

Moody's Internal Assessment

Information Request

Operational

1. Can you please highlight new developments on service offerings such as changes in frequencies or upgauged aircraft?

STL Lambert International Airport had the following service adds since June 2017 and new additions forthcoming during fiscal year 2019:

1. Charleston, SC – X daily (seasonal), **Southwest Airlines**
2. Pensacola, FL – X weekly (seasonal), **Southwest Airlines**
3. Cancun MX – X weekly, **Southwest Airlines** (going to X daily in November 2018)
4. West Palm Beach, FL – X weekly (seasonal) **Southwest Airlines**
5. San Jose, CA – X daily, **Southwest Airlines** (April 2018)
6. Sacramento, CA – X daily, **Southwest Airlines** (April 2018)
7. Hartford, CT – X daily, **Southwest Airlines** (August 2018 Start)
8. Jacksonville, FL – X Sunday, Tuesday, Thursday, **Frontier Airlines** (August 2018 Start)
9. Fort Myers, FL – X Wednesday, Saturday, **Sun Country Airlines** (October 2018)
10. Tampa, FL – X Thursday, Sunday, **Sun Country Airlines** (November 2018)
11. Reykjavik, Iceland – X Saturday, Sunday, Monday, Tuesday, Thursday, **WOW Airlines** (May 2018)

With all of the new destinations and added frequency in current destinations, connecting passengers should continue to grow primarily due to Southwest Airlines new service additions throughout the year. For Calendar-Year-To-Date (January – May, 2018) 2018 is outpacing 2017 by more than 33.1% in connecting passengers.

STL's O&D market Calendar-Year-To-Date is basically flat, or 0.08% less than last year, however O&D passengers in May showed a 1.4% increase. With the incremental passengers coming from the new WOW Airlines flight to Reykjavik and the upcoming Frontier Airlines flight to Jacksonville, we expect O&D passengers in calendar year 2018 to be 1% higher than the last calendar year.

STL's growth, year over year, is in the area of seat capacity. Looking at 2017 vs. 2018, STL's seat capacity grew from 9,371,548 seats to 9,756,845 seats, a 4% increase, with much of it coming in the second half of the year. For more operational statistics, see our attached **CY2017 Passenger & Operation Statistics** highlighting many of the key statistics at year-end 2017.

2. Connecting passengers have consistently been around 13%-15% of total enplanements in the last several years, but grew to 18.5% in fiscal 2017. What drove this? Are you still seeing more growth in connections?

We anticipate growth in connecting passengers will continue primarily due to Southwest Airlines opening new gates during fiscal year 2017 and utilizing the Airport as a connection hub. The Airport worked with Southwest during the prior fiscal year to renovate and re-open a 4-gate section (E34-E40) in Terminal 2. The design of Terminal 2 allows for easy connections between flights for Southwest and International passengers.

3. What are you projecting for total enplanements for FY2018?

7,545,642

Financial

4. What is the projected debt service coverage for fiscal 2018? Can you please provide the full calculation?

See attached projected debt service coverage for fiscal 2018.

5. What is the projected cost per enplanement for fiscal 2018?

\$9.90

6. Do you plan to maintain liquidity at or above a certain level, either by a formal policy or an informal target?

The Airport continuously strives to maintain days cash on hand at 500 days or above while adhering to State statutes and City of St. Louis investment policies. In fiscal years 2017 and 2016, the Airport had days cash on hand of 788 and 761, respectively.

Debt and Capital

7. Can you please provide your updated five-year capital improvement program with descriptions of sources of funding?

See attached updated 5 year capital improvement plan.

8. Do you anticipate issuing any new money debt beyond your five-year CIP period?

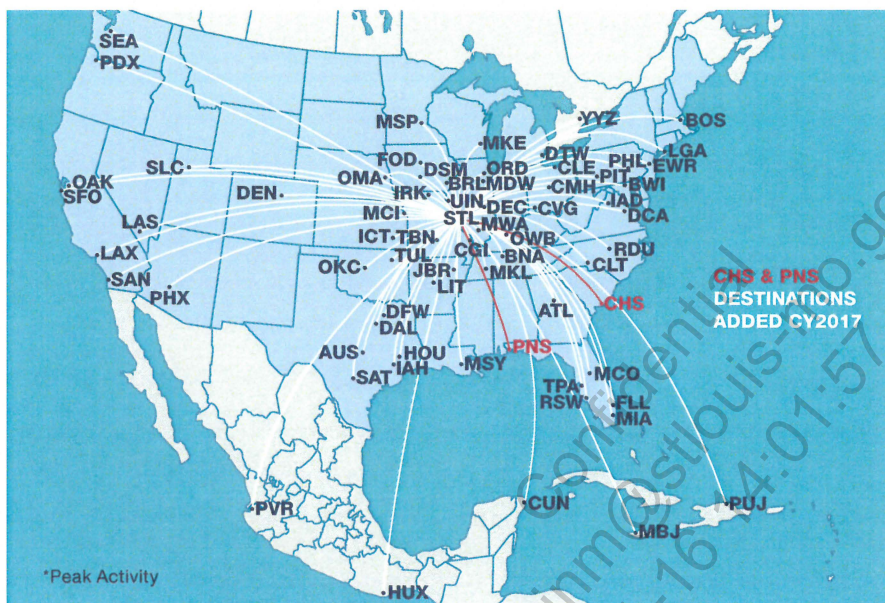
The City of St. Louis will issue new money bonds in 2019 to fund approximately \$28M of projects in the five-year CIP plan for STL Lambert International Airport. The new bonds will be issued in conjunction with refunding outstanding \$93.4M Series 2009A-1 Airport Revenue Bonds that are callable on July 1, 2019.



