts are payments to HAS only (excludes special facility bond debt service payments and building maintenance expenses paid directly by United)

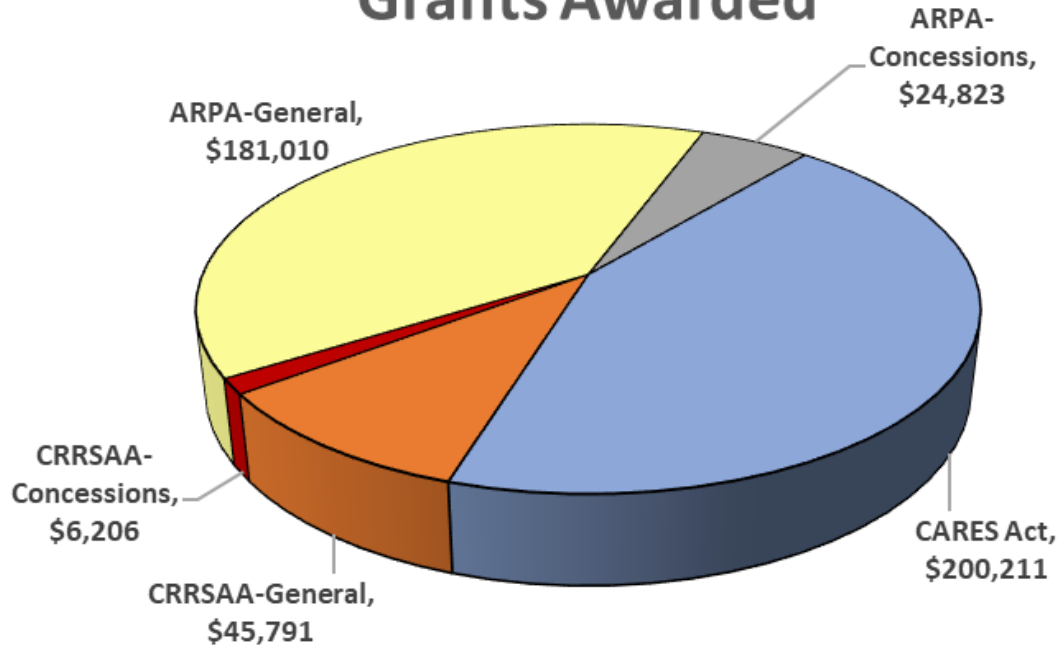
*FY22 CPE is forecasted on unaudited data

**Source: DWU Consulting

CARES Act & Other Grant Revenues and Uses

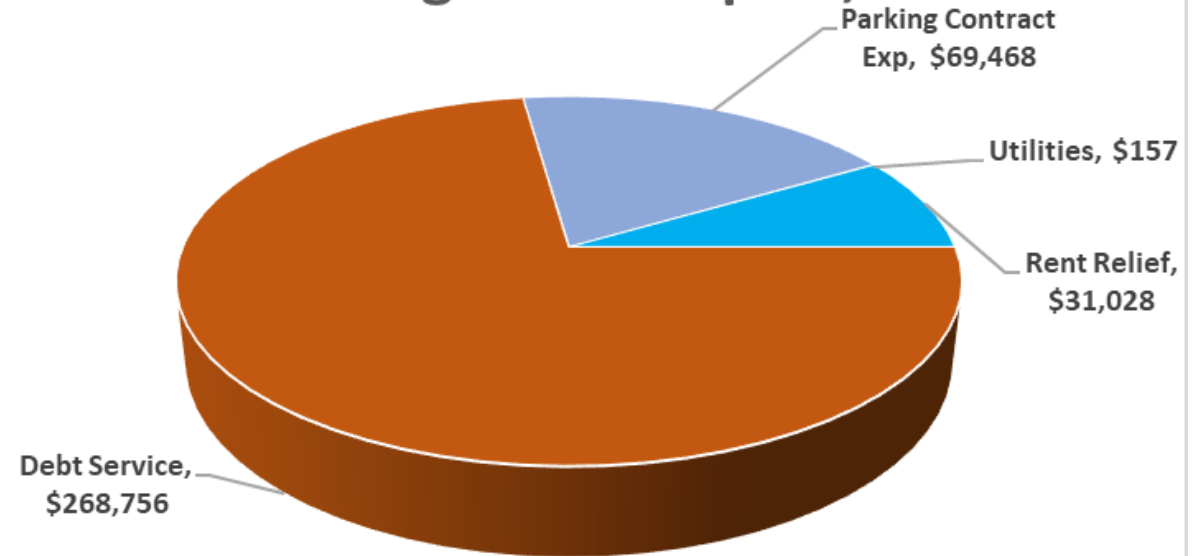
(In thousands)

