Greater Orlando Aviation Authority, Florida
Orlando International Airport
New Issue Report

Key Rating Drivers

Summary: The ratings reflect Orlando International Airport’s (OIA) leading O&D market position, with 20.7 million enplanements and a diverse carrier mix. The Greater Orlando Aviation Authority (GOAA) benefits from a rate-by-resolution airline agreement, which provides competitive airline costs and strong cost recovery supplemented by passenger facility charges (PFCs) and robust non-airline revenue streams.

The rating also reflects GOAA’s healthy debt service ratios and low leverage levels (2.1x in 2016). GOAA’s $3.6 billion capital improvement plan (CIP) through 2023 is sizable, including additional borrowing on both debt liens, but Fitch Ratings expects metrics to remain consistent with the current rating level over the near term. The subordinate lien’s lower rating reflects its junior claim to airport revenues coupled with lower covenant levels.

Stable Traffic, Diverse Carriers (Revenue Risk — Volume: Stronger): The airport’s sizable 95% O&D base provides stable performance and benefits from encompassing Florida’s premier leisure market. The airport’s carrier diversity is a credit positive, with Southwest Airlines Co. (BBB+/Stable) holding the largest market share at 26%. International enplanements continue to show strong growth, increasing 15% in fiscal 2016.

Competitive Cost Structure (Revenue Risk — Price: Stronger): GOAA’s three-year rate-by-resolution agreement features compensatory rate-making for the terminal and residual rate-making for the airfield, and net revenue sharing for participating carriers. Airline costs remained low, with cost per enplaned passenger (CPE) at $4.66 in fiscal 2016.

Fitch expects CPE to rise to around $10 as borrowings for capital improvements come online, but costs remain competitive for a large hub airport. Airline revenues provide for robust cost recovery when viewed with PFCs and GOAA’s healthy non-airline revenues.

CIP Expanded (Infrastructure Development/Renewal: Midrange): GOAA’s CIP through 2023 is sizable at $3.6 billion, including the south terminal complex (STC), north terminal and airfield improvements, and the nearly completed south terminal automated people mover. The $2.15 billion STC (phase one) is a 16-gate facility to accommodate long-term traffic growth. The plan is mostly debt funded at roughly 64%, including senior and subordinate airport debt, with grants, PFCs and cash comprising the remainder.

Conservative Debt Structure (Debt Structure: Stronger (Senior Bonds) ; Midrange (Subordinate Bonds): The airport has all fixed-rate debt with standard structural features and manageable amortization; the sub lien has a junior claim to revenues and lower covenants. GOAA recently revised its indenture to treat PFCs as a direct debt service offset, as opposed to pledged revenue. The change took effect in May 2017 via consent amendment and does not affect the credit of the bonds.

Financial Profile: GOAA currently has stable financial operations, with strong fiscal 2016 debt coverage at 2.21x (senior)/1.95x (all in); relatively low overall fiscal 2016 leverage at 2.1x net debt to cash flow available for debt service (CFADS); and strong liquidity at 632 days cash on hand. Should the full financing plan move forward, total coverage may narrow to the 1.3x range and overall leverage could rise above 7.0x, which may pressure ratings.
Peer Group
The airport’s peers include other south Florida airports with similar market characteristics, such as Tampa Hillsborough County (AA-/A+/Stable) and Fort Lauderdale/Broward County (A/Positive), with GOAA’s and Tampa’s higher ratings reflecting stronger liquidity positions, manageable leverage and more robust coverage.

Rating Sensitivities
Future Developments that May, Individually or Collectively, Lead to Negative Rating Action:
• Unanticipated upward modifications to the capital and financing plans that further elevate borrowing requirements resulting in sustained overall leverage above 8x.
• Unexpected volatility in airport traffic operations resulting in erosion of the airport’s current strong financial position.

Future Developments that May, Individually or Collectively, Lead to Positive Rating Action:
• Given the airport’s stage in its ongoing construction program coupled with its strong ratings compared with financially strong international gateway airport senior liens at ‘AA’, upward rating migration is currently unlikely.

