

NEW ISSUE – BOOK ENTRY ONLY

In the opinion of Co-Bond Counsel, under existing law and assuming compliance with certain arbitrage rebate and other tax requirements referred to herein, interest on the 2008C/D Bonds is excludable from gross income for federal income tax purposes, except no opinion is expressed as to the exclusion from gross income of interest on any 2008C Bond for any period during which such 2008C Bond is held by a person who is a "substantial user," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended, of any project refinanced with proceeds of the 2008C Bonds or a "related person" to such a "substantial user." It is also the opinion of Co-Bond Counsel that interest on the 2008C Bonds will be treated as an item of tax preference in computing the alternative minimum tax but that interest on the 2008D Bonds will not be so treated. Interest on the 2008D Bonds will, however, be taken into account in computing an adjustment made in determining a corporate Bondholder's alternative minimum tax based on such corporate Bondholder's adjusted current earnings. For a further description of the alternative minimum tax and a description of the consequences to holders of the 2008C/D Bonds of other provisions of the Internal Revenue Code of 1986, as amended, see "TAX MATTERS" herein.

\$46,030,000

**HILLSBOROUGH COUNTY AVIATION
AUTHORITY, FLORIDA**

\$34,780,000

**Tampa International Airport
Revenue Refunding Bonds
2008 Series C (AMT)**

**HILLSBOROUGH COUNTY AVIATION
AUTHORITY, FLORIDA**

\$11,250,000

**Tampa International Airport
Revenue Refunding Bonds
2008 Series D (Non-AMT)**

Dated: Date of Delivery

Due: October 1 as shown on the inside front cover

The Hillsborough County Aviation Authority (the "Authority") is issuing its Tampa International Airport Revenue Refunding Bonds, 2008 Series C (AMT) in the principal amount of \$34,780,000 (the "2008C Bonds") and its Tampa International Airport Revenue Refunding Bonds, 2008 Series D (Non-AMT) in the principal amount of \$11,250,000 (the "2008D Bonds" and collectively with the 2008C Bonds, the "2008C/D Bonds"). Proceeds from the 2008C/D Bonds will be used for the purpose of redeeming the Tampa International Airport Variable Rate Revenue Refunding Bonds, 2006 Series C (AMT) currently outstanding in the principal amount of \$35,990,000 and the Tampa International Airport Variable Rate Revenue Refunding Bonds, 2006 Series D (Non-AMT) currently outstanding in the principal amount of \$11,855,000. See "PURPOSE OF THE 2008C/D BONDS – THE REFUNDING PLAN" herein. Proceeds from the 2008C/D Bonds will also be used to pay certain costs of issuance incurred in connection with the issuance of the 2008C/D Bonds.

The 2008C/D Bonds are being issued in fully registered form and, when initially issued, will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases of beneficial interests in the 2008C/D Bonds will be made in book-entry form only in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the 2008C/D Bonds will not receive physical delivery of bond certificates. Interest on the 2008C/D Bonds will accrue from their date of issuance and will be payable semi-annually on October 1 and April 1 in each year, commencing October 1, 2008.

Simultaneously with the issuance of the 2008C/D Bonds, the Authority will issue its Tampa International Airport Revenue Bonds, 2008 Series A (AMT) in the principal amount of \$133,000,000 (the "2008A Bonds") and its Tampa International Airport Revenue Bonds, 2008 Series B (Non-AMT) in the principal amount of \$16,725,000 (the "2008B Bonds" and collectively with the 2008A Bonds, the "2008A/B Bonds"). Proceeds from the 2008A/B Bonds will be used for the purpose of financing a portion of the costs of the 2008 Project (as defined herein).

The 2008C/D Bonds are subject to optional and mandatory redemption as more fully described herein. See "DESCRIPTION OF THE 2008C/D BONDS" HEREIN.

The scheduled payment of principal of and interest on the 2008C/D Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the 2008C/D Bonds by Assured Guaranty Corp. ("Assured Guaranty").

**ASSURED
GUARANTY**

The 2008C/D Bonds are payable solely from and secured by a lien on the Revenues derived by the Hillsborough County Aviation Authority (the "Authority") from the operation of the Airport System (as defined herein), after the payment of Operating Expenses (as defined herein), on a parity with certain other bonds heretofore issued by the Authority currently Outstanding (as defined herein) in the aggregate principal amount of \$765,015,000 after the issuance of the 2008A/B Bonds and the 2008C/D Bonds. See "OUTSTANDING DEBT – Parity Bonds" and "SECURITY FOR THE 2008C/D BONDS" herein.

The 2008C/D Bonds do not constitute a general indebtedness of the Authority, Hillsborough County, the City of Tampa, or any other political subdivision in the State of Florida within the meaning of any constitutional, statutory or charter provision or limitation. Neither the faith and credit nor taxing power of the Authority, Hillsborough County, the City of Tampa, the State of Florida or any other political subdivision of the State is pledged to the payment of the 2008C/D Bonds.

The 2008C/D Bonds are offered when, as and if issued, subject to the approval of legality by Holland & Knight LLP, Tampa, Florida, and Joyner & Jordan-Holmes, P.A., Tampa, Florida, Co-Bond Counsel. Certain legal matters are being passed upon for the Underwriters by GrayRobinson, P.A., Tampa, Florida, Counsel for the Underwriters. Certain legal matters are being passed upon for the Authority by its General Counsel, Gigi Skipper Rechel. It is expected that definitive 2008C/D Bonds will be available for delivery in New York, New York, on or about May 7, 2008.

