ROGER H. BATES
Airport Consultant

December 12, 2025

Mr. Clint Stephen
Chief Financial Officer
Houston Airport System
16930 JFK Boulevard
Houston, TX 77032

Re: 2026 Annual Rate Report—Consolidated Rental Car Facility

Dear Mr. Stephen:

Acting in the capacity of the City of Houston's designated Independent Rate Consultant, I am pleased to submit this annual Rate Report for Calendar Year 2026 regarding the Consolidated Rental Car Facility (the Facility) at George Bush Intercontinental Airport / Houston (the Airport).

In March 2001, the City of Houston (the City) issued *$130,250,000 City of Houston, Texas, Airport System Special Facilities Taxable Revenue Bonds (Consolidated Rental Car Facility Project), Series 2001* (the Bonds) to finance the Facility. The Bonds are secured in large part by a pledge of CFC Revenues—revenues derived from a Customer Facility Charge imposed by the City and collected by the rental car operators (the Operators). The City imposed a Customer Facility Charge of $3.00 per transaction day at the Airport as of April 1, 2001. The Operators have been collecting and forwarding CFC revenues to the Trustee since that date. The CFC rate has subsequently been adjusted on several occasions over the years. The current CFC is $4.00 per transaction day, a rate that has been in effect since April 1, 2017.

Purposes of the Rate Report

In connection with the issuance of the Bonds, the City (as the Issuer of the Bonds) entered into a Trust Indenture, dated March 1, 2001, with Chase Manhattan Bank (now The Bank of New York Mellon Trust Company, N.A.) as Trustee.

The specific requirements for the Rate Report are set forth in Section 7.2 of the Trust Indenture.

Section 7.2.a of the Trust Indenture states:

> The City shall cause the Customer Facility Charge to be calculated, established and imposed as herein provided so long as any Bonds remain Outstanding, and the City shall use diligence to cause the Customer Facility Charge to be collected by the Operators in accordance with the terms of the Agreement and deposited with the Trustee directly by the Operators. The Customer Facility Charge shall be established initially and reviewed and adjusted (if necessary) annually by the Director based upon the Rate Reports from the Independent Rate Consultant (or, with the consent of the LLC, by the City) at rates estimated to generate CFC revenues, along with other Pledged Revenues, in such calendar year equal to not less than:

(1) 125% of the debt service requirements on the Bonds for such calendar year; and

(2) the amounts necessary to fund in each calendar year all transfers from the Revenue Fund as required by Article IV of this Indenture.

This provision is referred to as the Rate Covenant.

Section 7.2.b of the Trust Indenture goes on to state:

> The Director [the City's Director of Aviation] shall cause the Rate Reports to be prepared and to be filed with the Trustee prior to each calendar year, based upon the Transaction Day and other rental information required to be provided annually to the Independent Rate Consultant by the Operators pursuant to the Agreement.

The Trust Indenture defines "Rate Reports" as follows:

> "Rate Reports" shall mean the written reports and recommendations of the Independent Rate Consultant...which shall include the following information:
>
> (1) the recommended Customer Facility Charge for the ensuing calendar year (or other stated period);
>
> (2) the recommended transfers to the Revenue Fund from the CFC Stabilization Account or from other amounts in the Facility Improvement Fund;
>
> (3) pro forma Customer Facility Charge collection data for the ensuing calendar year (or other stated period) on a monthly basis, together with calculations showing 90% and 80% of such monthly amounts;
>
> (4) the estimated Administrative Cost Requirement for the ensuing calendar year (or other stated period); and
>
> (5) any additional documentation to support the recommended CFC rate and reflecting the anticipated disposition of the CFC revenues among the funds established and maintained under the Indenture.

This Rate Report has been prepared to respond to the requirements of Section 7.2 of the Trust Indenture.

The Houston Rental Car Operators

The Houston rental car market is served by four companies operating 12 brands: *Avis Budget Group, Inc.* (operating Avis, Budget, Payless and Zipcar); *Enterprise Holdings Inc.* (operating Enterprise, Alamo and National); *The Hertz Corporation* (operating Hertz, Dollar and Thrifty) and *Sixt Rent a Car, LLC* (operating Sixt and GO Rentals).

COVID 19 and the Air Transportation Industry

The year 2020 saw a precipitous decline in air traffic and rental car activity at the Airport (and worldwide) as a result of the COVID-19 pandemic. But fortunately, air traffic activity—and with it, rental car demand—have significantly and steadily recovered since the severely depressed levels of 2020. By 2023 passenger traffic had fully recovered from pandemic lows, exceeding the 2019 level.

Recent Trends in Air Traffic Demand

Air traffic demand at the Airport softened moderately in 2025. Table 1 on the following page shows recent trends in air traffic activity at the Airport by month for the first 10 months of 2025 and all of 2024, as obtained from HAS records.

