

2022 Airport Financial Plan

Manassas Regional Airport (HEF)



June 16, 2022

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Topics for Discussion and HEF Strategic Goals



Topics for Discussion

- Economic Announcements and Recent News
- Existing Debt Profile
- Historical Financial and Operating Trends
- Peer Comparison of Key Financial Ratios
- Projected Financial Results
- Capital Funding Capacity
- Comparative Rates and Charges
- Performance Measures
- Observations



Manassas Regional Airport (HEF) Strategic Goals

- Maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible.
- Establish hangar and tie-down fees that compare favorably with the average of the peer General Aviation airports in the region.
- Fund the Airport's Capital Program with a mixture of debt and equity in addition to available State and Federal funds.
- Continuously maintain a minimum unrestricted cash and investment balance equal to 100% of annual expenses.
- Maintain a Debt Service Coverage Ratio of no less than 1.5x.



Airport Initiatives | Adoption of New Strategic Plan



Adopted New Strategic Plan

- On February 17, 2022, HEF adopted a new strategic plan.
- This plan highlights various goals and objectives based on the following priorities:
 1. Operational Expansion and Improvement
 2. Business Growth and Economic Development
 3. Innovation and Emerging Technology
 4. Community Education and Partnerships
 5. Sustainability and Organizational Excellence
- HEF developed new Mission and Vision Statements. (See next page)



Adopted February 17, 2022
Manassas Airport Commission

Airport Initiatives | Mission, Vision and Organizational Structure



■ Mission Statement:

- The Mission of the Manassas Regional Airport is to provide world class facilities and services to our customers and be a major driver of economic growth to our community.

■ Vision Statement:

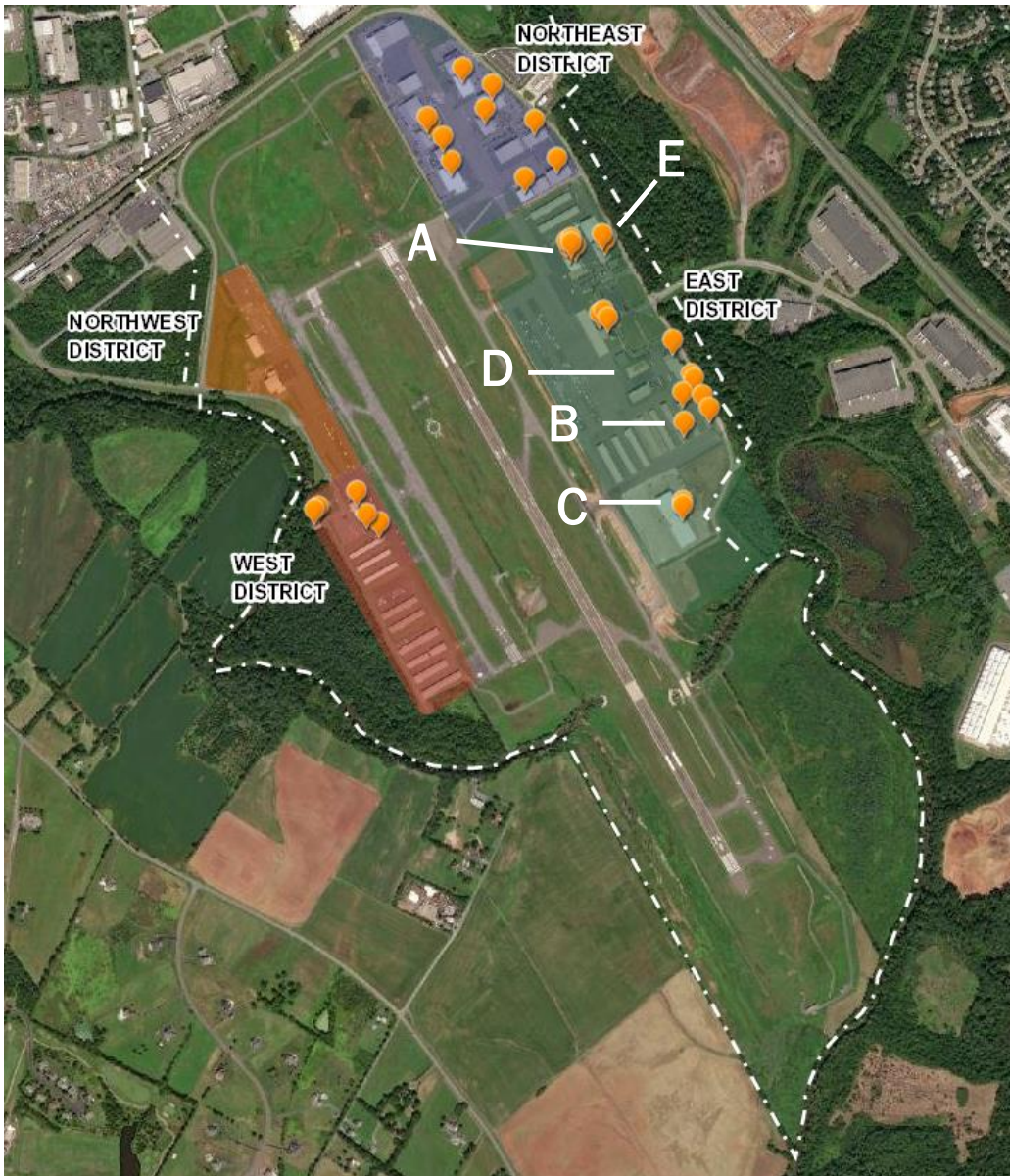
- The Vision of the Manassas Regional Airport is to be a world class, innovative, thriving aviation gateway for the greater Washington, DC area, providing global access and economic opportunity for our customers and our community.

■ Revised By-Laws approved (May 2022).

■ Formed new Airport Operations Committee.

- This new committee works with the Staff to have a better understanding of the day to day operations of the Airport such as security, wildlife, airspace issues, and will be the starting point for updating the minimum standards and rules and regulations.





- A. APP Jet Center Hangar
 - Completed in FY 2021
- B. Flywyld Aviation (New Business)
- C. Chantilly Air Jet Center Hangar
 - Completed in FY 2021
 - ATP – ATP Flight School (New Business)
- D. Electra Aero (New Business)
- E. Legend Aviation (New Business)

Events



Greater Washington Business Aviation Association

- Airport staff attended the Greater Washington Business Aviation Association (GWBAA) Open House and Aircraft Display.
- In 2023, HEF will host the GWBAA event.



Association of Pilatus Owners

- HEF is hosting the Association of Pilatus Owners, which is scheduled for June of 2022.
- HEF is anticipating up to 30 aircraft.



Community Events

- Hosted Aircraft Owners and Pilots Association (“AOPA”) Aviator Showcase.
- Manassas Airport was awarded the Frank G Brewer Memorial Aerospace Award for educational excellence.
- HEF was awarded an Honorable Mention for the 2021-2022 Balchen/Post Award in the Large General Aviation Category.
- Staff attended regional Girls in Aviation Day in Washington D.C.
- In April 2022, HEF hosted the Manassas Runway 10K/5K/1 Miler.
- Career Technical Education (“CTE”) Committee formed to work with students to educate them about the aviation community and provide job opportunities.



Source: Materials provided by HEF staff.

Capital Projects | CY 2022 Major Capital Projects



Taxiway A Rehabilitation

- Taxiway A was last rehabilitated in 1999 and is in need of pavement and electrical infrastructure rehabilitation.
- The Taxiway A Rehabilitation construction is anticipated to cost \$2.8 million and accomplish the following:
 - Pavement Rehabilitation (overlay of existing asphalt surface);
 - Electrical improvements including the removal of existing incandescent taxiway edge lighting and airfield guidance signage, and replacement with new LED edge lighting and signage; and
 - Address the mainline portion of the parallel taxiway.
- The Taxiway A Project is anticipated to begin in late Summer/Fall of 2022.
 - Once completed, the majority of the airfield will be fully rehabilitated.



■ TAXIWAY 'A' PROJECT LIMITS
■ RUNWAY 16R-34L PROJECT LIMITS

Observation Road Relocation and Drainage Project

- The goal of the project is to maximize the potential for redevelopment of the west side of the airport through enhancements such as:
 - Demolishing hangars and building new facilities; as well as
 - Making improvements to drainage, stormwater, and grading roughly 10 acres.
- The estimated cost of the project is \$3.5 million and is anticipated to be funded mostly by federal grants (\$3.1mm) and state grants (\$0.3mm), with a relatively small portion coming from HEF operations / reserves. Please note the following:
 - \$3.1mm will come from the FAA in the form of Airport Infrastructure Grants (“AIG”) and are expected to be received in annual installments of \$763,000 between FY’s 2022 through 2025 and a final installment of \$53,000 in FY 2026.
 - In an effort to accelerate the project, HEF will combine the FY 2022 and 2023 grants totaling \$1.8mm with HEF cash reserves of \$1.7; and then reimburse itself as the grants come in between FY 2024 and 2026.
- The project is estimated to commence mid-Calendar Year 2022.



Source: Airport website.

