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Tampa International Airport, FL, Customer Facility Charge Bonds Upgraded To 'A' From 'A-' On Revised Criteria

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CHICAGO (S&P Global Ratings) Oct. 11, 2018--S&P Global Ratings raised its underlying rating (SPUR) to 'A' from 'A-' on Hillsborough County Aviation Authority (HCAA), Fla.'s customer facility charge (CFC) revenue bonds issued for Tampa International Airport (TPA). The outlook is stable.

The upgrade reflects our application of our "U.S. And Canadian Not-For-Profit Transportation Infrastructure Enterprises (/en_US/web/guest/article/-/view/sourceId/10312079)" criteria (published March 12, 2018).

Bond proceeds funded the construction of the rental car facility at TPA and partially funded the automatic people mover (APM) that connects the rental car facility to the main terminal.

"The rating reflects our opinion of the facility's strong enterprise risk profile and strong financial risk profile," said S&P Global Ratings credit analyst Kevin Archer.

The strong enterprise risk profile reflects our view of the facility's strategic location and positive demand trends that we expect will remain generally stable. Partially offsetting these factors are rental car activity levels' exposure to cyclicity, because demand is tied to business travel and tourism; and competition from transportation network companies, which we believe could somewhat constrain rate-setting flexibility. The strong financial risk profile reflects our view of the facility's debt service coverage (DSC) and debt metrics, offset by the facility's nature as a single asset providing substantially all the net revenues pledged to the bonds.

The facility was substantially completed in October 2017 and became fully accessible in February 2018 with the opening of the APM. It includes a four-level, 2.6 million square-foot facility for rental car operations, with an additional 75,000 square-foot facility to house four vehicle maintenance service centers. As well, the 1.4 mile APM connects the main terminal to the facility.

The stable outlook reflects our view that generally stable demand levels, and very strong debt and liabilities capacity, will enable the facility to maintain its strong financial profile.

We do not expect to raise the rating in the two-year outlook period, because we believe the facility's market position, although strong, is unlikely to improve significantly, primarily given the cyclicity of demand. However, if coverage increases to a very strong level, and remains there, we could raise the rating.

We do not expect to lower the rating during the two-year outlook period, given our view that coverage will remain strong and that the facility's debt and liabilities capacity will not materially weaken. If the facility's coverage or debt and liabilities capacity, or both, deteriorate significantly, we could lower the rating.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Primary Credit Analyst: Kevin R Archer, Chicago + 1 (312) 233 7089;
Kevin.Archer@spglobal.com (mailto:Kevin.Archer@spglobal.com)

Secondary Contact: Joseph J Pezzimenti, New York (1) 212-438-2038;
joseph.pezzimenti@spglobal.com (mailto:joseph.pezzimenti@spglobal.com)

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