During the first 10 months of 2025, the number of enplaned passengers at the Airport decreased by 0.8% compared to the same period of 2024, indicating a moderately slowing of traffic demand in the Houston market. Also, for the first 10 months of 2025, total passenger originations at the Airport (the driver of rental car activity) decreased by 1.8% from the same period of 2024. The marginal decline in traffic at the Airport year to date in 2025 is largely attributable to: (1) reductions in service by Spirit Airlines and (2) the cessation of service by Southwest Airlines (flights that were largely transferred to Southwest's hub at Hobby Airport.)

Recent Trends in Transaction Days and CFC Revenues

Tables 2A and 2B on the second following page show (1) rental car transaction days and (2) CFC revenues, respectively, at the Airport for the first 10 months of Calendar Years 2025 and all of 2024[1]. Actual CFC Revenues and transaction days for 2025 are then compared with the projections for 2025 prepared in December 2024. (Note that CFC Revenues are shown on an accrual basis; i.e., the revenues *earned* in the particular month.)

For the first 10 months of 2025, the total number of transaction days and CFC Revenues declined 3.9% compared to the same period of 2024, largely as a result of the moderate softening of air travel demand at the Airport.

The projections prepared in December 2024 anticipated moderately growing air traffic demand in 2025. With actual traffic demand declining moderately in 2025, actual transaction days and CFC Revenues for the first 10 months of the year fell short of the projections by 6.0%.

[1] CFC Revenues for 2024 have been restated from last year's Report to correct certain reporting errors by two of the Operators.

Table 1

RECENT TRENDS IN AIR TRAFFIC ACTIVITY
Calendar Years 2025 and 2024
George Bush Intercontinental Airport / Houston

Year / Month	Enplaned Passengers		Originating Passengers		
	Number	% Change from Prior Year	Number	% Change from Prior Year	% of Total Enplaned Passengers
2025					
Jan	1,823,478	3.6%	1,046,089	-0.5%	57.4%
Feb	1,680,925	-2.8%	985,846	-2.2%	58.6%
Mar	2,018,348	-0.1%	1,253,454	1.6%	62.1%
Apr	1,896,891	-3.2%	1,151,224	-5.7%	60.7%
May	2,142,814	-0.1%	1,344,876	-3.8%	62.8%
Jun	2,206,108	-3.6%	1,404,105	-4.7%	63.6%
Jul	2,252,925	3.8%	1,409,430	1.5%	62.6%
Aug	2,023,576	-3.4%	1,207,645	-3.3%	59.7%
Sep	1,839,170	-1.9%	1,122,313	-1.9%	61.0%
Oct	2,054,951	-0.5%	1,287,098	1.0%	62.6%
1st 10 mos 2025	19,939,186	**-0.8%**	12,212,080	**-1.8%**	**61.2%**
Nov					
Dec					
Total 2025					
2024					
Jan	1,759,450	1.0%	1,051,107	4.6%	59.7%
Feb	1,729,623	3.1%	1,007,729	3.5%	58.3%
Mar	2,019,544	3.6%	1,234,143	3.6%	61.1%
Apr	1,959,887	5.0%	1,220,315	6.0%	62.3%
May	2,145,840	8.0%	1,398,022	10.6%	65.2%
Jun	2,288,300	11.0%	1,472,843	9.4%	64.4%
Jul	2,170,157	1.4%	1,389,174	2.0%	64.0%
Aug	2,095,766	7.3%	1,248,539	5.7%	59.6%
Sep	1,875,717	1.4%	1,143,517	-0.7%	61.0%
Oct	2,065,129	4.5%	1,274,033	5.3%	61.7%
1st 10 mos 2024	**20,109,413**	**4.7%**	**12,439,422**	**5.1%**	**61.9%**
Nov	1,988,344	4.0%	1,227,051	2.3%	61.7%
Dec	2,173,645	9.5%	1,333,850	9.9%	61.4%
	4,161,989	6.8%	2,560,901	6.1%	61.5%
Total 2024	24,271,402	5.1%	15,000,323	5.3%	61.8%

Source: Houston Airport System

Table 2A

2025 TRANSACTION DAYS[1]

Consolidated Rental Car Facility

George Bush Intercontinental Airport / Houston

Applicable Month	Month of Payment	Total Transaction Days 2025	Total Transaction Days 2024	Increase (Decrease)	Percentage Change	2025 Projection[2]	Actual 2025 vs. Projection	Percentage Change
Jan	Feb	327,587	333,474	(5,887)	-1.8%	351,000	(23,413)	-6.7%
Feb	Mar	338,755	351,992	(13,237)	-3.8%	380,000	(41,245)	-10.9%
Mar	Apr	421,915	414,149	7,766	1.9%	426,000	(4,085)	-1.0%
Apr	May	401,712	443,778	(42,066)	-9.5%	448,000	(46,288)	-10.3%
May	Jun	402,416	422,491	(20,075)	-4.8%	408,000	(5,585)	-1.4%
Jun	Jul	373,931	397,304	(23,373)	-5.9%	388,000	(14,069)	-3.6%
Jul	Aug	369,908	361,981	7,927	2.2%	355,000	14,908	4.2%
Aug	Sep	377,175	403,261	(26,086)	-6.5%	425,000	(47,825)	-11.3%
Sep	Oct	343,052	362,820	(19,768)	-5.4%	375,000	(31,948)	-8.5%
Oct	Nov	402,155	420,978	(18,823)	-4.5%	442,000	(39,845)	-9.0%
		3,758,606	**3,912,226**	**(153,620)**	**-3.9%**	**3,998,000**	**(239,394)**	**-6.0%**
Nov	Dec	0	392,938			388,000		
Dec	Jan	0	361,171			350,000		
		0	754,109			738,000		
			4,666,335			**4,736,000**		

1. Source: Derived from reported CFC revenues by dividing by the $4.00 CFC rate.
2. Roger H. Bates, "2025 Annual Rate Report--Consolidated Rental Car Facility," dated December 20, 2024.

