

BRIEFING TO

Senate Budget and Taxation Committee

Public Safety, Transportation, and Environment Subcommittee

House Appropriations Committee

Transportation and The Environment Subcommittee

FEBRUARY 26, 2021



AGENDA

STATE OF MAA

- **BWI Marshall Air Service**
- **Financials**
- **Federal Funding**
- **MAG Relief and Rent Deferrals**
- **Capital Investments**

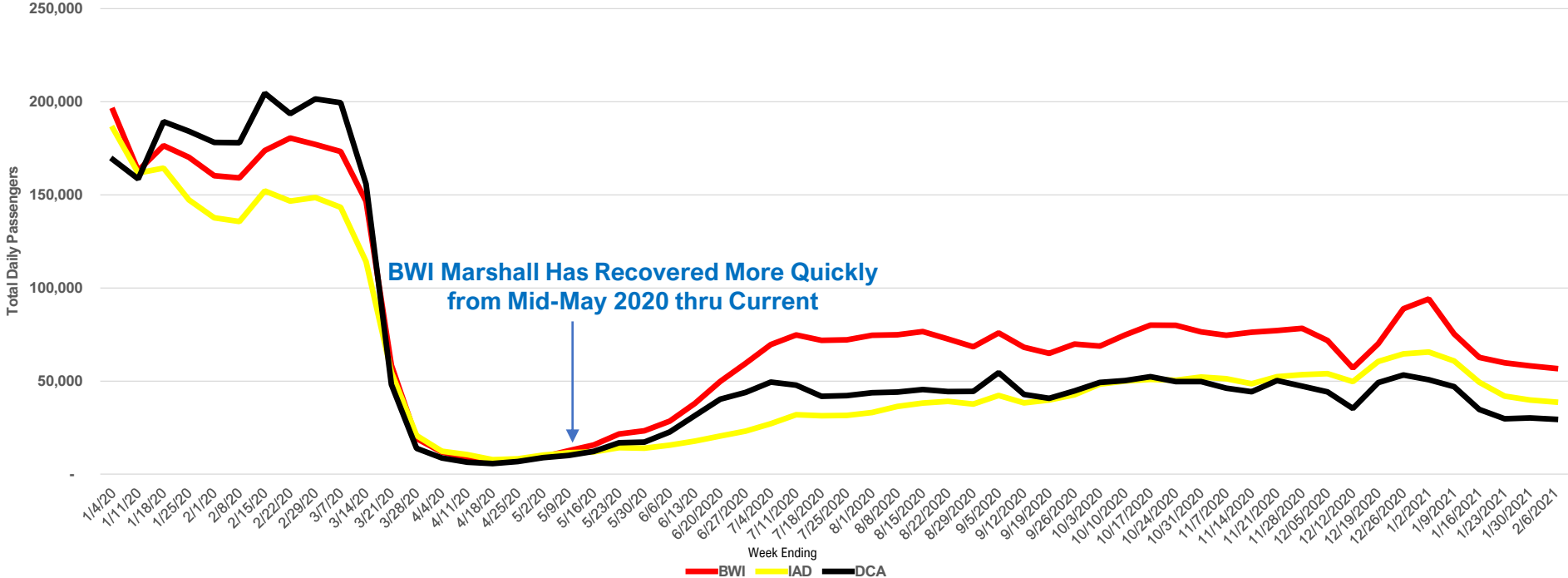
BWI Marshall Air Service



BWI Marshall Air Service

Weekly TSA Throughputs for Airports in the Baltimore/Washington Region

- BWI Marshall is **recovering from the pandemic at a faster pace** than other airports in the Baltimore/Washington region



Source: TSA Weekly Throughput Statistics from week-ending January 4, 2020 thru week-ending February 6, 2021