Grants Awarded



Grants Awarded = \$458,041

Grants Usage as of Sep 30, 2022



Grants Used = \$369,409

Grant Funds Available = \$88,632

Debt service coverage remains strong

Historically, Houston Airports has consistently managed to a DSCR target of > 1.50x

	2018	2019	2020	2021	2022**	CAGR 2018-2022
Revenue						
Airline revenue	\$290.3	\$273.8	\$289.9	\$197.6	\$296.5	0.4%
Nonairline revenue	232.1	244.4	201.6	131.5	222.1	-0.9%
Total revenue	\$522.4	\$518.2	\$491.5	\$329.1	\$518.6	-0.1%
Operating expenses	\$326.9	\$315.2	\$314.0	\$251.8	\$332.6	0.3%
Net revenues (=available to pay debt service)	\$196	\$203	\$178	\$77	\$186	-1.0%
Gross debt service	\$174.5	\$176.3	\$180.7	\$145.3	\$163.2	-1.3%
Less: PFCs used to pay debt service	(50.6)	(60.6)	(55.0)	(56.4)	(59.8)	3.4%
Less: Grants used to pay debt service	-	-	(14.2)	(89.0)	(103.4)	
Net debt service	\$123.9	\$115.7	\$111.5	\$0.0	\$0.0	NA*
Debt service coverage (target=1.50)	1.58	1.76	1.59	NA*	NA*	

Note: Amounts in millions except percentages and coverage ratio. Numbers may not total exactly due to rounding.

* DSCR not calculated. HAS paid all debt service in fiscal year 2021 and 2022 from PFC and CARES/CRRSAA/ARPA grant proceeds