Enterprise Summary

<table>
<thead>
<tr>
<th>Project Summary</th>
<th>Data</th>
<th>Financial Summary</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Type</td>
<td>Airport Rated</td>
<td>Debt Terms</td>
<td>$1.1 billion rated senior debt, including $126.8 million in unrated parity senior bank loans. $63 million rated subordinate debt, and issuing approximately $996.6 million in additional subordinate bonds. GOAA also has a $53 million Florida Department of Transportation Joint Participation Agreement (on parity with subs) that is not rated by Fitch. Separately, GOAA also has $9 million in CFC-secured bonds (A+) that mature in October 2017.</td>
</tr>
<tr>
<td>Project Location</td>
<td>Orlando, FL</td>
<td>Amortization Profile</td>
<td>Fully amortizing, senior debt matures through fiscal 2046, sub debt through 2052 with 2017 bonds.</td>
</tr>
<tr>
<td>Revenue Basis</td>
<td>Volume</td>
<td>Reserves</td>
<td>Cash-funded DSRF. $67.6 million in senior reserve and $7.7 million in subordinate reserve; 2017 bonds will add an additional $60 million. Funded to the three-prong test (lowest of 10% senior principal outstanding, MADS or 125% of average annual DS).</td>
</tr>
<tr>
<td>Operator</td>
<td>Greater Orlando Aviation Authority (GOAA)</td>
<td>Triggers — Rate Covenant</td>
<td>Net pledged revenue must be equal to at least 1.25x of ADS for senior bonds and 1.10x for subordinate bonds.</td>
</tr>
<tr>
<td>Technical Consultant</td>
<td>LeighFisher</td>
<td>Additional Bonds Test</td>
<td>1) Historical Test: Pledged revenues in 12 consecutive months of previous 30-month period must equal 1.25x senior and 1.10x sub ADS; or 2) Projected Test: Estimated annual net revenue must equal 1.25x ADS for outstanding and proposed senior parity bonds and 1.10x ADS outstanding and proposed subordinate parity bonds for each of the three fiscal years following the project’s completion date.</td>
</tr>
</tbody>
</table>


Overview

Transaction Summary
GOAA is issuing the series 2017A subordinate lien bonds to finance a portion of the costs for phase one of the STC project and to refinance LOC draws used to interim finance the STC.
costs. The bonds will also fund required deposits to the pooled subordinate debt service reserve account, pay capitalized interest and fund costs of issuance.

The bonds of approximately $996 million are being issued as additional priority subordinated indebtedness under the subordinated indenture and have a 35-year term. The bonds are 100% fixed rate with an estimated true interest cost of 4.585%, with interest capitalized through October 2020 followed by interest-only payments until 2022. Full amortization begins in fiscal 2023, with debt service generally level at $68 million per year through final maturity in 2052.

Security

The bonds are secured by a pledge of net revenues generated from the operations of the airport. Effective May 2017 via consent amendment, PFC revenues are no longer pledged revenues, but instead are treated as direct offsets to debt service.

Under the master subordinated indenture, GOAA may pledge, or irrevocably commit available revenues not pledged, to secure airport facilities revenue bonds, if allowed under the supplemental subordinate indenture. Such revenues could include available PFC revenues, available customer facility charge (CFC) revenues or other sources of revenue.

Airport Profile

GOAA operates OIA and Orlando Executive Airport, a general aviation facility, as separate entities under an operation and use agreement with the city that extends to 2065.

The authority’s seven-member governing board consists of five members appointed by Florida’s governor, subject to state Senate confirmation; one member who is the mayor of the city; and one member who is the mayor of Orange County, FL. One of the governor’s five appointees must be a resident of Osceola County, FL. Members appointed by the governor serve four-year terms. All board members may be reappointed, provided the maximum consecutive service for appointed members may not exceed eight years or two consecutive four-year terms, whichever is longer.

OIA encompasses a 13,430-acre site nine miles southeast of downtown Orlando. The airport’s existing facilities include the north terminal complex, a multilevel landside building that includes passenger ticketing, baggage claim, rental car counters, various food and retail concessions, and a 445-room Hyatt hotel with restaurants and conference facilities. An automated people mover (APM) system connects the landside terminal to four airside buildings that support 93 aircraft gates. Two of the airside buildings contain Federal Inspection Services facilities that serve 16 international gates.

