Appendix A

Report of the Airport Consultant

Hillsborough County Aviation Authority
Tampa International Airport Subordinated Revenue Refunding Bonds, 2013 Series A (AMT)

PREPARED BY:

RICONDO & ASSOCIATES, INC.
105 East Fourth Street, Suite 1700
Cincinnati, OH 45202
(513) 651-4700 (phone)
(513) 412-3570 (facsimile)

RICONDO® & ASSOCIATES

October 1, 2013

October 1, 2013

Mr. Joseph Lopano
Chief Executive Officer
Hillsborough County Aviation Authority
Tampa International Airport
3rd Level, Blue Side
PO Box 22287
Tampa, FL 33622-2287

RE: Report of the Independent Airport Consultant for the Hillsborough County Aviation Authority, *Tampa International Airport Subordinated Revenue Refunding Bonds, 2013 Series A (AMT)*

Dear Mr. Lopano:

Ricondo & Associates, Inc. (R&A) is pleased to present this Report of the Independent Airport Consultant (Report) for inclusion as Appendix A in the Official Statement for the Hillsborough County Aviation Authority (the Authority), Tampa International Airport Subordinated Revenue Refunding Bonds, 2013 Series A (AMT) (Subordinated 2013A Bonds). The Subordinated 2013A Bonds are being issued pursuant to provisions of the Subordinated Trust Agreement, expected to be dated as of October 1, 2013, as supplemented and amended by the 2013 Subordinated Supplemental Trust Agreement expected to be dated as of October 1, 2013 (collectively, the Subordinated Trust Agreement. The Authority adopted Resolution No. 2013-107 on September 5, 2013 (the Subordinated Bonds Resolution) authorizing the issuance of the Subordinated 2013A Bonds.

The Authority also intends to issue the Tampa International Airport Revenue Refunding Bonds, 2013 Series A (AMT) (Senior 2013A Bonds) and Tampa International Airport Revenue Refunding Bonds, 2013 Series B (Non-AMT) (Senior 2013B Bonds) prior to the end of 2013 through either a fixed rate direct placement with one or more major banks or a public offering. If the direct placement approach is employed, it is possible that the Senior 2013A Bonds (AMT) will be divided into two separate series. The Senior 2013A Bonds and Senior 2013B Bonds collectively will be referred to in this report as the Senior 2013 A/B Bonds and the debt service included in this Report reflects the assumed financing structure. The Senior 2013 A/B Bonds are being issued pursuant to provisions of the Authority's Trust Agreement, dated as of October 1, 1968, as amended and supplemented from time to time, as codified and restated in a Codified and Restated Trust Agreement effective as of September 1, 2006, as supplemented and amended prior to the date hereof (collectively, the "2006 Trust Agreement"), and as supplemented by Supplemental Trust Agreements with respect to each such series (collectively, the 2013 Supplemental Trust Agreement and, collectively with the 2006 Trust Agreement, the Trust Agreement). The Authority

105 EAST FOURTH STREET, SUITE 1700, CINCINNATI, OH 45202
TEL (513) 651-4700 • FAX (513) 412-3570

expects to adopt a resolution later in 2013 (the Resolution) authorizing the issuance of the Senior 2013 A/B Bonds and the execution of the 2013 Supplemental Trust Agreement.

The Subordinated 2013A Bonds and the Senior 2013 A/B Bonds, collectively, will be referred to as the 2013 Bonds.

The 2013 Bonds are payable from the Net Revenues generated from the operation of the Tampa International Airport (the Airport), the primary air carrier airport serving the Tampa Bay region, and three general aviation reliever airports, Peter O. Knight, Plant City, and Tampa Executive airports (collectively, the Airport System.) Proceeds of the 2013 Bonds will be used to refund the following:

- Tampa International Airport Revenue Bonds, 2003 Series A (Series 2003A Bonds)
- Tampa International Airport Revenue Bonds, 2003 Series B (Series 2003B Bonds)
- Tampa International Airport Revenue Refunding Bonds, 2003 Series C (Series 2003C Bonds)
- Tampa International Airport Revenue Refunding Bonds, 2003 Series D (Series 2003D Bonds)
- A portion of Tampa International Airport Replacement Subordinate Revenue Note, Series 2012, (SunTrust 2012 Bank Note)[1]

Additionally, proceeds from the 2013 Bonds will be used to pay certain costs of issuance incurred in connection with the issuance of the 2013 Bonds including, if selected by the Authority, the premiums with respect to Bond Insurance. Unless otherwise defined herein, all capitalized terms in this report are used as defined in the Official Statement, the Trust Agreement, or the Subordinated Trust Agreement.

This report presents the analysis undertaken by R&A to demonstrate the ability of the Authority to comply with the requirements of the Trust Agreement and Subordinated Trust Agreement on a *pro forma* basis for Fiscal Years (FY) 2014 through 2023 (the Projection Period) based on the assumptions regarding the planned issuance of the 2013 Bonds established by the Authority through consultation with its financial advisor and construction manager. In developing its analysis R&A has reviewed historical trends and formulated projections, based on the assumptions put forth in this report which have been reviewed and agreed to by the Authority and its professionals, regarding the ability of the Air Trade Area (defined herein) to generate demand for air service at the Airport, trends in air service and

[1] The refunded portion of the SunTrust 2012 Bank Note will be referred to as the Refunded Note.

passenger activity at the Airport, and the financial performance of the Airport. The report is organized as follows:

- Summary of Findings
- Chapter 1: The 2013 Project and the 2013 Bonds
- Chapter 2: The Tampa International Airport System
- Chapter 3: The Capital Program and Funding Sources
- Chapter 4: Demographic and Economic Analysis
- Chapter 5: Passenger Demand and Air Service Analysis
- Chapter 6: Financial Analysis

On the basis of our assumptions and the analysis put forth in this report, R&A is of the opinion that the Gross Revenues less Operating Expenses (Net Revenues) generated by the Airport in each year of the Projection Period will be sufficient to comply with the Rate Covenant established in the Trust Agreement and the Pledged Revenues will be sufficient to comply with the Rate Covenant established in the Subordinated Trust Agreement. R&A is also of the opinion that the Airport's airline rates and charges will remain comparable on an airline cost per enplaned passenger (CPE) basis to other large-hub U.S. airports through the Projection Period.

Founded in 1989, R&A is a full-service aviation consulting firm providing airport physical and financial planning services to airport owners and operators, airlines, and federal and state agencies. R&A has prepared Reports of the Airport Consultant in support of over $22 billion of airport related revenue bonds since 1996. Based on the definition of "Municipal Advisor" put forth in the Securities and Exchange Commission's (SEC) proposed rule implementing Section 975 of Title IX of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which cites firms providing feasibility studies for inclusion in an official statement for a municipal bond transaction, R&A has registered with both the SEC and the Municipal Securities Rulemaking Board as a Municipal Advisor.

The techniques and methodologies used by R&A in the preparation of this report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While R&A believes that the approach and assumptions used in this report are reasonable, some assumptions regarding future trends and events detailed in this report including, but not limited to, the implementation schedule and the projections of passenger activity and financial performance may not materialize. Therefore, actual performance will likely differ from the projections put forth in this report and the variations may be material. In developing its analysis, R&A has utilized information from various sources including the Authority, the financial advisor, federal and local governmental agencies, and independent private providers of economic and aviation industry data which are identified in the notes accompanying the related tables and exhibits in this report. R&A believes these sources to be reliable, but has not audited this data and does not warrant its accuracy. The analysis presented is based on conditions known as of the date of this letter. R&A has no obligation to update this report on an ongoing basis.

Sincerely,

Ricondo & Associates, Inc.

RICONDO & ASSOCIATES, INC.

Table of Contents

Table of Contents (continued)

Table of Contents (continued)

Table of Contents (continued)

List of Tables

List of Tables

List of Exhibits

Summary of Findings

The Authority commissioned Ricondo & Associates, Inc., (R&A) to prepare this Report of the Airport Consultant (Report) to demonstrate the Airport's compliance with the Additional Bonds Test and Rate Covenants regarding the issuance of the Tampa International Airport Subordinated Revenue Refunding Bonds, 2013 Series A (AMT) (Subordinated 2013A Bonds). This Report also incorporates the debt service resulting from the issuance of the Tampa International Airport Revenue Refunding Bonds, 2013 Series A (AMT) (Senior 2013A Bonds), and the Tampa International Airport Revenue Refunding Bonds, 2013 Series B (Non-AMT) (Senior 2013B Bonds), (collectively referred to in this Report as the Senior 2013 A/B Bonds). The Senior 2013 A/B Bonds are planned to be issued later in 2013 through either a fixed rate direct placement with one or more major banks or a public offering. The Subordinated 2013A Bonds and the Senior 2013 A/B Bonds will be collectively referred to as the 2013 Bonds.

This Report will demonstrate that the Pledged Revenues will be sufficient to comply with the Rate Covenant established in the Subordinated Trust Agreement expected to be effective on October 1, 2013, as supplemented and amended by the 2013 Subordinated Supplemental Trust Agreement also expected to be effective on October 1, 2013 (collectively, the Subordinated Trust Agreement), including but not limited to the Additional Bonds Tests and Rate Covenants, on a pro forma basis for Fiscal Years (FY) 2014 through FY 2023 (the Projection Period). This Report will also demonstrate the Authority's ability to generate Gross Revenues less Operating Expenses (Net Revenues) sufficient to meet its obligations under the Codified and Restated Trust Agreement effective as of September 1, 2006, as supplemented and amended prior to the date hereof (collectively, the 2006 Trust Agreement), and as supplemented by Supplemental Trust Agreements with respect to each such series (the 2013 Supplemental Trust Agreement and, collectively with the 2006 Trust Agreement, the Trust Agreement).

In developing our analysis, R&A reviewed the terms of the Trust Agreement, Subordinated Trust Agreement and related documents that govern the Airport's debt; the terms of the 2013 Bonds as provided by the Authority's financial advisor; the Airport's outstanding financial obligations; the capacity of the Airport's existing and planned facilities to accommodate current and anticipated demand; and certain projects included in the Airport's Master Plan update (Master Plan Projects) approved in 2013 and other projects included in the capital improvement program (CIP), collectively referred to as the Capital Program and proposed funding sources including the potential for additional borrowing beyond the 2013 Bonds.

To develop the pro forma analysis of the Airport's financial performance, R&A reviewed the agreements that establish the business arrangements between the Airport and its various tenants, including but not limited to the commercial airlines serving the Airport. The Airport generates the majority of its operating revenues from commercial airlines and private aircraft operators through airfield usage fees and various rentals for terminal and other spaces; fees and rents assessed concessionaires providing various goods and services to passengers and other users of airport facilities; fees and rents assessed rental car operators serving the airport; and fees for public parking and commercial vehicle access to airport facilities. These revenues are in large measure driven by passenger demand for air service from the Airport, which is a function of national and local economic conditions, and the ability and willingness of the commercial airlines to supply service at a level commensurate with this demand. Thus, R&A reviewed the historical relationships between economic activity and demand for air service, the airlines' provision of air service, and the financial performance of the Airport. Based on this historical review, R&A developed assumptions regarding these factors and relationships through the Projection Period which provide the basis for the forecasts of passenger activity and financial performance presented in this Report. The following sections present a summary of R&A's assumptions, projections and findings that are detailed in the body of the Report, which should be read in its entirety.

2013 Bonds

The Authority is issuing the 2013 Bonds to refund certain previously issued bonds (2013 Transaction) and a portion of a bank note. Specifically, proceeds of the 2013 Bonds will be used to refund the following:

- Tampa International Airport Revenue Bonds, 2003 Series A (Series 2003A Bonds)
- Tampa International Airport Revenue Bonds, 2003 Series B (Series 2003B Bonds)
- Tampa International Airport Revenue Refunding Bonds, 2003 Series C (Series 2003C Bonds)
- Tampa International Airport Revenue Refunding Bonds, 2003 Series D (Series 2003D Bonds)
- A portion of Tampa International Airport Replacement Subordinate Revenue Note, Series 2012, (SunTrust 2012 Bank Note)[1]

Table **S-1** reflects the 2013 Bonds refunding plan:

Table S-1: Bonds Refunding Plan

SERIES DESIGNATION	PURPOSE OF BONDS	TAX STATUS
Senior 2013A Bonds[1/]	Refund 2003B, 2003D, and the portion of the Refunded Note supported by Airport Revenues	AMT
Senior 2013B Bonds	Refund 2003C Bonds	Non-AMT
Subordinated 2013A Bonds	Refund 2003A Bonds (PFC) and the portion of the Refunded Note supported by PFC Revenues	AMT

NOTE:
1/ If the direct placement approach is employed, it is possible that the Senior 2013A Bonds (AMT) will be divided into two separate series.

SOURCE: Hillsborough County Aviation Authority, September 2013.
PREPARED BY: Ricondo & Associates, Inc., September 2013.

1 The refunded portion of the SunTrust 2012 Bank Note will be referred to as the Refunded Note.

The Authority intends to refund the 2003B, 2003C and 2003D Bonds later in 2013 through either a fixed rate direct placement with one or more major banks or a public offering of bonds. The Authority has indicated that, regardless of the method by which the Senior 2013 A/B Bonds are sold, the debt service on such bonds will be structured as reflected in this Report.

Tampa International Airport System

In addition to the Airport, the Authority operates three general aviation reliever airports, Peter O. Knight, Plant City, and Tampa Executive airports, collectively known as the Airport System. The Airport is classified as a large hub by the Federal Aviation Administration (FAA.)

Chapter 2 presents a review of the existing Airport facilities and Chapter 3 presents a brief summary of the Capital Program, including funding sources. Master Plan Phase I Projects total approximately $935.2 million, Master Plan Phase II Projects total approximately $371.0 million and the CIP totals approximately $595.8 million.

Demographic and Economic Analysis

The demand for air transportation at a particular airport is, to a large degree, dependent upon the demographic and economic characteristics of the airport's air trade area. This relationship is particularly true for origin and destination (O&D) passenger traffic, meaning passengers that either begin or end their trips at the Airport rather than connecting through the Airport to other destinations, which has historically been the largest component of demand at the Airport. Therefore, the major portion of demand for air travel at the Airport is influenced more by the local socioeconomic characteristics of the area served than by individual air carrier decisions regarding service patterns in support of connecting activity.

Chapter 4 presents data indicating that the Airport's Air Trade Area has an economic base capable of supporting increased demand for air travel during the Projection Period. A summary of demographic and economic data described in Chapter 4 is presented in **Table S-2**, while key findings include the following:

Table S-2: Summary of Demographic and Economic Characteristics

POPULATION	HISTORICAL 2012	PROJECTED 2023	CAGR [2/]
Air Trade Area	2,878,979	3,314,736	1.3%
Florida	19,358,309	22,794,481	1.5%
United States	314,659,200	350,537,844	1.0%

PER CAPITA PERSONAL INCOME (current dollars)	HISTORICAL 2012	PROJECTED 2023	CAGR
Air Trade Area	$ 38,595	$ 60,973	4.2%
Florida	$ 39,815	$ 63,677	4.4%
United States	$ 42,567	$ 68,437	4.4%

GRP/GDP (millions of 2005 dollars)	HISTORICAL 2012	PROJECTED 2023	CAGR
Air Trade Area	$ 108,684	$ 143,404	2.6%
Florida	$ 691,205	$ 920,768	2.6%
United States	$ 12,911,575	$ 16,655,719	2.3%

NON-SEASONALLY ADJUSTED UNEMPLOYMENT RATES	AIR TRADE AREA	UNITED STATES	VARIANCE
2002	5.6%	5.8%	-0.2%
2010 [1/]	11.8%	9.6%	2.2%
May-13	6.9%	7.3%	-0.4%

OTHER DEMOGRAPHIC/ECONOMIC CHARACTERISTICS	AIR TRADE AREA	FLORIDA	UNITED STATES
% of population that is foreign-born (or PR)	15.7%	22.6%	14.4%
CAGR total non-ag. employment (2002-2012)	0.2%	N/A	0.3%
CAGR total non-ag. employment (2011-2012)	2.3%	N/A	1.8%

NOTES:
1/ The Air Trade Area's non-seasonally adjusted unemployment rate peaked in January 2010.
2/ CAGR = Compound Annual Growth Rate

SOURCE: Woods and Poole Economics, Inc., *2013 Complete Economic and Demographic Data Source (CEDDS)*, (Population, Income, GDP/GRP); U.S. Department of Labor, Bureau of Labor Statistics (Unemployment and Total Nonagricultural Employment), July 2013. U.S. Department of Commerce, Bureau of the Census, *American Community Survey 2011*, (% of population that is foreign-born).
PREPARED BY: Ricondo & Associates, Inc., July 2013.

- The Airport primarily serves the four-county Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area[2] (the Air Trade Area) which has a total population of approximately 2,879,000 residents. According to recent U.S. Census Bureau data, Tampa has been one of the fastest-growing large cities in the United States since the 2010 Census, with a 3.6 percent increase in population between April 1, 2010 and July 1, 2012. Population growth in the Air Trade Area over the past twelve years has been significantly faster than the population growth experienced by the United States, though somewhat slower than the State of Florida (Florida), and this trend is expected to continue throughout the Projection Period. There is typically a positive correlation between population growth in a local area and air travel demand.

- According to the most recent U.S. Census Bureau data, the percentage of the total Air Trade Area population that is foreign-born (including U.S. territories such as Puerto Rico) is higher than the equivalent percentage for the United States as a whole. In a global economy, ethnic diversity within a region's labor force is a distinct economic advantage because employees with cultural and linguistic ties to international markets give companies an edge in establishing trade and investment opportunities. An ethnically diverse population, particularly those individuals that are foreign-born, also retains family ties that create demand for air travel services to and from homeland countries.

- Average annual unemployment rates (non-seasonally adjusted) for the Air Trade Area were below or equal to the unemployment rates for Florida from 2002-2004 and higher than Florida's between 2005-2012. Average annual unemployment rates for the Air Trade Area were below the unemployment rates for the nation from 2002-2007, and higher than the nation's between 2008-2012. The Air Trade Area's unemployment rate was 6.9 percent in May 2013, which is the most recent month of data available. This rate was below the unemployment rates experienced by Florida and the nation during the same period (7.0 and 7.3 percent, respectively).

- There are approximately 25 private or public entities in the Air Trade Area with 3,000 or more employees. The largest employer in the Air Trade Area is the Hillsborough County School District with approximately 25,887 employees, followed by the BayCare Health System (19,600 employees); MacDill Air Force Base (18,283 employees); the Pinellas County School District (17,000 employees); and Publix Super Markets (13,800 employees).

- According to the Greater Tampa Chamber of Commerce's Tampa 2012 Media Center, the Air Trade Area's economy is: "*founded on a diverse base that includes tourism, agriculture, construction, finance, health care, government, technology, and the Port of Tampa*." These characteristics of the Air Trade Area's employment base should act to insulate future demand for air travel at the Airport from extreme cyclical volatility. However, there is some potential downside risk from continued budget reductions in the government sector, particularly given the significant role that MacDill Air Force Base plays in the Air Trade Area economy.

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[2] The four counties included in the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area are Hernando, Hillsborough, Pasco and Pinellas, all of which are located in the State of Florida.

- The Air Trade Area tourism sector is showing recent signs of strength, stimulating demand for air travel at the Airport. For example, the Port of Tampa reported a record annual cruise passenger throughput for its fiscal year 2012 (ending September 30, 2012) and Visit St. Pete-Clearwater statistics show that a record number of people visited Pinellas County in calendar year 2012.

- As discussed in Section 4.3, the Air Trade Area is projected to show moderate growth in most key economic indicators, both in the near future (e.g., 2013-2016) and over the full Projection Period, that have been shown to have a correlation with air travel demand.

Passenger Demand and Air Service Analysis

As presented in Chapter 5 of the Report, the Airport has had the benefit of a resilient passenger base, served by a core of airlines offering scheduled service to hub airports throughout the nation. In addition to this service, Southwest offers point to point service to many large, medium and small hub airports. The Airport has scheduled passenger service provided by fourteen carriers serving domestic destinations, and six carriers serving international destinations. In addition, two all-cargo carriers provide scheduled cargo service at the Airport. The Airport is classified by the FAA as a large-hub facility based on its percentage of nationwide enplaned passengers, with approximately 16.7 million enplaned and deplaned passengers. Other key points regarding historical and projected aviation activities at the Airport are discussed below:

- Since FY 2002, the Airport has experienced a 1.0 percent compound annual growth rate in enplaned passengers, compared to 1.5 percent growth for the nation. Since FY 2010, the Airport has experienced a 0.6 percent compound annual increase in enplaned passengers compared to a 1.6 percent increase nationwide. Fiscal year-to-date 2013 (Oct – Jul) enplaned passengers have increased 1.1 percent compared to the same period in 2012.
- As of June 2013, average daily nonstop service is scheduled to 64 cities (54 domestic and 10 international) with a total of 219 daily flights, with 21 daily nonstop flights to New York, the Airport’s top O&D market. All 20 of the Airport’s primary O&D markets are provided nonstop service with a total of 134 daily flights.
- International service is provided by Air Canada, American, British Airways, Cayman Airways, Copa Airlines[3], Delta, Edelweiss Air, SBG Sky King, Inc. and WestJet, to the following cities[4]:
  - Cancun, Mexico
  - Georgetown, Grand Cayman Island
  - Halifax, Nova Scotia, Canada
  - Havana, Cuba

3 Scheduled to start in December 2013. Copa Airlines will offer four flights per week to Panama City, Panama.

4 Some cities are served seasonally.

- Holguin, Cuba
- London, England
- Montreal, Quebec, Canada
- Ottawa, Ontario, Canada
- Panama City, Panama[5]
- Zurich Switzerland[6]

- Southwest represents the largest passenger carrier group at the Airport based on enplaned passengers and takeoff weight.

Based on local and national socioeconomic and demographic factors, the Airport's historical share of U.S. domestic enplanements, the impacts of the factors described in Section 5.3 herein, and anticipated usage of the Airport by airlines, total enplaned passengers at the Airport are projected to increase from 8,441,087 in FY 2012 to approximately 10,395,600 in FY 2023. The projected increase between FY 2012 and FY 2023 represents a compound annual growth rate of approximately 1.9 percent, compared to approximately 2.1 percent projected nationwide by the FAA.[7]

Table S-3 presents a summary of projected enplanements at the Airport through the Projection Period and provides a comparison to the FAA's most recent projections of enplanements for the United States.

Financial Analysis

Chapter 6 of the Report presents the analysis undertaken by R&A to demonstrate the ability of the Authority to comply with the requirements of the Trust Agreement and the Subordinated Trust Agreement on a *pro-forma* basis in each year of the Projection Period based on the assumptions regarding the planned issuance of the 2013 Bonds.

Based on the analysis in this Report and the financial projections presented in Chapter 6, R&A is of the opinion that the Net Revenues generated by the Airport in each year of the Projection Period will be sufficient to comply with the Additional Bonds Tests and the Rate Covenants established in the Trust Agreement and the Subordinated Trust Agreement. R&A is also of the opinion that the Airport's airline rates and charges should remain comparable on an airline cost per enplaned passenger (CPE) basis to other large-hub U.S. airports through the Projection Period.

5 Scheduled to start service December 2013.

6 Edelweiss Air is scheduled to add a second weekly service to Zurich on March 4, 2014.

7 The FAA Terminal Area Forecasts (TAF) are prepared to meet the budget and planning needs of FAA and provide information for use by state and local authorities, the aviation industry, and the public.. The TAF are unconstrained forecasts and generally more aggressive than a financial forecast. For TPA, the FAA TAF projects a 2.3 percent annual increase in enplaned passenger over the comparable period.

Table S-3: Summary of Enplanement Projections

(Fiscal Years Ended September 30)

	AIRPORT		UNITED STATES	
FISCAL YEAR	**TOTAL ENPLANEMENTS**	**ANNUAL GROWTH**	**U.S. TOTAL ENPLANEMENTS**	**ANNUAL GROWTH**
Historical				
2002	7,618,598	-	627,651,689	-
2003	7,660,785	0.6%	643,224,649	2.5%
2004	8,465,720	10.5%	690,967,755	7.4%
2005	9,469,020	11.9%	733,406,048	6.1%
2006	9,391,650	(0.8%)	732,886,414	(0.1%)
2007	9,628,144	2.5%	756,525,465	3.2%
2008	9,350,806	(2.9%)	747,466,798	(1.2%)
2009	8,560,662	(8.5%)	695,488,533	(7.0%)
2010	8,334,885	(2.6%)	702,818,621	1.1%
2011	8,382,883	0.6%	721,387,972	2.6%
2012	8,441,087	0.7%	725,202,832 1/	0.5%
FYTD (Oct - Jul)				
2012	7,188,034			
2013	7,270,114	1.1%		
Projected				
2013	8,481,200	0.5%	718,759,702	(0.9%)
2014	8,633,100	1.8%	737,799,083	2.6%
2015	8,817,000	2.1%	758,211,744	2.8%
2016	9,002,900	2.1%	778,125,966	2.6%
2017	9,190,600	2.1%	797,734,600	2.5%
2018	9,370,100	2.0%	816,183,933	2.3%
2019	9,567,000	2.1%	835,092,733	2.3%
2020	9,766,300	2.1%	854,476,505	2.3%
2021	9,973,500	2.1%	874,354,302	2.3%
2022	10,183,300	2.1%	894,524,428	2.3%
2023	10,395,600	2.1%	915,214,538	2.3%
Compound Annual Growth Rate				
2002 - 2012	1.0%		1.5%	
2012 - 2023	1.9%		2.1%	

NOTE:

1/ FAA estimate for 2012.

SOURCES: Hillsborough County Aviation Authority; FAA Terminal Area Forecast; August 2013.

PREPARED BY: Ricondo & Associates, Inc., August 2013.

Results of the financial analysis presented in the following sections can be summarized as follows:

- After the issuance of the 2013 Bonds, total debt service on bonds issued and outstanding under the Trust Agreement (Senior Lien Bonds) is projected to be approximately $59.9 million in FY 2014 and is projected to decrease throughout the Projection Period to approximately $22.5 million in FY 2023. Future Senior Lien Bonds anticipated to be issued to fund certain future capital projects are also included in the analysis, with projected debt service in the amount of $32.3 million in FY 2015, increasing throughout the Projection Period to $57.2 million in FY 2023. A portion of this future Senior Lien Bonds debt service is projected to be repaid with passenger facility charge (PFC) revenues to the extent permitted under the Trust Agreement and customer facility charges (CFC) for eligible rental car projects to the extent pledged under the Trust Agreement.[8]
- The Subordinated 2013A Bonds will be subordinate to Senior Lien Bonds and will be secured by PFCs[9] and a subordinated pledge of Authority Revenues. Debt service on the Subordinated 2013A Bonds will total approximately $20.1 million in FY 2014 and is projected to decrease to approximately $7.1 million in FY 2017 and FY 2018, then increase to approximately $16.5 million in FY 2019 and remain level through the projection period. Future subordinated lien bonds are anticipated to be issued in FY 2014 with annual debt service of approximately $16.6 million beginning in FY 2017 and remaining level through the projection period.
- The Authority's Other Debt Service[10] includes a revolving credit agreement with SunTrust Bank, dated as of June 21, 2011 and subsequently amended with a replacement note dated March 1, 2012 in the amount not to exceed $130 million (SunTrust 2012 Bank Note). The revolving credit agreement expires on June 21, 2018. The Authority has negotiated certain amendments to its agreement with SunTrust which are expected to become effective prior to, or simultaneously with, the issuance of the Subordinated 2013A Bonds. Such amendments will increase the amount available under the revolving credit agreement to $200 million and lower the SunTrust note to third lien status.
- The Authority's total debt service (including projected debt service on the 2013 Bonds, future bonds, and the SunTrust 2012 Bank Note) is projected to be approximately $80.1 million in FY 2013 then increase to between approximately $112.7 million and $121.3 million annually through the Projection Period.
- O&M Expenses are projected to increase between FY 2013 and FY 2023 based on the type of expense, and expectations of future inflation rates (assumed to be 3.0 percent annually), with total O&M expenses projected to increase to approximately $179.1 million in FY 2023.

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8 CFCs are not currently pledged to pay debt service on either the Authority's Senior Lien Bonds or Subordinated Bonds. However, this Report assumes that certain projects described later in this Report will be funded, in part, from the proceeds of CFC-supported GARBs, to be issued in late 2014. This Report also assumes that CFCs would be pledged toward the repayment of such bonds at the time they are issued.

9 PFCs remaining after payment of Senior Lien Debt secured by PFCs.

10 Other Debt Service is defined as any principal, interest, premium, and other fees and amounts, either paid or accrued, on Other Indebtedness of the Authority. Other Indebtedness is defined as any debt incurred by the Authority for Airport System purposes which is outstanding and not authenticated and delivered under and pursuant to the Trust Agreement and the Subordinated Trust Agreement.

- Non-agreement revenues, including all revenues generated for the Airport except for those revenues generated from the Airline Agreement, and excluding CFC Revenues, are projected to increase from approximately $133.2 million in FY 2013 to approximately $190.3 million in FY 2023.
- Airline revenues calculated based on the terms of the Airline Agreement are projected to increase from approximately $44.2 million in FY 2013 to approximately $74.8 million in FY 2023. The increase in airline revenues is primarily attributed to impacts associated with Master Plan Phase I and II projects as well as increases in O&M Expenses included in the airline rate requirements. The Airport's estimated average Airline CPE is projected to increase from approximately $5.21 in FY 2013 (budgeted) to a high of approximately $7.20 in FY 2023.
- Calculated pursuant to the Trust Agreement, Senior Lien Bonds debt service coverage is projected to be 1.62x in FY 2014, the first full year of debt service on the 2013 Bonds, and is expected to exceed the 1.25x debt service coverage requirement established in the Trust Agreement in each year of the Projection Period.
- Calculated pursuant to the Subordinated Trust Agreement, Subordinated debt service coverage is projected to exceed the 1.25X debt service coverage requirement in each year of the projection period, ranging between 2.81x and 3.79x.
- Calculated pursuant to the Subordinated Trust Agreement, aggregate debt service coverage is projected to exceed the 1.15X debt service coverage requirement in each year of the projection period, ranging between 1.46x and 1.70x.

1. The 2013 Bonds

1.1 Plan of Finance

Proceeds of the 2013 Bonds will be used to refund the following:

- Tampa International Airport Revenue Bonds, 2003 Series A (Series 2003A Bonds)
- Tampa International Airport Revenue Bonds, 2003 Series B (Series 2003B Bonds)
- Tampa International Airport Revenue Refunding Bonds, 2003 Series C (Series 2003C Bonds)
- Tampa International Airport Revenue Refunding Bonds, 2003 Series D (Series 2003D Bonds)
- A portion of Tampa International Airport Replacement Subordinate Revenue Note, Series 2012, (SunTrust 2012 Bank Note)[1]

The Authority intends to refund its 2003B, 2003C and 2003D Bonds later in 2013 through either a fixed rate direct placement with one or more major banks or through the public offering of bonds The Authority has indicated, regardless of the method by which the Senior 2013 A/B Bonds are sold the debt service on such bonds will be structured as reflected in this Report.

1 The refunded portion of the SunTrust 2012 Bank Note will be referred to as the Refunded Note.

Table 1-1 reflects the 2013 Bonds refunding plan:

Table 1-1: 2013 Bonds Refunding Plan

SERIES DESIGNATION	PURPOSE OF BONDS	TAX STATUS
Senior 2013A Bonds[1/]	Refund 2003B, 2003D, and the portion of the Refunded Note supported by Airport Revenues	AMT
Senior 2013B Bonds	Refund 2003C Bonds	Non-AMT
Subordinated 2013A Bonds	Refund 2003A Bonds (PFC) and the portion of the Refunded Note supported by PFC Revenues	AMT

NOTE:

1/ If the direct placement approach is employed, it is possible that the Senior 2013A Bonds (AMT) will be divided into two separate series.

SOURCE: Hillsborough County Aviation Authority, September 2013.
PREPARED BY: Ricondo & Associates, Inc., September 2013.

This chapter includes a description of the Subordinated 2013A Bonds, a description of the Senior A/B Bonds, key provisions of the Trust Agreement, and key provisions of the Subordinated Trust Agreement.

1.1.1 THE SUBORDINATED 2013A BONDS

Table 1-2 presents the estimated sources and uses for the Subordinated 2013A Bonds.

Table 1-2: Subordinated 2013A Bonds Sources and Uses

	SUBORDINATED 2013A BONDS
Sources	
Par Amount of Bonds:	$ 186,205,000
Original Issue Premium:	2,611,426
Debt Service Funds Available	1,866,549
Debt Service Reserve Funds Available	19,529,000
Total Sources of Funds at Closing	$ 210,211,975
Uses	
Escrow Fund Deposit:	$ 185,745,494
Debt Service Reserve Fund Deposit	$ 18,427,229
Original Issue Discount:	4,544,141
Cost of Issuance:	1,495,112
Total Uses of Funds at Closing	$ 210,211,975

SOURCE: Public Financial Management, August 2013.
PREPARED BY: Ricondo & Associates, Inc., August 2013.

The Subordinated 2013A Bonds are being issued pursuant to provisions of the Subordinated Trust Agreement. The Authority adopted Resolution No. 2013-107 on September 5, 2013 (the Subordinated Bonds Resolution) authorizing the issuance of the Subordinated 2013A Bonds. For the Subordinated 2013A Bonds, the Authority's Financial Advisor has assumed the following:

	SUBORDINATED 2013A BONDS
First Maturity Date:	10/1/2014
Last Maturity Date:	10/1/2030
Overall Interest Rate:	4.41%

1.1.2 THE SENIOR A/B BONDS

Table 1-3 shows the estimated sources and uses of the Senior 2013 A/B Bonds.

Table 1-3: Senior 2013 A/B Bonds Sources and Uses of Bond Funds

	SENIOR 2013A BONDS	SENIOR 2013B BONDS
Sources		
Par Amount of Bonds:	$ 79,875,000	$ 41,670,000
Original Issue Premium:	1,935,474	2,038,488
Debt Service Funds Available	667,030	723,688
Debt Service Reserve Funds Available	464,097	257,853
Total Sources of Funds at Closing	$ 82,941,601	$ 44,690,029
Uses		
Escrow Fund Deposit:	$ 82,294,144	$ 44,354,408
Original Issue Discount:	0	0
Cost of Issuance:	647,458	335,620
Total Uses of Funds at Closing	$ 82,941,601	$ 44,690,029

SOURCE: Public Financial Management, August 2013.
PREPARED BY: Ricondo & Associates, Inc., August 2013.

The Senior 2013 A/B Bonds will be issued pursuant to provisions of the Authority's Trust Agreement.

For the Senior 2013 A/B Bonds, the Authority's Financial Advisor has assumed the following:

	SENIOR 2013A BONDS	SENIOR 2013B BONDS
First Maturity Date:	10/1/2014	10/1/2014
Last Maturity Date:	10/1/2023	10/1/2019
Overall Interest Rate:	4.10%	2.63%

1.1.3 TRUST AGREEMENT

The Trust Agreement authorizes the Authority to issue Additional Bonds or other financing obligations to fund Airport projects including additions, extensions and improvements to the Airport System. The requirements of the Trust Agreement were utilized in the preparation of this report. Several key provisions of the Trust Agreement are described in the following paragraphs:

1.1.3.1 Revenues

Revenues are defined to mean all Qualified hedge receipts and all rates, fees, rentals or other charges or income received by the Authority or accrued to the Authority from the operation of the Airport System and Available PFC Revenues until released from the pledge as provided in the Trust Agreement. "Revenues" do not include gifts, grants or any other moneys not derived from the operation of the Airport. In general, Available PFC Revenues are available only for the payment of debt service on PFC Bonds (currently the Series 2003A Bonds, the Series 2009A Bonds and upon issuance, the Subordinated 2013A Bonds).

1.1.3.2 Additional Bonds

The Trust Agreement permits the Authority to issue Additional Bonds for the purpose of constructing or acquiring additions, extensions and improvements to the Airport System, upon compliance with the provisions of the Trust Agreement. For Additional Bonds, either of the following is required:

(x) A statement signed by the Executive Director[2] or Senior Director of Finance[3] of the Authority to the effect that the Authority's Revenues for the last Fiscal Year preceding the issuance of such Additional Bonds for which audited statements are available (provided that the last day of the latest audited Fiscal Year falls within the 24 month period immediately preceding the issuance of such Additional Bonds), were not less than the sum of (i) all amounts required to be deposited in the Operation and Maintenance Fund, the Reserve Fund, including in each case all accounts therein, and any funds required to be set aside for payment of subordinated indebtedness in such Fiscal Year, plus (ii) one hundred twenty-five percent (125%), of the Maximum Bond Service Requirement in any succeeding Fiscal Year on account of the Bonds of each Series then outstanding (including the Additional Bonds proposed to be issued but excluding those outstanding Bonds to be defeased by the issuance of such Additional Bonds); or

2 Subsequent to the adoption of the Trust Agreement, the title Executive Director was changed to Chief Executive Officer.

3 Subsequent to the adoption of the Trust Agreement, the title Senior Director of Finance was changed to Director of Finance.

(y) A statement of the Airport Consultant that in his opinion, the Revenues to be derived from the Airport System during the Fiscal Year in which such Additional Bonds are issued and for each Fiscal Year thereafter through the Period of Review (defined below), taking into account, among other factors, increases in rates, fees, rentals and charges, shall not be less than the sum of (i) all amounts required to be deposited into the Operation and Maintenance Fund and the Reserve Fund, including in each case all accounts therein, and any funds required to be set aside for the payment of subordinated indebtedness during the Period of Review, plus (ii) one hundred twenty-five percent (125%) of the Maximum Bond Service Requirement in any succeeding Fiscal Year on account of the Bonds of each Series then outstanding (including the Additional Bonds proposed to be issued but excluding those outstanding Bonds to be defeased by the issuance of such Additional Bonds).[4]

The "Period of Review" shall be that period beginning on the first day of the Fiscal Year of the Authority in which such Additional Bonds are issued and ending on the last day of the Fiscal Year during which either of the following two events shall occur: (i) the fifth anniversary of the date of issuance of such Additional Bonds or (ii) the third anniversary of the later to occur of the scheduled completion date of the project to be financed with proceeds of such Additional Bonds or the date on which capitalized interest with respect to such project has been exhausted, whichever date described in clause (i) or clause (ii) is later.

"Bond Service Requirement" means for a given Bond Year the remainder after subtracting any accrued and capitalized interest for that year that has been deposited into the Interest Account in the Sinking Fund or separate subaccounts in the Construction Fund for that purpose, from the sum of: (1) The amount required to pay the interest coming due on Bonds during that Bond Year; (2) The amount required to pay the principal of Serial Bonds in that Bond Year, and the principal of Term Bonds maturing in that Bond Year that are not included in the Sinking Fund Installments for such Term Bonds; (3) The Sinking Fund Installments for all series of Term Bonds for that Bond Year; and (4) The premium, if any, payable on all Bonds required to be redeemed in that Bond Year in satisfaction of the Sinking Fund Installment.

If Variable Rate Bonds are then Outstanding, the interest rate on such Bonds for purpose of determining the Bond Service Requirement shall be calculated pursuant to the provisions included in the definition of Debt Service Requirement.

"Maximum Bond Service Requirement" means, as of any particular date of calculation, the largest Bond Service Requirement for any remaining Bond Year, except that with respect to any Bonds for which Sinking Fund Installments have been established, the amount of principal coming due on the final maturity date with respect to such Bonds shall be reduced by the aggregate principal amount of such Bonds that are to be redeemed from Sinking Fund Installments to be made in prior Bond Years.

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[4] In connection with the issuance of the Senior A/B Bonds as Additional Bonds, the Airport Consultant will provide a statement required by this subparagraph (y).

1.1.3.3 Available PFC[5] Revenues

"Available PFC Revenues" means (i) with respect to the pledge and deposit requirements under the Trust Agreement, the actual net PFC Revenues collected by the Authority, after all deposit requirements under and with respect to Senior PFC Indebtedness and (ii) for any historical or projected twelve month period relating to compliance with the Additional Bonds parity test under the Trust Agreement or for the purposes of determining compliance with the Rate Covenant under the Trust Agreement, the actual net PFC Revenues collected or projected to be collected by the Authority during such period, less an amount equal to 100% of the Maximum Bond Service Requirement on the Senior PFC Indebtedness, if any, Outstanding at the time of such calculation. PFC Revenues may only be treated as Available PFC Revenues to the extent they are then included in the definition of Revenues and are pledged under the Trust Agreement. Available PFC Revenues are junior and subordinate to senior lien pledges of PFC Revenues made by the Authority subsequently to secure Senior PFC Indebtedness. The Authority may cause the Trustee to release its pledge of Available PFC Revenues at any time provided that before the lien is effectively released, the Authority shall have delivered to the Trustee (i) a certificate of the Authority that there are no PFC Bonds outstanding or (ii) (A) a report from the Airport Consultant that the Authority has been in compliance with the Rate Covenant set forth in the Trust Agreement for a period of 24 consecutive months out of the last 36 full calendar months preceding the date of the Report during which all then currently outstanding PFC Bonds have been outstanding, without taking into account any PFC Revenues in the calculation of Revenues and (B) evidence that the release will not, in and of itself, cause any of the national rating agencies then maintaining ratings on the outstanding Bonds to reduce or withdraw their then current underlying or unenhanced ratings on such Bonds (including the Senior A/B Bonds).

