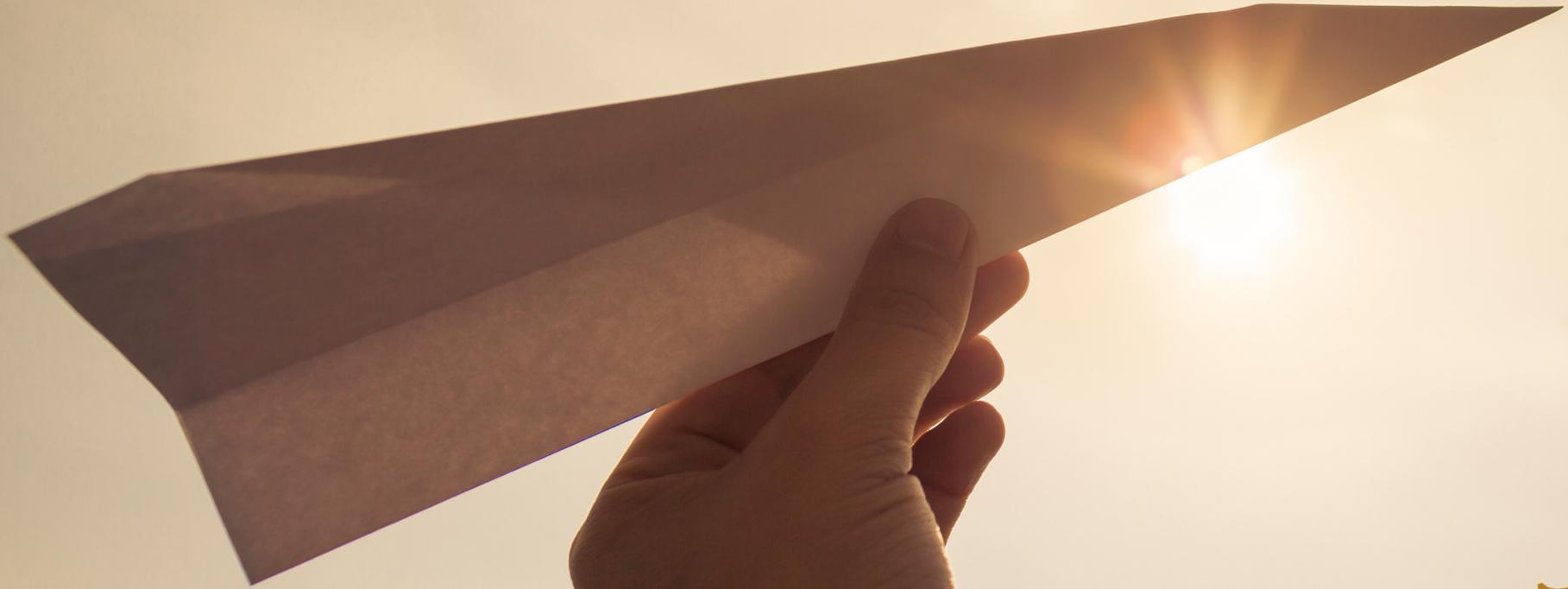


# GATEWAY TO HOUSTON 2019



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# GATEWAY TO HOUSTON

## HOUSTON AIRPORTS

Houston Airports spent 2019 continuing to strengthen our city's status as the Gateway to the World . . . and Beyond with hard work, determination and dedication. We pushed beyond boundaries to improve the customer experience and support unprecedented growth in international traffic, setting a new standard in world-class travel. International air service to Houston has doubled since 2010, and we now offer access to all six inhabited continents of the world.

In 2019, George Bush Intercontinental (IAH) and William P. Hobby (HOU) airports both achieved 4-star ratings from Skytrax, the world's premier air transport rating organization, making Houston the only city in the Western Hemisphere with two 4-star airports.

Fifty years ago when Houston Intercontinental Airport opened and Neil Armstrong first walked on the moon, we learned that we could soar beyond our own limitations with innovation, vision and perseverance.

As we celebrate these milestones, we continue to focus on helping Houston expand its global connectivity and status as the Gateway to the World . . . and Beyond.





# MESSAGE FROM **THE MAYOR OF HOUSTON**

SYLVESTER TURNER



**Dear Residents of Houston,**

Two thousand nineteen was a monumental year for our city and Houston Airports, comprised of George Bush Intercontinental Airport (IAH), William P. Hobby Airport (HOU) and Ellington Airport/Houston Spaceport (EFD). Houston is well on its way to becoming the third-largest city in the U.S., which economic forecasts predict will occur by 2030. Our airports continued to be the catalyst of the city's growth as a global gateway, expanding our connectivity to the world and accommodating continually increasing international air and passenger traffic volume.

As we celebrated the 50th anniversary of IAH's opening, Houston Airports continued to make history and set growth records in 2019, contributing more than \$36 billion to our local economy and handling more than 58 million passengers traveling through Houston's airports. Hobby Airport alone surpassed the one million international passenger mark for the first time since 2015.

Houston leads the world in space exploration, medicine, energy and more. Tourism is now the city's fifth-largest industry, thanks in large part to Houston Airports. We can all be very proud of our airport system, which remains among the best in the world while continuing to expand our global reach. In 2019, Houston became the only city in the Western Hemisphere to achieve a 4-star rating at two airports from Skytrax, the world's premier air transport rating organization. And that's not all; Houston Airports was recognized throughout 2019 with a variety of other awards for customer service excellence and facility enhancements.

Two thousand nineteen was a record-breaking year. As Houston continues to build a dynamic world-class city, we salute Houston Airports for helping us to get there.



## MESSAGE FROM **THE DIRECTOR OF AVIATION**

MARIO C. DIAZ



**Dear Houston Airports Partners,**

The visionary spirit of aviation is alive and thriving at Houston Airports. Providing world-class airport operations and superior customer service stands at the center of everything we do, from infrastructure improvements to using innovative technology for a safe, seamless travel experience. Improving the customer experience is our chief mandate. To us, this means consistently going above and beyond a passenger's expectations to deliver world-class excellence. Everything we do is with the customer in mind, as we strive to continually improve the customer experience and treat each passenger as a customer for life.

Our success would not be possible without the support and commitment of our mayor who challenges us to be the very best. All three of our airports received numerous other awards during the year. Our team takes this challenge seriously, and it shows. J.D. Power & Associates ranked both commercial airports among the top ten in their respective size categories for passenger satisfaction.

To strengthen Houston's global gateway status, we launched major infrastructure development projects and implemented a new sustainable management plan, designed to maximize operational and energy efficiency as we grow while supporting the City's Climate Action Plan. The IAH Terminal Redevelopment Program (ITRP), one of the most significant expansion projects ever undertaken, will improve the international customer experience. Phase I development of the Houston Spaceport got started during the summer, bringing space travel closer to reality.

The nearly 1,100 men and women who comprise Houston Airports continue to accomplish more than expected with a high level of excellence, commitment and pride. We are proud of our history, and we will continue to reach for the stars and beyond. The best is yet to come.



# HAS TEAM





# SENIOR STAFF



Mario C. Diaz  
*Director of Aviation*



Robert Barker  
*Chief Development Officer - Infrastructure*



Saba Abashawl  
*Chief External Affairs Officer*



Tanya Acevedo  
*Chief Technology Officer*



Harleen Hines Smith  
*Chief Human Resources Officer*



Steven Andersen  
*Executive Program Manager*



Jesus H. Saenz Jr., IAP  
*Chief Operating Officer*



Ian Wadsworth  
*Chief Commercial Officer*



J'Maine Chubb  
*Chief Financial Officer*



Liliana Rambo, CAPP  
*General Manager, William P. Hobby*



Arturo Machuca  
*General Manager, Ellington Airport/Houston Spaceport*



Kelly Woodward  
*Interim General Manager, George Bush Intercontinental Airport*



# IAH 50TH ANNIVERSARY

## IAH 50TH ANNIVERSARY

Among many major milestones for Houston Airports in 2019, the 50th anniversary of George Bush Intercontinental Airport's opening stands out. We commemorated the occasion in March, first with our annual participation in the Houston Livestock Show and Rodeo Parade. A new float depicted all three of our airports and the role each play in making Houston a growing global gateway.

Our Airport Rangers, the nation's only volunteer equestrian patrol group that assists in securing the perimeter of Bush airport's 13,000 acres, escorted the float.

The birthday celebration really took off later in the month with the IAH Fest, a free, family-friendly community event. Staged at a United Airlines hangar at Bush Airport, the party featured live music, food and fun activities, including aircraft tours and displays, a rock-climbing wall, a mechanical bull, face painting and games.

Originally called Houston Intercontinental Airport when it opened in June 1969, IAH

was renamed to honor former President George H.W. Bush in 1997.

Its two terminals, A and B, were designed as circular modules with four "flight stations." In the late 1990's and early 2000's, Terminal A's north and south concourses were remodeled into linear concourses.

In 1969, just before midnight, a Texas International DC-9 piloted by Texas International (TI) Vice President A.J. High with Houston leaders, dignitaries and press on board, took off from Hobby International Airport. After an aerial tour of the city and Galveston Bay, the plane

touched down at Houston Intercontinental Airport shortly after midnight.

TI, which later would acquire and merge with Continental Airlines, was the winner in a drawing to determine which airline would make the first official landing at the new airport, and it led a parade of planes waiting to land behind it.

The formal airport dedication ceremony, held on June 2, 1969, was attended by the future President George H. W. Bush, then a young congressman for whom the airport eventually would be renamed.



**GEORGE BUSH INTERCONTINENTAL AIRPORT**



Texas International Airlines

MICKEY LELAND INTERNATIONAL AIRLINES BUILDING

# RECOGNITION AND AWARDS

HOUSTON AIRPORTS **REACHES FOR THE STARS**





## HOUSTON AIRPORTS REACHES FOR THE STARS

Everyone at Houston Airports worked tirelessly throughout 2019 to provide service excellence. The world noticed. All three of our airports were recognized with numerous awards during the year.



