Appendix A

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

CITY OF AUSTIN, TEXAS

AIRPORT SYSTEM REVENUE BONDS
Series 2022 (AMT)

Prepared for

City of Austin, Texas

Prepared by

LeighFisher
San Francisco, California

April 19, 2022

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April 19, 2022

Ms. Jacqueline Yaft
Executive Director
Austin-Bergstrom International Airport
3600 Presidential Boulevard, Suite 411
Austin, Texas 78719

Re: **Report of the Airport Consultant**
City of Austin, Texas
Airport System Revenue Bonds, Series 2022 (AMT)

Dear Ms. Yaft:

We are pleased to submit this Report of the Airport Consultant on the proposed issuance of Airport System Revenue Bonds by the City of Austin, Texas (the City). Austin-Bergstrom International Airport (the Airport or ABIA) comprises the Airport System operated by the City through its Department of Aviation. The Airport System is a self-sufficient enterprise of the City. The City's proposed Airport System Revenue Bonds, Series 2022 (AMT), are referred to herein as the 2022 Bonds. This letter and the accompanying attachment and financial exhibits constitute our report (the Report).

The proposed 2022 Bonds are being issued to partially fund the costs of the City's Airport Expansion and Development Program (AEDP). The AEDP represents the substantial majority of the Airport's capital improvement program (CIP) through 2028. In addition to the AEDP, the CIP also encompasses a range of other projects around the Airport, primarily related to the replacement and rehabilitation of existing Airport facilities. The AEDP and other Airport improvements included in the CIP through Fiscal Year 2028 referred to collectively in this Report as the 2022-2028 Project.

The AEDP is intended to increase capacity at the Airport using a strategic approach, including optimizing the existing Barbara Jordan Terminal enabling future Airport expansion with utilities, airfield, and terminal infrastructure. The AEDP includes the following key elements:

- Optimizing the Barbara Jordan Terminal (BJT) by adding additional space, new aircraft gates, and making related passenger processing improvements
- Building a new centralized baggage handling system
- Building a midfield Concourse B facility with 10 or more gates, including associated airfield infrastructure

The proposed 2022 Bonds are being issued in the approximate principal amount of $382.0 million to partially fund certain costs of the AEDP projects, among others:

- Construction of a new baggage handling facility for the Airport ($95.0 million of 2022 Bond proceeds)

- Design and construction of improvements to the Barbara Jordan Terminal (BJT) at the Airport including holdrooms, passenger boarding bridges, and service infrastructure ($84.7 million of 2022 Bond proceeds)
- Design and construction of ground loading facilities for busing passengers at the east end of the BJT ($17.0 million of 2022 Bond proceeds)
- Demolition of old buildings and infrastructure on the airfield to remove potential hazards and make room for construction on the airfield; construction of cross-midfield taxiways, and tunnels for access to the future midfield Concourse B at the Airport ($78.7 million of 2022 Bond proceeds)
- Upgrades to the utility infrastructure on the airside and the South Campus of the Airport ($23.7 million of 2022 Bond proceeds)
- Design of a new passenger conveyance and utility tunnel to the future midfield Concourse B from the BJT ($16.0 million of 2022 Bond proceeds)
- Other miscellaneous CIP improvements around the Airport ($36.3 million of 2022 Bond proceeds)

The financial projections described in this Report also assume the issuance of approximately $1.44 billion in principal amount of additional Airport System Revenue Bonds in 2024, 2026, 2027, and 2028, as follows (herein defined as the Future Bonds):

- Series 2024 Bonds: $349.8 million of Bond issuance
- Series 2026 Bonds: $541.0 million of Bond issuance
- Series 2027 Bonds: $385.3 million of Bond issuance
- Series 2028 Bonds: $167.4 million of Bond issuance

The Future Bonds are planned to be issued primarily to fund the completion of the BJT optimization and related projects, and to fund the development of a new midfield Concourse B at the Airport and associated infrastructure and airfield improvements.

The elements of the 2022-2028 Project, their estimated costs, and the associated funding plan are summarized in the attachment and in Exhibits A-1 and A-2.* The estimated sources and uses of funds from the sale of the proposed 2022 Bonds and planned Future Bonds are shown in Exhibit B. The projected Debt Service Requirements of outstanding Revenue Bonds, the proposed 2022 Bonds, and planned Future Bonds are shown in Exhibit C.

The Continuing Effects of the COVID-19 Pandemic

Historical patterns of passenger and cargo traffic at ABIA and other airports around the world were drastically disrupted by the COVID-19 pandemic beginning in early 2020. Since then, work-at-home requirements, mandated closures of offices and businesses, and other restrictions imposed to contain the pandemic caused serious economic contraction, unemployment, and financial hardship. This

*All financial exhibits are provided at the end of the attachment, "Background, Assumptions, and Rationale for the Financial Forecasts."

economic dislocation, combined with travel restrictions, public health concerns about the contagion, and social distancing requirements, resulted in drastic and unprecedented reductions in airline travel and associated passenger-related revenues at ABIA and nearly all other U.S. airports beginning in March 2020.

At the Airport, passenger traffic declined by 96.6% in April 2020 (which was the trough) compared to the same month in 2019 with the rate of decline slowly improving over succeeding months. During FY 2020, enplaned passengers fell to 4.7 million from 8.5 million in FY 2019, resulting from the impact of the COVID-19 pandemic, before beginning to recover in FY 2021 to 5.2 million. During the first four months of FY 2022 (October 2021 to January 2022), enplaned passenger numbers have continued to recover, exceeding pre-pandemic levels (i.e., October 2019 to January 2020) by 0.5%.

Airlines serving ABIA adjusted their networks to largely focus on domestic and leisure travel given the shift in the profile of air travelers based on the recovery of leisure travel in lieu of business and international travel, sectors which are still lagging the general recovery in air travel. In reaction to the pandemic and the resulting significant decline in passengers and passenger-related revenues, the City implemented a number of financial and operational measures, including:

- Reducing expenses where operationally possible
- Deferring and reducing non-critical capital expenditures
- Preparing and implementing plans to apply COVID-19 relief funds received from the federal government, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), and the American Rescue Plan Act (ARPA) grant funds (as described later in the Report)
- Providing temporary financial relief to nonairline tenants, including temporarily deferring or suspending payments due to the City from concessionaires
- Close monitoring of the City's liquidity levels in relation to cash flow needs
- Requiring mask wearing for anyone entering an Airport facility or using Airport transportation
- Increasing the cleaning of all touched public spaces, equipment, public restrooms, holdroom seating in terminals, and transportation buses
- Adding physical distancing reminder signs and clear plastic barriers throughout all facilities

In reaction to the pandemic, the U.S. Congress signed into law three separate acts that included measures to provide economic relief to U.S. airports – (1) the CARES Act in March 2020, (2) the CRRSAA in December 2020, and (3) the ARPA in March 2021. In total, the City was awarded grants of $136.6 million, including $9.1 million of relief for concessionaires operating at the Airport. These grants may be used for reimbursement of operating expenses, debt service, and/or capital expenditures and must be used within four years. Federal grants provided under the CARES Act, CRRSA Act, and ARPA are collectively referred to in this Report as COVID-19 relief grants. As described later in this Report, the City has developed a plan for utilizing these COVID-19 relief grants to pay operation and maintenance (O&M)

expenses and debt service. (For purposes of the calculation of debt service coverage under the Revenue Bond Ordinances, COVID-19 relief funds are treated as a component of Gross Revenues).

Given the unprecedented nature of, and continuing uncertainty regarding, the COVID-19 pandemic and its impact on the aviation industry and worldwide economies, this Report does not include a specific forecast of aviation activity.. Rather, the Report presents a base case projection of enplaned passengers and aviation activity for the period FY 2022 to FY 2028, and two alternative projections reflecting a lower level of enplaned passenger growth, and a higher level of enplaned passenger growth, that is reflected in the base case projection. Projections of revenues, expenses, airline cost per enplaned passenger, and debt service coverage, were developed based on the projected levels of aviation activity under each of the three scenarios, respectively.

The level of uncertainty regarding the recovery of traffic to its pre-pandemic levels remains extremely high and dependent upon numerous variables, including among other things, the level of success of governments in the United States and around the world in controlling the virus, the emergence of mutations of the virus (such as the Delta variant, and the Omicron variant which emerged in November 2021), the potential for breakthroughs in COVID-19 treatments, the continued deployment of vaccines on a large scale basis and the willingness for people to get vaccinated, the medium-term and long-term changes to the economy brought about from the pandemic, the resilience of the U.S. airline industry, the duration of travel restrictions, and the potential for a structural shift in industry and consumer behaviors. The COVID-19 pandemic has had and is expected to continue to have material adverse effects on passenger traffic and Airport operations and financial performance for the foreseeable future.

Revenue Bond Ordinances

The 2022 Bonds are to be issued under the terms of a Revenue Bond Ordinance adopted by the City on April <7>, 2022, which is substantially in the form of Revenue Bond Ordinances authorizing the prior issuance by the City of several series of Airport System Revenue Bonds in 2013-2019. The Revenue Bond Ordinances authorizing the issuance of such prior Bonds and the proposed 2022 Bonds, are collectively referred to as the Revenue Bond Ordinances. Capitalized terms are used in this Report as defined in the Revenue Bond Ordinances or in the Airline Agreement (discussed later), except as defined otherwise. All references in this Report to the Revenue Bond Ordinances and the summaries of the provisions thereof are qualified in their entirety to complete copies of the Revenue Bond Ordinances.

Ms. Jacqueline Yaft
April 19, 2022

Outstanding Bonds

As of May 1, 2022, the City will have outstanding Revenue Bonds as follows:

Series	Outstanding principal amount	True interest cost	Final maturity (November 15)
2013 Bonds	$ 34,740,000	1.56%	2028
2014 Bonds	244,495,000	4.19	2044
2017A Bonds	185,300,000	3.96	2046
2017B Bonds	129,665,000	4.12	2046
2019 Refunding Bonds	96,675,000	2.06	2025
2019A Bonds	16,975,000	3.83	2049
2019B Bonds	248,170,000	3.46	2048
TOTAL	$956,020,000		

All such outstanding Revenue Bonds were issued at fixed interest rates.

Gross and Net Revenues

The proposed 2022 Bonds are to be Additional Revenue Bonds under the Revenue Bond Ordinances and are to be secured by and payable from a first lien on the Net Revenues of the Airport System (Gross Revenues less Operation and Maintenance Expenses) on a parity with all outstanding Revenue Bonds.

Gross Revenues are generally defined in the Revenue Bond Ordinances to be, with certain exclusions, all income and revenues derived directly or indirectly from the operation and use of, and otherwise pertaining to, all or any part of the Airport System. Expressly excluded from Gross Revenues are, among other amounts, (1) passenger facility charge (PFC) revenues, (2) rental car customer facility charge (CFC) revenues and any other revenues derived from Special Facilities, and (3) Other Available Funds transferred to the Revenue Fund (all as discussed later). Operation and Maintenance Expenses are generally defined in the Revenue Bond Ordinances to exclude operating and maintenance expenses for Special Facilities payable by lessees under Special Facilities Leases.

Passenger Facility Charge Revenues

The City has authority from the Federal Aviation Administration (FAA) to impose a Passenger Facility Charge (PFC) of $4.50 per eligible enplaned passenger at the Airport and to use PFC revenues to pay debt service on certain outstanding Revenue Bonds. Under the Revenue Bond Ordinances, PFC revenues are not a part of Gross Revenues but will be set aside during a Fiscal Year for the payment of Revenue Bond debt service in the following Fiscal Year, unless the City receives a report from an Airport Consultant showing that an alternative use of all or a portion of the PFCs will not reduce debt service coverage during the following Fiscal Year to less than 125%. Revenue Bond debt service paid from such set-aside PFC revenues is deducted in the calculation of Debt Service Requirements and debt service coverage for such following Fiscal Year. The City expects to use PFC revenues to pay a portion of the PFC-eligible debt

service on the 2022 Bonds, the outstanding Revenue Bonds, and Future Bonds, and certain pay-as-you-go costs of PFC eligible AEDP projects. The projected sources and uses of PFC revenues are shown in Exhibit F, assuming the continued imposition of a $4.50 PFC and the use of PFC revenues to pay debt service to the maximum PFC-eligible amount.

Rental Car Customer Facility Charge Revenues

As of May 1, 2022, the City will have outstanding approximately $147.3 million principal amount of its Rental Car Special Facility Revenue Refunding Bonds, Taxable Series 2021 (the 2021 Rental Car Special Facility Bonds), which were issued to refund the 2013 Rental Car Special Facility Bonds, originally issued to pay certain of the costs of constructing a consolidated rental car center at the Airport. The 2021 Rental Car Special Facility Bonds are secured by and payable from revenues derived from a CFC collected by the rental car companies from all Airport rental car customers, currently assessed at a rate of $6.75 per rental car transaction-day. Under the Revenue Bond Ordinances, the 2021 Rental Car Special Facility Bonds are not Revenue Bonds secured by the Net Revenues of the Airport System and CFC revenues are not included in Gross Revenues. In this Report, rental car operations were considered insofar as they may affect Net Revenues, but the adequacy of CFC revenues to meet the debt service requirements of the 2021 Rental Car Special Facility Bonds was not analyzed.

Rate Covenant

In Section 5.03 of the Revenue Bond Ordinances (the Rate Covenant), the City covenants that it will impose and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year, Net Revenues will be at least sufficient to equal the larger of either:

(a) All amounts required to be deposited in the Fiscal Year to the credit of the Debt Service Fund, the Debt Service Reserve Fund, and the Administrative Expense Fund and to any debt service or debt service reserve fund or account for Subordinate Obligations, or

(b) An amount that, together with Other Available Funds, is not less than 125% of the Debt Service Requirements of Revenue Bonds plus 100% of budgeted Administrative Expenses for the Fiscal Year.

The amount specified in Section 5.03(b) is projected to be the larger. The City's Fiscal Year (FY) is the 12 months ended September 30.

Other Available Funds

Under the Rate Covenant, Other Available Funds are defined in the Revenue Bond Ordinances as unencumbered amounts in the Capital Fund in excess of the Minimum Capital Reserve, up to a maximum of 25% of the Debt Service Requirements of Revenue Bonds for a Fiscal Year, that are designated by the City as Other Available Funds and transferred at the beginning of such Fiscal Year to the Revenue Fund. This transfer has the effect of providing "rolling" debt service coverage to contribute to meeting the 125% requirement of the Rate Covenant.

Projections of debt service coverage calculated according to the requirements of the Revenue Bond Ordinances and demonstrating compliance with the Rate Covenant are presented in Exhibit G.

Airline Use and Lease Agreement

Most of the airlines serving the Airport operate under the provisions of an Airline Use and Lease Agreement (the Airline Agreement) that became effective in October 2009 with an initial five-year term and, under its terms, continued on a month-to-month basis. An amendment to the Airline Agreement has been executed by of the airlines that are signatory to the Airline Agreement, extending the term of the Airline Agreement through September 30, 2023. Airlines that are signatory to the Airline Agreement are:

Alaska Airlines
American Airlines
Delta Air Lines
JetBlue Airways
Southwest Airlines
Spirit Airlines
United Airlines

These seven airlines, referred to collectively in this Report as the Signatory Airlines, accounted for approximately 95% of passengers enplaned at the Airport in FY 2021.

Under the Airline Agreement, landing fees are set according to cost-center residual principles while terminal rentals and other airline charges are set according to compensatory principles. Coverage at 25% debt service allocable to the airline cost centers is included in the airline rate base. For the purposes of this Report, it was assumed that the provisions of the Airline Agreement relating to the calculation of airline rentals, fees, and charges will remain substantively unchanged through the projection period. The Airline Agreement does not require majority-in-interest or other approvals of capital projects or financings.

Scope of Report

This Report was prepared to evaluate the ability of the City to generate Gross Revenues from the Airport System sufficient to pay Operation and Maintenance Expenses; pay the Debt Service Requirements of outstanding Revenue Bonds, the proposed 2022 Bonds, and the planned Future Bonds; and to meet the debt service coverage requirements of the Rate Covenant.

In conducting the study, we reviewed and analyzed:

- Historical airline traffic demand at the Airport, giving consideration to the demographic and economic characteristics of the Austin area, historical trends in airline traffic, and other key factors that may affect future airline traffic
- The impact of the COVID-19 pandemic on the economies of Austin and the nation, as well as the impact on aviation activity at the Airport and throughout the aviation system

- Debt service requirements on all current Outstanding Bonds, and estimated debt service requirements on the 2022 Bonds, and the Future Bonds that are expected to be issued during the projection period
- Historical relationships among Revenues, Operation and Maintenance Expenses, PFC revenues, and airline traffic at the Airport and other factors that may affect future Revenues, Operation and Maintenance Expenses, and PFC revenues
- Audited financial statements of the Airport for FY 2019, FY 2020, and FY 2021, and estimated financial results for FY 2022 based on <three> months of preliminary data for the first quarter of FY 2022
- The Airport's FY 2022 annual budget and internal airline rates and charges model, as well as other considerations related to the business operations of the Airport
- The CIP for the Airport, and its estimates of project costs and implementation schedules for projects included in the AEDP and the remainder of the CIP; the optimization of the BJT and the development of midfield Concourse B are projected to be completed and in-service by FY 2028
- The City's policies and contractual arrangements relating to the use and occupancy of Airport facilities, including the calculation of airline rentals, fees, and charges; the operation of concession privileges; and the leasing of buildings and grounds
- The City's approved PFC program, PFC-eligible enplaned passengers, and historical PFC revenues (including restricted interest income) as a basis for developing projections of PFC revenues

We also identified key factors upon which the future financial results of the Airport may depend and formulated assumptions about those factors. On the basis of those assumptions, we assembled the financial projections through FY 2028, presented in the exhibits at the end of the Report. Estimates of project costs, financing assumptions, and debt service were provided by the sources noted in the exhibits.

Projected Debt Service Coverage

The below table (and Exhibit G) presents projected Revenue Bond debt service coverage, showing that the 125% coverage requirement of the Rate Covenant is exceeded in each year of the projection period, under the base case aviation activity scenario, assuming all the entire 2022-2028 Project is implemented and all Bonds (including the 2022 Bonds and the Future Bonds) are issued

As shown in Table 14 later in the Report, the 125% coverage requirement of the Rate Covenant is also exceeded in each year of the projection period for the high case and low case aviation recovery scenarios.

Ms. Jacqueline Yaft
April 19, 2022

SUMMARY OF FINANCIAL PROJECTIONS – BASE CASE

		Estimated	Projected					
		2022	2023	2024	2025	2026	2027	2028
Gross Revenues		$ 245,830	$ 247,620	$ 257,145	$ 262,483	$ 273,441	$ 301,177	$ 364,469
Less: Operations and Mantenance Expenses		(119,133)	(131,046)	(134,709)	(140,097)	(145,701)	(151,529)	(184,449)
Net Revenues		$ 126,697	$ 116,574	$ 122,436	$ 122,386	$ 127,740	$ 149,648	$ 180,020
Other Available Funds		13,827	14,018	13,999	17,698	18,662	24,035	29,877
Net Revenues plus Other Available Funds	[A]	$ 140,524	$ 130,592	$ 136,436	$ 140,084	$ 146,402	$ 173,683	$ 209,897
Revenue Bond debt service		$ 77,754	$ 78,459	$ 78,318	$ 99,422	$ 100,992	$ 126,654	$ 156,535
Less: Paid from PFC Revenues		(22,448)	(22,388)	(22,320)	(28,631)	(26,345)	(30,516)	(37,028)
Revenue Bond Debt Service Requirements	[B]	$ 55,306	$ 56,071	$ 55,998	$ 70,792	$ 74,647	$ 96,138	$ 119,507
Debt Service Coverage								
Debt service coverage (a)	[A/B]	2.54	2.33	2.44	1.98	1.96	1.81	1.76
Debt service coverage requirement		1.25x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x

* * * * *

The financial projections are based on information and assumptions that were provided by, or reviewed with and agreed to by, Airport management. Accordingly, the projections reflect Airport management's expected course of action during the projection period and, in Airport management's judgment, present fairly the expected financial results of the Airport.

The key factors and assumptions that are significant to the projections are set forth in the attachment, "Background, Assumptions, and Rationale for the Financial Projections." The attachment should be read in its entirety for an understanding of the projections and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the projections. However, any projection is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the projection and actual results, and those differences may be material. Neither LeighFisher nor any person acting on our behalf makes any warranty, express or implied, with respect to the information, assumptions, projections, opinions, or conclusions disclosed in this Report. We have no responsibility to update this Report to reflect events and circumstances occurring after the date of this Report.

We appreciate the opportunity to serve as the City's Airport Consultant on this proposed financing.

Respectfully submitted,

LEIGHFISHER

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Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE
FOR THE FINANCIAL PROJECTIONS

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

CITY OF AUSTIN, TEXAS

AIRPORT SYSTEM REVENUE BONDS
Series 2022 (AMT)

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INTRODUCTION

The City of Austin develops, operates, and maintains the Airport System as a self-supporting enterprise fund of the City through its Department of Aviation. The Department, which consists of a staff of approximately 410 people under the direction of an Executive Director, is responsible for management of the Austin-Bergstrom International Airport (the Airport or ABIA). Certain accounting, budgeting, financing, treasury, and related functions are performed by the City's Financial Services Department. Airport System funds are held in separate City accounts.

Austin-Bergstrom International Airport opened in 1999 at the site of the former Bergstrom Air Force Base, replacing Robert Mueller Municipal Airport. The 700-acre Mueller Airport site, approximately three miles from downtown Austin, was successfully redeveloped as a mixed-use urban community by the City of Austin under a public-private partnership agreement. The Mueller Airport property is not part of the Airport System.

The Airport is classified as a medium hub by the Federal Aviation Administration (FAA) and occupies a 4,240-acre site approximately eight miles southeast of downtown Austin. Airport access is provided by Texas State Highway 71 (SH 71), a six-lane divided highway running east-west, and U.S. Highway 183 (US 183), a six-lane divided highway running north-south. SH 71 provides access to Interstate Highway 35 (I-35) approximately six miles to the west and Texas State Highway 130 (SH 130 Toll Road) approximately six miles to the east.

The Airport's two parallel north-south runways, designated 17L-35R and 17R-35L, are 9,000 feet and 12,250 feet long, respectively, 150 feet wide, and capable of accommodating all aircraft now in commercial service. The runways are separated by 6,700 feet and can facilitate the simultaneous arrival of aircraft in virtually all weather conditions.

BARBARA JORDAN TERMINAL

Figure 1 shows a site plan of the Airport's four-level, approximately 964,000-square-foot Barbara Jordan passenger terminal and adjacent public and rental car parking facilities. The square footages and gate count include a nine-gate east expansion that was completed in 2019.

- Level 1, the baggage claim level, provides 149,000 square feet of space for baggage claim devices and lobby and support facilities. The baggage claim level accommodates a 33,000-square-foot Customs and Border Protection (CBP) facility for the processing of international arriving passengers.

- Level 2, the apron level, provides 321,000 square feet of space for inbound and outbound baggage handling equipment and facilities, airline operations space, and other non-public areas. The apron level also provides a passenger holdroom for the ground-level loading of regional airline aircraft (Gate 13). The aircraft parking apron adjacent to the terminal provides approximately 96 acres for aircraft parking at the 34 terminal gates, as well as "remain overnight (RON)" aircraft parking positions.

- Level 3, the concourse level, provides 393,000 square feet of space for airline check-in counters with lobby and queuing areas, airline offices, public circulation areas, passenger security screening facilities, concessions, passenger holdrooms, restrooms, and support facilities. The concourse provides 33 loading bridge-equipped aircraft parking positions (gates) capable of accommodating up to B-757-size aircraft in domestic service. Four gates are capable of accommodating domestic and international flights by widebody aircraft. These four widebody gates, as well as two of the narrowbody gates provide, access to the CBP facility.

- Level 4, the mezzanine level, provides 94,000 square feet of space for Department of Aviation offices and other offices and airline club rooms. Above the mezzanine level is a 7,000-square-foot penthouse level with mechanical rooms.

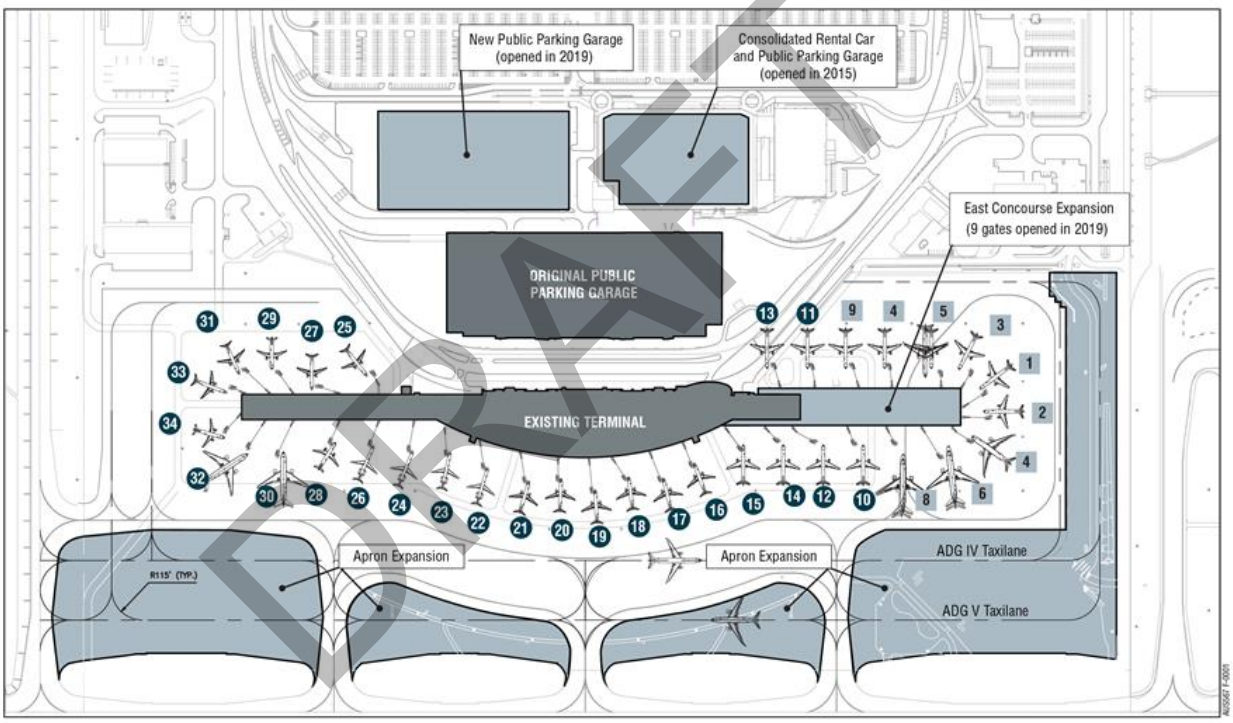


Figure 1
BARBARA JORDAN TERMINAL AND PARKING STRUCTURES
Austin-Bergstrom International Airport

SOUTH TERMINAL

In March 2016, the City entered into a 30-year Lease and Concession Agreement on the South Terminal (a 30,000 square foot building and part of the original Air Force Base facilities) with LoneStar Airport Holdings, LLC. The building underwent an approximate $12 million renovation funded by LoneStar Airport Holdings, LLC and opened in April 2017. The South Terminal is accessed from a separate entrance on the south side of the Airport from Burleson Road.