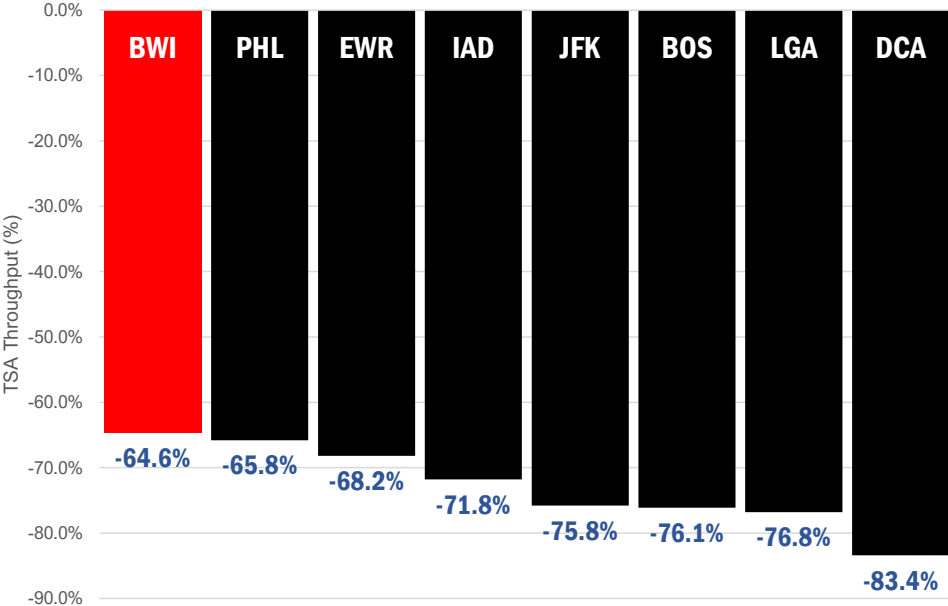


TSA throughput numbers only show local departing passengers, and not arriving or connecting passengers.

BWI Marshall Air Service

TSA Throughput at BWI Marshall Compared to Large Hub Airports: Year-Over-Year Change in TSA Throughput from Week Ending February 6, 2021 vs. 2020

- **BWI Marshall had the lowest decline** in TSA throughput among large hub airports in the Mid-Atlantic and Northeast **at -64.6%**

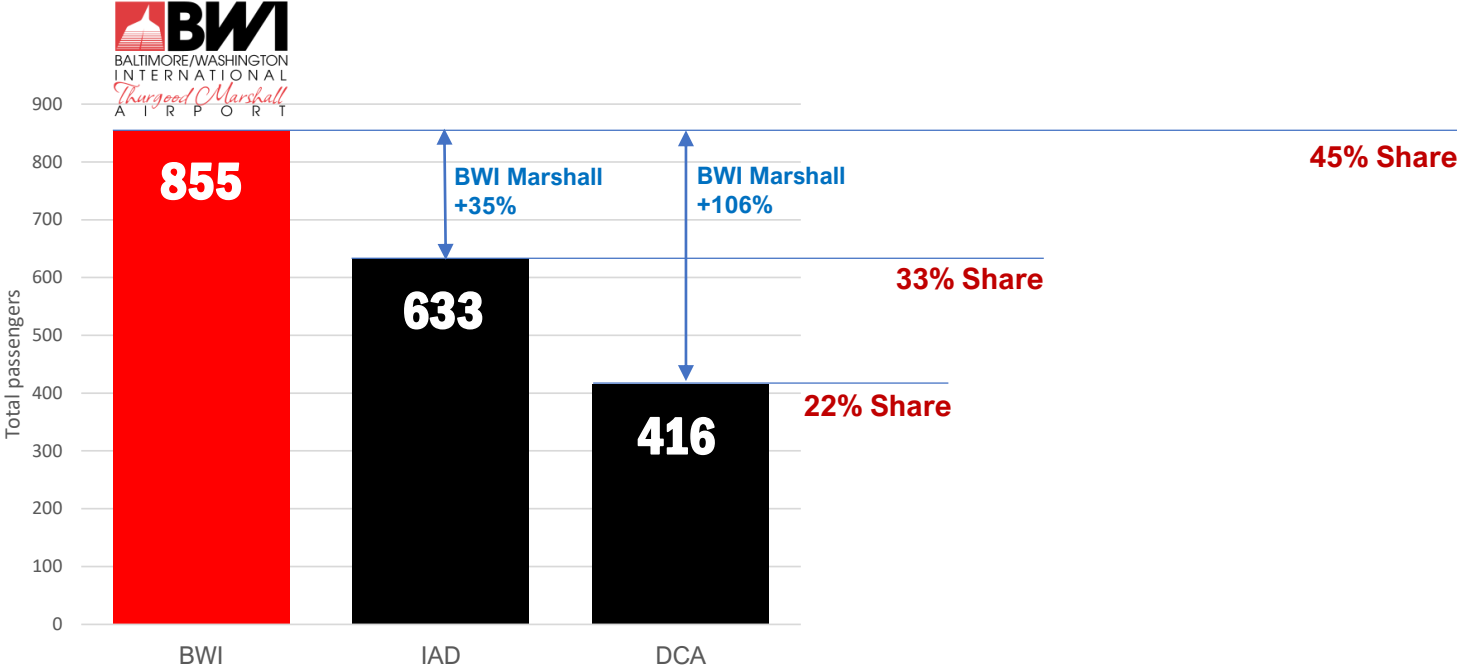


Source: TSA Weekly Throughput Statistics

BWI Marshall Air Service

Total Passengers for Airport in the Baltimore/Washington Region in November 2020

- In November 2020, **nearly half of all passengers travelled from BWI Marshall** in the Baltimore/Washington region