The airfield consists of four north-south parallel runways equipped to handle operations under most weather conditions. Runways 18L-36R and 18R-36L are both 12,000 feet long, while runways 17R-35L and 17L-35R are 10,000 feet and 9,000 feet long, respectively. The airfield can accommodate all commercial aircraft currently in service, with runway 18R-36L able to accommodate the Airbus A380 and Boeing 747-8. The spacing between sets of parallel runways is adequate to allow triple simultaneous approaches under instrument flight rules set by the FAA.

Project Analysis

Revenue Risk — Volume

Service Area

Fitch expects the airport’s service region to experience steady economic growth in the coming years at growth rates comparable with the national average. Growth is underpinned by strong
tourism performance in the primary service area, as well as by increasing diversification of the economy into other areas, notably healthcare, business services and higher education. The positive trends seen in the economic base should support continued stability for O&D traffic.

OIA’s primary service area comprises the Orlando-Kissimmee-Sanford MSA, which includes Lake, Orange, Seminole and Osceola Counties, which had a total population of 2.4 million in 2016. The airport’s greater service region extends throughout central Florida due to its location at the crossroads of Florida’s road network and the availability of low airfares. OIA’s nearest competitors include Orlando-Sanford (35 miles north of OIA); Tampa International Airport (82 miles from Orlando); Jacksonville International Airport (140 miles); Southwest Florida International Airport (151 miles); Palm Beach International Airport (168 miles); Fort Lauderdale-Hollywood International Airport (207 miles); and Miami International Airport (229 miles). Fitch expects OIA, as the established facility serving the Orlando metropolitan region, to maintain its dominant position.

**Enplanement Trends and Airline Activity**

Fitch believes Orlando is uniquely positioned — as the nation’s fifth-busiest domestic O&D airport, serving 20.7 million enplaned passengers in fiscal 2016 (95% of total enplanements) — to capitalize on demand for local tourist destinations and convention business, as well as the expanding and diversifying local economy.

Enplanements are influenced by tourism and leisure, showing steady growth over the last five years at a five-year CAGR of 3.1%. The airport’s peak to trough of roughly negative 8% through the Great Recession is considered moderate, yet reflective of the airport’s leisure exposure, though Fitch favorably views the airport’s ability to quickly recoup traffic loss over the years following recessionary periods, thereby showcasing OIA’s market strength. Recent traffic growth was particularly positive, increasing 10.1% in fiscal 2016 and a further 4.9% for the first nine months of fiscal 2017 (ended Sept. 30). Domestic enplanements grew 5.2% for the same period.

International enplanements have shown strong growth in recent years, increasing 14.9% in fiscal 2016 and comprising 13.3% of enplanements (vs 6.1% 10 years ago). The first 9 months of 2017 saw more modest growth in international enplanements at 2.7%, in part due to federal travel bans and electronics restrictions seen earlier in the year. Nevertheless, carriers continue to add both domestic and international service at the airport, with 17 new service additions slated for the May 2017—January 2018 period. Service is now offered to 78 domestic destinations (72 year round, six seasonal) and 56 international destinations (33 year round, 23 seasonal).

The airport benefits from a well-diversified mix of carriers, led by Southwest Airlines at 25.8% of total enplaned passengers in fiscal 2016. American Airlines Group, Inc. (BB-/Stable)
accounted for 14.1% of 2016 enplanements, followed by Delta Air Lines (BBB−/Stable) at 13.6% and JetBlue Airways Corp. (BB−/Positive) at 13.3%. Low-cost carriers (Southwest, JetBlue, Virgin America and Sun Country Airlines) and ultra-low-cost carriers (Spirit Airlines and Frontier Airlines) increased their presence at the airport, rising to roughly 50% in fiscal 2016 from 18% of enplanements in fiscal 2010.

Ultra-low-cost carriers in particular grew their market share, increasing to 10.4% in fiscal 2016 from 4.0% of enplanements in 2010. As a result of this diversity, the airport is more reliant on the underlying market than the operations of any one particular airline for the generation of passenger demand. Fitch views the airport’s carrier diversity as a credit positive, as it mitigates the impact of scheduling or hubbing choices made by any one airline on the airport’s financial profile.

