Hillsborough County Aviation Authority, FL - GARBs (Tampa International)

ANALYTICAL CONTACTS

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METHODOLOGY

Public Finance: U.S. General Airport Revenue Bond Rating Methodology

Ratings

Description	Rating Action	Rating/Outlook or Watch
Issuer: Hillsborough County Aviation Authority, FL		
Tampa International Airport Revenue Bonds	Affirmed	AA/Stable
Tampa International Airport Subordinated Revenue Bonds	Affirmed	AA-/Stable

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 of the service area, 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.

Senior Lien Airport Revenue Bonds are secured by a pledge of Airport System net revenues, while Subordinate Lien Airport Revenue Bonds are secured by a pledge of Airport System net revenues following payment of the senior lien bonds and 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 afforded to senior lien bondholders.

Hillsborough County Aviation Authority (the Authority) owns and operates TPA and three general aviation airports (collectively, the Airport System). As TPA accounts for substantially all the Authority's commercial enplanement activity and >98% of the Authority's annual revenues, its operations and financial profile are the focus of KBRA's analysis.

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 23.5% of enplanements in FY 2025.

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 10.6% above the pre-pandemic level in FY 2025. Activity has softened since late 2024, reverting toward a more sustainable long-term growth trend. Enplanement activity in FY 2025 was down 2.6% YoY compared to a 0.6% YoY increase in TSA security checkpoint volume across the overall U.S. air market. Enplanement activity in the first seven months of FY 2026 through April was up 1.2% YoY compared to checkpoint growth of 1.1%.

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.

FY 2025 coverage as calculated per the respective trust agreements was 2.82x for senior bonds and 7.54x 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 (2.66x) and subordinate liens (7.26x) in FY 2026.

Authority liquidity is strong with available operating funds and surplus fund cash and investments providing 894 days cash on hand (DCOH) as of FYE 2025. Management projects that liquidity will grow to 961 DCOH by FYE 2026. 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 a drawn balance of approximately $10 million.

The Authority's capital program over next ten years totals $3.8 billion. It includes the completion of the new 16-gate Airside D concourse in late 2028, which will bring the total number of gates at TPA to 74. Airside D and other 2022 Master Plan Update Projects comprise about half of capital program spending over the period. Approximately 85% of the capital program spending over the next 15 years is to be funded from airport cash and bonds. The Authority expects to issue approximately $650 million new money bonds in late 2026 or early 2027 to fund the remainder of Airside D. Additional bond sales through FY 2028 totaling $1.38 billion are expected to fund other large projects including the redevelopment of the ticketing level and baggage systems and reconstruction of the 1R/19L runway in 2027.

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 $13.64 in FY 2026. 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 ratings were affirmed because of 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.

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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.

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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.

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- 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.

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Key Ratios

FYE September 30	2021	2022	2023	2024	2025
Airport Activity					
Top Carrier Market Share (Southwest)	28.7%	26.5%	25.4%	25.0%	23.5%
Enplanements (000's)	7,717	10,689	11,561	12,585	12,259
Operating Metrics					
Non-Airline Revenues Per Enplanement					$25.64
Airline Cost Per Enplaned Passenger (CPE)					$12.78
Peak CPE (FY 2030)[1]					$21.44
Airline Payments as a % of Operating Revenues					35.2%
Debt, Leverage, and Affordability Metrics					
Senior Debt Service Coverage	2.44x	3.64x	4.25x	3.79x	2.82x
Subordinated Debt Service Coverage	3.74x	6.74x	7.46x	7.31x	7.54x
Total Debt Service Coverage	1.94x	2.95x	3.30x	3.10x	2.55x
MADS (FY 2027) Per Passenger Enplanement					$13.94
Population Growth 2015-2025					
City of Tampa					15.6%
Tampa MSA					17.5%
Florida					17.5%
United States					6.7%