Source: Metropolitan Washington Airports Authority (MWAA), Air Traffic Statistics and MAA
Note: In June of 2020, BWI Marshall had more passengers than DCA and IAD combined, with 52% of traffic

BWI Marshall Air Service

Southwest Tops Some of the World's Financial and Operational Airline Industry Metrics



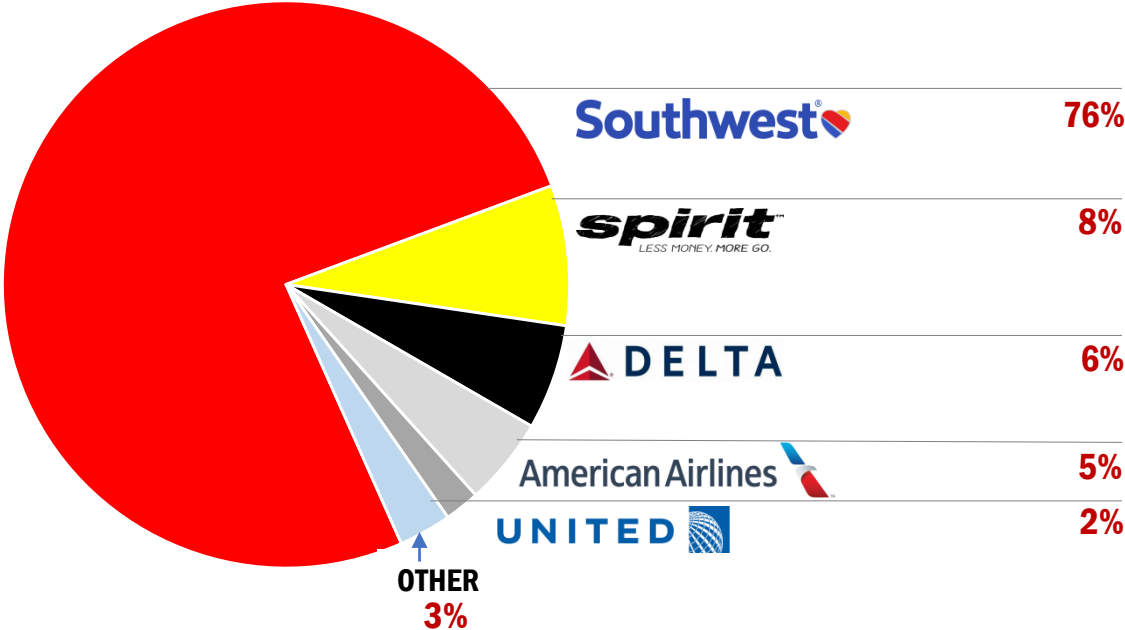
■	World's Largest Airline by Market Capitalization 30.8 billion (February 2021)
■	World's 4 th Largest Airline by Profit: 2.5 Billion (2019)
■	#1 in Customer Satisfaction for Short and Long-Haul (J.D. Power 2020)
■	World's 3 rd Largest Airline Measured by Seat Capacity (week of Feb 15)
■	1 st Largest US Airline Measured by Seat Capacity (CY 2020)
■	2 nd Largest US Airline in Domestic Passengers Carried (YE Oct 2020)
■	3 rd Largest US Airline in Total Passengers Carried (YE Oct 2020)

Source: Cirium Schedules Data through Diio Mi; Forbes; J.D. Power

BWI Marshall Air Service

In Q1 2021, Southwest Offers Over Three-Quarters of BWI Marshall's Seat Capacity

BWI MARSHALL AIRLINE SHARE (SEATS)