Capital Projects| Resurfacing Projects



- Resurfaced James Payne Court and Aviation Lane
- Resurfaced East T-hangar alleyways and Parking Lot
- Crack-sealed and painted Tower Parking Lot

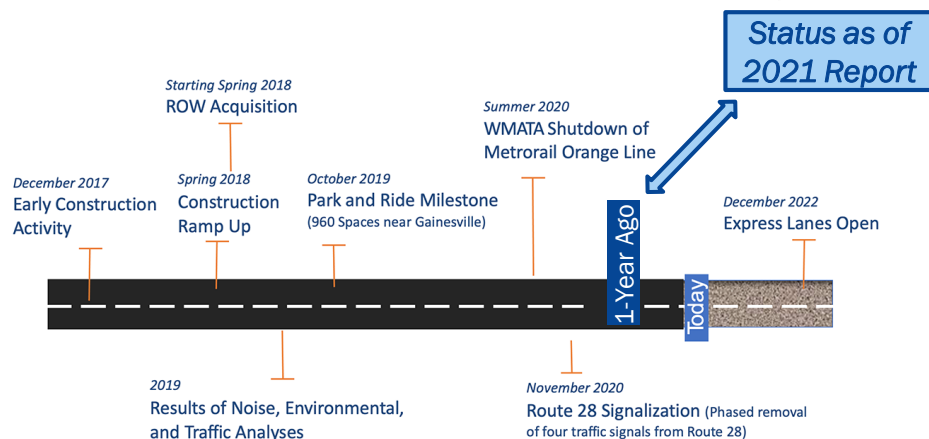
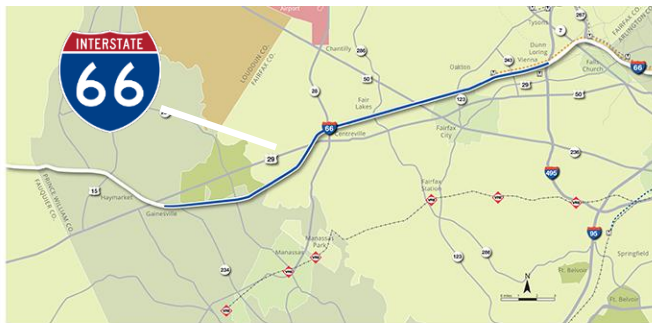


Regional Announcements



VDOT Transform 66

- The Transform 66 Outside the Beltway project will transform Northern Virginia's Interstate 66 into a multimodal corridor that is anticipated to improve ground transportation to/from HEF.
- The project is a public-private partnership between the Virginia Department of Transportation (VDOT), the Department of Rail and Public Transportation (DRPT), and private partner, I-66 Express Mobility Partners, delivering \$3.7 billion of transportation improvements in the I-66 corridor. *The Express Lanes are scheduled to open in December 2022.*



Boeing Plans Global HQ Move to Arlington

- Boeing Co., the world's third largest defense contractor, is planning to move its global headquarters from Chicago to Arlington.
 - The aerospace and defense company employs more than 141,500 people worldwide, has operations in 65 countries, and will be the largest defense contractor headquartered in Virginia.
- Boeing has decided to develop a research and technology hub in Arlington's Crystal City area.
- Last year, Boeing made a record \$50 million donation to the Virginia Tech Innovation Campus to foster diversity at the graduate technology campus in Alexandria.



Recent News | Operating Impacts



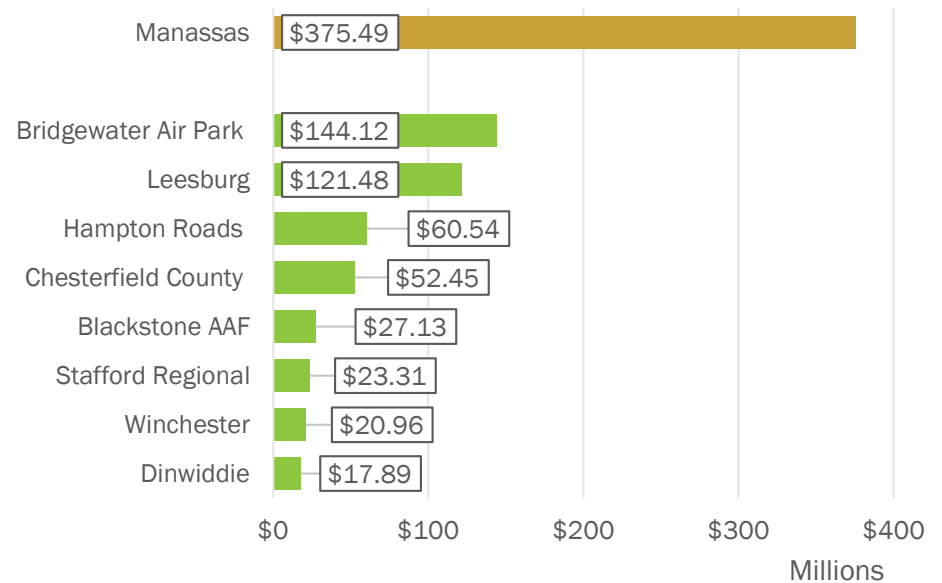
Sustaining Excellence

- In FY 2021 Airport Businesses contributed \$822,059 to the General Fund through taxes collected from Airport Businesses.
- In July 2021, HEF was highlighted in AOPA's Flight Training Magazine for:
 - Being the busiest General Aviation Airport in Virginia; and
 - For the exceptional Staff, an Airport Commission with a diversity of experience, and their collective efforts.
- HEF Highlights
 - 400 based aircraft
 - 30 businesses
 - 5 flight schools



Aircraft Owners and Pilots Association

General Aviation Airports Local Economic Impact⁽¹⁾



(1) Annual Impact to Virginia's economy for 2016, per VDOA's Economic Impact Study.





Financial Profile

- [illegible]

- Financial Ratio Peer Group
- 

- Charlottesville
- Leesburg
- Lynchburg
- Newport News
- Norfolk [A3]
- Richmond [A2]
- Roanoke
- Shenandoah

- Culpeper
- Frederick
- Hagerstown
- Leesburg
- Martin
- Stafford
- Warrenton
- Winchester

Historical Financial Profile



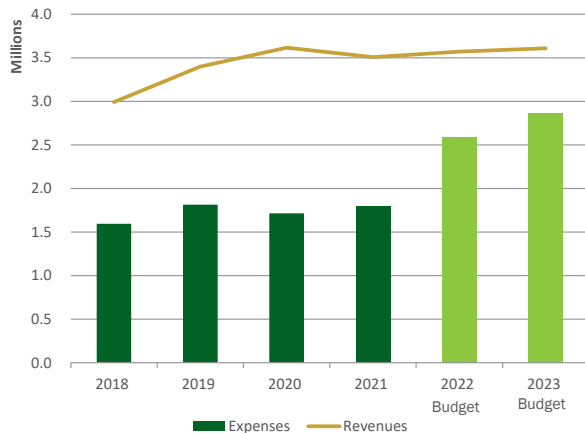
Fiscal Year	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Budget 2022	Budget 2023
1 Revenues	\$ 2,991,636	\$ 3,398,035	\$ 3,615,365	\$ 3,507,188	\$ 3,570,100	\$ 3,609,980
2 Expenses (excludes depreciation)	(1,595,668)	(1,814,667)	(1,715,369)	(1,794,562)	(2,590,440)	(2,860,430)
3 Net Revenues Available for Debt Service	1,395,968	1,583,368	1,899,996	1,712,626	979,660	749,550
4						
5 Debt Service	(451,760)	(453,410)	(239,080)	(240,412)	(241,200)	(241,520)
6 Net Revenues After Debt Service	944,208	1,129,958	1,660,915	1,472,214	738,460	508,030
7						
8 Net Capital Activity	(481,455)	(229,478)	(104,524)	(280,150)	(1,964,000)	(112,000)
9						
10 Net Change in Total Cash & Cash Equivalents ⁽¹⁾	591,295	(791,510)	1,360,658	1,466,659	(1,225,540)	396,030
11 Total Ending Cash & Cash Equivalents	\$ 7,144,441	\$ 6,352,931	\$ 7,713,589	\$ 9,180,248	\$ 7,954,708	\$ 8,350,738
12 Unrestricted Cash as % of Expenses ⁽²⁾	288%	280%	395%	451%	281%	269%
13 Debt Service Coverage ⁽³⁾	3.09 x	3.49 x	7.95 x	7.12 x	4.06 x	3.10 x

(1) Net of other miscellaneous cashflow adjustments.

(2) Total 'Ending' Unrestricted Fund Balance divided by (Expenses + Debt Service).

(3) 'Net Revenues Available for Debt Service' divided by 'Debt Service'.