Two airlines began new international service in fiscal 2017. Air Berlin initiated service to Duesseldorf, Germany in May 2017, and Eurowings began service to Cologne, Germany in July 2017. Carriers continue to add both domestic and international service at the airport, with 17 new service additions slated for the May 2017–January 2018 period.

**2010 Orlando Airline Market Share**

- Delta: 11%
- JetBlue: 11%
- United/Continental: 12%
- American/US Airways: 16%
- Other: 11%
- Northwest: 5%

**2016 Orlando Airline Market Share**

- American/US Airways: 14%
- United/Continental: 13%
- United/Continental: 9%
- Delta: 14%
- Other: 24%
- Southwest/Air Tran: 26%

Source: GOAA.

**Revenue Risk — Price**

**Airline Agreement**

Fitch views GOAA’s current approach of applying airline rates and charges by resolution as an adequate framework for the pass through of costs to carriers. The resolution, which has been in effect since November 2013 and was amended and restated in August 2016, has no expiration date. Rate-making follows a compensatory methodology for use of the terminal facilities and a residual methodology for use of the airfield. The resolution framework provides more flexibility to GOAA and the participating airlines, as there is no majority-in-interest provision to require airline approval to proceed with capital projects, and airlines are permitted to cease service at will. However, past performance demonstrates that airlines have proven loyal to the airport given the profitability of operation, so Fitch does not view this leniency as a material credit concern.

In addition to the resolution, a rate agreement is also in effect that entitles participating airlines to share in certain revenues remaining after the payment of GOAA debt service, operating expenses and fund deposit requirements. Participating airlines affirmatively agree to the resolution’s terms and agree not to challenge the rates and charges calculated under the resolution’s methodology. The current rate agreement became effective October 2016 and extends through Sept. 30, 2019.

Under the revenue sharing framework, GOAA retains the first $65 million in net remaining revenues, then retains 35% of the following remaining amounts: $39 million for fiscal 2017,
$40 million for fiscal 2018 and $58 million for fiscal 2019. The next $10 million is given to the participating airlines, and any remaining amounts are split 35%/65% between GOAA and the participating airlines, respectively. This revenue-sharing mechanism is intended to keep airline costs competitive while allowing the airport to build cash to assist with funding its sizable CIP. Fitch believes the airline cost recovery mechanisms, together with the airport’s healthy PFC and non-airline revenue streams, should provide for solid operating cash flows and adequate coverage levels over the near term.

The airport’s CPE remained low for fiscal 2016, at $4.66 compared with $6.06 projected in Fitch’s base case, reflecting lower terminal area rents and higher revenue sharing. The airport expects CPE to rise to the $10 level by fiscal 2023, as more revenues are retained for use toward the CIP. Fitch does not view this increase as a material concern given the desirability of Orlando’s service area and the continued competitiveness of a $10 CPE rate relative to other large hub airports.

Increased levels of international traffic over the long term could contribute to higher airline costs, though this is not viewed negatively given Fitch’s expectations that airlines would be able to recoup higher costs via higher international airfares. Fitch also views GOAA’s historical management of airline costs positively, as the airport has a record of maintaining a comparatively low CPE due to significant revenues from non-airline sources, allowing for healthy amounts of revenue sharing.

**Infrastructure Development and Renewal**

The airport’s 2016–2023 CIP of $3.56 billion is sizable and well defined, with the largest component project now at 60% design. CIP costs increased roughly $524 million due to a combination of rising construction costs and the inclusion of additional project elements in the plan. For the STC, nearly 50% of the increase ($140 million) is related to cost escalations in labor and materials due to heightened activity in the Central Florida area. Major CIP projects include $427 million for the South APM Project (opening October 2017, on time and slightly under budget); $880 million for the north terminal complex and airfield (up from $703 million); $2.15 billion for the STC (up from $1.8 billion); and $103 million for other projects (down from $106 million).

Fitch expects the current plan to be 64% debt funded, including 15% funded with senior general airport revenue bonds (GARBs); 24% with subordinate GARBs; and 25% with PFC backed debt (prior and future); 12% with PFC pay as you go; and 24% other funds (grants, GOAA funds and other funds).

**Uses of Funds: 2016–2023 Capital Improvement Plan**

($3.56 Bil.)