### SKYTRAX 4-STAR STATUS

Houston remained the only city in the Western Hemisphere with two 4-star airports when global air transport rating organization Skytrax announced its 2019 World Airport Awards in London, England. This was the fourth consecutive 4-star year for Hobby Airport, while Bush Airport received its second 4-star rating in a row.

Bush Airport ranked No. 5 in the world among the Top 10 Best Airports serving 40-50 million passengers. In the audit report, Skytrax noted not only strong website service but also stellar wait time digital displays in the terminals, public art, and Harmony in the Air performing arts programs. In addition, Bush Airport ranked No. 5 in the world for Best Dining Experience.

Overall, Bush Airport facilities and services earned more than 550 scores of 4.5 or higher on the detailed Skytrax audit checklist. According to the report, “The airport continues to deliver a 4-star customer experience, and change enacted since the last audit has strengthened the passenger experience in many areas.”

For Hobby Airport, Skytrax cited improvements in TSA operations, including reorganized queues and improved fast-track signage, impressive public and performing arts programs and a new “selfie” wall that offers positive customer engagement.

“The airport is presently delivering a 4-star customer experience,” the report stated “and subject to changes outlined during the audit, there is reasonable expectation that it could achieve 5-star regional status.”





BUSH AIRPORT



HOBBY AIRPORT



### BEST CUSTOMER SERVICE

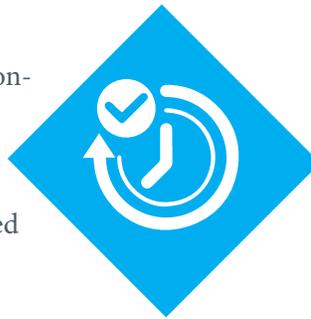
For the first time, Bush and Hobby Airports were honored with Best Customer Service awards in their respective size categories by Airport Experience News at its annual conference in February. Included in the award rationale were our “Houston Friendly” training program, consistent positive comments from customers, active “Secret Shopper” programs, attention to detail and timely response to customer feedback.



In addition, the 2019 USA Today 10 Best Readers’ Choice awards were announced at the conference. Houston Airports concession winners included The Breakfast Klub (Best Airport Local/Regional Dining), Hubcap Grill (sixth in online voting and tenth in Best Airport Grab-And-Go Dining), Yume (ninth in the Best Airport Bar/Restaurant Atmosphere) and Hugo’s Cocina (tenth in Best Airport Sitdown Dining).

### TOP ON-TIME PERFORMANCE

Bush Airport was recognized as one of the world’s best on-time performance airports for arriving and departing flights (by the OAG Punctuality League). For the second consecutive year, the league’s 2019 report ranked Bush Airport sixth among major airports, defined as those that serve 20-30 million departing passengers annually.



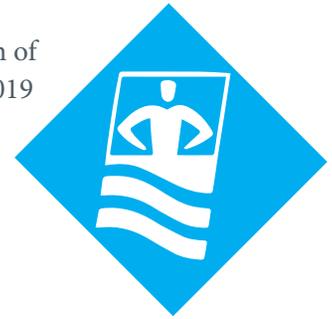
### AIRPORT SATISFACTION TOP 10

Bush and Hobby Airports again ranked in the Top 10 for their size classifications in the J.D. Power 2019 North America Airport Satisfaction Study. Bush Airport ranked ninth among mega-airports, while Hobby Airport was in tenth place among large airports. The annual study measures overall traveler satisfaction at North American airports by examining six factors: terminal facilities, airport accessibility, security check, baggage claim, check-in/baggage check, food and beverage and retail.



### SUPREME NAMC CHAMPION

Houston Airports received the National Association of Minority Contractors’ (NAMC) highest honor in 2019 - the NAMC Supreme Champion Award. NAMC, in collaboration with strategic and corporate partners, assists members with building capacity by providing access to opportunity, advocacy and contractor development training.



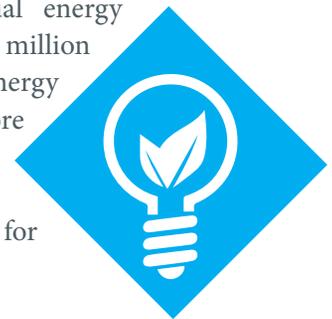
### BEST NEW PROJECT

Our new Ellington Airport Air Traffic Control Tower (ATCT) and Utility Building won double honors in the 2019 Engineering News-Record regional awards competition, including a Best Project award in the Airport/Transit category and an award of merit for Excellence in Safety. The 143-foot Air Traffic Control Tower replaced the original ATCT at Ellington Airport that was built in 1955 and damaged by Hurricane Ike. The state-of-the-art tower supports general aviation, as well as all Ellington Joint Reserve Base military and aviation missions of the Texas Air National Guard, Texas Army National Guard, the U.S. Coast Guard and NASA. In addition, Ellington Airport is home to Houston’s Spaceport, and the new ATCT is ready to help us reach the stars.



### OUTSTANDING GOVERNMENT ORGANIZATION

Houston Airports received the Outstanding Government Organization Award at the 2019 Texas Energy Summit, based on the proactive steps taken to reduce annual energy consumption. At Bush and Hobby Airports, a \$28.4 million capital investment will be used to improve energy efficiency, lower annual energy consumption by more than 24 million kilowatt-hours, reduce annual utility costs by more than \$1.3 million and help Houston Airports reach its net-zero energy goal for Bush Airport.





# CUSTOMER EXPERIENCE

HOUSTON AIRPORTS WORKS TO **WOW CUSTOMERS**





## HOUSTON AIRPORTS WORKS TO WOW CUSTOMERS

In its quest to be the best, Houston Airports stepped up efforts in 2019 to make each customer's airport experience exceptional. This meant implementing unexpected "wow" features designed to delight passengers, from facilities improvements and new technology to expanded cultural arts programs.

**PRIVATE PLACES A RESPITE FOR TRAVELING MOTHERS**

Sometimes what a mother needs most while traveling is a quiet place to take her child. In 2019, Hobby Airport joined Bush Airport in designating special private spaces for mothers to nurse, change diapers, or just sit quietly with their child away from the terminal's hustle and bustle. Hobby Airport now has both a dedicated permanent mothers' room and a portable unit manufactured by Mamava with enough space for two mothers. Bush Airport has five permanent mothers' rooms, each equipped at minimum with an AC and USB power outlet, changing table, and nursing glider chairs. Most rooms comfortably accommodate three mothers at a time, additional children and temporary storage for strollers.



**ONLINE RESERVATIONS SIMPLIFY PARKING**

Finding a guaranteed parking spot at both Bush and Hobby Airports is just a click away. Parking reservations can be made on [fly2houston.com](http://fly2houston.com). The online reservation system allows customers to pick from Bush Airports four available terminal garages and two ecopark locations, or Hobby Airports two terminal garages. Passengers can set check-in and check-out dates and pay in advance with a credit card.



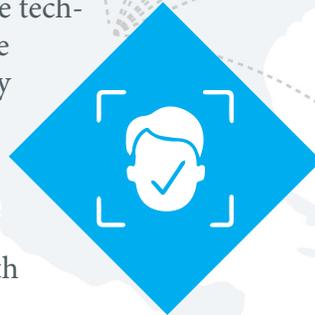
**WATER DISPOSAL STATIONS INCREASE CONVENIENCE**

Hobby Airport employees created and installed two water disposal stations for those who forget to dispose of liquids over three ounces before getting to the security checkpoint. Now passengers can toss the contents, keep the containers and refill them with filtered water at one of Hobby's 16 water filling stations on the secured side of the terminal.



**BIOMETRIC TECHNOLOGY SPEEDS UP THE SCREENING PROCESS**

The latest biometric technology has landed at Bush Airport. Biometric technology is now being used for traveler identification screenings at Terminals A, B and E - with Terminal C to come in 2020. The technology provides a more seamless travel experience. Using the customer's face to authenticate identity, biometric technology replaces an ID, passport and other forms of identification for faster processing from ticketing to gate.



In 2019, Hobby Airport made a big leap into becoming the "Airport of the Future". All outbound gates were outfitted with biometric technology.

## THE ARTS CREATE MEMORABLE IMPRESSIONS

From one of the largest art collections in the state of Texas to our popular performing arts “Harmony in the Air” program, Houston Airports leaves a memorable impression on passengers at Bush and Hobby Airports. The Houston City Council approved a plan in 2019 to expand Harmony in the Air, which now features performances Monday through Saturday at peak travel times. Musicians, who must be residents of Houston, represent diverse music genres, genders, races and cultures. Approved 20 years ago, the City of Houston Civic Art Ordinance provides funding generated from our airports for permanent art acquisitions and professional conservation of existing artwork in the collection.

Today, Bush and Hobby Airports are home to nearly 300 pieces of art placed throughout the terminals and grounds. Created primarily by Texas-based artists, our current collection contains sculpture, paintings, drawings, mosaic murals, photography, video and sound art, textiles and jewelry.



# PASSENGER GROWTH





## HOUSTON AIRPORTS GROWS AS A GLOBAL GATEWAY

Houston Airports is expanding the city's connectivity to the world and accommodating the ever-increasing amount of international air traffic. Since 2010, international air service has doubled, with 13 new international air carriers entering the Houston market, including Ethiopian Airlines that joined this growing roster in December. Our airports, home to 20 international foreign-flag air carriers, now connect to all six inhabited continents of the world.

### ETHIOPIAN AIRLINES LAUNCHES NONSTOP SERVICE TO HOUSTON

Returning to Houston in December, Ethiopian Airlines started nonstop service three times per week from Bush Airport to Lome, the capital of Togo in West Africa. Ethiopian Airlines will have continuing service to Addis Ababa, Ethiopia from Lome. The new flights facilitate travel for Houston's growing Nigerian community, the largest in the U.S., and representatives of some of the world's largest energy companies that have extensive global operations in West Africa. Ethiopian is the world's fourth-largest airline in terms of countries served.