If Available PFC Revenues are included in determining compliance with the requirements described in 1.1.3.2, the following rules will apply:

i. The Airport Consultant may assume (a) that the rate of the levy of Passenger Facility Charges constituting a part of the PFC Revenues in effect on the date of issuance of such Series will be in effect for the entire forecast period, and (b) a higher rate to the extent legislation has been enacted to permit an increase in Passenger Facility Charges if the Authority has taken all action required to impose and use such increased charges at Tampa International Airport pursuant to such legislation prior to the date of the Airport Consultant's Report;

ii. The Airport Consultant, in making its forecast shall assume that the percentage of enplaned passengers subject to Passenger Facility Charges during the forecast period will not exceed the average percentage during the three calendar years immediately preceding the year the report of the Airport Consultant is issued;

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[5] "PFCs" or "Passenger Facility Charges" means the passenger facility charges authorized to be charged by the Authority pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (the "PFC Act") and Part 158 of the Federal Aviation Regulations (14 CFR Part 158), and any other regulation issued with respect to the PFC Act, the imposition and use of which has been approved by the Federal Aviation Administration pursuant to the Records of Decision of the Federal Aviation Administration.

iii. Available PFC Revenues, so long as they are pledged as Revenues under the Trust Agreement, may be taken into account in determining compliance with the requirements of subparagraph (x) in paragraph 2.09(h), of the Trust Agreement in an amount equal to the lesser of (1) the Available PFC Revenues reflected in the statement of the independent certified public accountant and (2) the lowest amount of Available PFC Revenues the Authority estimates, based on its then existing PFC Approvals, will be available during the Period of Review; and

iv. The amount of Available PFC Revenues included in determining compliance with the requirements of subparagraph (x) or (y) of paragraph 2.09(h)of the Trust Agreement shall be limited to Available PFC Revenues in an amount not to exceed 125% of the Maximum Bond Service Requirement on the outstanding PFC Bonds, and the PFC Bonds, if any, proposed to be issued, or such lesser amount as may be required under the PFC Act, PFC Regulations and PFC Approvals as in effect from time to time.

1.1.3.4 Rate Covenant

The Authority will fix, revise from time to time when necessary, maintain and collect fees, rates, rentals and other charges for the use of the products, services and facilities of the Airport System, or concessions granted in connection therewith, that will always provide Revenues in each Fiscal Year that will be sufficient to pay, in accordance with provisions of the Trust Agreement, (i) all amounts required to be deposited in the Reserve Fund, the Operation and Maintenance Fund and the Operating Reserve Account in the Revenue Fund, including in each case all accounts therein, plus (ii) 125 percent of the Bond Service Requirement for such Fiscal Year.

For purposes of this requirement, moneys remaining in the Surplus Fund at the end of any Fiscal Year which the Authority elects to redeposit into the Revenue Fund in the following Fiscal Year may be considered as Revenues in the Fiscal Year in which they are, or are projected to be so redeposited; provided that without regard to the use of such funds, the Authority shall always establish its rates and charges so that Revenues for the Fiscal Year or years in question, were, or are projected to be, at least sufficient to pay 100% of the yearly deposit requirements into the Operation and Maintenance Fund, the Sinking Fund, the Reserve Fund and subordinated indebtedness accounts, without regard to carry over amounts from the Surplus Fund.

1.1.3.5 Application of Revenues

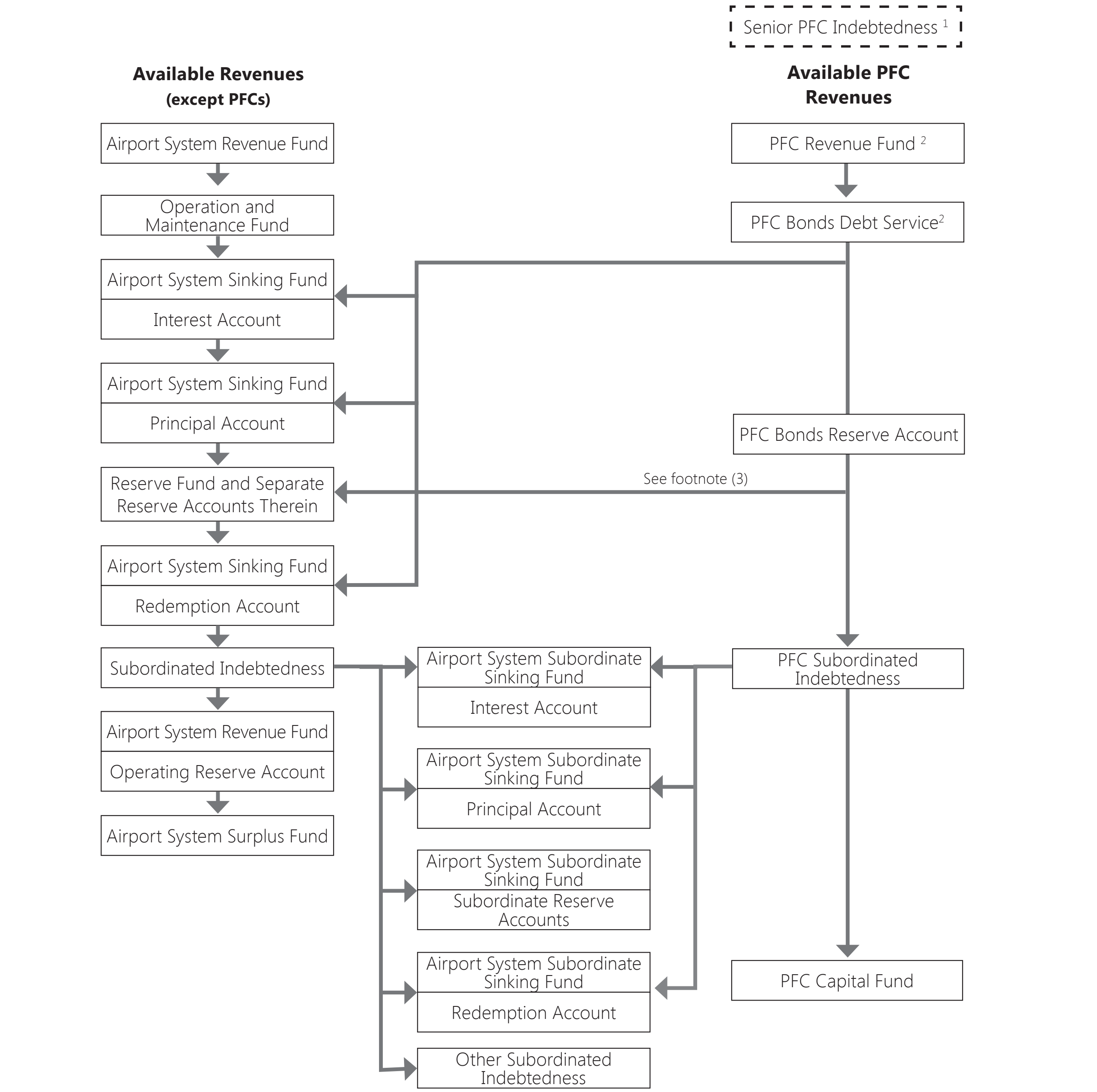
Article V of the Trust Agreement creates certain funds and accounts and establishes the principal functions and uses of each fund and account. The requirements of the Trust Agreement and the rate-making methodology adhered to by the Authority were utilized to develop the estimated application of revenues included in these financial analyses. **Exhibit 1-1** presents the application of revenues as specified in the Trust Agreement.

1.1.4 SUBORDINATED TRUST AGREEMENT

Unless otherwise defined therein, all defined terms in the Subordinated Trust Agreement shall have the same meaning as those terms in the Trust Agreement. Certain provisions of the Subordinated Trust Agreement are presented in the following sections:

1.1.4.1 Subordinated Revenues

Subordinated Revenues means the funds, if any, available for payment of subordinated indebtedness pursuant to paragraph (F) of Section 5.02 of the Senior Trust Agreement.



NOTES:

1/ No such debt is presently outstanding.

2/ Available PFC Revenues are required to be deposited into the Interest Account, the Principal Account and the Redemption Account Under the Senior Trust Agreement in an amount equal to, and monthly deposit requirements with respect to the PFC Bonds, and then to the replenishment of any reserve account established for PFC Bonds, and then to the payment of debt service on PFC Subordinated Indebtedness.

3/ To the extent required to fund deficiencies in the separate reserve accounts established in the Reserve Fund for a particular series of PFC Bonds.

SOURCE: Hillsborough County Aviation Authority, July 2013.
PREPARED BY: Ricondo & Associates, Inc., August 2013.

EXHIBIT 1-1

Application of Revenues as Defined in Trust Agreement

1.1.4.2 Subordinated PFC Revenues

Subordinated PFC Revenues means the Available PFC Revenues, if any, available for payment of subordinated indebtedness and other required deposits pursuant to Section 5.03(C) of the Trust Agreement.

1.1.4.3 Pledged Revenues

Pledged Revenues means the Subordinated Revenues and, to the extent pledged pursuant to a Subordinated Supplemental Trust Agreement, shall include Subordinated PFC Revenues, and any other revenues of the Authority expressly pledged by the Authority to secure the Bonds issued hereunder which are not included in, or have been subsequently excluded from, the definition of Gross Revenues under the Trust Agreement.

1.1.4.4 Additional Bonds

The Subordinated Trust Agreement permits the Authority to issue Additional Bonds for the purpose of constructing or acquiring additions, extensions and improvements to the Airport System, upon compliance with the provisions of the Subordinated Trust Agreement. For Additional Bonds, either of the following is required:

(x) A statement signed by the Chief Financial Officer of the Authority to the effect that: (i) the Authority's Pledged Revenues for any twelve (12) consecutive months within the eighteen (18) month period immediately preceding the month in which such Additional Bonds are to be issued (the "Annual Review Period"), were not less than One Hundred Twenty Five percent (125%) of the Maximum Bond Service Requirement in any succeeding Bond Year, on account of the Bonds of each Series then Outstanding (including the Additional Bonds proposed to be issued but excluding those Outstanding Bonds to be defeased by the issuance of such Additional Bonds) (the "Included Bonds"); (ii) the Authority's Subordinated Revenues for the Annual Review Period selected in clause (i) were not less than One Hundred Twenty Five percent (125%) of the Maximum Bond Service Requirement in any succeeding Bond Year, on account of the Included Bonds (or portions thereof as determined by the Authority) for which the annual debt service is not eligible to be paid from Subordinated PFC Revenues; and (iii) Available Revenues in the Annual Review Period were not less than One Hundred Fifteen percent (115%) of the Bond Service Requirement (as defined in the Senior Trust Agreement with respect to the Senior Bonds) for such period on all Senior Bonds outstanding under the Senior Trust Agreement and on the Included Bonds; or

(y) A statement of the Airport Consultant that in his opinion: (i) the Pledged Revenues during the Bond Year in which such Additional Bonds are issued and for each Bond Year thereafter through the Period of Review, taking into account, among other factors, increases in rates, fees, rentals and charges, shall not be less than One Hundred Twenty Five percent (125%) of the Bond Service Requirement in each such corresponding Bond Year during the Period of Review, on account of the Included Bonds; (ii) the Subordinated Revenues during the Bond Year in which such Additional Bonds are issued and for each Bond Year thereafter through the Period of Review, taking into account, among other factors, increases in rates, fees, rentals and charges, shall not be less than One Hundred Twenty Five percent (125%) of the Bond Service Requirement in each such corresponding Bond Year during the Period of Review, on account of the Included Bonds (or portions thereof as determined by the Authority) for which the annual debt service is not eligible to be paid from Subordinated PFC Revenues; and (iii) Available Revenues in each corresponding Bond Year during the Period of Review, taking into account, among other factors, increases in rates, fees, rentals and charges, shall not be less One Hundred Fifteen percent (115%) of the Bond Service Requirement (as defined in the Senior Trust Agreement with respect to the Senior Bonds) in each such corresponding Bond Year during the Period of Review, on account of all Senior Bonds outstanding under the Senior Trust Agreement and on the Included Bonds.

For purposes of the Subordinated Trust Agreement, the "Period of Review" shall be that period beginning on the first day of the Bond Year of the Authority in which such Additional Bonds are issued and ending on the last day of the Bond Year during which either of the following two events shall occur: (i) the fifth anniversary of the date of issuance of such Additional Bonds or (ii) the third anniversary of the later to occur of the scheduled completion date of the project to be financed with proceeds of such Additional Bonds or the date on which capitalized interest with respect to such project has been exhausted, whichever date described in clause (i) or clause (ii) is later.

1.1.4.5 Rate Covenant

The Authority shall at all times while Bonds are Outstanding under the Subordinated Trust Agreement, comply with its obligations under Section 5.01 of the Trust Agreement. In addition, the Authority will fix, revise from time to time when necessary, maintain and collect such fees, rates, rentals and other charges for the use of the products, services and facilities of the Airport System, or concessions granted in connection therewith, that will always satisfy one hundred percent (100%) of the deposit requirements under the Trust Agreement and that will always provide:

(i) Pledged Revenues in each Fiscal Year that will be sufficient to pay, in accordance with the provisions of the Subordinated Trust Agreement, One Hundred Twenty Five percent (125%) of the Bond Service Requirement for such Fiscal Year;

(ii) Subordinated Revenues in each Fiscal Year that will be sufficient to pay, in accordance with the provisions of the Subordinated Trust Agreement, One Hundred Twenty Five percent (125%) of the Bond Service Requirement on Bonds in such Fiscal Year, the debt service on which is not eligible to be paid from Subordinated PFC Revenues. The Authority covenants that it shall not permit such fees, rates, rentals and other charges to be reduced so as to be insufficient to provide Subordinated Revenues for such purposes; and

(iii) Available Revenues in each Fiscal Year that will be sufficient to pay One Hundred Fifteen percent (115%) of the Bond Service Requirement (as defined in the Trust Agreement with respect to the Senior Bonds) for such Fiscal Year on all Senior Bonds outstanding under the Trust Agreement and on all Bonds outstanding hereunder.

2. Tampa International Airport System

2.1 Tampa International Airport

In addition to the Airport, the Authority operates three general aviation reliever airports, Peter O. Knight, Plant City, and Tampa Executive airports, collectively known as the Airport System. The Airport is classified as a large hub by the Federal Aviation Administration (FAA.)

2.2 The Air Trade Area

The geographical area served by an airport is commonly known as the airport's "air trade area." The borders of an airport's air trade area are influenced by the location of other metropolitan areas and their associated airport facilities. For purposes of these analyses, the ***primary air trade area*** for the Airport consists of the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (Tampa Bay MSA) as defined by the federal government's Office of Management and Budget. According to the federal government, a Metropolitan Statistical Area (MSA) is a geographical area with a large population nucleus, along with any adjacent communities that have a high degree of economic and social interaction with that nucleus.[1] The Tampa Bay MSA consists of four counties in Florida: Hernando, Hillsborough (the county in which the Airport is located), Pasco and Pinellas.

2.2.1 SURROUNDING AIRPORTS WITHIN OR NEAR THE AIR TRADE AREA

Based on location, accessibility and services available at other commercial service airports within nearby service areas, it is recognized that the area served by the Airport extends to a *secondary air trade area*. The secondary air trade area consists of the additional counties of Citrus, DeSoto, Hardee, Manatee, Sarasota, Sumter, and a portion of Polk. The borders of this extended service area are established by the air trade areas of Orlando International Airport to the east and Southwest Florida International Airport (Ft. Myers) to the south. Although Sarasota-Bradenton International Airport is located approximately 50 miles south of the

1 In 2000, the Office of Management and Budget revised its geographic Census definitions to include Metropolitan and Micropolitan Statistical Areas, collectively called Core Based Statistical Areas. The Metropolitan Statistical Areas have at least one central urbanized core area of 50,000 people and the Micropolitan Statistical Areas have at least one urbanized core area of at least 10,000 people, but fewer than 50,000.

Airport, within the secondary air trade area, a portion of its potential passengers prefer to drive to the Airport to take advantage of the more extensive flight selections to major O&D markets. St. Petersburg-Clearwater International Airport is located approximately 12 miles west of the Airport, within the primary air trade area; however, the scheduled passenger service offered there is limited in scope. The majority of passenger service at this airport is provided by leisure-oriented carriers (primarily Allegiant and Canadian carriers Sunwing and Air Transat) to markets with smaller populations on a less than daily basis. The level of service offered at these airports is discussed further in Chapter 5.

A large percentage of the Airport's local passenger traffic originates from the primary air trade area, and many of the attractions and destinations for nonresident passengers are located in this area. As a result, only socioeconomic data for the primary air trade area (hereinafter referred to as the Air Trade Area) were analyzed in Chapter 4, in conjunction with similar data for Florida and the United States. **Exhibit 2-1** presents the geographical location of the Airport's primary and secondary air trade areas, as well as the Airport's proximity to alternative facilities.

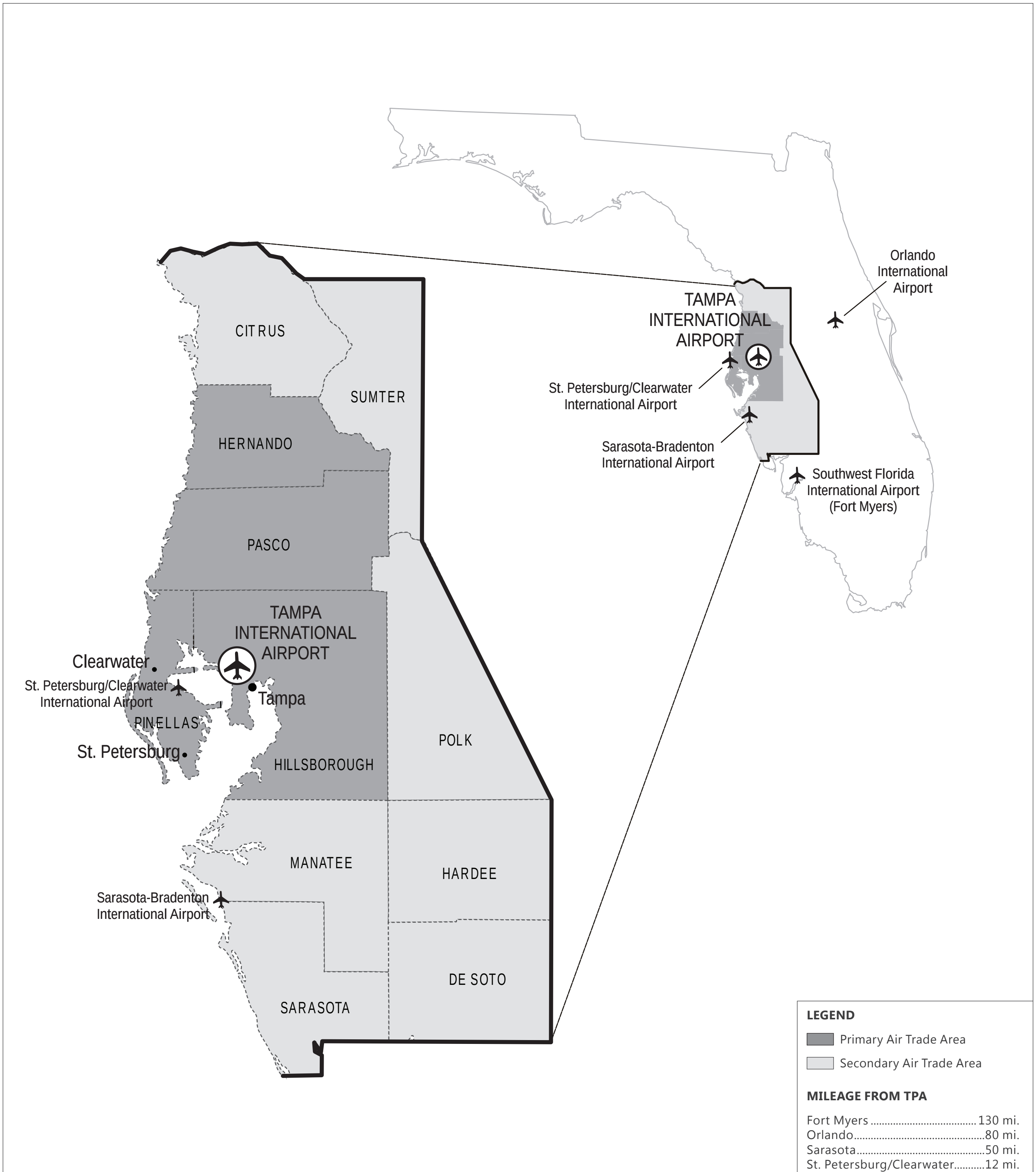
2.3 Existing Airport Facilities

This chapter presents a review of the existing Airport facilities. **Exhibit 2-2** presents an aerial view of existing Airport facilities.

2.3.1 AIRFIELD

2.3.1.1 Airfield Facilities

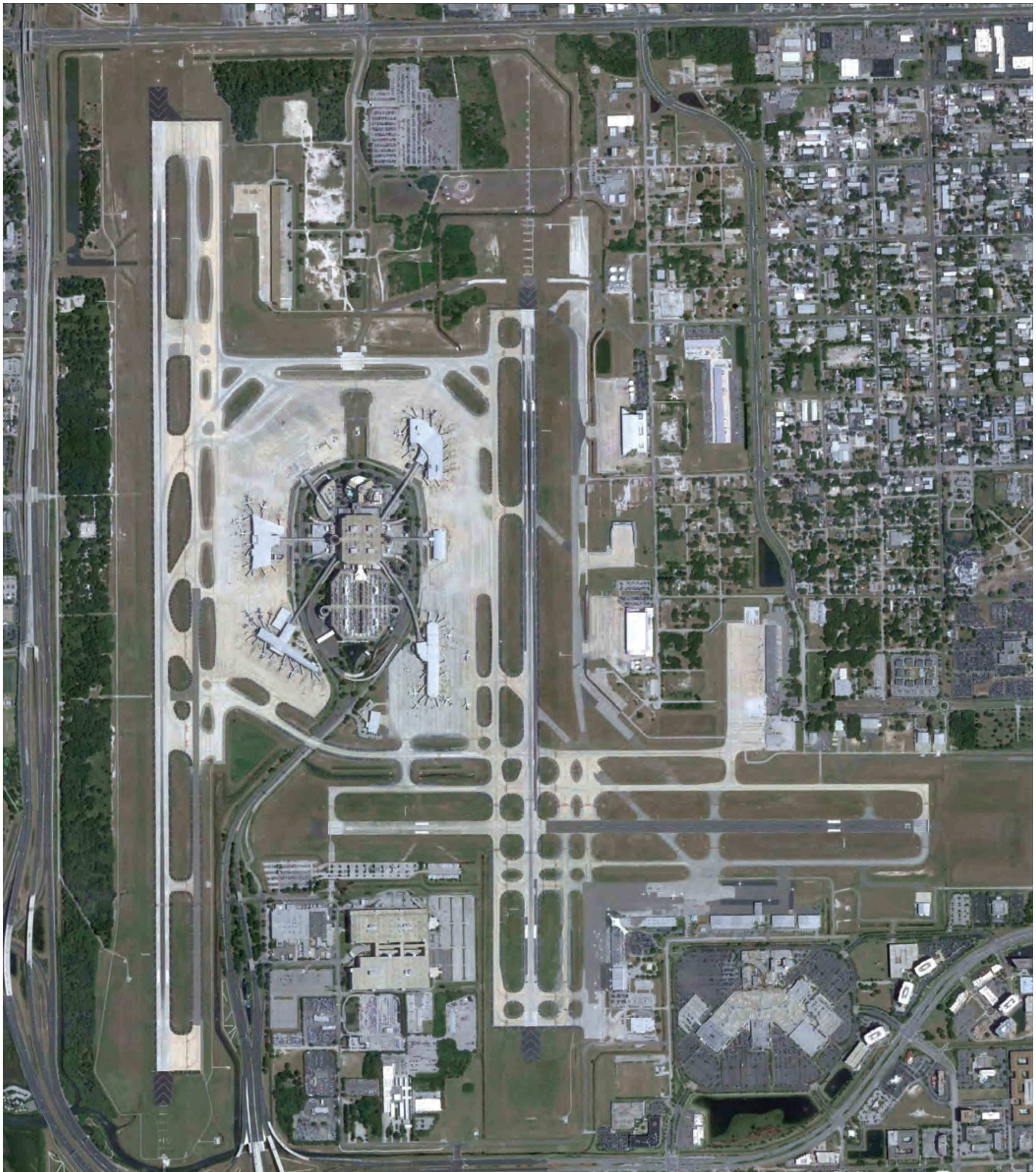
The Airport has three runways: an east-west crosswind runway and two parallel, prevailing wind north-south runways. These runways are connected by a fully integrated system of taxiways. The runways are equipped with lighting and electronic aids to permit all-weather continuous operations. One north-south runway (1L/19R) is 11,000 feet in length and 150 feet wide and is equipped with high intensity edge lighting, center-line lighting, an instrument landing system and an approach lighting system. The other north-south runway (1R/19L) is 8,300 feet in length and 150 feet wide and is equipped with an instrument landing system, high intensity edge lighting and an approach lighting system. The parallel north-south runways are 4,300 feet apart, which permits simultaneous all-weather operations of the runways. The east-west runway (10/28) is 6,999 feet in length and 150 feet wide and is equipped with medium-intensity edge lighting. Air traffic operations are served by radar approach control and departure facilities, including airport surveillance radar located at the Airport, all operated by the Federal Aviation Administration (FAA).



SOURCE: Ricondo & Associates, Inc., April 2013.
PREPARED BY: Ricondo & Associates, Inc., July 2013.

EXHIBIT 2-1

Air Trade Area and Alternative Facilities



SOURCE: Hillsborough County Aviation Authority, June 2013.
PREPARED BY: Ricondo & Associates, Inc., July 2013.

EXHIBIT 2-2

NORTH

0 00,000 ft.

Existing Airport Facilities

To minimize take-off delays, the two main north-south runways are complemented by holding aprons, which permit the bypassing of any delayed aircraft in the departure sequence. All approaches meet the FAA clearance criteria. The runway system is adequate to permit the unrestricted operation of the largest existing commercial aircraft to all North American points and to major European cities, with the exception of the Airbus A380 (A380) - the largest passenger aircraft in the world. Runway 1R-19L is adequate for restricted operation of the A380, although the Authority does not anticipate operation of the A380 at the Airport within the planning horizon of this Report.

2.3.1.2 Aircraft Parking Aprons and Taxiways

Each Airside Building has a concrete aircraft parking apron containing approximately 900,000 square feet of pavement. Additional hardstand parking was constructed on the sites of demolished Airside B and Airside D. The Airport also has more than five miles of 75-foot-wide taxiways and complementary installations, affording ready access from the Airport's three runways to the various aircraft parking aprons. Baggage cart tug roads, including grade separation structures, permit rapid transfer of baggage between each of the aircraft parking aprons and the baggage claim level in the Main Terminal Building.

2.3.2 PASSENGER TERMINAL FACILITIES

The existing passenger terminal facilities at the Airport include a Main Terminal Building, four Airside Buildings connected to the Main Terminal Building by a fully automated elevated passenger transfer system, structured parking facilities, rental car facilities, an integrated inline explosive detection outbound baggage system and a hotel. To guide passengers and traffic, the Airport utilizes the designations "Red Side" and "Blue Side," which are generally oriented north and south, respectively. Upon entering the Airport via the roadway system, patrons are guided to specific airlines, which are identified as either Red or Blue. This designation continues within the Main Terminal Building, guiding patrons to the proper bag claim areas.

2.3.2.1 Main Terminal Building and Short-Term Parking

The Main Terminal Building is comprised of three operating levels: baggage claim and explosive detection screening; ticketing; and passenger transfer and concession area. The ground level is devoted to inline explosive detection for outbound baggage, inbound baggage claim facilities, and local surface transportation, including commercial ground transportation facilities at each of the four corners of the Main Terminal Building. The second level includes airline ticket counters, curbside passenger baggage check in and airline support offices. The third level, the passenger transfer level, includes station lobbies for the passenger transfer system connecting to the Airside Buildings, as well as restaurants, retail merchandise concessions and a connecting arcade to a 300 room hotel. The offices of the Authority are also located on the third level. Above these three operating levels are six levels of short term auto parking, which provide 3,542 vehicle public parking spaces, including valet parking spaces for approximately 150 cars, and the monorail system connecting the Main Terminal Building to the South Terminal Garage. Expansion of the baggage claim level was completed in December 2010. This project expanded the baggage claim level on the east end of the first level on both the Red and Blue sides, which created more circulation space, additional restrooms and relocation of the airline bag service offices. New baggage claim devices were added and all existing devices replaced, which increased bag capacity by approximately 40 percent.

Adjacent to the Main Terminal Building, on its north side, is a two-story, 144,000 square foot Airport administrative office building, which includes Authority office space as well as mechanical, electrical and communications facilities required to serve the Main Terminal Building. Included in the Airport administrative office building are an airport employees' cafeteria, storage areas, police offices, maintenance shops and truck dock with adjoining warehouse space for the support of the various activities occurring within the Main Terminal Building.

In advance of the Republican National Convention held in Tampa in August 2012, the Authority modernized the Main Terminal Building by upgrading lighting and light levels, wall refurbishing, renovating restrooms, improving signage in baggage claim and on the Airsides, and installing new flooring on the ticketing level. The Authority also added a United Service Organization ("USO") facility to provide amenities for United States services personnel.

2.3.2.2 South Terminal Garage - Long-Term Parking

Adjacent to the Main Terminal Building on its south side is an eight-level South Terminal Garage with 7,635 vehicle public parking spaces on six levels for long term parking. The South Terminal Garage is connected to the Main Terminal Building by a monorail system which transports passengers to elevator lobbies on the fifth floor of the Main Terminal Building and by two pedestrian bridges on the transfer level. The latter two 120-foot walkways are covered, open-air bridges. Portions of the first and second levels accommodate on-Airport rental car operations, including check-in areas, and are connected to the ticketing level of the Main Terminal Building by two pedestrian bridges.

2.3.2.3 Terminal Car Rental Facilities

The Terminal Car Rental Facilities include the rental car counters located in buildings adjacent to the Main Terminal Building and the rental car return area located in the South Terminal Garage including quick-turnaround service areas and ready car parking spaces. The Blue and Red Side facilities currently have sufficient capacity to provide passengers with convenient direct access from baggage claim to car rentals within short walking distances; however, due to curbside congestion and the need for greater capacity in the future, the Authority is undertaking the design and construction of a consolidated rental car facility (ConRAC) and automated people mover (APM). The APM is expected to be utilized by rental car customers, economy parking customers and Airport employees and customers who are dropped off or picked up at the new ConRAC facility.

2.3.2.4 Integrated Inline Explosive Detection Outbound Baggage System

The Authority installed an outbound baggage system that converted the previous outbound baggage system from a manually loaded and transported operation utilizing baggage tugs with multiple trailers to a fully automated high speed conveyor network providing common use check in capabilities, baggage tracking and sorting features while maintaining an equal or better delivery time to the respective baggage loading areas at each airside terminal.

The outbound baggage system replaced the baggage makeup area in the Main Terminal Building with automated in-line explosion detection system screening (EDS) equipment, including control rooms, baggage search/handling areas and the new baggage handling system itself. High speed belts transport screened baggage to the baggage makeup areas, which are now located at the airsides (Airsides E and C integrate the baggage makeup area within the footprint of the building, Airsides A and F have separate baggage makeup buildings located near the airsides). The original project, which did not include the Airside C component, was completed and operational in June 2004. The Airside C baggage system was constructed during the building of Airside C and was completed in April 2005.

2.3.2.5 Airside Buildings

There are four Airside Buildings currently in operation: Airside Buildings A, C, E and F. Original Airsides B, C, D, and E were demolished. The Airside Buildings contain passenger transfer system lobbies, passenger arrival and departure holdrooms, airline operations offices, baggage makeup and mechanical and electrical facilities spaces. Each Airside Building is of a different configuration. Fueling is provided at each Airside Building through an underground hydrant fueling system. The Airside Buildings are described in greater detail in the following paragraphs.

Airside Building A has been operational since May 1995. It is a 252,300 square foot three-story structure with 15 aircraft gates capable of handling B757 aircraft simultaneously or 12 wide-body aircraft including four B747-400s. Commuter facilities, airline ramp operations and mechanical rooms are on the ground level. The outbound baggage sort facility building for Airside A is on the site of the demolished Airside B. Security screening, passenger gates, concessions, children's play area and passenger transfer system lobbies are on the second level. The third level space is provided for airline club areas and office space.

Airside Building C has been operational since April 2005. It is a 315,000 square foot two-story structure with 16 aircraft gates capable of handling B757 aircraft simultaneously or five wide body aircraft including two B747-400s with eight B757 aircrafts at the same time. Airline ramp operations, other airline space, mechanical/electrical rooms and the outbound baggage sort facility are on the ground level. Security screening, passenger gates, concessions, children's play area and passenger transfer system lobbies are on the second level. The aircraft ramp and hydrant fueling system were also reconstructed in 2005.

Airside Building E has been operational since October 2002. It is a 289,000 square foot three-story structure with 14 aircraft gates capable of handling B757 aircraft simultaneously or six wide body aircraft including two B747-400s with five B757 aircraft at the same time. Airline ramp operations, other airline space, mechanical/electrical rooms and the outbound baggage sort facility are on the ground level. Security screening, passenger gates, concessions, a duty free store, children's play area and passenger transfer system lobbies are on the second level. The third level space accommodates an airline club area and office space. The aircraft ramp and hydrant fueling system were also reconstructed at the same time.

Airside Building F has been operational since 1987. It is a 229,000 square foot three-story structure with 14 aircraft gates capable of handling a mix of B-757 and A-320 aircraft simultaneously or five wide-body aircraft including the B747-400s and a mix of three B757 and three A320 aircraft at the same time. Federal Customs and Border Patrol inspection services processing, mechanical/electrical areas and airline ramp operations are on the ground level. The outbound baggage sort facility is also located on the ground level in a 20,000 square foot facility directly adjacent to the Airside. Security screening, passenger gates, concessions, duty free shop, and passenger transfer system lobbies are on the second level. The third level space provides an airline club area and office space.

Renovations and improvements to Airside F were completed in August 2013. The Airside F renovations are critical to enabling the Authority to meet existing and near-term anticipated demand for international flights and to improve the currently inadequate Transportation Security Administration (TSA) passenger screening area for the benefit of all Airside F passengers. The 35,800 square foot upgrade includes the following:

- Expanding and renovating the Customs and Border Protection (CBP) area with three baggage claim devices to accommodate the concurrent arrival of three wide-body aircraft.
- Expanding and reconfiguring the TSA passenger screening checkpoint area to six fully-equipped lanes that conform to current design criteria.
- Expanding and creating additional retail and food and beverage concession space.
- Upgrading the Wi-Fi system.
- Equipping four boarding gates with passenger processing “shared use” software and associated infrastructure.
- Equipping four gates with an aircraft “self-docking” system.

2.3.2.6 Passenger Transfer System

A fully automated elevated passenger transfer system connects the Main Terminal Building with each of the Airside Buildings. Each Airside Building is served by four dedicated shuttle vehicles.

2.3.2.7 Hotel

The 300-room hotel, currently branded as a Marriott, under a lease agreement with Host of Boston, LTD (Host Boston)., has meeting and conference facilities, 55,000 square feet of office rental space and parking spaces for 400 cars. It is attached to the Main Terminal Building at the passenger transfer level by a 300-foot long, fully enclosed shopping arcade with specialty shops and a full service bank.

2.3.3 ROADWAYS AND ECONOMY PARKING AREAS

The one and one-half mile, six-lane, divided George Bean Parkway connects the Airport to a traffic interchange, providing direct access to the interstate highway system. A grade-separated traffic interchange has been constructed within the terminal parkway system, providing traffic separation between airline passenger terminal traffic and traffic to the Regional U.S. Post Office situated at the Airport, adjacent to the entrance parkway. The Authority also maintains an employee parking lot located to the north of the Air Cargo Complex, away from the terminal complex, which can accommodate 2,600 automobiles.

The Spruce Street/State Road 60 interchange, one of the entrances to the Airport, was enlarged to a four level interchange and the Courtney Campbell/State Road 60 interchange includes a three level directional interchange. These major roadway improvements funded by Florida Department of Transportation (FDOT) and completed in 2010, have significantly reduced congestion on the adjacent interstate roadways and improve access into and out of the Airport.

In conjunction with the Airport interchange project discussed above, the Authority widened the George Bean Parkway, the access roadway leading directly into the Airport, from two lanes in each direction to three lanes from beginning to end. Additionally, a secondary return to the terminal recirculation bridge eliminated congested merging areas and improved traffic circulation.

An economy parking garage that also includes some surface parking is located behind the U. S. Post Office and has a total capacity of 12,900 parking spaces. A complimentary shuttle service transports customers from the economy lot to the Main Terminal Building. Including these economy spaces, the Airport has over 24,700 public parking spaces with approximately 22,430 garage spaces to accommodate the traveling public.

2.3.4 AIR CARGO

In April 2010, Air Cargo and General Service Equipment (GSE) facilities to the east of the Airport were opened to those 14 tenants formerly occupying facilities on the north end of the Airport. The 111,000 square foot complex provides specialized facilities and ramp space to support GSE maintenance and air cargo transporting, freight forwarding, handling, warehousing, processing, and distribution of cargo. Two additional companies, Global Aviation and Ground Services International, joined the existing tenants at the air cargo facilities, resulting in 100 percent occupancy of both buildings. Federal Express Corporation (FedEx) constructed an air cargo service facility at the Airport on a thirteen acre site of Airport property including a cargo building, apron, taxiway extensions and cargo road improvements. The regional sort facility has the capacity to handle 6,000 packages per hour. Additionally, there are parking spaces for 157 commercial and employee vehicles.

2.3.5 GENERAL AVIATION

There are two general aviation fixed base operation (FBO) facilities at the Airport. The first facility, which opened in 1980, is owned by the Authority and is currently managed by Piedmont Hawthorne Aviation d/b/a Landmark Aviation (Landmark Aviation). Constructed with Authority funds, the operation provides an avionics shop, maintenance shops, aircraft line service, tie down and storage, aircraft charter, sales center for Landmark Aviation airplanes and related aviation services. This facility provides 140,000 square feet of hangar storage space and 60,000 square feet of hangar maintenance space. The Authority retains title to all permanent improvements of the hangar building. The facility is rated one of the top ten fixed base facilities in the United States by the Professional Pilot Magazine.

The second FBO is Tampa International Jet Center, LLC (Tampa Jet Center), which has been operational since October 2004. Under the terms of its agreement with the Authority, Tampa Jet Center's facilities include a 12,000-square foot terminal building, three storage hangars of 26,000 square feet each and a maintenance hangar of 26,000 square feet and other facilities necessary to provide a full service FBO serving primarily corporate aviation. Tampa Jet Center provides generally the same range of services as the Landmark Aviation FBO. The Authority participated in the FBO's development by constructing 350,000 square feet of apron and a 61,500 square foot parking lot with Authority funds.

In May 2007, a stand-alone CBP facility was constructed and serves the needs of general aviation international passengers. The facility is capable of handling up to 30 passengers and their baggage at any one time while meeting the requirements of the Customs and Border Patrol.

2.3.6 OTHER AREAS

In an effort to decrease roadway congestion within the Main Terminal Building, particularly the baggage claim areas, a cell phone waiting lot was built alongside one of the remote overflow parking lots.

On May 6, 2010, H. Lee Moffitt Cancer Center and Research Institute Hospital, Inc. entered into a 20-year lease for the development and operation of an out-patient cancer treatment and imaging center on the former reservations center leased by Continental until 2009.

The Authority owns a 125,000 square foot and a 140,000-square foot maintenance facility. The 125,000 square feet facility includes an aircraft hangar which can simultaneously accommodate two L-1011 jet aircraft, aircraft ramp, engine run-up area, employee parking, support shops and other related services. The 140,000 square foot facility includes an aircraft hangar which can simultaneously accommodate one 767 and two 727 aircraft, aircraft ramp, engine run-up area, employee parking, support shops and related services. Both facilities are currently leased to Pemco World Air Services, Inc.

Concorde Companies has a master lease for approximately 154 acres of Authority property located in the southeast corner of the Airport. A shopping mall, hotel and office complex have been built on that property.

3. The Capital Program and Funding Sources

This chapter presents a summary of the Master Plan Projects (Phase I and Phase II) and the CIP, collectively referred to as the Capital Program. **Table 3-1** presents the project costs for the Capital Program and **Table 3-2** presents the funding sources for the Capital Program.

3.1 The Airport Master Plan

The Authority recently approved an update to the Master Plan. Projects have been identified that will allow the Airport facilities to accommodate the passenger and aircraft forecast through 2028. Master Plan Projects are categorized into three phases:

- Phase I: Decongestion
- Phase II: Enabling
- Phase III: Expansion

The Report incorporates Phase I and Phase II Master Plan Projects; Master Plan Projects in Phase III are not expected to be undertaken until after the Projection Period of the Report. As presented in Table 3-1, Phase I projects total approximately $935.2 million. The two largest Phase I Master Plan Projects include design and construction of a consolidated rental car facility (ConRAC) with an estimated cost of approximately $318.7 million and the design and construction of an automated people mover (APM Project) and associated infrastructure and stations (APM Project) with an estimated cost of approximately $417.5 million. The APM Project is expected to be utilized by rental car customers, economy parking customers, airport employees and customers who are dropped off or picked up at the new ConRAC facility. Additional Phase I Master Plan Projects include a main terminal transfer level expansion and concession redevelopment, reconstruction of Taxiway J bridge, south terminal support area roadway improvements and other projects.