Frontier Airlines and Allegiant Air currently operate from the South Terminal. As of January 2022, these two air carriers operate approximately six daily departures.

PUBLIC AND RENTAL CAR PARKING

Approximately 12,700 public and 1,500 employee parking spaces are provided by the City on Airport property in a three-level public parking garage adjacent to the terminal, consolidated rental car garage, and in surface lots served by shuttle buses. The public parking garage provides 3,654 spaces for short-term and valet public parking. The first level of the garage is at the same level as the arrivals roadway and baggage claim level of the terminal. The third level of the garage is at the same level as the departures roadway and concourse level of the terminal. A second public parking garage with approximately 6,000 public parking spaces on six levels opened in June 2019.

The consolidated rental car garage, opened in September 2015, provides 3,200 rental car spaces

In addition to the on-Airport public parking facilities provided by the City, Scott Airport Parking, LLC, through a public-private-partnership with the City, provides passengers the option of parking in a 2,100 space surface lot located adjacent to the Hilton hotel. This parking lot opened in 2017.

AIR CARGO

Air cargo facilities occupy approximately 61 acres and abut the northern boundary of the Airport site, adjacent to SH 71. Air freight and mail carried on all-cargo aircraft, which accounted for approximately 93% of air cargo enplaned and deplaned at the Airport during FY 2021, are handled at these facilities. Four air cargo buildings with a combined floor area of 230,000 square feet and 34 acres of apron for aircraft parking are provided. Three of the buildings, previously managed by Lynxs Group CargoPort, were acquired by the City in 2018 and are now operated by the City. The fourth cargo building is managed by Aeroterm. FedEx and UPS Air Cargo accounted for approximately 54% of air cargo at the Airport during FY 2021.

Air cargo carried in the bellies of passenger aircraft is handled at two buildings with a combined floor area of 60,000 square feet occupying 5 acres immediately west of the passenger terminal apron. These facilities are managed by Airport Facilities Company.

GENERAL AVIATION

General and business aviation at the Airport is served by three full-service fixed-base operators (FBOs), Atlantic Aviation Services, Signature Flight Support, and Million Air, at sites adjacent to Runway 17L-35R. Atlantic Aviation occupies a 47-acre site with five 12,000-square-foot hangars, a

14,000-square-foot terminal building, fuel storage facilities, and a 10-acre aircraft parking apron. Signature Flight Support occupies a 46-acre site with five 12,000-square-foot hangars, a 9,000-square-foot terminal building, fuel storage facilities, and a 9-acre aircraft parking apron. Million Air operates from a 20.1-acre site, incorporating a 14,500 square foot terminal, more than 100,000 square feet of hangar space, and over seven acres of ramp space.

Three T-hangar buildings contiguous with the Signature Flight Support facility provide hangars for 54 aircraft. Approximately 152 general aviation aircraft are based at the Airport.

OTHER AIRPORT FACILITIES

Texas State Department of Transportation. The State Aviation Division's Flight Services Section occupies a 13-acre site east of Runway 17L-35R with aircraft hangars, fueling facilities, a terminal building, and an aircraft parking apron where aircraft used by State officials and employees are operated and maintained.

Texas Air National Guard. The Guard occupies a 60-acre site at the southern boundary of the Airport site for its Army Aviation Support Facility (AASF), which consists of aircraft hangars and maintenance facilities, helicopter parking aprons, and administrative buildings. Adjacent to the site is a U.S. Armed Forces Reserve Center.

Federal Aviation Administration (FAA). An FAA Terminal Radar Approach Control (TRACON) facility is located at the Airport Traffic Control Tower.

Aviation Support. Support facilities include an aircraft fuel storage facility with two above-ground storage tanks with a combined capacity of 1.2 million gallons operated by Aircraft Service International Group; an airline ground service equipment (GSE) maintenance building; an in-flight catering building occupied by Sky Chefs; and Department of Aviation operations, maintenance, and engineering facilities.

Nonaeronautical facilities. Nonaeronautical facilities on Airport property include a 262-room Hilton hotel at the entrance to the Airport, rental car service and storage facilities, and a City of Austin employee training facility (the Employment Center). In 2016, the City and ABIA Retail, LLC entered into a public-private-partnership arrangement for the two-phase development of 13 acres on-Airport. Phase 1 included the 3-acre development of a gas station, convenience store, restaurant, cell phone lot, and public restrooms opened in 2017. Phase 2 included the development of a new 140-room Hyatt hotel, and opened in 2018.

CAPITAL IMPROVEMENT PROGRAM OVERVIEW

The City has developed a comprehensive Capital Improvement Program (CIP) for the Airport, including both the Airport Expansion and Development Program (AEDP) and other needed rehabilitation and replacement projects for various Airport facilities through FY 2028. The CIP is described in a later section of the Report titled "Capital Improvement Program".

AIRLINE TRAFFIC AND ECONOMIC ANALYSIS

AIRPORT SERVICE REGION

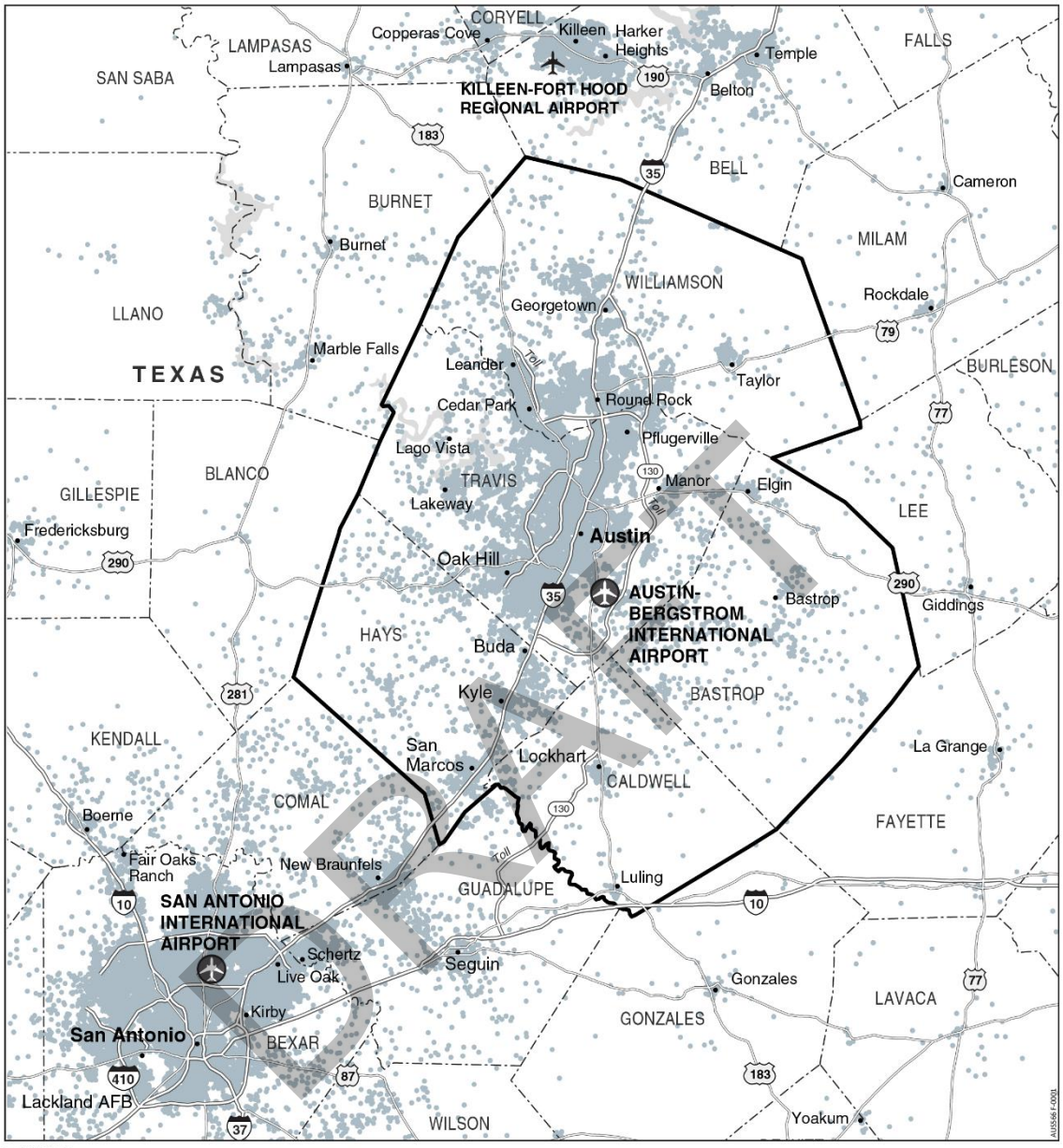
The Airport's primary service region is the 4,220-square-mile, 5-county Austin-Round Rock-Georgetown Metropolitan Statistical Area (the MSA), shown on Figure 2. According to the U.S. Department of Commerce, Bureau of the Census, the population of the MSA in 2020 was 2,283,000.

As shown on Figure 2, the nearest airports classified as large or medium hub airports by the FAA are those serving San Antonio (a medium hub approximately 80 road miles to the southwest), Houston (approximately 160 road miles to the east served by Houston Bush Intercontinental, a large hub, and Houston Hobby, a medium hub) and Dallas-Fort Worth (approximately 220 road miles to the north, served by Dallas/Fort Worth International, a large hub, and Dallas Love Field, a medium hub).

Table 1 provides data on airline service and passenger numbers at ABIA and selected other Texas airports.

San Antonio International Airport, the nearest airport with a substantial level of airline service, serves the San Antonio-New Braunfels MSA with a 2020 population of approximately 2.6 million. Because of the proximity of these two airports, passengers originating their journeys from the Austin or San Antonio airport service regions have airline service options from either airport. As shown in Table 1, in March 2022, two and a half times more scheduled departing seats will be provided from ABIA than from San Antonio International. Between Fiscal Year (FY) 2010 and FY 2019, the number of domestic originating passengers at ABIA nearly doubled compared to a 28.0% increase at San Antonio International. Dallas-Love Field also saw very strong growth between FY 2010 and FY 2019, due largely to the repeal of the Wright Amendment in 2014, which previously limited air service at Dallas-Love Field. In FY 2021, domestic origin-destination (O&D) passengers at ABIA were 63.9% of FY 2019 levels.

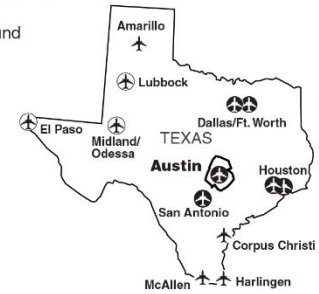
Killeen-Fort Hood Regional Airport, 75 road miles to the north of the Airport, is classified as a nonhub airport by the FAA. The Killeen airport is conveniently accessible to northern parts of the MSA, but, as shown in Table 1, provides only limited airline service by regional airlines.

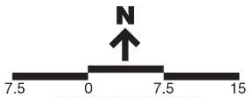


LEGEND

- Airport Service Region (Austin-Round Rock Metropolitan Statistical Area)
- Population density: 1 dot represents 100 people
- Large or medium hub airport as defined by the FAA for 2020
- Small hub airport as defined by the FAA for 2020
- Other commercial service airport
- County boundary

Source: U.S. Census data, 2010.





Road miles from Austin to:	
Corpus Christi	221
Dallas (Love)	210
Dallas/Ft. Worth (DFW)	222
Houston (Bush)	161
Houston (Hobby)	167
Killeen-Fort Hood	75
Midland/Odessa	333
San Antonio	83

Figure 2
AIRPORT SERVICE REGION
Austin-Bergstrom International Airport

Table 1
AIRLINE SERVICE AT SELECTED TEXAS AIRPORTS

	AUS	DFW	IAH	HOU	DAL	SAT	GRK
Driving distance from AUS (miles)	--	222	161	167	210	83	75
Average daily departing seats – March 2022 *(a)*							
Domestic	35,587	95,147	50,937	19,744	28,604	13,540	384
International	1,436	15,909	18,207	1,563	--	1,535	--
Total	37,023	111,056	69,143	21,307	28,604	15,075	384
% of March 2019 levels	*133.3%*	*97.6%*	*92.9%*	*81.1%*	*95.0%*	*85.3%*	*73.4%*
Average daily departures – March 2022 *(a)*							
Domestic	251	745	434	130	187	90	7
International	9	92	114	11	--	9	--
Total	260	838	549	141	187	99	7
% of March 2019 levels	*138.7%*	*93.1%*	*86.0%*	*79.2%*	*90.6%*	*78.5%*	*73.3%*
Airports served nonstop – March 2022 *(a)*							
Domestic	78	186	112	65	65	32	1
International	11	63	64	8	--	5	--
Total	89	249	176	73	65	37	1
Airports served March 2019	*60*	*226*	*183*	*62*	*60*	*41*	*2*
Domestic originating passengers (in thousands) *(b)*							
FY 2010	3,619	9,539	5,853	3,077	2,644	3,420	191
FY 2019	7,152	13,571	8,468	4,383	5,236	4,377	132
FY 2021	4,567	9,451	6,137	2,921	3,515	2,544	115
Percent change FY 2010-FY 2019	*97.6%*	*42.3%*	*44.7%*	*42.5%*	*98.1%*	*28.0%*	*(31.1%)*
FY 2021 as % of FY 2019 levels	*63.9%*	*69.6%*	*72.5%*	*66.6%*	*67.1%*	*58.1%*	*87.0%*

AUS = Austin-Bergstrom International Airport
DFW = Dallas/Fort Worth International Airport
IAH = George Bush Intercontinental Airport
HOU = William P. Hobby Airport
DAL = Dallas Love Field
SAT = San Antonio International Airport
GRK = Killeen-Fort Hood Regional Airport

Note: Columns may not add to totals shown because of rounding.

Sources: *(a)* OAG Aviation Worldwide Ltd, OAG Analyser database, accessed January 2022.

(b) U.S. Department of Transportation, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1, accessed January 2022. Data shown are for the 12 months ended September 30.

AIRPORT ROLE AND RANKINGS

As discussed in the following sections, ABIA is a primary commercial service airport serving Austin's large O&D passenger base and is a medium air traffic hub airport* in the national air transportation system.

Origin-Destination Passenger Base

The Airport's large O&D passenger base (i.e., passengers beginning or ending their trips at the Airport) reflects the strength of the Austin MSA's economy and its role as a business, trade, technology, tourism, and government center. During the 12 months ended September 30, 2021 (the most recent data available), the Airport ranked as the 26th busiest domestic O&D airport in the United States, according to U.S. Department of Transportation (DOT) data.

Medium Hub Airport

The FAA classifies the Airport as a medium hub. According to U.S. DOT, the Airport ranked as the 32nd largest passenger airport in the United States during the 12 months ended June 30, 2021 (the most recent data available) in terms of total enplaned passengers. As of March 2022, the Airport is scheduled to be served by five mainline passenger airlines, seven regional affiliates, five low-cost carriers, and five foreign-flag airlines, which together are expected to provide 260 daily nonstop departures to 89 airports (up from 60 airports in March 2019).

Rankings in Southwest and American Networks

The Airport's two largest airlines, Southwest and American, together served over 56% of passengers enplaned in FY 2021. This amount of activity, in turn, ranks the Airport relatively highly in the respective route networks of these two airlines as well.

As shown in Table 2, as scheduled for March 2022, the Airport will rank 12th by departing seats among airports in the Southwest route network (up from 21st in March 2015 and 20th in March 2019). As shown in Table 3, the Airport is also scheduled to rank 12th in the American route network (up from 25th in March 2015 and 19th in March 2019).

*A medium hub is defined by the FAA as a community that enplanes between 0.25% and 1.0% of all passengers enplaned on certificated route air carriers in all services in the 50 states, the District of Columbia, and other designated territorial possessions of the United States.

Table 2
SCHEDULED DEPARTING SEATS ON SOUTHWEST AIRWAYS
Top U.S. Airports in the Southwest Airways System
(as scheduled for March)

		2015		2019		2022		2022 as %
Rank	Airport	Seats	% of total	Seats	% of total	Seats	% of total	of 2019
1	Denver	766	4.8%	942	5.1%	1,094	6.3%	116.1%
2	Las Vegas	942	5.9	981	5.3	926	5.3	94.4
3	Chicago-Midway	1,064	6.6	1,045	5.7	896	5.1	85.7
4	Dallas-Love Field	644	4.0	886	4.8	879	5.0	99.2
5	Phoenix	789	4.9	897	4.9	854	4.9	95.2
6	Baltimore	905	5.7	927	5.1	843	4.8	90.9
7	Houston-Hobby	620	3.9	769	4.2	652	3.7	84.8
8	Nashville	382	2.4	508	2.8	551	3.2	108.4
9	Orlando	613	3.8	621	3.4	532	3.1	85.7
10	Oakland	416	2.6	536	2.9	479	2.8	89.4
11	St. Louis	391	2.4	535	2.9	469	2.7	87.7
12	**Austin**	**227**	**1.4**	**309**	**1.7**	**449**	**2.6**	**145.4**
13	Atlanta	535	3.3	568	3.1	426	2.4	74.9
14	San Diego	427	2.7	532	2.9	400	2.3	75.3
15	Los Angeles	488	3.0	563	3.1	374	2.1	66.4
	All other	6,803	42.5	7,741	42.2	7,599	43.6	98.2
	Total—U.S. system	16,013	100.0%	18,361	100.0%	17,425	100.0%	94.9%

Note: Represents seats on scheduled domestic and international flights and includes regional code-sharing affiliates.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed January 2022.

Table 3
SCHEDULED DEPARTING SEATS ON AMERICAN AIRLINES
Top U.S. Airports in the American Airlines System
(as scheduled for March)

		2015		2019		2022		2022 as %
Rank	Airport	Seats	% of total	Seats	% of total	Seats	% of total	of 2019
1	Dallas/Fort Worth	2,842	14.2%	3,037	14.7%	2,946	15.1%	97.0%
2	Charlotte	2,116	10.6	2,250	10.9	2,142	11.0	95.2
3	Miami	1,537	7.7	1,537	7.4	1,702	8.8	110.8
4	Chicago-O'Hare	1,368	6.9	1,436	7.0	1,161	6.0	80.8
5	Phoenix	1,176	5.9	1,098	5.3	978	5.0	89.1
6	Philadelphia	1,214	6.1	1,119	5.4	815	4.2	72.8
7	Washington-Reagan	641	3.2	640	3.1	711	3.7	111.1
8	Los Angeles	724	3.6	855	4.1	576	3.0	67.3
9	New York-LaGuardia	463	2.3	441	2.1	496	2.5	112.3
10	New York-Kennedy	401	2.0	369	1.8	467	2.4	126.5
11	Boston	374	1.9	341	1.6	342	1.8	100.5
12	**Austin**	**127**	**0.6**	**152**	**0.7**	**295**	**1.5**	**193.6**
13	Orlando	306	1.5	283	1.4	279	1.4	98.6
14	Tampa	187	0.9	182	0.9	215	1.1	118.1
15	Las Vegas	231	1.2	209	1.0	211	1.1	100.7
	All other	6,251	31.3	6,703	32.5	6,117	31.4	91.3
	Total—U.S. system	19,958	100.0%	20,653	100.0%	19,452	100.0%	94.2%

Note: Represents seats on scheduled domestic and international flights and includes regional code-sharing affiliates.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed January 2022.

HISTORICAL SOCIOECONOMIC INDICATORS

In general, the population and economy of an airport's service region are the primary determinants of originating passenger numbers at the airport. Connecting passenger numbers are primarily determined by airline management decisions to provide connecting service at the airport. As discussed in the later section "Airline Traffic Analysis," approximately 95% of ABIA's passengers are originating, and 5% connect between flights. Approximately 53% of originating passengers are residents of the MSA and 47% are visitors.

The following subsections provide a discussion of the economic basis for passenger traffic at the Airport in terms of historical MSA socioeconomic data and the employment profile of the MSA by industry sector. Table 4 shows historical data on population, nonagricultural employment, and per capita income for the MSA and the nation.

Table 4
HISTORICAL SOCIOECONOMIC DATA
Austin-Round Rock MSA and United States

	Population (thousands) *(a)*		Nonagricultural employment (thousands) *(b)*		Per capita income (2021 dollars) *(c)*	
	MSA	United States	MSA	United States	MSA	United States
2000	1,265	282,162	684	132,024	$46,843	$43,639
2010	1,727	309,338	786	130,362	45,829	45,577
2011	1,781	311,644	812	131,932	47,680	46,560
2012	1,835	313,993	844	134,175	49,931	47,597
2013	1,884	316,235	884	136,381	49,728	47,166
2014	1,942	318,623	923	138,958	51,948	48,690
2015	2,001	321,040	963	141,843	53,485	50,613
2016	2,061	323,406	1,001	144,352	54,054	50,893
2017	2,116	325,719	1,033	146,624	54,817	51,640
2018	2,167	326,838	1,076	148,908	65,571	58,377
2019	2,228	328,330	1,118	150,905	66,201	59,404
2020	2,295	331,501	1,086	142,185	67,963	62,306
2021	n.a.	331,894	1,139	146,122	n.a.	n.a.
	Average annual percent increase (decrease)					
2000-2010	3.2%	0.9%	1.4%	(0.1%)	(0.2%)	0.5%
2010-2015	3.0	0.7	4.2	1.7	3.1	2.0
2015-2020	2.8	0.7	2.4	0.1	2.5	2.2
2000-2020	3.0	0.8	2.3	0.4	1.3	1.3
2019-2020	3.0	1.0	(2.9)	(5.8)	2.7	4.9
2020-2021	n.a.	0.1	4.9	2.8	n.a.	n.a.

MSA = Metropolitan Statistical Area comprising the 5 counties shown on Figure 2 for all years.

n.a. = not yet available.

Notes: Population numbers are estimated as of July 1 each year.
Calculated percentages may not match those shown because of rounding.

Sources:
(a) Source: U.S. Department of Commerce, Bureau of the Census, www.census.gov, accessed January 2022.

(b) Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed January 2022. Employment numbers for the MSA for 2021 represent the average through November; U.S. numbers for 2021 are preliminary.

(c) Source: U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, accessed January 2022. Adjusted to 2021 dollars using the U.S. Department of Labor *Consumer Price Index for All Urban Consumers*.

Population

Since 2000, the MSA has been one of the fastest growing major metropolitan areas in the nation. Between 2000 and 2020, the population of the MSA increased an average of 3.0% per year, compared with an increase of 0.8% per year for the nation. In 2020, the most recent year for which metropolitan area population data are available, the MSA was the fastest growing of all metropolitan areas nationwide with populations of 1 million or more.

Much of the MSA population growth resulted from in-migration caused by employment opportunities, a high quality of life, and a relatively low tax burden. According to the Austin Chamber, the MSA gains nearly 34,000 residents annually from domestic migration, which accounts for approximately 60% of overall population growth. While other parts of Texas are the primary source of domestic migration, numbers of in-migrants from California and New York have increased over the past 5 years. Austin was ranked the fifth best place to live nationwide by U.S. News and World Report for 2021-2022.

Austin's population is young, with 65.4% of the 2019 population under 45 (compared with 58.0% for the nation as a whole), and educated, with 46.2% of the MSA's adult population holding a bachelor's or more advanced degree (compared with 33.1% for the nation).

According to the Texas State Demographer, the MSA is projected to grow at an annual rate of 2.4% between 2020 and 2050. This rate of growth would double the MSA's current population within 30 years.

Nonagricultural Employment

The MSA has similarly experienced much stronger growth in employment than for the nation as a whole. Since 2000, employment growth in the MSA has consistently outpaced national growth, and in 2020, the first year of the pandemic, employment in the MSA declined to a lesser extent than the nation. Between 2000 and 2021, employment in the MSA increased 2.5% per year, on average, compared with 0.5% average annual growth for the nation. Employment by industry sector is discussed in the later section "Economic Profile by Industry Sector."