Bear, Stearns & Co. Inc.

**Citi
Raymond James & Associates, Inc.**

Goldman, Sachs & Co.

**JPMorgan
Siebert Brandford Shank & Co., LLC**

Dated: May 2, 2008

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS, PRICES AND CUSIP NUMBERS**

**\$46,030,000
HILLSBOROUGH COUNTY AVIATION AUTHORITY, FLORIDA**

**\$34,780,000
Tampa International Airport
Revenue Refunding Bonds, 2008 Series C (AMT)**

<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP Number*</u>
\$1,880,000	2008	4.000%	3.000%	100.390	432308YT5
6,230,000	2009	4.000	3.200	101.084	432308YU2
6,405,000	2010	5.000	3.700	102.955	432308YV0
5,875,000	2011	5.000	4.000	103.145	432308YW8
3,710,000	2012	4.000	4.230	99.082	432308YX6
1,055,000	2013	4.000	4.250	98.801	432308YY4

\$9,625,000 5.75% Term Bond due October 1, 2026, Yield 5.34%/Price 103.233**; CUSIP Number 432308YZ1*

**\$11,250,000
Tampa International Airport
Revenue Refunding Bonds, 2008 Series D (Non-AMT)**

<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP Number*</u>
\$ 615,000	2008	4.000%	2.400%	100.630	432308ZA5
2,035,000	2009	4.000	2.750	101.703	432308ZB3
2,075,000	2010	5.000	3.000	104.595	432308ZC1
1,890,000	2011	5.000	3.250	105.586	432308ZD9
1,185,000	2012	4.000	3.480	102.101	432308ZE7
340,000	2013	4.000	3.600	101.944	432308ZF4

\$3,110,000 5.50% Term Bond due October 1, 2026, Yield 4.89%/Price 104.921**; CUSIP Number 432308ZG2*

* The Authority is not responsible for the use of CUSIP numbers, nor is a representation made as to their correctness. The CUSIP numbers are included solely for the convenience of the readers of this Official Statement.

** Priced to call date.

HILLSBOROUGH COUNTY AVIATION AUTHORITY

MEMBERS

Stephen J. Mitchell, Chairman
Ken Anthony
Alfred S. Austin
Pam Iorio
(Mayor, City of Tampa)
Ken Hagan
(Chair, Board of County Commissioners of Hillsborough County)

AUTHORITY MANAGEMENT

Louis E. Miller, Executive Director
John Wheat, Deputy Executive Director
Edward B. Cooley, III, Senior Director of Operations and Public Safety
Louis P. Russo, Senior Director of Planning and Development
Diane Pryor-Vercelli, Senior Director of Properties and Contracts Administration
Al Illustrato, Jr., Senior Director of Maintenance
Sharon Weaver, Senior Director of Administration and Information Technology
Ann Davis, Senior Director of Finance
Gigi Skipper Rechel, General Counsel
Don Whitworth, Director of Performance Management and Internal Audit
Don Welch, Director of Human Resources
Trudy Carson, Director of Air Service Development
Brenda Geoghagan, Director of Public Information and Community Relations
Darcy Foster, Director of Governmental and Legislative Affairs