### AEROMEXICO ADDS FLIGHTS TO MEXICO CITY

AeroMexico increased flight frequency between Houston and Mexico City in March. The added flights give AeroMexico and Delta Airlines passengers the convenience of completing business, pleasure or family activities and returning the same day. The additional flights also allow customers to connect to AeroMexico's 43 destinations within Mexico, 11 in Central America and the Caribbean and nine in South America.



# IAH



45.2 MIL

In 2019, more than 45.2 million passengers traveled through the five-terminal, five-runway airport



187 Total Destinations

Nonstop service to more than 118 domestic destinations and 69 direct and nonstop international destinations



141K Jobs

Supports more than 141,000 local jobs and contributes more than \$27.3 billion to the local economy



## 6 Continents

Provides service to all 6 inhabited continents, and offers more Latin American destinations than any other airport in the U.S.



## Largest Hub

One of the largest hubs for the world's second-largest airline, United Airlines



## 16th

16th busiest airport in North America based on flight operations according to ACI-NA

## HOBBY AIRPORT REACHES MILESTONE IN PASSENGER TRAFFIC

Hobby Airport had a record-breaking year for domestic and international passenger travel. For the first-time, a total of 14.4 million passengers traveled out of Hobby Airport. While domestic travel numbers set records, international passenger travel numbers were through the roof. For the first-time since international air travel returned to Hobby Airport in 2015, it surpassed the million mark for international travelers at Hobby.



## AIR CARGO OPERATIONS CONTINUE TO GROW

Bush Airport continued growing its international cargo operations in 2019, signing a new agreement with Cabo Frio Airport to bolster cargo trade between Brazil and Houston, as well as seeing CAL Cargo Airlines start scheduled service.

The Cabo Frio agreement creates a pipeline of air cargo opportunity between two of the largest oil, gas and energy centers in the Americas and serves as the starting point for developing potential new business that will increase air cargo volumes for both airports.

Based in Liege, Belgium, CAL Cargo Airlines added Bush Airport to its global network in July. The cargo carrier is part of the Challenge Group, which operates four B747-400 freighters. Challenger Group carriers specialize in door-to-door solutions for unique and complex shipments, including live animals, non-standard size shipments, dangerous goods, perishables, valuables and engines.

# HOU



14.4 MIL

39th busiest airport in the U.S. for passenger totals in 2019; more than 14.4 million passengers traveled through the airport in 2019



83 Total Destinations

Airline service to 71 domestic and 12 international destinations within U.S., Mexico, Latin America and the Caribbean



36K Jobs

Supports more than 36,000 local jobs and contributes \$5.8 billion to the local economy



### Biometrics

The first in Texas to have biometric entry and exit



### Active Hub

Home to one of Southwest Airlines' most important and active hubs



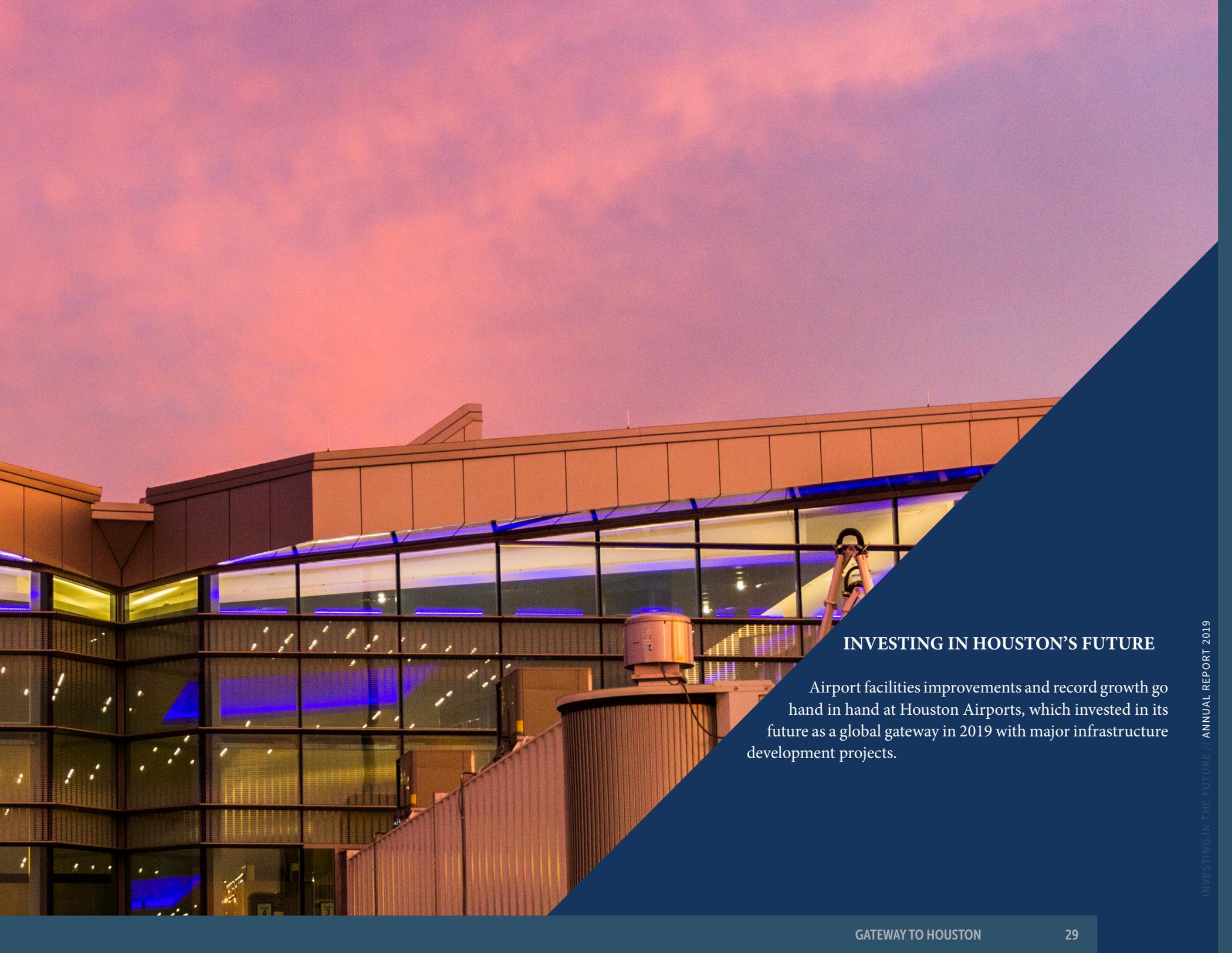
### 1937

Acquired by the City of Houston in 1937

# INVESTING IN THE FUTURE

INVESTING IN **HOUSTON'S FUTURE**





## INVESTING IN HOUSTON'S FUTURE

Airport facilities improvements and record growth go hand in hand at Houston Airports, which invested in its future as a global gateway in 2019 with major infrastructure development projects.

## NEW INTERNATIONAL TERMINAL COMPLEX TAKES OFF

The IAH Terminal Redevelopment Program (ITRP) took another major step forward in November. Demolition of Old C North began with a celebration and groundbreaking event. Designed to significantly improve the customer experience while supporting our record international passenger growth, the new International Terminal Complex will house international flight operations for United Airlines and more than a dozen foreign flag carriers.

### The ITRP project includes:

- Demolition of old Terminal C North to make room for six new gates that accommodate widebody aircraft
- Refurbishing the existing Mickey Leland International Terminal
- Demolition of the Terminal D/E parking garage to make room for a central international terminal processor between Terminals D and E where all international ticket counters, security checkpoint lanes and baggage claims will be consolidated

The design of the International Terminal Complex will incorporate/infuse elements of Houston, customer amenities, and flexible and sustainable space filled with daylight and the latest technology. When completed, the new complex will include two concourses where passengers will board planes, dine or access facilities such as airport lounges. The program also resolves roadway and curbside capacity constraints, improves baggage handling system capacity and expands the ticketing hall. Completion for ITRP is scheduled for 2024.



## UNITED AIRLINES EXPANDS FACILITIES

United Airlines and Houston Airports celebrated the start and completion of several different facility expansions at Bush Airport during 2019, including a new virtual ramp control tower, inflight training center complex, technical operations center and baggage system.

The virtual ramp control tower, which officially opened in October, has been designed to enhance how the airline manages aircraft traffic and movement across the tarmac. United is the first commercial airline in the industry to operate a virtual ramp control tower with this cutting-edge technology.

United Airlines started construction on its new \$20 million, 50,000-square-foot inflight training center annex in October to provide additional training facilities for United's inflight service teams. The expansion will result in new classrooms, training spaces, storage, and eventually, a commercial-sized swimming pool where flight attendants will practice using inflatable emergency rafts in the event of a water landing.

Most of the construction of the United Technical Operations Center (UTOC) was completed in 2019. At 305,000 square feet, the additional hangar space will be used for maintaining widebody aircraft in addition to housing a warehouse distribution center, technical services building and administrative offices. The new UTOC will enable United to consolidate its line maintenance and base maintenance operations in a single complex, providing greater efficiency and flexibility.

In addition, United is investing \$326 million in a new baggage system at Bush Airport that is scheduled to be operational in 2022.

### **SOUTHWEST BUILDS ITS LARGEST MAINTENANCE BASE**

Southwest Airlines officially opened a new 240,000-square-foot maintenance complex, the largest in its system, at Hobby Airport in January 2020 after two years of construction. The state-of-the-art hangar will service Southwest's growing operation at Hobby with enough space to hold six 737s inside at the same time and at least eight more outside.

### **AMERICAN AIRLINES BUILDS LINE MAINTENANCE STATION**

American Airlines spent 2019 constructing a new line maintenance station at Bush Airport. The facility's purpose is to handle increased maintenance needed during peak travel seasons, while improving reliability and increasing the number of available aircraft. Completed in three phases, the \$42 million line maintenance station is expected to open in the first quarter of 2020. The station will employ about 50 aviation maintenance technicians who will perform work on the airline's Boeing 737s, and Airbus A319, A320 and A321 aircraft.