- **South APM Program:** 12%
- **American/US Airways:** 14%
- **North Terminal Complex:** 13%
- **APM – Automated people mover:**
  - Other 6%
  - General Airfield 4%
  - South Terminal Complex 61%

Source: GOAA.

**Sources of Funds: 2016–2023 Capital Improvement Plan**

($3.56 Bil.)

- **PFC-Backed Bonds:** 25%
- **GARBs:** 39%
- **PFC Pay-As-You-Go:** 12%
- **Other:** 25%

PFC – Passenger facility charge. GARB – General airport revenue bonds. Note: PFC-backed bond and GARB percentages include prior and future bonds. Other includes grants, GOAA funds and other funding.

Source: GOAA.
The need for the STC was triggered in May 2016, when the airport achieved 38.5 million annual passengers on a cumulative 12-month rolling average for a period of six consecutive months. The STC phase one includes a 16-gate facility planned to accommodate both international and domestic air traffic, relieving congestion at the north terminal. The terminal is designed to facilitate narrow-body aircraft, as well as larger aircraft (Boeing 747-8 and Airbus A380). The building area is approximately 835,000 sf over four levels, and the adjoining landside terminal will be approximately 811,000 sf.

The STC’s ground transportation facility is planned for multiple uses. The initial phase is to accommodate foot traffic to and from the landside terminal and garage, with future plans including a hotel above the complex. GOAA also plans to construct 1,250 additional parking spaces to supplement the 2,400 space, multistory garage currently under construction as part of the South Airport APM program, resulting in a total of 3,650 parking spaces upon the opening of the STC. As parking at the north terminal is currently at capacity many days, the availability of additional parking for the airport is viewed as beneficial.

Construction on the STC phase one began in first-quarter 2017 and the facility is expected to open in the fall of 2020 (fiscal 2021). The project is being constructed under a construction manager at risk (CMAR) framework, with each CMAR committing to deliver its portion of the project within a series of guaranteed maximum price addendums to their base contract. This is the same approach that was used for the successful construction of the South Terminal APM. GOAA entered into CMAR contracts with two firms to construct portions of the STC: Turner-Kiewit JV for the landside terminal and Hensel Phelps Construction for the airside terminal. GOAA expects the CMARs to have legally binding construction subcontracts in place by the end of 2018. Current cost estimates include the cost of work, general conditions, construction manager fees, design and construction contingency, escalation and an owner contingency.

Financial Analysis

Debt Structure

GOAA currently has $1.06 billion in senior airport revenue bonds outstanding, with amortization through 2046, including series 2013A, 2013B, and 2016D senior parity bank loans that total $126.8 million and are unrated by Fitch. GOAA currently has $63 million outstanding in subordinate airport revenue bonds; the 2017 issuance will add approximately $996.6 million in parity subordinate lien bonds, with final maturity in 2052. Including expected borrowings through 2019, GOAA’s amortization profile will extend to 2054. Annual debt service payments will rise initially, then fall to around $185 million in 2024, evolving downward thereafter. All senior and subordinate lien debt is fixed rate.

GOAA’s senior debt service reserve fund is fully funded with cash at $67.6 million; the airport’s subordinate debt service reserve fund is also cash funded at $7.7 million. Following the 2017 issuance, an additional $60 million in cash will be added to the subordinate reserve fund.

GOAA’s security package includes a rate covenant requiring net pledged revenue equal to at least 125% annual debt service for senior bonds and at least 110% for subordinate bonds. Under trustee-approved amendments effective July 2015, the authority modernized its bond resolution and elevated subordinated indebtedness to fall directly below senior bonds in the flow of funds.

Additional parity bonds may be issued, provided that pledged revenues in 12 consecutive months of the previous 30-month period generated at least 125% senior annual debt service or at least 110% subordinate annual debt service, or estimated annual net revenue equals at least 125% aggregate senior (110% aggregate subordinate) annual debt service for prior-lien,
outstanding and proposed parity bonds for each of the three fiscal years following the expected completion date of the project to be financed with the additional bonds.

The authority made certain amendments to its bond resolution on Sept. 16, 2015 that required majority bondholder approval via a consent amendment; consent was achieved in May 2017, and the provisions are effective from fiscal 2017 onwards. As a result of these changes, PFCs are now treated as a direct offset to debt service versus pledged revenue at 125% of annual PFC-applied debt service. Rate covenant calculations also now allow for the inclusion of transfer funds up to a maximum of 25% of senior annual debt service and up to a maximum of 10% of subordinate annual debt service, though transfers would not be included in the calculation for the additional bonds test. Fitch does not view these amendments as negatively affecting GOAA’s credit quality.

