

KBRA Affirms Ratings, Removes from Credit Watch, and Assigns Negative Outlook to 11 Airport GARBs and 1 CONRAC CFC Transaction

Negative Outlook from Watch Downgrade

See Appendix 1 on following page for list of rating actions.

Negative Outlook from Watch Developing

See Appendix 2 on following page for list of rating actions.

Methodology:

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

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

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airport management has a well-established track record of successfully confronting exogenous challenges, and airports have exhibited resiliency.

Key Credit Considerations

KBRA continues to monitor the direct and indirect impacts of the COVID-19 virus. Click [here](#) to access KBRA's ongoing research on the topic.

The rating actions reflect 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 in a post-pandemic environment.

Credit Challenges

- Sharp decline in airport activity due to COVID-19 pandemic will pressure airline costs and balance sheet liquidity for an unpredictable period of time.
- Recession and traveler confidence may weigh negatively on airport activity for an extended period of time.

Rating Summary: KBRA has affirmed the outstanding ratings and assigned Negative Outlooks to the general airport revenue bonds (GARBs) of 11 rated airports and the customer facility charge (CFC) secured bonds of one consolidated rental car facility (CONRAC).

KBRA's Negative Outlook assignment resolves the Watch Developing and Watch Downgrade designations (initial placement on March 26, 2020) on GARB and CFC ratings and reflects a longer timeframe for recovery of airport passenger activity and revenues than was expected at the time of the Watch placement. The depressed airport sector environment that began with the onset of the COVID-19 pandemic still retains great uncertainty regarding the pace and trajectory of recovery. U.S. air market passenger volume plateaued at about 5% of the prior year level in April and has since demonstrated modest incremental improvement. Transit Safety Administration (TSA) data indicate that U.S. airport activity improved to 30% of the prior year's activity level as of mid-September.

While the incidence of coronavirus infections in hard-hit U.S. regions has somewhat abated, other areas are experiencing high infection levels. The re-opening of the U.S. economy and relaxation of social-distancing requirements have still to be determined effects on virus incidence, and there remains the potential second wave of infection later in 2020. The prevalence of COVID-19 cases and the lack of antiviral medications and vaccines weighs heavily on passenger confidence and underscores the uncertainty in forecasting of any recovery.

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,

Rating Sensitivities

- Favorable progress in recovery from the COVID-19 pandemic and indications of rapid and robust global economic recovery could result in restoration of Stable Outlooks without downgrade actions. **+**
- Deep and protracted economic slowdown due to COVID-19 could result in downgrade actions. **-**

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 – Negative Outlook from Watch Downgrade

Issuer: City of Manchester, NH		
Negative Outlook from Watch Downgrade	Rating	Outlook
General Airport Revenue Bonds	BBB+	Negative
Issuer: Susquehanna Area Regional Airport Authority		
Negative Outlook from Watch Downgrade	Rating	Outlook
Airport System Revenue Bonds	BBB	Negative

Appendix II – Negative Outlook from Watch Developing

Issuer: Cities of Dallas and Fort Worth, Texas Dallas Fort Worth International Airport (DFW)		
Negative Outlook from Watch Developing	Rating	Outlook
Dallas Fort Worth International Airport Joint Revenue Improvement Bonds	AA	Negative
Issuer: City of Austin, Texas		
Negative Outlook from Watch Developing	Rating	Outlook
Airport System Revenue Bonds, Series 2019A	AA-	Negative
Airport System Revenue Bonds, Series 2019B (AMT)	AA-	Negative
Airport System Revenue Refunding Bonds, Series 2019 (AMT)	AA-	Negative
Issuer: City of Chicago, IL		
Negative Outlook from Watch Developing	Rating	Outlook
Chicago Midway Airport Second Lien Revenue Bonds	A	Negative
Issuer: Clark County, Nevada		
Negative Outlook from Watch Developing	Rating	Outlook
Airport System Revenue Bonds Senior Series 2019C (Non-AMT)	AA	Negative
Airport System Subordinate Lien Refunding Revenue Bonds Series 2019D (Non-AMT)	AA-	Negative
Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds Series 2019E (Non-AMT)	AA-	Negative
Issuer: Columbus Regional Airport Authority		
Negative Outlook from Watch Developing	Rating	Outlook
Airport Revenue Bonds	AA-	Negative
Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)	A+	Negative

Issuer: Greater Orlando Aviation Authority		
Negative Outlook from Watch Developing	Rating	Outlook
Airport Facilities Revenue Bonds, Series 2019A (AMT) of the City of Orlando, Florida	AA	Negative
Issuer: Metropolitan Nashville Airport Authority		
Negative Outlook from Watch Developing	Rating	Outlook
Airport Improvement Revenue Bonds (Senior Lien)	AA-	Negative
Subordinate Airport Revenue Bonds	A+	Negative
Issuer: Miami-Dade County, Florida		
Negative Outlook from Watch Developing	Rating	Outlook
Aviation Revenue Bonds	AA-	Negative
Issuer: Salt Lake City, Utah		
Negative Outlook from Watch Developing	Rating	Outlook
Airport Revenue Bonds	AA-	Negative

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