CO-BOND COUNSEL

Holland & Knight LLP
Joyner & Jordan-Holmes, P.A.
Tampa, Florida

INDEPENDENT AUDITORS

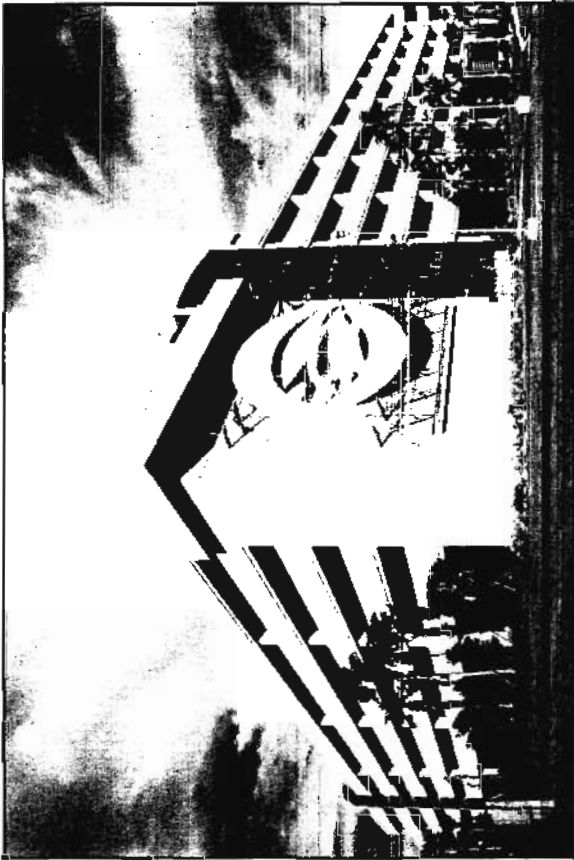
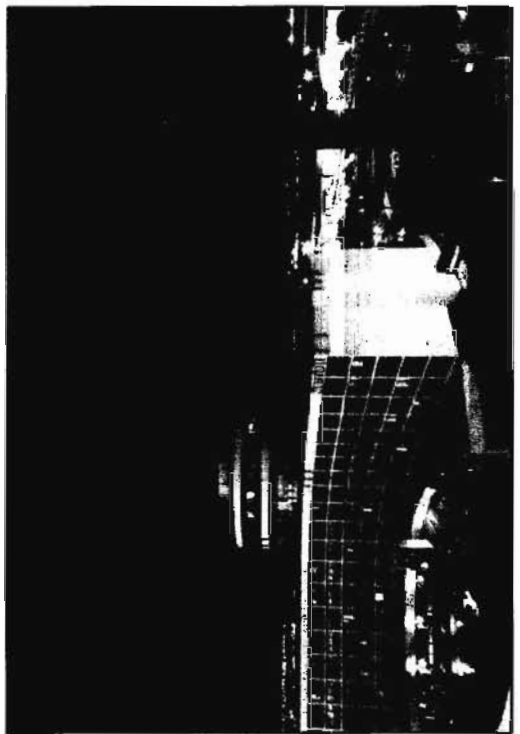
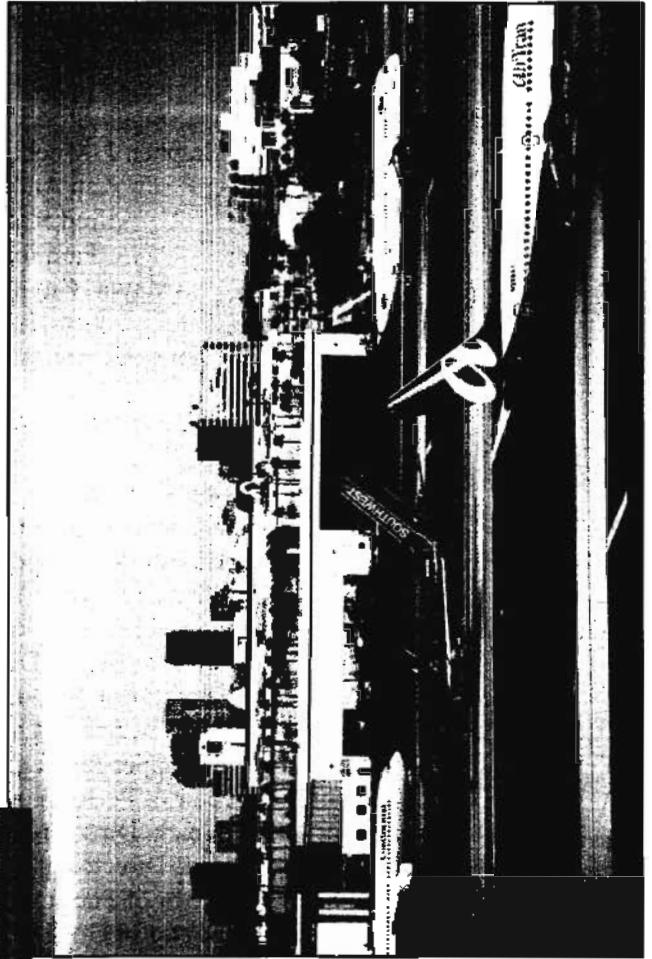
Ernst & Young LLP
Tampa, Florida

FINANCIAL ADVISOR

Fullerton & Friar, Inc.
Largo, Florida

AIRPORT CONSULTANT

Ricondo & Associates, Inc.
Cincinnati, Ohio



No dealer, broker, account executive, financial consultant or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the 2008C/D Bonds described herein, and if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the Underwriters. This Official Statement does not constitute an offer to sell the 2008C/D Bonds or a solicitation of an offer to buy nor shall there be any sale of the 2008C/D Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Except where otherwise indicated, the information set forth herein has been furnished by the Authority and by other sources which are believed to be reliable. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not expressly so stated, are intended as such and are not representations of fact, and the Authority expressly makes no representation that such estimates, assumptions or opinions will be realized or fulfilled. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

Assured Guaranty makes no representation regarding the 2008C/D Bonds or the advisability of investing in the 2008C/D Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading "BOND INSURANCE" and "APPENDIX H – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2008C/D BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2008C/D BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE TRUST AGREEMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE 2008C/D BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE 2008C/D BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2008C/D BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING").

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OFFICIAL STATEMENT

\$46,030,000

**HILLSBOROUGH COUNTY AVIATION
AUTHORITY, FLORIDA**

\$34,780,000

**Tampa International Airport
Revenue Refunding Bonds
2008 Series C (AMT)**

**HILLSBOROUGH COUNTY AVIATION
AUTHORITY, FLORIDA**

\$11,250,000

**Tampa International Airport
Revenue Refunding Bonds
2008 Series D (Non-AMT)**

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices, furnishes information relating to the Hillsborough County Aviation Authority, Florida (the "Authority") and its Tampa International Airport Revenue Refunding Bonds, 2008 Series C (AMT) in the principal amount of \$34,780,000 (the "2008C Bonds") and its Tampa International Airport Revenue Refunding Bonds, 2008 Series D (Non-AMT) in the principal amount of \$11,250,000 (the "2008D Bonds" and collectively with the 2008C Bonds, the "2008C/D Bonds"). Proceeds from the 2008C/D Bonds will be used for the purpose of redeeming the Tampa International Airport Variable Rate Revenue Refunding Bonds, 2006 Series C (AMT) currently outstanding in the principal amount of \$35,990,000 and the Tampa International Airport Variable Rate Revenue Refunding Bonds, 2006 Series D (Non-AMT) currently outstanding in the principal amount of \$11,855,000. See "PURPOSE OF THE 2008C/D BONDS – THE REFUNDING PLAN." Proceeds from the 2008C/D Bonds will also be used to pay certain costs of issuance incurred in connection with the issuance of the 2008C/D Bonds.