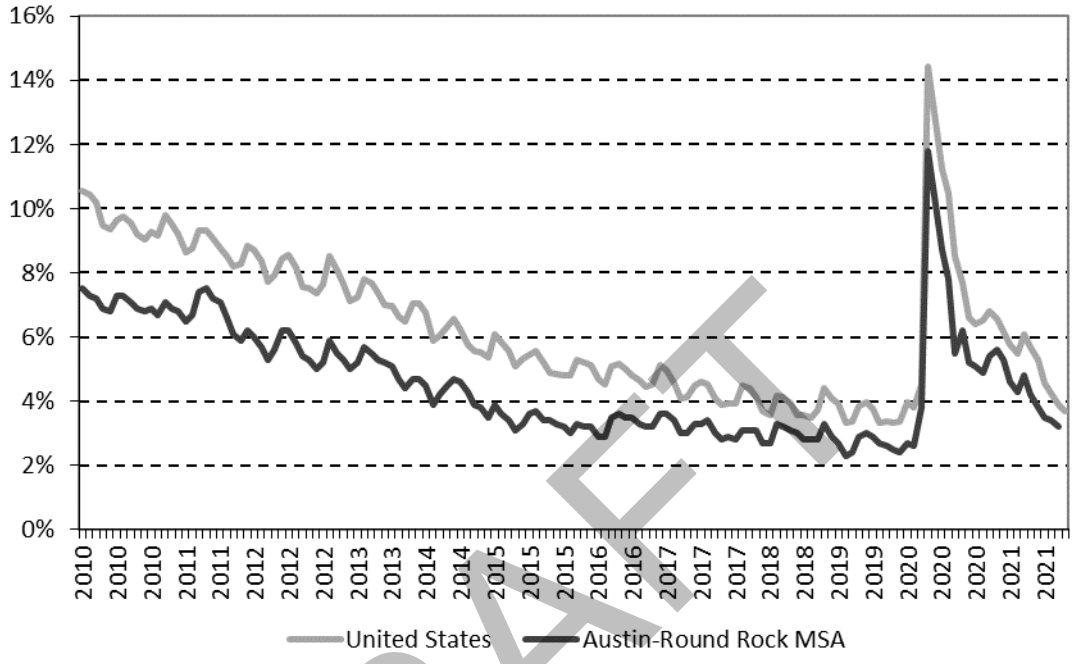
Per Capita Income

Strong economic growth in the MSA has occurred since 2010. Between 2010 and 2020, per capita income for the MSA increased an average of 2.8% per year, compared with an increase of 2.1% per year for the nation.

Unemployment Rates

As shown in Figure 3, average unemployment rates for the MSA have been consistently lower than those for the United States. The unemployment rate in the MSA increased sharply at the outset of the pandemic, peaking at 11.8% in April 2020 (compared with a peak rate of 14.4% for the nation). By November 2021, the MSA unemployment rate had declined to 3.2%, compared with a national rate of 3.9%.

Figure 3
TRENDS IN UNEMPLOYMENT RATES
Austin-Round Rock MSA and United States



Note: Columns may not add to totals shown because of rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed January 2022.

EMPLOYMENT BY INDUSTRY SECTOR

Table 5 presents the changes in the distribution of nonagricultural employment by industry sector in the MSA and the United States between 2015 and 2021. The unique combination of industries within the MSA provided for comprehensive employment growth averaging 1.5% per year. Over that period the MSA experienced employment growth across all industry sectors.

As in the United States as a whole, the services sector (professional, business, leisure, hospitality, education, health, and other services combined) is the largest industry sector in the MSA, accounting for 44.6% of MSA nonagricultural employment. International trade is another important component of the MSA economy. Exports from the MSA include semiconductors, electronics, software, and information technology. A foreign trade zone covers the MSA and provides for the establishment of secure sites to allow qualifying export-import businesses to defer or avoid U.S. Customs duties and certain other taxes.

Table 5
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Austin-Round Rock MSA and United States
(calendar years)

Industry sector	Share of total 2021		Average annual percent increase (decrease) 2015-2021	
	Austin MSA	United States	Austin MSA	United States
Services				
Professional and business services	19.2%	14.4%	2.7%	0.6%
Education and health services	11.1	16.1	1.2	0.6
Leisure and hospitality	10.4	10.1	0.2	(0.3)
Other services	3.8	3.9	0.2	0.1
Subtotal services	44.6%	44.4%	1.5%	0.3%
Trade, transportation, and utilities	17.3%	18.7%	1.7%	0.2%
Government	16.4	14.9	0.6	(0.1)
Mining, logging, and construction	6.3	5.5	2.3	1.0
Financial activities	6.2	6.0	2.5	0.8
Manufacturing	5.6	8.5	1.3	0.0
Information	3.6	1.9	3.7	(0.0)
Total	100.0%	100.0%	1.5%	0.3%

Note: Columns may not add to totals shown because of rounding. Employment numbers for the MSA for 2021 represent the average through November; U.S. numbers for 2021 are preliminary. Technology firms and activities span several of the industry sectors shown.

Source: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed January 2022.

Table 6 lists the largest private employers in the MSA in 2021. The companies listed accounted for approximately 13% of total nonagricultural employment in the MSA in 2021, with smaller businesses and organizations and public sector employers accounting for the remaining 87%.

Table 6
LARGEST AUSTIN AREA PRIVATE SECTOR EMPLOYERS
2021

	Company	Head-quartered in MSA	Fortune 500 company	Principal industry	Number of area employees
1	H-E-B			Supermarkets	19,008
2	Ascension Seton	*		Health care	15,218
3	Walmart		*	Retail	15,000
4	Dell Technologies	*	*	Computer technology	13,000
5	Amazon		*	Online retail	11,000
6	St. David's HealthCare	*		Health care	10,541
7	Apple		*	Information technology	7,000
8	IBM		*	Information technology	6,000
9	Accenture PLC			Professional services	4,800
10	Home Depot		*	Retail	4,628
11	NXP Semiconductors			Semiconductors	4,000
12	Baylor Scott & White Health			Health care	3,800
13	Charles Schwab		*	Financial services	3,200
14	Whole Foods Market	*	*	Supermarkets	3,041
15	Samsung Austin Semiconductor			Semiconductors	3,000
16	Keller Williams Realty	*		Real estate	2,815
17	AT&T		*	Telecommunications	2,800
18	Indeed	*		Online recruiting	2,800
19	Applied Materials		*	Semiconductors	2,500
20	General Motors		*	Automotive research	2,500
21	Oracle	*	*	Computer technology	2,500
22	AMD		*	Semiconductors	2,400
23	Flex			Electronic manufacturing	2,118
24	Austin Regional Clinic PA	*		Health care	2,041
25	Facebook		*	Social media	2,000

Notes: Ranking of area employers based on number of employees as of July 2021. Government entities are not shown.

Sources: Company ranking: *Austin Business Journal*, "2021-2022 Book of Lists." Only companies that responded to the survey are included.

Status as a Fortune 500 company for 2021: www.fortune.com, accessed January 2022.

Austin is the capital of Texas, and the government sector accounted for 16.4% of MSA employment in 2021, compared with 14.9% for the nation. The share of MSA employment related to the government has decreased, from 18.2% in 2015, as the MSA's economy has diversified. In 2021, local government accounted for 51.2% of government sector jobs, State government for 40.6%, and the federal government for 8.2%.

The State of Texas is the largest single employer in the MSA, with 63,900 employees (excluding the 26,400 employees at the University of Texas at Austin who are accounted for in the services sector). An Internal Revenue Service regional processing center is the largest single federal employer, with over 5,700 employees. The largest local government employers are the City of Austin and the Austin and Round Rock independent school districts.

The University of Texas at Austin, with a student enrollment of approximately 51,000, is the tenth largest public four-year university in the nation and employs approximately 26,400 faculty and staff. The university is known as a world-class center of education and research and is an important contributor to the region's economy. Texas State University, located in San Marcos, has a student population of over 38,000 and employs 5,500 full-time faculty and staff. Another approximately 91,000 students were enrolled at 24 other universities and colleges in the region.

Research activities at the University of Texas at Austin, Texas State, and other universities and colleges have been the catalyst for the development of life sciences industries in the MSA. Approximately 240 companies provide approximately 15,000 jobs in the biotechnology, pharmaceutical, medical device, and related industries.

Dell, headquartered in Round Rock, is one of the MSA's largest private sector employers, developing and manufacturing computer technology solutions and products. Other major employers engaged in engineering, design, research, and development in the computer, data analytics, information technology, and other high-technology industries are Apple, IBM, Oracle, AMD, NI, Intel, and HP.

In July 2020, electric vehicle and clean energy company Tesla began construction of an automotive manufacturing "Gigafactory" in the MSA, designed for electric truck production. Subsequently, Tesla moved its corporate headquarters from Palo Alto, California to the MSA in December 2021, citing high cost of living and long commute times in the Bay Area.

TOURISM

Tourism is an important contributor to the MSA's economy. Austin bills itself as the "Live Music Capital of the World." Each spring the city hosts the South by Southwest (SXSW) Music-Film-Interactive conference and festival, and each fall it hosts the Austin City Limits Music Festival, a two-week-long celebration of music performance. In 2012, the 1,500-acre Circuit of the Americas motorsports venue opened. The venue hosts the Formula One United States Grand Prix, the Texas Grand Prix, and the Motorcycle Grand Prix of the Americas, among other events. The Austin Convention Center, located in downtown Austin, provides 370,000 square feet of exhibit and meeting space convenient to 11,000 hotel rooms and various attractions and entertainment districts.

ECONOMIC OUTLOOK

The COVID-19 pandemic that began in February 2020 has, in the near-term, disturbed the historical relationship between economic and passenger traffic growth.

- In 2020, regional and state lockdowns and social distancing policies combined with an increasing trend in COVID-19 cases resulted in a 3.4% decrease in U.S. real gross domestic product (GDP), adjusted for inflation, and a 61% decrease in U.S. passenger traffic between 2019 and 2020.*
- In 2021, the availability and rapid distribution of approved COVID-19 vaccines contributed to a significant decrease in new COVID-19 cases in the United States, notwithstanding the increases in new cases caused by the Delta variant in July through mid-September and the Omicron variant beginning in December. During the summer of 2021, U.S. passenger traffic approached 2019 levels, driven by pent-up domestic demand, the success of COVID-19 vaccines in reducing the spread of the coronavirus, and the establishment of airline and airport health safety procedures. By mid-January 2022, 63% of the U.S. population had been fully vaccinated, 75% had received at least one dose, and 37% of the fully vaccinated had received booster doses.**
- During the first 9 months of 2021 (January through September), U.S. real GDP increased 5.7% and 1.7%, respectively, compared with the same period in 2020 and 2019, while U.S. passenger traffic increased 60% from the same period in 2020 but remained 36% lower than 2019 levels.
- The outlook for 2022 is uncertain but improved by several factors, including increasing trends in U.S. employment, federal spending, and GDP growth, the reopening of U.S. businesses, federal government and corporate mandates for employee vaccinations, the easing of international travel restrictions in November 2021, the availability of COVID-19 booster doses, and the development of treatments such as the COVID-19 antiviral pill.

The continued restoration of the relationship between economic and passenger traffic growth will depend on the growth in the U.S. economy, the national COVID-19 vaccination program and the availability of treatments, the reopening of international borders, and restored consumer confidence in air travel. In the longer term, U.S. economic growth will depend on, among other factors, stable financial and credit markets, a stable value of the U.S. dollar versus other currencies, stable energy and other commodity prices, the ability of the federal government to reduce historically high fiscal deficits, inflation remaining within the range targeted by the Federal Reserve, growth in the economies of foreign trading partners, and stable trading relationships.

* U.S. Bureau of Economic Analysis, Table 1.1.6. Real Gross Domestic Product, Chained Dollars, November 24, 2021, www.bea.gov. U.S. Department of Transportation, Schedule T100 and TSA Throughput Passengers, online database, accessed November 2021.

** U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, COVID Data Tracker, www.covid.cdc.gov, accessed January 12, 2022.

Continued economic growth in the MSA will generally depend on the same factors as those for the nation, although the MSA is seen as having advantages that will underpin its economic prosperity. A business-friendly economic environment, relatively low tax burden, and a quality of life that will allow a young, well-educated labor force to be attracted and retained are key factors to growth. Industries that Austin targets for growth are advanced manufacturing, clean energy and power technologies, data management, life sciences, and creative and digital media.

HISTORICAL AIRLINE TRAFFIC AND SERVICE

Most passengers traveling through the Airport either originate in or are destined for the MSA. These O&D passengers accounted for 94.8% of the Airport's enplaned passengers in FY 2021, while passengers connecting between flights accounted for the remainder. In FY 2021, 98.8% of passengers enplaned on domestic flights, while the remainder enplaned on international flights.

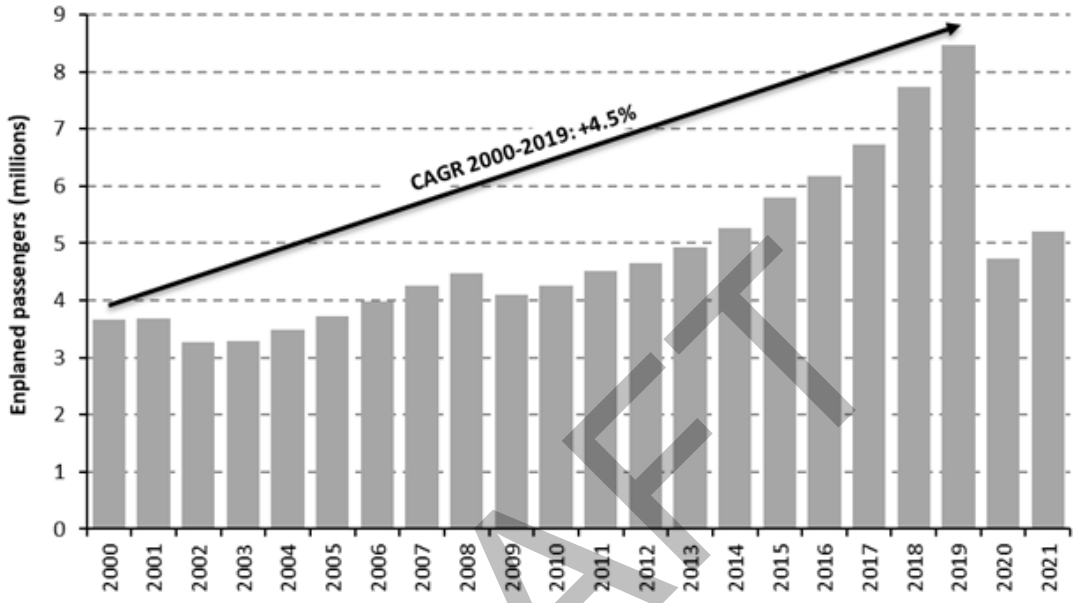
Enplaned Passengers

Figure 4 depicts historical levels of enplaned passengers at the Airport from FY 2000 to FY 2021. Unless otherwise noted, all data in this section are presented by the City's FY ended September 30. From FY 2000 to FY 2019, enplaned passengers increased at an average annual growth rate of 4.5%. Between FY 2014 and FY 2019, spurred by airline competition, decreasing airfares, a growing population base, and a robust local economy, enplaned passengers increased 9.9% per year, on average. In FY 2020, the Airport experienced an enplaned passenger decrease of 44.2%, as travel demand plummeted during the pandemic. In FY 2021, enplaned passengers increased 10.3% year-over-year and were 62% of FY 2019 levels.

Given the sharp decrease in passengers that began in March 2020, both at the Airport and nationally, and the rebound that followed, annual numbers of passengers somewhat obscure trends during FY 2020 and FY 2021.

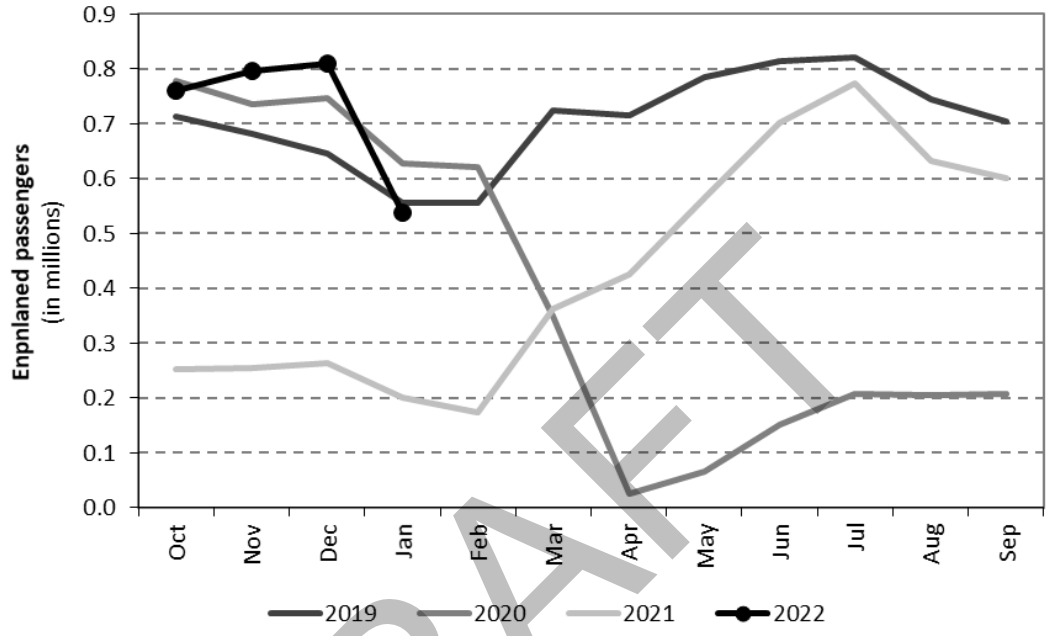
Figure 5 shows that historical patterns of passenger traffic at the Airport were drastically disrupted by the coronavirus pandemic beginning in early 2020. In April 2020, enplaned passengers had dropped to only 3.4% of their pre-pandemic April 2019 level. By summer they had increased modestly, but then plateaued at roughly 30-40% of pre-pandemic levels through the fall and winter months. In spring 2021, increasing vaccination rates and pent-up travel demand combined to drive strong growth in passenger enplanements, rising to 94.3% of pre-pandemic levels in July 2021. By December 2021, the number of enplaned passengers at the Airport exceeded December 2019 levels by more than 8%, before falling back in January 2022 due to the nationwide surge in the COVID-19 Omicron variant.

Figure 4
HISTORICAL ENPLANED PASSENGERS
Austin-Bergstrom International Airport
Fiscal Years ended September 30



Source: City of Austin, Department of Aviation records.

Figure 5
MONTHLY ENPLANED PASSENGERS
Austin-Bergstrom International Airport
Fiscal Years ended September 30



Source: City of Austin, Department of Aviation records.

Airline Competition and Market Shares

Table 7 lists historical airline shares of enplaned passengers. In all discussions of historical airline service and passenger traffic by airline in this Report, unless otherwise noted, data for merged airlines are accounted for with the surviving airline (i.e., America West Airlines, Trans World Airlines, and US Airways with American Airlines; Northwest Airlines with Delta Air Lines; Continental Airlines with United Airlines; Midwest Airlines with Frontier Airlines; AirTran Airways with Southwest Airlines; and Virgin America with Alaska Airlines).

Southwest's share of enplaned passengers in FY 2021 was 34.1%, down from FY 2010 (36.8%) while American's share in FY 2021 was 22.1%, down from 25.5% in FY 2010. New and expanded service by the other airlines, particularly Delta, Alaska, Spirit, and Allegiant has resulted in a more competitive and less concentrated air service offering at the Airport.

Origin-Destination Markets

Table 8 presents data on domestic passengers and airline service for the top 20 city markets as ranked by domestic originating passengers at the Airport in FY 2021. Also shown are of the numbers of average daily nonstop departures as scheduled for March 2022 and the numbers of airlines providing service to each market from the Airport. The top five destinations—Los Angeles, Denver, New York, Las Vegas, and Chicago—accounted for 29.5% of originating passengers at the Airport. Daily nonstop service is provided from the Airport to each of the 20 destinations. Competing service by two or more airlines is provided to 18 of the 20 destinations and competing service by three or more airlines is provided to 10 of the 20 destinations.

Passenger Airline Service

Figure 6 shows the airports scheduled to be served nonstop from the Airport in March 2022. In addition to 77 domestic destinations, airlines at ABIA are scheduled to serve five destinations in Mexico and Central America, five in Europe, three in the Caribbean, and one in Canada.

Although departing seat capacity at the airport dropped sharply during the COVID-19 pandemic, by September 2021, it had recovered to 2019 levels (pre-pandemic). Since then, scheduled departing seats have exceed 2019 levels in each month. Advance published schedules, which are subject to change, indicate continuing increases in scheduled departing seats. These increases are largely attributable to expansion by Southwest and American at ABIA, both of which have added service to numerous destinations during the pandemic. Alaska, Allegiant, and Delta have also increased service at the Airport. Hawaiian started service at the Airport in April 2021 and KLM initiated service in March 2022. Virgin Atlantic is scheduled to start service in May 2022. In March 2022, airlines are scheduled to provide 33% more seats and 39% more flights at ABIA than in March 2019.

Table 7
HISTORICAL AIRLINE SHARES OF ENPLANED PASSENGERS
Austin-Bergstrom International Airport
Fiscal Years ended September 30

Airline	Enplaned passengers (thousands) 2010	2015	2019	2020	2021
Southwest	1,569	2,119	2,930	1,592	1,778
American	1,083	1,261	1,524	910	1,153
Delta	441	700	1,130	614	710
United	698	971	1,223	632	645
Alaska	104	175	306	188	263
Spirit	--	--	273	285	253
JetBlue	247	278	281	151	188
Frontier	106	161	464	198	105
Allegiant	2	55	99	53	81
Hawaiian	--	--	--	--	13
Sun Country	3	1	18	10	9
Aeromexico	--	0	23	13	6
All Other	5	71	194	78	1
Total	**4,257**	**5,792**	**8,465**	**4,724**	**5,208**
	Share of total				
Southwest	36.8%	36.6%	34.6%	33.7%	34.1%
American	25.5	21.8	18.0	19.3	22.1
Delta	10.4	12.1	13.3	13.0	13.6
United	16.4	16.8	14.5	13.4	12.4
Alaska	2.4	3.0	3.6	4.0	5.1
Spirit	--	--	3.2	6.0	4.9
JetBlue	5.8	4.8	3.3	3.2	3.6
Frontier	2.5	2.8	5.5	4.2	2.0
Allegiant	0.0	1.0	1.2	1.1	1.6
Hawaiian	--	--	--	--	0.3
Sun Country	0.1	0.0	0.2	0.2	0.2
Aeromexico	--	0.0	0.3	0.3	0.1
All Other	0.1	1.2	2.3	1.7	0.0
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Notes: Passengers reported by regional affiliates are grouped with their respective code-sharing partners. Columns may not add to totals shown because of rounding.

Source: City of Austin, Department of Aviation records.

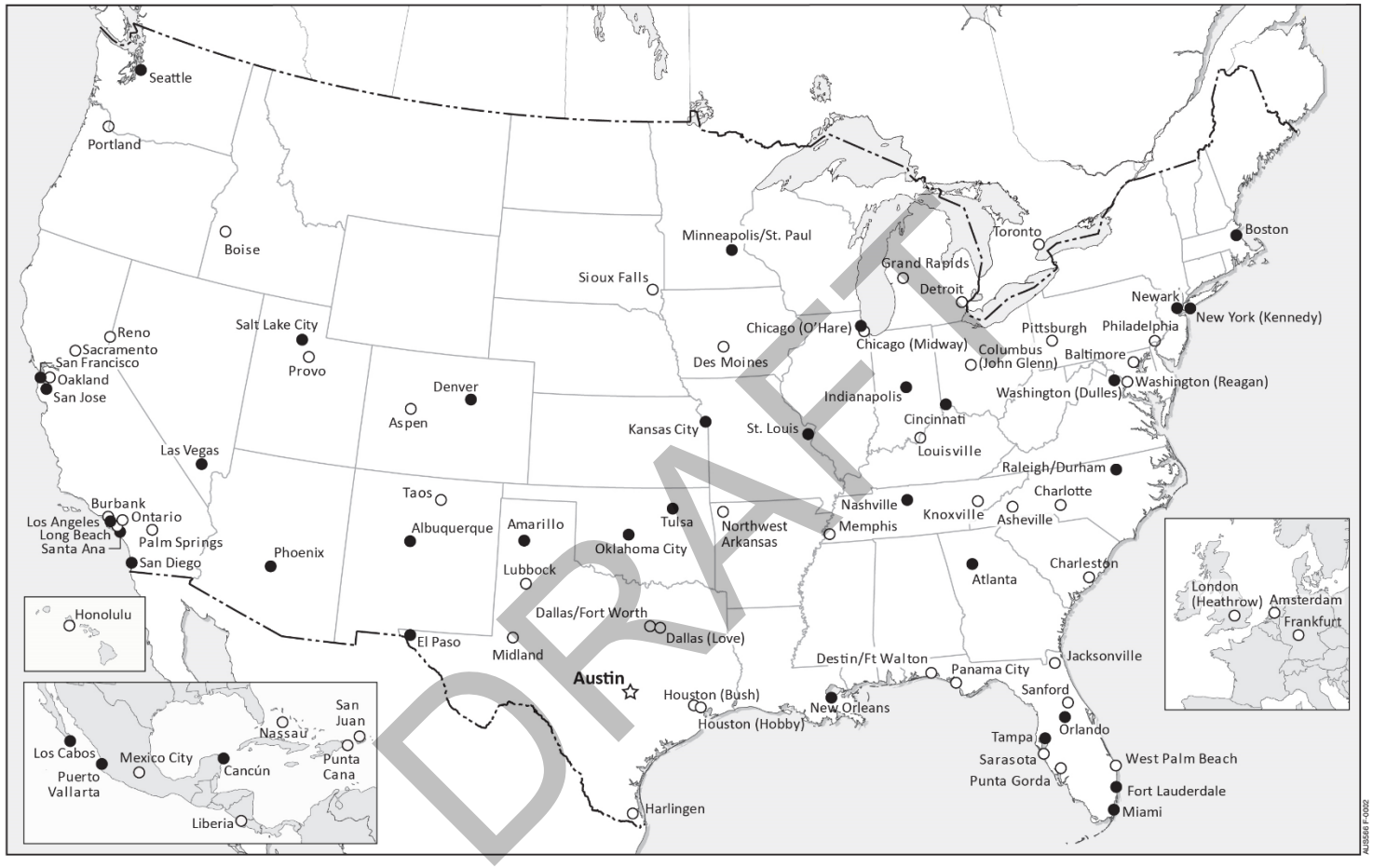
Table 8
Domestic Origin-Destination Patterns and Airline Service
Austin-Bergstrom International Airport

Rank	Origin-destination market	Air miles from Austin	Percent of domestic O&D passengers FY 2019	Percent of domestic O&D passengers FY 2021	Average daily scheduled nonstop departures March 2022	Number of airlines
1	Los Angeles *(a)*	1,030	7.4%	8.9%	20	8
2	Denver	673	5.3	5.9	12	4
3	New York *(b)*	1,312	7.2	5.4	13	5
4	Las Vegas	945	3.7	4.7	9	5
5	Chicago *(c)*	847	5.1	4.5	14	3
6	San Francisco *(d)*	1,294	6.6	4.5	12	3
7	Orlando	862	2.8	4.0	7	3
8	Miami *(e)*	957	2.5	3.8	9	4
9	Atlanta	705	3.2	3.3	10	2
10	Washington DC *(f)*	1,143	4.4	3.2	7	3
11	Phoenix	755	2.4	2.7	8	2
12	Seattle	1,536	2.4	2.6	5	2
13	San Diego	1,009	2.3	2.2	6	2
14	Boston	1,473	2.6	1.9	5	3
15	Nashville	656	1.2	1.7	7	2
16	Salt Lake City	942	1.4	1.5	5	2
17	Dallas/Fort Worth *(g)*	164	2.9	1.5	20	2
18	Detroit	998	1.7	1.5	4	1
19	Portland	1,488	1.3	1.4	1	1
20	Minneapolis-St. Paul	905	1.7	1.4	4	2
	Cities listed		68.1%	66.7%	177	
	Other cities		31.9	33.3	75	
	All cities		100.0%	100.0%	252	

Note: For the Fiscal Year ended June 30, unless otherwise noted.