Phase II projects total approximately $371.0 million. The largest projects include construction of an employee parking garage in the south development area (approximately $112.5 million), an eastside hangar for maintenance, repair and operations use (approximately $63.2 million), and a new air traffic control tower and terminal radar approach control facilities (ATCT/TRACON) (approximately $61.4 million),

Table 3-1: Capital Program - Capital Program by Year 1/ (Page 1 of 2)

(For Fiscal Years Ending September 30)

Project Category	PROJECTED FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
Master Plan Phase I Projects												
APM Project	$23,834,000	$113,897,400	$179,350,800	$100,417,800								$417,500,000
ATCT Siting Re-evaluation	63,600	432,480	33,920									530,000
CUPPS - Phase 1	2,984,700											2,984,700
Construct Additional Airport Maintenance Equipment Storage Space			214,800	1,460,640	$114,560							1,790,000
Concessions Warehouse - Construction	5,231,000	3,518,900										8,749,900
ConRAC	15,406,000	81,728,000	142,036,800	79,529,200								318,700,000
Main Terminal Transfer Level Expansion and Concession Redevelopment - Construction	11,612,600	47,091,800	54,950,800	8,844,800								122,500,000
South Terminal Support Area Roadway Improvements	1,476,000	5,246,600	9,303,200	5,383,400								21,409,200
Reclaim Long Term Parking			3,079,596	3,673,904								6,753,500
Reconstruct Taxiway J and Bridge	3,579,800	17,193,900	9,919,100									30,692,800
Reconfigure Fuel Farm Access Roadway			10,800	73,440	5,760							90,000
Site Preparation Perimeter	237,600	1,792,080	1,326,240	94,080								3,450,000
Total Master Plan Phase I Projects	**$64,425,300**	**$270,901,160**	**$400,226,056**	**$ 199,477,264**	**$ 120,320**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$935,150,100**
Master Plan Phase II Projects												
New ATCT/TRACON at Red Side Garage site					$3,437,280	$16,204,320	$28,971,360	$12,767,040				$61,380,000
Demolish Red Side Garage					966,000	6,568,800	515,200					8,050,000
Employee Parking Garage in S. development area					6,300,000	29,700,000	53,100,000	23,400,000				112,500,000
HCAA Offices in South Development Area					4,668,000	31,742,400	2,489,600					38,900,000
Expand GSE secure apron equipment storage area					15,600	106,080	8,320					130,000
Demolish existing ATCT and TRACON									302,400	2,056,320	161,280	2,520,000
Demolish existing Marriott Hotel							1,063,200	7,229,760	567,040			8,860,000
Demolish existing Airport service building (Red side)								334,800	2,276,640	178,560		2,790,000
Central Plant Chillers and Main Power reconfiguration								1,010,360	17,176,120	1,243,520		19,430,000
Construct third eastside hangar for MRO use						3,284,320	26,021,920	32,843,200	1,010,560			63,160,000
Buy Out Lease of Existing Hotel							5,400,000	36,720,000	2,880,000			45,000,000
Temporary Truck Docks for Terminal (5,000 sq. ft. X $69.18)								75,600	514,080	40,320		630,000
Improve Infrastructure for MRO Cluster Area							918,000	6,242,400	489,600			7,650,000
Total Master Plan Phase II Projects					**$15,386,880**	**$87,605,920**	**$118,487,600**	**$120,623,160**	**$25,216,440**	**$3,518,720**	**$161,280**	**$371,000,000**

Table 3-1: Capital Program - Capital Program by Year [1/] (Page 2 of 2)

(For Fiscal Years Ending September 30)

	PROJECTED											
Project Category	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
CIP Projects												
Airfield	$468,700	$5,279,200	$4,388,700	$11,735,700	$6,433,300	$35,135,700	$20,118,000	$1,400,400	$3,001,300	$79,836,100	$39,167,700	$206,964,800
Terminal		1,436,300	1,907,500	2,231,300	957,600	256,900	12,527,700	13,278,200	10,390,700	7,190,200	1,877,600	52,054,000
Airsides	3,441,200	937,200	2,267,000	2,275,400	5,361,600	5,604,700	12,221,000	6,970,600	1,002,200	1,222,800	569,500	41,873,200
Commercial Landside	5,672,400	13,305,500	5,404,800	2,439,100	22,041,500	10,613,800	2,152,700	1,422,500	898,600	539,500	89,600	64,580,000
Cargo		80,500	40,200	-	762,900	791,400	227,300	11,200				1,913,500
Auxiliary	1,923,200	3,909,200	3,006,300	2,079,000	9,779,300	8,557,200	7,357,500	3,676,000	4,805,500	6,075,000	1,961,500	53,129,700
General Aviation	429,600	1,727,800	4,060,000	1,720,200	11,700	-	28,300	294,800	167,200	90,000	38,300	8,567,900
Other	3,901,900	3,770,100	3,719,800	10,892,300	8,770,800	9,227,800	6,953,700	4,280,600	3,591,700	2,711,300	786,100	58,606,100
Roads & Grounds				2,564,600	5,256,100	1,986,900	6,828,800	4,241,700	413,600	524,900	262,400	22,079,000
Passenger Transfer System		1,064,900	532,400	30,761,200	15,380,700				737,300	14,133,000	6,882,100	69,491,600
Extraordinary Facilities							11,000,000	5,500,000				16,500,000
Total CIP Projects	**$15,837,000**	**$31,510,700**	**$25,326,700**	**$66,698,800**	**$74,755,500**	**$72,174,400**	**$79,415,000**	**$41,076,000**	**$25,008,100**	**$112,322,800**	**$51,634,800**	**$595,759,800**
Total Capital Program	**$80,262,300**	**$302,411,860**	**$425,552,756**	**$266,176,064**	**$90,262,700**	**$159,780,320**	**$197,902,600**	**$161,699,160**	**$50,224,540**	**$115,841,520**	**$51,796,080**	**$1,901,909,900**

Note:
1/ Estimated expenditure by year for each project

Source: Hillsborough County Aviation Authority August 2013.
Prepared by: Ricondo & Associates, Inc. August 2013.

Table 3-2: Capital Program - Funding Sources for Capital Program (FY 2014 - FY 2024) (Page 1 of 2)

(For Fiscal Years Ending September 30)

		Funding Sources								
Project Category	**Total Project Costs**	**Public/Private Partnership**	**AIP Grants**	**FDOT Grants**	**GARBs**	**Authority Funds**	**CFC Supported GARBs**	**CFC PAYGO**	**PFC Supported GARBs**	**PFC PAYGO**
Master Plan Phase I Projects										
APM - Construction	$417,500,000				$2,000,000		$154,475,000		$261,025,000	
ATCT Siting Re-evaluation	$530,000					$530,000				
CUPPS - Phase 1	$2,984,700				$1,699,000	$1,285,700				
Construct Additional Airport Maintenance Equipment Storage Space	$1,790,000					$1,790,000				
Concessions Warehouse - Construction	$8,749,900				$8,749,900					
CONRAC - Construction	$318,700,000						$284,094,700	$34,605,300		
Main Terminal Transfer Level Expansion and Concession Redevelopment - Construction	$122,500,000				$122,500,000					
South Terminal Support Area Roadway Improvements	$21,409,200				$21,409,200					
Reclaim Long Term Parking	$6,753,500					$6,753,500				
Reconstruct Taxiway J and Bridge	$30,692,800		$3,024,100	$4,832,300	$22,836,400					
Reconfigure Fuel Farm Access Roadway	$90,000					$90,000				
Site Preparation Perimeter	$3,450,000					$3,450,000				
Total Master Plan Phase I Projects	**$935,150,100**		**$3,024,100**	**$4,832,300**	**$179,194,500**	**$13,899,200**	**$438,569,700**	**$34,605,300**	**$261,025,000**	
Master Plan Phase II Projects										
New ATCT/TRACON at Red Side Garage site	$61,380,000		$61,380,000							
Demolish Red Side Garage	$8,050,000				$8,050,000					
Employee Parking Garage in S. development area	$112,500,000				$112,500,000					
HCAA Offices in South Development Area	$38,900,000	$38,900,000								
Expand GSE secure apron equipment storage area	$130,000					$130,000				
Demolish existing ATCT and TRACON	$2,520,000				$2,520,000					
Demolish existing Marriott Hotel	$8,860,000				$8,860,000					
Demolish existing Airport service building (Red side)	$2,790,000				$2,790,000					
Central Plant Chillers and Main Power reconfiguration	$19,430,000				$19,430,000					
Construct third eastside hangar for MRO use	$63,160,000	$63,160,000								
Buy Out Lease of Existing Hotel	$45,000,000	$45,000,000								
Temporary Truck Docks for Terminal (5,000 sq. ft. X $69.18)	$630,000				$630,000					
Improve Infrastructure for MRO Cluster Area	$7,650,000				$7,650,000					
Total Master Plan Phase II Projects	**$371,000,000**	**$147,060,000**	**$61,380,000**		**$162,430,000**	**$130,000**				

Table 3-2: Capital Program - Funding Sources for Capital Program (FY 2014 - FY 2024) (Page 2 of 2)

(For Fiscal Years Ending September 30)

		Funding Sources								
Project Category	**Total Project Costs**	**Public/Private Partnership**	**AIP Grants**	**FDOT Grants**	**GARBs**	**Authority Funds**	**CFC Supported GARBs**	**CFC PAYGO**	**PFC Supported GARBs**	**PFC PAYGO**
CIP Projects										
Airfield	$206,964,800		$110,098,000	$46,686,100		$23,995,100				$26,185,600
Terminal	52,054,000			3,485,900	15,906,200	32,661,900				
Airsides	41,873,200		1,084,100	2,617,700		25,926,400				12,245,000
Commercial Landside	64,580,000			3,122,700		31,955,300				29,502,000
Cargo	1,913,500			792,500		1,121,000				
Auxiliary	53,129,700		8,384,800	12,199,960		32,544,940				
General Aviation	8,567,900			3,303,300		5,264,600				
Other	58,606,100		8,196,000	5,773,900		44,636,200				
Roads & Grounds	22,079,000			2,885,000	9,640,100	9,553,900				
Passenger Transfer System	69,491,600			5,400,000		5,545,200				58,546,400
Extraordinary Facilities	16,500,000									16,500,000
Total CIP Projects	**$595,759,800**		**$127,762,900**	**$86,267,060**	**$25,546,300**	**$213,204,540**				**$142,979,000**
Total Capital Program	**$1,901,909,900**	**$147,060,000**	**$192,167,000**	**$91,099,360**	**$367,170,800**	**$227,233,740**	**$438,569,700**	**$34,605,300**	**$261,025,000**	**$142,979,000**

Source: Hillsborough County Aviation Authority August 2013.
Prepared by: Ricondo & Associates, Inc. August 2013.

3.2 The 2014 – 2023 Capital Improvement Program

Additionally, the Authority develops and periodically updates a Business Plan in which capital projects are monitored to assess appropriate timing and funding sources. These projects are included in the Authority's CIP for FY 2014 through 2023 and will be funded through a combination of funding sources described later in this chapter. The Authority's CIP totals approximately $595.8 million and is presented in Table 3-1. This ten-year program includes new capacity enhancement projects based on updated passenger and operation forecasts. Table 3-1 reflects estimated expenditures by year for each project, including some expenditures in 2024 for projects included in the 2023 program year.

3.2.1 ESTIMATED PROJECT COSTS AND TIMING

The CIP will refurbish and improve existing facilities and infrastructure and includes the following:

- Airfield Projects (approximately $207.0 million). This category includes runway, taxiway and apron pavement rehabilitation, Aircraft Rescue and Fire Fighting (ARFF), and other Airfield projects.
- Terminal Complex (Main Terminal Building, Airside Buildings and Passenger Transfer System) Projects ($163.4 million). This category includes various Terminal Complex refurbishments, baggage handling system upgrades, baggage claim level ceiling replacement, elevator replacements, escalator replacements, LED technology replacement, and other Terminal Complex projects.
- Commercial Landside Projects ($64.6 million). This category includes parking revenue control system replacements, economy garage equipment, parking garages rehabilitation, access control system replacement, parking garage elevators and other Commercial Landside Projects.
- Cargo Projects ($1.9 million). This category includes cargo ramp rehabilitation and other projects.
- General Aviation and Auxiliary Airports Projects ($61.7 million). This category includes pavement rehabilitation, hangar rehabilitation, financial systems replacement, seawall rehabilitation, construction of a terminal / administration building, fuel system tank replacement, a general aviation master plan update and other projects.
- Roads & Grounds Projects ($22.1 million). This category includes sign replacement, road overlays, arrival and departure drives ceiling replacement, and other roadway projects.
- Other Projects ($58.6 million). This category includes various IT system and network projects, employee training system replacement, access control system replacement, fire alarm system upgrade, and other structural and pavement rehabilitation.
- Extraordinary Facilities ($16.5 million). This category includes a planned fuel line replacement project.

3.3 Funding Sources

Table 3-2 presents the anticipated funding sources for the Capital Program. As shown, the Airport will use a combination of funding sources including FAA Airport Improvement Program (AIP) grants, Florida Department of Transportation (FDOT) grants, future bond proceeds, customer facility charges (CFC), passenger facility charges (PFC) and Authority funds.

3.3.1 FAA AIRPORT IMPROVEMENT PROGRAM

For those projects anticipated to be eligible for FAA AIP funding, up to 75 percent of estimated projects costs are anticipated to be funded from that source. Before federal approval of any AIP grant applications can be given, eligible airports must provide written assurances that they will comply with a variety of statutorily specified conditions. One such assurance is the so-called "airport generated revenues" assurance which provides that all airport generated revenues will be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the applicant that are directly and substantially related to air transportation of passengers or property. The remainder of AIP-eligible project costs is assumed to be funded from other sources such as PFC, FDOT grants and Authority funds.

The Capital Program assumes approximately $192.2 million of projects are expected to be funded with AIP grants. Should discretionary AIP funds not become available, the Authority will determine if the projects can be delayed or will utilize other sources of funds to undertake those projects.

3.3.2 FLORIDA DEPARTMENT OF TRANSPORTATION GRANTS

FDOT Grants are funded from the State of Florida (the State) Transportation Trust Fund, which consists, in part, of funds collected through the State's aviation fuel tax. FDOT Grants supplement the AIP, providing a portion of the sponsor's matching share when federal funding is available and up to 80 percent of the overall project cost when it is not. Funding awarded via FDOT Grants is frequently distributed by the State over a multi-year period for grant-approved projects. Approximately, $91.1 million of the Capital Program is expected to be funded from FDOT grants. In addition, the Authority is in discussions with FDOT for additional funding for the APM Project, which would reduce the need for CFC-supported and/or PFC-supported GARBs described in subsequent sections.

3.3.3 GENERAL AIRPORT REVENUE BONDS

The Authority estimates approximately $367.2 million of the Capital Program will be funded with future general airport revenue bonds (GARBs), which are expected to be repaid entirely from Authority funds. Additional projects are expected to be funded with GARBs that will also be supported by CFCs and PFCs as described in subsequent sections.

3.3.4 PASSENGER FACILITY CHARGE (PFC) REVENUE

The Authority has submitted and received approval from the FAA to impose and use PFC revenues for capital projects totaling approximately $795.8 million in eight separate PFC applications. Expiration date for PFC collections is currently estimated to be May 1, 2017, based on estimates of future passenger enplanements.

The Authority intends to submit additional PFC applications to the FAA in the future to fund approximately $404.0 million of projects included in the Capital Program. A portion of those projects are expected to be funded on a pay as you go (PAYGO) basis and a portion of those projects are expected to be funded with PFC-supported GARBs.

3.3.5 CUSTOMER FACILITY CHARGE (CFC) REVENUE

The Authority entered into agreements with the rental car companies serving the Airport, which included the collection of a CFC to cover the costs associated with certain rental car related capital projects. The Authority began collecting a CFC in the amount of $2.50 on October 1, 2012. This Report assumes the CFC will increase to a level to provide enough CFC funds to pay approximately $473.2 million of rental car related capital projects using a combination of CFC supported GARBs and CFC PAYGO.

3.3.6 AUTHORITY FUNDS

The Authority anticipates utilizing approximately $227.2 million of its unencumbered available cash to fund a portion of the Capital Program for all airports.

3.3.7 TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA) FUNDS

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) was originally authorized under the Transportation Equity Act for the 21st Century (TEA-21). TIFIA was reauthorized and amended in 2005 by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The TIFIA program provides Federal credit assistance for eligible infrastructure investment projects. The program's fundamental goal is to leverage Federal funds by attracting substantial private and other non-Federal co-investment in critical improvements to the nation's surface transportation system. TIFIA was created because state and local governments that sought to finance large-scale transportation projects with tolls and other forms of user-backed revenue often had difficulty obtaining financing at reasonable rates due to the uncertainties associated with these revenue streams. The Authority is reviewing the possibility of securing a TIFIA loan to fund a portion of the ConRAC and APM projects. Should the Authority secure a TIFIA loan, the amount of CFC-supported and/or PFC-supported GARBs required for the Capital Program previously identified in this Report would be reduced.

3.3.8 PUBLIC/PRIVATE PARTNERSHIP

Certain projects included in the Master Plan Phase II are currently assumed to be funded only if the Authority was to enter into a Public/Private Partnership. The Public Private funding source is unknown at this time, however, for the purposes of this Report it is assumed that approximately $147.1 million, associated HCAA office development, a lease buyout of the existing hotel, and construction of a third eastside hangar, would be funded through a Public Private Partnership. If the Authority does not enter in to a Public/Private Partnership it is assumed that these projects would not be undertaken.

4. Demographic and Economic Analysis

The demand for air transportation at a particular airport is, to a large degree, dependent upon the demographic and economic characteristics of the airport's air trade area. This relationship is particularly true for O&D passenger traffic, which has historically been the largest component of demand at the Airport.[1] Therefore, the major portion of demand for air travel at the Airport is influenced more by the local socioeconomic characteristics of the area served than by individual air carrier decisions regarding service patterns in support of connecting activity. This chapter presents data indicating that the Airport's Air Trade Area (as defined in Chapter 2) has an economic base capable of supporting increased demand for air travel during the Projection Period.

Although impacted more severely than most major metropolitan areas by the 2007-2009 recession (ninth-worst impact overall of the 100 largest U.S. metropolitan areas according to the Brookings Institution's most recent MetroMonitor report), particularly in the housing sector and employment, the Air Trade Area's economy has had one of the strongest recoveries from the recession (twenty-third best recovery overall of the 100 largest U.S. metropolitan Areas) of any of the major metropolitan areas.[2] The recovery process in key areas such as gross regional product, employment and housing is examined in greater detail in this chapter as well.

4.1 Demographic Analysis

4.1.1 POPULATION

There is typically a positive correlation between population growth in a local area and air travel demand. Historical population for the Air Trade Area, Florida, and the United States is presented in **Table 4-1**. As shown, population in the Air Trade Area increased from 2,077,857 people in 1990 to 2,404,013 people in 2000 and to 2,878,979 people in 2012. As also shown, population growth in the Air Trade Area between 1990 and 2012 (compound annual growth rate of 1.5 percent) was less than that experienced by Florida (compound annual growth rate of 1.8 percent) and greater than the nation (compound annual growth rate of 1.1 percent) during this period. According to recent U.S. Census Bureau data, Tampa has been one of the fastest-growing

1 Based on reconciled U.S. Department of Transportation ticket sample data, O&D passengers accounted for approximately 89 percent of total passengers at the Airport in FY 2012.

2 Source: Brookings Institution, "MetroMonitor – June 2013," July 1, 2013.

Table 4-1: Historical and Projected Population

					COMPOUND ANNUAL GROWTH RATE			
	HISTORICAL			PROJECTED	HISTORICAL			PROJECTED
AREA	1990	2000	2012	2023	1990-2000	2000-2012	1990-2012	2012-2023
Hernando County	102,726	131,390	177,899	230,893	2.5%	2.6%	2.5%	2.4%
Hillsborough County	837,028	1,003,435	1,293,639	1,523,715	1.8%	2.1%	2.0%	1.5%
Pasco County	281,937	347,038	478,198	608,315	2.1%	2.7%	2.4%	2.2%
Pinellas County	856,166	922,150	929,243	951,813	0.7%	0.1%	0.4%	0.2%
Air Trade Area	2,077,857	2,404,013	2,878,979	3,314,736	1.5%	1.5%	1.5%	1.3%
Florida	13,033,310	16,047,520	19,358,309	22,794,481	2.1%	1.6%	1.8%	1.5%
United States	249,622,800	282,162,400	314,659,200	350,537,844	1.2%	0.9%	1.1%	1.0%

SOURCE: Woods and Poole Economics, Inc., *2013 Complete Economic and Demographic Data Source (CEDDS)* .

PREPARED BY: Ricondo & Associates, Inc., July 2013.

large cities in the United States since the 2010 Census, with a 3.6 percent increase in population between April 1, 2010 and July 1, 2012.[3]

Table 4-1 also presents population projections from Woods and Poole Economics, Inc. for the Air Trade Area, Florida, and the nation for 2023. Population in the Air Trade Area is expected to increase at a compound annual growth rate of 1.3 percent between 2012 and 2023, from 2,878,979 people in 2012 to 3,314,736 in 2023. Projected population growth for the Air Trade Area is expected to be slightly less rapid than that experienced by Florida (compound annual growth rate of 1.5 percent) but more rapid than the nation (compound annual growth rate of 1.0 percent) during this period. Between 2012 and 2023, Air Trade Area population is expected to grow most rapidly in Hernando County (2.4 percent annually) and Pasco County (2.2 percent annually).

4.1.2 POPULATION DIVERSITY

The Air Trade Area has an ethnically diverse population, a characteristic that contributes to demand for air travel. In a global economy, ethnic diversity within a region's labor force is a distinct economic advantage because employees with cultural and linguistic ties to international markets give companies an edge in establishing trade and investment opportunities. An ethnically diverse population, particularly those individuals that are foreign-born, also retains family ties that create demand for air travel services to and from homeland countries.[4]

According to the most recent U.S. Census Bureau data from the *2011 American Community Survey*, the foreign-born population (including U.S. territories such as Puerto Rico) as a percentage of total population in the Air Trade Area is approximately 15.7 percent. While lower than the equivalent percentage for Florida, 22.6 percent, this is higher than the overall United States' percentage of 14.4 percent. Over half of the foreign-born population residing in the Air Trade Area comes from Latin America, while approximately 20 percent were born in Asia. Excluding those individuals born in Puerto Rico, Cuba is the most represented country of birth of the Air Trade Area's foreign-born residents, followed by Mexico and Colombia. According to the 2010 U.S. Census, the Air Trade Area had the sixth-largest population of Puerto Ricans of all U.S. MSAs, just behind the much larger Chicago metropolitan area.

4.1.3 PER CAPITA PERSONAL INCOME AND HOUSEHOLD INCOME

One measure of the relative income of an area is personal income, defined as the sum of wages and salaries, other labor income, proprietors' income, rental income of persons, dividend income, personal interest income, and transfer payments less personal contributions for social insurance. Personal income is a composite measurement of market potential and indicates the general level of affluence of local residents, which typically correlates with an area's propensity to utilize air travel as well as an area's attractiveness to business and leisure travelers. It should be noted, however, that personal income does not adjust for the cost of living in a

3 Source: U.S. Census Bureau, "Texas Dominates List of Fastest-Growing Large Cities Since 2010 Census, Census Bureau Reports," June 28, 2012.

4 Source: The Brattle Group, "The Impact on the U.S. Economy of Lifting Restrictions on Travel to Cuba," July 2002.

particular area (see Section 4.2.3 for a discussion of the Air Trade Area's significantly below national average cost of living).

Table 4-2 presents historical per capita personal income for the Air Trade Area, Florida, and the nation between 2005 and 2012 as expressed in current dollars. As shown, per capita personal income for the Air Trade Area was lower than equivalent measures for both Florida and the nation each year between 2005 and 2012. As also shown, per capita personal income for the Air Trade Area increased at a compound annual growth rate of 1.6 percent between 2005 and 2012, slightly slower than the 1.7 percent growth rate for Florida and slower than the 2.6 percent growth rate experienced by the nation over this same period.

Table 4-2 also presents projections of per capita personal income for 2023. According to data from Woods and Poole Economics, Inc., per capita personal income for the Air Trade Area is projected to increase from $38,595 in 2012 to $60,973 in 2023. This increase represents a compound annual growth rate of 4.2 percent during this period, compared to a slightly faster 4.4 percent growth rate projected for both Florida and the nation.

An additional indicator of the market potential for air transportation demand is the percentage of households in the higher income categories. An examination of this indicator is important in that as income increases, air transportation becomes more affordable and, therefore, is generally used more frequently. Table 4-2 also presents percentages of households in selected per capita personal income categories for 2012 as expressed in 2000 dollars. As presented, 32.2 percent of households in the Air Trade Area had a per capita personal income of $60,000 or more in 2012, which was slightly lower than the percentage of households in these income categories for Florida (34.4 percent), and lower than the equivalent percentage for the nation (39.1 percent).

4.2 Economic Analysis

4.2.1 GROSS DOMESTIC PRODUCT

Gross domestic product, for the U.S. as a whole, and its state and MSA equivalent, gross regional product, are a measure of the market value of all final goods and services produced within a particular area for a specific period of time. These indicators are one of the broadest measures of the economic health of a particular area, and, consequently, the area's potential air travel demand. However, gross regional product, particularly at the MSA level, is somewhat more difficult to accurately estimate than gross domestic product, with the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) only having begun tracking data on a MSA level of detail in 2007.

Table 4-3 presents historical gross regional/domestic product for the Air Trade Area, Florida, and the nation between 2005 and 2012 as expressed in 2005 dollars. As shown, Air Trade Area gross regional product increased from $105,990 million in 2005 to $108,684 million in 2012, a compound annual growth rate of 0.4 percent. In comparison, the gross regional product for Florida increased at a 0.2 percent compound annual rate, while the nation's equivalent measure grew at an identical 0.4 percent compound annual rate.

Table 4-2: Per Capita Personal Income

(Per Capita Personal Income in Current Dollars)

	PER CAPITA PERSONAL INCOME			PER CAPITA PERSONAL INCOME DIFFERENTIAL	
YEAR	AIR TRADE AREA	FLORIDA	UNITED STATES	BETWEEN AIR TRADE AREA AND FLORIDA	BETWEEN AIR TRADE AREA AND UNITED STATES
Historical					
2005	$34,467	$35,489	$35,452	($1,022)	($985)
2006	$36,470	$37,996	$37,726	($1,526)	($1,256)
2007	$37,559	$39,256	$39,507	($1,697)	($1,948)
2008	$38,141	$39,978	$40,947	($1,837)	($2,806)
2009	$36,253	$37,382	$38,846	($1,129)	($2,593)
2010	$37,003	$38,210	$39,937	($1,207)	($2,934)
2011	$38,224	$39,498	$41,718	($1,274)	($3,494)
2012	$38,595	$39,815	$42,567	($1,220)	($3,972)
Projected					
2023	$60,973	$63,677	$68,437	($2,704)	($7,464)
Compound Annual Growth Rate					
2005-2012	1.6%	1.7%	2.6%		
2012-2023	4.2%	4.4%	4.4%		

Percentage of Households in Income Categories (2012)

Income Category (in 2000 dollars)	Air Trade Area	Florida	United States
Less than $29,999	32.7%	31.6%	28.8%
$30,000 to $59,999	35.0%	34.0%	32.0%
$60,000 to $74,999	11.2%	11.5%	12.3%
$75,000 to $99,999	9.8%	10.5%	12.2%
$100,000 or More	11.2%	12.4%	14.5%

SOURCE: Woods and Poole Economics, Inc., *2013 Complete Economic and Demographic Data Source (CEDDS)*.

PREPARED BY: Ricondo & Associates, Inc., July 2013.

Table 4-3: Gross Regional/Domestic Product (GRP or GDP)

(In 2005 Dollars, Amounts in Millions)

YEAR	GRP OR GDP		
	AIR TRADE AREA (GRP)	FLORIDA (GRP)	UNITED STATES (GDP)
Historical			
2005	$105,990	$681,225	$12,539,116
2006	$110,131	$712,077	$12,936,968
2007	$111,544	$721,273	$13,209,790
2008	$106,985	$686,705	$13,028,025
2009	$104,724	$666,199	$12,691,919
2010	$103,772	$663,310	$12,666,042
2011	$106,394	$677,921	$12,787,312
2012	$108,684	$691,205	$12,911,575
Projected			
2023	$143,404	$920,768	$16,655,719
Compund Annual Growth Rate			
2005-2012	0.4%	0.2%	0.4%
2012-2023	2.6%	2.6%	2.3%

SOURCE: Woods and Poole Economics, Inc., *2013 Complete Economic and Demographic Data Source (CEDDS)*.

PREPARED BY: Ricondo & Associates, Inc., July 2013.

Table 4-3 also presents projections of gross regional/domestic product for 2023. According to data from Woods and Poole Economics, Inc., gross regional product for the Air Trade Area is projected to increase from $108,684 million in 2012 to $143,404 million in 2023. This increase represents a compound annual growth rate of 2.6 percent, identical to the growth rate projected for Florida during this period, and more rapid than the 2.3 percent growth rate projected for the nation.

4.2.2 EMPLOYMENT TRENDS

Recent employment trends for the Air Trade Area, Florida, and the United States are presented in **Table 4-4.** As shown, the Air Trade Area's civilian labor force increased from approximately 1,223,000 workers in 2002 to approximately 1,320,000 workers in 2012. This increase represents a compound annual growth rate of 0.8 percent in the Air Trade Area's labor force during this period, compared to a 1.4 percent increase for Florida and a 0.7 percent increase for the United States.

As also shown in Table 4-4, average annual unemployment rates (non-seasonally adjusted) for the Air Trade Area were below or equal to the unemployment rates for Florida from 2002-2004 and higher than Florida's between 2005-2012. Average annual unemployment rates for the Air Trade Area were below the unemployment rates for the nation from 2002-2007, and higher than the nation's between 2008-2012. The Air Trade Area's unemployment rate was 6.9 percent in May 2013, which is the most recent month of data available. This rate was below the unemployment rates experienced by Florida and the nation during the same period (7.0 and 7.3 percent, respectively).

An analysis of nonagricultural employment trends by major industry sector is presented in **Table 4-5**, which compares the Air Trade Area's employment trends to those for the nation for 2002, 2011 and 2012. As shown, nonagricultural employment in the Air Trade Area increased from approximately 1,129,400 workers in 2002 to approximately 1,155,800 workers in 2012. This increase represents a compound annual growth rate of 0.2 percent during this period, compared to nearly identical growth nationwide (0.3 percent growth rate). Between 2011 and 2012, as the nation's economy continued its slow recovery from the recession that ended in June 2009, nonagricultural employment in the Air Trade Area increased at a greater rate than what was experienced nationwide (2.3 percent and 1.8 percent increases, respectively). Over a more recent period, May 2012-May 2013, the Air Trade Area's nonagricultural employment increased at a rate of 2.9 percent, the second-fastest increase of any of the 22 metropolitan areas in Florida.[5]

The services, government and financial sector were the major industry groups in the Air Trade Area to experienced positive employment growth between 2002 and 2012. The nation's nonagricultural employment base experienced similar decreases in most sectors over the same time period with the exception of increases in the services, transportation/utilities and government sectors. As also shown in Table 4-5, the Air Trade Area's percentages of nonagricultural employment in the services, financial and trade sectors in 2012 exceeded the national percentages by approximately, 4.7, 2.4 and 1.3 percentage points, respectively.

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[5] Source: Florida Department of Economic Opportunity, "Florida's May Employment Figures Released," June 21, 2013.

Table 4-4: Civilian Labor Force and Unemployment Rates

(Civilian Labor Force in Thousands)

	CIVILIAN LABOR FORCE		
YEAR	**AIR TRADE AREA**	**FLORIDA**	**UNITED STATES**
2002	1,223	8,125	144,863
2003	1,226	8,219	146,510
2004	1,255	8,389	147,401
2005	1,248	8,635	149,320
2006	1,270	8,880	151,428
2007	1,305	9,206	153,124
2008	1,308	9,216	154,287
2009	1,293	9,096	154,142
2010	1,289	9,177	153,889
2011	1,308	9,275	153,617
2012	1,320	9,369	154,975
Compound Annual Growth Rate			
2002-2012	0.8%	1.4%	0.7%
2002-2005	0.7%	2.0%	1.0%
2005-2009	0.9%	1.3%	0.8%
2009-2012	0.7%	1.0%	0.2%

	UNEMPLOYMENT RATES		
YEAR	**AIR TRADE AREA**	**FLORIDA**	**UNITED STATES**
2002	5.6%	5.7%	5.8%
2003	5.3%	5.3%	6.0%
2004	4.5%	4.7%	5.5%
2005	3.9%	3.8%	5.1%
2006	3.4%	3.3%	4.6%
2007	4.2%	4.0%	4.6%
2008	6.6%	6.3%	5.8%
2009	10.8%	10.4%	9.3%
2010	11.8%	11.3%	9.6%
2011	10.9%	10.3%	8.9%
2012	8.8%	8.6%	8.1%
May 2013	6.9%	7.0%	7.3%

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, July 2013.

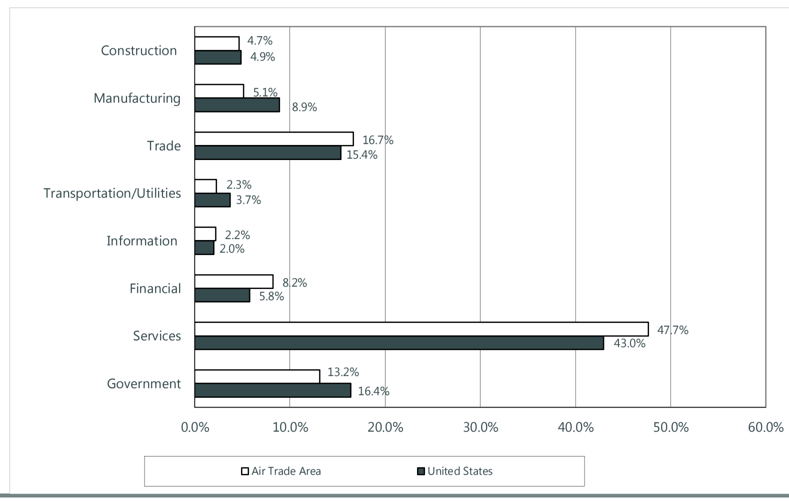
PREPARED BY: Ricondo & Associates, Inc., July 2013.

Table 4-5: Employment Trends by Major Industry Sector

(Employment in Thousands)

	AIR TRADE AREA NONAGRICULTURAL EMPLOYMENT					UNITED STATES NONAGRICULTURAL EMPLOYMENT				
SECTOR	2002	2011	2012	COMPOUND ANNUAL GROWTH RATE 2002-2012	COMPOUND ANNUAL GROWTH RATE 2011-2012	2002	2011	2012	COMPOUND ANNUAL GROWTH RATE 2002-2012	COMPOUND ANNUAL GROWTH RATE 2011-2012
Construction 1/	70.1	52.7	53.9	(2.6%)	2.3%	7,299	6,321	6,492	(1.2%)	2.7%
Manufacturing	80.3	58.8	59.4	(3.0%)	1.0%	15,259	11,726	11,919	(2.4%)	1.6%
Trade	196.1	187.6	192.6	(0.2%)	2.7%	20,677	20,211	20,548	(0.1%)	1.7%
Transportation/Utilities	32.3	25.8	26.3	(2.0%)	1.9%	4,820	4,854	4,969	0.3%	2.4%
Information 2/	35.0	25.9	25.7	(3.0%)	(0.8%)	3,395	2,674	2,678	(2.3%)	0.1%
Financial	94.0	91.6	95.1	0.1%	3.8%	7,847	7,681	7,740	(0.1%)	0.8%
Services 3/	474.9	534.0	550.8	1.5%	3.1%	49,533	55,928	57,432	1.5%	2.7%
Government	146.7	153.3	152.0	0.4%	(0.8%)	21,513	22,086	21,917	0.2%	(0.8%)
Total	1,129.4	1,129.7	1,155.8	0.2%	2.3%	130,343	131,361	133,694	0.3%	1.8%

Percent of 2012 Nonagricultural Employment



NOTES:

1/ Includes mining employment.

2/ The information sector includes telecommunications service providers, traditional publishing, motion picture and sound recording, broadcasting, software, online services and data processing.

3/ The nonagricultural employment for the services sector includes outsourcing from the manufacturing sector.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, July 2013.

PREPARED BY: Ricondo & Associates, Inc., July 2013.

A shifting of the Air Trade Area's industrial mix occurred between 2002 and 2012, as manufacturing employment decreased from 7.1 percent of total employment in 2002 to 5.1 percent in 2012; and services employment increased from 42.0 percent of total employment in 2002 to 47.7 percent in 2012. The trends in the Air Trade Area's industrial mix were consistent with changes in the industrial mix nationwide, as manufacturing decreased from 11.7 percent to 8.9 percent and services increased from 38.0 percent to 43.0 percent during this same period for the nation as a whole.

4.2.3 BUSINESS CLIMATE

The business climate in the Air Trade Area offers significant advantages to new, expanding, and relocating companies. These advantages include support for small businesses, business costs that are significantly below the national average, a state "right-to-work" law, and competitive local/state tax and incentive structures. In December 2011, Kiplinger.com rated Tampa as one of ten "Great Cities [in the U.S] for Starting a Business". The list highlighted Tampa for its local government initiatives and tax credits for small businesses as well as the area's extensive resources for entrepreneurs. According to the 2012 Competitive Alternatives study conducted by the audit, tax and advisory firm KPMG, business costs in Air Trade Area are the 4th lowest among the nation's 27 largest metropolitan areas and nearly four percent lower than the nationwide average.[6]

Employee recruitment and retention in the Air Trade Area is facilitated by the Air Trade Area's reputation for livability and low cost of living. The Air Trade Area was the only Florida metropolitan area to be included in Bloomberg Businessweek's "America's 50 Best Cities" list for 2012, in part, due to strong nightlife options, parks and favorable climate.[7] Over the past three years (1Q 2010 – 1Q 2013) Tampa's cost of living has been approximately 8 percent below the national average and lower than other competitive comparison cities such as Atlanta, Charlotte, and Dallas.[8]

Major employers in the Air Trade Area, as measured by the number of employees, are presented in **Table 4-6**. As shown, there are approximately 25 private or public entities in the Air Trade Area with 3,000 or more employees. The largest employer in the Air Trade Area is the Hillsborough County School District with approximately 25,887 employees, followed by the BayCare Health System (19,600 employees); MacDill Air Force Base (18,283 employees); the Pinellas County School District (17,000 employees); and Publix Super Markets (13,800 employees).[9]

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6 Source: KPMG, "Competitive Alternatives 2012," March 22, 2012.

7 Source: Bloomberg Businessweek, " America's 50 Best Cities," September 28, 2012.

8 Source: Tampa Hillsborough Economic Development Center, "Cost of Living" available online at: http://www.tampaedc.com/Data-Center/Quality-of-Life/COLI-Comparison-20131Q.aspx.

9 Publix Super Markets employee numbers may include employees based at corporate headquarters in Lakeland, which is part of the secondary air trade area.

Table 4-6: Major Employers in the Air Trade Area

EMPLOYER	DESCRIPTION	# OF EMPLOYEES
Hillsborough County School District	Public primary and secondary education	25,887
BayCare Health System	Private healthcare	19,600
MacDill Air Force Base	U.S. military	18,283
Pinellas County School District	Public primary and secondary education	17,000
Publix Super Markets 1/	Retail grocer	13,800
HCA	Private healthcare	13,165
University of South Florida	Public post-secondary education	12,661
State of Florida 1/	State government	12,272
Verizon	Telecommunications services	9,957
Pasco County School District	Public primary and secondary education	9,443
US Postal Service 1/	Postal services	7,822
Tampa General Hospital	Private healthcare	6,600
Hillsborough County Government	Local government	5,939
Wal-Mart	Retail general	5,794
Florida Hospital	Private healthcare	5,179
JPMorgan Chase	Financial services	4,700
City of Tampa	Local government	4,402
H. Lee Moffit Cancer Center & Research Institute	Private healthcare	4,300
James A. Haley VA Medical Center	Public healthcare	4,240
Citigroup	Financial services	4,000
St. Petersburg College	Public post-secondary education	3,973
Hillsborough County Sheriff's Office	Local government	3,819
Bay Pines VA Health Care System	Public healthcare	3,800
Busch Gardens	Entertainment	3,800
Nielsen	Professional services	3,000

NOTES:

1/ May include employees based in parts of secondary air trade area.

SOURCE: Tampa Bay Partnership, *Tampa Bay Regional Profile*, August 2012 and Tampa Bay Business Journal, *2013 Book of Lists - Public Sector Employers*, July 2012.

PREPARED BY: Ricondo & Associates, Inc., July 2013.

Four of the fifteen 2013 Fortune 500 companies that are headquartered in Florida are located in the Air Trade Area or secondary air trade area. These companies include: Publix Super Markets (ranked 108th in 2012 revenues; one of the nation's leading food and drug stores); Tech Data (ranked 119th in 2012 revenues; one of the world's largest wholesale IT distributors); Jabil Circuit (ranked 163rd in 2012 revenues; a global electronic manufacturing services provider); and WellCare Health Plans (ranked 345th in 2012 revenues; a provider of managed care services for government-sponsored health programs).

The Air Trade Area also has a favorable climate for the growth of businesses that are headquartered abroad, stimulating potential demand for international air travel at the Airport. A 2011 study on foreign direct investment in the Air Trade Area by the Tampa Bay Partnership identified 480 companies from 41 nations operating across the entire spectrum of industry and employing over 41,500 workers.[10]

Total investment attributed to new (relocated) and expanded business development in the Air Trade Area in 2012 was approximately $273.5 million according to the Tampa Bay Partnership. This investment is anticipated to generate at least 4,300 new jobs and allow the Air Trade Area to retain existing jobs. A more recent notable expansion is the Depository Trust & Clearing Corporation's April 2013 announcement of a $4.8 million expansion investment in its Tampa facilities that will create 255 new jobs over the next three years in highly specialized sectors (e.g., information technology, operations, human resources and finance).[11]

4.2.4 EMPLOYMENT BY MAJOR INDUSTRIAL SECTOR

According to the Greater Tampa Chamber of Commerce's Tampa 2012 Media Center, the Air Trade Area's economy is: "*founded on a diverse base that includes tourism, agriculture, construction, finance, health care, government, technology, and the Port of Tampa*." The sections below address the sources of this diversity and are ordered based on the sector's percentage contribution to the Air Trade Area's economic base.

Services

Services employment in the Air Trade Area increased at a compound annual rate of 1.5 percent between 2002 and 2012 (fastest rate of increase of any Air Trade Area industry sector between 2002 and 2012) compared to an identical increase for the nation over the same period. In 2012, the services sector accounted for approximately 550,800 employees in the Air Trade Area, which accounted for 47.7 percent of total nonagricultural employment, the highest employment level among all sectors. The services sector plays a relatively larger role in the Air Trade Area's employment base than in the nation overall.

Key components of the services sector within the air trade area include travel and tourism, health services, and higher education. Professional services providers, while quite large in number, primarily employ smaller numbers of employees per firm and are not discussed separately below. However, one notable example of a larger professional services provider in the Air Trade Area is Nielsen (1,200 employees) a leading global

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10 Source: Tampa Bay Partnership, "2011 Tampa Bay Foreign Direct Investment Study," October 2011.

11 Source: Tampa Bay Business Journal, "Depository Trust to Create 255 New Jobs with Expansion," April 15, 2013.

information and measurement company that provides clients with a comprehensive understanding of consumers and consumer behavior.