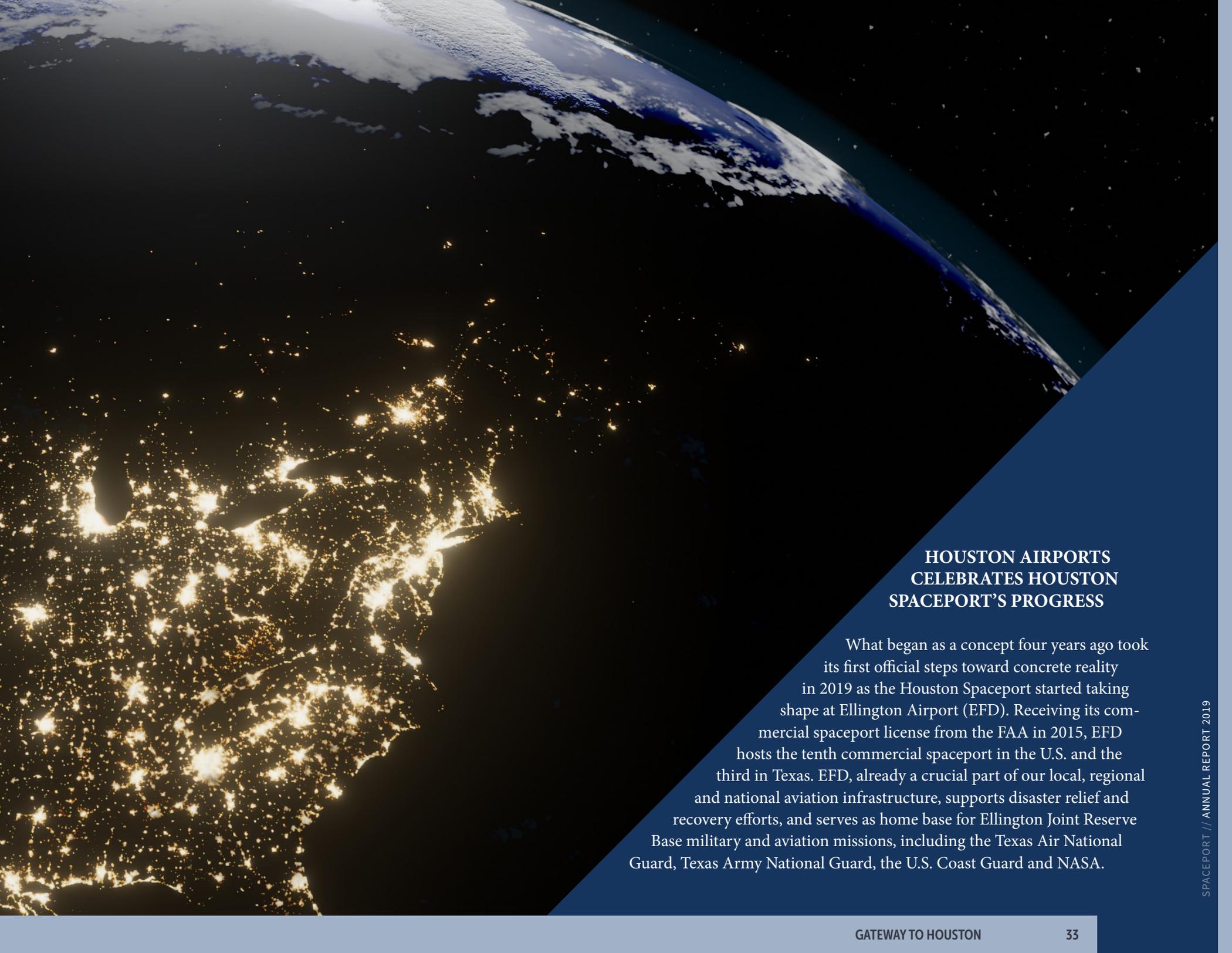
### **HOUSTON AIRPORTS REHABS BUSH AIRPORT TAXIWAY WA**

After a lengthy closure, Houston Airports reopened Taxiway WA at Bush Airport in 2019. The completed rehabilitation ensures the airport's pavement infrastructure, such as taxiways and runways, exceeds demands for safe and sustainable operation, increased capacity and optimum efficiency. We will soon start the construction phase to rehabilitate Bush Airport's Taxiway WB.



# HOUSTON SPACEPORT

INVESTING IN HOUSTON'S FUTURE



## **HOUSTON AIRPORTS CELEBRATES HOUSTON SPACEPORT'S PROGRESS**

What began as a concept four years ago took its first official steps toward concrete reality in 2019 as the Houston Spaceport started taking shape at Ellington Airport (EFD). Receiving its commercial spaceport license from the FAA in 2015, EFD hosts the tenth commercial spaceport in the U.S. and the third in Texas. EFD, already a crucial part of our local, regional and national aviation infrastructure, supports disaster relief and recovery efforts, and serves as home base for Ellington Joint Reserve Base military and aviation missions, including the Texas Air National Guard, Texas Army National Guard, the U.S. Coast Guard and NASA.

## AWARD-WINNING AIR TRAFFIC CONTROL TOWER OPENS AT ELLINGTON AIRPORT

In March, Houston Airports officially opened a new state-of-the-art Air Traffic Control Tower at Ellington Airport that will support its general aviation tenants, Ellington Joint Reserve Base military missions, and future operations at the Houston Spaceport. The 143-foot tower, which replaced the former air traffic control tower built in 1955, won double honors in the 2019 Engineering News-Record regional competition, including an award for Best Project in the Airport/Transit category. Features include new radios to improve communication with aircraft, an updated lighting control system, and an automated weather observation system that can determine cloud heights, temperature, rainfall amounts, the presence of lightning in the area and other conditions.



to serving as a launch and landing site for suborbital, reusable launch vehicles, Houston Spaceport's vision and mission is to create a focal point for aerospace innovation by creating a cluster of aerospace companies that will lead the nation in the transition from a government-managed to a commercially-driven space program.

When complete, Phase I will offer potential tenants and partners a unique environment in which to collaborate in addition to an operational platform for achieving critical business objectives. Eventually, when all 450 acres available to the project at Ellington Airport are fully developed, the Houston Spaceport will be a focal point for aerospace research, manufacturing and commercial space operations.

## SPACEPORT TENANT TAPPED BY NASA FOR MOON LAUNCH

Intuitive Machines, the first company to be based at the Houston Spaceport, has joined NASA's new era of lunar exploration, with a robotic landing on the moon planned for 2021. The contract calls for Intuitive Machines to develop, launch and land its Nova-C spacecraft on the lunar surface with a payload of NASA and private experiments. This places Intuitive Machines on the path to becoming one of the first private U.S. companies to land a spacecraft on the moon, further validating Houston Spaceport's future in commercial space travel.



## HOUSTON SPACEPORT MAKES IT OFFICIAL WITH GROUNDBREAKING CEREMONY

In October 2018, the Houston City Council approved more than \$18.8 million in funding for infrastructure development at the Houston Spaceport. Phase 1 Expansion — construction of streets, water and wastewater, pipelines, electrical power and distribution and communications facilities — is underway. Houston Spaceport is an FAA-licensed, urban commercial spaceport offering unprecedented access to a thriving aerospace community. In addition

# EFD



### Commercial Spaceport

Became home to the nation's 10th licensed commercial spaceport in June 2015



### Space Training

With NASA as tenant, many of the astronauts from the world-renowned Johnson Space Center receive ongoing space training at EFD



### 13K Jobs

Supports more than 13,000 local jobs and contributes \$3.3 billion to the local economy



75K

Accommodates more than 75,000 flight operations, offering 24/7 ATC service & three active runways



Disaster Relief

Home to the regional headquarters of the United States Coast Guard



Military Operations

Supports the operations of the U.S. Military, the Department of Homeland Security, NASA and a variety of general aviation tenants.

# PARTNERSHIPS

INVESTING IN HOUSTON'S FUTURE





## PARTNERSHIPS STRENGTHEN HOUSTON AIRPORTS

Houston Airports connects and collaborates with the community, government officials and business leaders on a regular basis to strengthen relationships, foster aviation education and support public initiatives that affect the traveling public.

### SUPPORTING THE FIGHT AGAINST HUMAN TRAFFICKING

Houston Airports became the first airport system in the country to sign on as a formal Blue Lightning Initiative (BLI) partner. In October, Mayor Sylvester Turner and Aviation Director Mario Diaz signed a memorandum of understanding with the U.S. Department of Homeland Security (DHS) and the U.S. Department of Transportation (DOT). This public outreach campaign, designed to combat human trafficking, includes training personnel to spot and report trafficking within the commercial aviation industry.

The partnership is an extension of existing efforts to combat the problem. In January 2019, Houston Airports teamed up with airline partners, U.S. Customs and Border Protection and DHS to raise awareness on National Human Trafficking Awareness Day. Staff at both Bush and Hobby Airports wore blue shirts and other blue apparel on Jan. 19 in support of the DHS Blue Campaign against human trafficking.





COUNSEL



# BLUE LIGHTNING INITIATIVE

End Human Trafficking™



## RECOGNIZE AND REPORT HUMAN TRAFFICKING

Human trafficking involves the use of force, fraud, or coercion to obtain some type of labor or commercial sex act.

Any minor (under the age of 18) engaged in commercial sex is a victim of human trafficking according to federal law, regardless of whether there is force, fraud, or coercion.

### INDICATORS OF HUMAN TRAFFICKING

If you observe the following indicators of suspected human trafficking activity, you should report them right away.



## HOUSTON AIRPORTS STRENGTHENS AS A GLOBAL GATEWAY

Our global community outreach focuses on increasing public and industry awareness of our facilities and services, especially when it comes to promoting Houston Airports' new and long-standing service routes. In February, Chief External Affairs Officer Saba Abashawl joined Visit Houston Tourism Vice President Jorge Franz and representatives of United Airlines and traveled to Bogotá, Colombia, to celebrate United's 25 years of direct air service between Houston and Bogota. In addition to promoting Houston as the premier U.S. gateway to Latin America, Abashawl and Franz developed and strengthened relationships with travel industry leaders. Later that month, Houston Airports combined efforts with Visit Houston to promote Bush and Hobby Airports as convenient and reliable gateways to Mexico, which is Houston's number-one international market.