Simultaneously with the issuance of the 2008C/D Bonds, the Authority will issue its Tampa International Airport Revenue Bonds, 2008 Series A (AMT) in the principal amount of \$133,000,000 (the "2008A Bonds") and its Tampa International Airport Revenue Bonds, 2008 Series B (Non-AMT) in the principal amount of \$16,725,000 (the "2008B Bonds" and collectively with the 2008A Bonds, the "2008A/B Bonds"). Proceeds from the 2008A/B Bonds will be used for the purpose of financing a portion of the 2008 Project, which includes the following: (i) Economy Parking Garage (Phase 2) and Roadway Improvements; (ii) Cargo Roadways; (iii) East Side Development Area Cargo and Ground Support Equipment Facilities; and (iv) North Terminal Site Development and Infrastructure Project (collectively, the "2008 Project"). For more information regarding the 2008 Project, see APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT – Airport Facilities and the 2008 Project – The 2008 Project." **None of the proceeds from the 2008C/D Bonds will be used to fund the 2008 Project.**

The 2008C/D Bonds are being issued under the provisions of a 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 amended (collectively, the "2006 Trust Agreement"), by and between the Authority and The Bank of New York (successor trustee to JPMorgan Chase Bank, N.A. which was successor trustee to The Chase Manhattan Bank National Association), New York, New York, as Trustee (the "Trustee", "Paying Agent" and "Registrar"), as supplemented and amended prior to the date hereof, and as supplemented by a Supplemental Trust Agreement dated as of May 1, 2008 (the "2008 Supplemental Trust Agreement" and, collectively with the 2006 Trust Agreement, the "Trust Agreement"). The Authority adopted Resolution No. 2008-28 on March 6, 2008 (the "Resolution") authorizing the issuance of the 2008C/D Bonds and the execution of the 2008 Supplemental Trust Agreement.

The 2008C/D Bonds will be secured equally and on a parity with certain Bonds of the Authority and any other Additional Bonds issued by the Authority. See "OUTSTANDING DEBT – Parity Bonds."

Definitions of certain words and terms having initial capitals used herein are contained in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" and APPENDIX D – "PROPOSED CONCEPTUAL AMENDMENTS TO CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

The Authority, a public body, corporate and politic and an independent special district, operates Tampa International Airport (sometimes referred to herein as the "Airport") and three general aviation reliever airports. The Airport is primarily an origin-destination airport, serving the Tampa Bay region and surrounding area. See "AIR TRADE AREA."

Brief descriptions and summaries of the 2008C/D Bonds and the Trust Agreement are included in this Official Statement, APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" and APPENDIX D – "PROPOSED CONCEPTUAL AMENDMENTS TO CERTAIN PROVISIONS OF THE TRUST AGREEMENT." Those descriptions and summaries do not purport to be complete, comprehensive or definitive. All references in this Official Statement to the Trust Agreement are qualified by reference to the Trust Agreement in its entirety, and all references to the 2008C/D Bonds are qualified by reference to the definitive form of the 2008C/D Bonds included in the Trust Agreement. Copies of the Trust Agreement are available for inspection at the office of the Authority and, after delivery of the 2008C/D Bonds, will be available for inspection at the principal corporate trust office of the Trustee in New York, New York.

THE AUTHORITY

The Authority is a public body corporate and is an independent special district pursuant to the provisions of Chapter 2003-370, Laws of Florida, Acts of 2003 and acts amendatory thereof and supplemental thereto (the "Act"). The Act provides that the Authority shall have exclusive jurisdiction, control, supervision and management over all publicly owned airports in Hillsborough County, Florida (the "County"). Pursuant to the Act, there are five Authority Board members, consisting of three residents of the County appointed to the Authority by the Governor of the State of Florida (the "State") for four year terms; the Mayor of the City of Tampa, Florida (the "City"), ex officio; and a Commissioner of (and selected by) the Board of County Commissioners of the County, ex officio.

Under the Act, the Authority has no power at any time or in any manner to pledge the taxing power of the County, the City, or any political subdivision or agency thereof, nor shall any of the obligations issued by the Authority be deemed to be obligations of the County, the City, the State or any political subdivision or agency thereof secured by and payable from ad valorem taxes.

Under the Act, the State has pledged to any person acquiring bonds issued by the Authority for the construction, extension, improvement or enlargement of Authority Facilities defined in the Act as "an airport, airports and other aviation facilities and facilities related thereto and any portion thereof, air navigation facilities and special purpose facilities and any portion thereof," that the State will not limit or alter the rights vested in the Authority by the Act until all bonds at any time issued, together with the interest thereon, are fully paid and discharged.

AUTHORIZATION OF THE 2008C/D BONDS

The 2008C/D Bonds are authorized to be issued under and secured by the Trust Agreement, pursuant to and in accordance with the provisions of the Resolution and the Act.