Table 2B

2025 CFC REVENUES[1]

Consolidated Rental Car Facility

George Bush Intercontinental Airport / Houston

Month of Accrual	Month of Payment	Total CFC Revenues Actual 2025	Total CFC Revenues Actual 2024[2]	Increase (Decrease)	Percentage Change	2025 Projection[3]	Actual 2025 vs. Projection	Percentage Change
Jan	Feb	$1,310,348	$1,333,896	($23,548)	-1.8%	$1,404,000	($93,652)	-6.7%
Feb	Mar	1,355,020	1,407,967	(52,947)	-3.8%	$1,520,000	(164,980)	-10.9%
Mar	Apr	1,687,661	1,656,597	31,064	1.9%	$1,704,000	(16,339)	-1.0%
Apr	May	1,606,848	1,775,110	(168,262)	-9.5%	$1,792,000	(185,152)	-10.3%
May	Jun	1,609,662	1,689,962	(80,300)	-4.8%	$1,632,000	(22,338)	-1.4%
Jun	Jul	1,495,724	1,585,382	(89,658)	-5.7%	$1,552,000	(56,276)	-3.6%
Jul	Aug	1,479,632	1,434,872	44,760	3.1%	$1,420,000	59,632	4.2%
Aug	Sep	1,508,701	1,597,679	(88,978)	-5.6%	$1,700,000	(191,299)	-11.3%
Sep	Oct	1,372,208	1,432,203	(59,995)	-4.2%	$1,500,000	(127,792)	-8.5%
Oct	Nov	1,608,620	1,716,964	(108,344)	-6.3%	$1,768,000	(159,380)	-9.0%
		$15,034,424	**$15,630,632**	**($596,208)**	**-3.9%**	**$15,992,000**	**($957,576)**	**-6.0%**
Nov	Dec		$1,556,812			$1,552,000		
Dec	Jan		1,429,652			$1,400,000		
			$2,986,464			$2,952,000		
			$18,617,096			**$18,944,000**		

1. Source: As reported by the Operators to the Trustee.
CFC payments are required to be sent to the Trustee by the 20th day of the month following collection.
Therefore, for example, the payments received the Trustee in May represent CFC revenues accrued in April.
2. CFC Revenues for two operators have been adjusted to reflect certain reporting errors in 2024.
3. Roger H. Bates, "2025 Annual Rate Report--Consolidated Rental Car Facility," dated December 20, 2024.

Projection of Rental Car Demand and CFC Revenues in 2025

Table 3, "Estimated Rental Car Transaction Days and CFC Revenues—Calendar Year 2025" shows relationships between air traffic activity, rental car transaction days, and CFC Revenues and CFC Collections for the first 10 months of 2025 and develops projections of CFC Revenues and CFC Collections for the full year 2025.

In Table 3, CFC revenues are projected for the months of November and December 2025 based on assumptions regarding originating passenger traffic growth (1.0% increase from the same period of 2024), percentage of originating passengers to total enplaned passengers (61%), and transaction days per originating passenger (0.320 and 0.270 for November and December respectively), as highlighted in green.

Based on these assumptions, total *CFC Revenues* are projected to be $18,050,000 in 2025—3.0% below actual CFC Revenues in 2024 and 4.7% below the projection of 2025 CFC Revenues made last December. Total *CFC Collections* are projected to be $18,032,000 in 2025—2.4% below actual CFC collections in 2024 and 4.6% below the projection of 2025 CFC collections made last December.

Availability of Funds for Upcoming Debt Service Payment

Projected CFC collections for November and December of 2025, together with moneys currently available in the Debt Service Account, are projected to be more than sufficient to provide for the debt service payments coming due on January 2, 2026:

Funds Available for January 2, 2026 Debt Service Payment	
Balance in Debt Service Fund - October 31, 2025	$9,484,245
Estimated CFC Collections - Nov and Dec 2025	$3,176,620
Total Funds Available	**$12,660,865**
Debt Service Requirements--January 2, 2026	
Remaining 2001 Bonds	
Principal (annual)	$10,445,000
Interest (semiannual)	1,170,116
Total Debt Service Payment--January 2, 2026	**$11,615,116**

Table 3

ESTIMATED RENTAL CAR TRANSACTION DAYS AND CFC REVENUES
Calendar Year 2025
Consolidated Rental Car Facility
George Bush Intercontinental Airport / Houston