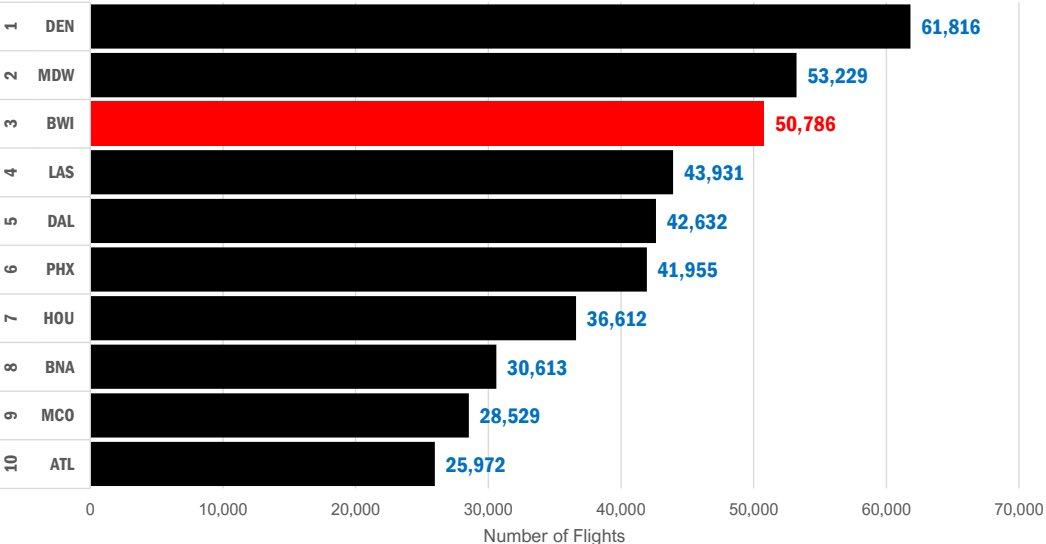
Source: Cirium Schedules Data through Diio Mi

BWI Marshall Air Service

BWI Marshall is Southwest’s Third Largest Station and their Largest Hub in the East Coast

Rank of Southwest Station by Number of Flights

Year Ending March 2021



Southwest

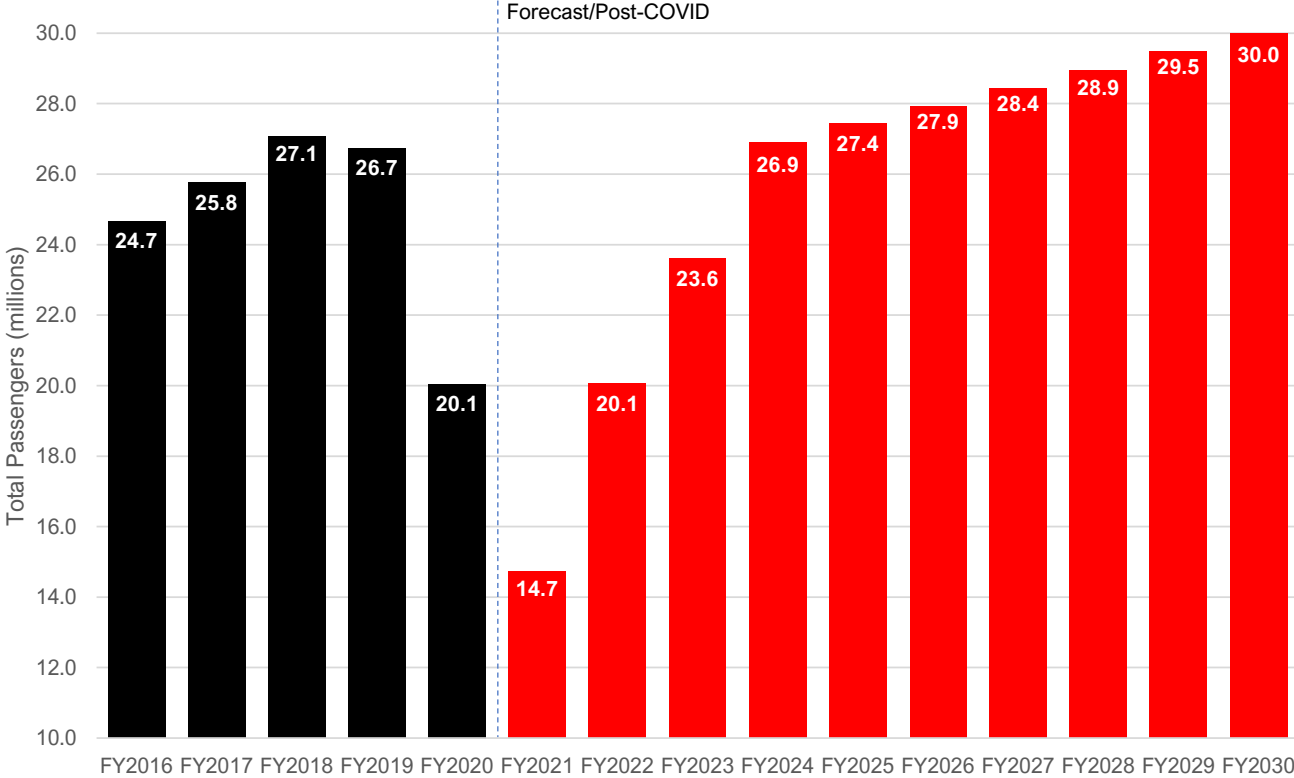
Southwest Facts & Figures at BWI Marshall