## TEXAS A&M HELPS TO INCREASE ENERGY EFFICIENCY

Houston Airports began partnering with the Texas A&M System's Engineering Experiment Station in April on projects at Bush Airport and Hobby Airport to help reduce utility costs, increase energy efficiency and improve air quality. The main objective is to replace outdated equipment, controls, the baggage-handling system and lighting. The projects, which include installing four new chillers as part of a new utility plant, improving building operations, and adding a solar array on new shading canopies, are expected to reduce annual energy utility consumption by more than 24 million kilowatt-hours and utility costs by more than \$1.3 million annually.

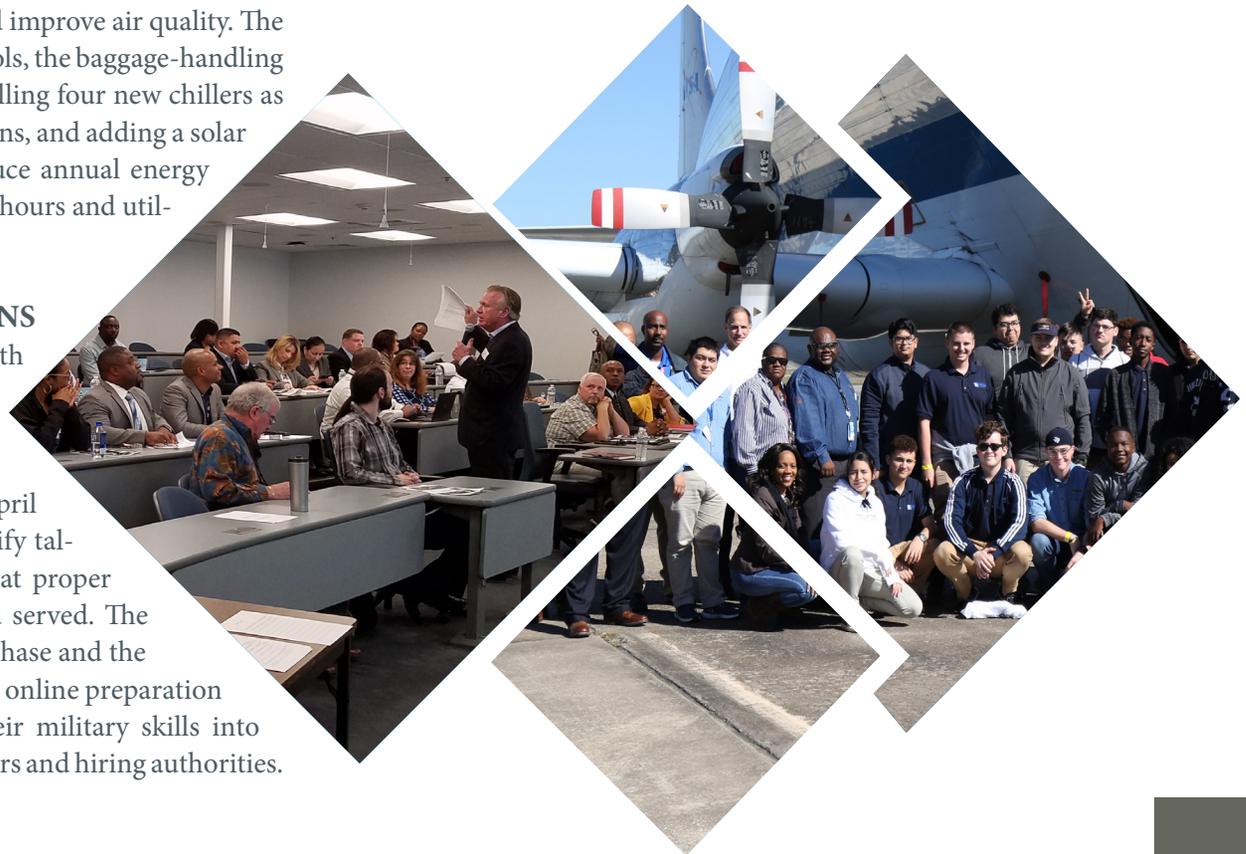
## TRAINING AND JOBS FOR LOCAL VETERANS

Once again in 2019, Houston Airports partnered with Edge4Vets and other local sponsors to provide training and job opportunities for some of our nation's service personnel who are returning to the civilian workforce. A Houston "Connect" event was held in April at Houston Airports administration building to identify talented candidates for local aviation jobs, ensuring that proper consideration is given to those who have fought and served. The Edge4Vets program has two components, the "Prep" phase and the "Connect" phase. The Prep phase involves an online preparation program that helps veterans translate their military skills into terminology that resonates with recruiters and hiring authorities.

In the "Connect" phase that follows, participants are invited to connect with recruiters and employers from the airport system and affiliated business partners that provide supervisors who serve as mentors to guide veteran applicants. The goal is to have conversations that help veterans understand where their skills may be best utilized in the air travel industry, naturally.

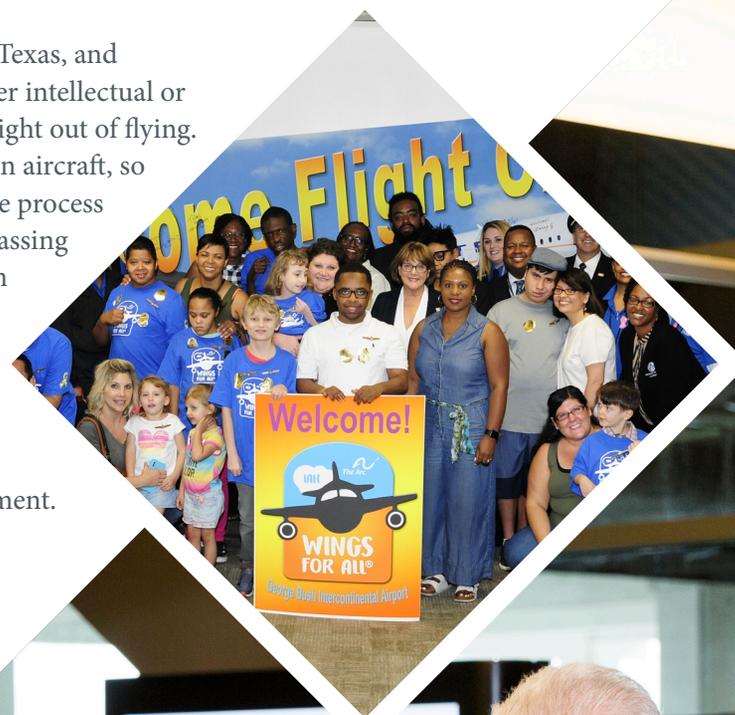
## AVIATION CAREERS FOR HIGH SCHOOL STUDENTS

Since 2012, Houston Airports Aviation Club has partnered with Sterling Aviation Early College High School to help students enter aviation and aerospace careers. The Aviation Club meets monthly so students can connect and exchange ideas with aviation/aerospace leaders and educators, and learn about the many different jobs that exist, as well as the strategic and operational issues facing the industry. During the school year, students visit aviation-related facilities to meet workers and executives. The experience energizes them about pursuing career paths in the industry. Paid summer internships are offered to give students hands-on aviation industry experience.



## COLLABORATING TO MAKE WINGS FOR ALL SOAR

Through a special collaboration with Houston Airports, the Arc of Texas, and other partners, local families with children who have autism or other intellectual or developmental disabilities are offered the opportunity to take the fright out of flying. With *Wings for All*, participants go through the airport and board an aircraft, so when it is time to take an actual trip, they are more familiar with the process and their surroundings. They practice obtaining boarding passes, passing through TSA security, waiting in the boarding area and boarding an airplane. While on the plane, they buckle up, enjoy a beverage and snack, and listen to the pilot and inflight crew announcements. They can familiarize themselves with the seats, tray tables and aircraft restrooms. As an added bonus, *Wings for All* also gives the airport, airline and TSA professionals the opportunity to observe, interact and deliver their services in a structured, learning environment.



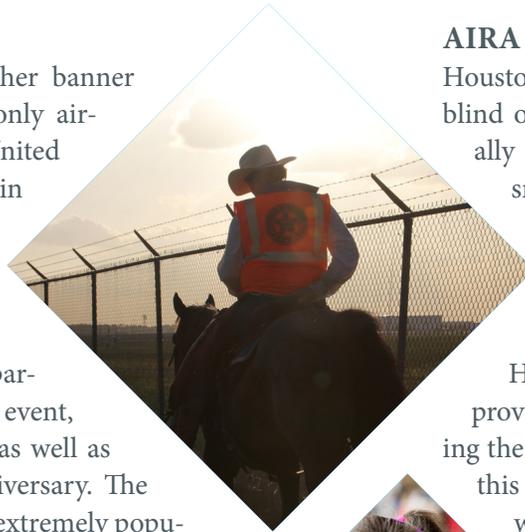
## VOLUNTEERING TO PROVIDE STELLAR SERVICE

Houston Airports Ambassadors are an essential part of customer service at our airports. Often, they are the first impression visitors get of our city when they step off the airplane at either Bush or Hobby Airports. These special volunteers greet customers, answer questions, provide general information, staff information desks, help with VIP escorts, assist in emergencies or irregular operations and participate in special events.



## HOUSTON AIRPORT RANGERS

Two thousand nineteen marked yet another banner year for Houston Airports Rangers, the only airport equestrian volunteer program in the United States. The Rangers program was created in 2003 to increase the security of Bush Airport through community participation. Each year, dozens of Rangers – all volunteers – enhance the security system at Bush Airport through patrols. In 2019, Rangers participated in the city of Houston’s premier event, the Houston Livestock Show and Rodeo™ as well as several events celebrating IAH’s 50th anniversary. The all-volunteer “observe and report” group is extremely popular and provide additional ground-level security for the airport.