Operations: Revenues vs. Expenses



Debt Service Coverage



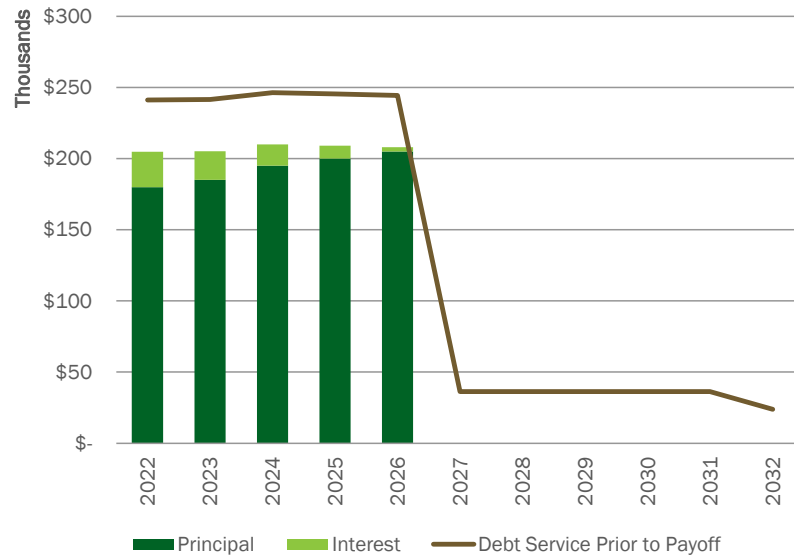
Unrestricted Cash and Investments as a % of Expenses



Existing Debt Profile



Existing Debt Profile



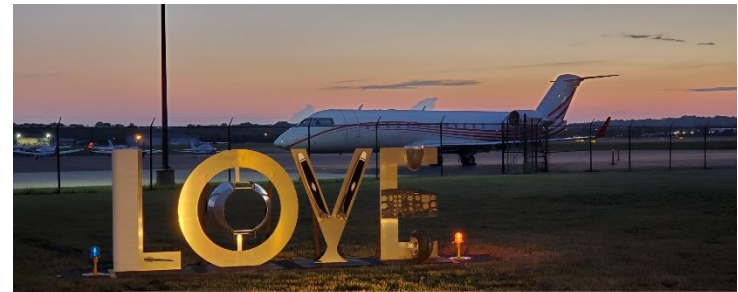
Par Outstanding as of 6/30/2021

Description	Balance
Series 2014 D	\$965,000
Series 2016 VARF	Paid-off in Fall of 2021
Total	\$965,000

Note: Airport's strategic defeasance of remaining 2016 Loan produced approximately \$30,000 in interest savings through FY 2032

Existing Debt Service

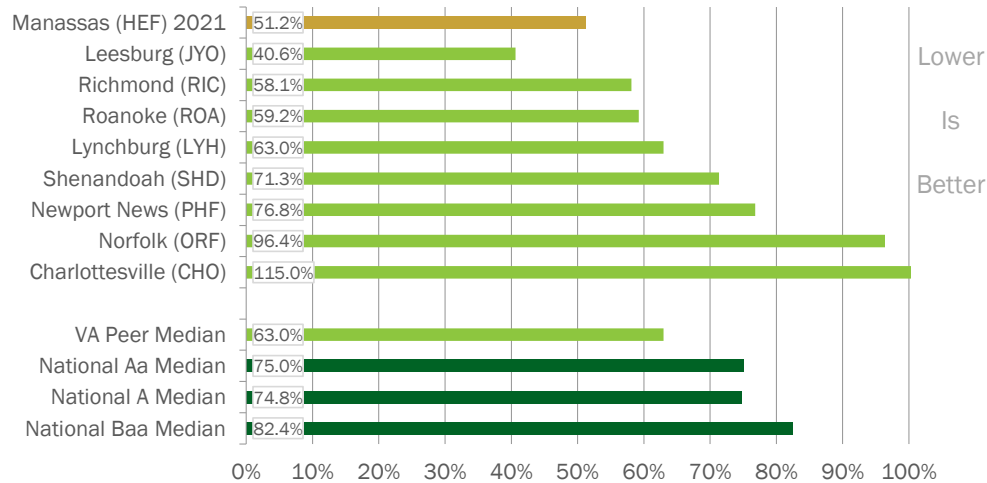
FY	Principal	Interest	Total	10-yr Payout Ratio
Totals	\$ 965,000	\$ 72,103	\$ 1,037,103	
2022	180,000	24,814	204,814	100.0%
2023	185,000	20,136	205,136	100.0%
2024	195,000	14,929	209,929	100.0%
2025	200,000	9,150	209,150	100.0%
2026	205,000	3,075	208,075	100.0%



Peer Comparatives



Operating Ratio %



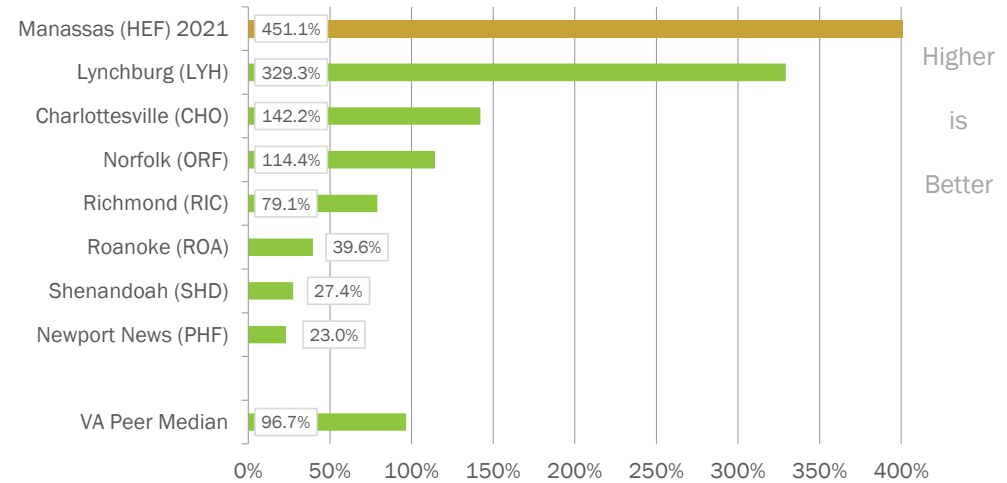
■ Definition: Operating Ratio %

- Operating and maintenance expenses divided by total operating revenues. Operating and maintenance expenses exclude depreciation, amortization, and debt service requirements.

■ HEF 2021 Calculation:

- Operating Expenses (A): \$1,794,562
- Operating Revenues (B): \$3,507,188
- Operating Ratio (A÷B): 51.2%

Unrestricted Cash and Investments as a % of Expenses



■ Definition: Unrestricted Cash and Investments as a % of Expenses

- Cash includes all Unrestricted Cash, Cash Equivalents, and Investments.
- Expenses are Operating & Maintenance Expenses (which excludes depreciation and amortization) plus debt service requirements.

■ HEF 2021 Calculation:

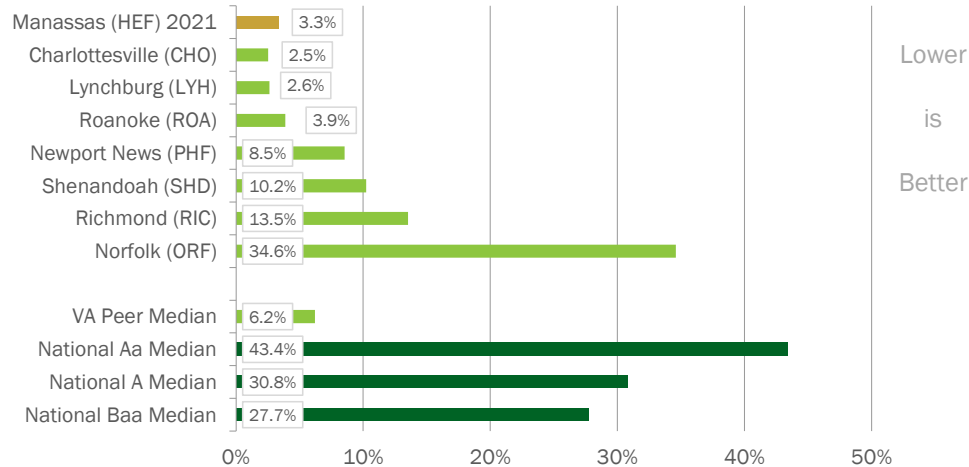
- Unrestricted Cash/Cash Equivalents (A): \$9,180,248
- Expenses (B): \$2,034,974
- Unrestricted Cash as a % of Expenses (A÷B=C): 451.1%

Source: Airport Staff worksheets, Financial Statements, and Moody's Investors Service (MFRA, most recent available).

Peer Comparatives (Cont.)



Debt Ratio %



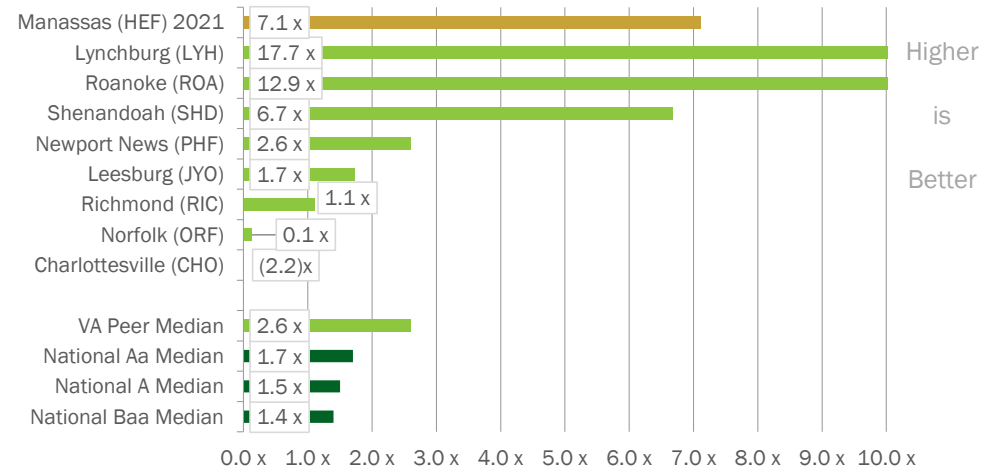
■ Definition: Debt Ratio %

- Net funded debt divided by the sum of net fixed assets, depreciation, Passenger Facility Charge balances, and net working capital. This measures the degree of leverage of the facility.
- Net funded debt is long-term debt plus accrued interest payable less the balance in both the Debt Service Reserve Fund and Debt Service or Sinking Fund.