DESCRIPTION OF THE 2008C/D BONDS

General

The 2008C/D Bonds will bear interest at the respective rates and mature on the dates and in the respective amounts set forth on the inside cover page of this Official Statement. Interest on the 2008C/D Bonds will accrue from their date of delivery and is payable on October 1, 2008, and semi-annually thereafter on April 1 and October 1 of each year. The 2008C/D Bonds are issuable as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. Principal and premium, if any, on the 2008C/D Bonds will be paid by the Trustee at its corporate trust office in New York, New York. Interest on the 2008C/D Bonds will be paid by check or draft mailed to the registered owners at their addresses as they appear on the registration books at the close of business on the 15th day (whether or not a business day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange subsequent to the Record Date and prior to such interest payment date. Payment of principal of, upon presentation and surrender, or interest on the 2008C/D Bonds may, at the election of a registered owner of \$1,000,000 or more in aggregate principal amount of 2008C/D Bonds, by written request delivered to the Trustee at least 10 days prior to the applicable Record Date, be transmitted to such registered owner by wire transfer to an account in the continental United States designated by such registered owner. Any such written election may state that it will apply to all subsequent payments due with respect to the 2008C/D Bonds held by such registered owner until a subsequent written notice is filed with the Trustee.

The 2008C/D Bonds are being issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") which will act as securities depository for the 2008C/D Bonds. Purchases of beneficial interests in the 2008C/D Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the 2008C/D Bonds will not receive certificates representing their interests in the 2008C/D Bonds. So long as DTC or its nominee, Cede & Co., is the registered owner, payments with respect to the 2008C/D Bonds will be made directly to Cede & Co. Disbursements of such payments to the Direct Participants of the DTC book entry system are the responsibility of DTC, and disbursements of such payments to beneficial owners are the responsibility of the Direct Participants and the Indirect Participants. Neither the Authority nor the Trustee shall be responsible for distributions to the beneficial owners. Transfers of beneficial interests will be accomplished by DTC, Direct Participants and Indirect Participants acting on behalf of the beneficial owners in accordance with DTC procedures and applicable state laws. See "BOOK-ENTRY ONLY SYSTEM" herein.

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Mandatory Redemption

The 2008C/D Bonds are subject to mandatory redemption on the dates set forth below at the redemption price of par plus accrued interest and without premium (each such redemption to be treated as an Amortization Installment for the respective Series of 2008C/D Bonds referred to below):

2008C Term Bonds due October 1, 2026:

Amount to be <u>Redeemed</u>	Redemption Date <u>(October 1)</u>
\$1,445,000	2021
1,505,000	2022
1,570,000	2023
1,635,000	2024
1,700,000	2025
1,770,000*	2026

*Final Maturity

2008D Term Bonds due October 1, 2026:

Amount to be <u>Redeemed</u>	Redemption Date <u>(October 1)</u>
\$470,000	2021
485,000	2022
505,000	2023
530,000	2024
550,000	2025
570,000*	2026

*Final Maturity

Optional Redemption

The 2008C/D Bonds maturing on and after October 1, 2019, may be redeemed prior to their maturity, at the option of the Authority, on or after October 1, 2018, in whole or in part, from time to time, on any date, in the order of maturity determined by the Authority and set forth in its notice of redemption to the Trustee, and by lot, or as the Authority may designate within a maturity if less than all, at the redemption price of one-hundred percent (100%) of the principal amount of the 2008C/D Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of Redemption

Each notice of redemption shall be mailed to the Registered Owners of the 2008C/D Bonds in accordance with the Trustee's customary practice, at their addresses as they appear on the registration books, at least twenty-five (25) days prior to the redemption date in the manner provided in the Trust Agreement. No publication of notice is required. Failure to mail the notice to such Registered Owners, or any defect therein, shall not affect the validity of the proceedings for redemption of 2008C/D Bonds with respect to which no failure or defect occurred. Any notice mailed in accordance with the foregoing requirements shall be conclusively presumed to have been duly given, whether or not the Registered Owner actually receives such notice. Any notice of redemption may state that the redemption contemplated therein is conditioned upon the occurrence of certain events or circumstances described therein, in which case the Authority will not be obligated to redeem the 2008C/D Bonds unless such

events and circumstances have occurred. The Authority has reserved the right to revoke any notice of optional redemption at any time prior to the redemption date.

BOOK-ENTRY ONLY SYSTEM

The information in this caption concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book entry system has been obtained from DTC and neither the Authority nor the Underwriters make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the 2008C/D Bonds. The 2008C/D Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2008C/D Bonds and deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at its home page on the World Wide Web.

Purchases of the 2008C/D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such 2008C/D Bonds on DTC's records. The ownership interest of each actual purchaser of each 2008C/D Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2008C/D Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2008C/D Bonds, except in the event that use of the book-entry system for the 2008C/D Bonds is discontinued.

To facilitate subsequent transfers, all of the 2008C/D Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be

requested by an authorized representative of DTC. The deposit of the 2008C/D Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2008C/D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2008C/D Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2008C/D Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2008C/D Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2008C/D Bond documents. For example, Beneficial Owners of the 2008C/D Bonds may wish to ascertain that the nominee holding the 2008C/D Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of a maturity of the 2008C/D Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2008C/D Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2008C/D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the 2008C/D Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, nor the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC. Disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2008C/D Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the 2008C/D Bonds are required to be printed and delivered.

The Authority may, pursuant to the procedures of DTC, decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the 2008C/D Bonds will be printed and delivered to DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2008C/D BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDER OF THE 2008C/D BONDS OR REGISTERED OWNERS OF THE 2008C/D BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2008C/D BONDS.