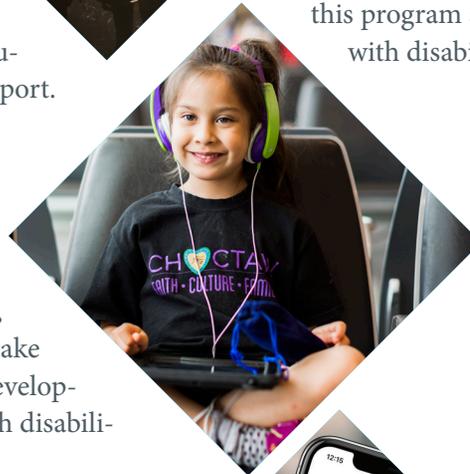


## AIRA APP FOR VISUALLY IMPAIRED

Houston Airports provides Aira technology free of charge to travelers who are blind or visually impaired at Bush and Hobby Airports. Aira connects visually impaired people to highly trained, remotely located agents through a smartphone app or an optional pair of smart glasses. The service delivers instant access to visual information at the touch of a button, enhancing efficiency, engagement and independence.

## SERVICE DOG TRAINING PROGRAM

Houston Airports partners with organizations that train service dogs to provide real-world experience to the young dogs previously identified as having the potential of being future service animals. Service dogs participating in this program are more likely to be successful personal assistants to travelers with disabilities who want the freedom to fly.

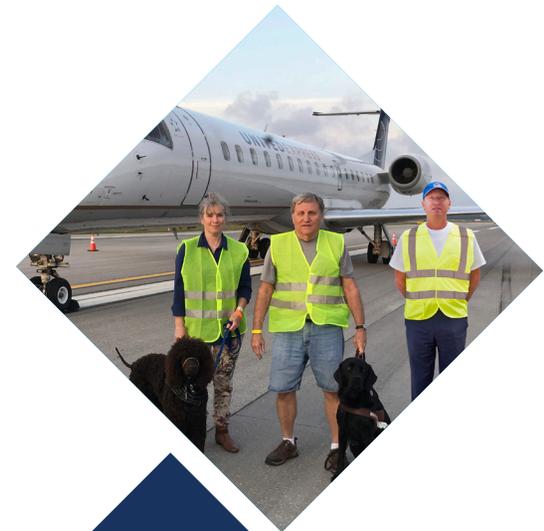
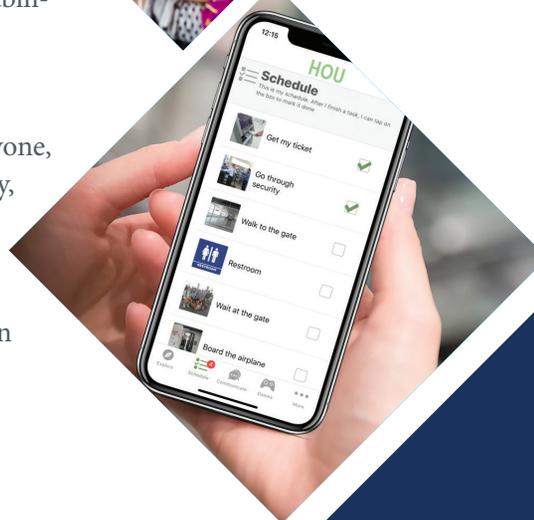


## AIRPORT ACCESSIBILITY FOR ALL

In 2019, Texas Gov. Greg Abbott recognized Houston Airports’ efforts to enhance airport accessibility for people with physical and developmental disabilities. Persons with disabilities must have access to the activities, programs and services provided to all passengers. We take this responsibility seriously and have been proactive in developing new technologies that will encourage more people with disabilities to travel through Houston’s airports.

## ACCESS HOUSTON AIRPORTS APP

The new free Access Houston Airports app helps prepare anyone, especially families raising a child with a developmental disability, for their visit to Bush and Hobby Airports. The app contains tools that explain all phases of the airport navigation process to ease anxiety and improve the airport experience. The Access Houston Airports app is free and available for download in the App Store or Google Play.





# FINANCIAL





## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The information and reports provided are an excerpt of the entire Houston Airport System Comprehensive Annual Financial Report (CAFR) which can be viewed at <https://www.fly2houston.com/biz/about/investor-relations>

**Financial Highlights**

The Fund's net position increased \$92.7 million or 6.2% during fiscal year 2019 and increased \$31.7 million or 2.2% during fiscal year 2018.

In fiscal year 2019, operating income decreased \$13.0 million. In fiscal year 2018, operating income decreased \$55.7 million. In fiscal year 2019 operating revenues declined \$12.4 million while operating expenses climbed \$0.6 million. Landing fees and ground rentals were down \$16.9 million partially due to rates and charges adjustments of \$7.4 million with the airlines, while parking, concession and other fees increased \$4.5 million for the year. In fiscal year 2018, operating revenues increased \$16.8 million while operating expenses increased \$72.5 million as a result of vast pension cost reductions recognized in the prior year associated with pension reform.

Maintenance and operating expenses increased \$2.4 million in fiscal year 2019 and increased \$80.6 million in fiscal year 2018. Depreciation expense decreased \$1.8 million in fiscal year 2019 and decreased \$8.2 million in fiscal year 2018.

Investment income increased \$36.5 million in fiscal year 2019 and increased \$5.2 million in fiscal year 2018.

In fiscal year 2018, the Fund implemented GASB No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The cumulative effect of the implementation added a deficit of \$(21.3) million to the unrestricted net position as of July 1, 2017. Beginning in fiscal year 2018, the Airport System set its rates and charges to recover this deficit over 30 years.

The Fund implemented Governmental Accounting Standards Board (GASB) Statement No. 68 at the start of fiscal year 2015, to record a net pension liability based not on the City's legal funding requirement, but on an actuarial calculation of total pension liability less the fiduciary net position of the Houston Municipal Employee Pension System (HMEPS). This resulted in unrestricted net position deficits of \$(178.0) million as of June 30, 2015 and 2016. The unrestricted net position as of June 30, 2017 was improved to \$(126.9) million due to cost savings included in pension reforms implemented by the City.

**Overview of the Financial Statements**

This discussion and analysis is an introduction to the Fund's financial statements. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. An enterprise fund is used to account for a business-like activity within a government. The Airport System Fund is an enterprise fund of the City of Houston, thus included in the City of Houston's Comprehensive Annual Financial Report (CAFR). The Houston Airport System (HAS) consists of George Bush Intercontinental Airport (IAH), William P. Hobby Airport (HOU), and Ellington Airport (EFD), and is managed and operated as a department of the City.

The statement of net position presents information on the Fund's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these sections reported as net position. Changes in net position from year to year may serve as useful indicators of whether the financial position of the Airport System Fund is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Fund's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The statement of cash flows reports how much cash was provided by or used by the Fund's operations, investing activities, non-capital financing activities, and capital and related financing activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Net Position**

Total net position at June 30, 2019 was \$1,598.3 million, a 6.2% increase from June 30, 2018.

Total net position at June 30, 2018 was \$1,505.5 million, a 2.2% increase from June 30, 2017

	<b>NET POSITION</b>		
	<i>JUNE 30, 2019, JUNE 30, 2018, and JUNE 30, 2017</i>		
	<i>(in thousands)</i>		
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Assets</b>			
Current assets	\$ 498,385	\$ 480,903	\$ 452,246
Noncurrent assets	1,016,240	963,092	892,490
Net capital assets	<u>2,765,308</u>	<u>2,816,044</u>	<u>2,883,432</u>
Total assets	<u>4,279,933</u>	<u>4,260,039</u>	<u>4,228,168</u>
Deferred outflows of resources	<u>37,388</u>	<u>51,334</u>	<u>81,177</u>
<b>Liabilities</b>			
Current liabilities	216,428	243,095	218,419
Long term liabilities	<u>2,470,516</u>	<u>2,551,512</u>	<u>2,612,622</u>
Total liabilities	<u>2,686,944</u>	<u>2,794,607</u>	<u>2,831,041</u>
Deferred inflows of resources	<u>32,121</u>	<u>11,253</u>	<u>4,487</u>
<b>Net Position</b>			
Net investment in capital assets	542,125	531,232	542,363
Restricted net position	1,194,487	1,117,578	1,058,392
Unrestricted (deficit)	<u>(138,356)</u>	<u>(143,297)</u>	<u>(126,938)</u>
Total net position	<u>\$ 1,598,256</u>	<u>\$ 1,505,513</u>	<u>\$ 1,473,817</u>

More than a third of the Fund's total net position (33.9% in fiscal year 2019; 35.3% in fiscal year 2018) reflects net investment in capital assets (e.g., land, buildings, runways, equipment and infrastructure) less any related outstanding debt used to acquire those assets. The Fund uses these capital assets to operate the airports; consequently, these assets are not available for future spending. Although the Fund's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided by airport revenue or other sources procured by the Fund, since the capital assets cannot be used to liquidate these liabilities. The other portions of the Fund's net position represent resources that are restricted, and the unrestricted deficit. The restricted resources (74.7% in fiscal year 2019; 74.2% in fiscal year 2018) are subjected to external restrictions on how they may be used. Most of these restrictions are due to covenants made to the holders of the Fund's revenue bonds within ordinances passed by City Council. These covenants further require that any positive unrestricted net position carried in cash and cash equivalents at the end of the fiscal year be restricted for future capital improvements. The unrestricted (deficit) net position was \$(138.4 million) as of June 30, 2019 and was \$(143.3 million) as of June 30, 2018.

## CITY OF HOUSTON, TEXAS

## AIRPORT SYSTEM FUND

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**CHANGES IN NET POSITION**

From July 1, 2018 to June 30, 2019, net position of the Airport System Fund increased \$92.7 million or 6.2%.

From July 1, 2017 to June 30, 2018, net position of the Airport System Fund increased \$31.7 million or 2.2%.