Travel and Tourism

The travel and tourism industry is one of the largest services related-industries in the Air Trade Area. The growth of this industry is a significant driver of services-related employment and air travel demand at the Airport. According to Tampa Bay & Company, visitors to Hillsborough County increased from approximately 14.50 million in 2011 to 14.82 million in 2012, representing a year-over-year growth rate of 2.2 percent (the second consecutive year of positive growth in visitors). Similarly, Visit St. Pete-Clearwater statistics show that a record 5.43 million people visited Pinellas County in 2012 – 4 percent more than visited in 2011. The most recent Tampa Bay & Company data shows that approximately 56 percent of the visitors to Hillsborough County arrived by air. Approximately 15 percent of visitors to Hillsborough County were primarily traveling for business and 85 percent primarily for leisure/visiting friends and relatives.

In support of leisure travel and conventions in the Air Trade Area there are approximately 170 hotels and more than 21,000 hotel rooms in Hillsborough County alone. In 2012, according to Tampa Bay & Company, hotel occupancy increased to 64.3 percent, a 3.8 percentage point increase from 2011. The average daily room rate increased to $92.98 in 2012, an increase of 6.3 percent from 2011, and revenue per available room (measured by multiplying the average daily room rate by the occupancy rate) rose to $59.78, up 12.5 percent from 2011. Three new hotels scheduled to open in Tampa in upcoming months include: the food-focused 137-room Epicurean, located directly across from the global destination restaurant Bern's Steak House (scheduled to open in November 2013); a 130-room Le Meridien in Tampa's historic federal courthouse building (scheduled to open in April 2014); and the 130-room Aloft Tampa Downtown along the Tampa Riverwalk (scheduled to open in early 2014).

The primary convention center in the Air Trade Area is the Tampa Convention Center, a 600,000 sq. ft. facility located on the waterfront of downtown Tampa. The Convention Center included a 200,000 sq. ft. exhibit hall, a 36,000 sq. ft. ballroom, 36 meeting rooms and 80,000 sq. ft. of pre-function space.

The cruise industry has a growing presence at the Port of Tampa and is a significant source of air travel demand at the Airport. The Port reported a record annual cruise passenger throughput of 974,259 for its fiscal year 2012, which ended September 30, 2012. Cruise lines have continued to see the Air Trade Area as a strong market, reflected in the arrival of several upgraded vessel deployments over the last two years. Carnival Cruise Line home ports two ships year-round in Tampa, *Carnival Legend* and *Carnival Paradise;* while the busy winter season sees home ported vessels from Royal Caribbean - *Jewel of the Seas;* Norwegian Cruise Line - *Norwegian Dawn;* and Holland America Line - *Ryndam*. In December 2014, the 2,124 passenger flagship *Carnival Pride* will replace the *Carnival Legend* at the Port.

Primary travel and tourism-related attractions located in the Air Trade Area are discussed below:

- **Beaches.** The quality of life for which the Air Trade Area is best known is its numerous beaches located along the Gulf of Mexico. Fort De Soto Park and Caladesi Island have been ranked consistently in the top 10 best beaches in the United States: Fort DeSoto Park consists of five islands and seven miles of beach, and Caladesi Island features three-mile nature and kayak trails. Clearwater's beaches have also received numerous awards.

- **Busch Gardens and Adventure Island.** Bush Gardens Tampa Bay is home to three water adventure rides, seven world-class roller coasters, and African animal exhibits featuring more than 2,000 animals. A notable new attraction at the park is the Cheetah Hunt roller coaster, Busch Gardens' first launch coaster, which immediately propels riders from 0 to 60 mph.
- **Museum of Science and Industry.** The largest science center in the southeastern United States offers more than 400,000 sq. ft. of interactive exhibits and more than 450 hands-on activities as well as Florida's only IMAX® Dome Theatre.
- **Lowry Park Zoo.** Recognized as the nation's best zoo for kids by Parents magazine, Lowry Park Zoo features 1,700 animals on 60 acres of natural habitats that comprise seven main exhibit areas.
- **Clearwater Marine Aquarium and Florida Aquarium.** These two competing aquariums, located in Clearwater and Tampa, respectively, attracted nearly 1.4 million visitors combined in 2012. Additionally, the Clearwater Marine Aquarium, home to a dolphin that learned to swim with a prosthetic tail (and was the subject of a major motion picture, "Winter," in 2011), is planning a new $160 million, 200,000-square-foot facility in downtown Clearwater that is expected to increase visitor numbers substantially when constructed.
- **Glazer Children's Museum.** Part of Tampa's Waterfront Arts District, the Glazer Children's Museum has 170 hands-on exhibits in multiple themed areas. Exhibits are designed to engage children in the discovery process through play.
- **Ybor City.** The Air Trade Area's national landmark began when several immigrants came to live in Ybor City when they were offered home ownership for working in the cigar factories. Today the historic Latin Quarter features shopping, dining and entertainment which attracts approximately 2 million people annually.
- **Dali Museum, Tampa Art Museum and Straz Center for the Performing Arts.** In July 2012, both St. Petersburg and Tampa were named as two of the top 25 mid-sized cities for art by AmericanStyle magazine in part, due to the Dali Museum (which has nearly 1,500 Salvador Dali paintings, drawing and sculpture) and the Tampa Art Museum (which has a broad collection of modern and contemporary art and opened a new museum building in 2010). The Straz Center for the Performing Arts is home to Opera Tampa and five theaters.

Major outdoor festivals and events in the Air Trade Area attracting approximately 500,000 people include the Florida Strawberry Festival in Plant City and both the Florida State Fair and Gasparilla Pirate Fest in Tampa. Major spectator sports/events in the Air Trade Area include the Tampa Bay Buccaneers NFL franchise, The Tampa Bay Lightning NHL franchise, the Tampa Bay Rays MLB franchise, the spring training facilities for several MLB teams (e.g., New York Yankees, Philadelphia Phillies) the Outback Bowl college football game, the PGA Tour's Tampa Bay Championship event and the Honda Grand Prix of St. Petersburg.

Health Services

The health services industry plays a major role in the Air Trade Area that will continue to become more significant as the Air Trade Area population ages. With approximately 7,900 physicians and nearly 40 hospitals including nine teaching hospitals, the Air Trade Area offers a wide range of advanced medical services.

Tampa General Hospital is the primary teaching hospital affiliated with the University of South Florida College of Medicine and is the largest healthcare facility in the Air Trade Area. The private non-for-profit Hospital has approximately 1,018 beds and 1,200 affiliated physicians (including over 300 physicians in the University's residency program) on staff. Some of the Hospital's special services include a Level 1 trauma center, five patient transport helicopters and a regional burn center. The Hospital is also one of the busiest organ transplant centers in the nation. Tampa General Hospital has approximately 6,600 employees in the Air Trade Area.

Other large hospitals in the Air Trade Area are the 713 bed St. Joseph's Hospital and Children's Hospital in Tampa and the 687 bed Morton Plant Hospital in Clearwater. These two hospitals are the anchor of the BayCare Health System, a network of 10 private non-for-profit hospitals, outpatient facilities and services such as imaging, lab, behavioral health and home health care. BayCare Health System is the second-largest employer in the Air Trade Area, employing approximately 19,600 individuals. The two other main competitors to BayCare Health System in the Air Trade Area are the private-for-profit HCA West Florida system (approximately 13,165 employees) and the private non-for-profit Florida Hospital system (approximately 5,179 employees).

Considered to be one of the fastest-growing cancer centers in the United States, the private, non-for profit H. Lee Moffit Cancer Center and Research Institute is the only Florida-based National Cancer Institute-designated Comprehensive Cancer Center. The main cancer center on the campus of the University of South Florida includes a 206-bed hospital. In 2011, the Cancer Center opened a 50,000 sq. ft. outpatient facility near the Airport and in February 2013 broke ground on a new McKinley Campus which will open in 2015 and bring more than 200 jobs to Hillsborough County. In 2009, M2Gen, a for-profit collaboration between the Cancer Center and Merck and Co., opened south of the main cancer center and is focused on advancing the discover, translation and delivery of personalized therapies for cancer and other diseases. The Cancer Center has approximately 4,300 employees in the Air Trade Area.

Higher Education

Higher education is provided in the Air Trade Area by two major universities, as well as several colleges, community colleges, and technical/vocational/business schools.

The University of South Florida (USF) is one of the largest public universities in the nation (based on enrollment), and among the top 50 universities, public or private, for federal research expenditures. USF is one of only four Florida public universities classified by the Carnegie Foundation for the Advancement of Teaching in the top tier of research universities, a distinction attained by only 2.3 percent of all universities. Approximately 47,000 students are currently enrolled in over 230 undergraduate, masters, specialist and doctoral programs, including the doctor of medicine. The USF system has three campuses including the main campus in Tampa, USF St. Petersburg and USF Sarasota-Manatee. USF has approximately 12,661 employees in the Air Trade Area. The University is also home to the Center for Advanced Medical Learning and

Simulation, a state-of-the-art 90,000 square foot facility providing numerous forms of health professional education and training, for both individuals and teams, at one facility.

With approximately 6,900 enrolled students, the University of Tampa (UT) is located on 105 acres of riverfront land in downtown Tampa. UT attracts students from more than 120 countries and offers 150 undergraduate and graduate programs from its four colleges: the John H. Sykes College of Business; the College of Arts and Letters; the College of Natural and Health Sciences and the College of Social Science, Mathematics and Education. UT is in the top tier of U.S. News and World Report's "America's Best Colleges," and the Sykes College of Business is listed in Princeton Review's "Best 300 Business Schools."

Other sizeable colleges and universities in the Air Trade Area include St. Petersburg College, Hillsborough Community College, Pasco-Hernando Community College, Saint Leo University, Eckerd College, Thomas M. Cooley Law School and Stetson University College of Law.

Trade

As presented on Table 4-5, trade employment in the Air Trade Area decreased at a compound annual rate of 0.2 percent between 2002 and 2012, compared to a decrease of 0.1 percent for the nation over the same period. In 2012, the trade sector accounted for approximately 192,600 employees in the Air Trade Area, which accounted for 16.7 percent of total nonagricultural employment.

One indicator of growth in the trade sector is retail sales, defined as all net sales (gross sales minus refunds and allowances for returns) for establishments engaged primarily in retail trade. Tampa's main retail centers include the upscale International Plaza mall (anchored by Neiman Marcus and Nordstrom), WestShore Plaza mall, as well as the specialty store-focused Hyde Park Village, an open-air shopping center located within the heart of one of Tampa's older neighborhoods. A new Bass Pro Shops Outdoor World store is also planned to open in the Air Trade Area in 2014.

Table 4-7 presents total retail sales for the Air Trade Area, Florida and the United States between 2005 and 2012. As shown in Table 4-7, between 2005 and 2008 total retail sales in the Air Trade Area decreased at a compound annual rate of 0.1 percent, less than Florida's growth rate of 0.2 percent but better than the 0.3 percent decrease the United States experienced during this period. Between 2008 and 2012, primarily as a result of recent population and job growth as well as an initial rebound in home prices, Air Trade Area retail sales increased at a compound annual rate of 1.4 percent, equal to Florida's increase over this period and greater than the United States' 1.1 percent increase.

Table 4-7 also presents projections of total retail sales for 2023. According to data from Woods and Poole Economics, Inc., total retail sales for the Air Trade Area are projected to increase from approximately $42.3 billion in 2012 to approximately $54.5 billion in 2023. This increase represents a compound annual growth rate of 2.3 percent during this period, compared to a 2.4 percent growth rate for Florida and a 1.9 percent growth rate for the nation.

Table 4-7: Total Retail Sales

(In 2005 Dollars, Amounts in Millions)

YEAR	AIR TRADE AREA	FLORIDA	UNITED STATES
Historical			
2005	$40,185	$262,594	$3,998,654
2006	$41,506	$271,921	$4,093,377
2007	$41,863	$275,253	$4,124,274
2008	$40,079	$263,903	$3,957,912
2009	$37,011	$243,763	$3,663,623
2010	$38,363	$252,984	$3,796,423
2011	$40,648	$267,543	$3,998,183
2012	$42,319	$278,749	$4,141,888
Projected			
2023	$54,464	$361,134	$5,082,739
Compounded Annual Growth Rate			
2005 - 2008	-0.1%	0.2%	-0.3%
2008 - 2012	1.4%	1.4%	1.1%
2012 - 2023	2.3%	2.4%	1.9%

SOURCE: Woods and Poole Economics, Inc., *2013 Complete Economic and Demographic Data Source (CEDDS).*
PREPARED BY: Ricondo & Associates, Inc., July 2013.

International trade is an important component of the Air Trade Area economy, though not nearly as significant as in other Florida metropolitan areas such as Miami (only other Florida MSA with a larger amount of exports than the Air Trade Area). According to a 2012 Brookings Institution study entitled "Export Nation 2012," nearly 60,000 jobs in the Air Trade Area are supported by exports. In 2011, the most recent data available from the U.S. Department of Commerce's International Trade Administration, the Air Trade Area had merchandise shipments totaling $7.7 billion. This is an increase of $1.1 billion (16.6 percent) from the $6.6 billion in merchandise exported in 2010. The Air Trade Area accounted for 12.1 percent of Florida's merchandise exports in 2011. Computer and electronic products and chemicals comprised the largest share of the Air Trade Area's exports in 2012.

Government

Government employment in the Air Trade Area increased at a compound annual rate of 0.4 percent between 2002 and 2012, compared to an increase of 0.2 percent for the nation over the same period. In 2012, this sector accounted for approximately 152,000 employees in the Air Trade Area, which accounted for 13.2 percent of total nonagricultural employment.

As shown in Table 4-6, there are numerous governmental organizations that are among the major employers in the Air Trade Area: the largest U.S. federal government employer is MacDill Air Force Base (18,283 employees); the largest public primary/secondary educational employer and the largest employer in the Air Trade Area is the Hillsborough County School District (25,887 employees); and the largest local government employer is the Hillsborough County Government (5,939 employees).

The Air Trade Area is an important center for the military. The 6th Air Mobility Wing, the U.S. Central Command, and the U.S. Special Operations Command are based at MacDill Air Force Base (which is located eight miles south of downtown Tampa).[12] The 6th Air Mobility Wing provides direct support for these two unified commands, as well as for more than 38 other mission partners that are stationed at the Air Force Base. The U.S. Central Command established "Coalition Village" at the Air Force Base in 2001, which is an intelligence program that includes over 200 representatives from 55 countries that work together to share data and information to support peacekeeping activities throughout the world. The U.S. Coast Guard also has a presence in the Air Trade Area, maintaining their largest and busiest air station at St. Petersburg-Clearwater International Airport.

Government employers in the Air Trade Area are expected to see a wide range of negative financial and employment-related impacts from federal budget sequestration-related cuts that began to be put into effect on March 1, 2013. Anticipated impacts range from delayed construction projects and civilian worker furlough days at MacDill Air Force Base to potential layoffs of social workers who help at-risk students in the Pinellas

[12] Nearly $1 billion in construction projects at MacDill have been completed since 2007 as both the base and its tenant commands have grown, from a new $75 million headquarters for Central Command to an $87 million medical clinic. A recent project that was just awarded was a $41.5 million contract to build a 350-room lodging facility. Source: Tampa Bay Times, "New 350-room Visitor Quarters Coming to MacDill AFB," November 5, 2012.

County Schools and reduced funding for over 200 National Institutes of Health research grants at the University of South Florida and Moffitt Cancer Center.[13]

Financial

The financial sector comprises financial, insurance and real estate services. Financial employment in the Air Trade Area increased at a compound annual rate of 0.1 percent between 2002 and 2012, compared to a decrease of 0.1 percent for the nation over the same period. In 2012, the financial sector accounted for approximately 95,100 employees in the Air Trade Area, which accounted for 8.2 percent of total nonagricultural employment. The financial sector plays a relatively larger role in the Air Trade Area's employment base than in the nation overall.

According to the Tampa Bay Partnership, the Air Trade Area is home to a financial services cluster that is the largest in the state of Florida and the second-largest in the southeastern United States, despite recent consolidation in the financial services sector and associated back office personnel cuts. As shown in Table 4-6, JPMorgan Chase was the largest financial services employer in the Air Trade Area with approximately 4,700 employees. Other major financial services companies in the Air Trade Area include Citigroup with approximately 4,000 employees and Air Trade Area-headquartered Raymond James Financial with approximately 3,200 employees.

Several developments in this sector over the past year are described below:

- **Depository Trust and Clearing.** In April 2013, as discussed previously in Section 4.2.3, Depository Trust and Clearing, the world's largest financial services clearing and settlement firm, announced plans to hire 255 people for an expansion of its Air Trade Area facilities.
- **Humana.** In April 2013, health insurance firm Humana announced that over the next six months the company will hire 100 new telephonic nurses and health coaches that will be based in the Air Trade Area. Most of the jobs will be at the firm's Humana Cares national operations and service center in St. Petersburg, which is also being renovated to add 8,000 sq. ft. of office space to accommodate an additional 475 associates.[14]
- **TD Bank.** In February 2013, TD Bank announced major growth plans in Florida markets "that yield the most potential opportunities." The Air Trade Area was specifically mentioned as one of these geographies. Both growth in bank branches and commercial teams to support loan growth are expected over the next few years.[15]

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[13] Sources: Tampa Bay Times, "Looming Sequestration Cuts Cause Uncertainty Locally," March 1, 2013, WUSF News, "MacDill Facing Cuts in People, Flight Time and Facilities," February 25, 2013, Tampa Tribune, "USF, Moffitt Researchers Say Sequestration Hurts Work," April 22, 2013.

[14] Source: Bradenton Herald, "Humana Hiring 100 Nurses and Health Coaches Across Tampa Bay Region," April 9, 2013.

[15] Source: Tampa Bay Business Journal, "TD Bank Plans Florida Growth," February 26, 2013.

- **Morgan Stanley.** In January 2013, the global financial services firm Morgan Stanley announced that it would hire up to 110 people and open a new office in the Air Trade Area. The new positions will come with an average wage of $55,000 per year and will include investment advisers and financial transaction processors.[16]

Table 4-8 presents total bank deposits for the Air Trade Area, Florida and the nation between 2005 and 2012.[17] Total bank deposits are an indication of the economic activity of the financial sector. As shown, total bank deposits in the Air Trade Area increased from approximately $42.4 billion in 2005 to approximately $60.3 billion in 2012. This increase represents a compound annual growth rate of 5.1 percent during this period, which was higher than that for Florida yet lower than that for the nation (compound annual growth rates of 3.1 and 6.0 percent, respectively) during this same period.

Manufacturing

Manufacturing employment in the Air Trade Area decreased at a compound annual rate of 3.0 percent between 2002 and 2012, compared to a decrease of 2.4 percent for the nation over the same period. In 2012, the manufacturing sector accounted for approximately 59,400 employees in the Air Trade Area, representing 5.1 percent of total nonagricultural employment. The manufacturing sector plays a relatively smaller role in the Air Trade Area's employment base than in the nation overall.

Despite higher growth rates in other sectors, manufacturing continues to be an important component of the Air Trade Area's economy. The Air Trade Area encompasses the western end of an area known as the Florida High Tech Corridor. This area extends from the western coast of Florida through Orlando in the central region of Florida to the eastern coast in Cape Canaveral. The Florida High Tech Corridor, a major reason why Florida was ranked as the fifth-largest high tech hub in the nation by employment according to a 2011 study[18], includes ten key technology sectors: agritechnology; aviation and aerospace; digital media and interactive entertainment; financial services; information technology; life sciences and medical technologies; microelectronics and nanotechnology; modeling, simulation, and training; optics and photonics and sustainable energy.

A major part of the high technology industry in the Air Trade Area is medical manufacturing. According to the Tampa Bay Partnership, Florida is second in the United States in terms of FDA-registered medical device manufacturers, and the Air Trade Area leads Florida – employing 31 percent of the state's medical device manufacturing workers. The medical device industry feeds off of the large amount of medical research being undertaken at institutes in the Air Trade Area, giving medical device makers a venue to test and perfect new devices. A wide range of medical devices are manufactured in the Air Trade Area, including prosthetics by

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16 Source: Tampa Tribune, "Morgan Stanley to Hire 110, Move Office to Temple Terrace," January 16, 2013.

17 Twelve months ending June 30 for the years depicted in Table 4-8.

18 Source: Tech America Foundation, "Cyberstates 2011: The Definitive State-by-State Analysis of the U.S. High-Tech Industry," October 2011.

Table 4-8: Total Bank Deposits

(Dollar Amounts in Millions)

	TOTAL BANK DEPOSITS		
FISCAL YEAR	AIR TRADE AREA	FLORIDA	UNITED STATES
Historical			
2005	$42,438	$342,821	$5,933,763
2006	$45,359	$363,415	$6,449,864
2007	$49,150	$373,711	$6,702,053
2008	$54,118	$380,281	$7,025,791
2009	$57,129	$400,979	$7,559,590
2010	$55,835	$409,894	$7,676,878
2011	$57,627	$411,157	$8,249,233
2012	$60,279	$423,908	$8,947,239
Compounded Annual Growth Rate			
2005-2012	5.1%	3.1%	6.0%

NOTE: Fiscal Year Ending June 30th.

SOURCE: Federal Deposit Insurance Corporation (FDIC), *Summary of Deposits Report* , April 2013.

PREPARED BY: Ricondo & Associates, Inc., July 2013.

Restorative Care and custom extrusions by NDH Medical. Major medical technology companies located in the Air Trade Area include Bausch + Lomb Pharmaceuticals, Cryo-Cell, and SRI Surgical.

The Air Trade Area also has a significant cluster of electronics contract manufacturing companies. With approximately 1,600 employees at their headquarters in the Air Trade Area, Jabil Circuit was ranked the third-largest electronic manufacturing services provider worldwide in a 2012 ranking by the Manufacturing Market Insider newsletter. The firm is considering building a new headquarters building in Pinellas County, a project that was stalled by the recent recession.[19] Sypris Electronics, a leading provider of electronics manufacturing and engineering services for the defense industry and the avionics and aerospace community is also headquartered in the Air Trade Area. The firm operates a 300,000+ sq. ft. manufacturing facility in Hillsborough County.

Other manufacturing employers with a large presence in the Air Trade Area include fertilizer manufacturer Mosaic Fertilizer (1,950 employees) and Honeywell Aerospace (1,500 employees), a leading manufacturer of instrumental, aeronautical, and guidance systems.

Construction

Construction employment in the Air Trade Area decreased at a compound annual rate of 2.6 percent between 2002 and 2012, compared to a decrease of 1.2 percent for the nation over the same period. In 2012, the construction sector accounted for approximately 53,900 employees in the Air Trade Area, which accounted for 4.7 percent of total nonagricultural employment.

According to March 2013 research from the Atlanta Federal Reserve, construction activity in the Air Trade Area office market during Q1 2013 was up slightly from a year earlier.[20] Most of the activity has been driven by tenant improvements and build to suit construction. Most commercial real estate construction activity has been centered in the apartment market and this activity is urban and concentrated in nature. Despite large numbers of apartment units coming to market, net absorption has remained positive. Office and industrial properties have also experienced positive net absorption over the last six months while the Air Trade retail property sector remains soft. The outlook for the Air Trade Area's commercial real estate market is mostly positive. The majority of [the Atlanta Federal Reserve's] contacts expect the market will improve slightly this year. Net absorption should be slightly positive during 2013 while vacancy rates are expected to edge down. Most anticipate asking rents will stabilize or rise slightly.

Both building permits and housing sales and prices are indirect indicators of employment in the residential construction sector. As shown in **Table 4-9** Air Trade Area residential building permits and valuation experienced a significantly more pronounced "boom" and a slightly more pronounced "bust" cycle than was experienced by the United States as a whole over the 2002-2012 period. From 2002 until the peak of the

19 Source: Tampa Bay Times, "Jabil Circuit's New CEO Mark Mondello Prone to Action," March 2, 2013.

20 Source: Atlanta Federal Reserve, "SouthPoint Blog: Conditions Improving in Tampa but Not Quite Fully Recovered," March 19, 2013.

Table 4-9: Residential Building Permits and Valuation -- 2002 - 2012

(Dollar Amounts in Thousands)

	AIR TRADE AREA		FLORDIA		UNITED STATES	
YEAR	**UNITS**	**VALUATION**	**UNITS**	**VALUATION**	**UNITS**	**VALUATION**
2002	23,542	$2,568,775	185,431	$22,467,802	1,747,678	$219,188,681
2003	29,281	$3,757,593	213,567	$28,351,596	1,889,214	$249,693,105
2004	29,557	$4,050,815	255,893	$36,959,407	2,070,077	$292,413,691
2005	34,174	$5,424,417	287,250	$46,802,753	2,155,316	$329,254,468
2006	22,640	$3,777,805	203,238	$35,716,293	1,838,903	$291,314,492
2007	12,249	$2,018,007	102,551	$17,998,784	1,398,415	$225,236,551
2008	9,613	$1,491,656	61,042	$10,769,119	905,359	$141,623,457
2009	6,962	$1,148,411	35,329	$6,788,686	582,963	$95,410,298
2010	6,501	$1,289,270	38,679	$7,823,544	604,610	$101,943,061
2011	6,342	$1,424,723	42,360	$8,814,610	624,061	$105,268,541
2012	10,299	$2,136,856	65,039	$13,138,935	815,512	$139,273,508
Compounded Annual Growth Rate						
2002-2005	13.2%	28.3%	15.7%	27.7%	7.2%	14.5%
2005-2012	-15.7%	-12.5%	-19.1%	-16.6%	-13.0%	-11.6%

SOURCE: U.S. Department of Commerce, Bureau of the Census, July 2013.
PREPARED BY: Ricondo & Associates, Inc., July 2013.

most recent residential real estate building cycle in 2005, the Air Trade Area's residential building permit units increased at a compound annual growth rate of 13.2 percent (compared to 7.2 percent for the United States) and building permit valuation increased at a compound annual growth rate of 28.3 percent (compared to 14.5 percent for the United States). From 2005 through 2012, the Air Trade Area's residential building permit units decreased at a compound annual rate of 15.7 percent (compared to a decrease of 13.0 percent for the United States) and building permit valuation decreased at a compound annual rate of 12.5 percent (compared to a decrease of 11.6 percent for the United States).

Air Trade Area home sales rose to their highest monthly sales level since 2005 in May 2013 (latest data available) and selling prices also increased in May 2013 over May 2012.[21] More than 3,400 homes sold in the Air Trade Area in May 2013 which was a twenty percent increase over May 2012 sales. Though well below the peak average selling price $245,000 in June 2006, the average house sold for $163,000 in May 2013, more than 50 percent higher than the price bottom of $107,500 in early 2011. There was only a three-month supply of homes in inventory in the Air Trade Area in May 2013 (below the typical six month supply), making buyers compete for available homes and stimulating the potential building of new supply.

According to the Atlanta Federal Reserve, the outlook for residential real estate conditions in the Air Trade area is rather positive. All of the [Atlanta Federal Reserve's] contacts polled indicated that they expect construction activity to rise in their market through September 2013. The vast majority of contacts also expected to see continued growth in home sales and in home prices.

Transportation/Utilities

Transportation/utilities employment in the Air Trade Area decreased at a compound annual rate of 2.0 percent between 2002 and 2012, compared to an increase of 0.3 percent for the nation over the same period. In 2012, the transportation/utilities sector accounted for approximately 26,300 employees in the Air Trade Area which accounted for 2.3 percent of total nonagricultural employment.

Air transportation demand in the Air Trade Area is primarily serviced by the Airport. The Air Trade Area is also supported by additional transportation infrastructure providing both passenger and freight access:

- The Air Trade Area is directly connected to major U.S. markets via an integrated network of Interstate highways. I-4 connects the Air Trade Area with Orlando and Daytona Beach on Florida's east coast where it also intersects with I-95 (the major north-south interstate on the U.S. east coast). I-75 connects the Air Trade Area with Atlanta, Cincinnati and Detroit. I-275 connects St. Petersburg with I-4 and I-75. This interstate highway network helps to supports a thriving trucking industry in the Air Trade Area, which includes over 186 trucking operations. According to the Tampa Bay Partnership, Air Trade Area trucking firms generated over $2.2 billion in sales in 2010. The Port of Tampa alone generates 11,200 truck movements daily.

[21] Source: Tampa Bay Times, "Tampa Bay's Home Sales and Prices Rise Again," June 20, 2013.

- Ocean shipping is facilitated by the Port of Tampa, Florida's largest and most diverse seaport, handling 34 million tons of cargo in FY2012. According to a June 2013 economic impact study, the Port has an annual economic impact of $15.1 billion and supports 80,000 jobs in the Air Trade Area economy. The development of a new container terminal has positioned the deep water Port as a gateway for the growing markets of Florida and the Southeast U.S. The port offers CSX rail service and over one million sq. ft. of warehouse/cold storage space. The Port also contains the largest ship repair facility in the Southeast U.S.
- Class I railway CSX provides freight rail service from the Air Trade Area to all major freight nodes and ports east of the Mississippi River. A new integrated logistics center planned in Winter Haven in the secondary air trade area will create a statewide rail-to-truck distribution center that is unique in the Southeast. The center is expected to be operational by May 2014.[22]
- Passenger rail service is provided to and from the Air Trade Area by Amtrak. The Silver Star (daily service along U.S. East Coast from Jacksonville to Washington, New York and Boston) train stops at historic Union Station in downtown Tampa.
- Public transit in the Air Trade Area is primarily provided by the Hillsborough Area Regional Transit Authority and the Pinellas Suncoast Transit Authority, which provide a variety of traditional bus transit services as well as the "In-Town-Trolley" service in the downtown area of Tampa.
- Greyhound Bus Lines provides regularly scheduled bus service to and from the Air Trade Area through depots in both Tampa and St. Petersburg.

The major utility company serving the primary Air Trade Area is TECO Energy. Tampa Electric Company and Peoples Gas System are the principal businesses of TECO Energy, which is headquartered in the Air Trade Area and has approximately 2,300 employees. Duke Energy, which has the headquarters office of its Florida operations in St. Petersburg, also provides electric service to the Air Trade Area and has approximately 2,000 employees.

Information

The information sector combines telecommunications service providers, traditional publishing, motion picture and sound recording, broadcasting, software, online services and data processing. Information employment in the Air Trade Area decreased at a compound annual rate of 3.0 percent between 2002 and 2012, compared to a decrease of 2.3 percent for the nation over the same period. In 2012, the information sector accounted for approximately 25,700 employees in the Air Trade Area which accounted for 2.2 percent of total nonagricultural employment.

According to a recent study of the Air Trade Area's IT workforce, Hillsborough and Pinellas counties have a slightly higher concentration of IT workers than the national concentration, and the Air Trade Area has the

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[22] Source: TheLedger.com, "After a Wait, Ground is Broken for CSX Terminal," November 8, 2012.

highest concentration of IT workers of Florida's major metropolitan areas.[23] Additionally, IT job growth in Hillsborough and Pinellas counties is expected to outpace total job growth for the period from 2011 through 2019, adding over 4,000 new jobs during that period.

Communications service provider Verizon is a major information sector employer in the Air Trade Area (approximately 9,957 employees). Since 2004, Verizon has been in the process of outfitting the Air Trade Area with one of the most advanced broadband networks in both Florida and the United States. This development has led to the Air Trade Area being frequently named as one of the "most wired" cities in the nation in recent surveys. In June 2013, Verizon announced that it would be hiring 100 sales representatives to launch a new national customer-retention center based in its downtown Tampa offices.[24]

HSN, Inc. (otherwise known as the Home Shopping Network), headquartered in the Air Trade Area, is a $3 billion interactive multichannel retailer with strong direct-to-consumer expertise and operates two business segments, HSN and Cornerstone. HSN offers innovative, differentiated retail experiences on TV, online, via mobile, in catalogs, and in brick and mortar stores. The firm has approximately 2,800 employees in the Air Trade Area.

Another significant information sector employer headquartered in the Air Trade Area is Tech Data. The firm is a leading full-line distributor of information technology products that serves more than 125,000 technology resellers and retail dealers in more than 100 countries. With approximately 1,500 employees in the Air Trade Area, this Fortune 500 company's services include sales training and technical support, financing options and configuration services, as well as a full range of electronic commerce solutions.

4.3 Economic Outlook

4.3.1 SHORT-TERM ECONOMIC OUTLOOK

According to an April 2013 economic forecast prepared by the University of Central Florida Institute for Economic Competitiveness (the latest forecast available), between 2013 and 2016, the Air Trade Area is expected to show moderate growth in most key economic indicators.[25] Employment growth is expected to average 2.5 percent annually over the 2013-2016 period. The Air Trade Area unemployment rate is projected to fall from 8.8 percent in 2012 to 6.1 percent in 2016. Job growth is anticipated to be most rapid in the construction sector, followed by the professional and business services sector and education and health service sector. Total housing starts are expected to more than double, rising from 10,299 in 2012 to approximately 22,600 in 2016.

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23 Source: Hillsborough-Pinellas IT Workforce Initiative, "Tampa Bay Information Technology Workforce Analysis," October 2012.

24 Source: Tampa Bay Times, "Verizon to Bring 100 New Jobs to Tampa," June 27, 2013.

25 Source: University of Central Florida Institute for Economic Competitiveness, "Florida & Metro Forecast 2013-2016," April 2013.

4.3.2 LONG TERM ECONOMIC ASSUMPTIONS INCORPORATED IN PASSENGER DEMAND PROJECTIONS

As described in more detail in Section 5.4.1 of this report, the methodologies employed in developing the projections of passenger demand at the Airport included (among other methodologies) statistical linear regression modeling with local and national socioeconomic and demographic factors as independent variables and enplaned passengers as the dependent variable. Independent variables considered for this analysis included population, employment, income, and gross regional/domestic product. For each of these socioeconomic and demographic factors, the regression modeling produced a coefficient that was applied to the projection of the corresponding socioeconomic or demographic factor to provide an estimate of enplaned passengers. **Table 4-10** presents the CY 2013 and CY 2023 figures utilized in the modeling as well as the compound annual growth rate for each independent variable between CY 2013 and CY 2023.

Table 4-10: Forecast of Economic Variables Used in Passenger Demand Projections

VARIABLE	CY 2013	CY 2023	CAGR 2013-2023
ATA Population	2,913,798	3,314,736	1.3%
US Population	317,790,856	350,537,844	1.0%
ATA Total Employment1/	1,560	1,811	1.5%
US Total Employment1/	179,451	205,261	1.4%
ATA Total Personal Income2/	$97,286	$127,091	2.7%
US Total Personal Income2/	$11,728,820	$14,809,360	2.4%
ATA Per Capita Personal Income3/	$39,583	$60,973	4.4%
US Per Capita Personal Income3/	$43,756	$68,437	4.6%
ATA Gross Regional Product (GRP)4/	$111,670	$143,404	2.5%
US Gross Domestic Product (GDP)4/	$13,295,453	$16,655,719	2.3%

NOTES:

"ATA" is the Airport's Air Trade Area

1/ Figures displayed in thousands of jobs.

2/ Figures displayed in millions of 2005 dollars.

3/ Figures displayed in current dollars.

4/ Figures displayed in millions of 2005 dollars.

SOURCE: Woods and Poole Economics, Inc., *2013 Complete Economic and Demographic Data Source (CEDDS)*.

PREPARED BY: Ricondo & Associates, Inc., July 2013.

5. Passenger Demand and Air Service Analysis

This chapter describes historical and projected aviation activities at the Airport and discusses key factors affecting trends in these activities.

5.1 Airlines Serving the Airport

The Airport has scheduled passenger service provided by fourteen carriers serving domestic destinations, and six carriers serving international destinations. In addition, two all-cargo carriers provide scheduled cargo service at the Airport. Domestic scheduled service at the Airport is provided by AirTran Airways (AirTran), American Airlines (American), Delta Air Lines (Delta), ExpressJet Airlines (d/b/a Delta Connection & United Express), Frontier Airlines (Frontier), JetBlue Airways (JetBlue), Pinnacle Airlines (d/b/a Delta Connection), Republic (d/b/a US Airways Express), Silver Airways, Southwest Airlines (Southwest), Spirit Airlines (Spirit), United Airlines (United), and US Airways. Sun Country provides seasonal domestic service. International scheduled service at the Airport is provided by Air Canada, American, British Airways, Cayman Airways, Delta, Edelweiss Air and WestJet. SBG Sky King, Inc. provides international service on a charter basis. Copa Airlines will begin serving the Airport in December 2013. **Table 5-1** lists the airlines serving the Airport as of June 2013[1].

Table 5-2 presents the air carriers providing service at the Airport since FY 2003. As shown, the Airport has had the benefit of a relatively large and stable domestic air carrier base during the years depicted, which has helped promote competitive pricing and schedule diversity in the Airport's major markets. Specific points concerning the Airport's historical air carrier base are presented below:

- All of the passenger airlines with domestic scheduled service in FY 2013 have provided service at the Airport and operated there during each of the years shown in Table 5-2. Three of the air carriers providing international service at the airport have operated at the Airport for each of the years depicted.

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1 Sun Country operates seasonal service during the winter months only.

Table 5-1: Airlines Serving the Airport [1/]

DOMESTIC SERVICE	INTERNATIONAL SERVICE	ALL-CARGO SERVICE [2/]
AirTran [3/]	Air Canada	FedEx
American [4/]	American [4/]	Flight Express, Inc.
Delta	British Airways	
ExpressJet (d/b/a Delta Connection)	Cayman Airways	
Pinnacle (d/b/a Delta Connection)	Copa Airlines [5/]	
Frontier	Delta	
JetBlue	Edelweiss Air [6/]	
Silver Airways	SBG Sky King, Inc. [7/]	
Southwest [3/]	WestJet	
Spirit		
Sun Country [7/]		
US Airways [4/]		
Republic (d/b/a US Airways Express)		
United		
ExpressJet (d/b/a United Express)		

NOTES:

1/ Scheduled as of June 2013 except where noted below.

2/ All-cargo carriers as of May 2013

3/ AirTran merged with Southwest and the FAA granted a single operating certificate to Southwest on March 1, 2012. Southwest has begun system integration and anticipates completion in late 2014.

4/ In February 2013, American and US Airways announced plans to merge, however, on August 13, 2013 by the Department of Justice, and the attorneys general from six states and the District of Columbia filed a civil antitrust lawsuit challenging the proposed merger.

5/ Service scheduled to begin December 2013.

6/ Provides 1x weekly service.

7/ Domestic carrier that provides international charter service.

7/ Provides seasonal service during the winter months only.

SOURCES: Hillsborough County Aviation Authority; Diio, LLC.; August 2013.

PREPARED BY: Ricondo & Associates, Inc., August 2013.

Table 5-2: Historical Scheduled Passenger Air Carrier Base [1/]

(Fiscal Years Ended September 30)

AIR CARRIER	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 [2/]
Air Canada	•	•	•	•	•	•	•	•	•	•	•
American [3/]	•	•	•	•	•	•	•	•	•	•	•
British Airways	•	•	•	•	•	•	•	•	•	•	•
Cayman Airways	•	•	•	•	•	•	•	•	•	•	•
Delta [4/]	•	•	•	•	•	•	•	•	•	•	•
Frontier	•	•	•	•	•	•	•	•	•	•	•
JetBlue	•	•	•	•	•	•	•	•	•	•	•
Southwest [5/]	•	•	•	•	•	•	•	•	•	•	•
Spirit	•	•	•	•	•	•	•	•	•	•	•
United [6/]	•	•	•	•	•	•	•	•	•	•	•
US Airways [3/]	•	•	•	•	•	•	•	•	•	•	•
WestJet			•	•	•	•	•	•	•	•	•
Sun Country [7/]		•	•	•			•	•			•
SBG Sky King, Inc. [7/]										•	•
Edelweiss Air [7/]											•
Copa Airlines [8/]											•
Airlines No Longer Serving the Airport											
AirTran [5/]	•	•	•	•	•	•	•	•	•	•	•
Continental [6/]	•	•	•	•	•	•	•	•	•	•	•
Northwest [4/]	•	•	•	•	•	•	•				
Ryan International						•	•				
America West [3/]	•	•	•	•							
Independence Air			•	•							

NOTES:

1/ Where applicable, includes affiliated, regional and merged carriers.

2/ Scheduled as of June 2013

3/ In February 2013, American and US Airways announced plans to merge, however, on August 13, 2013 by the Department of Justice, and the attorneys general from six states and the District of Columbia filed a civil antitrust lawsuit challenging the proposed merger.. American West merged with US Airways in 2006.

4/ Northwest merged with Delta and the FAA granted a single operating certificate to Delta on December 31, 2009. All data includes Northwest carriers.

5/ AirTran merged with Southwest and the FAA granted a single operating certificate to Southwest on March 1, 2012. All data includes AirTran.

6/ Continental merged with United and the FAA granted a single operating certificate to United on November 30, 2011. All data includes Continental carriers.

7/ Sun Country provides seasonal service. SBG Sky Kings, Inc. and Edelweiss Air provide charter service.

8/ Service scheduled to begin December 2013.

SOURCES: Hillsborough County Aviation Authority; Innovata, August 2013.

PREPARED BY: Ricondo & Associates, Inc., August 2013

- The Air Trade Area experiences seasonal peaks attributable to its leisure-oriented travelers. During those seasonal peaks, existing air carriers increase a number of flights and other carriers such as Sun Country add seasonal service for only those peak periods. While Frontier provides only seasonal service to other Florida cities, Tampa's strong market has been able to maintain service from such carriers year round.
- International service is provided by Air Canada, American, British Airways, Cayman Airways, Copa Airlines[2], Delta, Edelweiss Air, SBG Sky King, Inc. and WestJet, to the following cities[3]:
  - Cancun, Mexico
  - Georgetown, Grand Cayman Island
  - Halifax, Nova Scotia, Canada
  - Havana, Cuba
  - Holguin, Cuba
  - London, England
  - Montreal, Quebec, Canada
  - Ottawa, Ontario, Canada
  - Panama City, Panama[4]
  - Zurich Switzerland

5.2 Air Service Analysis

5.2.1 HISTORICAL AIRLINE MARKET SHARES

Table 5-3 presents the historical share of enplanements by airline at the Airport between FY 2008 and FY 2012. As shown, enplanements are spread over a large number of carriers, with no carrier having more than 33 percent of annual enplanements at the Airport during the years depicted. Delta and Southwest accounted for 48.3 percent of enplanements at the Airport in FY 2012, with the next seven airlines combined accounting for an additional 48.4 percent of enplanements during this same period.

