

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa3 rating to Hillsborough County Aviation Authority, FL's 2024 Series B senior lien revenue bonds; outlook is stable

30 Jul 2024

New York, July 30, 2024 -- Moody's Ratings (Moody's) has assigned Aa3 to Hillsborough County Aviation Authority, FL's (HCAA) \$545 million Tampa International Airport Revenue Bonds, 2024 Series B (AMT). HCAA has \$882.5 million parity senior lien bonds rated Aa3 and \$447.3 million parity subordinated lien bonds rated A1. The outlook is stable.

RATINGS RATIONALE

The ratings reflect HCAA's strong origin and destination market in and around Tampa, Florida, which is buoyed by a growing population base, diversifying economy and strong in-bound tourism demand. Passenger traffic at Tampa International Airport (TPA) returned to fiscal 2019 levels early in the pandemic and has recently regained strong growth as airline capacity constraints have eased. Strong passenger growth and inflationary pressures have led to significant non-airline revenue growth which propels net revenue debt service coverage ratio (DSCR) higher under TPA's rates by ordinance structure. HCAA has strong liquidity at 756 days at fiscal year ended September 30, 2023. HCAA has moderate financial leverage for a large hub airport, however HCAA is undergoing a significant capital program of about \$3.5 billion from fiscal 2025 through fiscal 2030. The implementation of this capital program includes the issuance of about \$1.7 billion of additional debt, including Series 2024B, which will lead to higher leverage and narrower DSCR as the new debt is amortized.

The Aa3 senior lien rating reflects the first lien on net revenue and very strong DSCR that will stabilize near 1.8x if the HCAA's consultant forecast is met. The A1 subordinated lien rating reflects the subordinated lien on net revenues and DSCR around 1.7x under the same assumed forecast.

RATING OUTLOOK

The stable outlook reflects our view that while the airport will issue additional debt to

fund its capital improvement program, it will maintain metrics in line with peers given continued enplanement growth.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Expectation of DSCRs sustained above 3.0x on the senior lien and 2.0x for total debt after new debt issuance
- Financial liquidity increases to above 600 days cash on hand
- Significant increase in enplanement levels indicating a shift in market position

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- DSCR by net revenue below 1.75x on the senior lien or below 1.5x for total debt on a sustained basis
- Construction cost overruns resulting in increased indebtedness
- Significant loss of market share in either the Gulf Coast or Central Florida region.

LEGAL SECURITY

The bonds are secured by the net revenues of the HCAA. Subordinated bonds have a subordinate pledge of both general airport revenue and PFC revenue. Only subordinated bonds designated as PFC bonds are secured by and payable from PFC revenues. Senior bonds, with the exception of Series 2018B, 2021A and 2024A all share a common debt service reserve fund, which is cash funded and sized at maximum annual debt service. The remaining senior bonds have separate reserve funds specific to each series. The subordinated Series 2018A and Series 2022A are designated as PFC bonds and are additionally secured by the available PFC revenue. These bonds are secured by a cash funded reserve fund equal to 125% of annual average debt service.

USE OF PROCEEDS

Proceeds of the Series 2024B senior bonds will be used to fund deposits into the project and capitalized interest funds, fund a debt service reserve and pay cost of issuance. The project fund is used to fund TPA's capital plan, which includes the addition of a future Airside D concourse.

PROFILE

HCAA is a public body corporate and is an independent special district. The authority has exclusive jurisdiction, control, supervision and management over all publicly owned airports in Hillsborough County, Florida. The airport system consists of Tampa International Airport, Peter O. Knight Airport, Plant City Airport and Tampa Executive

Airport. The latter three are general aviation airports which serve as reliever airports. Tampa International airport has a single main terminal with four airside concourses that total 58 aircraft gates and three runways including two parallel runways and one crosswind runway.

METHODOLOGY

The principal methodology used in this rating was Publicly Managed Airports and Related Issuers published in February 2023 and available at <https://ratings.moodys.com/rmc-documents/398689>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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