(a) Los Angeles International, Hollywood Burbank, Long Beach, John Wayne/Orange County, and Ontario International airports.
(b) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.
(c) Chicago O'Hare and Midway International airports.
(d) San Francisco, Oakland, and Norman Y. Mineta San Jose International airports.
(e) Miami and Fort Lauderdale International airports.
(f) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.
(g) Dallas/Fort Worth International Airport and Love Field.

Sources: O&D percentage: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100, accessed January 2022.
Departures: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed January 2022.



LEGEND

- ○ Destinations with service by only one airline
- ● Destinations with service by two or more airlines

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed January 2022.

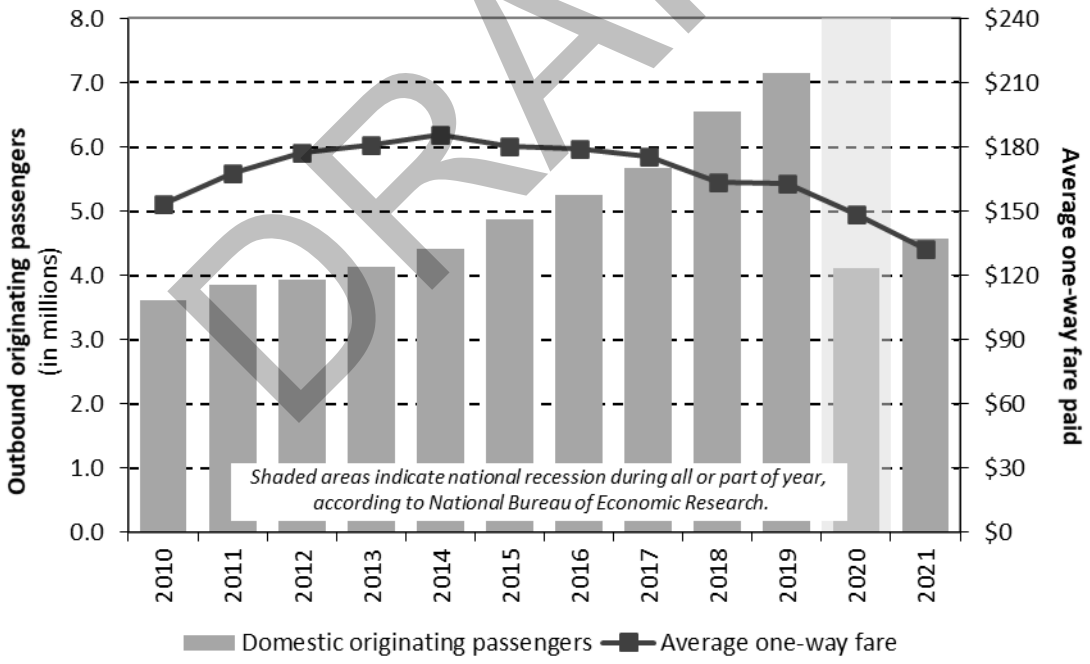
Figure 6
DESTINATIONS SERVED NONSTOP
Austin-Bergstrom International Airport
March 2022

AUS

Figure 7 shows domestic originating passengers and average domestic airfares at the Airport from FY 2010 to FY 2021. The average one-way fare paid for domestic flights at ABIA peaked in FY 2014 at $186 and has trended downward (an average -4.7% per year) through FY 2021. Domestic originating passengers increased 10.1% per year, on average, between FY 2014 and FY 2019, before dropping significantly during the pandemic.

The average airfares shown in Figure 7, as reported by the airlines to the U.S. DOT, exclude charges for optional services, such as checked baggage, preferred seating, in-flight meals, entertainment, and ticket changes. Such charges have become widespread in the airline industry since 2006. As a result, the average airfares shown understate the amount actually paid by airline passengers for their travel. Optional service charges that were previously included in the ticket price are not all separately reported to the U.S. DOT. They have been estimated by industry analysts to amount to an effective average surcharge on domestic airfares of approximately 5% of ticket fare revenues, although the percentage varies widely by airline.

Figure 7
DOMESTIC ORIGINATING PASSENGERS AND AVERAGE FARE PAID
Austin-Bergstrom International Airport
Fiscal Years ended September 30



Notes: Average one-way fares excluding taxes, fees, passenger facility charges, and charges for optional services.

Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedule T100.

Air Cargo

Table 9 presents historical data on enplaned and deplaned air cargo tonnage. Cargo tonnage (carried by all-cargo aircraft and as belly cargo on passenger airline aircraft) decreased between FY 2000 and FY 2010 at an average rate of 7.5% per year. The decrease was attributable to a combination of factors, including post-September 2001 security restrictions, increased use of time-definite ground transportation modes as the relative operating economics of air and truck modes changed, changes in patterns of global trade and supply-chain functionality, and industry consolidation. Between FY 2010 and FY 2015, there was negligible growth in air cargo tonnage but, since FY 2015, growth has returned. Double digit year-over-year growth occurred in FY 2017, FY 2020, and FY 2021. In FY 2021, FedEx accounted for 39.0% of the air cargo tonnage enplaned and deplaned at the Airport, UPS for 14.7%, and Southern Air for 9.5%. The remaining 36.8% of air cargo tonnage was carried by passenger airlines and other miscellaneous air cargo operators.

Table 9
HISTORICAL AIR CARGO TONNAGE
Austin-Bergstrom International Airport
Fiscal Years ended September 30

Fiscal Year	Cargo tonnage: Freight and express	Cargo tonnage: Mail	Cargo tonnage: Total	Annual increase (decrease)
2000	154,385	14,873	169,258	
2010	75,047	2,839	77,886	
2015	75,694	3,358	79,052	
2016	81,385	2,372	83,757	6.0%
2017	91,076	3,290	94,366	12.7
2018	87,657	3,769	91,426	(3.1)
2019	85,175	4,947	90,122	(1.4)
2020	96,338	4,132	100,470	11.5
2021	112,708	3,925	116,633	16.1
	Average annual percent increase (decrease)			
2000-2010	(7.0%)	(15.3%)	(7.5%)	
2010-2015	0.2	3.4	0.3	
2015-2020	4.9	4.2	4.9	
2019-2020	13.1	(16.5)	11.5	
2020-2021	17.0	(5.0)	16.1	

Note: Calculated percentages may not match those shown because of rounding.

Source: City of Austin, Department of Aviation records.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

In the near-term to medium-term, the impact of the COVID-19 pandemic and the speed of recovery of both the economy and public confidence in the aviation system will significantly affect aviation activity levels at the Airport. As the Airport predominantly serves origin and destination activity (O&D passengers account for approximately 95% of ABIA's passengers), future long-term growth in aviation activity at the Airport will occur largely as a function of the growth in the population and economy of the Austin MSA, as well as regional, national, and international economic performance.

Several factors will play a role in the long-term growth in aviation activity at the Airport, including:

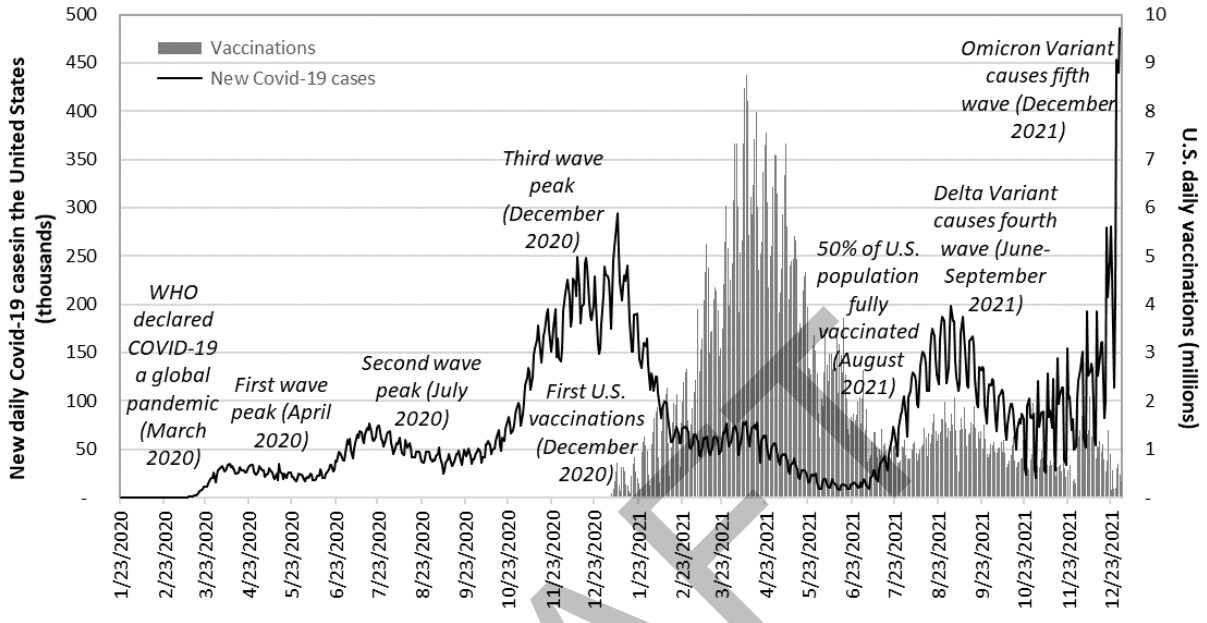
- COVID-19 pandemic and public health concerns
- Climate change concerns
- National economic conditions
- International economic, political, health, and security conditions
- Structural changes in the travel market
- Financial health of the airline industry
- Airline industry provisions under the Federal Stimulus Acts
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Capacity of the national air traffic control system, and
- Capacity of the Airport

COVID-19 Pandemic and Public Health Concerns

Public health concerns and associated restrictions on travel periodically reduce airline travel demand to and from various parts of the world. Examples are Severe Acute Respiratory Syndrome (SARS) in 2002-2003, the H1N1 influenza virus in 2009, Middle East Respiratory Syndrome (MERS) in 2013, Ebola Virus Disease (EVD) in 2014-2016, and the Zika virus in 2016-2017. In all these historical examples, reductions in airline travel were geographically localized and fairly short-lived, with travel soon recovering to pre-health-scare trends.

By comparison, the COVID-19 pandemic has had far more serious and widespread effects on airline travel worldwide. In late 2019, the highly contagious novel coronavirus that causes the COVID-19 respiratory illness emerged in Asia, soon spreading to most parts of the world. As shown on Figure 8, COVID-19 was declared a global pandemic by the WHO in March 2020 and has yet to be contained.

Figure 8
Timeline of the COVID-19 Pandemic



Source: Centers for Disease Control and Protection, COVID-19 Vaccination Trends in the United States, accessed January 2022; www.covid.cdc.gov.

During the early months of the pandemic, governmental actions to slow the spread of the disease, including the mandated closure of businesses and offices, work-at-home requirements, prohibitions of public gatherings, quarantines, and travel restrictions contributed to a recession in the global economy and widespread job losses. The economic recession, combined with fears about contagion, resulted in a severe reduction in the demand for air travel, the grounding of much of the world's airline fleets, and cuts in airline service that extended through much of 2020.

In December 2020, the first COVID-19 vaccines were administered in the United States and, following a peak of new COVID-19 cases at the end of 2020, the number of new COVID-19 cases fell as more people were vaccinated. By August 2021, 50% of the total U.S. population had been fully vaccinated. The success of COVID-19 vaccines in preventing the transmission of the virus and reducing its effects resulted in a steady recovery in domestic air travel during the summer of 2021.

Notwithstanding the success of the vaccines, new variants of the COVID-19 virus emerged and the highly contagious Delta and then Omicron variants resulted in new waves of cases in the fall and winter of 2021. These new cases contributed to cancelled travel bookings and reduced airline schedules, as well as delays in office openings and continued travel restrictions, particularly for corporate and international travel. The Omicron variant also contributed to flight cancellations at the end of 2021 as airline crews tested positive for the virus. The combination of these factors inhibited recovery in airline travel during the second half of 2021..

TSA data show that the number of passengers screened at U.S. airports in January 2021 was approximately 40% of the number screened in January 2019. In July 2021, the number had increased to approximately 75% of the number two years earlier, and in December 2021, the number had increased to approximately 80% of the number two years earlier.

The availability and acceptance of vaccines and treatments offers hope that the pandemic will be brought under control and economic activity will be resumed, but until governments and public health authorities are able to contain the spread of the disease and its variants worldwide through widespread immunization, and to relax quarantine, testing, and other travel restrictions, COVID 19 may continue to overshadow other factors affecting future airline travel.

Questions remain about how some determinants of travel demand may change once control of the pandemic and economic recovery allow a stable travel environment to be restored. Some observers anticipate there may be permanent reductions in some business travel for in-person meetings as a result of the widespread adoption of videoconferencing during the pandemic. Many companies have also reduced travel by their employees and thereby achieved cost savings that may become a permanent feature of their financial operations.

Climate Change Concerns

There is now widespread acknowledgement of the urgent need for the nations of the world to transition from fossil fuels to cleaner energy sources that will allow the worst effects of global warming and climate change to be avoided. In November 2021, the FAA published the U.S. Aviation Climate Action Plan which sets a goal to achieve net-zero greenhouse gas (GHG) emissions from the U.S. aviation sector by 2050. The plan includes several key initiatives, including the increased production of sustainable aviation fuels (SAF), the development of new aircraft technologies, increased operations efficiency, and efforts to reduce airport emissions.

Much like the way that the pandemic appears to have changed some airline travel behavior and demand patterns, concerns about the contribution of airline travel to the emission of carbon dioxide and other greenhouse gases into the atmosphere may influence future airline travel demand. For example, there may be increased societal pressures to avoid or reduce travel perceived as wasteful, particularly long-haul international travel; to favor or require the use of lower-emission travel modes, e.g., train over airplane, for short trips; and for corporations to limit employee travel to “reduce their carbon footprint” and achieve environmental, social, and governance objectives.

Pre-pandemic, the aviation industry accounted for approximately 10% of anthropogenic greenhouse gas emissions from the U.S. transportation sector and 3% of total U.S. emissions. However, alternatives to petroleum-derived jet fuel are unlikely to be economically available at large scale for the foreseeable future, so aviation’s share of emissions will likely increase and attract more scrutiny. Consequently, it will be imperative for the industry to achieve efficiencies if growth in airline travel is to be sustained.

Achieving those efficiencies and mitigating emissions will require financial investments and changes to the operating economics of the aviation industry. Changes will likely include the early retirement and replacement of inefficient aircraft; implementation of operational changes to airline networks and systems to fly more optimal trajectories for reduced fuel use and contrail impacts; investments in emission reduction projects at airports, including electrification of ground support equipment; the payment of carbon taxes and other regulatory charges designed to penalize or offset emissions; and

the development of technologies and incentives to increase the supply and reduce the cost of sustainable aviation fuels derived from biomass and other renewable sources. In the longer term, investments will be required to develop new aircraft propulsion technologies using fuels such as hydrogen or electric power generated from renewable sources.

Increased direct governmental regulation of greenhouse gas emissions from aircraft is also possible. In 2020, the U.S. Environmental Protection Agency adopted emission standards that apply to new commercial aircraft and align with standards adopted by the International Civil Aviation Organization. More stringent emission standards may apply in the future.

Inevitably, some of the costs required to reduce greenhouse gas emissions and combat climate change will be passed on to passengers in the form of higher fares or surcharges, and thereby inhibit airline travel demand.

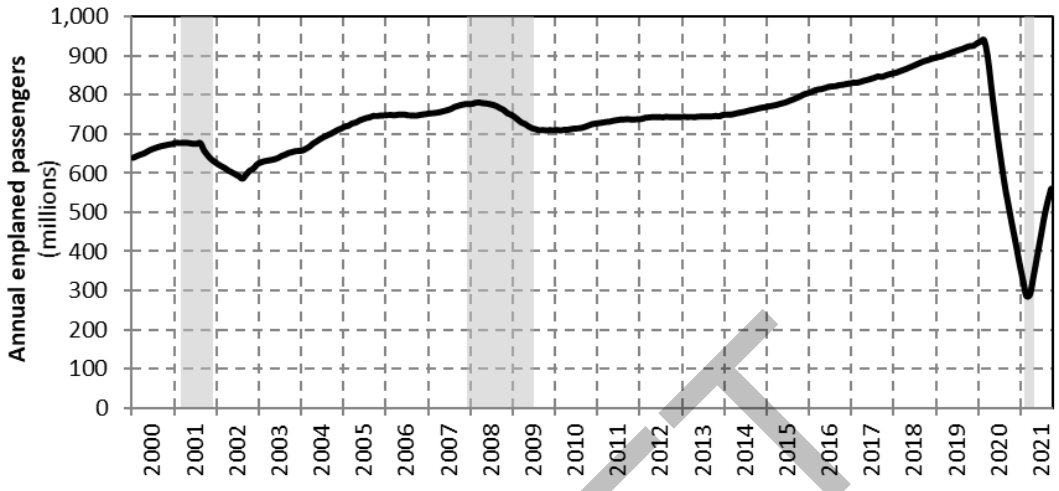
National Economic Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As illustrated in Figure 9, recessions in the U.S. economy in 2001, 2008-2009, and 2020, and associated high unemployment reduced discretionary income and airline travel demand.

The 2020 economic recession brought about by the COVID-19 pandemic and the related government actions to slow the spread of the disease discussed earlier was relatively short-lived but caused the largest ever decrease in U.S. GDP—a decrease of 31.4% in the second quarter of 2020, with an associated sharp increase in unemployment. The second quarter decrease was followed by strong GDP growth in the third and fourth quarters of 2020, with GDP and unemployment in the fourth quarter at close to pre-pandemic levels.

Future increases in passenger traffic at the Airport will depend on national economic growth.

Figure 9
Historical Enplaned Passengers on U.S. Airlines



Note: Data shown are 12-month moving averages of monthly enplaned passengers.
Shaded quarters indicate economic recession during all or part of a quarter.
Includes scheduled and non-scheduled service to domestic and international destinations.

Sources: Bureau of Transportation Statistics, T100 Market and Segment, accessed January 2022;
National Bureau of Economic Research, www.nber.org.

International Economic, Political, Health, and Security Conditions

International passenger traffic at U.S. airports is also influenced by the globalization of business, international trade and tourism, international economics, trade balances, currency exchange rates, government policies, and geopolitical relationships. Concerns about hostilities, terrorist attacks, and other perceived security and public health risks, and associated travel restrictions also affect travel demand to and from particular international destinations from time to time.

Future increases in international passenger traffic will depend partly on global economic growth, a stable and secure international travel environment, and government policies that do not unreasonably restrict or deter travel.

Russia's invasion of Ukraine in February 2022, has caused catastrophic destruction, loss of life, and a humanitarian and refugee crisis in eastern Europe. The invasion prompted the United States, the European Union, and other nations to impose far-reaching economic and financial sanctions that are having calamitous effects on the Russian economy and international trade. The war and sanctions are causing collateral economic disruption far beyond Russia's borders by sending energy and commodity prices soaring, worsening inflation, disrupting international commerce, and slowing economic growth.

The war has caused the closure of airspace over much of eastern Europe and Russia and the suspension of airline service to Russia and other destinations in and near the war zone. The closure of

Russian airspace requires some airline flights, particularly between Europe and Asia, to take circuitous flight paths and incur longer flight times and higher fuel costs.

Structural Changes in the Travel Market

With the globalization of business and the increased importance of international trade and tourism (prior to the onset of COVID-19), international economics, trade balances, currency exchange rates, government policies, and political relationships all influence passenger traffic at major U.S. airports. Concerns about hostilities and other perceived security and public health risks and associated travel restrictions also affect travel demand to and from particular international destinations. Once the economy and the aviation system recover from the effects of the COVID-19 pandemic, it is expected that sustained future increases in passenger traffic at the Airport will once again depend on factors such as global economic growth, stable and secure international conditions, and government policies that do not materially restrict international travel.

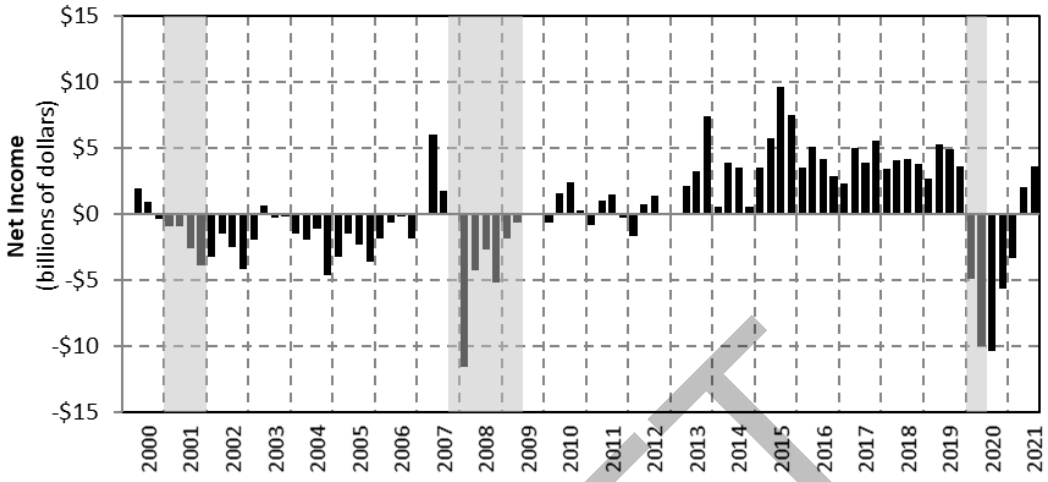
Financial Health of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to provide service. Figure 10 shows historical net income for U.S. airlines.

As a result of the 2001 economic recession and the disruption of the airline industry that followed the September 2001 terrorist attacks, the industry experienced large financial losses between 2001 and 2006. During this period, Delta, Northwest, United, and US Airways all filed for bankruptcy protection and restructured their operations.

In 2007, the U.S. passenger airline industry was profitable, but in 2008, as oil and aviation fuel prices increased to unprecedented levels and the U.S. economy contracted, the U.S. passenger industry experienced large net losses. The industry responded by grounding less fuel-efficient aircraft, eliminating unprofitable routes and hubs, reducing seat capacity, and increasing airfares.

Figure 10
Quarterly Net Income for U.S. Airlines



Note: Includes scheduled service on U.S. carriers only.
Shaded areas indicate quarters of economic recession.
Data for the fourth quarter of 2005 and the first quarter of 2006 were adjusted to account for United bankruptcy claims which were settled for substantially less than had been originally reported.

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Net Income, F41 Schedule P12, www.transtats.gov, accessed January 2022.

From 2010 to 2013, after recovery from the 2008-2009 recession, the U.S. passenger airline industry generally recorded positive net income, notwithstanding sustained high fuel prices, by controlling capacity and nonfuel expenses, increasing airfares, achieving high load factors, and increasing ancillary revenues. American filed for bankruptcy protection in 2011.

From 2014 to 2019, the U.S. passenger airline industry reported a succession of profitable years, as fuel prices were low, demand was strong, and control of capacity allowed fares and ancillary charges to remain high, even as agreements between the major airlines and their unionized employees resulted in increased labor costs. In 2015, the industry then achieved record net income of $26 billion as fuel prices decreased further, demand remained strong, and capacity control allowed average fares and ancillary charges to remain high. Strong industry profitability continued in 2016 through 2018.

Beginning in 2020, reductions in air travel demand caused by the COVID-19 pandemic resulted in unprecedented airline industry losses. In response to the pandemic-induced losses, airlines took various actions to reduce costs and maintain liquidity. Most airlines offered their employees voluntary separation programs whereby employees were provided with severance payments and kept health care and other benefits. Many airlines also accelerated the retirement of older aircraft and deferred the acquisition of new aircraft.

Recovering from the effects of the pandemic and regaining industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to enable increased airfares, stable fuel prices and labor costs, and sufficient numbers of qualified employees, particularly pilots, to provide airline service. ABIA is less susceptible to the potential impacts of an airline bankruptcy due to its relatively low degree of airline concentration compared with many other large U.S. hub airports and its large population and O&D passenger traffic base which would likely be served by other airlines at the Airport if an airline were to cease operations.