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2 Scheduled to start in December 2013

3 Some cities are served seasonally.

4 Scheduled to start in December 2013

Table 5-3: Historical Total Enplaned Passengers by Airline

(Fiscal Years Ended September 30)	2008		2009		2010		2011		2012	
CARRIER [1/]	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE	ENPLANED PASSENGERS	SHARE
Southwest [2/]	2,693,352	28.8%	2,626,683	30.7%	2,679,904	32.2%	2,678,256	31.9%	2,598,707	30.8%
Delta [3/]	1,306,890	14.0%	1,102,267	12.9%	1,488,083	17.9%	1,466,443	17.5%	1,480,795	17.5%
US Airways [5/]	1,026,376	11.0%	876,145	10.2%	847,812	10.2%	881,552	10.5%	864,385	10.2%
American [5/]	836,457	8.9%	736,084	8.6%	736,778	8.8%	736,349	8.8%	766,404	9.1%
AirTran [2/]	771,487	8.3%	701,924	8.2%	657,603	7.9%	688,915	8.2%	675,571	8.0%
Continental [4/]	796,838	8.5%	674,206	7.9%	659,092	7.9%	618,565	7.4%	634,420	7.5%
JetBlue	423,354	4.5%	430,004	5.0%	411,997	4.9%	481,138	5.7%	598,266	7.1%
United [4/]	477,620	5.1%	432,157	5.0%	418,139	5.0%	399,756	4.8%	375,045	4.4%
Spirit	211,591	2.3%	163,542	1.9%	144,977	1.7%	180,860	2.2%	169,269	2.0%
British Airways	60,879	0.7%	61,240	0.7%	59,074	0.7%	69,894	0.8%	78,704	0.9%
Air Canada	65,915	0.7%	65,014	0.8%	70,469	0.8%	69,972	0.8%	74,821	0.9%
Frontier	55,032	0.6%	73,756	0.9%	88,048	1.1%	48,543	0.6%	46,290	0.5%
WestJet	43,278	0.5%	37,070	0.4%	48,036	0.6%	43,851	0.5%	43,465	0.5%
Cayman Airways	21,339	0.2%	18,663	0.2%	17,616	0.2%	18,162	0.2%	18,292	0.2%
Northwest [3/]	506,568	5.4%	550,266	6.4%	-	0.0%	-	0.0%	-	0.0%
All Others [6/]	53,830	0.6%	11,641	0.1%	7,257	0.1%	627	0.0%	16,653	0.2%
Airport Total	**9,350,806**	**100.0%**	**8,560,662**	**100.0%**	**8,334,885**	**100.0%**	**8,382,883**	**100.0%**	**8,441,087**	**100.0%**

NOTES:

1/ Includes regional/commuter affiliates.

2/ AirTran merged with Southwest and the FAA granted a single operating certificate to Southwest on March 1, 2012.

3/ Northwest merged with Delta and the FAA granted a single operating certificate to Delta on December 31, 2009.

4/ Continental merged with United and the FAA granted a single operating certificate to United on November 30, 2011.

5/ In February 2013, American and US Airways announced plans to merge, however, on August 13, 2013 by the Department of Justice, and the attorneys general from six states and the District of Columbia filed a civil antitrust lawsuit challenging the proposed merger.

6/ Consists of airlines no longer serving the Airport and/or charter airlines.

7/ Totals may not add due to individual rounding.

SOURCES: Hillsborough County Aviation Authority; Innovata, April 2013.

PREPARED BY: Ricondo & Associates, Inc., August 2013.

Southwest has had the largest share of enplaned passengers for each of the years depicted. From FY 2008 to FY 2012, Southwest's shares of enplaned passengers increased from 28.8 percent to 30.8 percent; however, over the same period Southwest's enplaned passengers decreased by 3.5 percent. Over the comparable period, JetBlue has seen the largest percentage increase in enplaned passengers from FY 2008 to FY 2012, an increase of 41.3 percent. JetBlue's share of enplaned passengers has increased from 4.5 percent to 7.1 percent over the same period. The largest percentage decrease in enplaned passengers has occurred with United. From FY 2008 to FY 2012, United's enplaned passengers have decreased 21.5 percent. United's share of enplaned passengers has decreased from 5.1 percent in FY 2008 to 4.4 percent in FY 2012.

5.2.2 NON-STOP MARKETS

An important airport characteristic is the distribution of its O&D markets, which is a function of air travel demand and available services and facilities. This is particularly true for the Airport, as it services primarily O&D passengers.[1] **Table 5-4** presents historical data on the Airport's primary (i.e., top 20) O&D markets. As shown, the Airport served primarily medium-haul markets in the periods depicted, with an average stage length (i.e., passenger trip distance) of 1.176 miles in FY 2007 and 1,246 miles in FY 2012. The Airport's average stage lengths during these periods reflect the Airport's geographical location and strong local demand for major East Coast (e.g., New York, Boston, Philadelphia, and Baltimore) and Midwest (e.g., Chicago and Detroit) markets.

After remaining relatively unchanged in FY 2007, total O&D passengers decreased year over year between FY 2008 and FY 2010; however in FY 2011 and FY 2012 total O&D passengers increased at 1.2 percent and 0.6 percent, respectively. Comparing FY 2007 and FY 2012, all of the top 20 markets experienced a decrease in total O&D passengers, with the exception of San Juan and Pittsburgh. Significant decreases occurred in the Fort Lauderdale (37.4 percent), Philadelphia (31.3 percent) and Hartford (30.7 percent) markets. The San Juan market experienced a significant increase in O&D passenger levels at the Airport, with O&D passengers increasing by 63.1 percent between FY 2007 and FY 2012. This increase can be primarily attributed to new service by JetBlue in May 2011. Total O&D passengers in the Pittsburgh market increased 1.8 percent, between FY 2007 and FY 2012.

Table 5-5 presents the Airport's nonstop markets scheduled for June 2013, including the markets served, daily flights, and airlines providing nonstop flights. On June 3, 2013, daily nonstop service is scheduled to 64 cities with a total of 219 daily flights, with 21 daily nonstop flights to New York, the Airport's top O&D market. One time per week service is provided to three international destinations; Cancun, Mexico, Holguin, Cuba, and Zurich, Switzerland and three times per week services is provided to Havana, Cuba. Seasonal service is also provided to three Canadian markets, Halifax, Montreal, and Ottawa. All 20 of the Airport's primary O&D markets are provided nonstop service with a total of 134 daily flights. Other primary O&D markets with a significant number of daily nonstop flights include Atlanta (21 daily flights) and Chicago (11 daily flights). Nine daily nonstop flights are offered to Fort Lauderdale, and Washington DC. On July 4, Frontier initiated twice weekly service aboard 168-seat Airbus A320 jets to Wilmington, Delaware. Additional new scheduled services include: Copa's four weekly services to Panama City, Panama starting December 2013 and Edelweiss Air's second weekly service to Zurich starting March 4, 2014.

Table 5-4: Top 20 O&D Markets

	FY 2007				FY 2012				
RANK	MARKET	STAGE LENGTH 1/	TOTAL O&D PASSENGERS	AVERAGE FARE	MARKET	STAGE LENGTH 1/	TOTAL O&D PASSENGERS	AVERAGE FARE	NON-STOP SERVICE 2/
1	New York/Newark 3/	MH	1,642,373	$113	New York/Newark 3/	MH	1,368,417	$142	•
2	Chicago 4/	MH	915,699	$100	Chicago 4/	MH	676,698	$147	•
3	Philadelphia	MH	668,454	$93	Washington, DC 5/	MH	433,923	$162	•
4	Atlanta	SH	564,526	$132	Atlanta	MH	482,373	$133	•
5	Washington, DC 5/	MH	563,942	$113	Detroit	MH	475,515	$126	•
6	Baltimore	MH	515,989	$88	Baltimore	MH	468,914	$129	•
7	Detroit	MH	506,096	$98	Philadelphia	MH	459,274	$149	•
8	Boston	MH	479,208	$125	Boston	MH	411,110	$159	•
9	Fort Lauderdale	SH	384,930	$77	Dallas/Fort Worth 6/	MH	320,015	$179	•
10	Indianapolis	MH	361,174	$86	Denver	MH	287,176	$170	•
11	Dallas/Fort Worth 6/	MH	356,947	$140	San Juan	SH	268,916	$104	•
12	Las Vegas	LH	325,036	$153	Indianapolis	MH	265,562	$128	•
13	Denver	MH	317,191	$128	Pittsburgh	MH	262,030	$133	•
14	Hartford	MH	307,281	$119	Las Vegas	LH	254,123	$180	•
15	Providence	MH	292,138	$106	Fort Lauderdale	MH	241,079	$96	•
16	Manchester	MH	273,833	$103	Houston 7/	MH	222,870	$186	•
17	Pittsburgh	MH	257,272	$101	Columbus	MH	216,042	$132	•
18	Nashville	MH	255,730	$99	Hartford	MH	213,094	$147	•
19	Houston 7/	MH	251,615	$126	Minneapolis/St. Paul	MH	212,573	$193	•
20	Los Angeles	LH	242,496	$186	Providence	MH	212,305	$138	•
	Total Top 20 Airports		**9,481,932**				**7,752,008**		
	Other O&D Markets		**9,718,150**				**8,782,504**		
	Total O&D Passengers		**19,200,081**	$134			**16,534,512**	$175	
	Average								
	Airport	1,176		$134		1,246		$175	
	United States	1,271		$167		1,367		$209	

NOTES:

1/ Short Haul (SH) = 0 to 600 miles, Medium Haul (MH) = 601 to 1,800 miles, Long Haul (LH) = over 1,800 miles.

2/ Non-stop service as of June 2013.

3/ Includes John F. Kennedy (JFK), LaGuardia (LGA), and Newark, NJ (EWR).

4/ Includes Chicago O'Hare (ORD) and Chicago Midway (MDW).

5/ Includes Washington Reagan National (DCA) and Washington Dulles (IAD).

6/ Includes Dallas Love Field (DAL) and Dallas/Fort Worth (DFW). Non-stop is only provided to DFW.

7/ Includes Houston Hobby (HOU) and Houston Bush Intercontinental (IAH).

SOURCE: U.S. DOT Origin & Destination Survey; Innovata, April 2013

PREPARED BY: Ricondo & Associates, Inc., April 2013

Table 5-5: Non-Stop Markets [1/]

MARKET [2/]	AVG DAILY NON-STOPS	NUMBER OF AIRLINES	AIRLINE (OPERATING CARRIER) - AVERAGE DAILY DEPARTURES (AIRPORT)
Akron	1	1	AirTran
Albany	1	1	Southwest
Atlanta	21	2	AirTran (8), Delta (13)
Atlantic City	1	1	Spirit
Austin	1	1	Southwest
Baltimore	7	2	AirTran (5), Southwest (2)
Birmingham	2	1	Southwest
Boston	3	1	JetBlue
Buffalo	2	2	AirTran, Southwest
Cancun, Mexico [2/]	1	1	Delta
Charlotte	8	1	US Airways
Chicago	11	4	AirTran (1-MDW), American (3-ORD), Southwest (4-MDW), United (3-ORD)
Cincinnati	2	1	Delta
Cleveland	1	1	United
Columbus, OH	2	2	AirTran, Southwest
Dallas/Ft. Worth	8	2	American (7), Spirit (1)
Dayton	1	1	AirTran
Denver	4	3	Frontier (1), Southwest (2), United (1)
Detroit	5	1	Delta
Flint	1	1	Southwest
Fort Lauderdale	9	3	Southwest (5), Spirit (1), Silver Airways (3)
Gainsville	3	1	Silver Airways
Grand Cayman Island	1	1	Cayman Airways
Halifax, Canada		2	Air Canada (seasonal service), WestJet (seasonal service)
Hartford	2	1	Southwest
Havana, Cuba [3/]	1	1	Sky King
Holguin, Cuba [3/]	1	1	Sky King
Houston	9	3	AirTran (1-HOU), Southwest (3-HOU), United (5-IAH)
Indianapolis	3	2	AirTran (2), Southwest (1)
Jacksonville	3	1	Silver Airways
Kansas City	2	1	Southwest
Key West	4	2	Southwest (1), Silver Airways (3)
Las Vegas	2	1	Southwest
London, England	1	1	British Airways (LGW)
Long Island	2	1	Southwest
Los Angeles	1	1	Delta
Louisville	1	1	Southwest
Manchester, NH	1	1	Southwest
Memphis	1	1	Delta
Miami	6	2	American
Milwaukee	2	2	AirTran, Southwest
Minneapolis/St. Paul [4/]	2	2	Delta, Sun County (seasonal service)
Montreal, Canada		1	Air Canada
Nashville	4	1	Southwest
New Orleans	4	1	Southwest
New York/Newark	21	4	American (1-JFK), Delta (2-JFK; 4-LGA), JetBlue (1-EWR; 5-JFK; 2-LGA), United (6-EWR)
Ottawa, Canada		1	WestJet (seasonal service)
Panama City, Panama [5/]		1	Copa Airlines
Pensacola	3	1	Silver Airways
Philadelphia	7	3	AirTran (1), Southwest (1), US Airways (5)
Phoenix	3	2	Southwest (1), US Airways (2)
Pittsburgh	3	2	AirTran (2), Southwest (1)
Providence	2	1	Southwest
Raleigh	4	3	AirTran (1), Delta Connection (1), Southwest (2),
Rochester	1	1	Southwest
San Antonio	1	1	Southwest
San Juan, Puerto Rico	4	2	JetBlue (3), Southwest (1)
St. Louis	2	1	Southwest
Tallahassee	3	1	Silver Airways
Toronto, Canada	2	2	Air Canada, WestJet
Trenton	1	1	Frontier
Washington, DC	9	3	JetBlue (1-DCA), United (3-IAD), US Airways (5-DCA)
West Palm Beach	3	1	Silver Airways
Westchester County	1	1	JetBlue
Zurich, Switzerland [6/]	1	1	Edelweiss Air
Total	219		

NOTES:

1/ Non-stop service as of June 2013 except where noted below.

2/ Once weekly seasonal service as of June 2013.

3/ Nonscheduled seasonal service. Three weekly services to Havana and one weely service to Holguin as of June 2013.

4/ Sun Country provides seasonal service (Dec - Apr).

5/ Service scheduled to begin December 2013.

6/ Once weekly seasonal service as of June 2013. A second weekly service is scheduled to begin March 4, 2014.

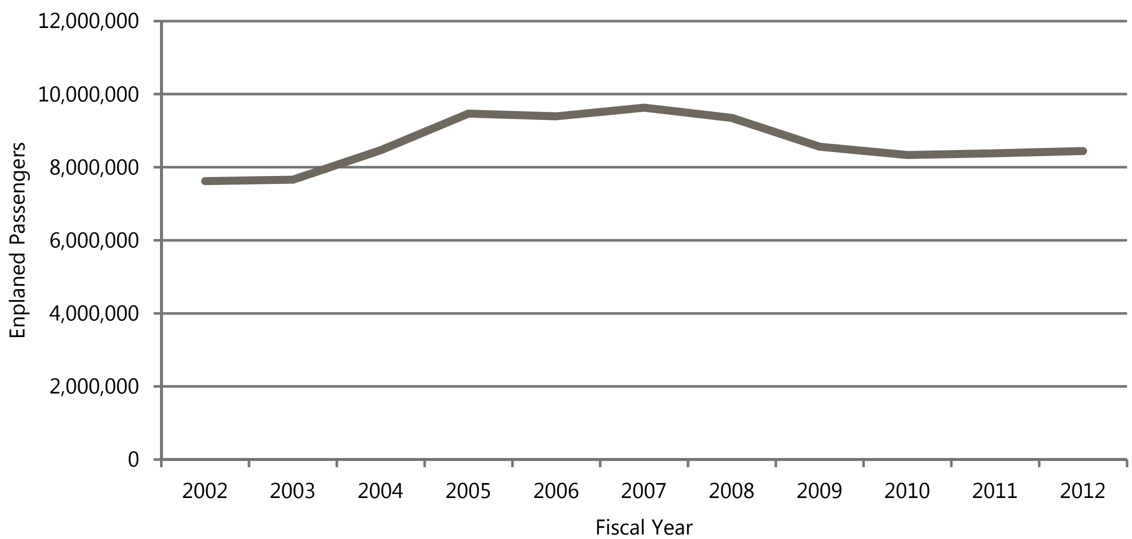
SOURCES: Hillsborough County Aviation Authority, Innovata, August 2013

PREPARED BY: Ricondo & Associates, Inc., August 2013.

5.2.3 AIRLINE TRENDS RELATED TO HISTORICAL TOTAL PASSENGER ACTIVITY AT THE AIRPORT

Table 5-6 and **Exhibit 5-1** present ten years of data regarding historical passenger activity at the Airport for enplaned passengers. As shown in Table 5-6, the Airport's historical share of nationwide enplaned passengers, has decreased over this period from approximately 1.21 percent in FY 2002 to 1.16 percent in FY 2012. The Airport experienced an increase in its share of nationwide enplanements between FY 2003 and FY 2005, when it increased from 1.19 percent to 1.29 percent. The data shows that passenger activity trends at the Airport have fluctuated and experienced lower growth rates when compared to the nation as a whole. Between FY 2002 and FY 2007, enplaned passengers at the Airport increased at an annual rate of 4.8 percent, compared to 1.5 percent for the nation. From FY 2007 to FY 2012, enplaned passengers at the Airport decreased at an annual rate of 2.6 percent, compared to an annual increase of 1.4 percent for the nation. Overall, for the ten year historical period, total passengers and enplaned passengers at the Airport increased at a compound annual growth rate of 1.0 percent compared to 1.5 percent nationwide. Fiscal Year-to-Date (FYTD) 2013 enplaned passenger activity has increased 1.1 percent compared to the same period in FY 2012.

Exhibit 5-1: Historical Enplaned Passengers



SOURCE: Hillsborough County Aviation Authority, April 2013.
PREPARED BY: Ricondo & Associates, Inc., July 2013.

The Airport has experienced periods of strong passenger growth over the past ten years, notably double-digit percentage increases in 2004 and 2005. The Airport experienced declines due to an economic recession and depressed demand for air service, evidenced by the Airport's 2.9 percent decrease in passengers in FY 2008 followed by an 8.5 percent decrease in FY 2009 and a further 2.6 percent decrease in FY 2010. Nationwide enplaned passengers also experienced declines in FY 2008 and FY 2009. From FY 2008 to FY 2010, the Airport's scheduled seat capacity decreased year-over-year at rates greater than the nation. Airport seat capacity decreased 2.6 percent in FY 2008, 12.2 percent in FY 2009, and 3.3 percent in FY 2010. Over the same period, nationwide seat capacity decreased 0.5 percent, 7.8 percent, and 1.5 percent, respectively.

Table 5-6: Historical Enplaned Passengers

(Fiscal Years Ended September 30)

FISCAL YEAR	AIRPORT ENPLANED PASSENGERS	ENPLANED GROWTH	U.S. TOTAL ENPLANEMENTS	U.S. GROWTH	MARKET SHARE
2002	7,618,598	-	627,651,689	-	1.21%
2003	7,660,785	0.6%	643,224,649	2.5%	1.19%
2004	8,465,720	10.5%	690,967,755	7.4%	1.23%
2005	9,469,020	11.9%	733,406,048	6.1%	1.29%
2006	9,391,650	(0.8%)	732,886,414	(0.1%)	1.28%
2007	9,628,144	2.5%	756,525,465	3.2%	1.27%
2008	9,350,806	(2.9%)	747,466,798	(1.2%)	1.25%
2009	8,560,662	(8.5%)	695,488,533	(7.0%)	1.23%
2010	8,334,885	(2.6%)	702,818,621	1.1%	1.19%
2011	8,382,883	0.6%	721,387,972	2.6%	1.16%
2012	8,441,087	0.7%	725,202,832 1/	0.5%	1.16%
FYTD (Oct - Jul)					
2012	7,188,034				
2013	7,270,114	1.1%			
Compound Annual Growth Rate					
2002 - 2007	4.8%		1.5%		
2007 - 2012	(2.6%)		1.4%		
2002 - 2012	1.0%		1.5%		

NOTE:

1/ FAA estimate for 2012.

SOURCES: Hillsborough County Aviation Authority (August 2013); FAA Terminal Area Forecast (April 2013).

PREPARED BY: Ricondo & Associates, Inc., August 2013.

The Airport is classified by the FAA as a large-hub facility based on its percentage of nationwide passenger activity[5] and ranked 29th in the United States in CY 2011 with 16.7 million total (enplaned and deplaned) passengers.

As shown in Table 5-6, the number of enplaned passengers utilizing the Airport increased at a compound annual growth rate of 1.0 percent between FY 2002 and FY 2012, from approximately 7.6 million enplaned passengers to approximately 8.4 million enplaned passengers. Specific details concerning passenger activity at the Airport between FY 2002 and FY 2012 are discussed below:

- **FY 2002.** The effects of September 11th and the post-September 11th economic environment caused passenger activity at the Airport to decrease from 8.2 million enplanements in FY 2001 to 7.6 million in FY 2002.
- **FY 2003 – FY 2004.** Enplanements for US Airways decreased by 287,312 passengers in FY 2003 due to its elimination of nonstop service to New York, the reduction of nonstop service to Pittsburgh, and the elimination of its low-fare MetroJet service. This decrease was offset, however, by the continued growth of AirTran at the Airport, as well as the initiation of service at the Airport by Air Wisconsin and Chautauqua in FY 2003. As a result, enplanements at the Airport increased slightly in FY 2003 from FY 2002 levels, a 0.6 percent increase during this period.

  Passenger activity at the Airport increased from 7.7 million enplanements in FY 2003 to 8.5 million enplanements in FY 2004; an increase of 10.5 percent during this period, compared to 7.4 percent for passenger activity nationwide estimated by the FAA. This significant increase was primarily due to continued growth in service by the low-cost carriers at the Airport during this period, as well as the sustained and increased service by the legacy carriers to maintain their market shares (e.g., low-fare service by Delta's Song and United's Ted).
- **FY 2005 – FY 2007**. Enplanements for FY 2005 increased 11.9 percent from FY 2004, due to an increase in service by AirTran, American, Southwest and Chautauqua (Delta Connection). Both Delta and Northwest voluntarily filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code on November 14, 2005 (mid-FY 2006). As part of its strategy for emerging from bankruptcy, Delta reduced domestic service system wide and realigned its domestic hub system to increase load factors and enhance revenue performance. This rightsizing by Delta negatively impacted passenger activity at the Airport. In FY 2006, Airport total enplanements decreased by approximately 80,000 from FY 2005 levels while Delta's enplanements decreased by approximately 400,000 over the same period. During Delta's reduction in service, low-cost carriers AirTran, JetBlue, and Southwest all experienced increases in enplaned passengers, offsetting the majority of Delta's decreased enplanements. In FY 2005, low-cost carrier Independence Air initiated service at the Airport and offered nonstop service to seven cities before ceasing operations in FY 2006[6]. Independence Air

5 As defined by the FAA, a large primary airport enplanes between 6.1 percent and 1.1 percent of nationwide enplanements during a calendar year. This percentage range of nationwide enplanements equates to 8,174,194 to 44,414,121 enplaned passengers in CY 2011, the latest calendar year for determining airport size. The Airport enplaned 8,174,194 people in CY 2011.

6 Independence Air ceased all operations nationwide on January 5, 2006.

enplaned approximately 1.2 percent of total enplaned passengers at the Airport in FY 2005 and by FY 2006 the airline's market share decreased to 0.2 percent of total enplanements. For FY 2007, enplanements were 9.6 million, an increase of 1.7 percent, from FY 2005.

- **FY 2008 – FY 2010.** After experiencing an annual growth rate of 4.8 percent from FY 2002 through FY 2007, enplanements decreased in FY 2008, FY 2009, and FY 2010 by 2.9 percent, 8.5 percent, and 2.6 percent annually, respectively. In FY 2010, enplaned passengers were approximately 8.3 million or 13.4 percent below FY 2007 levels (9.6 million). As noted earlier, contributing to these decreases was the result of carrier capacity reductions in FY 2008 (2.6 percent) that continued through FY 2009 (12.2 percent) due to high fuel costs and lower passenger demand caused by the economic downturn. Contributing to the reductions were the following:
  - Southwest reduced capacity in nearly all markets served from the Airport. Compared to FY 2007, the following selected markets experienced capacity reductions through FY 2010: Baltimore, Birmingham, Chicago-Midway, Columbus, Fort Lauderdale, Hartford, Islip-Long Island, Jacksonville, Nashville, Philadelphia, Providence, and Washington-Dulles. Southwest eliminated nonstop service to Albuquerque. Southwest did increase capacity in the Denver, Las Vegas, and Pittsburgh markets comparing FY 2008 and FY 2010. Overall departing seat capacity for Southwest decreased from approximately 4.1 million seats in FY 2008 to 3.6 million seats in FY 2010.
  - Over this period, Delta reduced capacity to Boston, Cincinnati, Hartford, Los Angeles, New York-JFK, and Salt Lake City. Northwest, which merged with Delta, operated service to Indianapolis which was discontinued in FY 2009.
  - Continental Connection, which was operated by Gulfstream, reduced intra-state service to Fort Lauderdale, Miami, Pensacola, and Tallahassee and eliminated service to Gainesville, Naples, Jacksonville, and West Palm Beach.
  - During FY 2008, AirTran started and discontinued nonstop service to the following destinations, Boston, Detroit, Minneapolis/St. Paul, New York-LaGuardia, and Newport News. AirTran discontinued service to Philadelphia in FY 2008.
- **FY 2011 – FY 2012.** As the economy slowly recovered, enplanements increased slightly. Enplaned passengers reached 8.4 million in FY 2011, a slight 0.6 percent increase from 8.3 million in FY 2010. In FY 2012, enplaned passenger increased 0.7 percent. During this period, the majority of carriers either kept capacity unchanged or decreased it slightly as carriers remained disciplined and experienced higher load factors. American and JetBlue did increase capacity during this period. American increased service to Miami and Chicago-O'Hare, but discontinued service to San Juan in FY 2011. JetBlue initiated service to San Juan in FY 2011 and in late FY 2012 added New York-LaGuardia and Washington-Reagan. Also, Spirit added service to Dallas/Fort Worth in FY 2012.
- **FYTD 2013 (Oct – Jul).** FYTD enplaned passengers have increased 1.1 percent over the comparable period in FY 2012. Southwest (including AirTran) and Delta, the two largest carriers based on enplaned passengers, have experienced FYTD decrease of 4.8 percent and 3.2 percent, respectively. However, Southwest initiated new service to Key West in November 2012, and is schedule to add Flint, MI, Rochester, NY, and San Juan before FYE 2013. Delta initiated new service to Raleigh/Durham in

March 2013. All remaining domestic carriers have experienced an increase in enplaned passengers during this period. Spirit experienced the largest percentage increase as enplaned passengers increased from 143,478for FYTD 2012, to 185,411for FYTD 2013, an increase of 29.2 percent. This increase is primarily due to the recent addition of Dallas/Fort Worth and new service to Chicago-O'Hare in early FY 2013. During this period, two of the four scheduled foreign flag carriers experienced increased enplanements. Enplaned passengers increased for Air Canada (14.9 percent) and Cayman Airways (2.1 percent) as enplaned passengers decreased for British Airways (2.1 percent) and WestJet (7.5 percent).

5.3 Aircraft Operations

Table 5-7 and **Exhibit 5-2** present historical operations (take-offs or landings) at the Airport between FY 2007 and FY 2012. As shown, total aircraft activity at the Airport peaked at 260,424 operations in FY 2007. As also depicted, aircraft activity by passenger airlines at the Airport decreased at an average annual rate of 5.2 percent from FY 2007 to FY 2012. Total operations decreased from 260,424 in FY 2007 to 181,966 in FY 2012, an average annual decrease of 6.9 percent. FYTD total operations have decreased 1.9 percent Specific trends in operational activity by major user category at the Airport are discussed below:

- **Passenger Carriers - Domestic.** From FY 2007 to FY 2012, domestic passenger carrier operations have decreased from 195,632 to 148,494, or an average annual decline of 5.4 percent. The largest decrease occurred in FY 2009, as domestic passenger operations decreased by 17.2 percent, due to capacity reductions noted earlier in section 5.2.3. Domestic passenger operations continued to decline through FY 2012. The share of domestic operations by mainline carriers has increased from approximately 84 percent in FY 2007 to 92 percent in FY 2012. As a result, regional/commuter carrier domestic operations have decreased from approximately 16 percent in FY 2007 to 8 percent in FY 2012. FYTD domestic operations have increased 0.4 percent.
- **Passenger Carriers - International.** In FY 2007, international passenger aircraft operations total 3,040 and represented 1.5 percent of all passenger operations at the Airport. In FY 2012, international operations were 3,588 and represented 2.4 percent of all passenger operations at the Airport. From FY 2007 to FY 2012, international operations increased at an average annual rate of 3.4 percent. Between FY 2007 and FY 2011, operations fluctuated from year to year, but averaged approximately 3,040. In FY 2009, international operations reached 3,212 due to JetBlue's service to Cancun, which was initiated and discontinued in the same year. From FY 2011 to FY 2012, international operations increased 18.2 percent due to new operations by Edelweiss Air which offers nonstop service to Zurich and SGB Sky King, Inc. operating to Cuba. The majority of international operations are by scheduled foreign flag carriers: Air Canada and WestJet operating to Toronto, British Airways to London-Gatwick, and Cayman Airways to Grand Cayman. FYTD international operations have increased 8.9 percent.

Table 5-7: Historical Aircraft Operations

(Fiscal Years Ended September 30)

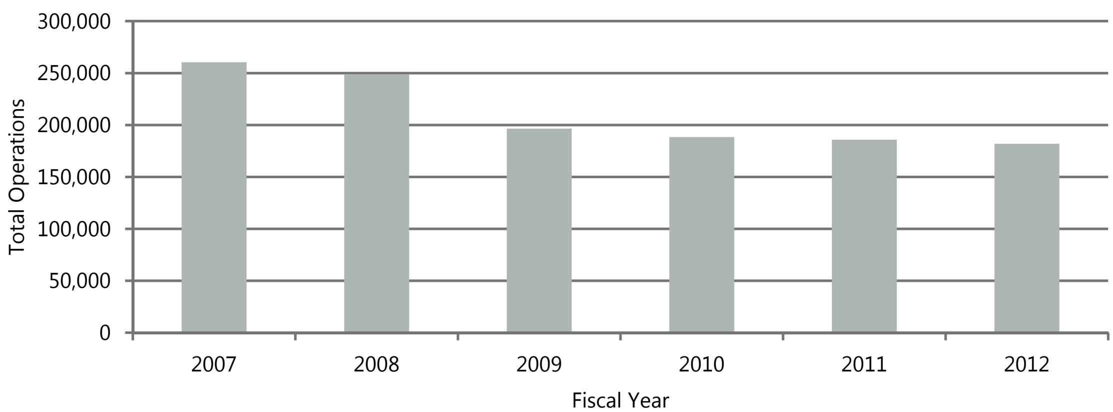
	Passenger Carriers							
FISCAL YEAR	DOMESTIC	INTERNATIONAL	TOTAL	ALL-CARGO	GENERAL AVIATION	MILITARY	TOTAL	ANNUAL GROWTH
2007	195,632	3,040	198,672	12,888	48,157	707	260,424	-
2008	191,494	2,956	194,450	11,120	42,470	638	248,678	(4.5%)
2009	158,368	3,212	161,580	6,376	28,030	639	196,625	(20.9%)
2010	151,396	2,950	154,346	6,944	26,345	695	188,330	(4.2%)
2011	151,354	3,036	154,390	6,492	24,447	562	185,891	(1.3%)
2012	148,494	3,588	152,082	6,158	23,035	691	181,966	(2.1%)
FYTD (Oct - Jul)								
2012	125,364	2,816	128,180	5,236	19,625	624	153,665	
2013	125,842	3,068	128,910	3,656	17,798	375	150,739	(1.9%)
Compound Annual Growth Rate								
2007 - 2012	(5.4%)	3.4%	(5.2%)	(13.7%)	(13.7%)	(0.5%)	(6.9%)	

SOURCES: Hillsborough County Aviation Authority, August 2013.

PREPARED BY: Ricondo & Associates, Inc., August 2013

- **All Cargo.** From FY 2007 to FY 2009, all-cargo operations decreased 50.5 percent. The majority of the decrease in operations can be attributed to service reductions by Airnet Systems and Flight Express, Inc. In FY 2009, the Emery-UPS Supply Chain Solutions (UPSSCS) merger and assignment occurred and UPSSCS relocated to St. Petersburg–Clearwater International Airport. As a result Emery ceased all-cargo operations at the Airport in FY 2009. From FY 2009 to FY 2012, all-cargo operations have decreased from 6,376 to 6,158, or at an average annual decrease of 1.2 percent. FYTD all-cargo operations have decreased 30.2 percent, due to continued service reductions by Flight Express, Inc.
- **General Aviation**. General aviation activity at the Airport has decreased from a peak of 48,157 operations in FY 2007 to 23,035 operations in FY 2012. From FY 2007 through FY 2012 activity in this category has decreased at a compounded annual growth rate of 13.7 percent due to the nationwide economic slowdown. FYTD general aviation operations have decreased 9.3 percent.
- **Military**. Due to the weekend air traffic control service and the close proximity of MacDill Air Force Base (located eight miles south of downtown Tampa), military activity at the Airport has remained limited. Military activity at the Airport averaged 655 operations between FY 2007 and FY 2012. FYTD military operations have decreased 39.9 percent.

Exhibit 5-2: Historical Airport Operations



SOURCE: Hillsborough County Aviation Authority, April 2013.
PREPARED BY: Ricondo & Associates, Inc., July 2013.

5.4 Landed Weight

Table 5-8 presents the share of landed weight by passenger airlines and combined all-cargo carriers at the Airport between FY 2008 and FY 2012. Similar to enplanements, landed weight is spread over a number of carriers, with no carrier having more than 33 percent of annual landed weight at the Airport during the years depicted. Southwest and Delta accounted for 47.3 percent of landed weight at the Airport in FY 2012, with the next eight airlines combined accounting for an additional 47.2 percent of landed weight during this same

Table 5-8: Historical Total Landed Weight by Airline

(Fiscal Years Ended September 30)	2008		2009		2010		2011		2012	
CARRIER [1/]	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE	LANDED WEIGHT	SHARE
Southwest [2/]	3,706,488	31.0%	3,362,126	32.1%	3,215,418	32.0%	3,221,420	31.6%	3,083,228	30.8%
Delta [3/]	1,605,182	13.4%	1,298,857	12.4%	1,751,353	17.4%	1,759,575	17.2%	1,654,727	16.5%
US Airways [5/]	1,176,201	9.8%	976,606	9.3%	978,114	9.7%	1,005,098	9.9%	968,238	9.7%
AirTran [2/]	848,110	7.1%	730,536	7.0%	704,696	7.0%	799,872	7.8%	814,832	8.1%
American [5/]	930,874	7.8%	819,427	7.8%	804,964	8.0%	815,900	8.0%	812,521	8.1%
Continental [4/]	968,307	8.1%	769,361	7.4%	739,945	7.4%	684,914	6.7%	690,838	6.9%
JetBlue	481,089	4.0%	498,718	4.8%	468,705	4.7%	545,395	5.3%	671,884	6.7%
United [4/]	505,446	4.2%	460,628	4.4%	509,350	5.1%	484,115	4.7%	428,106	4.3%
Spirit	260,337	2.2%	209,161	2.0%	178,710	1.8%	219,908	2.2%	191,355	1.9%
British Airways	117,298	1.0%	117,298	1.1%	116,378	1.2%	143,518	1.4%	156,398	1.6%
Air Canada	76,329	0.6%	74,401	0.7%	78,938	0.8%	76,468	0.7%	83,164	0.8%
Westjet	48,932	0.4%	39,836	0.4%	52,539	0.5%	48,552	0.5%	48,975	0.5%
Frontier	62,937	0.5%	83,891	0.8%	103,843	1.0%	53,247	0.5%	48,695	0.5%
Cayman Airways	33,727	0.3%	30,110	0.3%	29,966	0.3%	29,523	0.3%	29,500	0.3%
Northwest [3/]	574,966	4.8%	631,021	6.0%	-	0.0%	-	0.0%	-	0.0%
All-Cargo	484,823	4.1%	345,731	3.3%	317,490	3.2%	314,532	3.1%	313,461	3.1%
All Others [6/]	66,288	0.6%	19,506	0.2%	13,024	0.1%	1,424	0.0%	26,163	0.3%
Airport Total	**11,947,334**	**100.0%**	**10,467,214**	**100.0%**	**10,063,434**	**100.0%**	**10,203,461**	**100.0%**	**10,022,085**	**100.0%**

NOTES:

1/ Includes regional/commuter affiliates.

2/ AirTran merged with Southwest and the FAA granted a single operating certificate to Southwest on March 1, 2012.

3/ Northwest merged with Delta and the FAA granted a single operating certificate to Delta on December 31, 2009.

4/ Continental merged with United and the FAA granted a single operating certificate to United on November 30, 2011.

5/ In February 2013, American and US Airways announced plans to merge, however, on August 13, 2013 by the Department of Justice, and the attorneys general from six states and the District of Columbia filed a civil antitrust lawsuit challenging the proposed merger.. American West merged with US Airways in 2006.

6/ Consists of airlines no longer serving the Airport and/or charter airlines.

7/ Totals may not add due to individual rounding.

SOURCES: Hillsborough County Aviation Authority; Innovata, April 2013.

PREPARED BY: Ricondo & Associates, Inc., June 2013.

period. From FY 2008 to FY 2012, landed weight for Southwest has decreased 16.8 percent. Over the same period, JetBlue's landed weight increased 39.7 percent. As also shown, all-cargo carriers accounted for 4.1 percent of landed weight at the Airport in FY 2008 which decreased to 3.1 percent in FY 2012.

5.5 Factors Affecting Aviation Demand at the Airport

This section discusses qualitative factors that could influence future aviation activity at the Airport. While data and/or information related to these factors have not specifically been incorporated into the projections of Airport activity discussed in Section 5.6 (e.g., jet fuel prices), these factors were indirectly considered and analyzed in developing the projections.

5.5.1 NATIONAL ECONOMY

Historically, trends in demand for air travel have been closely correlated with national economic trends, most notably changes in GDP. Chapter 4 presents an analysis of general economic trends, both national and local, which may influence demand for air service over time. As noted at the conclusion of Chapter 4, national GDP is expected to increase at a 2.3 percent annual growth rate through the Projection Period, which should support generally increasing demand for air service. Actual economic activity is likely to differ from this projection, especially on a year-to-year basis, with demand for air service likely reacting in kind.

5.5.2 STATE OF THE AIRLINE INDUSTRY

In the aftermath of September 11, 2001, the U.S. airline industry saw a material adverse shift in the demand for air travel. The result was five years of reported industry operating losses between 2001 and 2005, totaling more than $28 billion (excluding extraordinary charges and gains). Following these restructuring years, the airline industry finally gained ground in 2007 with virtually every U.S. airline posting profits. In 2008 and through the first half of 2009, the combination of record-high fuel prices, weakening economic conditions, and a weak dollar resulted in the worst financial environment for U.S. network and low-cost carriers since the September 11 terrorist attacks. In 2008, many of the domestic network competitors announced significant capacity reductions; increases in fuel surcharges, fares and fees; and other measures to address the challenges. Whereas the capacity reductions following September 11 were the direct result of terror threats targeting the traveling public, the industry reductions starting in late 2008 and continuing through the first half of 2009 were economically driven. These capacity cuts have improved conditions for the airlines, even if the recovery has been uneven across the regions. After a nearly $8 billion profit for the global airline industry in 2012, the International Air Transport Association (IATA) is predicting a $10.6 billion profit in 2013. Globally, passenger traffic increased 5.3 percent from 2011 to 2012. North American airline profits are projected to be $3.6 billion in 2013, compared to $2.3 billion in 2012. This increase is due to North American carriers' strict control on capacity.

5.5.3 AIRLINE MERGERS AND BANKRUPTCIES

In recent years, airlines have experienced increased costs and industry competition both domestically and internationally. As a result, airlines have merged and acquired competitors in an attempt to increase operational synergies and become more competitive and cost-efficient. In 2009, Delta completed its merger with Northwest, initiating a wave of U.S. airline mergers and acquisitions. That same year, Republic Airways

Holdings, a regional airline, bought Frontier Airlines of Denver and Midwest Airlines of Milwaukee. In October 2010, United and Continental merged, creating the world's largest airline in terms of operating revenue and revenue passenger miles.

On September 27, 2010, Southwest announced they would acquire AirTran Airways (AirTran). On May 2, 2011, Southwest announced the closing on its acquisition of AirTran Holdings, Inc., the former parent company of AirTran. The acquisition extended Southwest's route network and added new markets, such as Atlanta and Washington, D.C., (Reagan National Airport), and provided access to international leisure markets in the Caribbean and Mexico. The FAA granted the airline a single operating certificate on March 1, 2012, allowing Southwest to work toward full integration. The company plans to operate Southwest and AirTran separately for a period of time to address issues with integration, and expects full integration by the end of 2014. The Southwest/Air Tran merger has had no substantial effects on flights at the Airport.

AMR Corporation (AMR), the parent company of American Airlines, filed for bankruptcy protection on November 28, 2011. In January 2012, US Airways Group (the parent company of US Airways) publicly expressed interest in merging with AMR. In February 2013, American and US Airways announced plans to merge, which would create the largest airline in terms of operating revenue and revenue passenger miles (surpassing United). On March 27, 2013, the U.S. Bankruptcy Court approved the merger of American and US Airways, however, on August 13, 2013, the Department of Justice, and the attorneys general from six states and the District of Columbia filed a civil antitrust lawsuit challenging the proposed merger. The department said that the merger, which would result in the creation of the world's largest airline, "would substantially lessen competition for commercial air travel in local markets throughout the United States and result in passengers paying higher airfares and receiving less service." AMR and US Airways Group announced that they intend to mount a "vigorous and strong defense" to the Justice Department's effort to block their proposed merger.[7]

In the first half of CY 2013, the four largest domestic carriers combined (American/US Airways, Delta, Southwest/AirTran, and United) scheduled 85.0 percent of the nation's domestic seat capacity. The next four largest domestic carriers (Alaska, Frontier, JetBlue, and Spirit) scheduled 10.3 percent of the nation's domestic seat capacity.