The Authority can make no assurances that DTC will distribute payments of principal of, redemption premium, if any, or interest on the 2008C/D Bonds to the Direct Participants, or that Direct and Indirect Participants will distribute payments of principal of, redemption price, if any, or interest on the 2008C/D Bonds or redemption notices to the Beneficial Owners of such 2008C/D Bonds or that they will do so on a timely basis, or that DTC or any of its Participants will act in a manner described in this Official Statement. The Authority is not responsible or liable for the failure of DTC to make any payment to any Direct Participant or failure of any Direct or Indirect Participant to give any notice or make any payment to a Beneficial Owner in respect to the 2008C/D Bonds or any error or delay relating thereto.

The rights of holders of beneficial interests in the 2008C/D Bonds and the manner of transferring or pledging those interests is subject to applicable state law. Holders of beneficial interests in the 2008C/D Bonds may want to discuss the manner of transferring or pledging their interest in the 2008C/D Bonds with their legal advisors.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the 2008C/D Bond certificates will be printed and delivered. Thereafter, the 2008C/D Bond certificates may be transferred and exchanged as described in the Trust Agreement. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" and APPENDIX D – "PROPOSED CONCEPTUAL AMENDMENTS TO CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

PURPOSE OF THE 2008C/D BONDS – THE REFUNDING PLAN

The Refunding Plan

Proceeds from the 2008C/D Bonds, combined with other available funds of the Authority, will be used by the Authority to redeem its Tampa International Airport Variable Rate Revenue Refunding Bonds, 2006 Series C (AMT) (the "2006C Bonds") currently outstanding in the aggregate principal amount of \$35,990,000 and its Tampa International Airport Variable Rate Revenue Refunding Bonds, 2006 Series D (Non-AMT) (the "2006D Bonds" and along with the 2006C Bonds, the "Refunded Bonds") currently outstanding in the aggregate principal amount of \$11,855,000. The Refunded Bonds will be redeemed on or about May 16, 2008 (the "Redemption Date") at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Refunded Bonds plus accrued and unpaid interest not otherwise paid on the Redemption Date.

The Authority and The Bank of New York (the "Escrow Agent"), upon delivery of the 2008C/D Bonds, will enter into an Escrow Deposit Agreement (the "Escrow Agreement") which provides for an irrevocable account (the "Escrow Account") held by the Escrow Agent. Immediately upon the issuance and delivery of the 2008C/D Bonds, the Authority will deposit proceeds from the sale of the 2008C/D Bonds together with certain cash deposits of the Authority into the Escrow Account. The proceeds from the sale of the 2008C/D Bonds together with other legally available funds of the Authority will be sufficient, without investment, to pay the principal of and interest on the Refunded Bonds on the Redemption Date. Prior to the Redemption Date, funds deposited into the Escrow Account will be invested in non-callable treasury obligations maturing on or prior to the Redemption Date.

The moneys held in the Escrow Account will be used only to pay the principal of and accrued interest to the call date on the Refunded Bonds and will not be available for payment of debt service on the 2008C/D Bonds until the Refunded Bonds have been paid in full.

SECURITY FOR THE 2008C/D BONDS

Pledge of Revenues

The 2008C/D Bonds are payable solely from the Revenues of the Authority derived from the operation of the Airport System after payment of the Operating Expenses and are secured on a parity with the Outstanding Bonds under the Trust Agreement and any Additional Bonds issued thereunder. Gross Revenues or Revenues means all rates, fees, rentals or other charges or income received by the Authority or accrued to the Authority from the operation of the Authority's Airport System, which includes Tampa International Airport and three general aviation airports, all as calculated in accordance with sound accounting practice, Qualified Hedge Receipts and other moneys pledged in the Trust Agreement. Gross Revenues or Revenues shall also include all "Available PFC Revenues" unless such funds have been released from the lien of the Trust Agreement; however, the 2008C/D Bonds will not be payable from Available PFC Revenues. See "SECURITY FOR THE BONDS – Available PFC Revenues" and "—Disposition of Available PFC Revenues" and APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Collection and Disposition of Revenues – Disposition of Available PFC Revenues." Gross Revenues or Revenues do not include gifts, grants, either federal, state or any other public body, ad valorem taxes or moneys paid to the Authority by the City or the County, moneys derived by the Authority from Special Purpose Facilities, except ground rentals, or any other moneys not derived from the operation of the Airport System. "Operating Expenses" means the current expenses, paid or accrued, of operation, maintenance and ordinary current repairs of the Airport System including insurance premiums, administrative expenses of the Authority relating solely to the Airport System, including engineering, architectural, legal, airport consultants and accounting fees and expenses, and fees and expenses of the Trustee, and such other reasonable current expenses as shall be in accordance with sound accounting practice. "Operating Expenses" include the fees, costs and expenses of the Trustee, Liquidity Provider, Credit Provider, Tender Agent, Auction Agent, Remarketing Agent and other agents employed by the Authority in connection with one or more series of Bonds issued under the Trust Agreement, but do not include any allowance for depreciation or renewals or replacements or obsolescence of capital assets of the Airport System, or any operating expenses of Special Purpose Facilities or airside buildings where the lessees thereof are obligated to pay such operating expenses.

