



Houston Airport System Capital Improvement Plan FY 26-30





HAS Ratings and Credit Strengths¹

Extremely strong enterprise risk profile with stable outlook

- Monopoly position, managing both commercial service airports in the combined statistical area
- Economically strong air service market area with strong population growth
- Geographic location that supports hub operations
- Only one notch below peak industry rating

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

¹Rating as of June 30, 2022. On September 29, 2022, Fitch Ratings, Inc upgraded its long-term unenhanced rating to “A+” from “A” on the Airport’s Subordinate Lien Bonds”



Houston has a much lower cost when compared to our competition

- Chicago is **5 times** more expensive than Houston
- Denver is **almost 2 times** more expensive than Houston



Source: CAPA Airport Fee Analysis

Draft, deliberative material.



Summary – Current Year CIP Submission

The HAS 5-Year CIP submission for FY26-30 calls for \$2.7 billion to expand, update and maintain the airport system. This year's submission is a slight decrease compared to the FY25-29 CIP of \$2.8 billion as HAS continues to optimize its capital portfolio and improve the efficiency of capital deployment without increasing the overall budget. A summary breakdown of major projects and project groups within scope for FY26-30 is shown below.

George Bush Intercontinental (IAH) \$2,012M:

- Terminal Modernization Program - \$900M
- Terminal B Redevelopment Program - \$124M
- Skyway Automated People Mover - \$298M
- Central Utility Plant Improvements - \$125M
- IAH Airfield Taxiway and Runways - \$109M
- Infrastructure and Roadways - \$213M
- HVAC, Conveyances and Restrooms - \$102M
- Parking - \$60M

William P. Hobby (HOU) \$643M:

- HOU Airfield Taxiway and Runways - \$436M
- Infrastructure and Roadways - \$119M
- HVAC, Conveyances and Restrooms - \$43M

Ellington Field (EFD) / Spaceport \$49M:

- EFD Airfield Improvements - \$29M
- EFD Drainage Master Plan Construction - \$10M

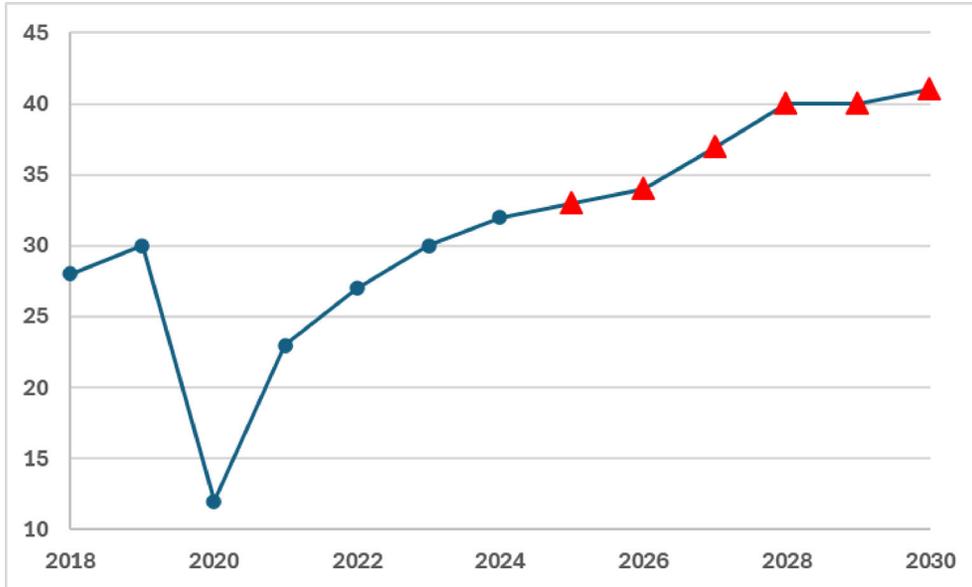


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Houston requires world class facilities to meet projected travel demands

HAS Total Enplanements (2018 – 2030)
Enplanements in millions of passengers



- All values are for calendar year
- 2018 – 2024 – Actual values
- 2025 total – Actuals through Feb 25 + Forecasted values from Mar 25 through Dec 25
- 2026 - 2030 – Forecasted values for entire year