- Carried 13.3 million passengers in FY 2020
- Lease 32 gates
- Connected 40% of total passengers (March 2020)
- Served 70 destinations in FY 2020
 - > 60 Domestic destinations
 - > 10 International destinations
- Employ approximately 4,500 people

Source: Cirium Schedules Data through Diio Mi

BWI Marshall Air Service

Forecast Projects BWI Marshall Passengers to be at 2019 Level by 2024



Source: MAA Fall 2020 Forecast

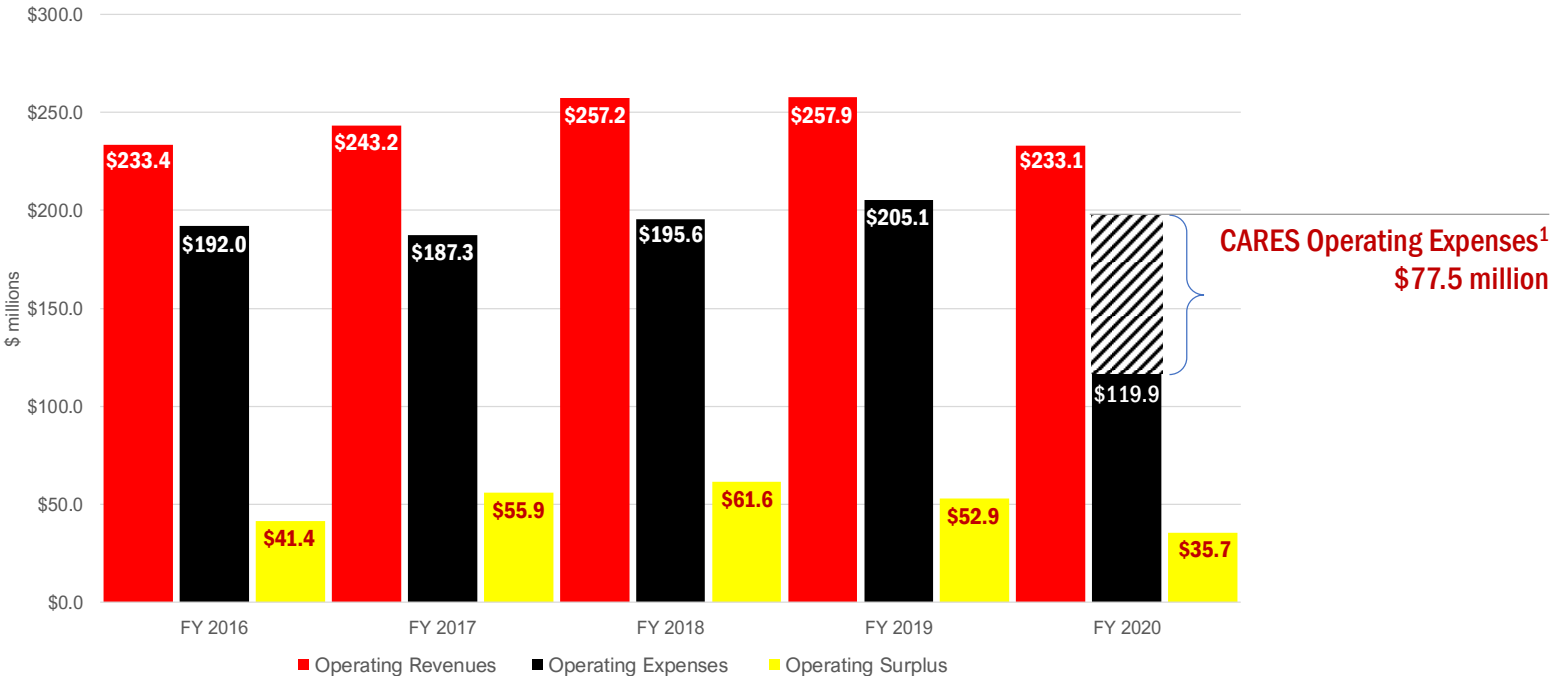
Financials



Financials

MAA Operating Revenues, Expenses and Surplus FY 2016 – FY 2020

- Operating revenues include **parking revenues net of debt service** on MDTA parking bonds
- Operating expenses include **debt service on MEDCO bonds and COPs**