■ HEF 2021 Calculation:

- Net Funded Debt (A): \$1,321,415
- Net Fixed Assets (B): \$39,485,890
- Debt Ratio (A÷B): 3.3%

Debt Service Coverage Ratio



■ Definition: Debt Service Coverage

- Net revenues divided by annual debt service.

■ HEF 2021 Calculation:

- Net Revenues (A): \$1,712,626
- Debt Service (B): \$240,412
- Coverage Ratio (A÷B): 7.1 x

Budget vs. Actual



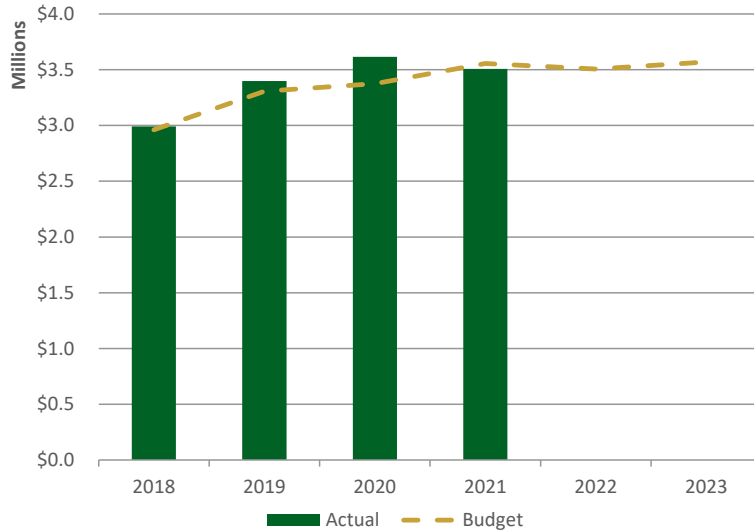
- FY 2021 Actual Results
 - Revenues came in slightly lower than budget by approximately \$48,000.
 - Expenditures came in under budget by approximately \$511,000; mainly due to Management’s conservative budgeting and strategic control of costs throughout the continued pandemic environment.
- FY 2022 Results vs. Budget [YTD as of 3/31/2022 or 75% of the Year]
 - Currently approximates 84.1% of Budgeted Revenues: In-line to better than budget. In particular, Tie Down and Fuel Revenues have already exceeded Total Budgeted amounts.
 - Currently approximates 48.9% of Budgeted Expenditures: Tracking below budget.
- Budget FY 2023
 - The slight increase in Wages and Benefits is due to funding a new operations position.

	A	B	C	D = B - C	E = D ÷ C	F	G	H	I
	Actual	Actual	Approved	Actual Over /		Approved	YTD	% Collected/	Recommended
	2020	2021	Budget	(Under) Budget	Difference	Budget	Actuals	Expended	Budget
			2021	(\$)	(%)	2022	2022 as of 3/31/22	of 2022 Budget	2023
1 <u>Revenues</u>									
2 Franchises & Leases	\$ 1,951,260	\$ 2,145,378	\$ 2,148,800	\$ (3,422)	-0.2%	\$ 2,194,920	\$ 1,808,677	82.4%	\$ 2,178,190
3 Hangar Rentals	985,510	923,943	958,790	(34,847)	-3.6%	958,790	782,640	81.6%	958,790
4 Fuel & Security Surcharge	244,676	241,298	287,270	(45,972)	-16.0%	260,390	259,133	99.5%	293,000
5 Tie Downs & Other Revenues	<u>433,918</u>	<u>196,570</u>	<u>160,700</u>	<u>35,870</u>	22.3%	<u>156,000</u>	<u>153,345</u>	<u>98.3%</u>	<u>180,000</u>
6 Total Operating Revenues	\$ 3,615,365	\$ 3,507,188	\$ 3,555,560	\$ (48,372)	-1.4%	\$ 3,570,100	\$ 3,003,795	84.1%	\$ 3,609,980
7									
8									
9 <u>Expenses</u>									
10 Wages & Benefits	\$ 737,371	\$ 777,972	\$ 903,030	\$ (125,058)	-13.8%	\$ 942,330	\$ 543,768	57.7%	\$ 1,146,730
11 Services & Supplies	590,701	636,366	977,100	(340,734)	-34.9%	1,215,660	462,435	38.0%	1,244,460
12 Utilities	148,557	126,636	142,000	(15,364)	-10.8%	147,000	86,625	58.9%	150,500
13 Security	85,621	91,877	92,300	(423)	-0.5%	92,500	38,138	41.2%	95,500
14 FAA Tower & Miscellaneous	<u>153,119</u>	<u>161,712</u>	<u>191,550</u>	<u>(29,838)</u>	-15.6%	<u>192,950</u>	<u>136,705</u>	<u>70.8%</u>	<u>223,240</u>
15 Total Operating Expenses	\$ 1,715,369	\$ 1,794,562	\$ 2,305,980	\$ (511,418)	-22.2%	\$ 2,590,440	\$ 1,267,670	48.9%	\$ 2,860,430

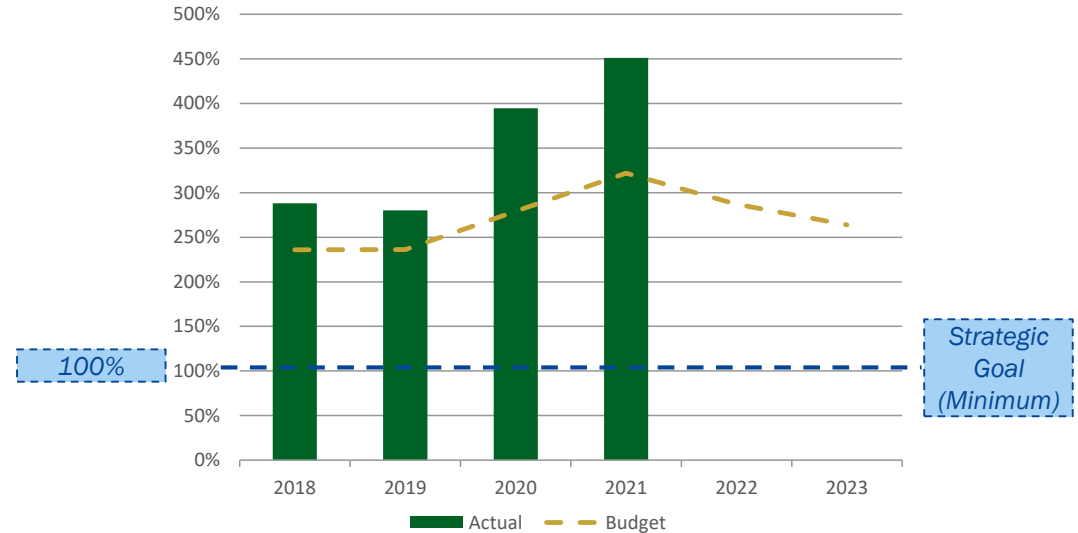
Historical Perspective: Budget to Actual



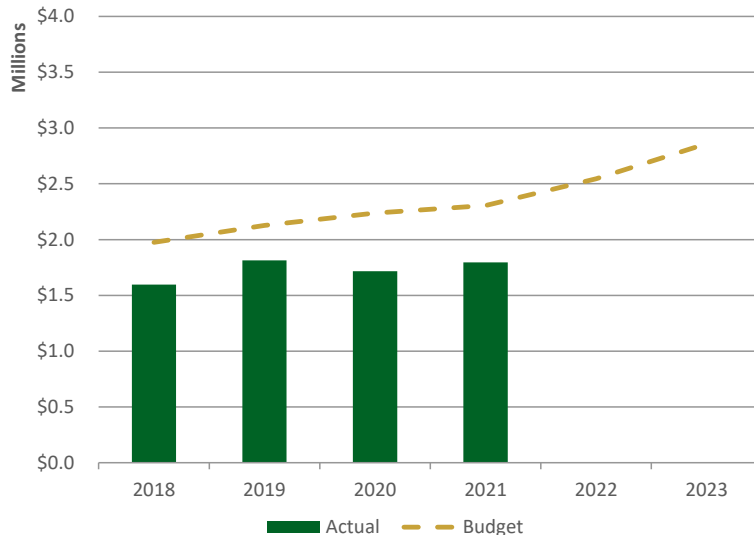
Operating Revenues vs. Budget



Unrestricted Cash as a % of Expenditures



Operating Expenditures vs. Budget



Observations

- Operating Revenues
 - HEF budgets conservatively, such that actual results approximate or come in better than budget.
- Operating Expenditures
 - Similarly, actual expenditures have come in better than budget due to conservative budgeting.
- Unrestricted Cash as a % of Expenditures
 - HEF continues to grow its Unrestricted Reserves with the goal of funding the local share of future capital needs in a strategically balanced approach (i.e., Cash vs. Debt).