Revenues and Costs

The airport’s financial performance was relatively stable over the past several years. Operating revenues grew at a healthy five-year CAGR of 5.4% for 2011–2016, reflecting the renewal of concession agreements and expansion during the period. Over the past five years, airline revenues (net of credits) represented an average of 33% of total operating revenues, followed by car rental revenues at 22%, concessions at 16% and parking at 13%. GOAA’s level of operating revenue diversity is viewed positively, as revenue declines within any one business segment could be offset by growth or stable financial performance within the airport’s other business lines.

Fiscal 2016 total operating revenues increased 8.1%, primarily driven by increases in airline revenues (9.6%), parking revenues (13.1%) and concession revenues (8.3%). Increases in airline revenues can mostly be attributed to an increase in terminal area rents, baggage system fees and landing fees under the rate agreement. Overall non-airline revenues increased by 7.2%. Operating revenues are currently up 7.4% through the first nine months of fiscal 2017, largely in line with Fitch’s base case estimate of 7.6% operating revenue growth for the year.

The airport collected approximately $79 million in PFCs in fiscal 2016, well above the $31.3 million PFCs applied to debt service in the same year, which consequently mitigates the risk of debt service coverage ratio (DSCR) erosion in the event substantial traffic declines occur. Through fiscal 2016, PFCs applied to debt service represented 125% of the debt service related to bonds issued to finance PFC-approved projects. The remaining PFCs were used as pay-as-you-go or rolled over to fiscal 2016 in the PFC fund. From fiscal 2017 onwards, PFCs will be treated as a direct offset to debt service rather than as revenue.

Operating expenses increased by 10.6% in 2016, slightly better than Fitch’s base case expectations of 13%. Expense increases were primarily attributed to safety and security costs due to additional management fees to the city and an increase in airside patrols, various contracts related to the rise in volume for international travelers and professional services for staff support during the CIP. Operating expenses are currently up 2.9% for the nine months through June 2017.
Global Infrastructure & Project Finance

Greater Orlando Aviation Authority, Florida
August 23, 2017

Key Financial Metrics

GOAA’s debt service coverage levels for fiscal 2016 were strong at 2.21x for senior debt and 1.95x on all obligations, outperforming Fitch’s base and rating case expectations. Management estimates debt service coverage levels for fiscal 2017 will be 2.08x on the senior lien and 1.95x for all obligations (treating PFCs as revenues), consistent with Fitch’s expectations.

The authority continues to maintain strong balance sheet flexibility, with $482 million in unrestricted reserves as of March 2017, equating to 632 days cash on hand based on fiscal 2017 budgeted operating expenses. Reserve levels may vary as the authority draws on funds for its CIP. However, Fitch expects management will continue to maintain adequate cash levels given GOAA’s history of maintaining a healthy liquidity position. Total leverage (net debt/CFADS) in 2016 was low at 2.1x and compared favorably with other large-hub airports, though it is expected to rise as current and future borrowing plans are undertaken for capital improvements.
The authority’s updated forecast, which Fitch assumed as its base case, incorporates the effects of its full CIP, including the 2017 subordinate bonds, $892 million in senior GARBS, PFC bonds in 2019, and $74 million in additional bonds in 2019 for CIP projects outside the STC scope. The forecast assumes average enplanement growth of 2.6% for 2016–2023 (5.2% increase in 2017 and 2.0%–2.5% annual growth thereafter). Resulting senior coverage is 1.8x or better when PFCs are treated as revenues, and all in coverage is 1.3x or better (PFCs treated as revenues). Total leverage, as measured on a net debt/CFADS basis, rises to 7x net debt/CFADS.

Fitch’s rating case models a recessionary enplanement drop of 8% during 2019–2020 as the STC nears completion. Even with the inclusion of substantial CIP-related borrowing, Fitch views the financial profile as stable, with senior coverage remaining above 1.6x in the rating case (PFCs treated as revenues), and all in coverages remaining 1.2x or better (PFCs as revenues). Leverage increases to 8x in the rating case, but would be expected to decrease as the new debt amortizes. CPE rises to the $12 range, still viewed as manageable for the traffic profile of the airport and competitive with other large-hub airports that are undertaking capital programs during the same timeframe.