Key assumptions for Nov/Dec estimates:

Enplaned % Change from Prior Year	Percent Originating	Transaction Days per O.P.		CFC Rate
1.0%	61.0%	0.320	*Jan-Mar*	$4.00
		0.270	*Apr-Dec*	$4.00

Applicable Month	Actual or Estimated	Enplaned Passengers	*% Change from Prior Year*	Originating Passengers	*% Change from Prior Year*	Percent Originating	Transaction Days	*% Change from Prior Year*	Transaction Days per O.P.	*% Change from Prior Year*	CFC Revenues	*% Change from Prior Year*	CFC Collections	*% Change from Prior Year*
Jan	Actual	1,823,478	3.6%	1,046,089	-0.5%	57.4%	327,587	-1.8%	0.313	-1.3%	1,310,348	-1.8%	1,429,652	10.3%
Feb	Actual	1,680,925	-2.8%	985,846	-2.2%	58.6%	338,755	-3.8%	0.344	-1.6%	1,355,020	-3.8%	1,310,348	-1.8%
Mar	Actual	2,018,348	-0.1%	1,253,454	1.6%	62.1%	421,915	1.9%	0.337	0.3%	1,687,661	1.9%	1,355,020	-3.8%
Apr	Actual	1,896,891	-3.2%	1,151,224	-5.7%	60.7%	401,712	-9.5%	0.349	-4.0%	1,606,848	-9.5%	1,687,661	1.9%
May	Actual	2,142,814	-0.1%	1,344,876	-3.8%	62.8%	402,416	-4.8%	0.299	-1.0%	1,609,662	-4.8%	1,606,848	-9.5%
Jun	Actual	2,206,108	-3.6%	1,404,105	-4.7%	63.6%	373,931	-5.9%	0.266	-1.3%	1,495,724	-5.7%	1,609,662	-4.8%
Jul	Actual	2,252,975	3.8%	1,409,480	1.5%	62.6%	369,908	2.2%	0.262	0.7%	1,479,632	3.1%	1,495,724	-5.7%
Aug	Actual	2,023,576	-3.4%	1,207,645	-3.3%	59.7%	377,175	-6.5%	0.312	-3.3%	1,508,701	-5.6%	1,479,632	3.1%
Sep	Actual	1,839,170	-1.9%	1,122,313	-1.9%	61.0%	343,052	-5.4%	0.306	-3.7%	1,372,208	-4.2%	1,508,701	-5.6%
Oct	Actual	2,054,951	-0.5%	1,287,098	1.0%	61.7%	402,155	-4.5%	0.312	-5.4%	1,608,620	-6.3%	1,372,208	-4.2%
		19,939,236	-0.8%	12,212,130	-1.8%	61.2%	**3,758,606**	-3.9%	0.308	-2.1%	**15,034,424**	-3.8%	14,855,456	-2.3%
Nov	Estimated	2,008,000	1.0%	1,225,000	-0.2%	61.0%	392,000	-0.2%	0.320	-0.1%	1,568,000	0.7%	1,608,620	-6.3%
Dec	Estimated	2,195,000	1.0%	1,339,000	0.4%	61.0%	362,000	0.2%	0.270	-0.3%	1,448,000	1.3%	1,568,000	0.7%
Total	Estimated	**24,142,000**	**-0.5%**	**14,776,000**	**-1.5%**	**61.2%**	**4,513,000**	**-3.3%**	**0.305**	**-1.8%**	**18,050,000**	**-3.0%**	**18,032,000**	**-2.4%**

	Enplaned Passengers		Originating Passengers			Transaction Days		Transaction Days per O.P.		CFC Revenues		CFC Collections	
2025 Projection (Dec 2024)	**24,888,000**		**15,182,000**			4,736,000		**0.311**		**$18,944,000**		**$18,904,000**	
Change from Projection	(746,000)		(406,000)			(223,000)		-0.006		(894,000)		(872,000)	
% Change	-3.0%		-2.7%			-4.7%		-1.8%		-4.7%		-4.6%	

Source: Houston Airport System (input data)

Trends in Transaction Days per Originating Passenger

Table 4 shows historical patterns in monthly transaction days per enplaned passenger for calendar years 2023 and 2024 and year-to-date 2025, and projections for the last two months of 2025 and all of calendar year 2026. For the purposes of projecting CFC revenues in 2026, it is assumed that the monthly transaction days per originating passenger in 2026 would be the same as in 2025, reflecting a continuation current market trends.