Projected Financial Results

Capital Improvement Program



	Project ID #	Prior Years	2023	2024	2025	2026	2027	Future Years ⁽¹⁾	Total Project
1	Uses:								
2	Air Traffic Control Tower	A-030	-	-	-	-	-	8,600,000	8,600,000
3	Realignment of Wakeman Drive & Observation Road	A-033	-	-	-	-	-	3,850,000	3,850,000
4	Land Acquisition Southwest Side of Airport	A-034	-	-	-	-	-	3,000,000	3,000,000
5	Fuel Farm Upgrade	A-045	-	-	-	-	-	550,000	550,000
6	Taxiway A Rehabilitation with Lighting System Upgrades	A-069	2,800,000	-	-	-	-	-	2,800,000
7	North East Apron Expansion	A-072	-	-	-	-	-	2,200,000	2,200,000
8	Rehabilitate/Widen Taxiway B with Lighting System Upgrade	A-074	578,000	5,000,000	-	-	-	-	5,578,000
9	Terminal Parking Lot Expansion	A-076	-	-	-	-	-	1,100,000	1,100,000
10	Midfield Ditch Restoration	A-082	-	-	-	-	-	-	-
11	Installation of Backup Generators	A-085	-	-	-	-	-	550,000	550,000
12	West Corporate Development Site / Drainage Improvements	A-087	1,900,000	-	-	-	-	-	1,900,000
13	Rehabilitation of Runway 16L/34R	A-091	600,000	-	5,000,000	-	-	-	5,600,000
14	Upgrade and Replace 16L/34R Lighting System	A-092	-	-	-	-	-	-	-
15	East Apron Rehabilitation	A-093	-	-	400,000	-	3,000,000	2,500,000	3,500,000
16	Runway 16L/34R Extension	A-094	-	-	-	-	275,000	-	275,000
17	Taxiway B Lighting System Upgrades	A-095	-	-	-	-	-	-	-
18	Environmental Assessment for Master Plan Projects	A-096	-	-	-	-	-	-	-
19	South East Airport Complex Site Development	A-097	-	-	-	-	400,000	7,300,000	7,700,000
20	South West Hangar Redevelopment	A-098	-	-	-	-	200,000	-	200,000
21	Design Construct Taxilane X-Ray	A-103	-	-	-	-	1,700,000	-	1,700,000
22	Total Uses		5,278,000	5,600,000	400,000	5,000,000	5,575,000	2,500,000	30,650,000
23									
24	Sources:								
25	Enterprise Funds / Operations		1,964,000	112,000	8,000	100,000	147,000	50,000	1,094,000
26	State		256,000	448,000	32,000	400,000	590,000	200,000	2,941,000
27	Federal		3,058,000	5,040,000	360,000	4,500,000	4,838,000	2,250,000	18,015,000
28	Other		-	-	-	-	-	-	-
29	Bond		-	-	-	-	-	8,600,000	8,600,000
30	Total Sources		5,278,000	5,600,000	400,000	5,000,000	5,575,000	2,500,000	30,650,000

(1) Future Year activity assumed to be spent equally over FY2028 – 2032. Given the uncertainty over the timing and funding sources related to the Air Traffic Control Tower, this project has been excluded from the financial projections.

*** Please note: The listing of projects shown above reflects new capital improvement activity. Ongoing maintenance projects are included under operating expenses in the Airport's financial projections.**

**** Air Traffic Control Tower: The airport has submitted an application in order to compete for grant funding for this project. The results of the competitive application process will not be known before fiscal year end. However, current estimates reflect that the project may cost upwards of \$10 million and take approximately 5 years to complete.**

Historical & Projected Growth Rates



Fiscal Year	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021 (%)	Actual 2021 (\$)	2017 to 2021 CAGR	Approved Budget 2022	Recommended Budget 2023	Projected 2024 2025	Projected 2026 2029
1 <u>Revenues</u>											
2 Franchises & Leases	1,663,244	-8.7%	22.0%	5.3%	9.9%	2,145,378	6.6%	2,194,920	2,178,190	2.5%	3.0%
3 Hangar Rentals	616,872	54.1%	1.4%	2.3%	-6.2%	923,943	10.6%	958,790	958,790	2.5%	3.0%
4 Fuel & Security Surcharge	283,273	-4.4%	0.6%	-10.2%	-1.4%	241,298	-3.9%	260,390	293,000	2.5%	3.0%
5 Tie Downs & Other Revenues	144,092	74.2%	22.7%	40.9%	-54.7%	196,570	8.1%	156,000	180,000	2.5%	3.0%
6 Total Operating Revenues	2,707,481	10.5%	13.6%	6.4%	-3.0%	3,507,188	6.7%	3,570,100	3,609,980	2.5%	3.0%
7											
8											
9 <u>Expenses</u>											
10 Wages & Benefits	778,973	-8.8%	3.1%	0.7%	5.5%	777,972	0.0%	942,330	1,146,730	4.0%	4.0%
11 Services & Supplies	564,466	-7.5%	29.8%	-12.8%	7.7%	636,366	3.0%	1,215,660	1,244,460	4.0%	4.0%
12 Utilities	109,712	24.4%	5.6%	3.1%	-14.8%	126,636	3.7%	147,000	150,500	4.0%	4.0%
13 Security	85,382	1.7%	4.9%	-6.0%	7.3%	91,877	1.8%	92,500	95,500	4.0%	4.0%
14 FAA Tower & Miscellaneous	134,714	3.7%	21.3%	-9.6%	5.6%	161,712	4.7%	192,950	223,240	4.0%	4.0%
15 Total Operating Expenses	1,673,247	-4.6%	13.7%	-5.5%	4.6%	1,794,562	1.8%	2,590,440	2,860,430	4.0%	4.0%



Notes:

- (1) Franchises and Leases have been combined due to similar growth parameters within their contracts; while Hangar Rentals have been segregated for purposes of this analysis.
- (2) Annual and Cumulative Average Growth numbers are calculated in Total across all sub categories of Revenues and Expenses.

Pro Forma Results



Fiscal Year	Approved Budget 2022	Recommended Budget 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
1 Revenues	3,570,100	3,609,980	3,700,230	3,792,735	3,906,517	4,023,713	4,144,424	4,268,757
2 Expenses (excludes depreciation)	<u>(2,590,440)</u>	<u>(2,860,430)</u>	<u>(2,974,847)</u>	<u>(3,093,841)</u>	<u>(3,217,595)</u>	<u>(3,346,299)</u>	<u>(3,480,150)</u>	<u>(3,619,356)</u>
3 Net Revenues Available for Debt Service	979,660	749,550	725,382	698,894	688,923	677,414	664,274	649,400
4								
5 Existing Debt Service ⁽¹⁾	(241,200)	(241,520)	(209,929)	(209,150)	(208,075)	-	-	-
6 Proposed Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7 Total Debt Service	(241,200)	(241,520)	(209,929)	(209,150)	(208,075)	-	-	-
8								
9 Net Revenues After Debt Service	738,460	508,030	515,454	489,744	480,848	677,414	664,274	649,400
10								
11 Capital Sources ⁽²⁾	3,314,000	5,488,000	392,000	4,900,000	5,428,000	2,450,000	4,191,200	4,191,200
12 Capital Uses	<u>(5,278,000)</u>	<u>(5,600,000)</u>	<u>(400,000)</u>	<u>(5,000,000)</u>	<u>(5,575,000)</u>	<u>(2,500,000)</u>	<u>(4,410,000)</u>	<u>(4,410,000)</u>
13 Net Capital Activity	(1,964,000)	(112,000)	(8,000)	(100,000)	(147,000)	(50,000)	(218,800)	(218,800)
14								
15 Change in Unrestricted Cash & Cash Equivalents	(1,225,540)	396,030	507,454	389,744	333,848	627,414	445,474	430,600
16								
17 Ending Unrestricted Cash & Cash Equivalents	7,954,708	8,350,738	8,858,192	9,247,936	9,581,783	10,209,198	10,654,671	11,085,272
18 Unrestricted Cash as % of Expenses ⁽³⁾	281%	269%	278%	280%	280%	305%	306%	306%
19 Debt Service Coverage ⁽⁴⁾	4.06 x	3.10 x	3.46 x	3.34 x	3.31 x	n/a	n/a	n/a

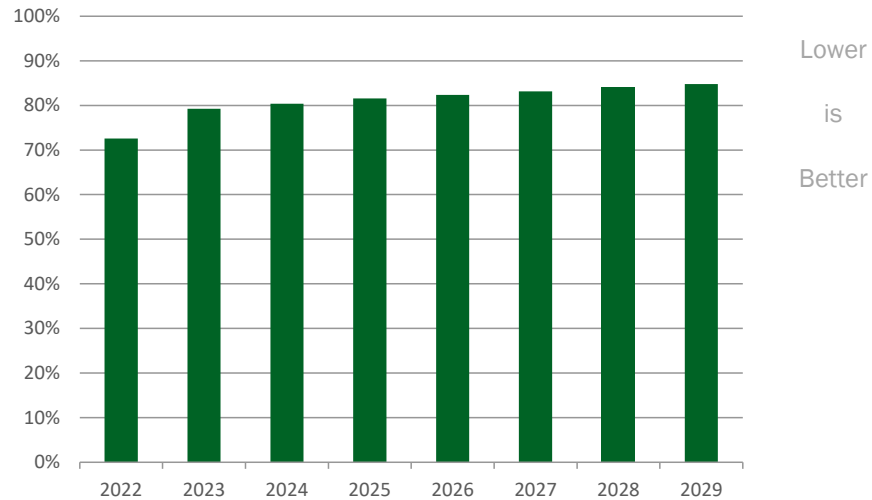
Notes:

- (1) The 2016 VARF Loan was paid of at the beginning of FY 2022, and the 2014D Loan matures in FY 2026, leaving no existing debt service in FY 2027 and beyond.
- (2) Capital Sources and Uses in FYs 2028 and 2029 reflect Future Years' CIP spent equally over FY 2028 through FY 2032. Additionally, Capital Sources excludes the Air Traffic Control Tower estimated at \$8.6 Million due to the uncertainty of funding sources in the future related to this project.
- (3) Total 'Ending' Fund Balance divided by (Expenses + Debt Service).
- (4) 'Net Revenues Available for Debt Service' divided by 'Debt Service'.