PFC Bonds include the Authority's Tampa International Airport Revenue Bonds, 2003 Series A currently Outstanding in the principal amount of \$183,155,000 (also referred to herein as the "2003A Bonds") and any Additional Bonds so designated as PFC Bonds by the Authority at the time of issuance and delivery thereof, the proceeds of which are used solely to fund PFC Projects (following PFC Approval thereof), to fund the Reserve Requirement with respect thereto, and to pay the costs of issuance thereof (or to refund 2003A Bonds or Additional Bonds meeting such requirements). The 2003A Bonds are currently the Authority's only Outstanding PFC Bonds. See "OUTSTANDING DEBT – Parity Bonds."

By acceptance of the 2008C/D Bonds, the holders thereof have consented to the conceptual amendment of the definition of "Gross Revenues" or "Revenues" to specifically exclude, in addition to the moneys currently excluded from the definition of that term, all the revenue sources available to the Authority that are not directly related to the handling of passengers and greeters to, from and around the Airport facilities or the granting of rights in or with respect to the core terminal facilities. (Airline landing fees and parking revenues, and the fees generated from leases and concessionaire agreements in or with respect to the terminal facilities for all purposes of the Trust Agreement, shall be treated as Gross

Revenues.) Any such amendment shall provide that before it shall become effective, the Authority shall submit to the Trustee (i) a certificate to the effect that the remaining Revenues in the year in which the exclusion is to be made will be sufficient to meet the Authority's rate covenant in such year as described in the Trust Agreement and (ii) a certificate from an airport consultant reasonably acceptable to the bond insurers, if any, to the effect that, based on its projections and subject to customary assumptions and limitations, the deletion of such revenues from the lien of the Trust Agreement will not adversely affect the Authority's ability to meet the Authority's rate covenant in each of the five Fiscal Years following the effective date of such amendment. See APPENDIX D – "PROPOSED CONCEPTUAL AMENDMENTS TO CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Conceptual Amendments."

By acceptance of the 2008C/D Bonds, the holders thereof have consented to the terms and provisions of the conceptual amendments set forth in section 11.05 of the 2006 Trust Agreement. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" and APPENDIX D – "PROPOSED CONCEPTUAL AMENDMENTS TO CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

The 2008C/D Bonds do not constitute a general indebtedness of the Authority, the County, the City or any other political subdivision in the State within the meaning of any constitutional, statutory or charter provision or limitation. The 2008C/D Bonds shall not constitute or be a lien upon any property of the Authority, except the Revenues derived from the operation of the Airport System and certain funds pledged under the Trust Agreement, or any property of the County, the City or any other political subdivision in the State. No holder of the 2008C/D Bonds shall ever have the right to require payment from ad valorem tax proceeds or to compel the exercise of the ad valorem taxing powers of the Authority, the County, the City or of any other political subdivision in the State, for the payment of the 2008C/D Bonds or any interest thereon and the Authority is not and shall never be under any obligation to pay the principal of or interest on the 2008C/D Bonds except in the manner provided in the Trust Agreement.

Disposition of Revenues

All Revenues derived from the Airport System are deposited in the Revenue Fund. Moneys in the Revenue Fund are to be deposited into the following funds and accounts on a monthly basis in the following order:

- Operation and Maintenance Fund in an amount equal to one-twelfth (1/12th) of the amount provided in the Annual Budget for Operating Expenses, as defined herein;
- Pro rata into the Interest Account and the Qualified Hedge Payment Account in the Sinking Fund in an amount necessary to make the funds on deposit therein equal to the interest component of the Accrued Aggregate Debt Service Requirement (see APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Definitions") for such month with respect to the Bonds (including any net Qualified Hedge Payment then due within such month); provided however, that such deposit shall not be required to the extent sufficient moneys are then on deposit in the special fund in said Interest Account either from the proceeds of the 2008C/D Bonds or from any other source;
- Principal Account in the Sinking Fund in an amount necessary to make the funds on deposit therein equal to the scheduled principal component of Serial Bonds included within the Accrued Aggregate Debt Service Requirement for such month;

- Deposit into the Reserve Fund, and pro rata into each separate Reserve Account created therein pursuant to Supplemental Trust Agreements entered into with respect to each separate Series of Additional Bonds issued under the Trust Agreement, an amount which, together with funds then deposited in the Reserve Fund and each such Reserve Account will be sufficient to make the funds on deposit therein equal to the aggregate Reserve Requirement; provided that no further deposits shall be required to be made into the Reserve Fund or into any separate Reserve Account therein whenever and as long as the amount then on deposit is equal to the Reserve Requirement for each respective Series of Bonds Outstanding (See – "Reserve Fund");
- Redemption Account in the Sinking Fund in an amount necessary to make the funds on deposit therein equal to the Sinking Fund Installment portion of the Accrued Aggregate Debt Service Requirement for such month with respect to Term Bonds maturing within such Fiscal Year;
- Payment of debt service on junior and subordinate lien debt obligations of the Authority having a lien on the Revenues; and
- Operating Reserve Account in the Revenue Fund in the amount necessary, together with the moneys then on deposit in such Account, to make the amount then on deposit therein equal to one-sixth (1/6) of the annual amount of Operating Expenses provided for in the Annual Budget. The moneys in the Operating Reserve Account shall be used only for the payment of Operating Expenses when the moneys in the Operation and Maintenance Fund are insufficient therefor.

After making all the deposits or payments provided for above, including all deficiencies for prior required payments, the Authority shall on the first day of each month, withdraw all moneys then remaining in the Revenue Fund and deposit the same into the Surplus Fund. Moneys in the Surplus Fund may be used by the Authority first for the payment of all Reimbursement Obligations and Derivative Non-Scheduled Payments then due, and then to reduce airline rental payments or may be used by the Authority for any other lawful purpose. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Collection and Disposition of Funds."