Table 4

Trends in Transaction Days per Originating Passenger
Rental Car Market
George Bush Intercontinental Airport / Houston

	Actual			Projected
	2023	2024	2025	2026 *assume no change from actual 2025*
Jan	0.298	0.317	0.313	**0.313**
Feb	0.324	0.349	0.344	**0.344**
Mar	0.324	0.336	0.337	**0.337**
Apr	0.344	0.364	0.349	**0.349**
May	0.305	0.302	0.299	**0.299**
Jun	0.259	0.270	0.266	**0.266**
Jul	0.258	0.261	0.262	**0.262**
Aug	0.297	0.323	0.312	**0.312**
Sep	0.295	0.317	0.306	**0.306**
Oct	0.319	0.330	0.312	**0.312**
			Projected	
Nov	0.308	0.320	**0.320**	**0.320**
Dec	0.267	0.271	**0.270**	**0.270**
Annual Average	**0.298**	**0.311**	**0.305**	**0.305**

Assumptions regarding transaction days per originating passenger are the principal drivers of the projection of transaction days and, in turn, CFC Revenues. Monthly transaction days per originating passenger fluctuated widely from historical patterns in the aftermath of the pandemic compared to 2019. Those patterns have now stabilized, albeit at somewhat lower levels (an average of 0.305 in 2025 versus an average of 0.347 in 2019). The lower levels of monthly transaction days per originating passenger are likely attributable to a slower recovery in business travel compared to leisure travel in the Houston market and the rise in popularity of ride share services.

Projected CFC Revenues and Collections at the Current CFC Rate

Table 5, "Projection of Rental Car Transaction Days and CFC Revenues—Calendar Year 2026," extrapolates the historical relationships shown in Table 3 to produce a projection of CFC Revenues and CFC Collections for 2025 *assuming continuation of the current $4.00 CFC Rate.* The forecast of CFC revenues is also based on the following key assumptions:

- Overall air traffic activity (passenger enplanements) would increase by 2.0% in 2026 over 2025.
- Originating passengers would account for an average of 61% of enplanements in 2026, the average level sustained during 2024.
- Monthly transaction days per originating passenger in 2026 would be the same as in 2025 and consistent with the seasonal patterns of the past year.

HAS believes a 2% growth rate for the Airport traffic market is reasonably achievable in 2026. Several major events are scheduled to take place in Houston next year including the NCAA basketball finals ("March Madness") and a major FIFA soccer tournament. In addition, Frontier Airlines has been gradually ramping up operations, replacing in part the air service lost this year from Spirit Airlines, and construction of additional gates in Terminal B will become available to United Airlines toward the end of the year.

Assuming no change in the CFC rate, CFC Revenues are projected to be $18,376,000 and CFC Collections are projected to be $18,348,000 in 2026.

Although not shown in this report, based on the above assumptions the computed "breakeven" CFC rate for 2026 (the rate required to cover only debt service requirements and fund replenishments, without any supplemental transfers from the FIF) is **$2.73**—significantly less than the $4.00 rate currently in place.

Recommended CFC Rate

As noted above, the current $4.00 CFC rate exceeds the minimum "breakeven" rate. However, HAS historically has pursued rate stability as a goal, even where moderate rate reductions or increases might otherwise be supportable. This has allowed HAS to maintain CFC rate stability and demonstrate debt service coverage margins well in excess of the minimum requirements of the Trust Indenture. The Operators and the Trustee have concurred with this policy.

In addition, in past years HAS has kept the CFC rate above minimum "breakeven" rates in order to accumulate reserves in the Facility Improvement Fund for potential future Facility expansion and improvement. (Those reserves were available to help HAS address the COVID-19 market disruption without having to resort to increasing costs to rental car customers.) HAS has begun another major shuttle bus replacement cycle and believes there may be a need soon to improve the Customer Service Building to better accommodate changing Operator market shares. Other major capital needs may emerge in the next few years. For these reasons, HAS has decided to *keep the current $4.00 CFC rate in place in 2026.* I concur with this decision.

Table 5

PROJECTION OF RENTAL CAR TRANSACTION DAYS AND CFC REVENUES
Calendar Year 2026
Consolidated Rental Car Facility
George Bush Intercontinental Airport / Houston

										CFC Rate			
									Jan-Mar	$4.00			
2026	**Assumptions:**		2.0%			61.0%			Apr-Dec	$4.00			
Applicable Month	Actual or Projection	**Enplaned Passengers**	*% Change from Prior Year*	**Originating Passengers**	*% Change from Prior Year*	**Percent Originating**	**Transaction Days**	*% Change from Prior Year*	**Transaction Days per O.P.**	*% Change from Prior Year*	**CFC Revenues**	*% Change from Prior Year*	**CFC Collections**	*% Change from Prior Year*
Jan	Projected	1,860,000	2.0%	1,135,000		61.0%	355,000		0.313		$1,420,000		$1,448,000	
Feb	Projected	1,715,000	2.0%	1,046,000		61.0%	359,000		0.344		1,436,000		1,420,000	
Mar	Projected	2,059,000	2.0%	1,256,000		61.0%	423,000		0.337		1,692,000		1,436,000	
Apr	Projected	1,935,000	2.0%	1,180,000		61.0%	412,000		0.349		1,648,000		1,692,000	
May	Projected	2,186,000	2.0%	1,333,000		61.0%	399,000		0.299		1,596,000		1,648,000	
Jun	Projected	2,250,000	2.0%	1,373,000		61.0%	366,000		0.266		1,464,000		1,596,000	
Jul	Projected	2,298,000	2.0%	1,402,000		61.0%	368,000		0.262		1,472,000		1,464,000	
Aug	Projected	2,064,000	2.0%	1,259,000		61.0%	393,000		0.312		1,572,000		1,472,000	
Sep	Projected	1,876,000	2.0%	1,144,000		61.0%	350,000		0.306		1,400,000		1,572,000	
Oct	Projected	2,096,000	2.0%	1,279,000		61.0%	400,000		0.312		1,600,000		1,400,000	
Nov	Projected	2,048,000	2.0%	1,249,000		61.0%	400,000		0.320		1,600,000		1,600,000	
Dec	Projected	2,239,000	2.0%	1,366,000		61.0%	369,000		0.270		1,476,000		1,600,000	
Total - 2026		**24,626,000**	**2.0%**	**15,022,000**	**1.7%**	**61.0%**	**4,594,000**	**1.8%**	**0.305**	**-0.1%**	**$18,376,000**	**1.8%**	**$18,348,000**	**1.7%**

