Hillsborough County Aviation Authority, FL – GARBs/Sub Lien GARBs Tampa International Airport

Issuer: Hillsborough County Aviation Authority, FL		
Affirmed	**Rating**	**Outlook**
Tampa International Airport Revenue Bonds	AA	Stable
Tampa International Airport Subordinated Revenue Bonds	AA-	Stable

Methodology:

U.S. General Airport Revenue Bond Rating Methodology

ESG Global Rating Methodology

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Rating Summary: The long-term ratings continue to reflect Tampa International Airport's (TPA's or the Airport's) stable origin and destination (O&D) market position, the favorable economic and demographic characteristics service area, and enplanement growth and expenditure controls that have contributed to relatively low airline costs, sound debt service coverage, and robust liquidity levels. Offsetting the aforementioned strengths are the size, scope and complexity of TPA's multi-year capital improvement plan (CIP), significant portions of which will be debt financed, and reliance on a rates by resolution framework, which introduces somewhat less operational certainty than a more traditional, longer-term use and lease agreement. Importantly, KBRA notes that the economic strength of TPA's air trade area and the diversity of carriers serving the Airport help to offset typical concerns regarding use of an annual, resolution based rate setting regime.

Hillsborough County Aviation Authority (the Authority) owns and operates TPA and three general aviation airports (collectively, the Airport System). TPA accounts for substantially all the Authority's commercial enplanement activity and >98% of the Authority's annual revenues. The senior bonds are secured by a pledge of Airport System net revenues. Subordinate lien bonds are payable from remaining net revenues after payment of the senior lien bonds, as well as from available passenger facility charge revenues (PFCs). KBRA makes a rating distinction between the senior and subordinate liens given the priority of payment from net revenues accorded to senior lien bondholders.

TPA is a 58-gate large hub airport serving 5.2 million people in and around the Tampa-St. Petersburg-Clearwater Metropolitan Statistics Area (Tampa MSA) along Florida's central gulf coast. The Airport faces little competition with Orlando International Airport, the nearest sizable commercial airport, located 92 miles away. Carrier mix is diversified with Southwest, the largest carrier at TPA, accounting for 25.0% of enplanements in FY 2024.

Enplanement activity increased at a pace similar to that of the overall U.S. air market in the ten years preceding the pandemic and has outpaced the U.S. through the subsequent recovery. Enplanements were 13.5% above the pre-pandemic level in FY 2024. Activity has softened in more recent months, reverting toward a more sustainable long-term growth trend. Enplanement activity in March 2025 was down 3.1% YoY compared to a 0.2% YoY decline in TSA security checkpoint volume across the overall U.S. air market.

The Authority received $181 million in pandemic-related federal assistance which it applied to operations between FY 2020 and FY 2023 to mitigate the financial impact of reduced passenger activity. Management also took steps including maintenance deferrals, a hiring freeze, a voluntary separation incentive program, temporary closures of underutilized facilities, and deferred capital projects to conserve financial resources. These measures helped to support strong debt service coverage of at least 2.0x for senior lien bonds and 3.0x for subordinated lien bonds over the past five years. FY 2024 coverage as calculated per the respective trust agreements was 3.79x for senior bonds and 7.31x for subordinate bonds. As specified in the respective trust agreements, PFC revenues are applied to the subordinate lien bond (but not senior lien bond) debt service coverage calculation. Management projects coverage will remain strong for both the senior (2.76x) and subordinate liens (7.34x) in FY 2025.

This surveillance report was revised on July 29, 2025, to update Figure 3 on p.5 to correctly state the level of extraordinary pandemic-related federal funds applied to operations in FY 2024 and the airline revenue sharing amounts for each year presented.

The Authority's $3.5 billion capital program spanning FY 2025 to FY 2030 calls for the completion of the new 16-gate Airside D concourse in 2028, bringing the total number of gates at TPA to 74. Airside D and other 2022 Master Plan Update Projects comprise 55% of capital program spending over the period, with other capital improvement plan projects accounting for 45%. Approximately two-thirds of capital program spending through FY 2030 will be debt financed including the $463 million in principal issued per the Series 2024B bond sale last year, $1.3 billion in senior bonds to be issued across one or two sales in CY 2026 and CY 2027, a $123 million subordinate lien bond sale planned for CY 2026, and a $479 million senior lien bond sale planned for 2028. Management anticipates modest cost escalations upon final 100% design, but cost and scope are expected to remain substantially similar. The Authority plans to use reserves and PFC funds where possible to reduce the 2026 debt component.

Authority liquidity is strong with available operating funds and surplus fund cash and investments providing 870 days cash on hand (DCOH) as of FYE 2024. Management projections that liquidity will grow to 997 DCOH by FYE 2025. Financial flexibility is additionally enhanced by a $150 million revolving credit facility. The facility was procured in April 2025 for a five-year term and currently has no outstanding balance.