- ✈ Both Houston airports are vital components of the US air traffic system and Houston continues to be an important destination for both business and leisure travelers
- ✈ FAA’s long-term forecast projects enplanement growth to double over 25 years for Houston area airports
- ✈ Future enplanement growth driven primarily by higher airport utilization as airlines schedule more flights using larger planes to simultaneously meet demand while maximizing profit margins

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Houston Airport System Major Capital Projects



DEVELOPMENT | IAH Terminal B Transformation





IAH

Terminal B Modernization

CIP Budget - \$124M (HAS Share \$624M maximum)

Projected Completion – 2026/2027

- \$2.5 billion modernization of Terminal B, including 40 new gates that can service domestic and international flights
- Project will add 3,000 new jobs to Houston along with the 14,000 Houston based United employees
- Terminal B transformation includes:
 - Improving IAH traffic by expanding curbside and roadway capacity
 - Constructing 115,000 sq. ft. of state-of-the-art food and retail space
 - Building the largest club in the global United system on the mezzanine level
 - Creating a multimedia interactive park along with a comfort zone for passengers needing to decompress and relax
 - Expanding the baggage claim and deploying a new baggage handling system equipped with advanced baggage tracking technology



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DEVELOPMENT | HOU West Concourse Expansion



West Concourse Expansion

HAS Outlay of \$470M

Projected Completion – 2027

- \$470 million expansion of the West Concourse, including constructing 7 new gates that can service domestic and international flights and relocation of an existing gate
 - 6 preferential-use gates to Southwest
 - 1 common-use international gate which can be assigned by HAS to any carrier
- Southwest currently has 5,000 Houston-based employees
- West Concourse expansion includes:
 - Constructing an overhead canopy along the departures curb to protect against inclement weather
 - Expanding and renovating the baggage handling system and baggage claim area
 - Upgrading existing infrastructure (HVAC, sewer, water, etc.) to be able to support increased passenger counts





IAH

HOU

Restroom Modernizations

\$17.5M outlay (IAH) / \$17M (HOU) – CIP budget
Projected Completion – 2027(IAH) / 2027 (HOU)

- ➔ Modernization of restroom facilities within both airports is a high priority for HAS
- ➔ Guiding principles of restroom modernization
 - ➔ Ease of maintenance to substantially decrease repair downtime
 - ➔ Improved serviceability to increase cleanliness
 - ➔ Durability to handle projected increased passenger traffic



Central Utility Plant Upgrades

CIP Budget - \$125M

Projected Completion – 2026



- Replace CUP assets reaching end of life
- Replace various pumps, transformers, switchgear, motor control centers, cooling towers, air handling units, chillers, boilers, controls and other physical building structural components
- Additional capacity upgrades required for future domestic terminal expansion



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Airfield Modernization / Upgrades

Runways & Taxiways

IAH

\$225 MM
5 Runways
64 Taxiways

HOU

\$522 MM
3 Runways
22 Taxiways

EFD

\$47 MM
3 Runways
10 Taxiways

Improvements include:

- Runway rehabilitation
- Taxiway rehabilitation
- New taxiway construction at EFD
- Electrical upgrades
- Improved drainage and airfield flooding protection
- Increased Aircraft RON parking, holding bays and deicing pads