Assuming no change in the CFC rate, projected monthly CFC collections in 2026 are summarized in Table 6 below:

Table 6

PROJECTED CFC COLLECTIONS
Calendar Year 2026
George Bush Intercontinental Airport / Houston

	Projected CFC Collections		
	100.0%	90.0%	80.0%
January	**$1,448,000**	$1,303,200	$1,158,400
February	**1,420,000**	1,278,000	1,136,000
March	**1,436,000**	1,292,400	1,148,800
April	**1,692,000**	1,522,800	1,353,600
May	**1,648,000**	1,483,200	1,318,400
June	**1,596,000**	1,436,400	1,276,800
July	**1,464,000**	1,317,600	1,171,200
August	**1,472,000**	1,324,800	1,177,600
September	**1,572,000**	1,414,800	1,257,600
October	**1,400,000**	1,260,000	1,120,000
November	**1,600,000**	1,440,000	1,280,000
December	**1,600,000**	1,440,000	1,280,000
Total	**$18,348,000**	**$16,513,200**	**$14,678,400**

Operating Cash Flow

Table 7 shows actual (2023 and 2024), estimated (2025) and projected (2026) operating cash flow associated with the Consolidated Rental Car Facility *assuming continuation of the current $4.00 CFC rate in 2026.*

Table 7

PROJECTED ANNUAL CFC REQUIREMENT AND CASH FLOWS
For Calendar Years Ending December 31
Consolidated Rental Car Facility
George Bush Intercontinental Airport / Houston

		Actual 2023	Actual 2024	Estimated 2025	Projected 2026
CFC Rate:	*Jan-Mar*	$4.00	$4.00	$4.00	$4.00
	Apr-Dec	$4.00	$4.00	$4.00	$4.00
CFC Collections (from Tables 3 and 5)		**$16,912,440**	**$18,483,596**	**$18,032,000**	**$18,348,000**
Transfers from CFC Rate Stabilization Account		0	0	0	0
Transfers from Facility Improvement Fund					
Amount of monthly transfer:		*$250,000*	*various*		
Months of transfers:		*Jan-Dec*	*Jan & Feb*		
Total amount transferred:		3,000,000	225,000	0	0
Investment Income		448,355	481,185	396,000	400,000
Total Revenues and Transfers	A	**$20,360,795**	**$19,189,781**	**$18,428,000**	**$18,748,000**
Replenish Administrative Costs Account		52,700	33,400	35,325	50,000
Replenish CFC Rate Stabilization Account (to $300,000)		0	0	0	0
Transfers to Debt Service Fund					
Principal		$8,870,000	$9,630,000	$10,445,000	$11,315,000
Interest		3,613,032	3,002,776	2,340,232	1,622,000
		$12,483,032	$12,632,776	$12,785,232	$12,937,000
Total Requirement	B	**$12,535,732**	**$12,666,176**	**$12,820,557**	**$12,987,000**
Projected surplus @ proposed CFC rate (= estimated transfers back to Facility Improvement Fund)	**C = A-B**	**$7,825,063**	**$6,523,605**	**$5,607,443**	**$5,761,000**

In 2025, CFC collections are estimated to be sufficient to cover all the funding requirements under the Trust Indenture and generate net transfers to the FIF of $5.6 million.

In 2026, CFC collections are projected to be sufficient to cover all funding requirements under the Trust Indenture and generate net transfers to the FIF of nearly $5.8 million.

Other Capital Needs

HAS and the Operators have developed a five-year (2025-2029) capital improvement program for the Facility. These capital projects are summarized in Table 8 below. The total cost of these projects is estimated by HAS to be approximately $35.2 million over the five-year period, 2025-2029.