Operating revenues decreased \$12.4 million or 2.4% for fiscal year 2019 and increased \$16.8 million or 3.4% for fiscal year 2018. In fiscal year 2019, the total enplaned and deplaned (IAH and HOU) passenger volume increased 5.0% whereas in 2018 the total enplaned and deplaned (IAH and HOU) passenger volume increased 1.0%. In 2019 at IAH, there was a 1.9% rate decrease in landing fees from \$2.757 to \$2.704 per 1,000 pounds, compared to the year 2018 4.0% rate increase in landing fees from \$2.642 to \$2.757. In 2019 at HOU, there was a 7.7% rate decrease in landing fees from \$2.013 to \$1.857 per 1,000 pounds, compared to the year 2018 1.6% rate increase in landing fees from \$1.982 to \$2.013. In addition, the fiscal 2019 parking rates increased 9.1% from \$22 to \$24, following fiscal year 2018's 20% increase from \$20 to \$22. Rental revenues fell 4.0% in 2019 although concessions increased 2.5%. In year 2018, rentals increased 2.4%, while concessions gained 4.1%.

Capital contributions are grant awards that are primarily related to reimbursements for expenses from construction projects. Amounts received from Federal Aviation Administration (FAA) discretionary, FAA entitlement and Transportation Security Administration (TSA) grants fluctuate year-to-year because of timing differences between the date of the award and the date of construction completion. In fiscal year 2019, capital contributions increased \$2.8 million and in fiscal year 2018, capital contributions decreased \$21.7 million.

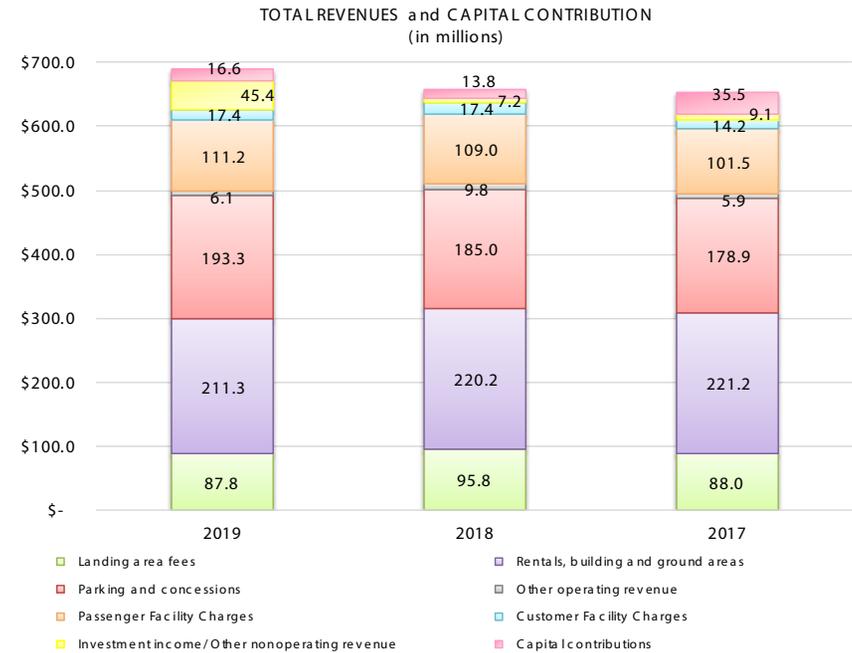
In fiscal year 2019, nonoperating revenues increased \$40.3 million or 30.2% due to a \$36.5 million increase in investment income, a \$2.1 million increase in Passenger Facility Charge (PFC) revenue, and a \$65,000 increase in Customer Facility Charge (CFC) revenue. In fiscal year 2018, nonoperating revenues increased \$8.8 million or 7.1% due to a \$5.2 million increase in investment income, a \$7.5 million increase in PFC revenue, and a \$3.2 million increase in CFC revenue, partially offset by an unfavorable \$5.0 million prior years' cumulative rates and charges adjustment. Investment income increased \$36.5 million in fiscal year 2019, and in fiscal year 2018 increased \$5.2 million. The increase in both years is primarily due to higher interest earnings on treasury investments.

CHANGES IN NET POSITION			
YEARS ENDED JUNE 30, 2019, JUNE 30, 2018, and JUNE 30, 2017			
(in thousands)			
	June 30, 2019	June 30, 2018	June 30, 2017
Operating revenues	\$ 498,464	\$ 510,864	\$ 494,041
Operating expenses	511,743	511,157	438,662
Operating income (loss)	(13,279)	(293)	55,379
Nonoperating revenues	174,001	133,566	124,738
Nonoperating expenses	84,578	94,061	87,574
Nonoperating income (loss)	89,423	39,505	37,164
Revenues over expenses	76,144	39,212	92,543
Capital contributions	16,599	13,784	35,513
Change in net position	92,743	52,996	128,056
Beginning net position as previously reported	1,505,513	1,473,817	1,345,761
Cumulative effect of implementation of new accounting principle	-	(21,300)	-
Total net position, July 1	1,505,513	1,452,517	1,345,761
Total net position, June 30	\$ 1,598,256	\$ 1,505,513	\$ 1,473,817

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**TOTAL REVENUES AND CAPITAL CONTRIBUTION**  
 YEARS ENDED JUNE 30, 2019, JUNE 30, 2018, and JUNE 30, 2017  
 (in thousands)

	June 30, 2019	June 30, 2018	June 30, 2017
<b>Operating revenue:</b>			
Landing area fees	\$ 87,767	\$ 95,779	\$ 88,046
Rentals, building and ground areas	211,323	220,214	221,181
Parking and concessions	193,251	185,035	178,888
Other operating revenue	6,123	9,836	5,926
<b>Nonoperating revenue:</b>			
Passenger Facility Charges	111,155	109,021	101,539
Customer Facility Charges	17,439	17,374	14,200
Investment income (loss)	45,067	8,591	3,403
Other nonoperating revenue	340	(1,420)	5,596
<b>Total Revenues</b>	<b>672,465</b>	<b>644,430</b>	<b>618,779</b>
Capital contributions	16,599	13,784	35,513
<b>Total revenues and capital contributions</b>	<b>\$ 689,064</b>	<b>\$ 658,214</b>	<b>\$ 654,292</b>

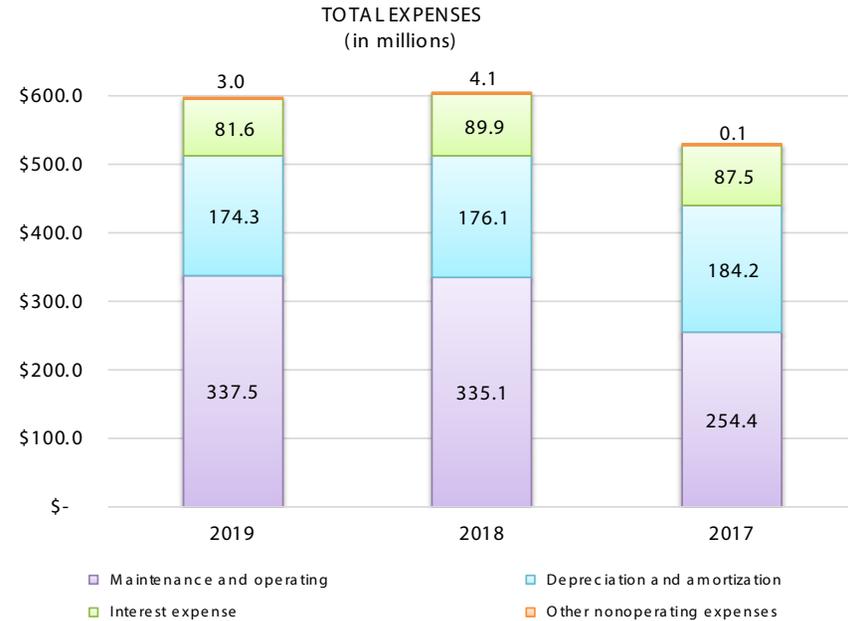


In fiscal year 2019, total operating expenses increased \$0.6 million or 0.1%; maintenance and operating expenses increased \$2.4 million or 0.7%, and depreciation expense decreased \$1.8 million or 1.0%. In fiscal year 2018, total operating expenses increased \$72.5 million or 16.5%; maintenance and operating expenses increased \$80.6 million or 31.7%, and depreciation expense decreased \$8.2 million or 4.4%. The fiscal year 2018 fluctuation in maintenance and operating expenses was due primarily to pension reform efforts of the City of Houston which were recognized in 2017, lowering expenses dramatically in that year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**TOTAL EXPENSES**  
YEARS ENDED JUNE 30, 2019, JUNE 30, 2018, and JUNE 30, 2017  
(in thousands)

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Operating expenses:			
Maintenance and operating	\$ 337,477	\$ 335,104	\$ 254,459
Depreciation and amortization	174,266	176,053	184,203
Interest expense	81,575	89,944	87,482
Other nonoperating expenses	3,003	4,117	92
<b>Total expenses</b>	<b>\$ 596,321</b>	<b>\$ 605,218</b>	<b>\$ 526,236</b>

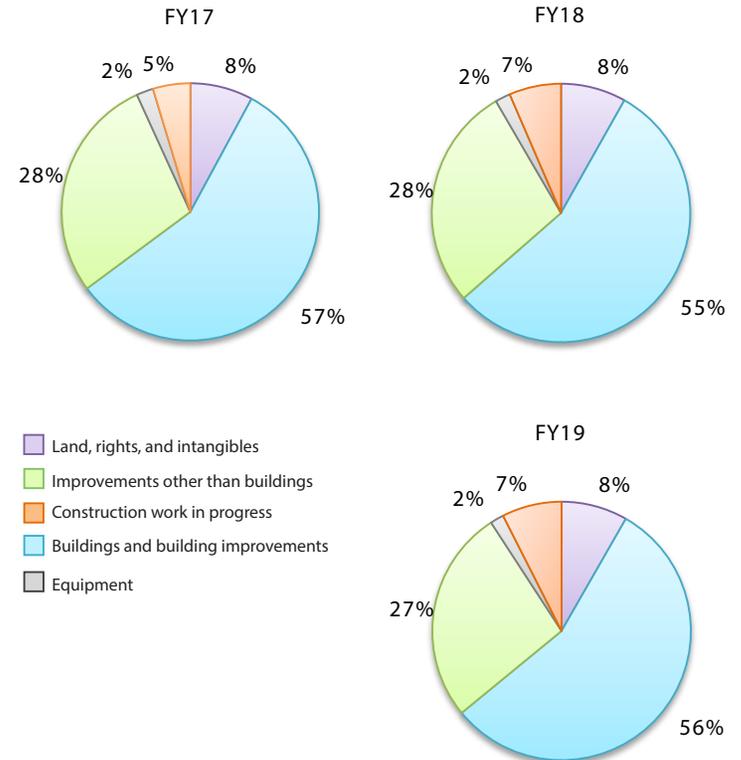


In fiscal year 2019, interest expense decreased \$8.4 million or 9.3%. Interest expense increased \$2.5 million or 2.8% in fiscal year 2018.