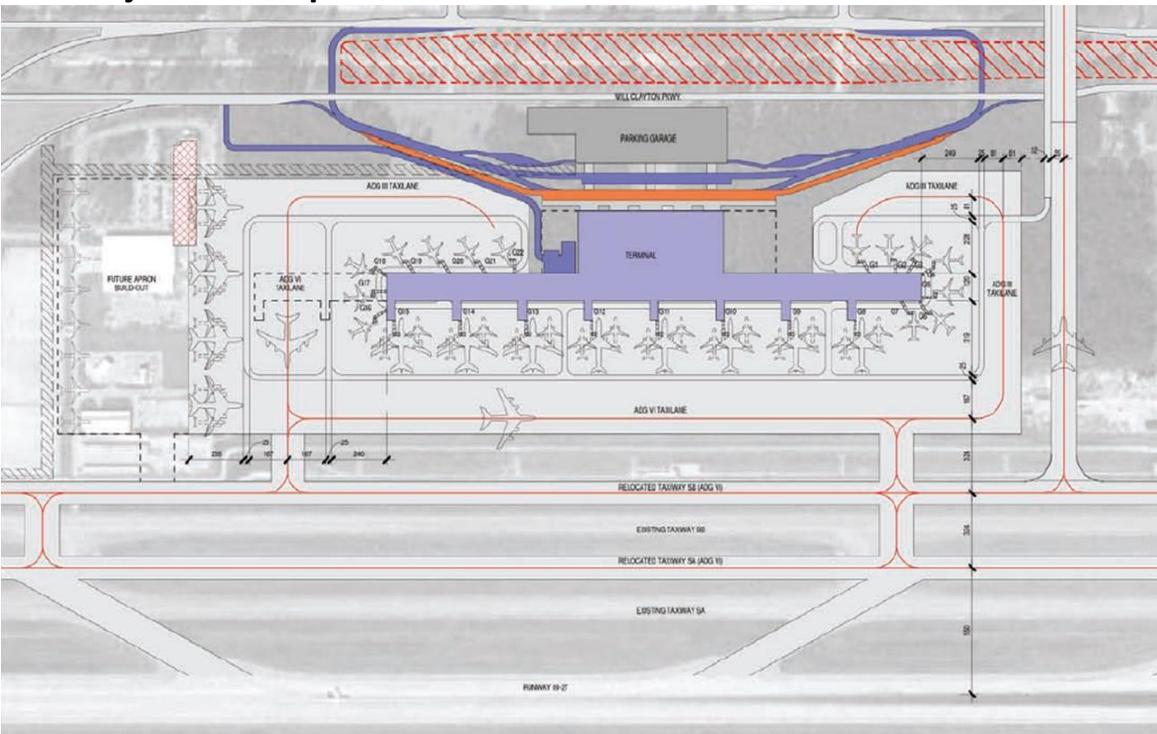
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IAH Domestic Terminal Modernization

Phased development, \$900M contained in this CIP

Projected Completion – 2030+

- Non-hub airlines at IAH are requesting additional gates to service significantly higher passenger traffic to the Houston Metro Area
- Expansion of IAH domestic gate capacity will help meet this demand while also positioning Houston as a preferred service destination for all our airline partners
- Domestic terminal modernization includes:
 - Increasing airfield capacity
 - Expanding passenger parking facilities
 - Upgrading and improving retail and concession options



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5-YEAR CIP Funding Sources

Funding Source (\$ thousands)	FY26	FY27	FY28	FY29	FY30	FY26-30
Airport Improvement Fund	114,188	144,666	203,862	177,083	78,333	\$718,132
Bonds	223,875	97,642	130,775	337,500	447,500	\$1,237,292
Grants	104,049	196,813	171,327	45,500	108,250	\$625,939
R&R	6,000	15,000	4,000	15,000	4,000	\$44,000
PFC Pay-Go	2,246	4,021	12,000	24,000	36,000	\$78,267
Total	\$450,358	\$458,142	\$521,964	\$599,083	\$674,083	\$2,703,632

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Questions?





Appendix



Draft, deliberative material.



FY26-30 Capital Improvement Plan

(\$ thousands)	FY26	FY27	FY28	FY29	FY30	FY26-30
IAH Terminal B Redevelopment	124,000					124,000
IAH Terminal Modernization			150,000	300,000	450,000	900,000
Skyway / Subway	28,000			135,000	135,000	298,000
Central Utility Plant Upgrades	44,921	80,412				125,333
Taxiways and Runways	14,000	40,723	47,186	2,500	5,000	62,223
Exterior Infrastructure (Roads, Bldgs., Drainage, Electrical, Signs)	21,912	103,501	50,744	29,200	8,000	213,357
Interior Infrastructure (HVAC, Conveyances, Restrooms)	59,800	10,000	32,000			101,800
Parking	59,744					59,744
Other	14,560	19,398	14,888	19,708	12,008	80,562
Total IAH	\$366,937	\$254,034	\$294,818	\$486,408	\$610,008	\$2,012,205

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FY26-30 Capital Improvement Plan