The Authority has employed a cost-recovery focused, resolution based rates and charges framework at TPA since the lapse of its prior airline-airport use and lease agreement (AULA) in September 2020. There are no limitations to the frequency or timing of rate adjustment under the current rates by resolution approach, and the Authority has no immediate plans to revert back to a multi-year AULA. KBRA continues to view the favorable economic and demographic characteristics of TPA's service area, coupled with the Airport's strong O&D market and diverse carrier mix as supportive of a rates by resolution methodology. Landing fees are calculated on a residual basis while terminal/airside rental rates are calculated on a compensatory basis.

Airline costs per enplanement (CPE) were among the lowest for large U.S. hubs at $4.94 in FY 2019 but have moved higher as a result of debt issued to fund CIP projects. CPE is budgeted for $12.11 in FY 2025, which reflects the second, normalized, post-pandemic fiscal year, with fully recovered utilization and the absence of federal assistance. Additional borrowing necessitated by the CIP was forecast in the 2024 Report of the Airport Consultant to push CPE to $21.44 by FY 2030, which KBRA views as moderate.

The Stable Outlook reflects the expectation that the Authority will continue to adopt necessary revenue and expenditure measures to meet all financial obligations and bond rate covenants as it continues to fund and implement its multi-phase CIP.

Key Credit Considerations

The rating actions reflect the following key credit considerations:

Credit Positives

- Broad and growing air trade area economy and healthy population growth support increasing demand for air travel, while the O&D nature of airport activity (~95%) confers stability.
- Diverse carrier mix with existing airlines continuing to strategically add new domestic and international routes, which is supportive of continued enplanement growth.
- Airline costs are competitive.

Credit Challenges

- Multi-phase CIP entails significant additional borrowing.
- Somewhat less operational certainty created by a rates by resolution framework, though TPA's diverse carrier mix and economically robust air trade area serve as mitigating factors.

Rating Sensitivities

▪ Completion of capital program on time and within budget, accompanied by enplanement trends in-line with the years just prior to the pandemic.	+
▪ Cost overruns or delays associated with the CIP. ▪ Weakening of debt metrics beyond the current forecast. ▪ Trend of weakened liquidity levels and/or debt metrics.	-

Key Ratios FYE September 30					
	2020	2021	2022	2023	2024
Airport Activity					
Top Carrier Market Share (Southwest)	30.3%	28.7%	26.5%	25.4%	25.0%
Enplanements (000's)	6,681	7,717	10,689	11,561	12,585
Operating Metrics					
Non-Airline Revenues Per Enplanement	$ 19.82	$ 17.74	$ 19.20	$ 22.37	$ 22.45
Airline Cost Per Enplaned Passenger (CPE)	$ 8.76	$ 10.87	$ 9.49	$ 9.71	$ 10.18
Peak CPE (FY 2030)[1]					$ 21.44
Airline Payments as a % of Operating Revenues	32.5%	42.4%	35.9%	32.1%	33.5%
Debt, Leverage, and Affordability Metrics					
Senior Debt Service Coverage	2.08x	2.44x	3.64x	4.25x	3.79x
Subordinated Debt Service Coverage	3.11x	3.74x	6.74x	7.46x	7.31x
Total Debt Service Coverage	1.70x	1.94x	2.95x	3.30x	3.10x
MADS (FY 2027) Per Passenger Enplanement					$ 13.58
Population Growth 2010-2024					
City of Tampa					23.5%
Tampa MSA					23.0%
Florida					24.3%
United States					10.2%

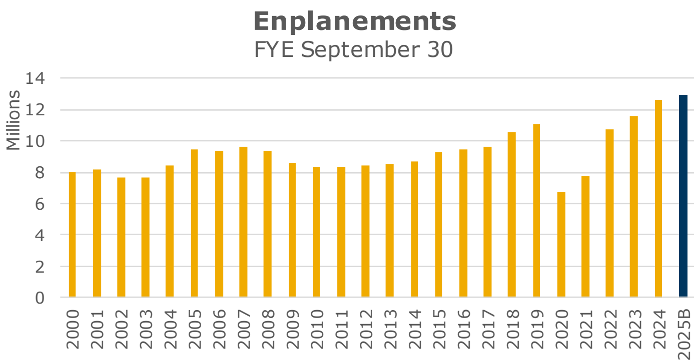
(1) Report of the Airport Consultant dated July 11, 2024

Rating Determinants (RD)	Senior	Subordinate
1. Management	Favorable	Favorable
2. Economics/Demographics of the Service Area	AA-	AA-
3. Airport Utilization	AA-	AA-
4. Airport Debt/Capital Needs	AA+	AA+
5. Airport Finances	AA+	AA+
6. Legal Mechanics and Security Provisions	AA	AA-

Updates to RD 3: Airport Utilization and RD 5: Airport Finances can be found below. A full discussion of each other rating determinant, ESG management, and KBRA's bankruptcy assessment can be found in prior reports, the most recent of which is dated July 31, 2024.