ST. LOUIS LAMBERT
INTERNATIONAL AIRPORT.

CY2017 Passenger & Operation Statistics

71 Non-Stop Destinations* 70 in CY2016



*Peak Activity

DAILY DEPARTURES
(PEAK)

3.1%
INCREASE

264
256 CY2016

ENPLANEMENTS
(BOARDINGS)

5.5%
INCREASE

7,372,805
6,988,151 CY2016

CONNECTING
ENPLANEMENTS

29.7%
INCREASE

1,522,411
1,173,533 CY2016

DEPLANED PASSENGERS
(ARRIVALS)

5.5%
INCREASE

7,357,851
6,970,975 CY2016



TOTAL PASSENGERS: **14,730,656**

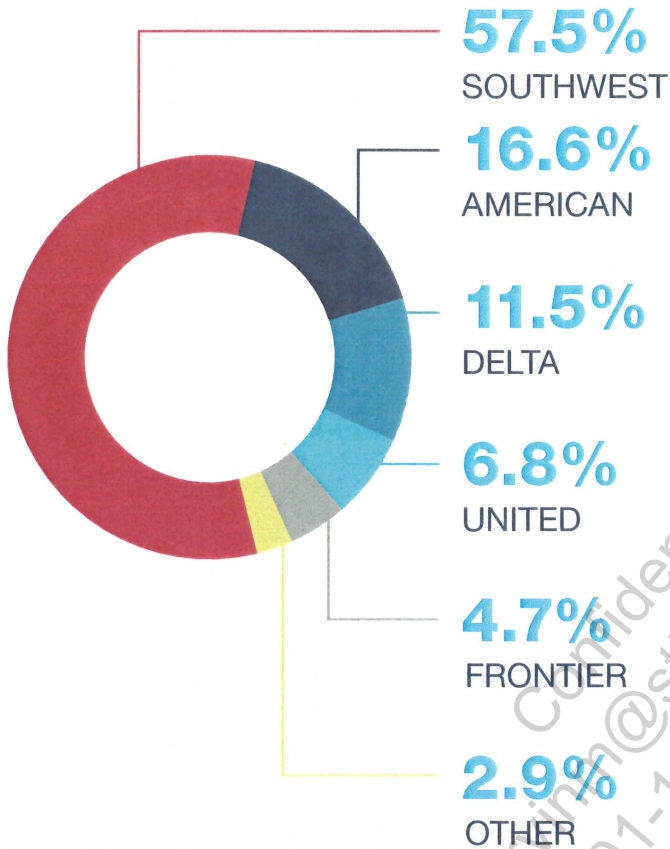
13,959,126 CY2016

5.5%
▲ INCREASE



Passengers & Operations

Airline Market Shares by Total Enplaned Passengers



Aircraft Departures

PASSENGER AIRCRAFT DEPARTURES



TOTAL AIRCRAFT DEPARTURES



CARGO AIRCRAFT DEPARTURES



TOTAL SEATS
18,743,407
17,705,326 CY2016

5.9%
▲ INCREASE

Aircraft Operations*

COMMERCIAL PASSENGER OPERATIONS






TOTAL CARGO (MAIL & FREIGHT) LBS




**TOTAL AIRCRAFT
OPERATIONS**
196,405
190,560 CY2016

3.1%
▲ INCREASE

flystl.com/reports
for the latest statistics
flystl.com/news
for the latest news

 facebook.com/flystl
 @flystl
 flystl

*Aircraft Operations = takeoffs and landings



ST. LOUIS LAMBERT INTERNATIONAL AIRPORT
JUNE 27, 2018

Calculation of Debt Service Coverage Ratio (DSCR)

	Estimated FY 2018 ¹
Revenue Source:	
Passenger Airline Revenue	74,173
Non-Aeronautical Revenues	52,243
Other Operating Revenues	14,694
Subtotal	141,110
Interest Income	2,050
Rate Mitigation (xrf from DS Stab FND)	13,728
Pledged PFC Revenues	28,321
Total Revenues	185,209
Expenses	
Operating Expenses net of depreciation	93,053
less: 5% Gross Receipts Tax	6,506
add back: Utilities Reimbursed	1,137
add back: Loading Bridges & Carousel Maint.	3,759
	91,443
Net Revenues	93,766
Annual GARB Debt Service	63,243
Debt Service Coverage ratio	1.48
Required Debt Service Coverage ratio	1.25

¹ Estimate based on FY2018 Airlines Rates & Charges Setting.