5.5.4 COST OF AVIATION FUEL

The price of fuel is one of the most significant forces affecting the airline industry today. In 2000, jet fuel accounted for nearly 14 percent of airline industry operating expenses, making it the industry's second largest operating expense behind labor. In 2008, jet fuel surpassed labor as an airline's largest operating expense, comprising approximately 30.6 percent of an airline's total operating costs according to the industry group Airlines for America (A4A), while labor represented approximately 20.3 percent of the total. As oil prices fell in the first quarter of 2009, fuel expenses retreated and labor once again became the airline industry's largest operating expense representing 25.8 percent of total operating expenses while fuel was at 21.3 percent.

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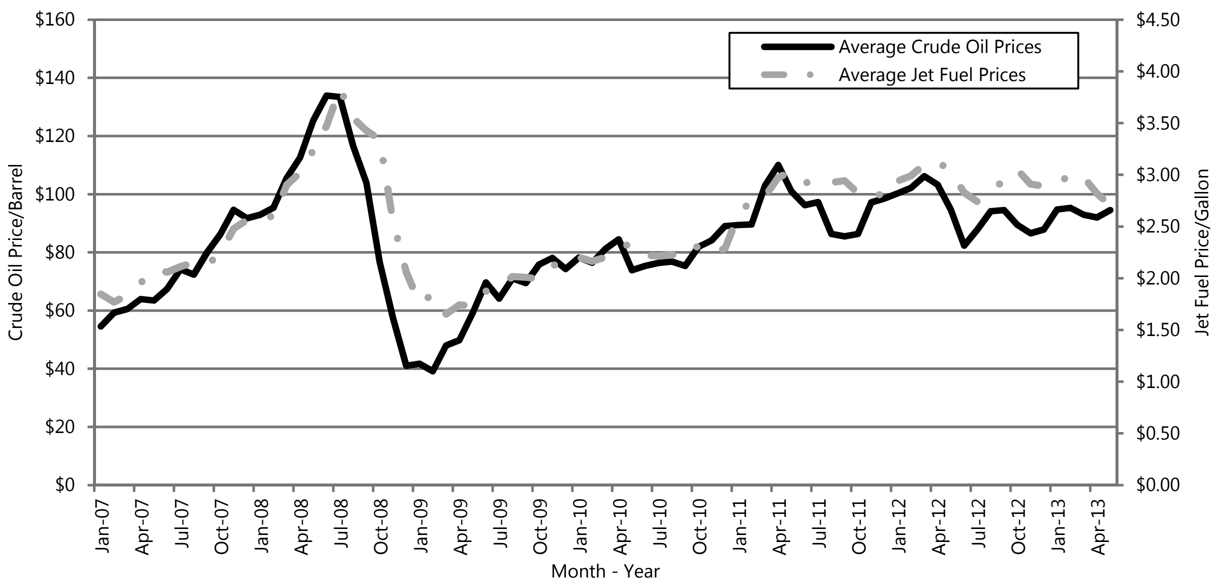
7 AviationNews.net, *DOJ, States Sue To Block American-US Airways Merger,* August 13, 2013.

The average price of jet fuel was $0.82 per gallon in 2000 compared to $2.95 per gallon in 2012, an increase of 260 percent. According to the A4A, every one-cent increase in the price per gallon of jet fuel increases annual airline operating expenses by approximately $190 million to $200 million.

Jet fuel prices approaching or surpassing their mid-2008 peak (July 2008's average price was $3.84) may have negative consequences for the aviation industry, including airports, should airlines act to further restrain capacity to a point supply does not meet demand, or raise ticket prices to a point that diminishes demand, in efforts to remain profitable. **Exhibit 5-3** presents the monthly averages of jet fuel and crude oil prices from January 2007 through May 2013. The average price of jet fuel in May was $2.71 per gallon, approximately 10.7 percent lower than in May 2012 and approximately 29.5 percent below the 2008 peak of $3.84 per gallon.

Exhibit 5-3: Historical Monthly Averages of Jet Fuel and Crude Oil Prices



SOURCE: Airlines for America, August 2013.
PREPARED BY: Ricondo & Associates, Inc., August 2013.

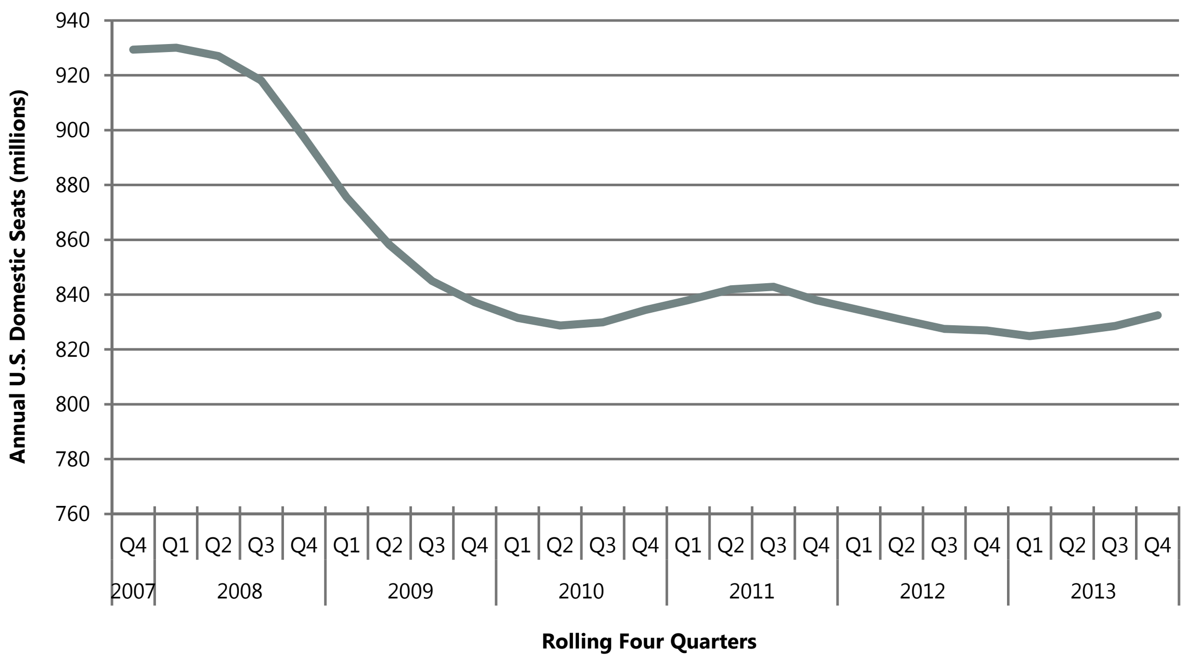
5.5.5 AIRLINE SCHEDULED SEAT CAPACITY

Exhibit 5-4 presents historical domestic seat capacity since 2007. Despite a decline in fuel prices from the record highs in 2008, the airlines continue to constrain seat capacity, keeping in place reductions implemented beginning in 2008. The largest scheduled quarterly decline occurred in the first quarter of 2009, as domestic seat capacity was decreased by 9.1 percent versus the first quarter of 2008. Demand for domestic air travel, as measured by revenue passengers, decreased at a similar rate of 11.1 percent during this period [8]. Domestic capacity continued to decline through the second quarter of 2010. As demand recovered, capacity

8 Source: Form T-100; United States Department of Transportation Bureau of Transportation Statistics.

increased between the third quarter of 2010 and the fourth quarter of 2011 when airlines, reacting to increased fuel prices, reduced their capacity once again. Domestic capacity for the four quarters ending fourth quarter 2012 is at a level equal to the similar period ending third quarter 2010, the height of the initial decline.

Exhibit 5-4: U.S. Domestic Seat Capacity Since 2007



SOURCE: Innovata, May2013.
PREPARED BY: Ricondo & Associates, Inc., May 2013.

5.5.6 THREAT OF TERRORISM

As has been the case since September 11th, the recurrence of terrorism incidents against either domestic or world aviation during the Projection Period remains a risk to achieving the activity projections contained herein. Tighter measures have restored the public's confidence in the integrity of U.S. and world aviation security systems. Any terrorist incident aimed at aviation could have an immediate and significant impact on the demand for aviation services.

5.5.7 COMPETING AIRPORTS

In general, an airport's potential service area is limited by the distance from an airport and further defined by the availability and quality of air service at the surrounding airports. Airports evaluated as competitors for this analysis are Fort Myers Southwest Florida International (RSW), Orlando International (MCO), Sarasota-Bradenton International (SRQ) and St. Petersburg-Clearwater International (PIE). **Exhibit 5-5** presents these airports and other Florida airports and their proximity to the Airport.

SOURCE: Environmental Systems Research Institute (ESRI), 2010 (base map layers).
PREPARED BY: Ricondo & Associates, Inc., July 2013.

EXHIBIT 5-5

Regional Airports

RSW is located approximately 130 miles south along the coast on Interstate 75. Fourteen carriers provide an average of 70 daily departures to 28 domestic and two international destinations. All of the domestic destinations served at RSW are also served from the Airport.

MCO is located approximately 80 miles to the northeast. Interstate 4 provides the quickest route to MCO, where 30 carriers provide an average of 382 daily departures to 76 domestic destinations and 23 international destinations in June 2013. Fifty-one domestic and two international destinations served by MCO are also served from the Airport. MCO does not have scheduled service to three intra-state markets: Jacksonville, Tallahassee, and West Palm Beach, MCO does not have scheduled service to Grand Cayman.

The approximate 50 mile drive south to SRQ is located along the coast on Interstate 75/275. Four carriers (Delta, JetBlue, United, US Airways, and/or their regional affiliates) provide an average of 15 daily departures to seven domestic destinations. All of the seven domestic destinations served at SRQ are also served from the Airport.

PIE is located approximately 12 miles to the west. Two carriers (Allegiant and Vision) provide an average of 10 daily departures to 26 domestic destinations. None of the destinations served at PIE are served at the Airport; however the majority of Allegiant's system-wide destinations are smaller secondary airports in or near large metropolitan areas.

While these four airports are located nearest to the Air Trade Area, MCO's accessibility from the Air Trade Area, lower fares, and destinations served, may draw passengers from the Area that might otherwise use the Airport. These four airports and the additional four largest Florida airports are included in **Table 5-9** which presents a summary of domestic and international destinations served by the Airport compared with the defined competing airports and other state airports. As shown in Table 5-9, the average domestic fare at MCO is lower than that at the Airport by approximately 6 percent.

5.6 Forecast of Passenger Demand and Airline Operations

5.6.1 PROJECTION METHODOLOGY

The projection of total enplaned passengers at the Airport for the Projection Period utilizes a two-step process: a short-term projection for FY 2013 – FY 2014 and a long-term projection through FY 2023.

Table 5-9: Competing & Other Florida Airports Summary

AIRPORT	ENPLANED PASSENGERS [1/]	NUMBER OF MARKETS SERVED: DOMESTIC [2/]	NUMBER OF MARKETS SERVED: INTERNATIONAL [3/]	NUMBER OF MARKETS SERVED: TOTAL	AVERAGE DAILY DEPARTURES	AVERAGE DOMESTIC FARE [3/]	DISTANCE FROM TAMPA (MILES)
Competing Airports							
Tampa (TPA)	8,359,372	54	3	57	215	$154	-
Fort Myers (RSW)	3,624,180	28	2	30	70	$162	130
Orlando (MCO)	17,339,757	76	23	99	382	$145	80
Sarasota (SRQ)	659,842	7	0	7	15	$164	50
St. Petersburg-Clearwater (PIE)	429,106	26	0	26	10	$89	12
Other Florida Airports							
Fort Lauderdale (FLL)	11,354,098	63	34	97	269	$142	270
Jacksonville (JAX)	2,678,911	26	0	26	89	$173	215
Miami (MIA)	18,693,708	51	81	132	427	$179	285
West Palm Beach (PBI)	2,791,663	18	1	19	57	$163	210

NOTES:

1/ Enplaned passenger data based on 12-month period ending September 30. Data is U.S. DOT T100 onboard revenue passengers.

2/ Non-stop service to cities within the United States as of June 2013.

3/ Non-stop service to cities outside of the United States as of June 2013.

4/ Average domestic fare as of 12-month period ending September 30, 2012.

SOURCES: Innovata, U.S. DOT T100, April 2013.

PREPARED BY: Ricondo & Associates, Inc., August 2013.

- The short term projection or estimate for FY 2013 and FY 2014 was provided by the Authority and reviewed by Ricondo & Associates.
- The long term projection through FY 2023 was developed through investigation using two common methodologies: socioeconomic regression analysis and a market share analysis.
  - Socioeconomic Regression Approach - Both statistical linear regression and statistical multiple regression modeling were employed in this methodology, with local and national socioeconomic and demographic factors as independent variables and enplaned passengers (we assumed that the Airport remained an Origin and Destination airport, thus the connecting component remained zero throughout the period). Independent variables considered for this analysis included population, employment, income, gross regional product and per-capita personal income. Of interest in the analysis, among other factors, was how well each independent variable explained the variations in the dependent variables (i.e., the model's coefficient of determination, or "R-squared").
  - Market Share Approach - In this methodology, judgments are made as to how the Airport's rate of growth will differ from that projected for the nation by the FAA. On a macro scale, the U.S projection provides a base of comparison reflecting how industry traffic in general is anticipated to grow in the future. The growth rate used for the Airport can be reflected as an increase or decrease in its future share of the national market.

5.6.2 KEY ASSUMPTIONS

The projections are based on a number of underlying assumptions, including:

- While year-to-year fluctuations in economic activity are likely, the historical long-term trends of generally expanding economic activity, both nationally and within the Air Trade Area, will continue through the Projection Period, resulting in increased demand for air service.
- The Airport will continue its role of primarily serving O&D passengers, with the majority of destinations offered within one-stop of the Airport. Airlines will continue to operate as efficiently as possible, actively managing capacity and seeking to maintain or increase load factors on flights.
- The Airport will maintain its general market share of passenger traffic relative to its nearby competitors within the region.
- Airline consolidation/mergers that may occur during the Projection Period are less likely to materially impact passenger activity levels at the Airport due to its purely O&D passenger base as well as the fact that the majority of potential future mergers would be unlikely to involve carriers providing overlapping service at the Airport. Such combinations are unlikely to result in changes to service offered at the Airport.
- For these analyses, and similar to the FAA's assumptions for its nationwide projections, no terrorist incidents that materially impact U.S. air traffic demand during the Projection Period will occur. Additionally, any airline bankruptcies or industry consolidation during the Projection Period will not result in a major contraction within the aviation industry.

- In February 2013, American and US Airways announced plans to combine carriers with a scheduled completion date by the end of calendar year 2013. The combined carrier will retain the American name. American's parent company AMR Corporation filed for bankruptcy in November 2011 and is expected to emerge from bankruptcy when the merger closes in the third quarter of 2013. Upon completion of a merger, American would become the world's largest airline, with 6,700 daily flights and annual revenue of roughly $40 billion. As described in Section 5.5.3, on August 13, 2013, the Department of Justice, and the attorneys general from six states and the District of Columbia filed a civil antitrust lawsuit challenging the proposed merger. If the merger occurs, passenger demand at the Airport is not expected to be negatively impacted. The carriers do not operate overlapping routes to/from the Airport. As operations are combined at the Airport, it is projected that capacity may shift among routes, but not decrease due to the Air Trade Area's economics and purely O&D passenger base.
- It is also important to note that many of the factors influencing aviation demand cannot be quantified. As a result, the projection process should not be viewed as precise, particularly given the major structural changes that have occurred in the aviation industry since deregulation. Actual future traffic levels at the Airport may differ from projections presented herein because of unforeseen events.

5.6.3 PROJECTIONS OF PASSENGER DEMAND

As discussed earlier, FY 2013 and FY 2014 projections of Airport activity was estimated by the Airport.

Activity projections for the Airport are based on a number of underlying assumptions that are further based on national aviation trends, national and regional economic conditions, and local specific actions pertaining to airport activity. The following presents the specific assumptions used in developing activity projections at the Airport through 2023.

- The Airport will continue to serve O&D passengers. It is not anticipated to become a hub for any carrier and therefore no connecting passengers are expected in the projection period.
- Although marketing efforts to attract new carriers to the Airport are expected to continue through the Projection Period, domestic passenger enplanement projections do not assume any incremental increases resulting from the potential initiation of service by any new domestic carriers at the Airport.
- Over the projection period, it is assumed domestic passenger enplanements will increase through a combination of increasing demand on current and possible new routes with an average increase of one daily departure per year, an increase in load factors from approximately 82 percent in FY 2014 to 84 percent in FY 2023, and an increase in the average seats per departure.
- Over the projection period, it is assumed international passenger enplanements will increase through a combination of increasing demand on current routes and the potential initiation of service by new foreign flag carriers. In addition, it is assumed load factors will increase from approximately 83 percent in FY 2014 to 85 percent in FY 2023.
- Performing a regression analysis on the key socio-economic factors produced a range of projected passengers through FY 2023. The relationship between the socio-economic variables and the

enplaned passengers are represented by the R-squared statistic, which describes the closeness of the variable to the enplaned passengers over time.

- The market share analysis used a constant share scenario. R&A assumes the Airport maintains a constant share of national enplanements at about 1.16 percent through the Projection Period.
- From 2002 – 2007, the Airport experienced a greater passenger increase compared to the nation prior to the economic downturn. From FY 2007 – FY 2012, the Airport experienced a greater passenger decrease compared to the nation due to airline capacity reductions as noted in section 5.2.3. as a result of the economic recession. As presented in Table 5-6, from FY 2002 – FY 2012 historical Airport enplaned passengers have increased at a rate less than the nation. However over the projection period the Airport's enplaned passengers are projected to increase at a rate below the rate (2.1 percent) projected for the nation by the FAA Terminal Area Forecast (TAF) due to the following:
  - International enplaned passengers are projected to increase at a rate greater than the rate experienced from FY 2002 – FY2012. Based on the announcement that Copa Airlines would begin service to Panama City, Panama in December 2013 and additional service scheduled by Edelweiss in March 2014.
  - Domestic carriers will remain disciplined in capacity additions and reductions, due to recent industry consolidation and mergers as discussed in sections 5.5.3 and 5.5.5. Domestic carriers may add, reduce, or eliminate service over the projection period; however projected domestic passenger operations are expected to increase gradually. In the event of an economic downturn, domestic capacity is not anticipated to be reduced at the rate experienced in FY 2009 (12.2 percent) due to higher load factors. Prior to the economic downturn, load factors averaged in the mid-70 percentile evident of excess capacity. Over the projection period load factors are projected to increase from approximately 81 percent to 84 percent.

Table 5-10 presents the projection of passenger activity at the Airport through the Projection Period. Total enplaned passengers are projected to experience a compound annual growth rate of approximately 1.9 percent over the Projection Period resulting in approximately 10.4 million enplaned passengers in FY 2023. The projected growth rate reflects the lower end of the growth rate range identified in the socio-economic regression analyses and was identified as the most reasonable selection to reflect the changes in market activity in the short-term as well as the Airport's susceptibility to potential changes in the future economic climate. Load factors at the Airport are anticipated to increase from an average of approximately 81 percent in FY 2012 to approximately 84 percent in FY 2023 as the airlines continue to focus on balancing capacity to demand.

Table 5-10: Enplaned Passenger Projections

(Fiscal Years Ended September 30)

FISCAL YEAR	DOMESTIC ENPLANEMENTS	INTERNATIONAL ENPLANEMENTS	TOTAL ENPLANEMENTS	ANNUAL GROWTH
Historical				
2002	7,472,831	145,767	7,618,598	-
2003	7,505,045	155,740	7,660,785	0.6%
2004	8,306,183	159,537	8,465,720	10.5%
2005	9,305,167	163,853	9,469,020	11.9%
2006	9,221,133	170,517	9,391,650	(0.8%)
2007	9,443,876	184,268	9,628,144	2.5%
2008	9,159,395	191,411	9,350,806	(2.9%)
2009	8,351,024	209,638	8,560,662	(8.5%)
2010	8,136,275	198,610	8,334,885	(2.6%)
2011	8,178,973	203,910	8,382,883	0.6%
2012	8,197,800	243,287	8,441,087	0.7%
Projected				
2013 1/	8,215,000	266,200	8,481,200	0.5%
2014 2/	8,348,000	285,100	8,633,100	1.8%
2015	8,504,700	312,300	8,817,000	2.1%
2016	8,663,200	339,700	9,002,900	2.1%
2017	8,823,300	367,300	9,190,600	2.1%
2018	8,985,100	385,000	9,370,100	2.0%
2019	9,164,000	403,000	9,567,000	2.1%
2020	9,345,000	421,300	9,766,300	2.1%
2021	9,533,600	439,900	9,973,500	2.1%
2022	9,724,400	458,900	10,183,300	2.1%
2023	9,917,300	478,300	10,395,600	2.1%
Compound Annual Growth Rate				
2002 - 2012	0.9%	5.3%	1.0%	
2012 - 2013	0.2%	9.4%	0.5%	
2012 - 2023	1.7%	6.3%	1.9%	

NOTES:

1/ FY 2013 estimate provided by Hillsborough County Aviation Authority.

2/ FY 2014 estimate provided by Hillsborough County Aviation Authority.

SOURCES: Hillsborough County Aviation Authority (Historical), August 2013; Ricondo & Associates, Inc. (Projected), August 2013.
PREPARED BY: Ricondo & Associates, Inc., August 2013.

5.6.4 AIRCRAFT OPERATIONS PROJECTIONS

Table 5-11 presents historical and projected aircraft operations at the Airport through FY 2023. As shown, domestic passenger carrier operations are projected to increase from 148,494 in FY 2012 to 152,080 in FY 2023, a compound annual growth rate of 0.2 percent during the Projection Period. International passenger carrier operations are projected to increase from 3,588 in FY 2012 to 6,060 in FY 2023, a compound annual growth rate of 4.9 percent during the Projection Period. In general, the projected number of passenger carrier operations between 2013 and 2023 was based on historical relationships among enplaned passengers, load factors, and average seating capacities of aircraft serving the Airport. While the mainline carriers historically have kept their share of the market steady in terms of enplaned passengers and operations, the regional carriers have seen fluctuations as a general shift to larger aircraft results in a slight reduction in frequencies. In addition to regional carriers shift to larger aircraft, Southwest has added capacity to its fleet by adding seats to their Boeing 737-700 aircraft (137 to 143 seats) and take delivery of larger Boeing 737-800 aircraft (175 seats). As Southwest and the regional carriers adjust their operations with different aircraft and seat configurations, the average number of available seats per departure from the Airport is expected to increase from 135 seats in FY 2012 to 155 seats in FY 2023.

After a decrease from FY 2012 to FY 2013, all-cargo operations are projected to increase from 4,300 in FY 2013 to 6,900 in FY 2023, an annual increase of 1.0 percent. It is assumed there will not be significant decreases in all-cargo operation by Flight Express, Inc., as experienced in FY 2013. Historically, FedEx has operated an average of two daily departures at the Airport and it is projected these operation will continue and increase slightly over the projection period as all-cargo demand increases.

General aviation operations at the Airport are expected to increase modestly through the Projection Period, reaching 23,690 operations in FY 2023. The projected increase between FY 2012 and FY 2023 represents a compound annual growth rate of 0.3 percent, slightly lower than the 0.4 percent growth projected nationwide by the FAA.

FYTD 2013 military operations decreased 37.6 percent compared to the same period in 2012. The FYTD decline in operations was projected for FY 2013 and it is assumed that military operations will remain relatively constant throughout the Projection Period. As a result, military operations were held at 500 annual operations through FY 2023.

After a projected decrease of 1.4 percent in FY 2013, total airport operations are projected to increase to approximately 189,230 in FY 2023. From FY 2012 to FY 2023, total airport operations are projected to increase at a compound annual rate of 0.4 percent.

5.6.5 LANDED WEIGHT PROJECTIONS

Table 5-12 presents historical and projected landed weight at the Airport. As shown, landed weight is projected to increase from 10,022,085 thousand pound units in FY 2012 to 11,368,020 thousand pound units in FY 2023; a compound annual growth rate of 1.2 percent. This projection reflects anticipated changes in agreements between mainline and regional affiliate carriers as carriers are projected to transition to larger regional jet aircraft and Southwest introduces larger aircraft into its fleet. All-cargo landed weight is projected to increase from 313,461 thousand pound units in FY 2012 to 337,410 thousand pounds units in FY 2023; a compound annual growth rate of 0.7 percent.

Table 5-11: Aircraft Operations Projections

(Fiscal Years Ended September 30)

FISCAL YEAR	PASSENGER CARRIERS DOMESTIC	INTERNATIONAL	TOTAL	ALL-CARGO	GENERAL AVIATION	MILITARY	TOTAL
Historical							
2007	195,632	3,040	198,672	12,888	48,157	707	260,424
2008	191,494	2,956	194,450	11,120	42,470	638	248,678
2009	158,368	3,212	161,580	6,376	28,030	639	196,625
2010	151,396	2,950	154,346	6,944	26,345	695	188,330
2011	151,354	3,036	154,390	6,492	24,447	562	185,891
2012	148,494	3,588	152,082	6,158	23,035	691	181,966
Projected							
2013 1/	148,600	3,850	152,450	4,300	22,100	500	179,350
2014 2/	145,600	3,900	149,500	6,630	22,250	500	178,880
2015	146,320	4,260	150,580	6,660	22,410	500	180,150
2016	147,040	4,620	151,660	6,690	22,570	500	181,420
2017	147,760	4,980	152,740	6,720	22,730	500	182,690
2018	148,480	5,160	153,640	6,750	22,890	500	183,780
2019	149,200	5,340	154,540	6,780	23,050	500	184,870
2020	149,920	5,520	155,440	6,810	23,210	500	185,960
2021	150,640	5,700	156,340	6,840	23,370	500	187,050
2022	151,360	5,880	157,240	6,870	23,530	500	188,140
2023	152,080	6,060	158,140	6,900	23,690	500	189,230
Compound Annual Growth Rate							
2007 - 2012	-5.4%	3.4%	-5.2%	-13.7%	-13.7%	-0.5%	-6.9%
2012 - 2023	0.2%	4.9%	0.4%	1.0%	0.3%	-2.9%	0.4%

NOTES:

1/ FY 2013 estimate provided by Hillsborough County Aviation Authority.

2/ FY 2014 estimate provided by Hillsborough County Aviation Authority.

SOURCES: Hillsborough County Aviation Authority - FAA ATADS (Historical), August 2013; Ricondo & Associates, Inc. (Projected), August 2013.

PREPARED BY: Ricondo & Associates, Inc., August 2013.

Table 5-12: Landed Weight Projections

(Fiscal Years Ended September 30)

FISCAL YEAR	PASSENGER AIRLINES	ALL-CARGO AIRLINES	TOTAL
Historical			
2007	11,790,449	479,462	12,269,910
2008	11,462,511	484,823	11,947,334
2009	10,121,483	345,731	10,467,214
2010	9,745,944	317,490	10,063,434
2011	9,888,929	314,532	10,203,461
2012	9,708,624	313,461	10,022,085
Projected			
2013 1/	9,761,011	313,900	10,074,911
2014 2/	9,736,356	318,240	10,054,596
2015	9,884,118	320,346	10,204,464
2016	10,032,989	322,458	10,355,447
2017	10,182,326	324,576	10,506,902
2018	10,321,719	326,700	10,648,419
2019	10,461,388	328,830	10,790,218
2020	10,602,636	330,966	10,933,602
2021	10,744,149	333,108	11,077,257
2022	10,887,252	335,256	11,222,508
2023	11,030,610	337,410	11,368,020
Compound Annual Growth Rate			
2007 - 2012	(3.8%)	(8.1%)	(4.0%)
2012 - 2023	1.2%	0.7%	1.2%

NOTES:

1/ FY 2013 estimate provided by Hillsborough County Aviation Authority.

2/ FY 2014 estimate provided by Hillsborough County Aviation Authority.

SOURCES: Hillsborough County Aviation Authority (Historical), April 2013; Ricondo & Associates, Inc. (Projected), August 2013.

PREPARED BY: Ricondo & Associates, Inc., August 2013.

6. Financial Analysis

6.1 Financial Framework

This chapter examines the financial structure of the Airport, incorporation of the Capital Program, impact of the issuance of Series 2013 Bonds, O&M Expenditures and Non-Agreement Revenue projections, airline rates and charges projections, airline cost per enplaned passenger projections, application of Revenues, and the debt service coverage requirement.

6.1.1 AUTHORITY ACCOUNTING

Expenditures and Revenues of the Authority are categorized into Cost and Revenue Centers or Cost Centers. Cost and Revenue Centers include those areas or functional activities of the Airport System used for the purposes of accounting for Revenues, O&M Expenditures, and Investment Service (defined later in this chapter in 6.5.2 and which generally includes debt service, debt service coverage and other components.) Cost Centers include those areas or functional activities of the Airport System used for the purposes of accounting for O&M Expenditures and Investment Service.

Cost and Revenue Centers under the Airline Agreement include, but are not necessarily limited to:

- **Airfield.** Includes all Investment Service, all direct, indirect and general administrative O&M Expenditures, and Operating Revenues for the Airfield. The Airfield includes those portions of the Airport, excluding the terminal aircraft aprons and the cargo aircraft aprons, provided for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, clear zones, aviation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, and other aeronautical related uses of the Airport.
- **Terminal Complex.** Includes all Investment Service, all direct, indirect and general administrative O&M Expenditures, and Operating Revenues for the Main Terminal Building and all of the Airside Buildings, including all costs associated with the Passenger Transfer System. Subsets of the Terminal Complex Cost and Revenue Center will consist of the Main Terminal Building, the Airside Buildings and the Passenger Transfer System.
    - Main Terminal Building - Includes the passenger terminal building and the service building.
    - Airside Buildings - Includes the buildings at the Airport through which passenger aircraft are loaded or unloaded.

- Passenger Transfer System (PTS) - Includes the passenger transfer equipment and facilities, including the stations located in the Main Terminal Building and the Airside Buildings.
- **Commercial Landside.** Includes all Investment Service, all direct, indirect and general administrative O&M Expenditures, and Operating Revenues for those areas on the Airport designated for public automobile parking, automobile rental agencies, taxi and limousine parking areas, the Airport hotel, and other non-aeronautical accommodations and services for the public.
- **Cargo.** Includes all Investment Service, all direct, indirect and general administrative O&M Expenditures, and Operating Revenues for those areas of the Airport that are designated for the parking of cargo aircraft and support vehicles, and the loading and unloading of cargo aircraft at the Airport.
- **General Aviation.** Includes all Investment Service, all direct, indirect and general administrative O&M Expenditures, and Operating Revenues for the general aviation facilities at the Airport.
- **Auxiliary Airports.** Includes all Investment Service, all direct, indirect and general administrative O&M Expenditures, and Operating Revenues for all airports operated by the Authority, other than the Airport.
- **Other.** Includes all Investment Service, all direct, indirect and general administrative O&M Expenditures, and Operating Revenues for aviation support facilities such as flight kitchens, maintenance hangars, ground support equipment buildings and reservation centers.
- **Land Bank.** Includes all Investment Service, all direct, indirect and general administrative O&M Expenditures, and Operating Revenues for all land on the Airport that is not at the time useful for Airport purposes, but is expected to be needed in the future for Airport purposes. When land in the Land Bank Cost Center becomes useful for Airport purposes other than land bank, it will be transferred out of the Land Bank Cost and Revenue Center and into the appropriate Cost and Revenue Center.
- **Extraordinary Facilities.** Includes all Investment Service, all direct, indirect and general administrative O&M Expenditures, and Operating Revenues for other facilities (e.g. Airline club rooms).

Cost Centers under the Airline Agreement include, but are not necessarily limited to:

- **Roads and Grounds.** Includes all Investment Service and all direct, indirect and general administrative O&M Expenditures for all public roads on the Airport and the landscaping and facilities provided therefore. The Roads and Grounds Cost Center shall be allocated to the Cost and Revenue Centers based upon the following percentages: 5 percent to the Airfield Cost and Revenue Center, 35 percent to the Terminal Complex Cost and Revenue Center, 45 percent to the Commercial Landside Cost and Revenue Center, 5 percent to the Other Cost and Revenue Center, 5 percent to the Cargo Cost and Revenue Center, and 5 percent to the General Aviation Cost and Revenue Center.
- **Administrative.** Includes all Investment Service and all direct and indirect O&M Expenditures for all administrative functions of the Airport System. The Administrative Cost Center will be allocated to the Cost and Revenue Centers and Cost Centers based on their proportionate share of all other direct O&M Expenditures.

6.1.2 AIRLINE USE AND LEASE AGREEMENT

Effective October 1, 2010, the Authority entered into a new airline-airport use and lease agreements (Airline Agreement) that establishes the operational and financial relationship between the Authority and airlines that executed the Airline Agreement (Signatory Airlines.) The basic structure of the Airline Agreement has remained intact through various amendments, and the term of the current Airline Agreement extends through September 30, 2015. The Airline Agreement incorporates the lease and use of the terminal building, Airsides A, C, E, F and any future airside buildings and the airfield at Tampa International Airport. The Airline Agreement establishes a compensatory rate making methodology where the airlines pay the Authority fees and charges based on the Authority's cost of providing facilities and services and further defines the operational and financial relationship between the Authority and the airlines executing the Airline Agreement.

The Airline Agreement establishes cost and revenue centers that are defined as functional activities of the airport system used for the purposes of accounting for revenues, operating expenditure and investment service. The costs allocated to the airlines include operating and maintenance expenditures, debt service, debt service coverage of 25 percent, trust fund minimum deposit requirements, and a return on investment for Authority funds used for capital projects, less interest earnings on the debt service reserve. Signatory Airlines are required to lease space throughout the term of the agreement and provide a guarantee of the Authority's debt coverage requirement. In return for this financial commitment by the Signatory Airlines, the Airline Agreement provides for specific rebates of debt service coverage and a 20 percent share of net remaining surplus revenues (revenues less expenditures less operating reserve requirement less debt service). The airlines 20 percent share of net remaining surplus revenues is reduced if the Authority's share falls below $20 million. The airlines share increases to 25 percent for any portion of net remaining surplus revenues in excess of $37.5 million. Non signatory airlines do not provide guarantees of space or debt service coverage, and therefore they do not participate in the rebate of debt service coverage or revenue sharing. Therefore, the Authority charges two distinct rates to airlines operating at the airport based on the cost of providing services for facilities utilized.

The Airline Agreement requires the Authority to provide comparable space throughout the terminal complex to all signatory carriers. Rates and charges for the Signatory Airlines are based primarily on formulas in the airfield cost and revenue center and terminal complex cost and revenue center that are devised to recover the costs of operating, maintaining, and developing the necessary and required facilities in each respective cost and revenue center. Within the terminal complex cost and revenue center, rates and charges are calculated separately for both the terminal building and the airside buildings at the airport. Under this compensatory Airline Agreement airside rates are equalized (meaning all signatories pay the same rate regardless of the cost structure in the individual airsides). Rates for the terminal building and airside buildings are calculated by using their total respective rentable square feet as the divisor. Common use space rental in the terminal building is determined by 1) dividing 15 percent of the cost of the common use space equally among any air carrier with 5 percent or more annual enplanements, 2) the remaining common use costs are billed to each airline based on their enplanements.

Certain capital expenditures relating to new development, planning or expansion projects are subject to review by the Signatory Airlines including the following:

1. New development, planning or expansion projects in the Airfield Cost and Revenue Center that have a net project cost (i.e., net of any applicable federal and state assistance and PFCs) greater than $10.0 million.
2. Renovation projects in the Terminal Complex Cost and Revenue Center with net project cost greater than $10.0 million.

The Authority is required to hold a meeting to describe the above projects. If within thirty (30) days of the date of the meeting, a majority in interest of Signatory Airlines (MII)[1] does not issue written disapprovals for a particular capital expenditure subject to MII consideration, the Authority may proceed with said capital expenditure. Only approximately $172.6 million of projects in the Capital Program are subject to MII consideration during the Projection Period.

Annual rates and charges are initially calculated based on the annual budget and reviewed and adjusted, if necessary, throughout each fiscal year to ensure that sufficient revenues are generated to satisfy all requirements of the Trust Agreement. At the end of each fiscal year, the Authority will recalculate rates and charges based on audited financial data to determine any over/under payment situations that need to be rectified. The Airline Agreement requires that the over/under payments be settled with the airlines at the close of each fiscal year.

Although the current agreement expires September 30, 2015, for the purposes of this analysis it was assumed that the methodology contained within the agreement is continued for FY 2013 through FY 2023.

6.2 Operating and Maintenance Expenses

Operation and Maintenance (O&M or Operating) Expenses at the Airport are budgeted by department and cost center. O&M Expenses for each of these areas are summarized into one of the following categories: including personnel, contracted services, contractual maintenance, supplies and materials, utilities, insurance, and other. These expenses are the basis for rate-setting purposes.

Historical Operating Expenses and the resulting Operating Expenses per Passenger are presented in **Table 6-1.**

[1] MII shall mean at least fifty percent (50%) of the Signatory Airlines who together have landed sixty percent (60%) of the total Maximum Gross Landed Weight by all Signatory Airlines at the Airport during the immediately preceding Fiscal Year.

Table 6-1: Historical O&M Expenses, FY 2008- FY 2012

(Dollars in Thousands for Fiscal Years Ending September 30)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	COMPOUND ANNUAL GROWTH RATE
Total O&M Expenses (thousands)	$91,768	$91,254	$89,799	$92,496	$93,628	0.5%
O&M Expenses annual growth rate		-0.6%	-1.6%	3.0%	1.2%	
Enplaned Passengers(thousands)	9,351	8,561	8,335	8,383	8,441	-2.5%
Enplaned passengers growth rate		-8.5%	-2.6%	0.6%	0.7%	
Total O&M Expenses per Enplaned Passenger	$9.81	$10.66	$10.77	$11.03	$11.09	3.1%

SOURCE: Hillsborough County Aviation Authority, July 2013.
PREPARED BY: Ricondo & Associates, Inc. July 2013.

From FY 2008 through FY 2012, the Authority's Operating Expenses for the Airport remained relatively level. O&M Expenses were approximately $91.8 million in FY 2008 and decreased in FY 2009 and FY 2010 as enplaned passengers decreased, and have increased in FY 2011 and FY 2012 to approximately $93.6 million in FY 2012, reflecting a compound annual growth rate of 0.5 percent over the past five years. The Authority has been able to maintain O&M Expenses through cost-stabilization initiatives. In FY 2011, personnel expenses decreased $1,527,300 primarily due to organizational restructuring and vacancies, and savings in pension expenses as a result of reduced contribution rates. While O&M Expenses increased from FY 2010 to FY 2011, actual total O&M Expenses in FY 2011 were approximately $4.1 million less than budgeted. Total O&M Expenses were approximately $2.95 million below budget in FY 2012, primarily due to a reduction in contributions to the Florida Retirement System. O&M Expenses per enplaned passenger have increased at a compound annual growth rate of 3.1 percent from FY 2008 through FY 2012 due to decreased enplaned passengers over that period.

Table 6-2 presents actual, budgeted and projected O&M Expenses for FY 2013 through FY 2023, as distributed to the various Airport cost centers. Total O&M Expenses, including TSA Reimbursed O&M Expenses, for FY 2012 were approximately $93.6 million. Total O&M Expenses are budgeted to increase to $98.6 million in FY 2013, representing an increase of $5.0 million, or 5.3 percent, primarily attributable to inflationary factors.

The Airport's final approved FY 2013 budget serves as the base year from which O&M Expenses are projected. O&M Expenses are projected to increase based on the type of expense, expectations of future inflation rates (assumed to be 3.0 percent annually), and operational impacts. As shown, total O&M Expenses are projected to increase from $98.6 million in FY 2013 to $179.1 million in FY 2023, representing a compound annual growth rate of 6.1 percent.