Table 8

2025 - 2029 CAPITAL IMPROVEMENTS
Consolidated Rental Car Facility
George Bush Intercontinental Airport / Houston

Project	Actual 2025 and Prior	Projected 2026	2027	2028	2029	2024-2028 Total
Projects in Process or Completed in 2025						
Building Automation System	188,892	21,000	0	0	0	210,000
Bus Maintenance Shop Renovation - Design	30,926	78,000	0	0	0	109,000
Bus Level Entrance Vestibule - Design	137,620	40,000	0	0	0	178,000
Bus Wash Renovation - Construction	519,224	154,000	0	0	0	673,000
Exterior Escalator Deflector Wall - Design	0	104,000	0	0	0	104,000
CSB Restroom Renovations - Design	109,710	32,000	0	0	0	142,000
CSB Restroom Renovations - Construction	177,922	1,638,000	0	0	0	1,816,000
CSB New Vertical Transp Equip - Design	0	64,000	0	0	0	64,000
Fire Alarm Panel Replacement	138,985	0	0	0	0	139,000
	$1,303,278	**$2,131,000**	**$0**	**$0**	**$0**	**$3,435,000**
Projects Planned for 2025-2029						
Alternative Fuel Shuttle Buses	0	21,069,000	0	-	0	21,069,000
Potential federal grant funding		(1,459,000)				(1,459,000)
Electric Vehicle Charging Stations	1,608,037	0	0	0	0	1,608,000
CSB New Vertical Transportation Equipment	0	9,283,000	0	0	0	9,283,000
Bus/Vehicle Safety Barrier Wall - Design	0	53,000	0	0	0	53,000
BMF RTU 1 Replacement	0	0	284,000	0	0	284,000
BMF RTU 2 Replacement	0	0	283,000	0	0	283,000
BMF RTU 3 Replacement	0	0	284,000	0	0	284,000
BMF RTU 4 Replacement	0	0	283,000	0	0	283,000
Employee Parking Lot Canopies	0	0	0	126,000	0	126,000
	$1,608,037	**$28,946,000**	**$1,134,000**	**$126,000**	**$0**	**$31,814,000**
Total	**$2,911,314**	**$31,077,000**	**$1,134,000**	**$126,000**	**$0**	**$35,249,000**

Source: CBRE (Rental Car Center facility operator) and Houston Airport System.

The major element of the capital improvement program is the replacement of the shuttle bus fleet with new "clean energy" vehicles powered by alternative fuel ($21.1 million). HAS has decided to purchase compressed natural gas (CNG) powered vehicles, and procurement is now anticipated to begin in 2026. Federal grant funding is being pursued for this project; if obtained, the grant funding would be received after the project has been completed. In addition, HAS anticipates replacing certain elevators and escalators in the Customer Service Building ($9.3 million). All of these projects are anticipated to be funded from the Facility Improvement Fund (FIF), the fund in which internally generated cash flow is retained. The balance in the FIF as of October 31, 2025 ($60.7 million) is more than sufficient to fund the currently anticipated near term capital needs of the Facility (the 2025-2029 capital improvement program).

In 2022, HAS undertook a planning study of long-term Facility expansion needs (the Capacity Study.) The principal findings of the study, as set forth in the consultants' final summary report, summarized below:

FINDINGS / NEXT STEPS / AREAS FOR FURTHER STUDY
Capacity Study
Consolidated Rental Car Facility

Findings

Ready/Return Garage - The capacity of the garage is expected to be sufficient for demand until at least 2035, based on analysis of rental transactions. However, a larger footprint may be required for operational improvements, such as the ability to co-locate brands from the same brand-family on the same floor. Areas for planned expansion are available if needed. A reallocation of space may be appropriate at this time to align with changing market share numbers for each company.

Customer Service Center – The overall capacity is expected to be sufficient now until 2035, unless the number of operators increases. Space can be reallocated to align with changing market share numbers for each company. If additional counter space is required, the option of utilizing non-rental car customer counter areas (building manager, storage) for RAC use could be explored.

Maintenance Service Sites – There is plentiful land area for service site expansion if required in future. No consideration was given at this time for the addition of a consolidated Quick Turnaround Area (QTA) located adjacent to the ready / return garage.

Employee Parking – Currently there is sufficient capacity in the Ready/Return Garage for it to accommodate some RAC employee parking, if that is the approach preferred by the operators. However, if capacity concerns arise in future it is recommended that RAC employees park in the designated employee parking area rather than in the garage.

Recommended Next Steps

• Revisit assessment of requirements with consideration of post-pandemic trends for air travel and rental car demand • Revisit reallocation options with consideration of new transaction data and market shares based on data from a period after demand picked up following the worst phase of the pandemic • A cost/benefit analysis of estimated construction costs for both reallocation and expansion options and their overall impact on CFCs and the facility • Select a preferred alternative and schedule for expansion / reallocation of the ready/return garage, customer service center and service site.

Planning Study Areas for Further Study

Electric Vehicles – By 2035, the majority of privately owned vehicles are expected to be electric. Hertz recently announced they are acquiring 100,000 Tesla Model 3 sedans. This introduces a new set of challenges and considerations for the RCC: • Power requirements will increase, especially if it is necessary to upgrade from Level 2 to Level 3 to expedite charging time. • Garage capacity requirements may increase if cars may need to sit longer in the garage to charge, impacting capacity requirements and vehicle turns, especially if limited to using Level 2 chargers due to existing power availability in the garage. • Refueling system for limited remaining amount of gas vehicles, may not be able to mix high voltage electric plug with gas fuel • Less maintenance bays may be needed as electric fleet grows and less need for oil changes

TNCs and P2P – TNCs and P2P currently enjoy direct access to the airport curb, whereas RAC customers must take a bus to the RCC. There could be a need to address parity of curb access, or at least the price that these competing modes pay for this access.