Source: MAA

Note(s):

1/ Includes an additional \$2.4 million in CARES funding that was received through the State's COVID-19 relief fund

All currency numbers are rounded

Financials

Special Transportation Project Revenue Bonds Refunding: Selling Summary

NEW CREDIT

Revenue Bonds Series 2021A

\$220 million

NPV Savings of \$13 million

Ratings

FitchRatings

A

MOODY'S

A1

Facts

- Interest only FY2021 and FY 2022
- Negotiated deal
- 10-year maturity ends in FY 2030

REFUNDING

MEDCO

\$135 million

Maturity in 2030

REFUNDING

Parking Bonds

\$85 million

Maturity in 2027

True Interest Cost (TIC) on the refunding = 1.27%

- Solid book of business interested in new credit
- Oversubscribed 5x
- 50+ investors
- Only a handful of investors thought too short of term or new credit
- Promising for new money issuance

Source: MAA; Fitch Ratings, Inc.; Moody's Investor Service
 Note(s):
 All currency numbers are rounded

Financials

MOODY'S RATING A1

“..stable outlook reflects the airport's above average performance since COVID-19 outbreak and the expectation of continued adequate liquidity support from the TTF..”

CREDIT STRENGTHS

- *“BWI Marshall Airport remains a strong origination & destination (O&D) market”*
- *“Air cargo business, further boosted by the new Amazon facility at BWI since October 2019, has benefitted the airport, due to rising numbers of shipping, specially through the pandemic”*
- *“Debt Service Coverage Ratio above 2.0x on a sustained basis”*

FitchRatings RATING A

“...BWI's financial profile and metrics are expected to remain stable through the forecast period, even with the planned debt issuances.”

CREDIT STRENGTHS

- *“Fitch views the airport's six-year capital program of approximately \$843.1 million as moderate in overall size”*
- *“The CPE is moderate at \$12.55 for fiscal 2020 and is expected to remain competitive”*
- *“...elevated level of carrier exposure (Southwest) is mitigated by the importance of BWI Marshall to its national network”*

Source: MAA; Fitch Ratings, Inc.; Moody's Investor Service

Financials

Revenue Bond Benefits

- MAA was the first MDOT Business Unit to issue bonds **under new Maryland Code Transportation Title 3**

Debt Consolidation	<ul style="list-style-type: none"> ■ Single Lien ■ Single Revenue Stream – MAA Pledge Revenues ■ Net present value savings \$13 million +
New Credit Highly Rated	<ul style="list-style-type: none"> ■ Coverage exceeds 1.25x ■ Positions MAA well to issue new money series 2021B
Airlines Benefit from Refunding	<ul style="list-style-type: none"> ■ Terminal requirement reduced ≈ ↓\$10 million in FY2021 and FY2022 ■ FY2022 Terminal rental & bag claim rates estimated to decrease 5% - <i>assuming all other variable factors remain the same</i>

Source: MAA

Federal Funding

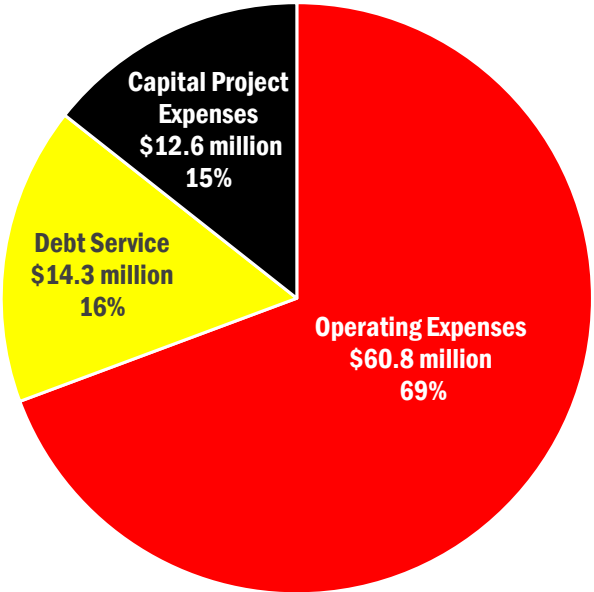


Federal Funding

Federal Aviation Administration (FAA) CARES Act Airport Grant Funding Allocation

- MAA allocation of CARES Act funding **was equal to 0.99% of total \$10 billion grant**