RD 3 Update: Airport Utilization

Figure 1



Source: HCAA

Figure 2

Monthly Airport Enplanement Activity[1]

	Chang YoY					
	2020	2021	2022	2023	2024	2025
Jan	0.0%	-50.4%	76.1%	16.0%	7.4%	-1.4%
Feb	8.3%	-52.6%	80.6%	9.9%	11.6%	-6.1%
Mar	-43.3%	7.6%	57.1%	2.5%	10.9%	-3.1%
Apr	-95.6%	1615.4%	29.6%	8.5%	3.9%	
May	-88.3%	641.5%	16.4%	6.8%	7.7%	
Jun	-73.1%	247.6%	1.5%	13.2%	7.9%	
Jul	-67.7%	194.6%	-1.0%	14.0%	5.8%	
Aug	-67.2%	163.1%	10.9%	4.3%	10.6%	
Sep	-60.3%	134.8%	7.8%	17.8%	-2.3%	
Oct	-55.4%	106.1%	7.4%	16.3%	-20.4% *	
Nov	-53.2%	109.1%	1.5%	13.7%	-3.4%	
Dec	-55.6%	100.6%	0.5%	13.8%	7.1%	

Source: HCAA

(1) Enplanement activity for June 2024 onward is estimated as half of reported total passenger activity.

*October 2024 decline reflects impact of Hurriance Milton.

RD 5 Update: Airport Finances

Figure 3

Hillsborough County Aviation Authority
Budget Based Operating Results and Debt Service Coverage
FYE September 30 (Cash Basis) (dollars in thousands)

Budget Based Operating Results

		Projected[1]				Actual	Budget
		2020	2021	2022	2023	2024	2025
REVENUES							
Passenger Airline Landing Fees		$ 14,197	$ 24,956	$ 24,520	$ 27,316	$ 32,577	$ 37,357
Main Terminal Rentals		23,381	38,952	47,474	46,964	35,612	60,248
Airside Rentals		24,958	31,029	39,773	46,618	71,733	68,810
Total Passenger Airline Revenue		62,536	94,938	111,766	120,899	139,922	166,415
Concession Revenues		50,645	57,758	82,586	89,834	93,741	95,292
Parking and Ground Transportation		43,754	45,557	83,174	99,495	110,815	124,617
Cargo Revenue		6,190	6,683	6,723	6,279	5,228	7,084
TSA Revenues and Reimbursements		404	489	734	660	749	759
General Aviation		4,185	4,636	4,987	5,385	5,754	6,349
Other Revenues		15,051	18,305	21,379	26,642	30,661	31,460
Interest Income		12,175	3,499	5,622	30,308	41,054	38,705
Total Non-Airline Revenues		132,405	136,927	205,204	258,603	288,002	304,265
Total Operating Revenues	a	194,941	231,865	316,970	379,502	427,923	470,680
Less: Airline Settlement		(1,318)	(4,846)	226	1,956	(1,190)	-
Less: ASIP Fee Waivers		(1,288)	(2,943)	(5,737)	(5,321)	(5,057)	(4,342)
Net Operating Revenues		192,336	224,076	311,460	376,138	421,676	466,338
Customer Facility Charges		28,482	31,232	40,831	42,102	44,356	43,350
Passenger Facility Charges		25,846	30,470	42,362	45,090	48,523	50,053
Airline Revenue Sharing		(538)	(1,188)	(4,085)	(4,564)	(4,997)	(5,171)
EXPENSES							
Salaries and Benefits		76,765	75,152	82,108	87,419	94,578	103,409
Contracted Services		21,017	18,726	21,916	25,399	25,933	29,635
Contractual Maintenance		25,330	24,667	28,246	33,077	35,566	39,371
Supplies and Materials		4,017	4,182	4,495	5,217	6,552	6,915
Utilities		12,867	12,458	14,348	16,893	16,006	17,706
Insurance		3,874	4,527	5,333	7,239	8,742	8,928
Other Expenses		4,297	4,334	10,704	11,677	12,323	14,408
Total Operating Expenses		148,166	144,045	167,150	186,920	199,699	220,372
Less: O&M Costs Assigned to Projects		(4,907)	(4,834)	(5,255)	(5,778)	(6,236)	(6,927)
Net Operating Expenses		143,259	139,211	161,895	181,143	193,464	213,445
Less: Funded by Customer Facility Charges (CFCs)		(4,410)	(4,236)	(5,390)	(6,426)	(7,151)	(7,685)
Net Operating Expenses from Current Operations	b	138,849	134,975	156,504	174,717	186,312	205,760