Table 6-2: O&M Expenses, Expenditures and Reserve Requirement [1/]

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED										CAGR
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	(2013 - 2023)
Total Net Operating Expenses [2/]												
Airfield	$10,530,026	$11,089,557	$11,679,952	$12,302,959	$12,960,429	$13,655,015	$14,387,437	$15,160,545	$15,976,657	$16,838,226	$17,747,848	5.4%
Terminal Building	30,331,763	31,943,495	33,644,127	36,092,667	38,021,555	40,547,471	42,722,275	45,017,761	46,152,220	50,472,775	51,893,941	5.5%
Airside Buildings	21,626,398	22,775,555	23,988,097	25,547,890	26,913,211	28,435,225	29,960,400	31,570,258	33,269,620	35,063,586	36,957,553	5.5%
Commercial Landside	25,751,518	27,119,870	28,563,698	30,096,067	41,815,403	42,873,741	45,172,882	47,879,010	50,829,329	53,546,658	56,433,913	8.2%
Cargo	1,041,789	1,097,146	1,155,557	1,217,194	1,282,241	1,350,961	1,423,423	1,499,911	1,580,653	1,665,892	1,755,886	5.4%
Auxiliary Airports	1,292,143	1,360,803	1,433,251	1,509,700	1,590,379	1,675,596	1,765,471	1,860,338	1,960,482	2,066,205	2,177,824	5.4%
General Aviation	1,527,234	1,608,386	1,694,015	1,784,373	1,879,730	1,980,439	2,086,665	2,198,792	2,317,156	2,442,112	2,574,038	5.4%
Other	918,537	967,345	1,018,845	1,153,590	1,215,250	1,280,387	1,349,059	1,421,536	1,498,035	1,578,783	1,664,023	6.1%
Passenger Transfer	4,036,165	4,250,634	4,476,932	4,715,731	4,967,740	5,233,709	5,514,432	5,810,750	6,123,551	6,453,774	6,802,415	5.4%
Land Bank	194,727	205,074	215,992	227,513	239,671	253,128	266,705	281,037	296,165	312,136	328,997	5.4%
Total Net Operating Expenses	**$97,250,300**	**$102,417,866**	**$107,870,466**	**$114,647,685**	**$130,885,609**	**$137,285,672**	**$144,648,750**	**$152,699,937**	**$160,003,866**	**$170,440,147**	**$178,336,438**	6.3%
TSA Reimbursed O&M Expenses	$1,373,200	$693,400	$701,721	$710,141	$718,663	$727,287	$736,015	$744,847	$753,785	$762,830	$771,984	-5.6%
Total Operating Expenses	**$98,623,500**	**$103,111,266**	**$108,572,186**	**$115,357,827**	**$131,604,272**	**$138,012,959**	**$145,384,764**	**$153,444,784**	**$160,757,651**	**$171,202,978**	**$179,108,423**	6.1%
Total Net Operating Expenditures [2/3/]												
Airfield	$10,891,696	$11,471,927	$12,084,225	$12,730,411	$13,412,411	$14,132,956	$14,892,852	$15,695,036	$16,541,923	$17,436,064	$18,380,162	5.4%
Terminal Building	30,836,274	32,479,008	34,212,529	36,695,962	38,661,949	41,227,226	43,443,852	45,783,710	46,965,245	51,335,577	52,809,783	5.5%
Airside Buildings	21,982,016	23,153,059	24,388,821	25,973,249	27,364,741	28,914,521	30,469,165	32,110,287	33,842,816	35,671,970	37,603,266	5.5%
Commercial Landside	26,223,880	27,620,899	29,095,126	30,659,729	42,413,249	43,509,156	45,848,043	48,596,373	51,591,539	54,356,537	57,294,406	8.1%
Cargo	1,079,019	1,136,501	1,197,160	1,261,177	1,328,741	1,400,125	1,475,406	1,554,877	1,638,777	1,727,358	1,820,888	5.4%
Auxiliary Airports	1,404,005	1,478,800	1,557,729	1,641,026	1,728,940	1,821,803	1,919,757	2,023,162	2,132,330	2,247,589	2,369,287	5.4%
General Aviation	1,578,094	1,662,163	1,750,879	1,844,505	1,943,319	2,047,688	2,157,787	2,274,014	2,396,717	2,526,267	2,663,055	5.4%
Other	946,733	997,168	1,050,391	1,186,959	1,250,558	1,317,750	1,388,597	1,463,378	1,542,317	1,625,648	1,713,624	6.1%
Passenger Transfer	4,073,660	4,290,675	4,519,684	4,761,367	5,016,446	5,285,681	5,569,879	5,869,894	6,186,627	6,521,033	6,874,123	5.4%
Land Bank	201,123	211,837	223,144	235,076	247,670	261,587	275,652	290,500	306,175	322,724	340,198	5.4%
Total Net Operating Expenditures	**$99,216,500**	**$104,502,038**	**$110,079,688**	**$116,989,461**	**$133,368,024**	**$139,918,493**	**$147,440,991**	**$155,661,231**	**$163,144,465**	**$173,770,766**	**$181,868,790**	6.2%
TSA Reimbursed O&M Expenses	$1,373,200	$693,400	$701,721	$710,141	$718,663	$727,287	$736,015	$744,847	$753,785	$762,830	$771,984	-5.6%
Total Operating Expenditures	**$100,589,700**	**$105,195,438**	**$110,781,409**	**$117,699,603**	**$134,086,688**	**$140,645,780**	**$148,177,005**	**$156,406,078**	**$163,898,250**	**$174,533,597**	**$182,640,775**	6.1%
O&M Reserve Requirement												
Airfield	$56,909	$96,705	$102,050	$107,698	$113,667	$120,091	$126,649	$133,697	$141,148	$149,024	$157,350	
Terminal Building	263,433	273,789	288,920	413,905	327,665	427,546	369,438	389,976	196,923	728,389	245,701	
Airside Buildings	261,379	195,174	205,960	264,071	231,915	258,297	259,107	273,520	288,755	304,859	321,883	
Commercial Landside	80,926	232,836	245,704	260,767	1,958,920	182,651	389,814	458,055	499,194	460,833	489,645	
Cargo	20,326	9,580	10,110	10,669	11,261	11,897	12,547	13,245	13,983	14,763	15,588	
Auxiliary Airports	(29,437)	12,466	13,155	13,883	14,652	15,477	16,326	17,234	18,195	19,210	20,283	
General Aviation	50,476	14,012	14,786	15,604	16,469	17,395	18,350	19,371	20,451	21,592	22,798	
Other	26,411	8,406	8,870	22,761	10,600	11,199	11,808	12,464	13,156	13,889	14,663	
Passenger Transfer	33,266	36,169	38,168	40,281	42,513	44,873	47,366	50,002	52,789	55,734	58,848	
Land Bank	(31,221)	1,786	1,884	1,989	2,099	2,320	2,344	2,475	2,612	2,758	2,912	
Total O&M Reserve Requirement	**$732,467**	**$880,923**	**$929,608**	**$1,151,629**	**$2,729,761**	**$1,091,745**	**$1,253,750**	**$1,370,040**	**$1,247,206**	**$1,771,050**	**$1,349,671**	

Notes:
1/ Includes O&M Impacts of future capital projects, including savings to O&M associated with the APM .
2/ Net of TSA reimbursement for certain annual expenses
3/ Operating Expenditures includes Equipment and Renewal and Replacement

SOURCE: Hillsborough County Aviation Authority; Ricondo & Associates, Inc.
PREPARED BY: Ricondo & Associates, Inc., August 2013

O&M Expenses are projected to increase based on the type of expense as well as impacts from capital projects to be undertaken during the Projection Period. The largest capital project impacts to O&M Expenses are associated with the consolidated rental car facility (ConRAC) and automated people mover (APM System) projects that are anticipated to be completed in FY 2017. The ConRAC and APM System are currently estimated to incur approximately $6.4 million of annual O&M Expenses and approximately $5.2 million of annual O&M Expenses, respectively, beginning in FY 2017. The total O&M Expenses associated with the ConRAC and approximately $2.0 million of APM System O&M Expenses are anticipated to be funded through CFC Revenues. There will also be O&M savings upon opening of the ConRAC and APM System, including approximately $1.3 million of annual savings associated with the reduced cost of current RAC fuel contract and utilities and $1.5 million of annual savings associated with the cessation of the economy garage shuttle bus, which have also been factored in to the O&M Expense projection.

O&M Expense categories are discussed below.

6.2.1 PERSONNEL

Personnel expenses include Airport staff compensation and benefits. Expenses for salaries, wages and employee benefits, which account for 45.5 percent of total operating expenses in FY 2013, are projected to increase at a compound annual growth rate of 6.0 percent through FY 2023. This is attributable primarily to salary increases, escalating insurance premiums, and other benefit increases.

6.2.2 CONTRACTED SERVICES

Contracted services expenses include outside legal and airport consulting services as well as aircraft rescue and firefighting and public and employee parking services. Contracted services account for approximately 15.4 percent of the total operating expenses in FY 2013, and are projected to increase at a compound annual growth rate of 6.0 percent through the projection period.

6.2.3 CONTRACTED MAINTENANCE

Contracted maintenance expenses include janitorial and trash removal services, as well as maintenance expenses associated with elevators and escalators, shuttles, monorail system, and other building maintenance. These expenses account for approximately 17.1 percent of total operating expenses and are projected to increase at a compound annual growth rate of 4.0 percent through the projection period.

6.2.4 UTILITIES

Utilities expenses include telephone, electricity, water and sewer, and natural gas expenses. Utilities expenses account for approximately 13.8 percent of total operating expenses and are projected to increase at a compound annual growth rate of 3.5 percent through FY 2023.

6.2.5 OTHER EXPENSES

Other expenses at the Airport consist of various maintenance materials and supplies, insurance, and miscellaneous expenses, such as Airport promotions, conferences, and training. All Other expenses at the

Airport account for 8.2 percent of total operating expenses and are projected to increase at a compound annual growth rate of 6.0 percent through the projection period.

The Transportation Security Administration (TSA) has provided various relief mechanisms to assist U.S. airports in the payment of added security costs. The Authority has received grants to offset certain security expenses. All grants received from the TSA are used to offset operating expenses. The portion of the projected TSA grants presented on Table 6-2 reflect anticipated reimbursement for certain expenses in the amount of approximately $1.4 million in FY 2013, and are projected to decrease to $693,400 in FY 2014, then increase at 1.2 percent annually through the projection period.

O&M Expenditures includes O&M Expenses and equipment expenditures. Equipment expenditures in FY 2012 were approximately $1.8 million and are budgeted to increase to approximately $2.0 million in FY 2013. Equipment expenditures are projected to increase at a compound annual growth rate of 6.0 percent.

6.3 Non-Agreement Revenues

Non-Agreement Revenues include all revenues generated for the Airport except for those revenues generated from the Airline Agreement. **Table 6-3** presents Non-Agreement Revenues and enplaned passengers from FY 2008 through FY 2012 in order to analyze historical Non-Agreement Revenues per enplaned passenger. As shown, Non-Agreement Revenues, excluding interest income, were approximately $127.0 million in FY 2008 then decreased in FY 2009 and FY 2010 to $118.5 million and $114.4 million, respectively, as enplanements decreased due to the economic recession in those years. As the economy recovered, Non-Agreement Revenues increased to $128.2 million in FY 2012, representing a compound annual growth rate of 0.2 percent from FY 2008 through FY 2012.

The largest contributing factor to the decrease in Non-Agreement Revenues from FY 2008 through FY 2010 was car parking revenues. Parking revenues were approximately $59.3 million in FY 2008 and decreased approximately 15.7 percent to $50.0 million in FY 2009. Parking revenues decreased further in FY 2010, to $48.6 million, before increasing in FY 2011 and FY 2012 to $51.8 million.

As shown in Table 6-3, total Non-Agreement Revenues per enplaned passenger have increased at a compound annual growth rate of 2.8 percent from $13.59 per enplanement in FY 2008 to $15.19 per enplanement in FY 2012.

Table 6-3: Historical Non-Agreement Revenues (Excluding Interest Income) FY 2008- FY 2012

(Dollars in Thousands for Fiscal Years Ending September 30)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	COMPOUND ANNUAL GROWTH RATE
Total Non-Agreement Revenues (thousands) 1/	$127,050	$118,484	$114,403	$123,169	$128,183	0.2%
Non-Agreement Revenues annual growth rate		-6.7%	-3.4%	7.7%	4.1%	
Enplaned Passengers (thousands)	9,351	8,561	8,335	8,383	8,441	-2.5%
Enplaned passengers growth rate		-8.5%	-2.6%	0.6%	0.7%	
Total Non-Agreement Revenues per Enplaned Passenger	$13.59	$13.84	$13.73	$14.64	$15.19	2.8%

NOTE:

1/ From FY 2008 through FY 2011, rental car companies paid $4.4 million in annual rents to reimburse the Authority for certain rental car project expenditures that were funded with Authority funds. In FY 2012, amortization was removed from the annual rent and replaced with a portion of the CFC Revenue reflected in Table 6-4.

SOURCE: Hillsborough County Aviation Authority, July 2013.
PREPARED BY: Ricondo & Associates, Inc. July 2013.

Table 6-4 presents Non-Agreement Revenues for FY 2013 through FY 2023. Total Non-Agreement Revenues (including interest income) are budgeted to be $133.2 million in FY 2013, and are projected to increase to approximately $190.3 million in FY 2023, reflecting a compound annual growth rate of approximately 3.6 percent. Growth in Non-Agreement Revenues results from projected increases in aviation activity as well as inflationary factors, assumed in this report to be 3 percent. Certain projects included in the Capital Program described in Chapter 3 are expected to directly generate additional Non-Agreement Revenues during the projection period and those additional revenues are reflected in the projections. Additional information regarding Non-Agreement Revenues, by cost center, is provided below.

Table 6-4: Non-Agreement Revenues (Page 1 of 2)

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED										CAGR
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	(2013-2022)
Airfield												
Non-Signatory Passenger Airline Landing Fees 1/	$761,700	$760,164	$771,495	$782,910	$794,360	$805,059	$815,780	$826,620	$837,481	$848,462	$859,464	1.2%
Non-Signatory Cargo Airline Landing Fees	14,400	14,487	14,574	14,661	14,748	14,836	14,924	15,011	15,099	15,188	15,276	0.6%
Total Airfield	**$776,100**	**$774,651**	**$786,068**	**$797,571**	**$809,108**	**$819,895**	**$830,703**	**$841,632**	**$852,580**	**$863,650**	**$874,740**	1.2%
Terminal												
Non Signatory Space Rental 1/	$650,600	$660,359	$670,264	$680,318	$690,523	$700,881	$711,394	$722,065	$732,896	$743,890	$755,048	1.5%
Non-Airline Space Rental	251,100	254,867	258,689	262,570	266,508	270,506	274,564	278,682	282,862	287,105	291,412	1.5%
Food and Beverage Concessions	11,730,800	11,824,000	11,469,906	11,251,618	14,114,747	14,585,302	15,094,485	15,619,037	16,168,545	16,734,661	17,317,641	4.0%
Hotel Concessions	1,370,000	1,412,730	1,460,439	1,509,564	1,560,105	1,612,115	1,668,395	1,726,374	1,787,111	1,849,684	1,914,121	3.4%
General Merchandise Concessions	4,980,000	5,074,094	4,892,796	4,527,856	6,620,699	6,841,419	7,080,258	7,326,305	7,584,058	7,849,602	8,123,057	5.0%
Duty Free Concessions	415,000	478,921	441,886	421,402	492,090	508,495	526,247	544,535	563,693	583,429	603,754	3.8%
Car Rental Concessions 2/	32,669,000	36,628,624	37,787,233	39,055,278	45,246,129	46,754,536	48,386,771	50,068,270	51,829,767	53,644,505	55,513,303	5.4%
Advertising Concessions	1,400,000	1,443,666	1,492,420	1,542,620	1,594,268	1,647,417	1,704,930	1,764,178	1,826,245	1,890,188	1,956,036	3.4%
Parking	53,278,100	54,939,838	56,795,210	58,705,616	60,671,108	62,693,750	64,882,435	67,137,177	69,499,192	71,932,597	74,438,491	3.4%
Reimbursables and Miscellaneous	2,914,700	2,958,421	3,002,797	3,047,839	3,093,556	3,139,960	3,187,059	3,234,865	3,283,388	3,332,639	3,382,628	1.5%
Other Concessions	1,601,000	1,625,015	1,649,390	1,674,131	1,699,243	1,724,732	1,750,603	1,776,862	1,803,515	1,830,567	1,858,026	1.5%
Total Terminal	**$111,260,300**	**$117,300,534**	**$119,921,031**	**$122,678,812**	**$136,048,976**	**$140,479,112**	**$145,267,141**	**$150,198,350**	**$155,361,272**	**$160,678,867**	**$166,153,516**	4.1%
Airside												
Airside Other Rentals	$253,700	$259,496	$263,373	$267,296	$271,231	$274,910	$278,596	$282,323	$286,058	$289,833	$293,615	1.5%
Federal Inspection Services	362,300	370,577	376,114	381,716	387,335	392,589	397,853	403,176	408,509	413,900	419,302	1.5%
Extraordinary Service Charges	144,100	147,392	149,594	151,822	154,057	156,147	158,241	160,358	162,479	164,623	166,772	1.5%
Authority Gates & Hardstands	1,439,800	1,472,692	1,494,698	1,516,960	1,539,292	1,560,171	1,581,091	1,602,244	1,623,436	1,644,862	1,666,327	1.5%
TSA Security Reimbursements/Rentals	1,312,900	693,400	701,721	710,141	718,663	727,287	736,015	744,847	753,785	762,830	771,984	-5.2%
Total Airside Buildings	**$3,512,800**	**$2,943,556**	**$2,985,501**	**$3,027,936**	**$3,070,579**	**$3,111,104**	**$3,151,796**	**$3,192,948**	**$3,234,267**	**$3,276,049**	**$3,318,000**	-0.6%
Other Non-Agreement Revenues												
General Aviation	$3,170,100	$3,201,801	$3,233,819	$3,266,157	$3,298,819	$3,331,807	$3,365,125	$3,398,776	$3,432,764	$3,467,092	$3,501,763	1.0%
Cargo Complex	2,133,300	2,146,158	2,159,044	2,171,956	2,184,896	2,197,863	2,210,857	2,223,879	2,236,927	2,250,003	2,263,106	0.6%
Cargo Ramp	151,700	152,614	153,531	154,449	155,369	156,291	157,215	158,141	159,069	159,999	160,931	0.6%
Building Area Rentals	6,848,700	6,951,431	7,055,702	7,161,537	7,268,961	7,377,995	7,488,665	7,600,995	7,715,010	7,830,735	7,948,196	1.5%
Maintenance Hangar, Reservations, etc.	2,418,400	2,454,676	2,491,496	2,528,869	2,566,802	2,605,304	2,644,383	2,684,049	2,724,310	2,765,174	2,806,652	1.5%
Flight Kitchen Concessions	630,700	640,161	649,763	659,509	669,402	679,443	689,635	699,979	710,479	721,136	731,953	1.5%
Other Revenues	413,600	419,804	426,101	432,493	438,980	445,565	452,248	459,032	465,917	472,906	480,000	1.5%
Total Commercial Landside	**$15,766,500**	**$15,966,645**	**$16,169,455**	**$16,374,970**	**$16,583,228**	**$16,794,267**	**$17,008,128**	**$17,224,851**	**$17,444,476**	**$17,667,045**	**$17,892,600**	1.3%
Interest Income	$1,844,200	$1,862,642	$1,881,268	$1,900,081	$1,919,082	$1,938,273	$1,957,655	$1,977,232	$1,997,004	$2,016,974	$2,037,144	1.0%
Total Non-Agreement Revenues	**$133,159,900**	**$138,848,028**	**$141,743,324**	**$144,779,370**	**$158,430,973**	**$163,142,651**	**$168,215,424**	**$173,435,012**	**$178,889,599**	**$184,502,586**	**$190,276,000**	3.6%
CFC Revenues 3/	$9,151,940	$45,610,216	$46,713,536	$48,730,227	$49,880,373	$51,054,671	$52,253,630	$53,477,767	$54,727,611	$56,003,702	$58,837,081	
Total Non-Agreement Revenues including RCFFs	**$142,311,840**	**$184,458,244**	**$188,456,860**	**$193,509,598**	**$208,311,346**	**$214,197,323**	**$220,469,055**	**$226,912,779**	**$233,617,211**	**$240,506,288**	**$249,113,080**	

Table 6-4: Non-Agreement Revenues (Page 2 of 2)

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED										CAGR
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	(2013-2022)
Non-Agreement Revenues by Cost Center												
Airfield	$776,100	$774,651	$786,068	$797,571	$809,108	$819,895	$830,703	$841,632	$852,580	$863,650	$874,740	1.2%
Terminal Building	25,313,200	25,732,072	25,338,588	24,917,918	30,131,739	31,030,826	31,997,935	32,992,903	34,032,313	35,101,766	36,201,723	3.6%
Airside Building	3,512,800	2,943,556	2,985,501	3,027,936	3,070,579	3,111,104	3,151,796	3,192,948	3,234,267	3,276,049	3,318,000	-0.6%
Commercial Landside	85,947,100	91,568,462	94,582,442	97,760,894	105,917,237	109,448,285	113,269,206	117,205,447	121,328,959	125,577,102	129,951,793	4.2%
Cargo	2,285,000	2,298,773	2,312,574	2,326,405	2,340,265	2,354,154	2,368,072	2,382,020	2,395,996	2,410,002	2,424,036	0.6%
Auxiliary Airports	967,500	986,850	1,006,587	1,026,719	1,047,253	1,068,198	1,089,562	1,111,353	1,133,580	1,156,252	1,179,377	2.0%
General Aviation	2,202,600	2,214,951	2,227,232	2,239,438	2,251,566	2,263,609	2,275,563	2,287,423	2,299,184	2,310,840	2,322,385	0.5%
Other	10,311,400	10,466,071	10,623,062	10,782,408	10,944,144	11,108,306	11,274,931	11,444,055	11,615,716	11,789,951	11,966,801	1.5%
Total Non-Agreement Revenues Excluding Interest	$131,315,700	$136,985,386	$139,862,055	$142,879,289	$156,511,891	$161,204,378	$166,257,769	$171,457,780	$176,892,595	$182,485,612	$188,238,856	3.7%
Interest Income	$1,844,200	$1,862,642	$1,881,268	$1,900,081	$1,919,082	$1,938,273	$1,957,655	$1,977,232	$1,997,004	$2,016,974	$2,037,144	1.0%
Total Non-Agreement Revenues	**$133,159,900**	**$138,848,028**	**$141,743,324**	**$144,779,370**	**$158,430,973**	**$163,142,651**	**$168,215,424**	**$173,435,012**	**$178,889,599**	**$184,502,586**	**$190,276,000**	3.6%
CFC Revenues [3/]	$9,151,940	$45,610,216	$46,713,536	$48,730,227	$49,880,373	$51,054,671	$52,253,630	$53,477,767	$54,727,611	$56,003,702	$58,837,081	
Total Non-Agreement Revenues including CFCs	**$142,311,840**	**$184,458,244**	**$188,456,860**	**$193,509,598**	**$208,311,346**	**$214,197,323**	**$220,469,055**	**$226,912,779**	**$233,617,211**	**$240,506,288**	**$249,113,080**	

Note:
1/ Assumes current Signatory/Non-Signatory composition remains constant during Projection Period.
2/ Includes CFC Revenues paid to the Authority for prior RAC projects.
3/ Reflects total CFC Revenues less CFC Revenues paid for prior RAC projects.

SOURCE: Hillsborough County Aviation Authority; Ricondo & Associates, Inc.
PREPARED BY: Ricondo & Associates, Inc., August 2013

6.3.1 AIRFIELD

Airfield Non-Agreement Revenues, which include non-signatory landing fees, fuel flowage fees and rentals, are budgeted to be approximately $776,100 in FY 2013.

6.3.2 TERMINAL COMPLEX

Revenues for the Terminal Complex are further differentiated into Terminal and Airside categories as described in the following paragraphs:

Terminal

Revenues include space rentals for rentals by car rental companies, general merchandise and food and beverage counters, HCAA facilities, a barber shop, currency exchange counter, traveler's aid, duty free and FIS space. Revenues also include all food & beverage and general merchandise revenues, duty free concessions, all advertising concessions and other miscellaneous concession revenues in the Terminal Complex. The Authority plans to revise the overall concession policy in 2015, including a thorough review of such policy. The potential for the allowance of multiple concessionaires to generate more revenue is under consideration, however, it is assumed for the purposes of this Report that all existing contract terms and conditions will be extended through the projection period unless otherwise noted.

The Authority entered into a Lease and Concession Agreement for operation of food and beverage services, (F&B Agreement) with Host International, Inc. (Host) for the exclusive right to provide food and beverage service at the Airport. The F&B Agreement became effective April 1, 1994 and terminates on September 30, 2015. Under the F&B Agreement, Host pays the Authority fair market rental for the space occupied by the food and beverage concessions. In addition, Host pays the Authority a privilege fee, representing the difference between the rental and the greater of a guaranteed minimum annual privilege fee, or a percentage privilege fee of gross revenues, plus a percentage of profits in excess of a base amount.

In 2012, Host expanded the Food and Beverage Services with five kiosk locations and two new full service restaurant/bar concepts. They also enhanced the program to promote local flavor by re-concepting three full service sit down restaurants. In addition, Host expanded the retail program with three new kiosk locations and a complete renovation of the most productive newsstand.

The Authority entered into a Lease and Concession Agreement for operation of retail merchandise services, except Duty Free, (Retail Agreement) with Host for the exclusive right to operate retail merchandise concessions. The Retail Agreement became effective May 1, 1996 and was amended and extended to 2015 in exchange for Host agreeing to pay higher percentage rents and fully fund future facility improvements out of their budget. In January 2013, the Agreement in its entirety was assigned to World Duty Free Group, a sister company to Host under the AutoGrill umbrella. Under the terms of the Retail Agreement, Host pays the Authority the fair market rental value for the space occupied by the retail shops and a minimum annual privilege fee computed as the greater of a percentage of the prior year's gross revenue or a percentage times prior year enplaned passengers. In FY 2012, revenues from food and beverage and retail merchandise were approximately $15.4 million. These revenues are budgeted to increase to a total of $16.7 million in FY 2013.

Food and beverage and retail merchandise revenues are assumed to increase in FY 2017 as the result of the negotiation of a new concession agreement.

The Authority awarded a License and Concession Agreement for Operation and Display of Services, Landside and Airside Buildings, Tampa International Airport, with Clear Channel Airports (Advertising Agreement) in June 2010. The Advertising Agreement commenced June 11, 2010, and terminates on June 30, 2015. The Authority received 50 percent of annual gross advertising sales or a minimum annual guarantee of $975,000, whichever is greater. In FY 2012, advertising concessions were $1.1 million and are budgeted to be $1.4 million in FY 2013.

The Authority entered into a Self Service Luggage Cart Concession Agreement (Luggage Cart Agreement) with Bagport America, LLC. (Bagport) for the right to rent, maintain, and relocate luggage carts to customers at the Airport. The Luggage Cart Agreement became effective February 7, 2013 and terminates on January 31, 2018. The Luggage Cart Agreement requires Bagport to pay annual rent for office space and for space occupied by the cart dispensing units.

Stellar Partners has a Duty Free Agreement with the Authority for the operation of the Duty Free shops. The term of the original agreement was March 7, 1996 through September 30, 2007, and has been extended through September 30, 2015.

Duty Free, Reimburseables & Miscellaneous, and Other Concessions includes revenues from the duty free shops; proceeds from sales of assets, warehouse storage rentals, and other miscellaneous revenues; permit fees for off-airport hotel and off-airport rental cars, ATM concessions, luggage carts, Verizon, privilege fees from Tele-Trip, charter buses, resort limousines and taxi cabs; and reimbursements from TSA for certain expenses in the Terminal Cost Center. Revenues from these revenue sources are budgeted to be approximately $4.9 million in FY 2013.

Airside

Airside Revenues include Hardstands; Authority Gates; Federal Inspection Services (FIS); Other Rentals; Miscellaneous Revenues; and reimbursements from TSA for certain expenses in the Airside Cost Center. Non-airline revenues in the Airside Cost Center are budgeted to total approximately $3.5 million in FY 2013.

6.3.3 COMMERCIAL LANDSIDE

Revenues for the Commercial Landside include Non-Agreement space rentals, hotel, car rentals, automobile parking and other concessions as well as certain cargo complex revenues. Total revenues in the Commercial Landside Cost Center are budgeted to be approximately $85.9 million in FY 2013.

Hotel

The Authority entered into an agreement for a hotel-office complex at Tampa International Airport, with Host Boston for the land underlying the hotel for the construction, operation and maintenance of a first class hotel and office complex. The hotel is currently branded as a Marriott. This agreement became effective April 29, 1969 and is scheduled to terminate December 31, 2033. The lease includes a specified minimum capital improvement cost. The original lease was for 20 years with two 10-year renewal options. An amendment to the lease extended the termination date to December 31, 2033. In exchange for the extended term, Host Boston agreed to increase the Authority's percentage of revenues as well as agreeing to over $13 million in improvements to the hotel complex.

The Hotel Agreement provides that Host Boston pays to the Authority a specified minimum privilege fee of $350,000 annually, plus a percentage of gross receipts and a profit-sharing component. The percentage of gross receipts is calculated by formula and is dependent upon the type of services being provided. It is applicable when and if the percentage exceeds the minimum privilege fee. Hotel revenues for FY 2013 are budgeted to be approximately $1.4 million.

Car Rentals

On-Airport Car Rental. The Authority entered into an Agreement for Car Rental Concession, in and adjacent to the Landside Building (On-Airport RAC Agreement) with the following companies: Hertz Corporation, Avis Rent-A-Car System, Inc., and Enterprise Leasing Company of Florida, LLC, and DTG Operations. On Airport RAC Agreements commenced October 1, 2010 and are scheduled to terminate on September 30, 2015. The On-Airport RAC Agreements provide for space rental of facilities at the Airport. In addition, each company pays the authority a minimum privilege or 9.5 percent of the gross receipts from its car rental business or a minimum guarantee, whichever is greater.

Off-Airport Car Rental. The Authority issues an Off-Airport Rental Car Airport Use and Permit Agreement (Off-Airport Agreement) to rental car companies located off the Airport that picks up customers at the Airport. Currently, there are nine companies E-Z Rent A Car Inc., Ciscon, LLC, Action Car Rental, CJB Enterprises, Econo Auto Rental, Inc., Simply Wheelz, and Flomco Inc., Fox Rent A Car, and Merit Rental Services, Inc. The Off-Airport Agreement required the companies operating thereunder to pay the Authority a privilege fee based on a percentage of gross receipts on revenue derived from Airport customers. The prior Off-Airport Agreements became effective January 1, 2003 and expired on December 31, 2007. The companies were operating on a month-to-month basis with all provisions of the Agreements applicable through March 31, 2008. A new Off-Airport Agreement became effective on April 1, 2008 and expires on December 31, 2013. The Off-Airport Agreements require the companies to pay 8.5 percent of gross receipts over $500,000 to the Authority.

The Authority received $1,185,478 in revenues from Off-Airport Agreements in the fiscal year ending September 30, 2012.

Total car rental revenues (excluding CFC Revenues) in FY 2013 are budgeted to be approximately $32.7 million and are projected increase at a compound annual growth rate of 5.4 percent, including an assumed increase in FY 2017 resulting from the negotiation of a new On-Airport RAC Agreement assumed to begin after the expiration of the existing Agreement.

Parking

The Authority entered into a Management Contract for Public Parking Facilities, (Parking Agreement) with AMPCO System to operate the parking facilities at the Airport. The Parking Agreement commenced on July 1, 2012 and will expire on June 30, 2017. The Authority annually reviews and approves the parking facilities operating budget. The operator assumes responsibility for the parking facilities and submits a daily accounting to the Authority. The Authority must annually approve the parking garage budget. Parking revenues for FY 2012 were approximately $51.8 million and are budgeted to be $53.3 million in FY 2013.

Compressed Natural Gas Fuel Station

In March 2011, the Authority entered into a contract with Clean Energy CA Corp. to develop, construct and operate a Compressed Natural Gas Fuel Station (CNG) on the Authority property. The contract term is 20 years which started on March 3, 2012.

6.3.4 CARGO

Cargo revenues, which include revenues from the Cargo Complex, Cargo Ramp and a TSA reimbursement, are budgeted to be approximately $2.3 million in FY 2013.

6.3.5 GENERAL AVIATION & AUXILIARY AIRPORTS

As described in Chapter 2, the Authority has two general fixed base aviation facilities at the Airport. There are also FBOs operating at each of the other airports including Atlas Aviation Tampa, Inc. at Peter O. Knight Airport, Leading Edge at Tampa Executive Airport and Mitchell Enterprises, Inc. at Plant City Airport. Budgeted Revenues from General Aviation and Auxiliary Airports for FY 2013 is approximately $3.2 million.

6.3.6 OTHER

Total Other Non-Agreement revenues are budgeted to be $10.3 million in FY 2013.

Building Rentals

There are several buildings on Airport property that are rented by a variety of tenants. Some of these tenants include CSX Real Property, City of Tampa Police, Pioneer Fuel Oil, Rubber Products, Drew Park Cold Storage, Ye Mystic Krewe, Tampa Electric, Concorde Properties, Tampa Westshore Associated LTD Partnership, Roth Investment Realty, Inc., and Crescent Resources.

Maintenance Hangars/Facilities

The Authority's maintenance facilities including a discussion of tenants are described in Chapter 2.

Flight Kitchen

LSG/Sky Chefs and Gate Gourmet provide the flight kitchen concession for the Airport.

Land Leases

The Authority has entered into several land leases with the U.S. Postal Service, dating from April 7, 1967, with terms and renewal options extending to May 1, 2020. In connection with each five-year renewal option, the ground rent is adjusted, based upon a percentage of the appraised value of the land as of the date of commencement of each five-year option.

6.4 Other Available Revenue

6.4.1 PASSENGER FACILITY CHARGE REVENUE

The Airport is currently collecting a $4.50 PFC per passenger and has submitted eight PFC applications to the FAA and received authority to impose and use approximately $795.8 million in PFC revenues. Through September 30, 2012, the Authority has collected approximately $521.3 million in PFCs from air carriers, foreign air carriers and their agents. Expenditures under the PFC applications through September 30, 2012 total approximately $699.7 million. Expenditures in excess of collections are funded from the issuance of PFC supported revenue bonds, commercial paper notes and bank notes, or from Authority funds that will be reimbursed from PFCs. The Authority will secure all required PFC authority approvals from the FAA prior to the issuance of future subordinate lien PFC supported bonds through the PFC application process.

Table 6-5 presents projected annual PFC revenue capacity based on projected enplanements, an assumed PFC level of $4.50 per enplanement, and assumed PFC collection eligibility of 90 percent of enplaned passengers. Table 6-5 assumes no increase in the current $4.50 PFC collection rate. An increase in the PFC collection rate would increase the annual PFC revenue collections; however, the Airport would continue to be limited to cumulative PFC collections in the amount authorized by the FAA unless additional approvals are obtained from the FAA.

6.4.2 CUSTOMER FACILITY CHARGE REVENUE

The Authority implemented the customer facility charge program at the Airport on October 1, 2011. The $2.50 CFC per rental car contract day will generate additional revenues to fund the ConRAC, which is anticipated to be completed in FY 2017. Projected CFC Revenues are included in Table 6-4.

CFCs are not currently pledged to pay debt service on either the Authority's Senior Lien Bonds or Subordinated Bonds. However, this Report assumes that the ConRAC and APM projects will be funded, in part, from the proceeds of CFC-supported GARBs, to be issued in late 2014. This Report also assumes that CFCs would be pledged toward the repayment of such bonds at the time they are issued.

Table 6-5: Projected PFC Revenue Collections

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Enplanements	8,481,200	8,633,100	8,817,000	9,002,900	9,190,600	9,370,100	9,567,000	9,766,300	9,973,500	10,183,300	10,395,600
Calculation of PFCs											
90% Eligibility of EPs	7,633,080	7,769,790	7,935,300	8,102,610	8,271,540	8,433,090	8,610,300	8,789,670	8,976,150	9,164,970	9,356,040
PFC Collection Level	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50
Less: Administrative Fee	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)	($0.11)
Total PFC Revenue	$33,509,221	$34,109,378	$34,835,967	$35,570,458	$36,312,061	$37,021,265	$37,799,217	$38,586,651	$39,405,299	$40,234,218	$41,073,016
PFCs Applied to Senior Lien Debt Service	$29,784,688	$7,383,663	$7,387,413	$7,383,513	$7,388,469	$7,386,750	$0	$0	$0	$0	$0
PFCs Applied to Subordinated Lien Debt Service	0	20,064,189	22,323,700	22,324,900	23,651,425	23,651,425	33,026,425	33,026,425	33,026,425	33,029,425	33,026,925
Remaining PFC Revenue	**$3,724,534**	**$6,661,527**	**$5,124,855**	**$5,862,045**	**$5,272,167**	**$5,983,090**	**$4,772,792**	**$5,560,226**	**$6,378,874**	**$7,204,793**	**$8,046,091**

SOURCE: Hillsborough County Aviation Authority; Ricondo & Associates, Inc.
PREPARED BY: Ricondo & Associates, Inc., August 2013

6.5 Debt Service

6.5.1 EXISTING DEBT SERVICE, DEBT SERVICE ON SERIES 2013 BONDS, FUTURE BONDS, AND OTHER DEBT SERVICE

Table 6-6 presents the details of the Authority's outstanding debt service as well as the debt service on the 2013 Bonds, and future bonds, as well as projected Other Debt Service[2] for FY 2013 through FY 2023.

As presented in the table, after the issuance of the 2013 Bonds, total debt service on bonds issued and outstanding under the Trust Agreement (Senior Lien Bonds) is projected to be approximately $59.9 million in FY 2014 and is projected to decrease throughout the Projection Period to approximately $22.5 million in FY 2023.

Debt service on the Senior 2013 A/B Bonds is projected to range between approximately $14.6 million and $16.1 million from FY 2014 through FY 2017, increase to approximately $22.6 million in FY 2019, then decrease in each year through FY 2023.

Debt service on the Subordinated 2013A Bonds is projected to be approximately $20.1 million in FY 2014, increase to $22.3 million annually in FY 2015 and FY 2016, decrease to $7.1 million in FY 2017 and FY 2018, and then increase to $16.5 million annually through the Projection Period.

For projection purposes, the future ConRAC, APM System, other capital projects, and Master Plan Phase I and II projects included in the Airport's CIP are expected to be funded in part with Senior Lien Bonds and Subordinated Bonds. Such future Senior Lien Bonds and Subordinated Bonds are assumed to be issued in the follow years and amounts:

FUTURE BOND ISSUANCES	BOND PAR ($ millions)
Senior Lien	
Series 2014 (CONRAC)	$314.5
Series 2014 (APM)	$167.0
Series 2014 GARBs (Other Projects)	$221.7
Series 2017 GARBs (Master Plan Phase II)	$117.7
Series 2020 GARBs (Master Plan Phase II)	$75.4
Subordinated Lien	
Series 2014 (APM)	$319.0

The estimated debt service on such assumed future bond issues is presented in Table 6-6.

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2 Other Debt Service is defined as any principal, interest, premium, and other fees and amounts, either paid or accrued, on Other Indebtedness of the Authority. Other Indebtedness is defined as any debt incurred by the Authority for Airport System purposes which is outstanding and not authenticated and delivered under and pursuant to the Trust Agreement or the Subordinated Trust Agreement.

Table 6-6: Debt Service (Page 1 of 2)

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Senior Lien Bond Debt Service											
Series 1996B	$545,100	$545,100	$545,100	$3,400,100	$3,398,800	$3,397,300	$0	$0	$0	$0	$0
Series 2001A	6,080,492	7,084,400	7,084,325	0	0	0	0	0	0	0	0
Series 2003A [1/]	22,399,588	0	0	0	0	0	0	0	0	0	0
Series 2003B	3,363,275	0	0	0	0	0	0	0	0	0	0
Series 2003C	7,660,983	0	0	0	0	0	0	0	0	0	0
Series 2003D	4,201,508	0	0	0	0	0	0	0	0	0	0
Series 2005A	8,731,467	9,791,425	9,795,463	16,765,863	16,765,913	16,766,325	0	0	0	0	0
Series 2005B	3,364,127	3,773,794	3,770,544	946,044	946,044	946,044	4,316,044	4,313,331	4,316,906	4,311,000	4,315,500
Series 2006A	3,134,198	4,503,531	4,512,281	286,031	286,031	286,031	286,031	286,031	1,701,031	1,705,281	1,700,781
Series 2006B	2,411,739	3,466,406	3,464,156	219,656	219,656	219,656	219,656	219,656	1,309,656	1,310,156	1,307,906
Series 2008A	7,260,838	7,260,838	7,260,838	7,260,838	7,260,838	7,260,838	7,260,838	7,260,838	7,260,838	7,260,838	7,260,838
Series 2008B	836,250	836,250	836,250	836,250	836,250	836,250	836,250	836,250	836,250	836,250	836,250
Series 2008C	1,650,638	553,438	553,438	553,438	553,438	553,438	553,438	553,438	1,998,438	1,975,350	1,953,813
Series 2008D	524,650	171,050	171,050	171,050	171,050	171,050	171,050	171,050	641,050	630,200	623,525
Series 2009A [1/]	7,385,100	7,383,663	7,387,413	7,383,513	7,388,469	7,386,750	0	0	0	0	0
Total Existing Senior Lien Debt Service	**$79,549,953**	**$45,369,894**	**$45,380,856**	**$37,822,781**	**$37,826,488**	**$37,823,681**	**$13,643,306**	**$13,640,594**	**$18,064,169**	**$18,029,075**	**$17,998,613**
Series 2013 Senior Lien Bond Debt Service											
Senior 2013A (AMT) [2/]	$0	$7,239,643	$7,909,650	$7,991,450	$7,992,650	$2,751,050	$14,581,050	$22,242,850	$14,569,250	$9,589,750	$4,471,500
Senior 2013B (Non-AMT)	0	7,332,530	8,049,800	8,060,200	8,059,600	8,058,000	8,060,000	0	0	0	0
Total Series 2013 Senior Lien Bond Debt Service	**$0**	**$14,572,173**	**$15,959,450**	**$16,051,650**	**$16,052,250**	**$10,809,050**	**$22,641,050**	**$22,242,850**	**$14,569,250**	**$9,589,750**	**$4,471,500**
Total Existing and Series 2013 Senior Lien Debt Service	**$79,549,953**	**$59,942,066**	**$61,340,306**	**$53,874,431**	**$53,878,738**	**$48,632,731**	**$36,284,356**	**$35,883,444**	**$32,633,419**	**$27,618,825**	**$22,470,113**
Future Senior Lien Debt Service											
Future Series 2014 (CONRAC) [3/]	$0	$0	$21,297,470	$22,191,426	$22,191,604	$22,191,169	$22,189,898	$22,187,565	$22,188,946	$22,193,592	$23,721,054
Future Series 2014 (APM System) [3/]	0	0	11,007,875	11,006,475	11,005,875	11,005,875	11,011,275	11,006,675	11,007,275	11,007,675	11,002,675
Future Series 2014 (Other Projects)	0	0	0	0	0	12,445,475	12,445,475	12,445,475	12,445,475	12,445,475	12,445,475
Future Series 2017 (Master Plan Phase II)	0	0	0	0	0	0	0	6,770,050	6,770,050	6,770,050	6,770,050
Future Series 2020 (Master Plan Phase II)	0	0	0	0	0	0	0	0	0	0	3,233,859
Total Future Senior Lien Bond Debt Service	**$0**	**$0**	**$32,305,345**	**$33,197,901**	**$33,197,479**	**$45,642,519**	**$45,646,648**	**$52,409,765**	**$52,411,746**	**$52,416,792**	**$57,173,113**
Total Senior Lien Debt Service	**$79,549,953**	**$59,942,066**	**$93,645,651**	**$87,072,332**	**$87,076,216**	**$94,275,250**	**$81,931,004**	**$88,293,208**	**$85,045,164**	**$80,035,617**	**$79,643,225**

Table 6-6: Debt Service (Page 2 of 2)

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Subordinated Lien Bond Debt Service											
Subordinated Series 2013A (AMT) [4/]	$0	$20,064,189	$22,323,700	$22,324,900	$7,078,500	$7,078,500	$16,453,500	$16,453,500	$16,453,500	$16,456,500	$16,454,000
Future Series 2014 (APM System)	0	0	0	0	16,572,925	16,572,925	16,572,925	16,572,925	16,572,925	16,572,925	16,572,925
Total Subordinated Lien Bond Debt Service	**$0**	**$20,064,189**	**$22,323,700**	**$22,324,900**	**$23,651,425**	**$23,651,425**	**$33,026,425**	**$33,026,425**	**$33,026,425**	**$33,029,425**	**$33,026,925**
Other Debt Service											
Sun Trust 2012 Note [5/]	$547,900	$1,070,101	$1,085,244	$10,011,270	$9,786,792	$386,214	$0	$0	$0	$0	$0
Total Other Debt Service	**$547,900**	**$1,070,101**	**$1,085,244**	**$10,011,270**	**$9,786,792**	**$386,214**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Debt Service	**$80,097,853**	**$81,076,356**	**$117,054,595**	**$119,408,502**	**$120,514,433**	**$118,312,889**	**$114,957,429**	**$121,319,633**	**$118,071,589**	**$113,065,042**	**$112,670,150**
Less: Senior Lien PFC Debt Service	$29,784,688	$7,383,663	$7,387,413	$7,383,513	$7,388,469	$7,386,750	$0	$0	$0	$0	$0
Less: Subordinated Lien PFC Debt Service	0	20,064,189	22,323,700	22,324,900	23,651,425	23,651,425	33,026,425	33,026,425	33,026,425	33,029,425	33,026,925
Less: CFC Supported Debt Service	0	0	32,305,345	33,197,901	33,197,479	33,197,044	33,201,173	33,194,240	33,196,221	33,201,267	34,723,729
Less: Other Debt Service	547,900	1,070,101	1,085,244	10,011,270	9,786,792	386,214	0	0	0	0	0
Total GARB Debt Service to be paid from Revenues	**$49,765,265**	**$52,558,404**	**$53,952,894**	**$46,490,919**	**$46,490,269**	**$53,691,456**	**$48,729,831**	**$55,098,969**	**$51,848,944**	**$46,834,350**	**$44,919,497**

NOTE:

1/ Series 2003A and Series 2009A are PFC-supported GARBs which are expected to be repaid from PFCs; All other existing senior lien debt service is secured solely from Authority revenues. Additional PFC supported subordinated bonds are assumed to be issued in 2014.