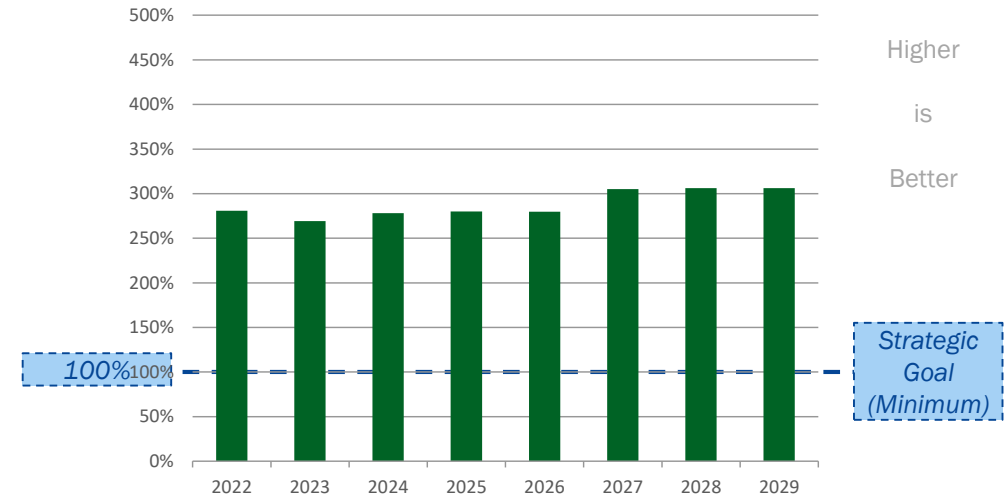
Projected Key Ratios



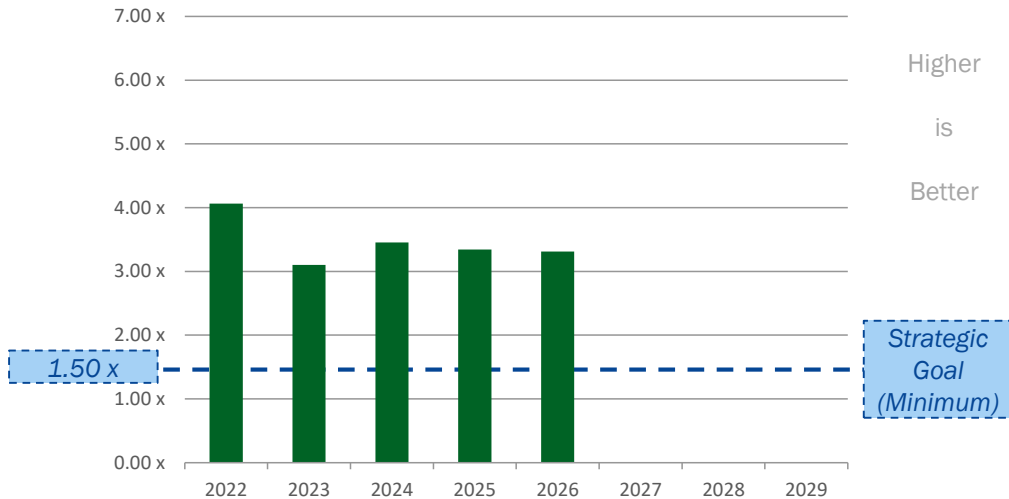
Operating Ratio %



Unrestricted Cash/Investments as a % of Expenses



Debt Service Coverage



Potential Capital Funding Capacity

Relative to Key Ratios



Debt and Cash Capital Capacity Over 5-Year Period (FY 2023-2027)

		Unrestricted Cash/Investments as a % of Expenses				
		100%	125%	150%	175%	200%
Debt Service Coverage	1.00 x	12,795,830	11,759,045	10,723,260	9,687,162	8,651,065
	1.25 x	11,671,861	10,668,957	9,666,054	8,663,151	7,660,248
	1.50 x	10,717,663	9,742,950	8,768,237	7,793,524	6,818,811
	1.75 x	9,792,223	8,844,850	7,897,477	6,950,105	6,002,732
	2.00 x	9,059,282	8,171,257	7,244,390	6,317,523	5,390,656

* Blue denotes HEF's Debt and Cash funded Capital Capacity over a 5-Year Period (FY 2023-2027) based upon the Airport's selected Strategic Goal Minimums.

- The analysis above assumes HEF utilizes a combination of debt and cash reserves to fund additional capital projects while still meeting key financial benchmarks.
- Debt is assumed to be issued at 5% with a 20-Year level payment structure.
- The Airport established minimum Strategic Goal Minimums as follows:
 - 1.50x Debt Service Coverage; and
 - 100% Unrestricted Cash/Investments as a % of Expense.





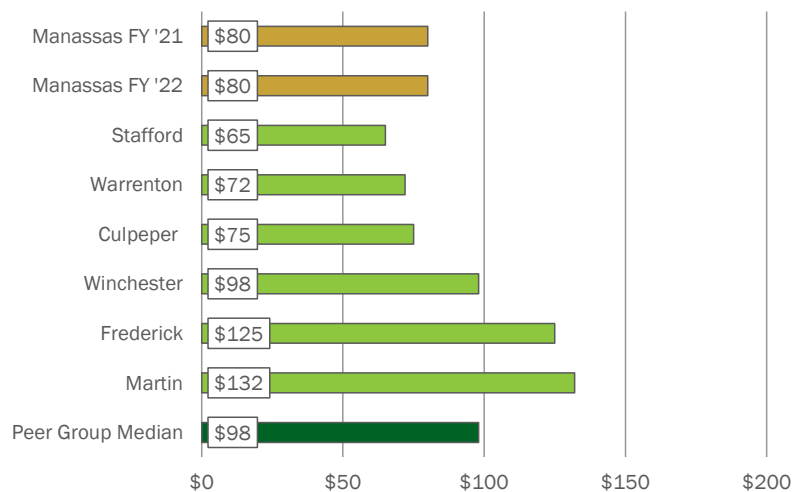
Peer Comparison: Rates & Charges

Peer Comparison:

Rates & Charges

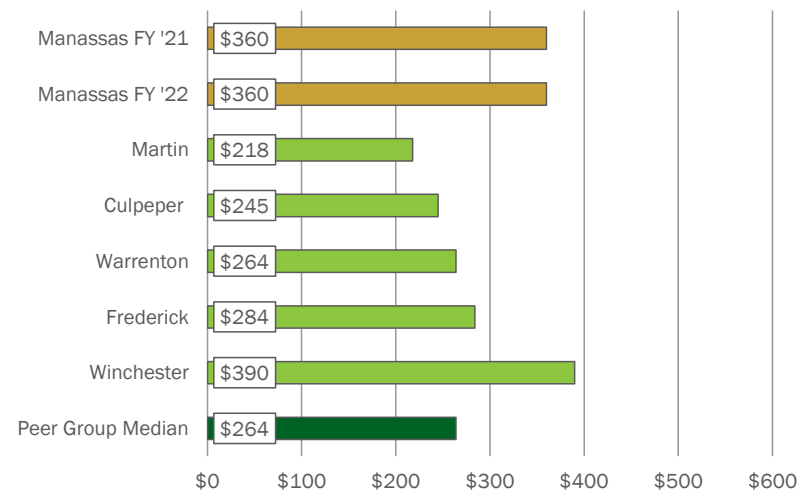


Tie-Down Rental Rates (Monthly)

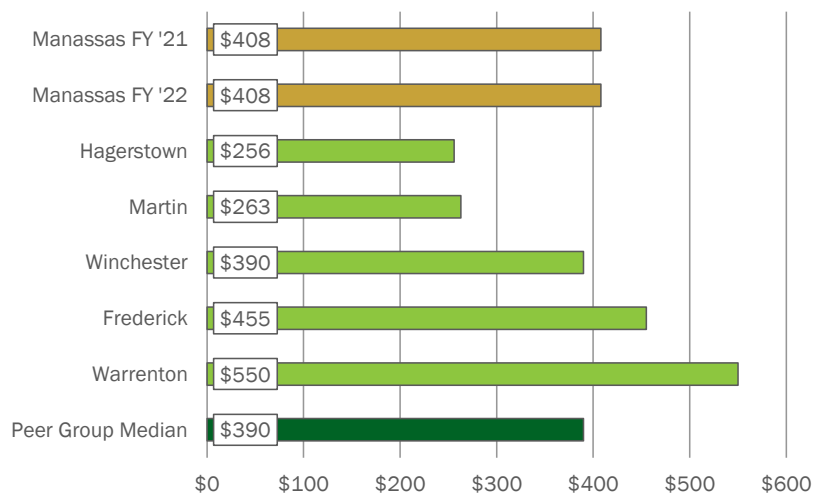


Note: HEF Single Engine rate shown above.