Other Emerging Technologies and Trends – Other emerging trends such as automated vehicle parking technology and mobile apps could influence design and reduce staffing requirements.

Source: Leigh Fisher / PGAL, 2022.

In general, the Capacity Study concludes that the Facility should be adequate in size and capacity to accommodate projected growth through the year 2035, although some (as yet undefined) improvement of the Customer Service Building and the Parking Structure could be needed to address shifts in Operator market shares and allow more efficient co-location of corporate brands.

Status of the Facility Improvement Fund

As of October 31, 2025 the balance in the FIF was $60.7 million. These funds represent moneys available for planned capital projects and for future capital improvements, contingencies, debt retirement, or, if needed, rate stabilization.

Table 9 shows the projected flows in the FIF in 2025 and 2026. The balance in the FIF is projected to be approximately **$61.6** million at the end of 2025 and **$67.8** million at the end of 2026.

Table 9

PROJECTED CASH FLOWS IN THE FACILITY IMPROVEMENT FUND
Consolidated Rental Car Facility
George Bush Intercontinental Airport / Houston
For Years Ending December 31

	10 Mos YTD 2025	**Estimated 2025**	**Projected 2026**
Facility Improvement Fund (FIF)	*Actual as of 1/1/25*		
Beginning balance	**$55,303,912**	**$55,304,000**	**$61,580,000**
Transfers out (to Revenue Fund)	0	0	0
Transfers in (from Revenue Fund)	4,382,818	5,383,000	5,361,000
Capital Expenditures (from CIP)	(1,023,427)	(1,523,000)	(1,731,000)
Investment income	2,015,834	2,416,000	2,588,000
Ending Balance	**$60,679,135**	**$61,580,000**	**$67,798,000**
	Actual as of 10/31/25		
	$60,679,135		
	per Trustee Statement		

Projected Debt Service Coverage

Table 10 shows the calculation of debt service coverage on the outstanding 2001 Bonds for actual 2023, actual 2024, estimated 2025, and projected 2026.

Pledged Revenues include CFC collections, investment income on certain funds and accounts, and transfers from the Rate Stabilization Account, the Coverage Account and the Facility Improvement Fund (if any).

Table 10

CALCULATION OF DEBT SERVICE COVERAGE
Consolidated Rental Car Facility
George Bush Intercontinental Airport / Houston
For Years Ending December 31

CFC Rate:	**\$4.00**	**\$4.00**	**\$4.00**	**\$4.00**
	\$4.00	**\$4.00**	**\$4.00**	**\$4.00**
	Actual 2023	**Actual 2024**	**Estimate 2025**	**Projected 2026**
CFC Collections	**\$16,912,440**	**\$16,464,076**	**\$18,032,000**	**\$18,348,000**
Investment Income	448,355	481,185	396,000	400,000
Transfers from Facility Improvement Fund	**3,000,000**	**225,000**	**0**	**0**
Transfers from Rate Stabilization Account	0	0	0	0
Transfers from Coverage Account	3,169,000	3,169,000	3,169,000	3,169,000
Total Resources available for Debt Service	**\$23,529,795**	**\$20,339,261**	**\$21,597,000**	**\$21,917,000**
Total Annual Debt Service[1]				
2001 Bonds	\$12,483,032	\$12,632,776	\$12,785,232	\$12,936,616
2014 Refunding Bonds (retired)	0	0	0	0
	\$12,483,032	**\$12,632,776**	**\$12,785,232**	**\$12,936,616**
Debt Service Coverage Ratio	**1.88**	**1.61**	**1.69**	**1.69**

1. Debt service is shown on an accrual basis. For example, 2025 debt service equals the sum of the July 2, 2024 and January 2, 2025 interest and principal payments.

The Trust Indenture requires that Pledged Revenues provide at least 1.25x coverage of debt service each year. Debt service coverage is projected to be **1.69x in 2025** (based on extrapolating 10 months year-to-date actual results) and **1.69x in 2026**—ratios that substantially exceed the 1.25x Trust Indenture requirement.

*   *   *   *

Conclusions

1. The current CFC rate of $4.00 per transaction day substantially exceeds the "breakeven" rate required by the enterprise to meet debt service and other annual funding requirements.

2. The near-term capital needs of the Facility can adequately be met from available resources in the Facility Improvement Fund. However, leaving the current CFC rate in place in place in 2026 allows HAS to comfortably address current capital needs, generate additional funds for future capital needs, and continue its successful policy of long-term CFC rate stability.

Recommendations

I concur with HAS's decision to leave the CFC rate at the current $4.00 per transaction day in 2026.

Respectfully submitted,

Roger H. Bates