Airline Industry Provisions Under the Federal Stimulus Acts

The Coronavirus Aid, Relief, and Economic Security Act, known as the CARES Act, provided for $50 billion in aid for passenger airlines, including $25 billion for the Payroll Support Program (PSP) and $25 billion in loans. Under the PSP, direct grants accounted for 70% of an airline's total support payment, with the remaining 30% made in the form of a loan. PSP funding ended on September 30, 2020. Passenger airlines were also eligible to apply for $25 billion in loans under the CARES Act.* Several U.S. airlines have received loans under the CARES Act, including Alaska, American, Frontier, Hawaiian, jetBlue, Mesa, Republic, Sky West, and United.** U.S. passenger airlines also offered voluntary separation programs and extended non-paid leave to maintain an appropriately sized workforce in response to the decreased demand for air travel related to the pandemic. Such programs provided employees with the opportunity to voluntarily end their employment in exchange for severance, healthcare coverage, and travel privileges and to voluntarily take extended emergency time off. Several airlines have taken other measures to bolster liquidity, including debt issuances and stock offerings. After the conditions of the CARES Act expired, approximately 32,000 airline employees were furloughed.

In December 2020, a second stimulus package was passed which included an additional $15 billion in payroll support for passenger airlines. As a condition of the package, airlines had to put furloughed workers back on the payroll through March 2021. The third pandemic relief bill, the ARP enacted in March 2021, includes $14 billion of aid for airlines, $8 billion for airports, and $1 billion for aviation contractors to help them operate normally, limit the spread of the virus, and pay workers and service their debts. In exchange for the aid, airports, contractors and airlines were prohibited from large layoffs through September 2021.

* National Law Review, "Passenger Airlines and U.S. Treasury Department Reach Agreement on CARES Act Payroll Support Program," April 17, 2020, www.natlawreview.com. "In accordance with the CARES Act, all aid recipients must use the payroll support payments exclusively to cover the cost of payroll and benefits. Each passenger airline must comply with the required terms and conditions of the CARES Act, such as (1) refraining from imposing involuntary furloughs on US-based employees or reducing employee pay or benefits through September 30; (2) maintaining certain limitations on executive compensation through March 24, 2022; (3) suspending the payment of dividends or other distributions and cease stock buybacks through September 30, 2021; and (4) continuation of service as is reasonable and practicable under Department of Transportation regulations."

** Congressional Research Service, "Treasury and Federal Reserve Financial Assistance in Title IV of the CARES Act (P.L. 116-136)", updated January 6, 2021.

Airline Service and Routes

The Airport serves as a gateway to the MSA. The number of originating passengers at the Airport depends primarily on the intrinsic attractiveness of the region as a business and leisure destination, the propensity of its residents to travel, and the airfares and service provided at the Airport and at other competing airports. Although passenger demand at an airport depends primarily on the population and economy of the region served, airline service and the numbers of passengers enplaned also depend on the route networks of the airlines serving that airport.

The large airlines have developed hub-and-spoke systems that allow them to offer high-frequency service to many destinations. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends primarily on the route networks and flight schedules of the airlines serving that airport and competing hub airports. Since 2003, as the U.S. airline industry consolidated, airline service has been reduced at many former connecting hub airports, including those serving St. Louis (American, 2003-2005), Dallas-Fort Worth (Delta, 2005), Pittsburgh (US Airways, 2006-2008), Las Vegas (US Airways, 2007-2010), Cincinnati (Delta, 2009-2012), Memphis (Delta, 2011-2013), and Cleveland (United, 2014).

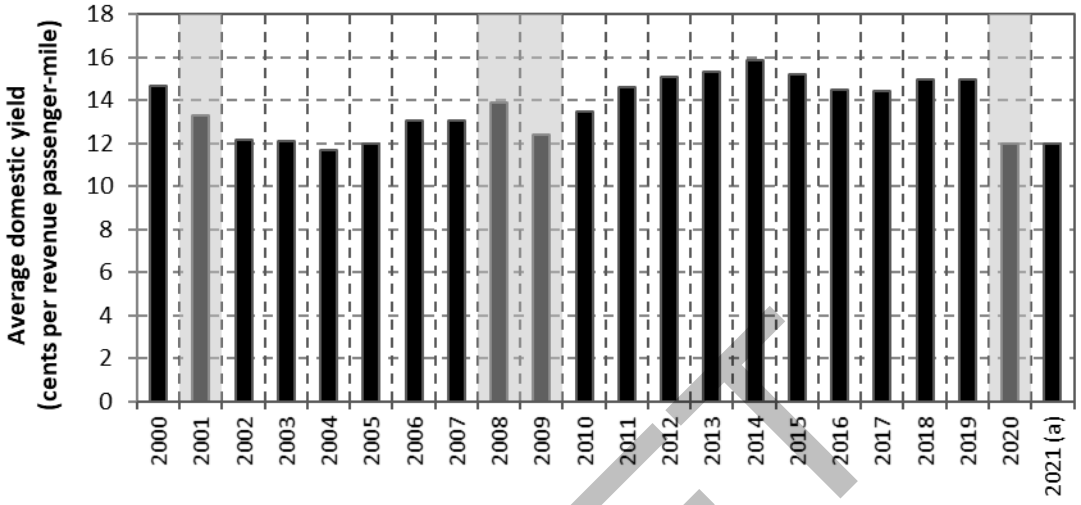
Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for relatively short trips for which the automobile and other travel modes are potential alternatives, and for price-sensitive "discretionary" travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers – globally, nationwide and at the Airport– will depend, in part, on the level of airfares.

Figure 11 shows the historical average domestic yield (airfare per passenger-mile) for U.S. airlines. After the 2008-2009 recession, the average yield then increased through 2014 as airline travel demand strengthened, the airlines collectively reduced available seat capacity, and were able to sustain airfare increases. Between 2014 and 2016, the average yield was reduced as a result of airline competition, and, through 2019 was fairly stable. The average yield decreased in 2020 and 2021 as travel demand was depressed during the pandemic.

Beginning in 2006, ancillary charges were introduced by most airlines for optional services such as checked baggage, preferred seating, in-flight meals, and entertainment; thereby increasing the effective price of airline travel more than these yield figures indicate.

Figure 11
Historical Domestic Yield for U.S. Airlines



Notes: Average yields shown are net of taxes, fees, and passenger facility charges and exclude fees charged by the airlines for optional services.
Shaded areas indicate economic recession during all or part of year.
Data for 2021 are for the first 9 months (January through September).

Source: U.S. DOT, Air Passenger Origin-Destination Survey, reconciled to Schedule T100, accessed January 2022.

Airline Consolidation and Alliances

In response to competitive pressures, the U.S. airline industry has consolidated. Among the significant mergers and combinations were:

- In April 2001, American completed an acquisition of failing Trans World Airlines
- In September 2005, US Airways and America West Airlines merged
- In October 2009, Republic Airways Holdings completed purchases of Frontier and Midwest airlines
- In December 2009, Delta and Northwest merged
- In October 2010, United and Continental completed a merger
- In May 2011, Southwest completed its acquisition of AirTran, and integrated operations in 2014
- In December 2013, American and US Airways completed their merger and have maintained all hubs in the combined system
- In December 2016, Alaska Air Group, parent of Alaska Airlines, and Virgin America Airlines completed their merger. The merged airline received a single operating certificate from the FAA in January 2018, moved to a single reservations system and rebranded as Alaska Airlines on April 25, 2018, and retired the Virgin America brand in June 2019.

In February 2022, Spirit and Frontier announce plans to merge, which would create the nation's fifth largest airline by enplaned passengers. The merger is subject to approval by the U.S. DOT and Justice Department and will be scrutinized for its potential effects on competition and airfares.

This consolidation has resulted in four airlines (American, Delta, Southwest, and United) and their regional affiliates now accounting for approximately 80% of domestic seat-mile capacity. Consolidation contributed to pre-pandemic airline industry profitability, however, any resumption of financial losses could cause U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines could drastically affect airline service at certain connecting hub airports, and change airline travel patterns nationwide. As a primarily O&D airport, it is expected that in the unlikely event any of the large network carriers liquidated, the air service provided by such airline at ABIA would be eventually replaced by another airline.

Alliances, joint ventures, and other marketing arrangements provide airlines with many of the advantages of mergers. Alliances typically involve marketing, code sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. Joint ventures involve even closer cooperation and the sharing of costs and revenues on designated routes. Most of the largest U.S. airlines are members of such alliances with foreign-flag airlines.

Availability and Price of Aviation Fuel

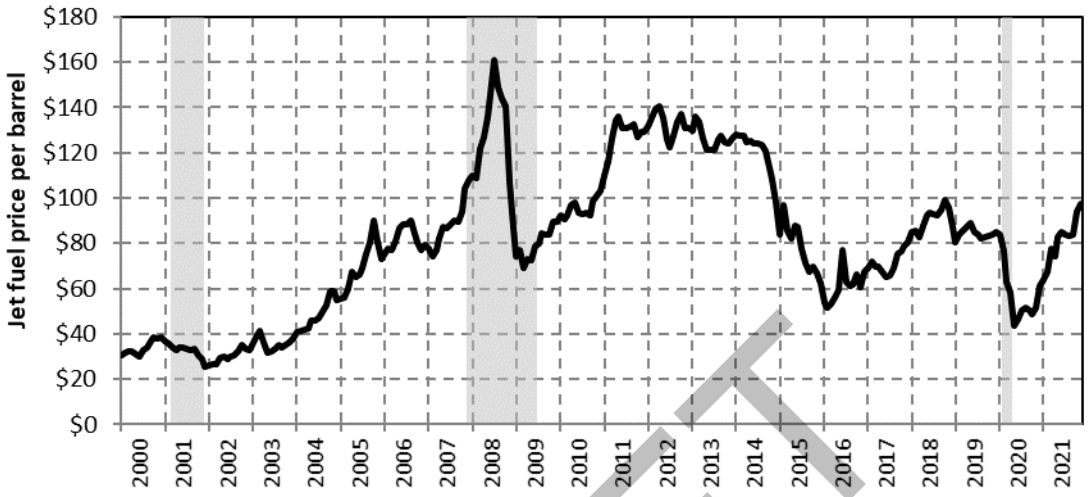
The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Figure 12 shows the historical fluctuation in fuel prices caused by the many factors influencing the global demand for and supply of oil.

Between early 2011 and mid-2014, fuel prices were relatively stable, partly because of increased oil supply from U.S. domestic production made possible by the hydraulic fracturing of oil-bearing shale deposits and other advances in extraction technologies.

Beginning in mid-2014, an imbalance between worldwide supply and demand resulted in a precipitous decline in the price of oil and aviation fuel through the end of 2015. Fuel prices then increased but the average price of aviation fuel at the end of 2019 was still approximately 30% below the price at mid-2014.

As the pandemic drastically reduced the demand for aviation fuel in early 2020, the price of aviation fuel fell sharply, before rebounding in 2021 as pandemic restrictions were eased, economies recovered, and demand exceeded supply. The economic disruption and sanctions resulting from the Russian invasion and war on Ukraine exacerbated the worldwide imbalance of demand and supply and caused a spike in oil and aviation fuel prices. Higher fuel prices have a negative effect on airline profitability as well as far-reaching implications for the global economy. Any costs associated with higher fuel prices that are passed on to passengers in the form of higher fares or surcharges could inhibit airline travel demand.

Figure 12
Historical Aviation Fuel Prices



Notes: Data shown are monthly averages and were converted from gallons to barrels. Shaded areas indicate months of economic recession.

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Airline Fuel Cost and Consumption, F41 Schedule P12A, www.transtats.gov, accessed January 2022.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures, COVID-19 testing, and vaccination requirements, lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips. Quarantine requirements and other restrictions create additional impediments for international travelers.

Safety concerns in the aftermath of the September 2001 attacks were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. Measures have included strengthened aircraft cockpit doors, increased presence of armed sky marshals, federalization of airport security under the TSA, and more intensive screening of passengers and baggage,. The TSA has introduced "pre-check" service to expedite the screening of passengers who have submitted to background checks. At ABIA, the system known as CLEAR is also available for expedited passenger screening.

Following fatal crashes of B-737 MAX aircraft caused by the malfunction of the aircraft's automated flight control system, all B-737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest, United, and WestJet were affected. At the time of the

grounding, B-737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity and less than 1.0% of seat capacity at the Airport. In November 2020, following the approval of modifications to the flight control system software and pilot training, FAA rescinded its order grounding the aircraft, allowing it gradually to be reintroduced into service.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and other safety concerns. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, future demand for airline travel at the Airport will depend primarily on economic, not safety or security, or, in the long-term, public health factors.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transport System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays have decreased because of reduced numbers of aircraft operations (down approximately 15% between 2007 and 2018), but, as airline travel increases in the future and recovers from the impact of the COVID-19 pandemic, flight delays and restrictions may be expected.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control and national airport systems, future growth in airline traffic at ABIA will depend on the provision of capacity to accommodate aircraft flights and passengers. The projections presented later in this section were based on the assumption that neither available airfield capacity nor demand management initiatives will constrain traffic growth at the Airport. Furthermore, it is assumed that the projected increases in enplaned passengers can be accommodated by existing terminal capacity in conjunction with the capital improvements planned through the end of the projection period (i.e., the 2022-2028 Project, including the projects planned to be funded with proceeds of the 2022 Bonds).

AIRLINE TRAFFIC PROJECTIONS

The projections of airline traffic at the Airport through FY 2028 were developed based on the economic outlook for the MSA, trends in historical airline traffic, and key factors likely to affect future airline traffic, all as discussed earlier in this Report. The forecast for the Airport included in the FAA's most recent *Terminal Area Forecast* (TAF), issued in May 2021, was also reviewed.

In developing the projections in this Report, it was assumed that, over the long term, airline traffic at the Airport will increase as a function of the growth in the economy of the MSA and continued airline service. It was assumed that airline service at the Airport will not be constrained by the availability of aviation fuel, the capacity of the air traffic control system or the Airport, charges for the use of aviation facilities, or government policies or actions that restrict growth.

The aviation activity projections for the Airport were developed based on the assumptions that:

- The U.S. economy will experience sustained growth in GDP averaging between 2.0% and 2.5% per year, an average rate of GDP growth generally consistent with that projected by the Congressional Budget Office.

- Population and employment in the MSA will increase at a faster rate than the United States as a whole.

- Demand for passenger travel to and from the MSA will remain strong based on the strength of the local economy, population growth, and the region's relative attractiveness as a tourism, business, and convention destination.

- The Airport will continue to be primarily an origin-destination airport and the small percentage of passengers connecting at the Airport will not change materially.

- Airlines will add service to meet travel demand at the Airport and competition among airlines will ensure competitive airfares for flights from the Airport.

- International travel restrictions will ease over time, notwithstanding temporary setbacks due to potential future COVID-19 variants which are impossible to predict with certainty.

- Future variants of COVID-19 will have less disruptive effects on air travel, as population vaccinations become increasingly widespread.

- Certain categories of air travel will not recover completely, e.g., some portion of business travel will be replaced permanently by online videoconferencing.

- A generally stable international political environment and safety and security precautions will ensure airline traveler confidence in aviation without imposing unreasonable inconveniences.

- There will be no major disruption of airline service or airline travel behavior as a result of international hostilities, terrorist acts or threats, efforts to combat climate change, or government policies restricting or deterring travel.

Base Projections

FY 2021 total enplaned passengers at the Airport equaled 5.2 million, a 10.3% increase from the 4.7 million enplaned in FY 2020, but still 38.5% below the 8.5 million enplaned in FY 2019, pre-pandemic. In FY 2022, enplaned passengers are projected to nearly double, to 10.0 million. The projection considers robust growth in actual enplanements, up 207% year-over-year in the first 3 months of FY 2022, and advance published airline flight schedules that indicate substantial increases in airline capacity at the Airport during the remainder of FY 2022. It must be noted, however, that such advance published flight schedules are always subject to change and could be reduced in the face of insufficient air travel demand.

Table 10 presents the base projections of enplaned passengers through FY 2028. It also shows base projections of departing flights and aircraft landed weight, which were derived from the passenger projections using assumed trends in average seat occupancy, aircraft seat capacity, and aircraft size.

The number of enplaned passengers at the Airport is projected to increase from 10.0 million in FY 2022 to 12.4 million in FY 2028 in the base case projections, or an average of 3.7% per year. This is lower than the 4.5% average annual growth rate at the Airport between 2000 and 2019. In its *Terminal Area Forecast*, the FAA forecasts 11.1 million enplaned passengers in FY 2028, albeit increasing from a significantly lower base in FY 2022.

High and Low Sensitivity Projections

High and low sensitivity projections of enplaned passengers, departing flights, and aircraft landed weight were developed to test the Airport's financial results against stronger or weaker growth in airline traffic during the projection period. In FY 2028, the number of enplaned passengers in the high sensitivity projection is approximately 15% higher than in the base projection, while in the low sensitivity projection it is approximately 15% lower.

Table 11 and Table 12 present the low sensitivity projections and the high sensitivity projections, respectively. Figure 13 graphically depicts the full range of enplaned passenger projections, as well as the FAA TAF.

Table 10

AIRLINE TRAFFIC PROJECTION – BASE PROJECTION

Austin-Bergstrom International Airport

Fiscal Years ended September 30

The projections presented in this figure were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from the projections, and the variations could be material.

	Actual			Projection							CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-'28	2022-'28
Enplaned passengers												
Domestic	8,220	4,622	5,146	9,675	10,225	10,625	10,975	11,275	11,575	11,875	4.2%	3.5%
International	245	101	62	275	350	400	425	450	475	500	8.3	10.5
Total	8,465	4,724	5,208	9,950	10,575	11,025	11,400	11,725	12,050	12,375	4.3	3.7
Annual % increase/decrease												
Domestic	9.1%	(43.8%)	11.3%	88.0%	5.7%	3.9%	3.3%	2.7%	2.7%	2.6%		
International	17.4	(58.6)	(38.7)	343.3	27.3	14.3	6.3	5.9	5.6	5.3		
Total	9.4	(44.2)	10.3	91.1	6.3	4.3	3.4	2.9	2.8	2.7		
Departing flights	71,247	50,076	53,021	89,760	93,225	94,965	96,090	96,720	97,335	97,940	3.6%	1.5%
Annual % increase/decrease	4.7%	(29.7%)	5.9%	69.3%	3.9%	1.9%	1.2%	0.7%	0.6%	0.6%		
Aircraft Landed Weight (millions of pounds)	9,899	7,014	7,195	12,217	12,809	13,173	13,457	13,674	13,891	14,108	4.0%	2.4%
Annual % increase/decrease	6.6%	(29.1%)	2.6%	69.8%	4.8%	2.8%	2.2%	1.6%	1.6%	1.6%		

Note: Includes passenger and all-cargo airlines.

Sources: Actual – City of Austin, Department of Aviation records.
Projections – LeighFisher, February 2022.

Table 11
AIRLINE TRAFFIC PROJECTION – LOW SENSITIVITY
Austin-Bergstrom International Airport
Fiscal Years ended September 30

The projections presented in this figure were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from the projections, and the variations could be material.

	Actual			Projection							CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-'28	2022-'28
Enplaned passengers												
Domestic	8,220	4,622	5,146	8,865	9,175	9,380	9,560	9,740	9,920	10,100	2.3%	2.2%
International	245	101	62	260	325	345	365	385	405	425	6.3	8.5
Total	8,465	4,724	5,208	9,125	9,500	9,725	9,925	10,125	10,325	10,525	2.5	2.4
Annual % increase/decrease												
Domestic	9.1%	(43.8%)	11.3%	72.3%	3.5%	2.2%	1.9%	1.9%	1.8%	1.8%		
International	17.4	(58.6)	(38.7)	319.2	25.0	6.2	5.8	5.5	5.2	4.9		
Total	9.4	(44.2)	10.3	75.2	4.1	2.4	2.1	2.0	2.0	1.9		
Departing flights	71,247	50,076	53,021	83,420	85,650	86,255	86,865	87,470	87,940	88,540	2.4%	1.0%
Annual % increase/decrease	4.7%	(29.7%)	5.9%	57.3%	2.7%	0.7%	0.7%	0.7%	0.5%	0.7%		
Aircraft Landed Weight (millions of pounds)	9,899	7,014	7,195	11,257	11,578	11,682	11,787	11,892	11,979	12,084	2.2%	1.2%
Annual % increase/decrease	6.6%	(29.1%)	2.6%	56.5%	2.8%	0.9%	0.9%	0.9%	0.7%	0.9%		

Note: Includes passenger and all-cargo airlines.

Sources: Actual – City of Austin, Department of Aviation records.
Projections – LeighFisher, February 2022.

Table 12
AIRLINE TRAFFIC PROJECTION – HIGH SENSITIVITY
Austin-Bergstrom International Airport
Fiscal Years ended September 30

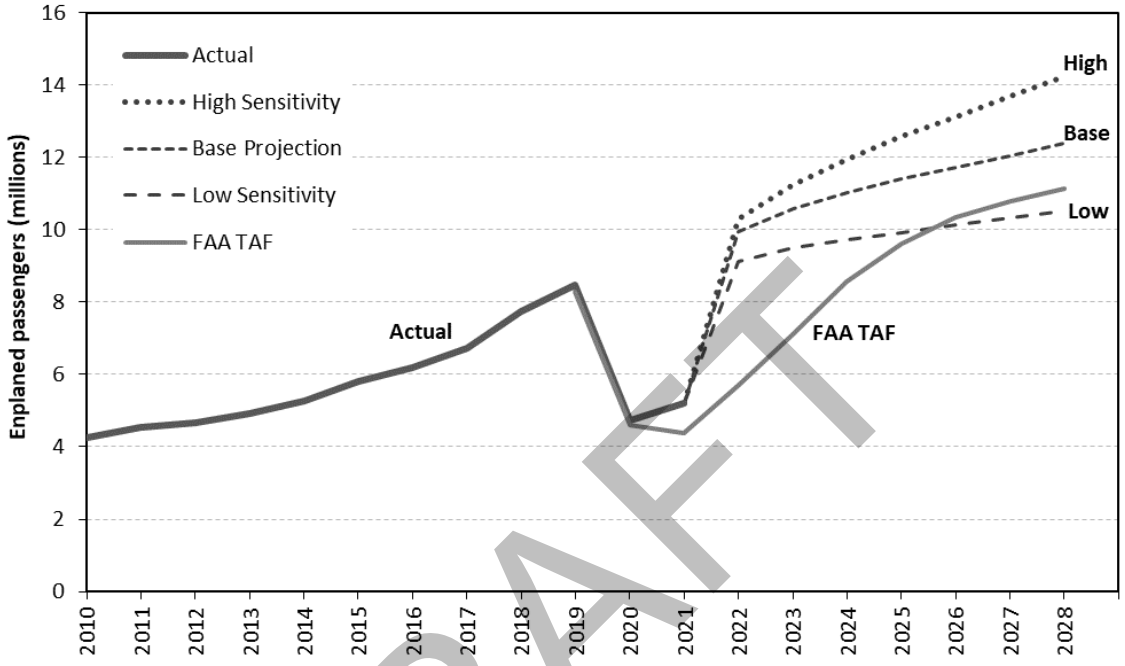
The projections presented in this figure were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from the projections, and the variations could be material.

	Actual			Projection							CAGR	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-'28	2022-'28
Enplaned passengers												
Domestic	8,220	4,622	5,146	10,010	10,870	11,500	12,090	12,610	13,130	13,650	5.8%	5.3%
International	245	101	62	290	380	450	485	515	545	575	10.0	12.1
Total	8,465	4,724	5,208	10,300	11,250	11,950	12,575	13,125	13,675	14,225	5.9	5.5
Annual % increase/decrease												
Domestic	9.1%	(43.8%)	11.3%	94.5%	8.6%	5.8%	5.1%	4.3%	4.1%	4.0%		
International	17.4	(58.6)	(38.7)	367.5	31.0	18.4	7.8	6.2	5.8	5.5		
Total	9.4	(44.2)	10.3	97.8	9.2	6.2	5.2	4.4	4.2	4.0		
Departing flights	71,247	50,076	53,021	92,810	98,605	102,045	104,635	106,525	108,375	110,055	5.0%	2.9%
Annual % increase/decrease	4.7%	(29.7%)	5.9%	75.0%	6.2%	3.5%	2.5%	1.8%	1.7%	1.6%		
Aircraft Landed Weight (millions of pounds)	9,899	7,014	7,195	12,628	13,583	14,234	14,778	15,232	15,687	16,123	5.6%	4.2%
Annual % increase/decrease	6.6%	(29.1%)	2.6%	75.5%	7.6%	4.8%	3.8%	3.1%	3.0%	2.8%		

Note: Includes passenger and all-cargo airlines.

Sources: Actual – City of Austin, Department of Aviation records.
Projections – LeighFisher, February 2022.

Figure 13
ENPLANED PASSENGER PROJECTIONS
Austin-Bergstrom International Airport
Fiscal Years ended September 30



Sources: Actual – City of Austin, Department of Aviation records.
Projections – LeighFisher, February 2022; FAA TAF, issued May 2021.

CAPITAL IMPROVEMENT PROGRAM

The CIP for ABIA encompasses the AEDP as well as a range of other projects around the Airport, primarily related to the replacement and rehabilitation of existing Airport facilities. The AEDP represents the substantial majority of the Airport's CIP through FY 2028. In addition to the AEDP, the CIP also encompasses a range of other projects around the Airport, primarily related to the replacement and rehabilitation of existing Airport facilities. The AEDP and other Airport improvements included in the CIP through Fiscal Year 2028 referred to collectively in this Report as the 2022-2028 Project.