MAA Allocation to Expenses



Total MAA FY 2020 CARES Funding Allocation
\$87.6 million

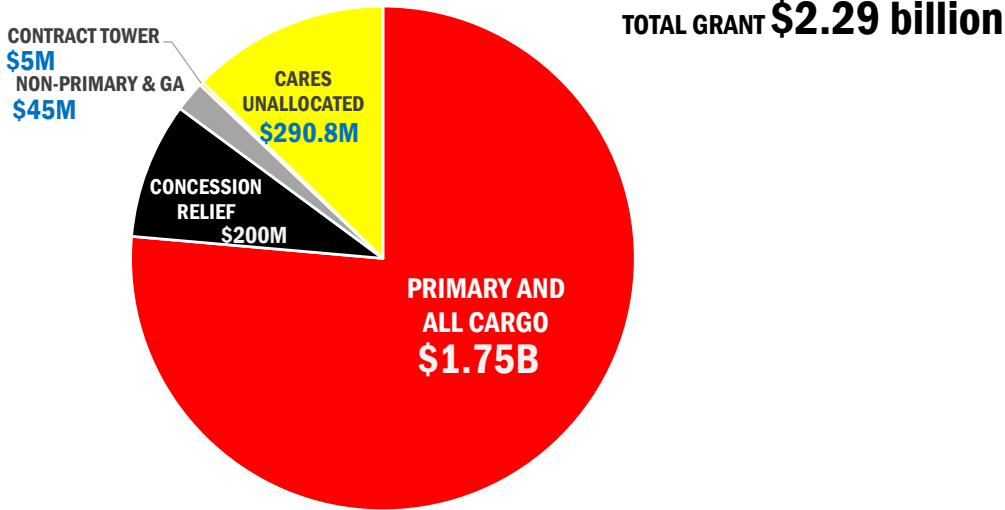
Source: MAA; FAA
Note(s):
All currency numbers are rounded

Federal Funding


FAA Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA)

- MAA Allocation of CRRSAA was **equal to 1.06% of total \$2.29 billion grant**
- Allocation to airports based on Airport Improvement Program (AIP) formula, **cargo weight and enplanements**

CRRSAA TOTAL GRANT BY CATEGORY^{1, 2}



MAA ALLOCATION³



Concession	\$2.9 million
All Other	\$21.3 million
TOTAL	\$24.2 million

1.06% Percent of Total CRRSAA Grant

Source: FAA
Notes(s)

1/ Total CRRSAA grant does not include \$2M administrative fee

2/ FAQ published on January 19, 2021

3/ Allocation published on February 12, 2021

All currency numbers are rounded

Capital Investments



Capital Investments

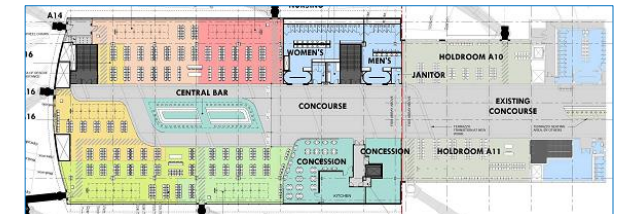
Concourse A Five Gate Extension



CONTRACT VALUE
\$48.0 million

COMPLETION
July 2020

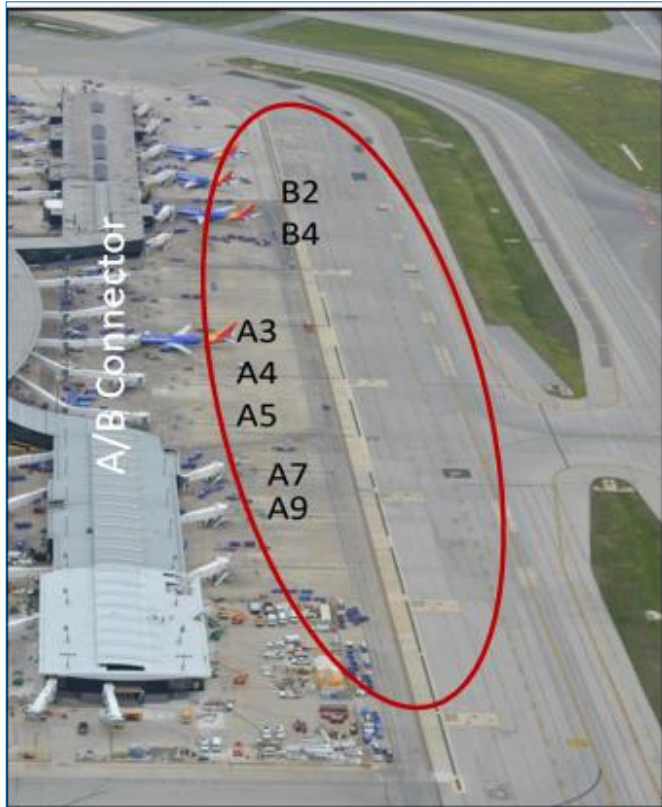
- Five gate expansion sized for Boeing 737-800
- Extended Concourse A approximately 234 ft. creating an additional 55,000 sq.ft.