The Airport System Fund's investment in capital assets (net of accumulated depreciation and amortization) amounts to \$2.77 billion at June 30, 2019, a decrease of \$50.7 million or 1.8% from June 30, 2018. Capital assets at June 30, 2018 were \$2.82 billion, a decrease of \$67.4 million or 2.3%, from June 30, 2017. At IAH, HAS is proceeding with the planning and procurement of design and construction support for the IAH Terminal Redevelopment Program (ITRP) that includes the newly constructed 11-gate concourse just west of the existing Terminal C North (becoming the "New Terminal C North"), and with the reconstruction and integration of the existing Terminal C North and Terminal D into a new single common-use international facility (the Mickey Leland International Terminal (MLIT)) and a new centralized ticketing hall.

Capital Assets

<b>CAPITAL ASSETS</b>			
<i>JUNE 30, 2019, JUNE 30, 2018, and JUNE 30, 2017</i>			
<i>(Net of Depreciation and Amortization)</i>			
<i>(in thousands)</i>			
	June 30, 2019	June 30, 2018	June 30, 2017
Land	\$ 216,100	\$ 216,107	\$ 216,079
Rights and intangibles	12,926	13,607	11,528
Buildings and building improvements	1,542,612	1,560,127	1,642,234
Improvements other than buildings	739,766	789,944	817,193
Equipment	47,217	53,415	61,165
Construction work in progress	206,687	182,844	135,233
	<b>\$ 2,765,307</b>	<b>\$ 2,816,044</b>	<b>\$ 2,883,432</b>



This capacity expansion of the IAH terminal includes enlargement of the existing Federal Inspection Services (FIS) facility as well as related improvements to aircraft parking aprons and roadways. The terminal and ticketing hall will be used by United Airlines and all foreign-flag airlines serving IAH. Taxiway reconstruction is ongoing in fiscal 2019 and beyond for taxiway projects WA Phase 1 and WB Phase 2.

At HOU, capital improvements are planned for the airfield as required by the FAA, as well as pavement management and customer service enhancements for the HOU Central Concourse. Additionally, certain drainage and roadway improvement projects are taking place in fiscal year 2019. A new project to erect a 2,200-square-foot building and parking lot for parking operations personnel was started this year.

At EFD, construction of a new state-of-the-art air traffic control tower was completed in fiscal year 2019. A design/build contract was awarded in fiscal year 2019 for Phase I of Spaceport development that will construct the necessary roadways and utilities for future tenants. Groundbreaking of Phase I was held on June 26, 2019.

## CITY OF HOUSTON, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

## AIRPORT SYSTEM FUND

## OUTSTANDING DEBT

JUNE 30, 2019, JUNE 30, 2018, AND JUNE 30, 2017

(in thousands)

	June 30, 2019	June 30, 2018	June 30, 2017
Senior lien debt:			
Current maturities-revenue bonds	\$ -	\$ 10,735	\$ 10,225
Long-term revenue bonds payable	-	409,685	420,420
Unamortized discounts and premium	-	(359)	(476)
Commercial paper	48,473	21,473	87,000
Total senior lien debt	<u>48,473</u>	<u>441,534</u>	<u>517,169</u>
Subordinate lien debt:			
Current maturities-revenue bonds	80,110	67,785	67,630
Long-term revenue bonds payable	1,855,340	1,598,790	1,512,135
Unamortized discounts and premium	179,252	110,299	59,061
Total subordinate lien debt	<u>2,114,702</u>	<u>1,776,874</u>	<u>1,638,826</u>
Inferior lien debt:			
Current maturities-contract	-	-	6,240
Long-term contract payable	-	-	-
Total inferior lien debt	<u>-</u>	<u>-</u>	<u>6,240</u>
Other debt:			
Current maturities-note payable	-	-	5,018
Long-term note payable	-	-	110,403
Pension obligation bonds			
Current maturities	-	27,610	-
Long-term payable	2,006	2,006	2,006
Special facility revenue bonds			
Consolidated rental car facility:			
Current maturities	5,960	5,715	5,490
Long-term payable	74,425	80,385	86,100
Total other debt	<u>82,391</u>	<u>115,716</u>	<u>209,017</u>
Total outstanding debt	<u>\$ 2,245,566</u>	<u>\$ 2,334,124</u>	<u>\$ 2,371,252</u>
Deferred outflows of resources:			
Unamortized costs of refunding debt	<u>\$ (19,572)</u>	<u>\$ (20,499)</u>	<u>\$ (27,329)</u>

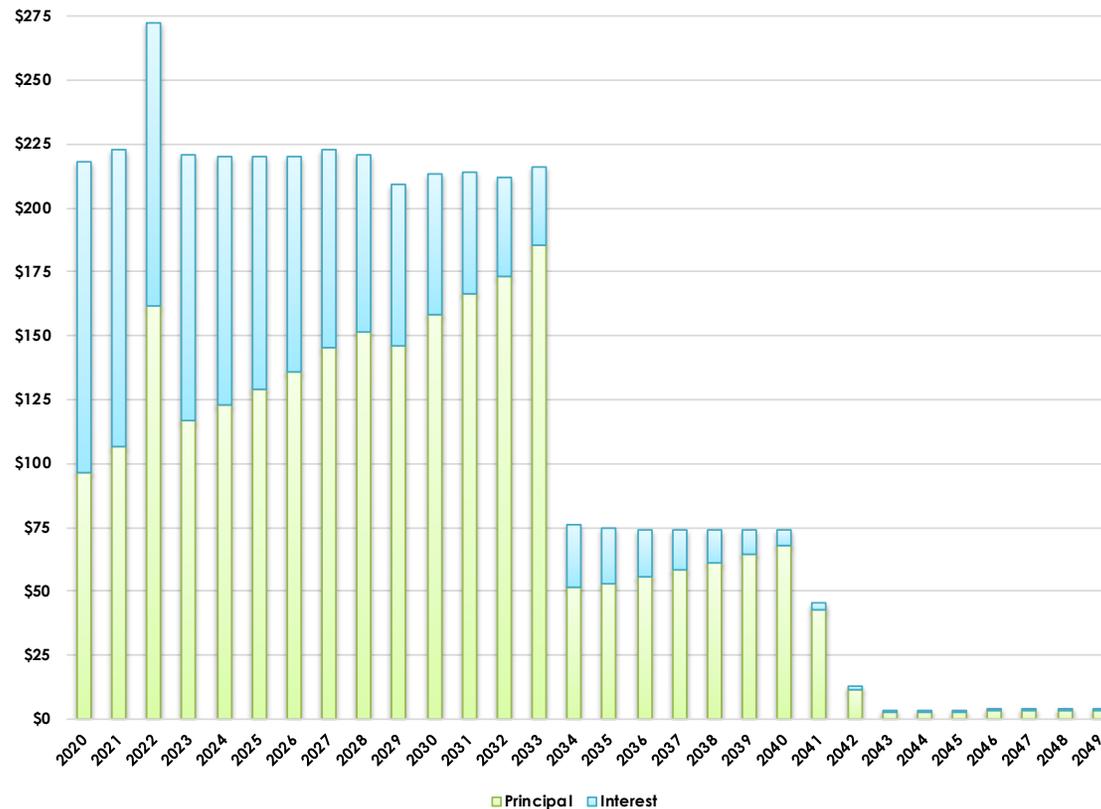
At the end of this fiscal year, the Airport System Fund has total debt of \$2.2 billion, which represents outstanding subordinate lien revenue bonds net of unamortized discounts and premiums, and senior lien commercial paper, both secured solely by Airport System Fund revenues. In addition, the Fund is responsible for \$2.0 million of taxable general obligation pension bonds and \$82.4 million of special facility revenue bonds (consolidated rental car facility). At the end of fiscal year 2018, the Fund had total debt of \$2.3 billion.

Total outstanding debt decreased \$88.6 million or 3.8% during fiscal year 2019. \$655.3 million in debt was added with the issuance of Airport System Subordinate Lien Revenue and Refunding Bonds, Series 2018C and Series 2018D, while \$651.6 million in senior lien fixed rate bonds and subordinate lien auction rate bonds were currently refunded from the proceeds. \$27.0 million in new commercial paper was issued. \$27.6 million in taxable pension obligation bonds, \$89.6 million in subordinate lien bonds, and \$5.7 million in special facility revenue bonds matured and were paid. \$17.3 million in premiums, net of discounts, were amortized. During fiscal year 2018, total outstanding debt decreased \$37.1 million or 1.6% due to the retirement of existing debt and the issuance of Airport System Revenue and Refunding Bonds, Series 2018A and Series 2018B.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Debt Service Requirements to Maturity  
(in millions)

The graph below represents the required principal and interest payments on outstanding debt through fiscal year 2049.



The underlying ratings of the Airport System Fund's obligations for fiscal year 2019:

	Senior Lien	Subordinate Lien	Consolidated Rental Car SFRB
Fitch's Bond Rating:	Not Rated	A	A-
Moody's Bond Rating:	Aa3	A1	A3
Standard & Poor's Bond Rating:	AA-	A+	A

HERE AND  
HERE  
BETWEEN  
SOMEWHERE  
BETWEEN

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