The 2022-2028 Project will be funded from a range of funding sources including Bonds previously issued by the City, the proposed 2022 Bonds, planned Future Bonds, grants, PFCs on a pay-as-you-go basis, and Airport funds. The CIP is summarized in the following sections. Estimated project cash flow and funding sources for the CIP are shown in Exhibit A-1 and Exhibit A-2. In total the AEDP as described in this Report and summarized in Exhibit A-1 and Exhibit A-2 totals $1.97 billion.

AIRPORT EXPANSION AND DEVELOPMENT PROGRAM

The AEDP is intended to increase capacity at the Airport using a strategic approach, including optimizing the existing Barbara Jordan Terminal and enabling future Airport expansion with utilities, airfield, and terminal infrastructure. The AEDP is intended to address the rapidly increasing aviation activity trends that were evident at the Airport before the onset of the pandemic; such trends are expected to once again be exhibited as the impact of the pandemic recedes over time. In particular, the AEDP is structured to provide a significant number of new aircraft gates and parking positions to what is currently a gate constrained facility.

The AEDP includes the following key elements:

- Optimizing the Barbara Jordan Terminal (BJT) by adding new aircraft gates and making related passenger processing improvements
- Building a new centralized baggage handling system
- Building a new midfield Concourse B facility with 10 or more gates, including associated airfield infrastructure

For purposes of managing the AEDP, the City has grouped the AEDP projects into a number of categories, as follows:

- ***AEDP-A*** refers to the improvements occurring in the immediate term, including the BJT optimization, installation of a new baggage handling system, and associated improvements
- ***AEDP-B*** refers to airfield, utilities and infrastructure projects that enable the development of the new Concourse B
- ***AEDP-C*** refers to the new Concourse B, related apron improvements, a passenger and utility tunnel connecting the Concourse B to the BJT, and a hydrant fueling system for Concourse B
- ***AEDP-D*** refers to a new arrivals and departures hall in the BJT, terminal curbside roadway reorientation and realignment, a new parallel taxiway, and utility infrastructure

- ***AEDP-MC*** refers to architectural and engineering, program management, and environmental and sustainability management for the overall AEDP
- ***AEDP-S/E*** and ***AEDP-U*** refers to other miscellaneous projects around the Airport

The 2022-2028 Project as defined herein assumes that all of the projects within categories AEDP-A and AEDP-B are built between FY 2022 and FY 2028, as well as a majority of the projects within the AEDP-C category. The majority of AEDP-D is excluded, as it refers to a phase of the program that will not be operational by FY 2028. A pro rata share of spending under category AEDP-MC is included, and portions of both AEDP-S/E and AEDP-U are included, depending on the timing of implementation of those projects.

The following are the key elements of the AEDP, by category:

AEDP-A

- ***Existing Terminal Centralized Baggage Handling System:*** Design and construction of a new centralized baggage handling system (BHS) to increase screening capacity, address existing operational concerns, and upgrade capacity to 22 million annual passenger processing capability. Includes improvements to facility ticketing, security, and other infrastructure. (Total cost: $181.6 million, of which $95.0 million is proposed to be funded from 2022 Bond proceeds.)
- ***Barbara Jordan Terminal Optimization:*** Design and construction of improvements to the BJT. Project includes holdrooms, passenger boarding bridges, and service infrastructure needed for passenger comfort, health, and safety. (Total cost: $85.2 million, of which $84.7 million is proposed to be funded from 2022 Bond proceeds.)
- ***Interim Ground Loading at the BJT:*** Design and construction of passenger ground-load facilities for busing at the east-end of the BJT in the vicinity of Gate 11 and Gate 13. Includes facility, remote gate infrastructure, passenger security checkpoint improvements and other required infrastructure. (Total cost: $17.0 million, all of which is proposed to be funded from 2022 Bond proceeds.)

AEDP-B

- ***South Campus Stormwater Infrastructure:*** Stormwater Master Plan for the south and west sides of the Airport to support the 2030 activity levels and beyond. Preliminary drainage design for Taxiways H and J, Concourse B and the apron. Permitting support and Development Ordinance update. (Total cost: $5.6 million, of which $5.1 million is proposed to be funded from 2022 Bond proceeds.)
- ***PFAS Long-Term Management:*** This project will help the Airport determine how and where to store PFAS (Perfluoroalkyl) contaminated soil currently stored in a temporary location and the quantities expected to be excavated from the airfield during construction of facility. (Total cost: $10.0 million, of which $9.7 million is proposed to be funded from 2022 Bond proceeds.)
- ***AEDP Airfield Infrastructure and Building Demolitions:*** Demolition of old Air Force buildings and infrastructure and south buildings to reduce physical and environmental risks, remove potential hazards from the airfield, and enable taxiway improvements. Design and construction of new concrete cross-midfield taxiways, roadways, and tunnels for access to the

new midfield Concourse B and efficient access between runways. (Total cost: $168.3 million, of which $78.7 million is proposed to be funded from 2022 Bond proceeds.)

- ***Utility Infrastructure Airside and South Campus:*** South Campus and airside utility infrastructure design and construction. (Total cost: $200.0 million, of which $23.7 million is proposed to be funded from 2022 Bond proceeds.)
-
- ***New Central Utility Plant (CUP B) for Concourse B:*** Design and construction of a new, rehabilitated, or expanded central utility plant to provide the required chilling and heating capacity for expansion projects at the Airport including Concourse B. (Total cost: $65.0 million, of which $5.0 million is proposed to be funded from 2022 Bond proceeds.)

AEDP-C

- ***Concourse B – 10 or more gates:*** Design and construction of a new midfield terminal (Concourse B) to accommodate increased airline and passenger traffic. Project will include new apron and facility equipment to support 10 or more gates. (Total cost: $541.1 million, of which $2.5 million is proposed to be funded from 2022 Bond proceeds.)
- ***Concourse B Apron and Airfield Connections:*** Design and construction of airfield improvements to support new airfield geometry for safe and efficient aircraft movement, separate from the construction of Concourse B. Includes North and South airfield connections to Taxiways H and J. (Total cost: $113.6 million, none of which is proposed to be funded from 2022 Bond proceeds.)

AEDP-D

- ***Passenger and Utility Tunnel:*** Design and construction of a new Passenger Conveyance and Utility Tunnels to Concourse B from the existing BJT. (Total cost: $448.0 million, of which $16.0 million is proposed to be funded from 2022 Bond proceeds.)
- ***Hydrant Fueling System for Concourse B:*** A hydrant fueling system to be installed during apron and new Concourse B construction. It is assumed that an Aircraft Consortium or similar entity would fund this project. (Total cost: $3.0 million, none of which is proposed to be funded from 2022 Bond proceeds.)
- ***New Parallel Taxiway D:*** Build a new taxiway parallel to Runway 17R running from North to South. This taxiway would replace Taxiway C. (Total cost: $1.4 million, none of which is proposed to be funded from 2022 Bond proceeds.)
- ***Utility Infrastructure Curbside and North Campus:*** Design and construction of major utilities to support campus development on the north, curbside, and landside areas. Project may include a reoriented utility corridor, drainage easements, grease traps, and related infrastructure. (Total cost: $37.0 million, none of which is proposed to be funded from 2022 Bond proceeds.)
- ***Curbside Roadway Reorientation for Terminal Expansion:*** Design and construction of a new curbside roadway to service arriving and departing passengers and commercial vehicles to support an expanded BJT Arrival and Departure Hall. (Total cost: $120.9 million, of which $61,221 is proposed to be funded from 2022 Bond proceeds.)

AEDP-MC, AEDP-S/E, and AEDP-U

- ***AEDP Professional Services and Other Miscellaneous Projects:*** Environmental and sustainability management, program management, architectural and engineering services, and other miscellaneous projects associated with the AEDP. (Total cost: $47.5 million, of which $13.9 million is proposed to be funded from 2022 Bond proceeds.)

OTHER CAPITAL IMPROVEMENTS

Other Airport renewal, replacement, and upgrade needs included in the CIP (which are not part of the AEDP) are planned to total $149.3 million over the six-year period FY 2022 to FY 2028, or an average of $21.3 million per year. Less than $2 million of costs for these projects are proposed to be funded with 2022 Bond proceeds. Airport staff expects that this amount will be reduced during the next capital planning cycle.

These improvements will span most Airport cost centers, with the majority of the spending in the airfield, terminal, and parking cost centers.

FINANCIAL ANALYSIS

FRAMEWORK FOR AIRPORT FINANCIAL OPERATIONS

Revenue Bond Ordinances

The financial operations of the Airport are governed, in large part, by the Revenue Bond Ordinances, under the provisions of which all outstanding and future Revenue Bonds, including the proposed 2022 Bonds and the planned Future Bonds are to be secured by a first lien and pledge of Net Revenues.

In the Rate Covenant (Section 5.03(b) of the Revenue Bond Ordinances), the City covenants that it will impose and collect rentals, rates, fees, and other charges for the use of the Airport System so that in each Fiscal Year, Net Revenues will be at least sufficient to equal an amount that, together with Other Available Funds, is not less than 125% of the Debt Service Requirements of Revenue Bonds plus 100% of budgeted Administrative Expenses (as defined in the Revenue Bond Ordinances) for the Fiscal Year.

The Revenue Bond Ordinances provide for the issuance of Additional Revenue Bonds and prescribe the application of Airport System Revenues to the funds and accounts established under the Revenue Bond Ordinances, as described in the later section "Application of Revenues."

In connection with the issuance of the 2022 Bonds, LeighFisher expects to provide an "Additional Bonds Test Report" on the closing date for the 2022 Bonds in accordance with Section 6.01 of the Revenue Bond Ordinances. The Additional Bonds Test Report will take into account the 2022 Bonds, but not any future issuance of Bonds the City may undertake during the projection period. The applicable review period under Section 6.01(c) is FY 2026 through FY 2028.

Airline Agreement

Effective the beginning of FY 2010, the City executed an Airport Use and Lease Agreement (the Airline Agreement) with Signatory Airlines that collectively accounted for approximately 95% of enplaned passengers at the Airport in FY 2021. The Airline Agreement continues on a month-to-month basis. As described in the later sections "Landing Fees" and "Airline Terminal Rentals and Fees," the Airline Agreement provides for the calculation of Signatory Airline rentals, fees, and charges according to cost-recovery principles. Other airlines operate at the Airport under Airline Lease and Operating Agreements (Operating Agreements) that, while not providing Signatory Airline status, provide for the payment of rentals, fees, and charges at the Signatory Airline rates. Airline revenues presented in this Report were projected on the assumption that the Signatory Airlines and Operating Agreement Airlines will pay rentals, fees, and charges in accordance with the provisions of the Airline Agreement through the projection period.

An amendment to the Airline Agreement has been executed by each of the Signatory Airlines, extending the term of the Agreement through September 30, 2023.

SOURCES OF FUNDS FOR THE 2022-2028 PROJECT

Exhibit A-2 summarizes estimated funding sources for the 2022-2028 Project as defined in this Report (including the AEDP and other CIP projects expected to be implemented through FY 2028)..

Federal Grants-in-Aid

The City is eligible to receive grants-in-aid under the FAA's Airport Improvement Program (AIP) for up to 75% of the costs of airfield and other approved projects. Some of these grants are entitlement grants, the annual amount of which is calculated on the basis of the number of enplaned passengers and landed weight of all-cargo aircraft at the Airport. Other, discretionary, grants are awarded on the basis of the FAA's determination of the priorities for projects at the Airport and at other airports in the nation.

In the City's funding plan shown in Exhibit A-1, AIP entitlement and discretionary grants totaling $40.1 million are assumed to be available for the AEDP.

The City expects to receive additional grant funding under the terms of the federal Bipartisan Infrastructure Law (BIL) related to infrastructure investment which became law in November 2021. During FY 2022, approximately $17.5 million is expected to be received by the City, and similar amounts are expected annually for the following four fiscal years. No BIL grant funding is included in the projections described in this Report.

Passenger Facility Charge Revenues

The City has approval from the FAA to impose a PFC per eligible enplaned passenger at the Airport. The PFC was imposed at $3.00 in 1995 and increased to $4.50 in 2004. Through December 31, 2021, cumulative PFC revenues, including investment earnings, totaled $454.8 million, of which $390.2 million had been expended for approved project costs, essentially all to pay Revenue Bond debt service. Under FAA approvals received to date, the City is authorized to continue to impose the PFC and use PFC revenues to pay certain debt service on outstanding bonds. The City's PFC collection and spending authorization as of the date of this Report totals $831.1 million at the $4.50 level and is projected to expire on November 1, 2034.

Exhibit F presents historical and projected sources and uses of PFC revenues by year, assuming the continued imposition of a $4.50 PFC to allow the collections and expenditures shown. The City expects to pay a portion of the debt service on the 2022 Bonds with PFC revenues. The Airport expects to prepare and submit one or more future PFC applications to the FAA to obtain approval for PFC funding of elements of the AEDP. For purposes of this Report it was assumed that those application would be approved by the FAA.

Capital Fund

As shown in Exhibit A-2, the City plans to use $290.7 million of amounts accumulated in the Capital Fund to pay certain of the costs of various elements of the 2022-2028 Project. Monies accumulated in the Capital Fund represent the net revenues remaining (see Application of Gross Revenues) after satisfying all other requirements in the Revenue Bond Ordinances.

Revenue Bonds

Project costs not paid from federal grants, PFC revenues, and contributions from the Capital Fund are to be paid from the proceeds of Revenue Bonds. Exhibit B presents the estimated sources and uses of funds from the proposed 2022 Bonds, and four planned Future Bond issuances (in 2024, 2026, 2027,

and 2028). Financing assumptions, as provided by PFM Financial Advisors LLC, the City's independent registered municipal advisor, are shown in Exhibit B.

Additionally, previously issued Bond proceeds are available to be applied to AEDP projects ($77.5 million) and other CIP projects ($10.3 million).

The estimated uses of Revenue Bond funds are (1) deposits to the Construction Fund to pay project costs of the CIP; (2) deposits to the Capitalized Interest Account to pay Revenue Bond interest during construction; (3) deposits to meet the Debt Service Reserve Fund Requirement; and (4) payment of underwriters' discount, financing, legal, and other Bond issuance expenses.

Revenue Bond Debt Service Requirements

Exhibit C presents Debt Service Requirements (amounts to be accrued for the Fiscal Years ended September 30) for outstanding Revenue Bonds, the proposed 2022 Bonds, and the planned Future Bonds. Debt Service Requirements are allocated to Airport cost centers in accordance with the provisions of the Airline Agreement.

Seven series of Revenue Bonds are now outstanding. The 2013 Bonds were issued to fund various Airport improvements. The 2014 Bonds were issued to fund various Airport improvements, including the Terminal East Infill project and certain construction and design costs for the Terminal and Apron Expansion Project and design costs of the new automobile parking garage. The 2017A and 2017B Bonds were issued to pay portions of the construction costs of the new parking garage, associated roadway work, and the East Concourse Expansion. The 2019 Refunding Bonds were issued to fully refund the 2005 Refunding Bonds. The 2019A and 2019B Bonds were issued to fund the costs of landside and airfield improvements, including completion of a new automobile parking garage, completing the expansion of the passenger terminal and making other improvements including new maintenance and IT facilities, a centralized baggage handling system, and a new administration building.

OPERATION AND MAINTENANCE EXPENSES

Operation and Maintenance (O&M) Expenses are defined in the Revenue Bond Ordinances as all reasonable and necessary current expenses of operating, maintaining, and repairing the Airport System (as paid or accrued), including allocated City overhead expenses and costs of direct support services provided by City departments other than the Department of Aviation.

Exhibits D-1 and D-2 present Operation and Maintenance Expenses by function and by cost center. Data for FY 2019 through FY 2021 are from the City's annual *Rates and Charges Reconciliation* reports, and data for FY 2022 are from the *FY 2022 Rates and Charges Budget* report. Expenses are allocated to cost centers in accordance with the provisions of the Airline Agreement.

The projected Operation and Maintenance Expenses shown in Exhibits D-1 and D-2 were based on FY 2022 budgeted figures and Airport management's expectations for FY 2023, and account for increases in unit costs resulting from inflation, projected aircraft and passenger activity, and planned Airport development.

For the purposes of this Report, the following assumptions were made:

- A 10% increase in Operations and Maintenance Expenses for FY 2023 was assumed based on Airport management's expectations.

- The unit costs of salaries, wages, benefits, materials, services, and supplies will increase an average of approximately 3.0% per year due to inflation.

- In addition to inflation-related increases, the costs of operating, maintaining, and administering airfield, terminal, and other Airport facilities will increase as a function of the projected passenger and aircraft activity documented in the earlier section, "Airline Traffic Projections." A real (net of inflation) increase of 1% per year was assumed, giving an overall increase of 4.0% increase in operating expenses.

- As new facilities are completed as part of the AEDP, additional expenses will be incurred. Specifically, it was assumed that operating expenses would increase by $25 million per year in FY 2028 when the new midfield Concourse B opens for service.

REVENUES

Exhibit E presents Gross Revenues. Data for FY 2019 through FY 2021 are from the City's annual *Rates and Charges Reconciliation Reports*, and data for FY 2022 are estimated based on Fiscal Year-to-date trends, which is significantly outperforming the City's revenue budget set for FY 2022. The distributions of operating revenues by major category in FY 2019 and FY 2022 are as shown in Table 13.

Table 13
SUMMARY OF OPERATING REVENUES – FY 2019 AND FY 2022
(Dollars in thousands)

	FY 2019		FY 2022	
	Revenues	**Share**	**Revenues**	**Share**
Airline Revenues				
Landing Fees	$ 30,827	29.9%	$ 37,299	31.9%
Terminal Building Rentals	17,646	17.1%	30,896	26.4%
Other Rentals and Fees	28,752	27.9%	21,597	18.5%
Subtotal	$ 77,225	74.9%	$ 89,791	76.7%
Nonairline Revenues				
Terminal Concessions	$ 19,635	19.1%	$ 23,482	20.1%
Parking and Ground Transportation	62,837	61.0%	76,814	65.6%
Other	20,592	20.0%	16,751	14.3%
Subtotal	$ 19,635	19.1%	$ 23,482	20.1%
Total	$ 103,064	100.0%	$ 117,047	100.0%

Individual components of Gross Revenues shown in Exhibit E were projected, using FY 2022 budgeted amounts as the base, accounting for unit price inflation at 3.0% per year, planned terminal and

parking developments, and the provisions of the Airline Agreement and other leases and agreements with tenants and users of the Airport.

Revenues from sources related to passenger numbers, such as concession, parking, and rental car revenues, and from sources related to aircraft movements, such as landing fees, were projected as a function of the activity projections documented in the above section "Airline Traffic Projections." The specific assumptions underlying individual components of Gross Revenues are described in the following sections.

AIRLINE REVENUES

Airline revenues shown in Exhibits E and E-1 are as calculated under the provisions of the Airline Agreement (on the assumption that the provisions of any successor agreement(s) relating to the calculation of rentals, fees, and charges will be substantially the same as those of the Airline Agreement).

The Airline Agreement establishes cost centers to which debt service, 25% debt service coverage, amortization of investments from the Capital Fund, O&M expenses, O&M Reserve Account deposits, and other requirements are allocated. Amounts allocated to the airline cost centers provide the basis for calculating rentals, fees, and charges paid by the airlines. Amounts allocable to nonairline cost centers are met by the City from concession, parking, rental car, and other nonairline revenues.

Airline Cost Centers

Airfield: Runways, taxiways, air navigation aids, and associated land, facilities, and equipment. The Signatory Airlines and all other airlines pay landing fees, calculated according to a residual methodology, to recover the requirements allocated to the cost center after the credit of fuel flowage fee revenues.

Terminal Apron: Aircraft parking apron at the terminal building, including apron areas for overnight aircraft parking (RON). The Signatory Airlines and all other airlines pay apron fees calculated to recover the requirements allocated to the cost center over leased parking positions.

Terminal Building: Airline-leased space and facilities in the terminal. The Signatory Airlines pay terminal building rentals, calculated according to a compensatory methodology, to recover the requirements allocated to the cost center over leased space.

Terminal Equipment: The Signatory Airlines separately pay terminal equipment fees to allow recovery of the costs of passenger loading bridges, flight information display systems, and baggage handling systems.

Fuel Facility: Fuel storage and distribution facilities. The Signatory Airlines pay fuel facility fees calculated to meet the capital recovery requirements of the cost center (shown under other revenues in Exhibit E).

Nonairline Cost Centers

Terminal Building: All terminal space and facilities not leased to the Signatory Airlines, including unleased airline space, public circulation space, and concession space.

Automobile Parking: Public and employee automobile parking garages and lots and associated facilities and equipment.

Other Nonairline Areas: Rental car, air cargo, and other facilities, buildings, and grounds including utilities, roads, bridges, and other infrastructure.

PBX/STS/PDS: Telecommunication systems and other shared tenant services.

Allocation of Requirements to Cost Centers

Requirements are allocated to the airline and nonairline cost centers as follows.

Debt Service: Debt service on outstanding Revenue Bonds and on the proposed 2022 Bonds and planned Future Bonds are allocated in accordance with the project costs funded (as shown in Exhibit C).

Debt Service Coverage: Coverage at 25% allocated pro rata according to each cost center's share of debt service.

Amortization of Capital Fund investments: Amounts to recover project costs funded from the Capital Fund.

Operation and Maintenance Expenses: Allocated according to percentages as agreed to by the Signatory Airlines under the Airline Agreement (as shown in Exhibit D).

Operating Reserve Account Deposit: Allocated pro rata according to each cost center's share of O&M Expenses.

Landing Fees

Exhibit E-1 shows historical and projected Landing Fees and Signatory Airline landing fee rates per 1,000 pounds of landed weight. Airlines operating under Operating Agreements pay rentals, fees, and charges at the Signatory Airline rates. For the financial projections in this Report, it was assumed that airlines accounting for substantially all landed weight at the Airport will pay Landing Fees at the Signatory Airline rate, which is projected to remain between $3.05 and $3.60 per 1000 pounds through FY 2028.

Terminal Rentals and Fees

Terminal Apron Revenues. Exhibit E-1 shows historical and projected Terminal Apron fees and overnight parking fee revenues. Projected revenues remain steady through 2026 when additional Apron space begins coming available as part of the 2022-2028 Project.

Terminal Building Rentals. Exhibit E-1 shows historical and projected Terminal Building rentals and the average terminal rental rate per square foot of leased space. Terminal rentals are projected to increase from approximately $150 to $300 per sq. ft. in conjunction with investments being made to optimize the Barbara Jordan Terminal and addition of Concourse B gates, further resulting in increased airline leasable and projected airline leased space.

Other Terminal Building and Airline Fees. Exhibit E-1 also shows other Terminal Building charges for baggage claim, Terminal Equipment fees, Shared Use revenues, fees for the use of the CBP international arrivals facility (US Customs fees), and a credit for airline service incentives. The City waives certain landing fees and space rentals for airlines providing new airline service under its air service incentive program. For FY 2021, landing fees and terminal rents waived were $0.3 million and $0.5 million, respectively. No further incentives are assumed throughout the projection.

Terminal Occupancy. For the purposes of the projection of Terminal Building rentals and other terminal fees shown in Exhibit E-1, it was assumed that the AEDP project will provide approximately 240,000 additional sq. ft. of airline-leasable concourse space to be 100% occupied when the expansion is fully operational in FY 2028.

Airline Payments per Enplaned Passenger

Exhibit E-1 summarizes airline payments and the average of such payments per enplaned passenger.

NONAIRLINE REVENUES

Exhibit E presents nonairline revenues. Assumptions underlying the projections of the major line items of revenues are described in the following sections.

Terminal Concession Revenues

In FY 2021, concessions and other services in the terminals generated 9.9% of total Airport operating revenues. The City has entered into twelve new concession agreements since FY 2018, including agreements with prime concessionaires, with 10-year terms. Two agreements began in the first half of FY 2018, five in the second half of FY 2019 and five more in the first half of FY 2020. The new concession agreements provide for the payment of rent and for payment of concession fees equal to the greater of (1) the minimum annual guaranteed (MAG) concession fee (generally, 85% of Concession Fees due for the immediately preceding full Contract Year -or (2) specified percentages of annual gross receipts (net of taxes and other items) from sales of different categories of products. Certain retail and food and beverage outlets were temporarily closed during the early months of the COVID-19 pandemic, and concessionaires' ability to pay their respective MAGs was severely impacted. The Airport provided $6.2 million in MAG relief to its concessionaires in FY 2020 and $6.0 million in FY 2021, including earmarked funds for concessionaires in the CRRSAA.

Food and Beverage. Thirty eight food and beverage outlets are operated in the terminals. In FY 2019 food and beverage concession revenues totaled approximately $11.8 million, or $1.39 per enplaned passenger. By FY 2021, food and beverage concession revenues had fallen to $7.3 million. Approximately $14.0 million in food and beverage concession revenue is estimated for FY 2022.

Retail. Twenty news, gift, and other retail merchandise concession outlets are operated in the terminals. In FY 2019 retail merchandise concession revenues totaled $4.5 million, or $0.54 per enplaned passenger. Though decreasing in FY 2020 to approximately $3.2 million, retail merchandise concession revenues increased to $5.6 million in FY 2021 and are estimated at $5.5 million for FY 2022.

Advertising. Advertising in the terminal is managed by Clear Channel Airports under a concession agreement that provides for concession fees calculated as a percentage of gross revenues against a minimum annual guaranteed amount. In FY 2019, the City received approximately $2.6 million, or $0.31 per enplaned passenger, in advertising revenues, falling to $1.9 million in FY 2021. Advertising revenues are estimated at $3.1 million for FY 2022.

Passenger Services. Other passenger convenience services from which the City derives revenues include telephone, wireless, ATM, luggage carts, currency exchange, massage, and shoeshine. In FY 2021, the City received $773,000 in revenues from the providers of such services. Passenger services revenues are estimated at $896,000 for FY 2022.

Projection Assumptions. It was assumed that terminal concession revenues will increase as a function of inflation and projected increases in numbers of enplaned passengers, with allowances for increased sales per passenger during FY 2023 when additional concession space opens in the expanded terminal.