Summary Actual Operating Results and Debt Service Coverage

		Actual					Budget	Projected
		2020	2021	2022	2023	2024	2025	2025
Summary Operations								
Net Operating Revenues	a	$ 194,941	$ 231,865	$ 316,970	$ 379,502	$ 427,923	$ 470,680	$ 483,748
Less: Operating Expenses	b	(135,754)	(134,975)	(156,504)	(174,717)	(186,312)	(205,760)	(204,542)
Other Adjustments[2]		(1,610)	(2,601)	(216)	(5,952)	(10,580)	(7,705)	(9,383)
Plus Application of Extraordinary Federal Monies:								
CARES Act		60,592	20,600	-	-	-	-	-
CRRSA Act		-	18,207	1,861	1,814	-	-	-
ARP Act		-	-	40,150	33,086	-	-	-
Revenues Available for Debt Service	c	118,169	133,096	202,260	233,733	231,031	257,215	269,824
Debt Service Coverage (Per Trust Agreements)								
Revenue Available for Debt Service	c	118,169	133,096	202,261	233,733	231,031	257,215	269,824
Senior Debt Service		56,737	54,480	55,518	54,986	60,924	98,079	97,651
Senior DSCR (min. 1.25x)		2.08x	2.44x	3.64x	4.25x	3.79x	2.62x	2.76x
Revenues Remaining After Senior DS		61,432	78,616	146,743	178,747	170,107	159,136	172,172
Plus PFCs and Other Adjustments		27,156	28,019	45,491	47,906	51,917	52,985	50,912
Total Revenues Available for Sub DS		88,588	106,635	192,234	226,653	222,025	212,121	223,084
Subordinate Debt Service		28,516	28,512	28,507	30,384	30,389	30,391	30,391
Subordinate Lien DSCR (min. 1.25x)		3.11x	3.74x	6.74x	7.46x	7.31x	6.98x	7.34x
Combined Debt Service		85,253	82,992	84,025	85,370	91,313	128,471	128,043
Combined DSCR (min. 1.15x)		1.70x	1.94x	2.95x	3.30x	3.10x	2.41x	2.50x

Source: HCAA

(1) Projection compiled about a month before budget year end as presented in succeeding year's budget.

(2) Includes reconciliation between near final cash based operating result projections and actual cash based results.

Figure 4

Hillsborough County Aviation Authority Cash & Investment Balances and Liquidity Calculation FYE September 30 (dollars in thousands)		Actual					Projected
		2020	2021	2022	2023	2024	2025
Liquidity Balances							
Operating Funds							
Revenue Fund		$ 13,386	$ 22,991	$ 27,274	$ 27,994	$ 29,519	$ 32,914
Operating & Maintenance Fund		17,714	9,085	10,458	13,624	16,458	17,890
Operating Reserve Fund		24,642	22,887	26,315	30,331	33,615	35,978
Other		1,262	3,384	799	779	3,992	2,500
Total Operating Funds		57,003	58,347	64,847	72,728	83,585	89,282
Surplus Fund		103,900	169,258	275,565	265,268	360,479	473,004
Total Funds Available	a	160,903	227,605	340,412	337,996	444,063	562,285
Debt Service Funds		118,110	108,514	133,099	134,861	153,651	
Capital Improvement and Equipment Funds							
Capital Improvement and Equipment Funds		4,096	359	5,256	1,050	3,949	
Rental Car Facility Fee for Future Improvements		56,476	47,464	45,090	46,817	48,969	
Bond/CP/ Bank Notes Construction Funds		25,160	41,829	-	-	-	
PFC Fund		66,022	63,724	76,018	94,709	118,209	
Senior Bonds		166,651	75,305	296,766	191,290	543,020	
Subordinate Bonds		57,161	24,064	17,402	16,001	16,514	
CFC Bonds		9,196	1,980	1,904	1,644	1,676	
Total Capital Improvement and Equipment Funds		384,762	254,726	442,438	351,511	732,337	
Total Cash & Investments		663,775	590,845	915,949	824,368	1,330,051	
Day's Cash on Hand Calculation							
Operating Expenses (Management Reporting, Non-GAAP)	b	$ 148,771	$ 133,797	$ 153,950	$ 172,562	$ 186,312	$ 205,760
Days Cash on Hand	(a / b) x 365	395	621	807	716	870	997

Source: HCAA

(1) Decline in liquidity in FY 2023 reflects the purchase of the SkyCenter One Office Building for $123 million in FY 2023.