



# Finance Department

## **Budget and Fiscal Affairs**

### **Upcoming Financial Transactions**

### **United Terminal B Update**

Melissa Dubowski, Finance Director



# Terminal B Major Components

- Two new gate concourses on B North:
  - Old gates were established in 1968 and only handled regional jets
  - 22 new domestic gates for mainline jets
  - Primarily narrow body but ability for widebody aircraft
- B South gate concourses upgraded to host 18 larger regional jets
- New central processor (ticket/baggage hall)
  - New expanded curbs
  - Expanded claim hall and new baggage system
  - Modern 14-lane TSA checkpoint
- New hydrant fuel system
- New airfield and ramp pavement
- New detention basins



# Financing the Improvements

## Background:

- As previously presented, there is a need for United to expand Terminal B at IAH to handle expected incremental increase in passenger volume.
- On November 15, 2023, City Council approved a Memorandum of Agreement (MOA) between the City of Houston and United Airlines Inc.
- The expansion will be financed with Special Facility Revenue Bonds (SFRB) and General Airport Revenue Bonds (GARB). The total anticipated size of these transactions is up to \$2.55 billion.
  - SFRBs capped at \$1.95 billion
  - GARBs capped at \$624 million
- The Special Facilities Revenue Bonds are solely secured by lease payments from United under the special facilities lease and are not secured by general airport revenues or any other City revenues.
- An inducement resolution was approved by City Council on March 27, 2024.
- Amortization schedule on debt service is still pending review by Financial Working Group



# HAS – Special Facilities Revenue Bonds (United Airlines), Series 2024

## Next Steps:

- The City anticipates issuing Special Facilities Revenue Bonds in one or more series with the initial issuance in Winter of 2024.
- The issuance of the initial tranche of Special Facility Revenue Bonds will require two Council actions:
  - Council Approval of Lease and Financing Agreement expected to be considered in October 2024
  - Council Approval of the term (principal amount, rated redemption provisions and amortization) of the Sale of the Special Facility Revenue Bonds, expected to be considered in Winter 2024.



# HAS - Special Facilities Revenue Bonds (United Airlines), Series 2024

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System:	Houston Airport System
New Money or Refunding?:	New Money
Par Amount:	\$1.95 Billion (not-to-exceed)
Use of the Debt Proceeds:	Terminal B Expansion

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Revenue Source Securing Debt:	United Special Facilities Lease Revenues
Estimated Weighted Average Life of the Debt Being Refunded(Years):	Not Applicable
Estimated Change to the Weighted Average Life of Debt Being Refunded:	Not Applicable
Estimated Present Value Savings:	Not Applicable
Estimated Percentage Savings:	Not Applicable
Estimated True Interest Cost (%):	5.50 % - 6.00 %
Council Agenda Date:	October 2024
Anticipated Date of Pricing:	Winter 2024
Anticipated Date Closing:	Winter 2024

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All figures are as of September 2024 and are subject to market adjustments.