Parking and Ground Transportation Revenues

Public Parking. As described in the Introduction, the City currently provides approximately 18,000 parking spaces at the Airport, including 14,600 public parking spaces and 3,400 employee spaces. All Airport public parking facilities and shuttle bus services are provided under a management fee contract with SP Plus Corporation under which SP Plus is reimbursed for operating and maintenance expenses and paid a management fee of approximately $472,000 million per year. The management fee contract became effective on October 1, 2016, and extends through June 15, 2022.

In FY 2019, parking revenues totaled approximately $41.7 million, or 40.4% of the total Operating Revenues shown in Exhibit E. Included in this amount are privilege fees paid by off-Airport parking operators and parking charges derived from the approximately 1,500 parking spaces provided by the City for Airport and airline employees. Parking revenues fell to $27.9 million in FY 2021 resulting from the impact of the pandemic.

Parking revenues have recovered and are estimated at $52.0 million for FY 2022 and were projected in relation to the projected increase in enplaned passengers. No parking rate increases were assumed during the projection period. It was further assumed that parking facilities will continue to be operated under management fee agreements with financial terms substantially the same as the current agreement.

Rental Car. Rental car revenues shown in Exhibit E are derived from concession privilege fees under the terms of concession agreements that became effective at the date of beneficial occupancy of the new rental car facility in October 2015, and extend for eleven years with two additional five-year renewals at the City's option. Under these agreements, the rental car companies pay 10% of their gross revenues, against minimum annual guaranteed amounts, for the privilege of operating on Airport. The rental car companies also pay ground rentals for their storage and maintenance facilities (shown in Exhibit E under building and ground rentals). Nine rental car companies operate on Airport under 12 different rental car brands.

In FY 2019, rental car privilege fees from these companies totaled $14.8 million, falling to $12.9 million in FY 2021. Rental car revenues have recovered in FY 2022 and are estimated at $17.4 million. Rental car revenues for FY 2023 forward were projected in relation to the projected increase in enplaned passengers.

On behalf of the City, each on-Airport rental car company collects a customer facility charge (CFC) of $6.75 per transaction-day. As discussed earlier in this Report, the Rental Car Special Facility Bonds issued to fund construction of the consolidated rental car facility are secured by and payable from revenues derived from the CFC. Under the Revenue Bond Ordinances, CFC revenues are not included in Gross Revenues and are not shown in Exhibit E.

Transportation Network Companies. Since 2017, Transportation Network Companies (TNCs) have been permitted to operate at the Airport, following the passage of state legislation that established statewide operating standards for TNCs. The City has levies a fee of $2.50 on both pick-ups and drop-offs at the Airport. In FY 2019, the City generated $5.7 million in TNC trip fees, or $0.67 per enplaned passenger (falling to $3.2 million in FY 2021). Projected TNC revenue accounts for increases in enplaned passengers.

Other Ground Transportation Fees. The City collects commercial ground transportation fees from the operators of taxicabs, limousines, and shuttle buses and vans. In FY 2019, such fees totaled approximately $712,000 (falling to $475,000 in FY 2021). Other ground transportation fees have recovered in FY 2022 and are estimated at $896,000. Other ground transportation fees for FY 2023 forward were projected to increase with inflation and enplaned passengers.

Other Revenues

In FY 2021, revenues from various other sources totaled approximately $20.1 million, including the following:

Fuel Flowage Fees. General and business aviation at the Airport is presently served by three fixed base operators (FBOs), Atlantic Aviation Services, Signature Flight Support, and Million Air. The FBOs collect fuel flowage fees on behalf of the City. In FY 2021, such revenues totaled approximately $1.1 million, and were projected to increase with inflation. Ground and facility rentals paid by the FBOs are included in Exhibit E with other building and ground rentals.

Fuel Facility Fees. In FY 2021, fuel facility fees (calculated to meet capital recovery requirements of the fuel storage facility) were $862,000 and were projected to grow with inflation. These facility payments from the airlines are not included in the calculation of airline payments per enplaned passenger.

Cargo Apron and Facility Fees. In FY 2021, aircraft parking fees paid to the City for the use of the apron at the Cargo Port were $2.8 million and were projected to increase with inflation.

Hotel Fees. A Hilton hotel at the entrance to the Airport provides approximately 260 rooms, restaurants, and meeting facilities. Revenues paid to the City are calculated as approximately 5% of gross hotel receipts.

In 2017, the Hyatt Place Austin Airport hotel opened with 140 rooms. Revenue to the City is derived through ground rent per square foot—with CPI adjustments occurring annually—and 25% of net operating income beyond a target return on investment. In FY 2021, hotel revenues totaled $460,000. Hotel fees have recovered in FY 2022 and are estimated at $840,000. Other ground transportation fees for FY 2023 forward were projected to increase with inflation.

Building and Ground Rentals. The City derives revenues from Airport property located outside the passenger terminal complex. Such revenues include rents from building and ground leases with the fixed base operators and various other aeronautical and nonaeronautical tenants, including the City of Austin's Employment Center, the South Terminal, ABIA Retail, and Scott Parking. Also included are rentals for space in the passenger terminal paid by the CBP, TSA, and other nonairline tenants.

In FY 2021, revenues from building and ground rentals totaled approximately $6.4 million and were projected assuming that the provisions of existing leases or other business arrangements (with payments generally increasing with inflation) will continue through the projection period.

South Terminal. For the use of the South Terminal, LoneStar Airport Holdings, LLC pays the Airport an annual rent of $300,000, plus a sliding scale from 0 to 20% of gross revenues based on enplanements in the South Terminal. LoneStar operates approximately 1,339 spaces in an automobile surface parking lot adjacent to the South Terminal. LoneStar receives concession revenues generated at the South Terminal, airline fees for use of the facility, and a share of rental car revenues earned by the Airport (in proportion to South Terminal enplanements relative to total Airport enplanements). The airline users of the South Terminal pay landing fees at the Signatory rate to the City.

To implement certain future projects consistent with the AEDP, terminating the South Terminal Agreement and razing the South Terminal will be necessary. On July 13, 2021, the Department of Aviation sent a memorandum to the City Council providing an update on the AEDP which will require the closure and removal of the South Terminal. This memorandum provided notice that the City intends to terminate the existing leasehold interests by July 2023, which is within two years of the date the memorandum was sent to the City Council.

For purposes of the financial analysis documented in this Report, it was assumed that the annual rental payments to the Airport from the South Terminal would continue through FY 2023, but then cease. Subsequently, revenues derived from passengers on those airlines relocating from the South Terminal to the BJT (including parking and terminal concessions) would be Airport revenues.

In-flight catering fees. In-flight catering services to the airlines are provided by Sky Chefs under a concession agreement that provides for fees to the City calculated as 10% of airline catering sales. FY 2021, fees from such services were $97,000. estimated FY 2022 assumes growth back to approximately $300,000 in in-flight catering fees, before being projected to increase with inflation and enplaned passengers.

Shared tenant service fees. In FY 2021, fees paid by airlines and others for telecommunications and other shared tenant services were $642,000. Budget FY 2022 assumes approximately $400,000 in shared tenant services, which is then projected to increase with inflation.

Rental car facility contributions. The City receives revenues from the rental car facility trust as reimbursements of foregone parking revenues and operating expenses associated with the construction and operation of the rental car facility. In FY 2021, such revenues were approximately $0.9 million. The City anticipates receiving these reimbursements through the projection period and until the Rental Car Special Facilities Bonds reach maturity.

Interest Income

Interest income shown in Exhibit E represents investment earnings on balances in the Revenue Fund. In FY 2021, such earnings totaled approximately $1.1 million and are projected to remain between $1.8-3.1 million per year through the projection period based on higher interest rates and projected cash balances. Interest income on balances in the Debt Service Reserve Fund are retained in said fund and are not included.

APPLICATION OF REVENUES

Exhibit G presents the application of Gross Revenues and Other Available Funds credited to the Revenue Fund in the amounts and order of priority established by the Revenue Bond Ordinances:

- **Operation and Maintenance Expenses**. Pay all reasonable and necessary expenses of operating, maintaining, and repairing the Airport System. (Operation and Maintenance Expenses as shown in Exhibit D are projected.)

- **Debt Service Fund**. Pay Debt Service on Revenue Bonds and any related Credit Agreement Obligations. (Debt Service Requirements as shown in Exhibit C, net of amounts paid from PFC revenues as shown in Exhibit F, are projected.)

- **Administrative Expense Fund**. Pay fees, expenses, and other amounts payable as Administrative Expenses associated with Revenue Bonds and related Credit Agreement Obligations.

- **Debt Service Reserve Fund**. Transfer any amounts to maintain a balance equal to the Debt Service Reserve Fund Requirement. (The increase in such requirement is projected to be met from the proceeds of the proposed 2022 Bonds and planned Future Bonds, and no transfers are projected to be required from the Revenue Fund.)

- **Subordinate Obligations**. Pay any Debt Service or other amounts due on Subordinate Obligations. (The Airport has been making certain payments that constitute Subordinate Obligations on a temporary basis related to the operation of the on-Airport hotel, which was negatively impacted by the pandemic.)

- **General Obligation Airport Bonds**. Pay Debt Service on City of Austin General Obligation Bonds. (The City has no currently outstanding General Obligation Bonds payable from Airport revenues.)

- **Operation and Maintenance Reserve Fund**. Transfer any amounts required to maintain a balance at least equal to two months budgeted Operation and Maintenance Expenses. (Amounts increasing with Operation and Maintenance are projected.)

- **Renewal and Replacement Fund**. Transfer any amounts required to maintain the Renewal and Replacement Fund Requirement, currently established at $10 million. (No such transfers are projected to be required.)

- **Capital Fund**. Amounts remaining after all other funding requirements of the Revenue Bond Ordinances have been met are transferred to the Capital Fund. Projected amounts are shown in Exhibit G.

Amounts credited to the Capital Fund may be used at the City's discretion to pay the costs of renewal, replacement, or other capital expenditures or for any other lawful purpose. Amounts designated at the City's discretion as Other Available Funds are transferred to the Revenue Fund. (Amounts equal to 25% of the Debt Service Requirements of Revenue Bonds are projected to be transferred in each Fiscal Year as Other Available Funds to contribute to meeting the debt service coverage requirement of the Rate Covenant.)

APPLICATION OF PFC REVENUES

All PFC revenues are deposited by the City into the PFC Fund to be used for FAA-approved PFC-eligible projects, either to pay project costs directly or to pay debt service on Revenue Bonds. Under the Revenue Bond Ordinances, PFC revenues are not a part of Gross Revenues but will be set aside during a Fiscal Year for the payment of PFC-eligible debt service in the following Fiscal Year, unless the City receives a report from an Airport Consultant showing that an alternative use of all or a portion of the PFCs will not reduce debt service coverage during the following Fiscal Year to less than 125%. Revenue Bond debt service paid from such set-aside PFC revenues is deducted in the calculation of Debt Service Requirements and debt service coverage for such following Fiscal Year. As shown in Exhibit F, the balance in the PFC Fund at the end of each Fiscal Year is projected to exceed the amount to be set aside and used to pay debt service on Revenue Bonds in the following Fiscal Year. Such excess balance would, subject to FAA approval, be available for the payment of the costs of PFC-eligible projects.

DEBT SERVICE COVERAGE

Exhibit G shows the calculation of debt service coverage. As required by the Rate Covenant, Net Revenues (Gross Revenues less Operation and Maintenance Expenses), plus Other Available Funds are projected to be sufficient to pay at least 125% of the Debt Service Requirements of all Revenue Bonds (which includes the currently outstanding Revenue Bonds, the proposed 2022 Bonds, and the planned Future Bonds), 100% of Administrative Expenses, and all other amounts required under the Revenue Bond Ordinances in each Fiscal Year of the projection period. Gross Revenues include COVID relief grant funds received by the Airport.

SUMMARY OF BASE CASE FINANCIAL PROJECTIONS

Exhibit H summarizes the projected financial results as presented in Exhibits A through G and discussed in the preceding sections for the base case. Revenues and O&M Expenses were projected using the base case aviation activity projection of enplaned passengers and aircraft landed weight presented earlier in the Report.

ALTERNATIVE AVIATION ACTIVITY RECOVERY SCENARIOS

As described earlier, in addition to the base case, two alternative aviation activity projections were developed – a high case, and a low case.

If aviation activity were to increase quicker than projected under the base case, then revenue sources which are variable with passenger traffic would be higher than shown in Exhibit H, and airline revenues and cost per enplaned passenger would be approximately the same. Annual debt service coverage would be higher under a faster aviation activity growth scenario. It was assumed that O&M Expenses and annual debt service are the same under each scenario.

Similarly, if aviation activity were to recover slower than projected under the base case, then revenue sources which are variable with passenger traffic would be lower than shown in Exhibit H, and airline revenues and cost per enplaned passenger would be approximately the same, due to the compensatory cost recovery nature of the airline ratemaking methodology. Debt service coverage would be lower under a slower aviation activity growth scenario, but would exceed the requirements of the Rate Covenant. Again, it was assumed that O&M Expenses and annual debt service are the same under each scenario.

In each case, airline payments were calculated under the compensatory cost rate-making methodology of the Airline Agreements (a methodology which was assumed to remain in effect through the end of the projection period). Under all three hypothetical scenarios, the City would generate sufficient Net Revenues to meet the requirements of the Rate Covenant, and debt service coverage requirements would be met in each of the base case, the high case, and the low case scenarios.

Table 14 summarizes projected key metrics under the base case, the high case, and the low case scenarios.

Table 14
SUMMARY OF PROJECTIONS
(For Fiscal Years ending September 30; amounts in thousands, except ratios)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Enplaned Passengers							
High case	10,300	11,250	11,950	12,575	13,125	13,675	14,225
Base case	9,950	10,575	11,025	11,400	11,725	12,050	12,375
Low case	9,125	9,500	9,725	9,925	10,125	10,325	10,525
Airline revenues							
High case	$ 89,749	$ 97,335	$100,619	$120,760	$128,136	$150,721	$208,727
Base case	89,791	97,415	100,731	120,904	128,310	150,927	208,965
Low case	89,890	97,544	100,892	121,088	128,512	151,150	209,208
Nonairline revenues							
High case	$121,165	$135,720	$144,195	$151,947	$158,969	$166,068	$173,244
Base case	117,047	127,985	133,732	138,736	143,255	147,828	152,455
Low case	107,342	115,258	118,507	121,529	124,590	127,688	130,829
Total operating revenues							
High case	$210,914	$233,055	$244,814	$272,707	$287,105	$316,789	$381,971
Base case	206,839	225,399	234,464	259,640	271,565	298,755	361,420
Low case	197,233	212,802	219,398	242,617	253,102	278,839	340,037
Airline cost per enplanement							
High case	$ 8.49	$ 8.46	$ 8.22	$ 9.37	$ 9.53	$ 10.79	$ 14.42
Base case	8.79	9.00	8.91	10.33	10.67	12.24	16.58
Low case	9.58	10.01	10.09	11.86	12.35	14.28	19.48
PFC revenues							
High case	$ 39,972	$ 44,180	$ 47,180	$ 49,340	$ 51,752	$ 54,233	$ 56,690
Base case	38,635	41,582	43,589	44,740	46,223	47,762	49,262
Low case	35,484	37,429	38,514	38,921	39,839	40,805	41,723
PFCs applied to debt service							
High case	$ 22,448	$ 22,388	$ 22,320	$ 28,631	$ 26,345	$ 30,516	$ 37,028
Base case	22,448	22,388	22,320	28,631	26,345	30,516	37,028
Low case	22,448	22,388	22,320	28,631	26,345	30,516	37,028
PFC fund ending balance							
High case	$ 80,860	$102,653	$ 87,513	$108,222	$133,629	$157,347	$177,008
Base case	79,523	98,718	79,986	96,095	115,973	133,219	145,453
Low case	76,373	91,414	67,607	77,897	91,391	101,681	106,376
Debt service coverage							
High case	2.61	2.47	2.62	2.17	2.17	2.00	1.93
Base case	2.54	2.33	2.44	1.98	1.96	1.81	1.76
Low case	2.37	2.10	2.16	1.73	1.71	1.59	1.57

Exhibit A-1

CAPITAL IMPROVEMENT PLAN - PROJECT CASH FLOW
Austin-Bergstrom International Airport
(for the fiscal years ending September 30; in thousands)

	Total Project Costs	Prior Years	Subtotal FY 2022-28	2022	2023	2024	2025	2026	2027	2028
Airport Expansion and Development Program										
AEDP-A	$ 283,820	$ 39,185	$ 244,636	$ 61,662	$ 116,610	$ 56,200	$ 10,163	$ -	$ -	$ -
AEDP-B	448,855	17,063	431,792	15,017	102,960	71,550	55,725	20,540	15,000	151,000
AEDP-C	1,030,737	-	1,030,737	1,000	18,000	43,161	185,496	458,000	325,080	-
AEDP-D	159,473	34	159,438	10	6,901	4,622	147,905	-	-	-
AEDP-MC	29,636	236	29,400	2,900	6,500	10,000	10,000	-	-	-
AEDP-S/E	5,449	299	5,150	-	500	4,500	150	-	-	-
AEDP-U	12,427	1,427	11,000	100	6,000	2,800	2,100	-	-	-
Total AEDP	$ 1,970,397	$ 58,244	$ 1,912,153	$ 80,690	$ 257,472	$ 192,833	$ 411,538	$ 478,540	$ 340,080	$ 151,000
Other Projects (by cost center)										
Airfield	$ 15,540		$ 15,540	$ 4,964	$ 2,533	$ 2,974	$ 1,619	$ 475	$ -	$ 2,975
Apron	5,770		5,770	1,287	1,176	1,410	748	100	-	1,050
Terminal - Aero	43,455		43,455	5,263	2,601	26,345	6,928	72	-	2,247
Terminal - NonAero	43,021		43,021	6,555	3,945	21,012	7,327	129	-	4,053
Parking	10,061		10,061	1,053	2,249	1,698	3,077	1,460	-	525
Other	24,645		24,645	2,465	1,409	18,121	2,600	50	-	-
PBX/STS	1,750		1,750	250	-	1,000	500	-	-	-
FIS	-		-	-	-	-	-	-	-	-
Terminal Equip	1,847		1,847	1,500	347	-	-	-	-	-
Shared Use	3,200		3,200	200	2,000	1,000	-	-	-	-
Cargo Facilities	0		0	0	-	-	-	-	-	-
Total Other Projects	$ 149,289		$ 149,289	$ 23,537	$ 16,259	$ 73,560	$ 22,798	$ 2,285	$ -	$ 10,850
Total Project Costs	$ 2,119,686	$ 58,244	$ 2,061,442	$ 104,227	$ 273,730	$ 266,393	$ 434,337	$ 480,825	$ 340,080	$ 161,850

Source: City of Austin, Department of Aviation, February 7, 2022.

Exhibit A-2

CAPITAL IMPROVEMENT PLAN - PROJECT FUNDING BY SOURCE
Austin-Bergstrom International Airport
(for the fiscal years ending September 30; in thousands)

	Total Project Costs	Airport Cash	Grants	Future Grants	Pay-Go PFC	Prior Bonds	2022 Bonds	Future Bonds				Subtotal Future Bonds	Subtotal Bonds
								2024 Bonds	2026 Bonds	2027 Bonds	2028 Bonds		
Airport Expansion and Development Program													
AEDP-A	$ 283,820	$ -	$ 7,427	$ 4,100	$ -	$ 75,635	$ 196,658	$ -	$ -	$ -	$ -	$ -	$ 272,293
AEDP-B	448,855	300	-	36,000	40,000	1,100	154,677	30,238	20,540	15,000	151,000	216,778	372,555
AEDP-C	1,030,737	-	-	-	-	500	18,500	228,657	458,000	325,080	-	1,011,737	1,030,737
AEDP-D	159,473	120,884	-	-	-	-	6,911	31,677	-	-	-	31,677	38,589
AEDP-MC	29,636	20,236	-	-	-	-	9,400	-	-	-	-	-	9,400
AEDP-S/E	5,449	4,650	-	-	-	299	500	-	-	-	-	-	799
AEDP-U	12,427	8,427	-	-	-	-	4,000	-	-	-	-	-	4,000
Total AEDP	$ 1,970,397	$ 154,497	$ 7,427	$ 40,100	$ 40,000	$ 77,534	$ 390,646	$ 290,572	$ 478,540	$ 340,080	$ 151,000	$ 1,260,192	$ 1,728,372
Other Projects (by cost center)													
Airfield	$ 15,540	$ 13,812	$ -	$ -	$ -	$ 1,727	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,727
Apron	5,770	5,482	-	-	-	288	-	-	-	-	-	-	288
Terminal - Aero	43,455	39,716	-	-	-	3,104	635	-	-	-	-	-	3,739
Terminal - NonAero	43,021	39,160	-	-	-	3,083	778	-	0	-	0	0	3,861
Parking	10,061	9,422	-	-	-	640	-	-	-	-	-	-	640
Other	24,645	21,764	-	-	-	1,503	579	800	-	-	-	800	2,881
PBX/STS	1,750	1,750	-	-	-	-	-	-	-	-	-	-	-
FIS	0	-	-	-	-	0	-	-	-	-	-	-	0
Terminal Equip	1,847	1,847	-	-	-	-	-	-	-	-	-	-	-
Shared Use	3,200	3,200	-	-	-	-	-	-	-	-	-	-	-
Cargo Facilities	0	-	-	-	-	0	-	-	-	-	-	-	0
Total Other Projects	$ 149,289	$ 136,153	$ -	$ -	$ -	$ 10,345	$ 1,991	$ 800	$ 0	$ -	$ 0	$ 800	$ 13,137
Total Project Costs	$ 2,119,686	$ 290,650	$ 7,427	$ 40,100	$ 40,000	$ 87,879	$ 392,638	$ 291,372	$ 478,540	$ 340,080	$ 151,000	$ 1,260,992	$ 1,741,509

Source: City of Austin, Department of Aviation, February 7, 2022.

Exhibit B

SOURCES AND USES OF REVENUE BOND FUNDS
Austin-Bergstrom International Airport
(for the fiscal years ending September 30; in thousands)

		Future Bonds					
	2022 Bonds	2024 Bonds	2026 Bonds	2027 Bonds	2028 Bonds	Total Future Bonds	Total Bonds
Sources of Bond Funds							
Bond Proceeds:							
Principal Amount of Bonds	$ 382,040	$ 349,767	541,015	385,265	167,430	$ 1,443,477	$ 1,825,517
Capitalized Interest Fund Earnings	-	-	-	-	-	-	-
Debt Service Reserve Fund Earnings	-	-	-	-	-	-	-
Original Issue Premium (discount)	86,393	-	-	-	-	-	86,393
Total Sources	$ 468,433	$ 349,767	$ 541,015	$ 385,265	$ 167,430	$ 1,443,477	$ 1,911,909
Uses of Bond Funds							
Project Fund	$ 400,000	$ 291,372	478,540	340,080	151,000	$ 1,260,992	$ 1,660,992
Other Fund Deposits							
Capitalized Interest Fund	48,025	34,977	27,051	19,263	8,372	89,662	137,687
Debt Service Reserve Fund	16,586	19,044	28,659	21,102	5,964	74,769	91,355
Delivery Date Expenses							
Cost of Issuance	1,910	2,623	4,058	2,889	1,256	10,826	12,736
Underwriter's Discount	1,910	1,749	2,705	1,926	837	7,217	9,128
Other Uses of Funds							
Additional Proceeds	1	2	3	4	1	10	11
Total Uses	$ 468,433	$ 349,767	$ 541,015	$ 385,265	$ 167,430	$ 1,443,477	$ 1,911,909
Key Financing Assumptions							
All in True Interest Cost	3.45%	5.10%	5.11%	5.11%	5.11%		
Issuance Date	2022	2024	2026	2027	2028		
Capitalized Interest Period (years)	2.5	2.0	1.0	1.0	1.0		
Interest-only Period Thereafter (years)	-	-	-	-	-		
Principal Amortization Period (years)	27.5	28.0	29.0	29.0	29.0		

Source: Sources and uses of funds and debt service associated with the Bond issues were prepared by PFM Financial Advisors LLC, March 9, 2022, except for the 2024 Bonds which were prepared by LeighFisher based on information provided by PFM Financial Advisors LLC.