HOU

(\$ thousands)	FY26	FY27	FY28	FY29	FY30	FY26-30
Taxiways and Runways	54,000	153,500	167,000	1,800	60,000	436,300
Exterior Infrastructure (Roads, Bldgs., Drainage, Electrical, Signs)	6,820	98,250	14,301			119,371
Interior Infrastructure (HVAC, Conveyances, Restrooms)	7,790	30,135	5,000			42,925
Other	8,327	20,342	4,075	7,375	4,075	44,194
Total HOU	\$76,937	\$302,227	\$190,376	\$9,175	\$64,075	\$642,790

EFD

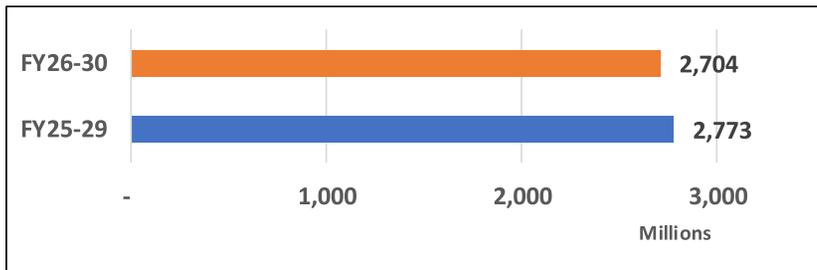
(\$ thousands)	FY26	FY27	FY28	FY29	FY30	FY26-30
Taxiway Lima		28,881				28,881
Drainage Master Plan				10,000		10,000
Other	3,603	4,500	1,650			9,753
Total EFD	\$3,603	\$33,381	\$1,650	\$10,000	\$0	\$48,634

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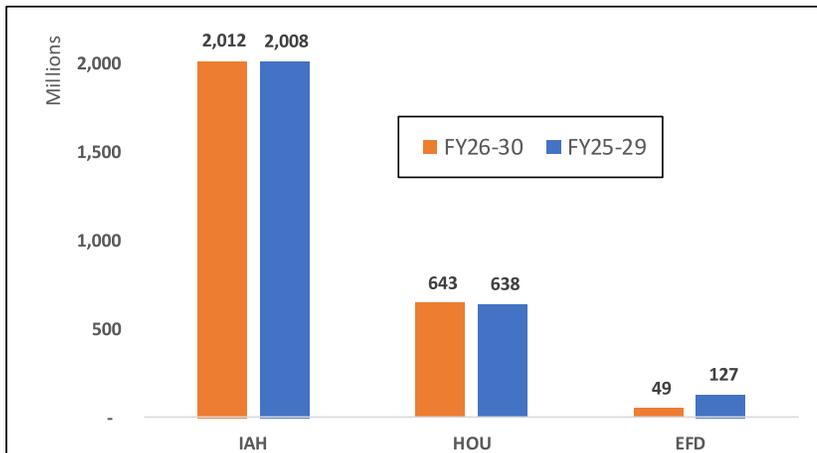


CIP Comparison – FY26-30 vs. FY25-29

Prior Year Comparison - CIP Total



Prior Year Comparison - CIP Total by Airport



Prior Year CIP Comparison by Major Project

Program (\$ thousands)	Airport	FY26-30	FY25-29	Variance
Terminal B Redevelopment	IAH	124,000	474,000	(\$350,000)
West Concourse Expansion	HOU	0	200,000	(\$200,000)
Domestic Redevelopment Program	IAH	900,000	900,000	0
Skyway Replacement	IAH	270,000	0	\$270,000
Central Utility Plant Upgrade	IAH	125,334	110,000	\$15,334
Taxiway Lima	EFD	28,881	62,000	(\$33,119)

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HAS Long-Term Outlook

(\$'s in thousands)	FY26	FY27	FY28	FY29	FY30
Gross Revenues	723,468	746,096	768,778	828,341	851,112
O&M Expense *	492,095	496,081	509,368	524,349	541,563
Net Revenues	\$231,374	\$250,015	\$259,410	\$303,991	\$309,549
Gross Debt Service Requirement	\$221,487	\$241,544	\$242,625	\$232,311	\$273,932
PFC Offset	82,439	94,197	95,287	97,832	103,031
Net Debt Service Requirement	\$139,049	\$147,346	\$147,338	\$134,479	\$170,901
DSCR	1.66	1.70	1.76	2.26	1.81

*O&M Expense based on definition within Master Bond Ordinance, as required for calculation of the annual Debt Service Coverage Ratio.

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