2/ If the direct placement approach is employed, it is possible that the Senior 2013A Bonds (AMT) will be issued as two separate series.

3/ This report assumes that CFCs will be pledged to pay debt service on such future bonds.

4/ PFC - Supported

5/ Portion of Sun Trust Loan remaining after issuance of Series 2013 Bonds, which Authority intends to pay with Airport Revenues as shown above

SOURCE: Hillsborough County Aviation Authority
PREPARED BY: Ricondo & Associates, Inc., September 2013

Future debt service on Senior Lien Bonds associated with other CIP and Master Plan Phase II projects is assumed to be paid with Airport Revenues in the amount of $12.4 million annually in FY 2018 and FY 2019, increase to $19.2 million in FY 2020 through FY 2022, and then increase to $22.4 million at the end of the Projection Period.

A PFC supported subordinated bond issuance, to fund a portion of the APM Project, is also assumed in FY 2014 with debt service of $16.6 million annually from FY 2017 through FY 2023.

The Authority's total debt service (including projected debt service on the 2013 Bonds, future bonds, and the projected Other Debt Service) is projected to be approximately $80.1 million in FY 2013 then increase to between approximately $112.7million and $121.3 million annually through the Projection Period.

Debt service to be paid with Authority Funds is budgeted to be approximately $49.8 million in FY 2013 and projected to range between approximately $44.9 million and $55.1 million throughout the Projection Period.

6.5.2 INVESTMENT SERVICE

Investment Service with respect to any Fiscal Year is comprised of the sum of (1) debt service (exclusive of capitalized interest) and Other Debt Service payable by the Authority (not from bond proceeds) on Bonds in that Fiscal Year; plus (2) a return on Authority Investment made by Authority after September 30, 1999, with its own funds (Authority funds, not bond proceeds and not proceeds from insurance resulting from casualty damage to or destruction of improvements on the Airport System) for new capital improvements or additions on the Airport System equal to the total of the annual amortization of the amount of each item of Recognized Net Investment over 25 years in equal amounts of principal plus interest, with interest computed at the Authority's True Interest Cost on the declining principal balance (Return on Authority Investment or ROAI). For the first Fiscal Year (of acquisition or completion) only one-half of the annual amortization shall be recognized, and for the last Fiscal Year of recognition only one-half of the annual amortization shall be recognized; plus (3) 25 percent of the debt service payable on Revenue Bonds in that Fiscal Year (Coverage).

The Authority's True Interest Cost will be equal to the index as of September 30th of the previous Fiscal Year provided by the Bond Buyer's 25 Bond Revenue Index. Investment Service will be reduced by the amount of any interest earnings on the Debt Service Reserve Fund.

The total Investment Service for the Authority each Fiscal Year, as calculated above, shall be allocated to the Cost Centers and Cost and Revenue Centers in proportion to the Recognized Net Investment at the end of the Fiscal Year in each Cost Center and Cost and Revenue Center.

Recognized Net Investment (RNI) is equal to the Authority's cost of an improvement or an acquisition made on or for the Airport System (including without limitation the cost of construction, testing, architects' and engineers' fees, consultants' fees, construction management fees, surveyance by the Authority engineer, condemnation, and brokers' fees), reduced by the amount of any Federal or state grant or PFCs received by Authority.

Table 6-7 presents budgeted and projected Investment Service for FY 2013 through FY 2012.

6.6 Airline Revenues

Rates will be calculated for three areas at the Airport: the Airfield Cost and Revenue Center, the Main Terminal Building, and the Airside Buildings. The resulting revenues will be collectively known as Airline Revenues. The Passenger Transfer System requirement is included in the Airside Buildings rental rates. Although the current Airline Agreement expires on September 30, 2015, Signatory Airline rates and charges presented in these analyses for FY 2013 through FY 2023 represent the methodology contained within the current Airline Agreement.

The items included in the total requirement for the landing fee, Main Terminal Building rental rate, and Airside Buildings rental rate, are as follows:

- **O&M Expenditures.** Includes the O&M Expenditures (direct and allocated indirect) attributable to the specific rate-setting area.
- **O&M Reserve Requirement.** Includes amounts needed to maintain the Trust Agreement's O&M Reserve Requirement within the specific rate-setting area.
- **Investment Service.** Includes the portion of Investment Service, as defined previously, allocated to the specific rate-setting area.
- **Coverage Rebate.** Includes the Signatory Airline portion of the Debt Service Coverage attributable to the specific rate-setting area.

The following sections present greater detail with regards to each specific rate calculation.

6.6.1 AIRFIELD

6.6.1.1 Landing Fees

A compensatory landing fee calculation is presented in **Table 6-8**. The landing fee is calculated by combining the items described above (excluding the Coverage Rebate) for the Airfield Cost and Revenue Center to determine the total Airfield requirement. Ninety percent (90 percent) of this requirement is attributed to the airlines and divided by total landed weight to yield a Non-signatory Landing Fee. Other Airport revenues cover the remaining 10 percent. The Signatory Airlines are then given the credit of the Coverage Rebate and a Signatory Landing Fee is calculated. Total Landing Fee revenues are equal to the sum of the Non-signatory Landing Fee multiplied by the Non-signatory Landed Weight; and the Signatory Landing Fee multiplied by the Signatory Landed Weight.

Table 6-7: Investment Service

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Investment Service:											
Total Debt Service	$80,097,853	$81,076,356	$117,054,595	$119,408,502	$120,514,433	$118,312,889	$114,957,429	$121,319,633	$118,071,589	$113,065,042	$112,670,150
Less: Senior Lien PFC Supported Debt Service	29,784,688	7,383,663	7,387,413	7,383,513	7,388,469	7,386,750	0	0	0	0	0
Less: Subordinated Lien PFC Supported Debt Service	0	20,064,189	22,323,700	22,324,900	23,651,425	23,651,425	33,026,425	33,026,425	33,026,425	33,029,425	33,026,925
Less: CFC Supported Debt Service	0	0	32,305,345	33,197,901	33,197,479	33,197,044	33,201,173	33,194,240	33,196,221	33,201,267	34,723,729
Less: Other Debt Service	547,900	1,070,101	1,085,244	10,011,270	9,786,792	386,214	0	0	0	0	0
GARB Debt Service	**$49,765,265**	**$52,558,404**	**$53,952,894**	**$46,490,919**	**$46,490,269**	**$53,691,456**	**$48,729,831**	**$55,098,969**	**$51,848,944**	**$46,834,350**	**$44,919,497**
GARB Debt Service Coverage	12,441,316	13,139,601	13,488,223	11,622,730	11,622,567	13,422,864	12,182,458	13,774,742	12,962,236	11,708,588	11,229,874
Return on Authority Investment [1/]	22,697,710	24,407,255	27,055,763	28,964,591	30,479,236	32,231,535	34,279,558	36,074,167	38,760,567	41,194,832	42,460,956
GARB Debt Service Reserve Fund Interest	(1,590,600)	(1,621,700)	(1,510,749)	(1,405,539)	(1,300,326)	(1,432,167)	(1,444,226)	(1,319,863)	(1,274,190)	(1,233,095)	(1,162,206)
Other Debt Service	547,900	1,070,101	1,085,244	10,011,270	9,786,792	386,214	0	0	0	0	0
Total Investment Service	**$83,861,591**	**$89,553,660**	**$94,071,375**	**$95,683,970**	**$97,078,538**	**$98,299,903**	**$93,747,621**	**$103,628,015**	**$102,297,557**	**$98,504,674**	**$97,448,121**
Percent of Recognized Net Investment: [1/]											
Airfield	7.12%	7.14%	6.88%	8.83%	8.01%	8.29%	8.18%	8.48%	7.86%	7.72%	7.71%
Terminal Building	18.16%	19.42%	19.32%	18.62%	25.23%	25.13%	24.79%	24.39%	23.32%	23.52%	24.16%
Airside Buildings	11.96%	12.22%	12.26%	12.00%	12.17%	12.08%	12.31%	12.49%	11.47%	11.36%	11.45%
Commercial Landside	45.23%	44.00%	43.35%	42.63%	38.15%	38.26%	37.73%	37.58%	41.50%	41.30%	40.69%
Cargo	4.17%	3.98%	3.83%	3.68%	3.28%	3.23%	3.23%	3.20%	2.90%	2.84%	2.78%
Auxiliary Airports	4.64%	4.62%	4.58%	4.55%	4.13%	4.02%	4.86%	5.07%	5.00%	4.95%	4.96%
General Aviation	2.63%	2.71%	2.67%	2.65%	2.60%	2.58%	2.55%	2.50%	2.27%	2.25%	2.22%
Other	1.43%	1.38%	2.14%	2.23%	2.15%	2.26%	2.23%	2.20%	2.00%	2.45%	2.40%
Land Bank	0.18%	0.18%	0.18%	0.17%	0.15%	0.15%	0.20%	0.24%	0.22%	0.21%	0.21%
Passenger Transfer	2.90%	2.82%	2.71%	2.63%	2.35%	2.30%	2.26%	2.22%	2.01%	1.97%	2.05%
Extraordinary Facilities	1.59%	1.52%	2.08%	2.00%	1.78%	1.70%	1.66%	1.63%	1.45%	1.42%	1.39%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Investment Service:											
Airfield	$5,967,010	$6,397,496	$6,473,866	$8,447,282	$7,779,061	$8,149,577	$7,669,740	$8,788,932	$8,043,108	$7,608,484	$7,509,284
Terminal Building	15,230,852	17,392,704	18,171,955	17,816,266	24,497,445	24,701,333	23,240,441	25,275,165	23,858,368	23,163,846	23,539,623
Airside Buildings	10,026,564	10,942,741	11,533,735	11,483,567	11,811,514	11,875,335	11,538,733	12,941,166	11,731,244	11,191,647	11,154,114
Commercial Landside	37,933,166	39,403,538	40,783,930	40,792,523	37,035,178	37,607,673	35,370,942	38,948,418	42,454,917	40,679,732	39,651,834
Cargo	3,495,867	3,567,111	3,598,919	3,523,832	3,182,572	3,177,965	3,029,066	3,319,610	2,963,868	2,797,882	2,711,748
Auxiliary Airports	3,887,667	4,137,698	4,304,525	4,352,074	4,013,599	3,949,876	4,554,548	5,252,258	5,112,347	4,877,548	4,831,552
General Aviation	2,205,264	2,431,155	2,512,254	2,539,436	2,522,560	2,540,698	2,386,988	2,590,535	2,321,844	2,219,791	2,160,521
Other	1,199,995	1,235,172	2,015,383	2,135,895	2,082,446	2,222,465	2,089,353	2,277,172	2,043,838	2,410,435	2,336,890
Land Bank	148,225	160,978	167,761	164,084	148,547	144,617	191,851	253,567	224,351	211,653	207,101
Passenger Transfer	2,431,875	2,527,165	2,552,444	2,519,799	2,282,410	2,262,262	2,115,830	2,297,229	2,057,888	1,943,593	1,995,674
Extraordinary Facilities	1,335,105	1,357,903	1,956,604	1,909,212	1,723,204	1,668,101	1,560,129	1,683,962	1,485,786	1,400,064	1,349,780
Total Investment Service	**$83,861,591**	**$89,553,660**	**$94,071,375**	**$95,683,970**	**$97,078,538**	**$98,299,903**	**$93,747,621**	**$103,628,015**	**$102,297,557**	**$98,504,674**	**$97,448,121**

NOTE:
1/ ROAI and Percent RNI projections based on CIP provided by Hillsborough County Aviation Authority.
SOURCE: Hillsborough County Aviation Authority
PREPARED BY: Ricondo & Associates, Inc., August 2013

Table 6-8: Landing Fee Calculation

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Non-Signatory Landing Fee Calculation											
O&M Expenditures	$10,891,696	$11,471,927	$12,084,225	$12,730,411	$13,412,411	$14,132,956	$14,892,852	$15,695,036	$16,541,923	$17,436,064	$18,380,162
O&M Reserve Requirement	56,909	96,705	102,050	107,698	113,667	120,091	126,649	133,697	141,148	149,024	157,350
Investment Service	5,967,010	6,397,496	6,473,866	8,447,282	7,779,061	8,149,577	7,669,740	8,788,932	8,043,108	7,608,484	7,509,284
Total Requirement	$16,915,615	$17,966,128	$18,660,141	$21,285,391	$21,305,138	$22,402,625	$22,689,240	$24,617,666	$24,726,178	$25,193,572	$26,046,796
Airlines' Share of Requirement	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Airlines' Airfield Revenue Requirement	$15,224,053	$16,169,515	$16,794,127	$19,156,852	$19,174,625	$20,162,362	$20,420,316	$22,155,899	$22,253,560	$22,674,215	$23,442,116
Total Landed Weight	10,074,911	10,054,596	10,204,464	10,355,447	10,506,902	10,648,419	10,790,218	10,933,602	11,077,257	11,222,508	11,368,020
Non-Signatory Landing Fee	**$1.51**	**$1.61**	**$1.65**	**$1.85**	**$1.82**	**$1.89**	**$1.89**	**$2.03**	**$2.01**	**$2.02**	**$2.06**
Signatory Landing Fee Calculation											
Total Requirement	$16,915,615	$17,966,128	$18,660,141	$21,285,391	$21,305,138	$22,402,625	$22,689,240	$24,617,666	$24,726,178	$25,193,572	$26,046,796
Less: Prior Period Coverage	914,316	885,238	938,661	928,241	1,026,091	931,335	1,112,826	996,679	1,168,268	1,019,151	904,369
Adjusted Airfield Revenue Requirement	$16,001,299	$17,080,890	$17,721,480	$20,357,149	$20,279,047	$21,471,289	$21,576,415	$23,620,987	$23,557,910	$24,174,421	$25,142,427
Airlines' Share of Requirement	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Adjusted Airlines' Airfield Revenue Requirement	$14,401,169	$15,372,801	$15,949,332	$18,321,435	$18,251,142	$19,324,160	$19,418,773	$21,258,888	$21,202,119	$21,756,979	$22,628,184
Total Landed Weight	10,074,911	10,054,596	10,204,464	10,355,447	10,506,902	10,648,419	10,790,218	10,933,602	11,077,257	11,222,508	11,368,020
Signatory Landing Fee	**$1.43**	**$1.53**	**$1.56**	**$1.77**	**$1.74**	**$1.81**	**$1.80**	**$1.94**	**$1.91**	**$1.94**	**$1.99**

SOURCE: Hillsborough County Aviation Authority; Ricondo & Associates, Inc.
PREPARED BY: Ricondo & Associates, Inc., August 2013

As presented in Table 6-8, the Signatory Landing Fee is projected to increase from a budgeted rate of $1.43 per thousand pounds landed weight in FY 2013 to $1.81 per thousand pounds of landed weight in FY 2018. The Signatory Landing Fee is projected to decrease to $1.80 per thousand pounds landed weight in FY 2019, reflecting the maturity of a portion of the Authority's bonds, and then increase in each year to $1.99 per thousand pounds landed weight in FY2023.

6.6.2 TERMINAL COMPLEX

Two different types of rates are calculated within the Terminal Complex Cost and Revenue Center, Main Terminal Building rental rates and Airside Buildings rental rates, with the Passenger Transfer System rental rates included in the Airside Building rental rates. The total requirement in each respective area is comprised of the sum of the previously described components allocated to the appropriate rate-setting area. This rate is then reduced by the amount of Coverage Rebate applicable to each area.

6.6.2.1 Main Terminal Building Rental Rate

A compensatory rental rate calculation for Main Terminal Building rental rates is presented in **Table 6-9**. The net requirement for the Main Terminal Building is equal to the sum of the previously described components for the Main Terminal Building subset of the Terminal Complex Cost and Revenue Center. An average Main Terminal Building rental rate is derived by dividing the net requirement by the rentable square feet in the Main Terminal Building. The Signatory rate is differentiated from the Non-signatory rate by allocation of the Coverage Rebate as described above.

As presented in Table 6-9, the average Main Terminal Building Rental Rate is projected to increase from $115.30 and $109.60 per square foot, without rebate and with rebate, respectively, in FY 2013 to $231.13 and $222.82 per square foot, without rebate and with rebate, respectively, in FY 2023. The increase can be primarily attributed to a reduction in rentable terminal building space in FY 2023 associated with Master Plan Phase II, as well as inflationary impacts of O&M Expenses.

6.6.2.2 Airside Building Rental Rate

A compensatory rental rate calculation for all Airside Buildings is presented in **Table 6-10**. The net requirement for the Airside Buildings, which includes the requirement for the passenger transfer system, is equal to the sum of the previously described components for the Airside Buildings subset of the Terminal Complex Cost and Revenue Center. An average Airside Building rental rate is derived by dividing the net requirement by the rentable square feet in the Airside Buildings. The Signatory rate is differentiated from the Non-signatory rate by allocation of the Coverage Rebate as described above.

Table 6-9: Terminal Building Rental Rates

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Average Terminal Building Rate Calculation											
O&M Expenditures (excl PTS)	$30,836,274	$32,479,008	$34,212,529	$36,695,962	$38,661,949	$41,227,226	$43,443,852	$45,783,710	$46,965,245	$51,335,577	$52,809,783
O&M Reserve Requirement (excl PTS)	263,433	273,789	288,920	413,905	327,665	427,546	369,438	389,976	196,923	728,389	245,701
Investment Service (excl PTS)	15,230,852	17,392,704	18,171,955	17,816,266	24,497,445	24,701,333	23,240,441	25,275,165	23,858,368	23,163,846	23,539,623
Total Terminal Building Requirement	$46,330,559	$50,145,501	$52,673,405	$54,926,133	$63,487,059	$66,356,105	$67,053,731	$71,448,851	$71,020,536	$75,227,811	$76,595,107
Rentable Terminal Building Space	401,824	401,773	401,773	401,773	401,345	401,306	401,306	401,306	401,306	401,306	331,401
Average Terminal Building Rental Rate (without rebate, excl PTS)	**$115.30**	**$124.81**	**$131.10**	**$136.71**	**$158.19**	**$165.35**	**$167.09**	**$178.04**	**$176.97**	**$187.46**	**$231.13**
Net Terminal Requirement	$46,330,559	$50,145,501	$52,673,405	$54,926,133	$63,487,059	$66,356,105	$67,053,731	$71,448,851	$71,020,536	$75,227,811	$76,595,107
Less: Prior Period Airline Coverage Rebate	2,291,757	2,259,579	2,551,913	2,605,547	2,164,141	2,932,916	3,372,970	3,020,084	3,359,698	3,023,120	2,753,330
Adjusted Terminal Building Requirement	$44,038,802	$47,885,922	$50,121,491	$52,320,586	$61,322,917	$63,423,189	$63,680,761	$68,428,767	$67,660,837	$72,204,691	$73,841,776
Rentable Terminal Building Space	401,824	401,773	401,773	401,773	401,345	401,306	401,306	401,306	401,306	401,306	331,401
Average Terminal Building Rental Rate (with rebate, excl PTS)	**$109.60**	**$119.19**	**$124.75**	**$130.22**	**$152.79**	**$158.04**	**$158.68**	**$170.52**	**$168.60**	**$179.92**	**$222.82**

SOURCE: Hillsborough County Aviation Authority; Ricondo & Associates, Inc.
PREPARED BY: Ricondo & Associates, Inc., August 2013

Table 6-10: Airside Buildings Rental Rates

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Airside Buildings Rental Rate Calculation											
O&M Expenditures (incl PTS)	$26,055,676	$27,443,734	$28,908,505	$30,734,616	$32,381,186	$34,200,202	$36,039,045	$37,980,181	$40,029,443	$42,193,003	$44,477,389
O&M Reserve Requirement (incl PTS)	294,646	231,343	244,128	304,352	274,428	303,169	306,474	323,523	341,544	360,593	380,731
Investment Service (incl PTS)	12,458,439	13,469,906	14,086,178	14,003,365	14,093,925	14,137,597	13,654,563	15,238,395	13,789,132	13,135,240	13,149,788
Total Airside Buildings Requirement	$38,808,761	$41,144,983	$43,238,812	$45,042,334	$46,749,539	$48,640,968	$50,000,082	$53,542,099	$54,160,119	$55,688,836	$58,007,907
Rentable Square Feet	508,866	502,773	512,773	512,773	536,338	559,773	559,773	559,773	559,773	559,773	559,773
Average Airside Buildings Rental Rate (without rebate)	**$76.27**	**$81.84**	**$84.32**	**$87.84**	**$87.16**	**$86.89**	**$89.32**	**$95.65**	**$96.75**	**$99.48**	**$103.63**
Total Airside Buildings Requirement	$38,808,761	$41,144,983	$43,238,812	$45,042,334	$46,749,539	$48,640,968	$50,000,082	$53,542,099	$54,160,119	$55,688,836	$58,007,907
Less: Prior Period Airline Coverage Rebate	1,877,558	1,487,494	1,605,554	1,653,740	1,394,909	1,414,114	1,621,579	1,499,453	1,720,203	1,486,479	1,330,276
Adjusted Airside Buildings Requirement	$36,931,203	$39,657,488	$41,633,258	$43,388,594	$45,354,631	$47,226,854	$48,378,503	$52,042,646	$52,439,916	$54,202,358	$56,677,632
Rentable Square Feet	508,866	502,773	512,773	512,773	536,338	559,773	559,773	559,773	559,773	559,773	559,773
Average PTS Rental Rate (with rebate)	**$72.58**	**$78.88**	**$81.19**	**$84.62**	**$84.56**	**$84.37**	**$86.43**	**$92.97**	**$93.68**	**$96.83**	**$101.25**

SOURCE: Hillsborough County Aviation Authority; Ricondo & Associates, Inc.
PREPARED BY: Ricondo & Associates, Inc., August 2013

As presented in Table 6-10, the average Airside Buildings Rental Rate (including the Passenger Transfer System component) is projected to increase from $76.27 and $72.58 per square foot, without rebate and with rebate, respectively, in FY 2013 to $103.63 and $101.25 per square foot, without rebate and with rebate, respectively, in FY 2023. The increase can be primarily attributed to inflationary impacts of O&M Expenses.

6.6.3 PASSENGER AIRLINE REVENUES VERSUS OTHER AIRPORT REVENUES

Passenger airline revenues include Airline Revenues plus extraordinary service charges for Airline club room upgrades, Authority club room rental revenues, hardstand revenues, Authority gate rental revenue, and FIS revenues. As presented in **Table 6-11**, historically, passenger airline revenues have ranged from 23.8 percent to 27.5 percent of total Operating Revenues for the period FY 2002 to FY 2012. Based on revenue projections for FY 2013 through 2023, Airline Revenues are estimated to comprise between approximately 23.9 percent and 27.0 percent of total Operating Revenues.

6.6.4 COST PER ENPLANED PASSENGER

Table 6-12 presents the calculation of Airline cost per enplanement from the terminal and airside building rents, landing fees, and extraordinary service charges for Airline club room upgrades, Authority club room rental revenues, hardstand revenues, Authority gate rental revenue, and FIS revenues, projected for FY 2013 through FY 2023. As shown, the cost per enplanement is projected to increase from $5.21 in FY 2013, to a high of $7.20 in FY 2023, primarily due to impacts associated with Master Plan Phase I and II and increases in O&M.

6.7 Forecast of Financial Performance and Debt Service Coverage

Table 6-13 presents cash flow for the Airport for FY 2013 to FY 2023. Included in this cash flow are Airline Revenues, Non-Agreement Revenues, Investment Earnings, O&M Expenditures and Reserve Requirement and Debt Service. As defined, PFC Revenues in the senior lien debt service coverage calculation presented in Table 6-13 only include those PFCs available for senior lien debt service and debt service coverage on the Series 2003 A and Series 2009 A Bonds. Also presented in this table are the Debt Service Coverage ratios as required by the Trust Agreement. The senior lien debt service coverage ratio ranges from 1.48x to 1.89x. Subordinated Lien debt service coverage ranges from 2.81x to 3.79x through the projection period. Aggregate debt service coverage ranges from 1.46x to 1.70x through the projection period.

Table 6-14 presents the application of revenues projected for FY 2013 through FY 2023 and reflects the disposition of cash flow into the appropriate funds as described in the Trust Agreement.

Table 6-11: Passenger Airline Revenues vs Other Revenues

(Fiscal Years Ended September 30)

	REVENUES ($000)			PERCENTAGE OF TOTAL REVENUES	
FISCAL YEAR	PASSENGER AIRLINE REVENUES	OTHER AIRPORT REVENUES	TOTAL [1/]	PASSENGER AIRLINE REVENUES	OTHER AIRPORT REVENUES
Historical					
2002	$31,184	$86,933	$118,117	26.4%	73.6%
2003	35,468	93,566	129,034	27.5%	72.5%
2004	35,630	100,516	136,146	26.2%	73.8%
2005	37,418	113,431	150,849	24.8%	75.2%
2006	40,988	123,139	164,127	25.0%	75.0%
2007	41,538	133,104	174,642	23.8%	76.2%
2008	41,779	130,971	172,750	24.2%	75.8%
2009	42,246	120,258	162,504	26.0%	74.0%
2010	42,010	115,268	157,278	26.7%	73.3%
2011	42,890	121,980	164,870	26.0%	74.0%
2012	42,146	127,467	169,613	24.8%	75.2%
Projected					
2013	40,816	$129,620	$170,436	23.9%	76.1%
2014	45,071	132,530	177,601	25.4%	74.6%
2015	47,272	135,890	183,162	25.8%	74.2%
2016	49,840	155,564	205,404	24.3%	75.7%
2017	54,646	160,854	215,500	25.4%	74.6%
2018	55,234	165,573	220,807	25.0%	75.0%
2019	54,427	171,613	226,040	24.1%	75.9%
2020	61,291	175,897	237,188	25.8%	74.2%
2021	60,122	180,944	241,066	24.9%	75.1%
2022	63,420	186,135	249,556	25.4%	74.6%
2023	71,502	193,226	264,728	27.0%	73.0%

Note:
1/ Net of airlines' portion of revenue sharing and credit for prior year coverage rebate.

SOURCES: Hillsborough County Aviation Authority (Historical); Ricondo & Associates, Inc. (Projected).
PREPARED BY: Ricondo & Associates, Inc., August 2013

Table 6-12: Airline Cost per Enplanement

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Airline Cost per Enplanement											
Airline Landing Fees (excluding Cargo)	$13,978,800	$14,791,800	$15,309,300	$17,619,700	$17,577,100	$18,528,100	$18,675,400	$20,389,400	$20,344,400	$20,925,300	$21,738,300
Terminal Building Rentals	20,555,441	22,934,532	24,045,426	25,136,941	29,540,789	30,601,384	30,759,076	33,056,438	32,713,849	34,915,028	43,255,792
Airside Building Rentals	14,746,950	15,776,000	16,238,000	16,924,000	16,912,000	16,874,000	17,286,000	18,594,000	18,736,001	19,366,002	20,250,003
Other Airside Fees	2,199,900	2,250,156	2,283,780	2,317,795	2,351,916	2,383,817	2,415,782	2,448,101	2,480,482	2,513,219	2,546,015
Total Airline Revenue	$51,481,091	$55,752,489	$57,876,506	$61,998,436	$66,381,805	$68,387,301	$69,136,257	$74,487,939	$74,274,732	$77,719,549	$87,790,110
Less: Revenue Sharing	$6,755,576	$6,878,073	$6,501,747	$7,979,300	$7,930,267	$9,025,079	$10,057,916	$8,930,218	$9,381,002	$10,002,912	$12,344,443
Less: ASIP program fee waivers 1/	522,200	531,553	542,876	554,322	565,879	576,931	589,054	601,326	614,083	627,001	640,072
Net Airline Revenues	$44,203,314	$48,342,863	$50,831,883	$53,464,814	$57,885,659	$58,785,291	$58,489,287	$64,956,395	$64,279,646	$67,089,636	$74,805,595
Total Enplanements	8,481,200	8,633,100	8,817,000	9,002,900	9,190,600	9,370,100	9,567,000	9,766,300	9,973,500	10,183,300	10,395,600
Airline Cost per Enplanement	**$5.21**	**$5.60**	**$5.77**	**$5.94**	**$6.30**	**$6.27**	**$6.11**	**$6.65**	**$6.45**	**$6.59**	**$7.20**

NOTE:
1/ The Air Service Incentive Program (ASIP) provides fee waivers and marketing reimbursements for qualifying new service.

SOURCE: Hillsborough County Aviation Authority; Ricondo & Associates, Inc.
PREPARED BY: Ricondo & Associates, Inc., August 2013

Table 6-13: Calculation of Net Revenue and Debt Service Coverage (Page 1 of 2)

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Signatory Airline Revenues											
Landing Fees	$13,662,200	$14,590,800	$15,098,600	$17,384,600	$17,339,800	$18,280,400	$18,421,500	$20,118,000	$20,067,200	$20,649,600	$21,456,600
Terminal Building Rentals	20,369,900	21,608,679	22,617,718	23,612,941	27,736,175	28,694,180	28,812,448	30,962,143	30,613,017	32,669,668	40,462,949
Airside Building Rentals	14,834,300	15,776,000	16,238,000	16,924,000	16,912,000	16,874,000	17,286,000	18,594,000	18,736,001	19,366,002	20,250,003
Total Signatory Airline Revenue	$48,866,400	$51,975,479	$53,954,318	$57,921,541	$61,987,975	$63,848,580	$64,519,948	$69,674,143	$69,416,218	$72,685,270	$82,169,552
Non-Agreement Revenues 1/	$131,315,700	$136,985,386	$139,862,055	$151,324,289	$165,168,016	$170,076,907	$175,352,110	$180,779,480	$186,447,337	$192,279,223	$198,277,307
Investment Earnings	1,844,200	1,862,642	1,881,268	1,900,081	1,919,082	1,938,273	1,957,655	1,977,232	1,997,004	2,016,974	2,037,144
Prior Year Coverage Rebate	3,386,914	3,271,723	3,560,249	3,624,710	3,239,505	3,551,751	4,062,537	3,665,104	4,157,849	3,669,180	3,303,709
Total Revenue	$185,413,214	$194,095,230	$199,257,891	$214,770,622	$232,314,579	$239,415,510	$245,892,251	$256,095,959	$262,018,408	$270,650,647	$285,787,713
Less:											
O&M Expenditures	$100,589,700	$105,195,438	$110,781,409	$117,699,603	$134,086,688	$140,645,780	$148,177,005	$156,406,078	$163,898,250	$174,533,597	$182,640,775
O&M Reserve Requirement	732,467	880,923	929,608	1,151,629	2,729,761	1,091,745	1,253,750	1,370,040	1,247,206	1,771,050	1,349,671
Total GARB and Other Debt Service	50,313,165	53,628,505	55,038,138	56,502,189	56,277,061	54,077,670	48,729,831	55,098,969	51,848,944	46,834,350	44,919,497
Net Remaining Revenue before Revenue Sharing	$33,777,882	$34,390,365	$32,508,737	$39,417,201	$39,221,070	$43,600,315	$47,731,665	$43,220,872	$45,024,009	$47,511,650	$56,877,770
Airline % of Net Remaining Revenue	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Airlines' Revenue Transfer	$6,755,576	$6,878,073	$6,501,747	$7,883,440	$7,844,214	$8,720,063	$9,546,333	$8,644,174	$9,004,802	$9,502,330	$11,375,554
Additional Revenue Transfer (if applicable) 2/	0	0	0	95,860	86,053	305,016	511,583	286,044	376,200	500,582	968,889
ASIP program fee waivers	652,100	663,779	677,919	692,212	706,644	720,445	735,585	750,908	766,840	782,971	799,294
Net Remaining Revenue	**$26,370,206**	**$26,848,513**	**$25,329,070**	**$30,745,689**	**$30,584,158**	**$33,854,791**	**$36,938,164**	**$33,539,745**	**$34,876,167**	**$36,725,767**	**$43,734,034**

Table 6-13: Calculation of Net Revenue and Debt Service Coverage (Page 2 of 2)

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Coverage Calculation											
Total Revenue	$185,413,214	$194,095,230	$199,257,891	$214,770,622	$232,314,579	$239,415,510	$245,892,251	$256,095,959	$262,018,408	$270,650,647	$285,787,713
Less: O&M Expenditures	100,589,700	105,195,438	110,781,409	117,699,603	134,086,688	140,645,780	148,177,005	156,406,078	163,898,250	174,533,597	182,640,775
O&M Reserve Requirement	732,467	880,923	929,608	1,151,629	2,729,761	1,091,745	1,253,750	1,370,040	1,247,206	1,771,050	1,349,671
Net Revenue before Transfer	$84,091,047	$88,018,870	$87,546,874	$95,919,390	$95,498,131	$97,677,985	$96,461,496	$98,319,841	$96,872,952	$94,346,000	$101,797,267
Plus: PFC Revenue available for Senior Lien Debt Service and Coverage [3/]	$33,509,221	$9,229,578	$9,234,266	$9,229,391	$9,235,586	$9,233,438	$0	$0	$0	$0	$0
Plus: CFC Revenue available for Debt Service and Coverage [4/]	0	0	46,713,536	40,285,227	41,224,248	42,182,143	43,159,289	44,156,067	45,172,869	46,210,091	48,798,630
Net Revenue Available for Senior Lien Debt Service	$117,600,269	$97,248,448	$143,494,676	$145,434,008	$145,957,964	$149,093,566	$139,620,785	$142,475,908	$142,045,821	$140,556,091	$150,595,897
Total Senior Lien Bond Debt Service	$79,549,953	$59,942,066	$93,645,651	$87,072,332	$87,076,216	$94,275,250	$81,931,004	$88,293,208	$85,045,164	$80,035,617	$79,643,225
Senior Lien Debt Service Coverage (1.25x)	**1.48**	**1.62**	**1.53**	**1.67**	**1.68**	**1.58**	**1.70**	**1.61**	**1.67**	**1.76**	**1.89**
Net Revenue Available after Senior Lien Debt Service	$30,604,144	$35,460,466	$48,002,172	$56,515,798	$57,034,631	$52,971,628	$57,689,782	$54,182,700	$57,000,657	$60,520,474	$70,952,671
Plus: PFC Revenue available for Subordinated Lien Debt Service and Coverage [5/]	0	26,725,716	27,448,555	28,186,945	28,923,592	29,634,515	37,799,217	38,586,651	39,405,299	40,234,218	41,073,016
Net Revenue Available for Subordinated Lien Debt Service	$30,604,144	$62,186,182	$75,450,726	$84,702,744	$85,958,223	$82,606,143	$95,488,999	$92,769,351	$96,405,956	$100,754,692	$112,025,687
Total Subordinated Lien Debt Service [6/]	$0	$20,064,189	$22,323,700	$22,324,900	$23,651,425	$23,651,425	$33,026,425	$33,026,425	$33,026,425	$33,029,425	$33,026,925
Subordinated Lien Debt Service Coverage (1.25x)	**N/A**	**3.10**	**3.38**	**3.79**	**3.63**	**3.49**	**2.89**	**2.81**	**2.92**	**3.05**	**3.39**
Net Revenue Available for Aggregate Debt Service [7/]	$117,600,269	$122,128,248	$169,096,377	$171,775,075	$173,034,439	$176,881,394	$177,420,002	$181,062,559	$181,451,120	$180,790,309	$191,668,912
Total Aggregate Debt Service [8/]	$79,549,953	$80,006,255	$115,969,351	$109,397,232	$110,727,641	$117,926,675	$114,957,429	$121,319,633	$118,071,589	$113,065,042	$112,670,150
Aggregate Debt Service Coverage (1.15x)	**1.48**	**1.53**	**1.46**	**1.57**	**1.56**	**1.50**	**1.54**	**1.49**	**1.54**	**1.60**	**1.70**

Note:

1/ Excludes interest and includes CFC Revenues used for CFC eligible O&M Expenses on ConRAC and APM System
2/ As defined in the Airline Agreement, the Signatory Airlines' percentage of Revenue Sharing on Net Remaining Revenues in excess of $37.5 million will be increased to twenty-five percent (25%),
3/ Represents the lesser of a) 125 percent of Senior Lien PFC-Supported debt service or b) Total Available PFC Revenue
4/ It is assumed that CFCs will be pledged to pay the debt service on certain future senior lien bonds.
5/ Represents Total Available PFC Revenue after Senior Lien Debt Service
6/ Excludes Senior Lien and Other Debt Service (2012 Note)
7/ Represents Net Revenue before Transfer plus all available PFC and CFC Revenue
8/ Represents total Senior Lien and Subordinated Lien Debt Service

SOURCE: Hillsborough County Aviation Authority; Ricondo & Associates, Inc.
PREPARED BY: Ricondo & Associates, Inc., September 2013

Table 6-14: Application of Airport Revenues

(For Fiscal Years Ending September 30)

	BUDGET	PROJECTED									
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
REVENUE FUND - O&M ACCOUNT											
Beginning Balance	**$19,438,640**	**$20,171,107**	**$21,052,030**	**$21,981,638**	**$23,133,267**	**$25,863,027**	**$26,954,772**	**$28,208,522**	**$29,578,562**	**$30,825,767**	**$32,596,818**
Deposit: O&M Expenses	98,623,500	103,111,266	108,572,186	115,357,827	131,604,272	138,012,959	145,384,764	153,444,784	160,757,651	171,202,978	179,108,423
Deposit: O&M Reserve Requirement	732,467	880,923	929,608	1,151,629	2,729,761	1,091,745	1,253,750	1,370,040	1,247,206	1,771,050	1,349,671
Expend: O&M Expenses	98,623,500	103,111,266	108,572,186	115,357,827	131,604,272	138,012,959	145,384,764	153,444,784	160,757,651	171,202,978	179,108,423
Ending Balance	**$20,171,107**	**$21,052,030**	**$21,981,638**	**$23,133,267**	**$25,863,027**	**$26,954,772**	**$28,208,522**	**$29,578,562**	**$30,825,767**	**$32,596,818**	**$33,946,488**
DEBT SERVICE FUND											
Beginning Balance	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Deposit: Debt Service	$50,313,165	$53,628,505	$55,038,138	$56,502,189	$56,277,061	$54,077,670	$48,729,831	$55,098,969	$51,848,944	$46,834,350	$44,919,497
Expend: Debt Service	$50,313,165	$53,628,505	$55,038,138	$56,502,189	$56,277,061	$54,077,670	$48,729,831	$55,098,969	$51,848,944	$46,834,350	$44,919,497
Ending Balance	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
DEBT SERVICE RESERVE FUND											
Beginning Balance	**$79,190,786**	**$79,190,786**	**$79,190,786**	**$79,190,786**	**$79,190,786**	**$79,190,786**	**$54,960,286**	**$54,960,286**	**$54,960,286**	**$54,960,286**	**$54,960,286**
Deposit: Debt Service	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Expend: Debt Service	$0	$0	$0	$0	$0	$24,230,500	$0	$0	$0	$0	$0
Ending Balance	**$79,190,786**	**$79,190,786**	**$79,190,786**	**$79,190,786**	**$79,190,786**	**$54,960,286**	**$54,960,286**	**$54,960,286**	**$54,960,286**	**$54,960,286**	**$54,960,286**
SURPLUS FUND											
Beginning Balance	**$38,807,686**	**$22,611,035**	**$41,190,901**	**$45,191,662**	**$51,849,947**	**$64,480,253**	**$69,785,765**	**$78,572,085**	**$83,467,241**	**$90,187,487**	**$99,122,803**
Deposit: Equipment and R&R	1,966,200	2,084,172	2,209,222	2,341,776	2,482,416	2,632,821	2,792,241	2,961,294	3,140,599	3,330,619	3,532,352
Deposit: Net Remaining Revenues	26,370,206	26,848,513	25,329,070	30,745,689	30,584,158	33,854,791	36,938,164	33,539,745	34,876,167	36,725,767	43,734,034
Expend: Equipment and R&R	1,966,200	2,084,172	2,209,222	2,341,776	2,482,416	2,632,821	2,792,241	2,961,294	3,140,599	3,330,619	3,532,352
Expend: Capital Expenditures	39,295,133	4,708,398	17,703,599	20,847,899	14,402,101	24,486,741	24,486,741	24,486,741	24,486,741	24,486,741	24,486,741
Transfer: Coverage Rebate	3,271,723	3,560,249	3,624,710	3,239,505	3,551,751	4,062,537	3,665,104	4,157,849	3,669,180	3,303,709	3,554,659
Ending Balance	**$22,611,035**	**$41,190,901**	**$45,191,662**	**$51,849,947**	**$64,480,253**	**$69,785,765**	**$78,572,085**	**$83,467,241**	**$90,187,487**	**$99,122,803**	**$114,815,438**

SOURCE: Hillsborough County Aviation Authority; Ricondo & Associates, Inc.
PREPARED BY: Ricondo & Associates, Inc., August 2013