

KBRA Places Rated Airports on Watch

Watch Designation

Ratings Placed on Watch-Downgrade – See Appendix I

Ratings Placed in Watch-Developing – See Appendix II

Methodology:

[U.S. General Airport Revenue Bond Rating Methodology](#)

[U.S. Special Tax Revenue Bond Rating Methodology](#)

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Rating Summary: KBRA has placed its portfolio of rated airport and consolidated car rental facility ratings on Watch-Developing reflecting sharp reductions in airport activity due to the impact of the COVID-19 virus on air travel. The Developing designation reflects the absence of a trend of available activity data, and the duration of the pandemic-induced plunge in air traffic activity. Based on discussions with airport officials and other sources, there has been a significant reduction of passengers over the past two weeks. The placement also recognizes a rapidly evolving landscape and the indefinite duration of virus-related impacts.

KBRA will monitor passenger data as it becomes available with a focus on the financial performance impact and the effects, if any, on the ability to service outstanding debt. We will evaluate the tenor of management actions and airport liquidity as this challenging environment continues. In KBRA's opinion, airport management has a well-established track record of successfully confronting exogenous challenges, and airports have exhibited resiliency. KBRA anticipates resolving the Watch-Developing placement once there is resolution of the situation and the consequent ability to clearly assess airport activity impacts and the effectiveness of the actions undertaken.

Concurrently, KBRA has placed the Manchester-Boston Regional Airport and the Susquehanna Area Regional Airport Authority (Harrisburg International Airport) on Watch-Downgrade. KBRA views these two airports as particularly vulnerable to adverse virus-related impacts due to their generally small size, limited destinations served, and proximity to larger airports.

Key Credit Considerations

KBRA continues to monitor the direct and indirect impacts of the COVID-19 virus on the U.S. State General Obligation sector. Please refer to our publication [KBRA Monitors COVID-19 Credit Impact by Sector](#) and [Coronavirus \(COVID-19\): U.S. Airport Credit Impacts Are Evolving](#) for more detail.

The Watch designation reflects the following credit considerations:

Credit Positives

- Airport sector has experienced strong activity growth over much of the last decade, which in the absence of a protracted cyclical economic decline, will likely resume once the COVID-19 pandemic passes.

Credit Challenges

- Sharp decline in airport activity due to COVID-19 pandemic will pressure debt service coverage for an unpredictable period of time.
- Economic dislocation caused by COVID-19 could trigger a relatively deep and prolonged economic contraction which could weigh negatively on airport activity for an extended period of time.

Rating Sensitivities

- Favorable progress in recovery from the COVID-19 pandemic followed by indications of rapid and robust global economic recovery over the next three months could result in removal of Watch designation without downgrades. +
- Indications of a deep and protracted economic slowdown due to COVID-19 could result in downgrade actions and continuation of Watch designation beyond three months. -

ESG Considerations

When relevant to credit, ESG factors are incorporated into the credit analysis in the same manner as all other credit-relevant factors. Among the ESG factors that have impact on this rating analysis are:

- For ratings based on KBRA's [U.S. General Airport Revenue Bond Rating Methodology](#), Rating Determinant 2: Economics/Demographics of the Service Area. KBRA has examined the following areas for these credits: trends in population, per capita personal income levels, historic home value appreciation, and characteristics of the business environment as they relate to travel.
- For ratings based on KBRA's [U.S. Special Tax Revenue Bond Rating Methodology](#), Rating Determinant 3: Economic Base and Demographics. KBRA has examined the following areas for these credits: population trend, income per capita, unemployment rates, and poverty levels.

More information on ESG Considerations for the Public Finance sector can be found [here](#).

Appendix I – Ratings Placed on Watch-Downgrade
Issuer: City of Manchester, NH

Outlook Change	Rating	Outlook
General Airport Revenue Bonds	A-	Watch-Downgrade (from Negative Outlook)

Issuer: Susquehanna Area Regional Airport Authority

Outlook Change	Rating	Outlook
Airport System Revenue Bonds	BBB+	Watch-Downgrade (from Stable Outlook)

Appendix II – Ratings Placed on Watch-Developing
**Issuer: Cities of Dallas and Fort Worth, Texas
Dallas Fort Worth International Airport (DFW)**

Outlook Change	Rating	Outlook
Dallas Fort Worth International Airport Joint Revenue Improvement Bonds	AA	Watch-Developing (from Stable Outlook)

Issuer: City of Austin, Texas

Outlook Change	Rating	Outlook
Airport System Revenue Bonds, Series 2019A	AA-	Watch-Developing (from Stable Outlook)
Airport System Revenue Bonds, Series 2019B (AMT)	AA-	Watch-Developing (from Stable Outlook)
Airport System Revenue Refunding Bonds, Series 2019 (AMT)	AA-	Watch-Developing (from Stable Outlook)

**Issuer: City of Chicago
Chicago O'Hare International Airport**

Outlook Change	Rating	Outlook
General Airport Senior Lien Revenue Bonds ¹	A+	Watch-Developing (from Stable Outlook)

Issuer: City of Chicago

Outlook Change	Rating	Outlook
Chicago Midway Airport Second Lien Revenue Bonds	A	Watch-Developing (from Stable Outlook)

Issuer: Clark County, Nevada

Outlook Change	Rating	Outlook
Airport System Revenue Bonds Senior Series 2019C (Non-AMT)	AA	Watch-Developing (from Stable Outlook)
Airport System Subordinate Lien Refunding Revenue Bonds Series 2019D (Non-AMT)	AA-	Watch-Developing (from Stable Outlook)
Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds Series 2019E (Non-AMT)	AA-	Watch-Developing (from Stable Outlook)

Issuer: Columbus Regional Airport Authority

Outlook Change	Rating	Outlook
Airport Revenue Bonds	AA-	Watch-Developing (from Stable Outlook)
Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)	A+	Watch-Developing (from Stable Outlook)

Issuer: Greater Orlando Aviation Authority

Outlook Change	Rating	Outlook
Airport Facilities Revenue Bonds, Series 2019A (AMT) of the City of Orlando, Florida	AA	Watch-Developing (from Stable Outlook)

Issuer: Hillsborough County Aviation Authority, FL

Outlook Change	Rating	Outlook
Tampa International Airport Revenue Bonds	AA	Watch-Developing (from Stable Outlook)
Tampa International Airport Subordinated Revenue Bonds	AA-	Watch-Developing (from Stable Outlook)
Tampa International Airport Customer Facility Charge Revenue Bonds	A+	Watch-Developing (from Stable Outlook)

Issuer: Memphis-Shelby County Airport Authority

Outlook Change	Rating	Outlook
Airport Revenue Bonds	A+	Watch-Developing (from Stable Outlook)

Issuer: Metropolitan Nashville Airport Authority

Outlook Change	Rating	Outlook
Airport Improvement Revenue Bonds (Senior Lien)	AA-	Watch-Developing (from Stable Outlook)
Subordinate Airport Revenue Bonds	A+	Watch-Developing (from Stable Outlook)

Issuer: Miami-Dade County, Florida

Outlook Change	Rating	Outlook
Aviation Revenue Bonds	AA-	Watch-Developing (from Stable Outlook)

Issuer: Salt Lake City, Utah

Outlook Change	Rating	Outlook
Airport Revenue Bonds	AA-	Watch-Developing (from Stable Outlook)

¹ KBRA's rating applies to all parity fixed rate GARBs except for General Airport Senior Lien Revenue Refunding Bonds, Series 2016AB&C, and General Airport Senior Lien Revenue and Revenue Refunding Bonds, Series 2017ABC&D

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