Depending on the traffic and revenue outlook, the lower metrics under the rating case, if realized, could pressure the authority ratings. However, Fitch acknowledges that in a scenario like the rating case, GOAA would likely revisit its CIP spending and associated timing, making adjustments that are not reflected in the rating case (reducing renewal and replacement spending temporarily, raising parking rates, controlling operating costs, etc.). Additionally, Fitch views Orlando’s strong service area as a mitigant against increases in CPE and leverage, and GOAA’s history of liquidity as a hedge to lower DSCRs.

<table>
<thead>
<tr>
<th>Forecast Financials — Greater Orlando Aviation Authority</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sponsor/Base Case</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enplanement Growth (%)</td>
<td>5.20</td>
<td>2.40</td>
<td>2.30</td>
<td>2.20</td>
<td>2.10</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Cost per Enplanement ($)</td>
<td>6.79</td>
<td>7.85</td>
<td>7.87</td>
<td>8.29</td>
<td>9.97</td>
<td>9.87</td>
<td>10.27</td>
</tr>
<tr>
<td>Senior DSCR (PFCs as Revenues) (x)</td>
<td>2.08</td>
<td>1.91</td>
<td>1.98</td>
<td>2.01</td>
<td>1.92</td>
<td>1.90</td>
<td>2.16</td>
</tr>
<tr>
<td>Total DSCR (PFCs as Revenues) (x)</td>
<td>1.95</td>
<td>1.81</td>
<td>1.85</td>
<td>1.88</td>
<td>1.84</td>
<td>1.36</td>
<td>1.41</td>
</tr>
<tr>
<td>Senior Leverage (x)</td>
<td>2.05</td>
<td>1.61</td>
<td>1.09</td>
<td>3.43</td>
<td>2.66</td>
<td>2.46</td>
<td>2.13</td>
</tr>
<tr>
<td>Total Leverage (x)</td>
<td>2.27</td>
<td>5.67</td>
<td>4.88</td>
<td>7.01</td>
<td>6.10</td>
<td>6.10</td>
<td>5.73</td>
</tr>
<tr>
<td><strong>Rating Case</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enplanement Growth (%)</td>
<td>5.20</td>
<td>2.40</td>
<td>(4.00)</td>
<td>(4.00)</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Cost per Enplanement ($)</td>
<td>6.79</td>
<td>7.85</td>
<td>8.74</td>
<td>10.04</td>
<td>11.56</td>
<td>11.66</td>
<td>12.35</td>
</tr>
<tr>
<td>Senior DSCR (PFCs as Revenues) (x)</td>
<td>2.08</td>
<td>1.91</td>
<td>1.87</td>
<td>1.82</td>
<td>1.64</td>
<td>1.70</td>
<td>1.93</td>
</tr>
<tr>
<td>Total DSCR (PFCs as Revenues) (x)</td>
<td>1.95</td>
<td>1.81</td>
<td>1.75</td>
<td>1.70</td>
<td>1.21</td>
<td>1.22</td>
<td>1.26</td>
</tr>
<tr>
<td>Senior Leverage (x)</td>
<td>2.05</td>
<td>1.81</td>
<td>1.45</td>
<td>4.13</td>
<td>3.73</td>
<td>3.69</td>
<td>3.41</td>
</tr>
<tr>
<td>Total Leverage (x)</td>
<td>2.27</td>
<td>5.87</td>
<td>5.47</td>
<td>8.08</td>
<td>7.54</td>
<td>7.75</td>
<td>7.44</td>
</tr>
</tbody>
</table>

DSCR – Debt service coverage ratio. PFC – Passenger facility charge.
The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTPS://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS. IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY’S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH’S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2017 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500, Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information, Fitch relies on factual information it receives from issuers and underwriters and from other sources. Fitch believes it to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch’s factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch’s ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided “as is” without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research reports may be available to electronic subscribers up to three days earlier than to print subscribers. For Australia, New Zealand, Taiwan and South Korea only; Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.