Source: MAA

Capital Investments

Taxiway T Reconstruction



CONTRACT VALUE
\$11.0 million

COMPLETION
FY 2022

- **Funded 100% by federal grants¹**
- **Reconstruction of most distressed pavements adjacent to gates A1-A5 on the A/B Connector**



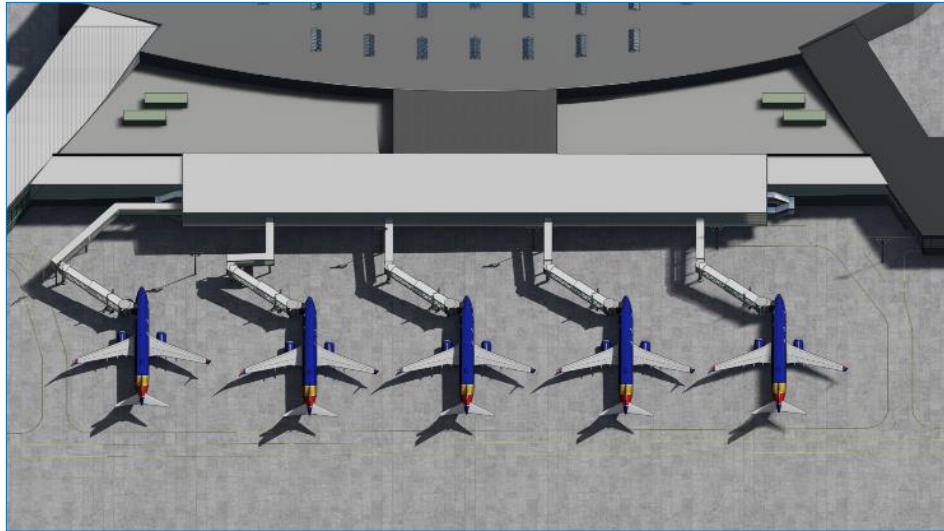
Source: MAA

Note(s):

1/ 100% funded by CARES and Airport Improvement Program (AIP)

Capital Investments

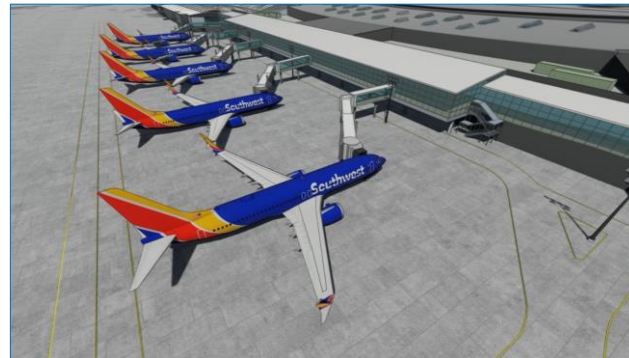
Concourse A/B Connector and Baggage Handling System (BHS) Improvements



CONTRACT VALUE
\$430.0 million

COMPLETION
FY 2024

- **BHS in-line system to provide optimal operational efficiency**
- **To be funded by Special Transportation Project Revenue Bonds**



Source: MAA

Capital Investments

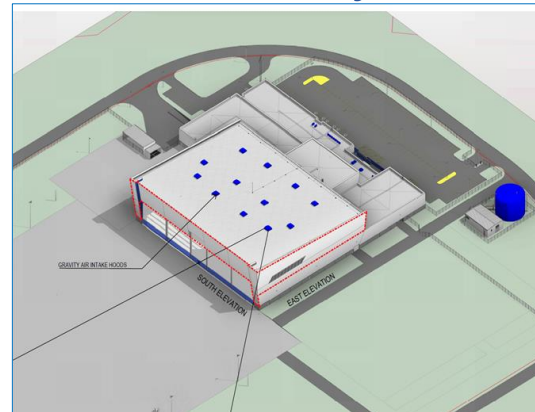
Southwest Airlines Aircraft Maintenance Facility



CONTRACT VALUE
\$65.0 million

COMPLETION
FY 2024

- **Sized with 3 bays for single-aisle aircraft and employ 120 airline technicians**
- **To be funded by MDTA loan**



Source: MAA