** Preliminary draft fiscal 2022 as of 9/26/2022.

HAS Senior & Subordinate Lien Debt Overview

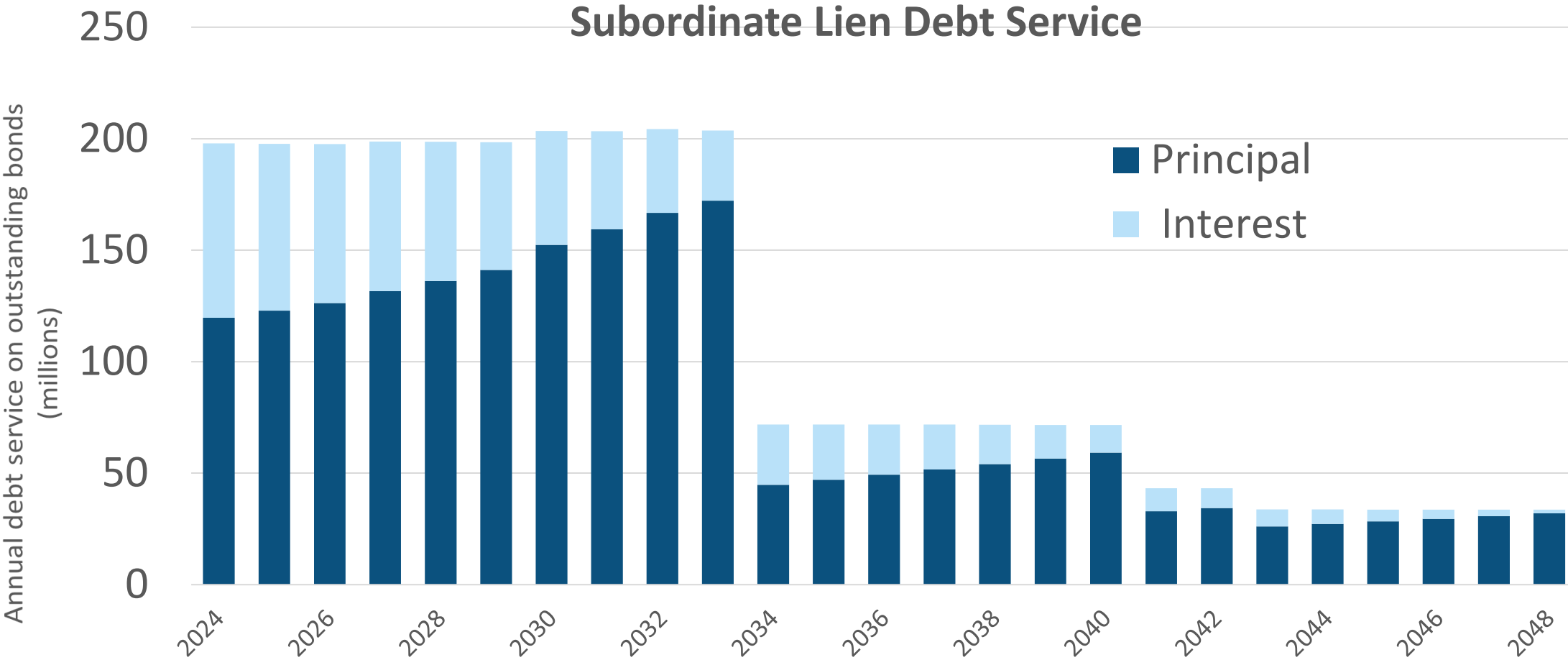
Approximately \$2.06 billion in outstanding bonds or about \$79 per enplaned passenger^{1,2}

Series	Tax status	Coupon type	Outstanding par
Senior Lien			
Non outstanding			-
Subordinate Lien			
Series 2000B	Non-AMT	Fixed	\$31,625,000
Series 2002A	AMT	Fixed	20,005,000
Series 2002B	Non-AMT	Fixed	27,450,000
Series 2018A	AMT	Fixed	116,970,000
Series 2018B	Non-AMT	Fixed	253,830,000
Series 2018C	Non-AMT	Fixed	170,235,000
Series 2018D	Non-AMT	Fixed	312,065,000
Series 2020A	AMT	Fixed	131,620,000
Series 2020B	Non-AMT	Fixed	71,565,000
Series 2020C	Taxable	Fixed	634,590,000
Series 2021A	AMT	Fixed	286,010,000
			\$2,055,965,000
Total			\$2,055,965,000

¹ Outstanding debt as of 10/20/2022; 2022 fiscal year enplanements.

² Excluding commercial paper

HAS Subordinate Lien Debt Service



HAS ratings and credit strengths

Extremely strong enterprise risk profile with stable outlook

- Monopoly position, managing both commercial service airports in the combined statistical area
- Economically strong air service market area with strong population growth
- Geographic location that supports hub operations

	Fitch	Moody's	S&P	Kroll
Subordinate Lien	A+	A1	A	AA-

Potential future capital plan funding sources

HAS plans to use a variety sources to fund the proposed FY2023 - 2027 CIP

City of Houston Aviation Department 5 Year Capital Projected Funding (in millions)						
	FY23	FY24	FY25	FY26	FY27	FY23 - FY27
Projected Funding Sources*						
Airport Improvement Fund	\$ 113.3	\$ 112.6	\$ 59.8	\$ -	\$ 70.0	\$ 355.7
Bonds/Commercial Paper	327.1	138.8	370.6	178.5	325.3	\$ 1,340.3
Pay-Go PFCs	15.0	35.7	15.0	15.0	15.0	\$ 95.7
AIP/FAA Grants	164.9	54.4	181.6	40.2	111.4	\$ 552.4
Special Facility Debt	-	-	-	-	-	\$ -
Total	\$ 620.3	\$ 341.5	\$ 626.9	\$ 233.7	\$ 521.7	\$ 2,344.1

* Proposed appropriation timing only (not actual cashflow or issuance timing)