40' Hangar Rental Rates (Monthly)

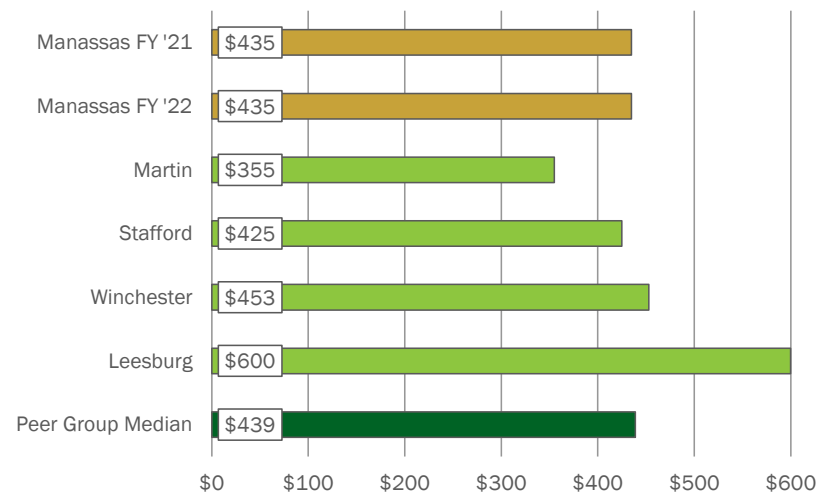


42' Hangar Rental Rates (Monthly)



Note: HEF Regular Unit rate shown above; not End Unit.

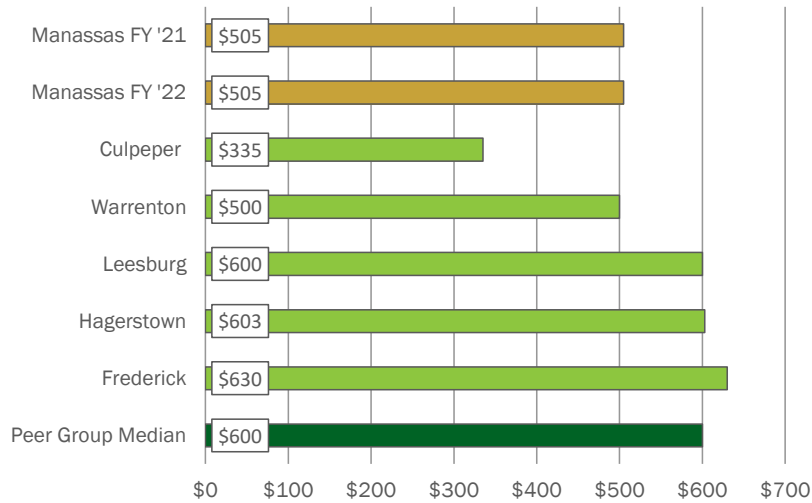
45' Hangar Rental Rates (Monthly)



Peer Comparison: Rates & Charges

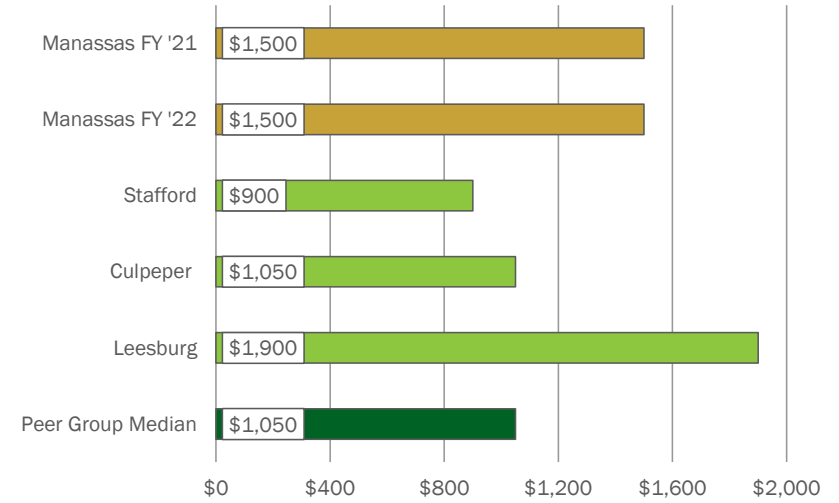


48' Hangar Rental Rates (Monthly)



Note: HEF Regular Unit rate shown above; not End Unit.

60' Hangar Rental Rates (Corporate Monthly)



Note: HEF rate shown above for 50' x 60' Units; not single unit of 60' x 60'.





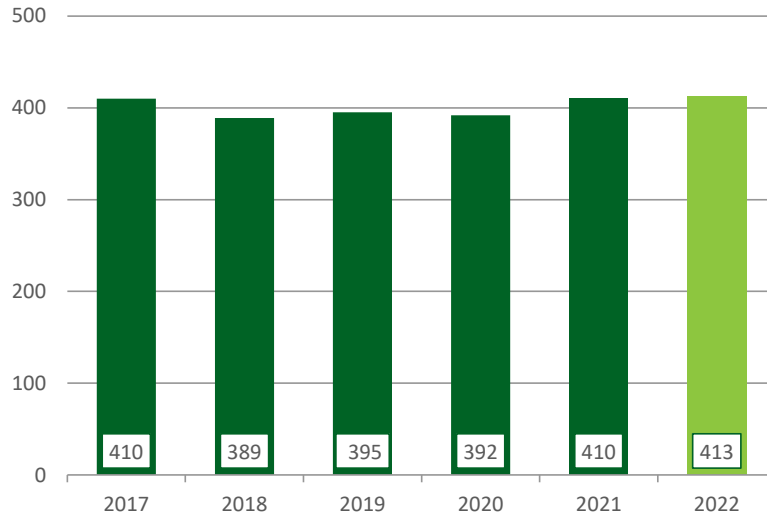
Performance Measures

Performance Measures

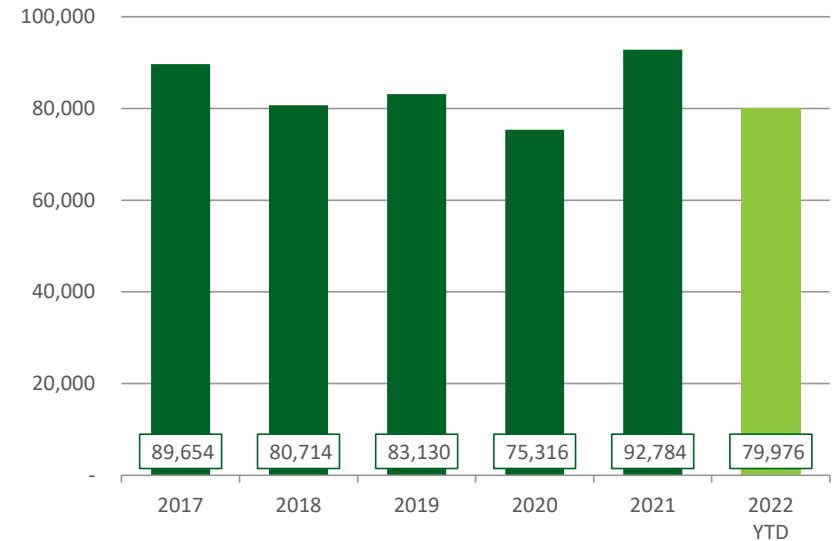
Key Indicators for General Aviation Airports



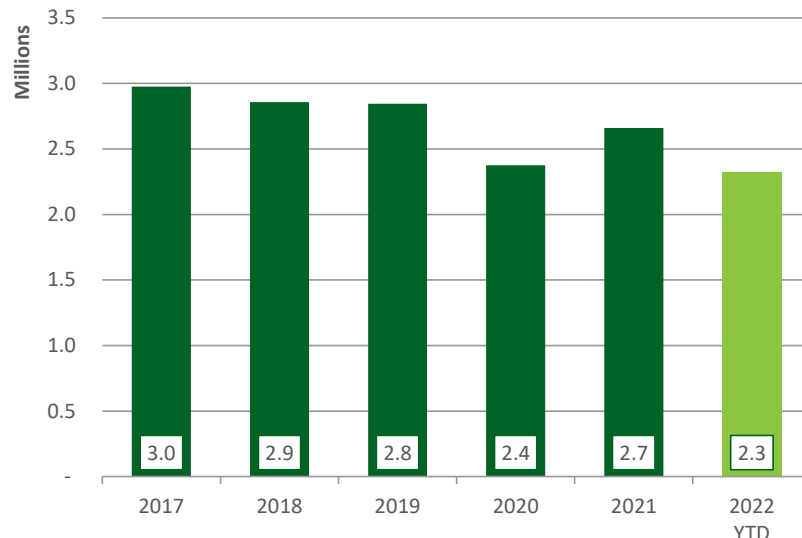
Total Number of Based Aircraft as of January