Exhibit C

DEBT SERVICE REQUIREMENTS
Austin-Bergstrom International Airport
(for the fiscal years ending September 30; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Estimated	Projected					
	2022	2023	2024	2025	2026	2027	2028
Debt Service Requirements (Deposit Basis)							
Revenue Bonds							
2013 Bonds	$ 5,412	$ 5,408	$ 5,415	$ 5,413	$ 5,411	$ 7,195	$ 4,529
2014 Bonds	12,225	12,225	12,225	12,225	18,896	20,230	20,233
2017A Bonds	9,265	9,265	9,265	9,265	13,590	14,451	14,453
2017B Bonds	6,483	6,483	6,483	6,483	9,508	10,112	10,116
2019 Refunding Bonds	27,497	27,360	27,206	27,053	4,505	-	-
2019A Bonds	849	849	849	849	849	849	849
2019B Bonds	16,024	16,870	16,876	16,875	16,885	16,893	16,898
2022 Bonds	-	-	-	21,260	25,520	25,528	25,538
2024 Bonds	-	-	-	-	5,829	22,379	23,364
2026 Bonds	-	-	-	-	-	9,017	34,134
2027 Bonds	-	-	-	-	-	-	6,421
2028 Bonds	-	-	-	-	-	-	-
Subtotal Revenue Bonds	$ 77,754	$ 78,459	$ 78,318	$ 99,422	$ 100,992	$ 126,654	$ 156,535
Less: PFC Revenues Applied to Prior Debt Service	(22,448)	(22,388)	(22,320)	(22,253)	(17,523)	(16,578)	(16,583)
Less: PFC Revenues Applied to 2022 & Future Debt Service	-	-	-	(6,378)	(8,822)	(13,938)	(20,445)
Total Revenue Bonds Less Paid with PFCs	$ 55,306	$ 56,071	$ 55,998	$ 70,792	$ 74,647	$ 96,138	$ 119,507
Allocation By Cost Center							
Airline Cost Centers							
Airfield	$ 7,080	$ 7,185	$ 7,164	$ 11,760	$ 9,030	$ 7,692	$ 7,417
Terminal Apron	3,110	3,171	3,170	3,169	4,421	6,304	6,410
Terminal Building (Airline)	14,171	14,394	14,383	18,468	23,018	41,144	65,324
Terminal Equipment	1,469	1,545	1,546	5,145	5,885	5,891	5,893
Subtotal Airline Cost Centers	$ 25,831	$ 26,296	$ 26,263	$ 38,542	$ 42,354	$ 61,031	$ 85,043
Nonairline Cost Centers							
Terminal Building (Nonairline)	$ 8,112	$ 8,252	$ 8,240	$ 8,392	$ 7,162	$ 7,236	$ 6,752
Parking	14,508	14,518	14,497	14,475	15,935	16,223	16,225
Other Nonairline Cost Centers	6,854	7,006	6,998	9,382	9,197	11,649	11,487
Subtotal Nonairline Cost Centers	$ 29,475	$ 29,775	$ 29,735	$ 32,250	$ 32,293	$ 35,108	$ 34,464
Total Debt Service	$ 55,306	$ 56,071	$ 55,998	$ 70,792	$ 74,647	$ 96,138	$ 119,507

Source: Sources and uses of funds and debt service associated with the Bond issues were prepared by PFM Financial Advisors LLC, March 9, 2022, except for the 2024 Bonds which were prepared by LeighFisher based on information provided by PFM Financial Advisors LLC.

Exhibit D-1

OPERATION AND MAINTENANCE EXPENSES BY FUNCTION
Austin-Bergstrom International Airport
(for the fiscal years ending September 30; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Historical		Estimated	Estimated	Projected					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Expenses by Function										
Administration										
Management	$ 5,749	$ 5,976	$ 3,950	$ 7,175	$ 7,893	$ 8,209	$ 8,537	$ 8,878	$ 9,234	$ 9,603
Information Technology	10,058	9,781	8,392	12,536	13,790	14,341	14,915	15,512	16,132	16,778
Finance and Purchasing	3,038	3,691	2,906	3,480	3,828	3,981	4,140	4,306	4,478	4,657
City Support Services	10,403	11,632	13,046	10,832	11,915	12,392	12,887	13,403	13,939	14,497
Other Administration	3,375	5,249	4,629	6,394	6,314	6,567	6,830	7,103	7,387	7,682
Subtotal Administration	$ 32,622	$ 36,328	$ 32,923	$ 40,418	$ 43,740	$ 45,490	$ 47,310	$ 49,202	$ 51,170	$ 53,217
Operations and Maintenance										
Operations	$ 2,680	$ 2,740	$ 2,246	$ 2,726	$ 2,918	$ 3,034	$ 3,156	$ 3,282	$ 3,413	$ 3,550
Parking	11,838	6,224	509	611	672	699	727	756	786	818
Custodial Services	8,938	8,072	6,769	7,812	8,593	8,937	9,294	9,666	10,053	10,455
Airfield Maintenance	3,741	3,215	2,818	3,497	3,847	4,001	4,161	4,328	4,501	4,681
Building Maintenance	7,606	7,579	6,584	7,414	8,156	8,482	8,821	9,174	9,541	9,923
Grounds Maintenance	2,005	1,555	1,484	1,636	1,800	1,872	1,947	2,024	2,105	2,190
Utilities	6,312	6,265	6,394	6,538	7,191	7,479	7,778	8,089	8,413	8,749
Aircraft Rescue and Firefighting	6,653	7,380	8,243	8,247	9,072	9,434	9,812	10,204	10,612	11,037
Security	16,901	17,477	17,003	18,561	20,417	21,234	22,083	22,966	23,885	24,840
Planning and Engineering	5,014	5,710	4,603	6,049	6,654	6,920	7,197	7,485	7,785	8,096
Other Operations and Maintenance	7,908	7,533	6,544	7,381	8,920	7,807	8,119	8,444	8,781	9,133
Incremental O&M for new facilities	-	-	-	-	-	-	-	-	-	25,000
Subtotal Operations and Maintenance	$ 79,594	$ 73,752	$ 63,197	$ 70,473	$ 78,239	$ 79,899	$ 83,095	$ 86,419	$ 89,876	$ 118,471
Expenses for Rate Calculations	$ 112,216	$ 110,081	$ 96,120	$ 110,891	$ 121,980	$ 125,389	$ 130,405	$ 135,621	$ 141,046	$ 171,688
% change		-1.9%	-12.7%	15.4%	10.0%	2.8%	4.0%	4.0%	4.0%	21.7%
Plus: Other Items Not Included in R&C Calculations	7,538	8,182	5,843	8,242	9,066	9,320	9,693	10,080	10,484	12,761
Less: Cash Funded Vehicles / Equipment	(1,146)	(212)	-	-	-	-	-	-	-	-
Total Operation and Maintenance Expenses	$ 118,609	$ 118,051	$ 101,963	$ 119,133	$ 131,046	$ 134,709	$ 140,097	$ 145,701	$ 151,529	$ 184,449

Source: City of Austin, Department of Aviation, January 2022 for historical and estimated; LeighFisher for projections.

Exhibit D-2

OPERATION AND MAINTENANCE EXPENSES BY COST CENTER
Austin-Bergstrom International Airport
(for the fiscal years ending September 30; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Estimated	Projected					
	2022	2023	2024	2025	2026	2027	2028
Expenses by Cost Center							
Airline Cost Centers							
Airfield	$ 28,312	$ 30,931	$ 32,168	$ 33,454	$ 34,793	$ 36,184	$ 37,632
Terminal Apron	10,603	11,567	12,030	12,511	13,012	13,532	14,074
Terminal Building (Airline)	21,584	23,572	24,515	25,496	26,515	27,576	38,657
Terminal Equipment	4,626	5,088	5,292	5,503	5,724	5,952	6,191
Shared Use	1,317	2,249	2,339	2,433	2,530	2,631	2,737
Subtotal Airline Cost Centers	$ 66,442	$ 73,408	$ 76,344	$ 79,398	$ 82,574	$ 85,877	$ 99,289
Nonairline Cost Centers							
Terminal Building (Nonairline)	$ 32,519	$ 35,490	$ 36,909	$ 38,386	$ 39,921	$ 41,518	$ 58,201
Parking	5,085	5,558	5,780	6,011	6,252	6,502	6,762
South Terminal	1,285	1,413	-	-	-	-	-
Other Nonairline Cost Centers	5,560	6,111	6,356	6,610	6,875	7,150	7,436
Subtotal Nonairline Cost Centers	$ 44,449	$ 48,572	$ 49,045	$ 51,007	$ 53,047	$ 55,169	$ 72,398
Expenses for Rate Calculations	$ 110,891	$ 121,980	$ 125,389	$ 130,405	$ 135,621	$ 141,046	$ 171,688
% change	15.4%	10.0%	2.8%	4.0%	4.0%	4.0%	21.7%
Plus: Other Items Not Included in R&C Calculations	8,242	9,066	9,320	9,693	10,080	10,484	12,761
Less: Cash Funded Vehicles / Equipment	-	-	-	-	-	-	-
Total Operation and Maintenance Expenses	$ 119,133	$ 131,046	$ 134,709	$ 140,097	$ 145,701	$ 151,529	$ 184,449

Source: City of Austin, Department of Aviation, January 2022 for historical and estimated; LeighFisher for projections.

Exhibit E

GROSS REVENUES
Austin-Bergstrom International Airport
(for the fiscal years ending September 30; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Historical		Estimated	Estimated	Projected					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Airline Revenues										
Landing Fee Revenues	$ 30,827	$ 29,023	$ 25,287	$ 37,299	$ 40,451	$ 41,383	$ 48,473	$ 46,213	$ 45,676	$ 47,587
Terminal Building Rentals	17,646	19,834	26,221	30,896	33,268	34,440	43,549	49,738	67,128	121,281
Other Rentals and Fees	28,752	24,843	26,918	21,597	23,696	24,908	28,881	32,359	38,123	40,097
Subtotal Airline Revenues	$ 77,225	$ 73,700	$ 78,426	$ 89,791	$ 97,415	$ 100,731	$ 120,904	$ 128,310	$ 150,927	$ 208,965
Nonairline Revenues										
Terminal Concessions Revenues										
Food & Beverage	$ 11,773	$ 7,045	$ 7,344	$ 14,030	$ 17,405	$ 18,417	$ 19,329	$ 20,179	$ 21,049	$ 21,941
Retail	4,530	3,241	5,610	5,473	6,789	7,184	7,540	7,871	8,211	8,559
Advertising	2,648	2,383	1,898	3,085	3,827	4,049	4,250	4,436	4,628	4,824
Passenger Services	684	779	773	896	966	1,022	1,073	1,120	1,168	1,218
Subtotal Terminal Concessions Revenues	$ 19,635	$ 13,449	$ 15,626	$ 23,482	$ 28,986	$ 30,673	$ 32,192	$ 33,606	$ 35,056	$ 36,541
Revenue per Enplaned Passenger	$ 2.32	$ 2.85	$ 3.00	$ 2.36	$ 2.74	$ 2.78	$ 2.82	$ 2.87	$ 2.91	$ 2.95
Parking and Ground Transportation										
Parking	$ 41,682	$ 23,813	$ 27,942	$ 52,039	$ 55,307	$ 57,661	$ 59,622	$ 61,322	$ 63,022	$ 64,721
Rental Cars	14,784	10,259	12,851	17,413	18,506	19,294	19,950	20,519	21,088	21,656
Transportation Network Companies	5,658	3,509	3,154	6,468	6,874	7,166	7,410	7,621	7,833	8,044
Other Ground Transportation	712	404	475	896	952	992	1,026	1,055	1,085	1,114
Subtotal Parking and Ground Transportation	$ 62,837	$ 37,985	$ 44,421	$ 76,814	$ 81,639	$ 85,113	$ 88,008	$ 90,517	$ 93,026	$ 95,535
Revenue per Enplaned Passenger	$ 7.42	$ 8.04	$ 8.53	$ 7.72	$ 7.72	$ 7.72	$ 7.72	$ 7.72	$ 7.72	$ 7.72
Other Revenues										
Fuel Flowage Fees	$ 854	$ 714	$ 1,071	$ 1,194	$ 1,289	$ 1,366	$ 1,437	$ 1,504	$ 1,574	$ 1,646
Fuel Facility Fees	758	861	862	867	893	920	947	976	1,005	1,035
Cargo Apron Fees	543	563	744	831	856	882	908	935	963	992
Cargo Facility Fees	1,635	2,129	2,062	2,224	2,291	2,360	2,431	2,503	2,579	2,656
Hotel Fees	822	503	460	840	865	891	918	946	974	1,003
Building and Ground Rentals	5,412	5,738	6,356	6,455	6,648	6,848	7,053	7,265	7,483	7,707
Other	10,568	8,997	8,527	4,340	4,516	4,681	4,842	5,003	5,169	5,339
Subtotal Other Revenues	$ 20,592	$ 19,503	$ 20,083	$ 16,751	$ 17,359	$ 17,946	$ 18,536	$ 19,132	$ 19,746	$ 20,379
% change		-5.3%	3.0%	-16.6%	3.6%	3.4%	3.3%	3.2%	3.2%	3.2%
Subtotal Nonairline Revenues	$ 103,064	$ 70,937	$ 80,130	$ 117,047	$ 127,985	$ 133,732	$ 138,736	$ 143,255	$ 147,828	$ 152,455
Operating Revenues	$ 180,289	$ 144,637	$ 158,556	$ 206,839	$ 225,399	$ 234,464	$ 259,640	$ 271,565	$ 298,755	$ 361,420
COVID Relief Funds	-	21,547	29,872	36,940	19,575	19,575	-	-	-	-
Interest Income	10,876	8,073	1,132	2,052	2,646	3,107	2,843	1,877	2,422	3,048
Adjustment	-	-	-	-	-	-	-	-	-	-
Gross Revenues	$ 191,165	$ 174,257	$ 189,560	$ 245,830	$ 247,620	$ 257,145	$ 262,483	$ 273,441	$ 301,177	$ 364,469
% change		-8.8%	8.8%	29.7%	0.7%	3.8%	2.1%	4.2%	10.1%	21.0%

Source: City of Austin, Department of Aviation, January 2022 for historical and estimated; LeighFisher for projections.

Exhibit E-1

AIRLINE REVENUES
Austin-Bergstrom International Airport
(for the fiscal years ending September 30; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Estimated	Projected					
	2022	2023	2024	2025	2026	2027	2028
Airfield Revenues							
Average Landing Fee Rate (a)	$ 3.05	$ 3.16	$ 3.14	$ 3.60	$ 3.38	$ 3.29	$ 3.37
Landed Weight (000's)	12,217	12,809	13,173	13,457	13,674	13,891	14,108
Landing Fee Revenues	$ 37,299	$ 40,451	$ 41,383	$ 48,473	$ 46,213	$ 45,676	$ 47,587
Terminal Apron Revenues							
Terminal Apron Fees	$ 7,550	$ 8,164	$ 8,341	$ 8,597	$ 9,648	$ 11,110	$ 13,167
RON Fees	7,314	7,908	8,080	8,329	9,347	10,763	9,718
Subtotal Terminal Apron Revenues	$ 14,863	$ 16,072	$ 16,421	$ 16,926	$ 18,995	$ 21,873	$ 22,885
Terminal Building Revenues							
Average Terminal Rental Rate (b)	$ 150.00	$ 161.92	$ 167.46	$ 198.84	$ 225.15	$ 303.84	$ 302.68
Airline Leased Conditioned Space (c)	121	121	121	121	121	121	290
Air-conditioned Space Rentals (d)	$ 18,113	$ 19,553	$ 20,222	$ 24,011	$ 27,188	$ 36,690	$ 87,784
Other Terminal Building Revenues							
Baggage Claim Conveyor Revenues	$ 7,396	$ 8,023	$ 8,310	$ 11,792	$ 13,295	$ 16,263	$ 16,320
Conditioned Apron Space Rentals	1,567	1,626	1,693	2,395	2,966	4,889	6,698
Unconditioned Apron Space Rentals	1,069	1,110	1,156	1,634	2,024	3,337	4,571
Mezzanine Space Rentals	2,751	2,956	3,060	3,717	4,265	5,949	5,908
Subtotal Other Terminal Building Revenues	$ 12,783	$ 13,715	$ 14,218	$ 19,539	$ 22,550	$ 30,438	$ 33,498
Other Airline Revenues							
Shared Use Revenues	$ 1,317	$ 2,249	$ 2,339	$ 2,433	$ 2,530	$ 2,631	$ 2,737
US Customs Fees	1,425	1,639	1,885	2,167	2,492	4,919	5,320
Less: Airline Incentive Credits	-	-	-	-	-	-	-
Subtotal Other Airline Revenues	$ 2,742	$ 3,888	$ 4,224	$ 4,600	$ 5,022	$ 7,551	$ 8,057
Terminal Equipment Revenues							
Loading Bridge and MUFID Fees	$ 3,222	$ 3,352	$ 3,688	$ 4,324	$ 4,639	$ 4,761	$ 4,966
Baggage Makeup Equipment Fees	516	301	312	2,574	3,037	3,051	3,066
Subtotal Terminal Equipment Revenues	$ 3,738	$ 3,653	$ 4,000	$ 6,898	$ 7,677	$ 7,812	$ 8,032
Airline Payments per Enplaned Passenger							
Total Airline Payments Made to City	$ 89,538	$ 97,332	$ 100,468	$ 120,447	$ 127,645	$ 150,041	$ 207,842
Less: Landing Fees Paid by All-cargo Airlines	(2,057)	(2,189)	(2,239)	(2,639)	(2,542)	(2,539)	(2,672)
Net Airline Payments	$ 87,481	$ 95,142	$ 98,228	$ 117,808	$ 125,103	$ 147,502	$ 205,170
Enplaned Passengers	9,950	10,575	11,025	11,400	11,725	12,050	12,375
Airline Payments per Enplaned Passenger (e)	$ 8.79	$ 9.00	$ 8.91	$ 10.33	$ 10.67	$ 12.24	$ 16.58

Source: City of Austin, Department of Aviation, January 2022 for historical and estimated; LeighFisher for projections.
(a) Rate per 1,000 lbs.
(b) Rate per square foot per year.
(c) Total square footage.
(d) Calculated as average terminal rental rate times airline leased conditioned space.
(e) Rate per Enplaned Passenger.

Exhibit F

SOURCES AND USES OF PFC REVENUES
Austin-Bergstrom International Airport
(for the fiscal years ending September 30; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Historical		Estimated	Estimated	Projected					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
PFC Revenues										
Enplaned Passengers	8,465	4,724	5,208	9,950	10,575	11,025	11,400	11,725	12,050	12,375
Percent Eligible Passengers Paying PFC	89.3%	83.8%	87.0%	87.0%	87.0%	87.0%	87.0%	87.0%	87.0%	87.0%
Net PFC per Passenger (a)	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
PFC collections	$ 33,168	$ 17,373	$ 19,890	$ 38,002	$ 40,389	$ 42,108	$ 43,540	$ 44,781	$ 46,023	$ 47,264
Investment earnings (b)	2,009	1,404	1,000	633	1,193	1,481	1,200	1,441	1,740	1,998
Total PFC Revenues	$ 35,176	$ 18,776	$ 20,890	$ 38,635	$ 41,582	$ 43,589	$ 44,740	$ 46,223	$ 47,762	$ 49,262
Uses of PFC Revenues										
Debt Service on Prior Revenue Bonds				$ 22,448	$ 22,388	$ 22,320	$ 22,253	$ 17,523	$ 16,578	$ 16,583
Debt Service on 2022 & Future Bonds				-	-	-	6,378	8,822	13,938	20,445
Administrative Expenses paid with PFCs				-	-	-	-	-	-	-
Pay-As-You-Go Expenditures				-	-	40,000	-	-	-	-
Total Uses of PFC Revenues				$ 22,448	$ 22,388	$ 62,320	$ 28,631	$ 26,345	$ 30,516	$ 37,028
PFC Revenues less Uses				$ 16,187	$ 19,194	$ (18,732)	$ 16,109	$ 19,878	$ 17,246	$ 12,234
PFC Fund Balance			$ 63,336	$ 79,523	$ 98,718	$ 79,986	$ 96,095	$ 115,973	$ 133,219	$ 145,453
Required Set-Aside for Payment of PFC-Eligible Debt Service in Following Fiscal Year			$ 22,448	$ 22,388	$ 22,320	$ 28,631	$ 26,345	$ 30,516	$ 37,028	

Source: City of Austin, Department of Aviation, Annual PFC Reports and CAFRs.
(a) $4.50 less airline collection fee of $0.11 per passenger.
(b) Assumes annual interest earnings rate of 1%

Exhibit G

APPLICATION OF REVENUES AND DEBT SERVICE COVERAGE
Austin-Bergstrom International Airport
(for the fiscal years ending September 30; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Estimated	Projected					
	2022	2023	2024	2025	2026	2027	2028
Gross Revenues and Other Available Funds							
Airline Revenues	$ 89,791	$ 97,415	$ 100,731	$ 120,904	$ 128,310	$ 150,927	$ 208,965
Nonairline Revenues	117,047	127,985	133,732	138,736	143,255	147,828	152,455
Covid Relief Grants	36,940	19,575	19,575	-	-	-	-
Interest Income	2,052	2,646	3,107	2,843	1,877	2,422	3,048
Gross Revenues (a)	$ 245,830	$ 247,620	$ 257,145	$ 262,483	$ 273,441	$ 301,177	$ 364,469
Other Available Funds (b)	13,827	14,018	13,999	17,698	18,662	24,035	29,877
Gross Revenues and Other Available Funds	$ 259,657	$ 261,638	$ 271,145	$ 280,181	$ 292,103	$ 325,212	$ 394,346
Application of Gross Revenues and Other Available Funds							
Operation and Maintenance Expenses (c)	$ 119,133	$ 131,046	$ 134,709	$ 140,097	$ 145,701	$ 151,529	$ 184,449
Revenue Bond Debt Service Requirements (d)	55,306	56,071	55,998	70,792	74,647	96,138	119,507
Administrative Expenses (d)	-	-	-	-	-	-	-
Debt Service Reserve Fund	-	-	-	-	-	-	-
General Obligation Airport Bonds	-	-	-	-	-	-	-
Operation and Maintenance Reserve Fund	-	1,776	580	853	887	922	5,209
Renewal and Replacement Fund	-	-	-	-	-	-	-
Capital Fund	$ 85,218	$ 72,744	$ 79,858	$ 68,439	$ 70,868	$ 76,622	$ 85,181
Total Application	$ 259,657	$ 261,638	$ 271,145	$ 280,181	$ 292,103	$ 325,212	$ 394,346
Calculation of Debt Servcie Coverage							
Gross Revenues	$ 245,830	$ 247,620	$ 257,145	$ 262,483	$ 273,441	$ 301,177	$ 364,469
Less: Operation and Maintenance Expenses (c)	(119,133)	(131,046)	(134,709)	(140,097)	(145,701)	(151,529)	(184,449)
Net Revenues	$ 126,697	$ 116,574	$ 122,436	$ 122,386	$ 127,740	$ 149,648	$ 180,020
Other Available Funds (b)	13,827	14,018	13,999	17,698	18,662	24,035	29,877
Net Revenues plus Other Available Funds	$ 140,524	$ 130,592	$ 136,436	$ 140,084	$ 146,402	$ 173,683	$ 209,897
Less: Administrative Expenses (d)	-	-	-	-	-	-	-
Subtotal Funds Available to Calculate Debt Service Coverage	$ 140,524	$ 130,592	$ 136,436	$ 140,084	$ 146,402	$ 173,683	$ 209,897
Revenue Bond Debt Service Requirements (d)	$ 55,306	$ 56,071	$ 55,998	$ 70,792	$ 74,647	$ 96,138	$ 119,507
Debt service coverage	2.54	2.33	2.44	1.98	1.96	1.81	1.76
Debt service coverage requirement	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x

(a) See Exhibit E.
(b) Amounts, up to a maximum of 25% of Revenue Bond Debt Service Requirements, transferred from the Capital Fund as permitted under the Rate Covenant of the Revenue Bond Ordin
(c) See Exhibit D-1.
(d) See Exhibit F. Amounts are net of payments from PFC revenues.

Exhibit H

SUMMARY OF FORECAST FINANCIAL RESULTS: BASE CASE PASSENGER PROJECTION
Austin-Bergstrom International Airport
(for the fiscal years ending September 30; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and adopted by, Airport management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projected, and the variations could be material.

	Estimated	Projected					
	2022	2023	2024	2025	2026	2027	2028
Gross Revenues and Other Available Funds							
Airline Revenues	$ 89,791	$ 97,415	$ 100,731	$ 120,904	$ 128,310	$ 150,927	$ 208,965
Terminal Concession Revenues	23,482	28,986	30,673	32,192	33,606	35,056	36,541
Parking and Ground Transportation Revenues	76,814	81,639	85,113	88,008	90,517	93,026	95,535
Covid Relief Grants	36,940	19,575	19,575	-	-	-	-
Other Revenues	18,803	20,005	21,053	21,379	21,008	22,168	23,427
Gross Revenues	$ 245,830	$ 247,620	$ 257,145	$ 262,483	$ 273,441	$ 301,177	$ 364,469
Other Available Funds	13,827	14,018	13,999	17,698	18,662	24,035	29,877
Gross Revenues and Other Available Funds	$ 259,657	$ 261,638	$ 271,145	$ 280,181	$ 292,103	$ 325,212	$ 394,346
Enplaned Passengers	9,950	10,575	11,025	11,400	11,725	12,050	12,375
Airline Payments per Enplaned Passenger	$ 8.79	$ 9.00	$ 8.91	$ 10.33	$ 10.67	$ 12.24	$ 16.58
Application of Gross Revenues and Other Available Funds							
Operation and Maintenance Expenses	$ 119,133	$ 131,046	$ 134,709	$ 140,097	$ 145,701	$ 151,529	$ 184,449
Revenue Bond Debt Service	77,754	78,459	78,318	99,422	100,992	126,654	156,535
Other Applications	-	1,776	580	853	887	922	5,209
Capital Fund	85,218	72,744	79,858	68,439	70,868	76,622	85,181
Gross Revenues	$ 282,105	$ 284,025	$ 293,465	$ 308,812	$ 318,448	$ 355,728	$ 431,374
Less: Paid from PFC Revenues	(22,448)	(22,388)	(22,320)	(28,631)	(26,345)	(30,516)	(37,028)
Total Application	$ 259,657	$ 261,638	$ 271,145	$ 280,181	$ 292,103	$ 325,212	$ 394,346
Passenger Facility Charges							
PFC Revenues	$ 38,635	$ 41,582	$ 43,589	$ 44,740	$ 46,223	$ 47,762	$ 49,262
Less: PFC Revenues Used to Pay Debt Service	(22,448)	(22,388)	(22,320)	(28,631)	(26,345)	(30,516)	(37,028)
Less: PFC Revenues Used to Pay Admin Expenses	-	-	-	-	-	-	-
Less: Pay-as-you-go Expenditures	-	-	(40,000)	-	-	-	-
Net PFC Deposit	$ 16,187	$ 19,194	$ (18,732)	$ 16,109	$ 19,878	$ 17,246	$ 12,234
PFC Fund Balance	79,523	98,718	79,986	96,095	115,973	133,219	145,453
Debt Service Coverage							
Debt service coverage	2.54	2.33	2.44	1.98	1.96	1.81	1.76
Debt service coverage requirement	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x

Source: Preceding Exhibits and accompanying text.