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

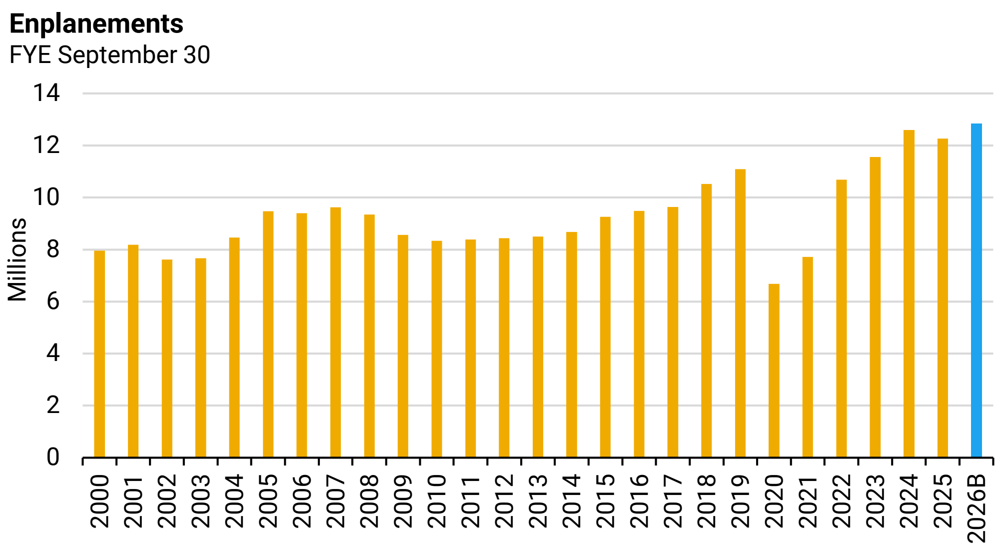
Rating Determinants

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. For a full discussion of each Rating Determinant and the Bankruptcy Risk Assessment, please see prior KBRA reports, the most recent of which is dated July 28, 2025.

RD 3: Airport Utilization Update

Figure 1



Source: HCAA

Figure 2

Monthly Airport Enplanement Activity[1]

	Change YoY						
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Jan	0.0%	-50.4%	76.1%	16.0%	7.4%	-1.4%	-2.2%
Feb	8.3%	-52.6%	80.6%	9.9%	11.6%	-6.1%	2.1%
Mar	-43.3%	7.6%	57.1%	2.5%	10.9%	-3.1%	-1.3%
Apr	-95.6%	1615.4%	29.6%	8.5%	3.9%	-2.7%	1.8%
May	-88.3%	641.5%	16.4%	6.8%	7.7%	-2.3%	
Jun	-73.1%	247.6%	1.5%	13.2%	7.9%	-2.7%	
Jul	-67.7%	194.6%	-1.0%	14.0%	5.8%	2.2%	
Aug	-67.2%	163.1%	10.9%	4.3%	10.6%	3.8%	
Sep	-60.3%	134.8%	7.8%	17.8%	-2.3%	3.5%	
Oct	-55.4%	106.1%	7.4%	16.3%	-20.4%	23.3%	
Nov	-53.2%	109.1%	1.5%	13.7%	-3.4%	-1.8%	
Dec	-55.6%	100.6%	0.5%	13.8%	7.1%	-7.1%	

(1) Enplanement activity for June 2024 onward is estimated as half of reported total passenger activity.
*October 2024 decline reflects impact of Hurricane Milton.
Source: HCAA

RD 5: Airport Finances Update

Figure 3

Hillsborough County Aviation Authority					
Budget Based Operating Results and Debt Service Coverage					
FYE September 30 (Cash Basis) (dollars in thousands)					
Summary Actual Operating Results and Debt Service Coverage					
			Actual		
	2021	**2022**	**2023**	**2024**	**2025**
Summary Operations					
Net Operating Revenues	$231,865	$316,970	$379,502	$427,923	$480,178
Less: Operating Expenses	(134,975)	(156,504)	(174,717)	(186,312)	(204,542)
Other Adjustments	(2,601)	(216)	(5,952)	(10,580)	(185)
Plus Application of Extraordinary Federal Monies:					
CARES Act	20,600	-	-	-	-
CRRSA Act	18,207	1,861	1,814	-	-
ARP Act	-	40,150	33,086	-	-
Revenues Available for Debt Service	133,096	202,260	233,733	231,031	275,451
Debt Service Coverage (Per Trust Agreements)					
Revenue Available for Debt Service	133,096	202,261	233,733	231,031	275,451
Senior Debt Service	54,480	55,518	54,986	60,924	97,651
Senior DSCR (min. 1.25x)	2.44x	3.64x	4.25x	3.79x	2.82x
Revenues Remaining After Senior DS	78,616	146,743	178,747	170,107	177,799
Plus PFCs and Other Adjustments	28,019	45,491	47,906	51,917	51,428
Total Revenues Available for Sub DS	106,635	192,234	226,653	222,025	229,228
Subordinate Debt Service	28,512	28,507	30,384	30,389	30,391
Subordinate Lien DSCR (min. 1.25x)	3.74x	6.74x	7.46x	7.31x	7.54x
Combined Debt Service	82,992	84,025	85,370	91,313	128,043
Combined DSCR (min. 1.15x)	1.94x	2.95x	3.30x	3.10x	2.55x

Source: HCAA

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