Aircraft Operations (Take Offs & Landings) by Fiscal Year



Fuel Flowage (Gallons Per Year) by Fiscal Year



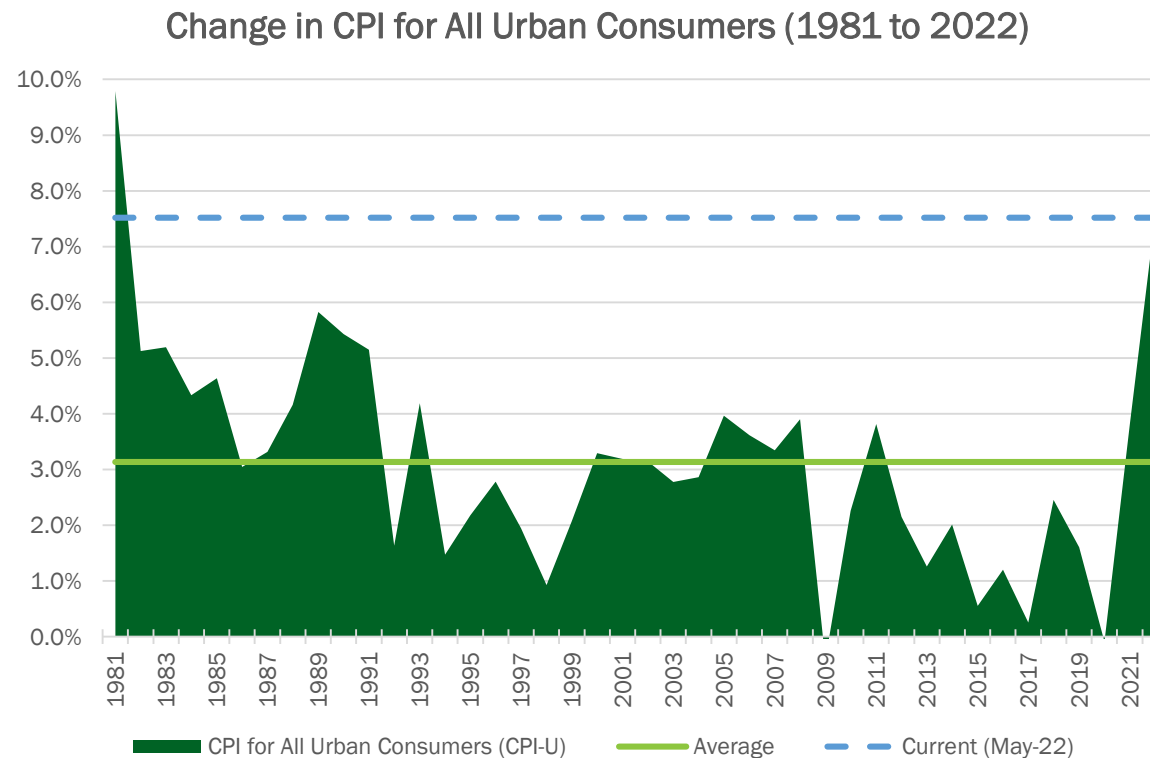
As it relates to 2021 Aircraft Operations & Fuel Flowage

- Total aircraft operations increased significantly in 2021 when compared to 2020.
 - In April 2021 alone, total aircraft operations were 9,099, which was a 6,405 (or 334%) increase when compared to April 2020. Additionally, this exceeded pre-pandemic (2019) levels approximating 8,000.
- In 2021, nearly 2.7 Million gallons were sold, or roughly a 12.5% increase from the 2.4 Million gallons sold in 2020.
- The airport's resurgence in traffic was a good mix of Local and Itinerant operations.

Consumer Price Index | 40-Year Trend



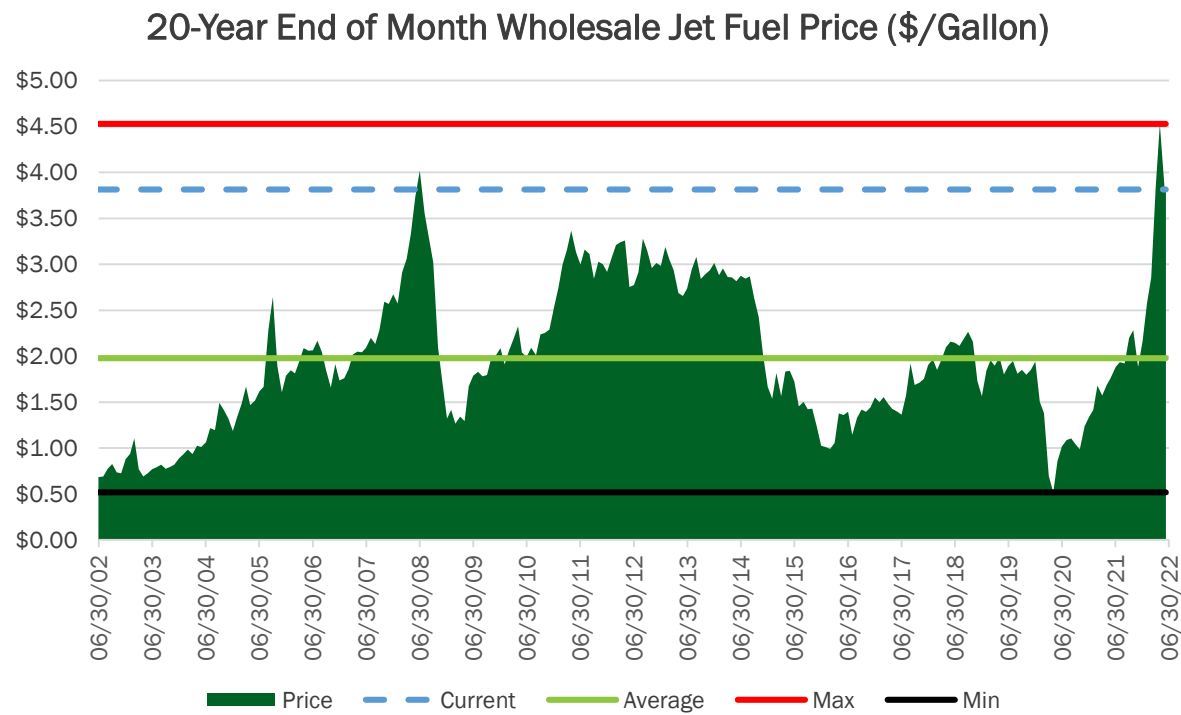
- HEF uses the Consumer Price Index (CPI) for the Northern Virginia (NOVA) region as the basis for setting the escalation clause in its long-term agreements.
- The chart below illustrates the annual change in CPI over the past 40 years in NOVA.
 - The change has ranged from -0.4% to as high as 9.8%.
 - The CPI for NOVA has averaged 3.1%.
 - As of May 2022, the NOVA CPI is at 7.5% the highest it has been in approximately 40 years.



Wholesale Jet Fuel Price | 20-Year Trend



- The chart below illustrates the wholesale price of jet fuel per gallon over the past 20 years.
- As of June 8, 2022, the current wholesale price for jet fuel is \$3.82/gallon.
 - That is nearly double the 20-year average of \$1.98/gallon; and
 - Down only slightly from the historical high of \$4.53/gallon in April of 2022. Previously, the 20-year price peaked at \$4.02/gallon in June of 2008.





Observations

Observations | Performance



- HEF's financial performance has outperformed projections and budget estimates, which has resulted in a stronger financial profile and kept the Airport above its Strategic Goal Minimums with respect to Cash Reserves and Debt Service Coverage Ratio.
 - Unrestricted Cash as a % of Expenses have grown from 288% in FY 2018 to 451% in FY 2021 and is projected to remain above its 100% strategic minimum goal for the foreseeable future.
 - Debt Service Coverage remains well above the 1.50x minimum strategic goal and is projected to be strong over the upcoming years. In addition to the payoff of the Airport's 2016 loan in FY 2022, the maturity of the 2014 Loan in FY 2026 will further enhance HEF's potential capacity for future debt.
- While Aircraft Operations and Fuel Flowage were impacted in FY 2020 due to the pandemic, FY 2021 reflects that activity is returning to pre-pandemic levels.
 - Aircraft Operations were almost 93,000 (take-offs and landings); and
 - Fuel Flowage approximated 2.7 million gallons (nearing FY 2019's 2.8 million gallons).
- HEF compares favorably to its Financial Ratio (State and National) Peer Group as well as its Rates and Charges Peer Group.
 - Key Financial Ratios are strong; and
 - Tie-Down and Hangar Rental Rates are in line with regional peer airports.
- The Airport's projected CIP is predominately funded from State and Federal sources.
 - Based upon current reserves and growth assumptions included in the financial forecast, HEF has between \$5.4 Million and \$12.8 Million of capacity to fund additional capital projects depending upon how it manages itself relative to Key Financial Benchmarks.
 - With respect to the Air Traffic Control Tower project identified in the "future years", the actual timing and available funding sources (i.e., grants, operations, debt) may have an impact on future capacity.





Appendix A

Existing Debt Details

Existing Debt Details



Series 2014 D (Refunded part of 2005 C's)

FY	Coupon	Principal	Interest	Total
Total		965,000	72,103	1,037,103
2022	2.500%	180,000	24,814	204,814
2023	2.625%	185,000	20,136	205,136
2024	2.850%	195,000	14,929	209,929
2025	3.000%	200,000	9,150	209,150
2026	3.000%	205,000	3,075	208,075



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