Available PFC Revenues

As set forth above under "—Pledge of Revenues", Gross Revenues or Revenues shall also include "Available PFC Revenues." "Available PFC Revenues" means (i) with respect to the pledge and deposit requirements under the Trust Agreement, the actual net PFC Revenues (as defined below) collected by the Authority, after all deposit requirements under and with respect to Senior PFC Indentures and (ii) for any historical or projected twelve month period relating to compliance with the Additional Bonds parity test under the Trust Agreement (see "—Additional Bonds" herein) or for the purposes of determining compliance with the Rate Covenant under the Trust Agreement (see "—Rate Covenant" herein), 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 Annual 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

(as defined herein) 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 Bonds to reduce or withdraw their then current ratings on such Bonds. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Collection and Disposition of Revenues." There is currently no Senior PFC Indebtedness Outstanding. See "—Senior PFC Indebtedness" herein with regard to the covenant of the Authority restricting its issuance of Senior PFC Indebtedness.

"PFC Revenues" means all revenues received by the Authority from Passenger Facility Charges ("PFCs") authorized to be charged at the Airport pursuant to the PFC Act, the PFC Regulations and the PFC Approvals, including any interest earned thereon after such revenues have been remitted to the Authority as provided in the PFC Regulations. See "PASSENGER FACILITY CHARGES AND FEDERAL AND STATE GRANTS – Passenger Facility Charges."

Disposition of Available PFC Revenues

So long as Available PFC Revenues are pledged to PFC Bonds under the Trust Agreement, all Available PFC Revenues received by the Authority shall be deposited into the PFC Revenue Fund and applied on a monthly basis in the following order:

- First to the Interest Account, Principal Account and Redemption Account, respectively, amounts representing the monthly deposit requirements that are attributable to the debt service requirements with respect to PFC Bonds;
- Next to fund any deficiency in the Reserve Fund (or any special account therein) allocable to or set aside for the benefit of PFC Bonds or any separate series thereof;
- Next for the payment of debt service on, and other required deposits with respect to, obligations having a junior and subordinate lien on the PFC Revenues;
- Next to replenish funds in the Revenue Fund that were used to pay or to satisfy the monthly deposit requirements with respect to the principal of, interest on or redemption premiums with respect to the PFC Bonds that were paid from non-PFC Revenues because PFC Revenues at the time of such deposit requirement were insufficient or ineligible for such purpose; and
- After making all the deposits or payments provided for above, including all deficiencies for required payments, the Authority shall on the first business day of each month, withdraw all moneys remaining in the PFC Fund and not otherwise set aside for such purposes and deposit the same into the PFC Capital Fund. Funds in the PFC Capital Fund may be used by the Authority for any lawful purpose in accordance with the PFC Act, the PFC Regulations and the PFC Approvals.

The 2008C/D Bonds are not PFC Bonds. The Authority's only currently Outstanding PFC Bonds are its 2003A Bonds. See "OUTSTANDING DEBT – Parity Bonds." Also see "—Rate Covenant, – Additional Bonds", "—Additional PFC Covenants" and APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Collection and Disposition of Revenues."

Rate Covenant

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 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% of the Bond Service Requirement (see APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Definitions") for such Fiscal Year. 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 Revenues for such purposes. For purposes of determining compliance with this requirement, the Authority may include Available PFC Revenues in an amount not to exceed 125% of the amount required to be deposited into the Interest Account, Principal Account and Redemption Account for such year on the Outstanding PFC Bonds or such lesser amount as may be required under the PFC Act, PFC Regulations and PFC Approvals as in effect from time to time. See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Definitions – Covenants of Rates and Charges." As noted above, the Authority may take into account Available PFC Revenues in determining its compliance with the foregoing covenants.

Moneys remaining in the Surplus Fund (other than moneys set aside for the payment of any Derivative Non-Scheduled Payments) 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 so redeposited for purposes of satisfying the rate covenant. The Authority shall always establish its rates and charges so that Revenues collected in the current Fiscal Year, without regard to carry over amounts from the Surplus Fund, will be at least sufficient to pay 100% of the annual deposit requirements into the Operation and Maintenance Fund, the Sinking Fund, the Reserve Fund and subordinated indebtedness accounts.

Reserve Fund

Upon the issuance of the 2008C/D Bonds, the amount to be on deposit in the Reserve Fund created by the Trust Agreement shall be equal to the Reserve Requirement (see APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Definitions") on all Outstanding Bonds, including the 2008C/D Bonds, but excluding the 2003A Bonds (hereinafter defined) for which a separate 2003A Reserve Account in the amount of \$19,529,000 was established in the Reserve Fund solely for the benefit of the 2003A Bonds. After the delivery of the 2008C/D Bonds there will be \$56,710,543.75 on deposit in the common Reserve Fund for the credit of the Outstanding Bonds including the 2008C/D Bonds but excluding the 2003A Bonds. See "ESTIMATED SOURCES AND USES OF 2008C/D BOND PROCEEDS." As set forth herein, funds on deposit in the Reserve Fund in excess of the Reserve Requirement may be withdrawn at the Authority's request. Funds on deposit in the Special Reserve Account established for the 2003A Bonds will not be available for the benefit of the 2008C/D Bonds and likewise funds on deposit in the common Reserve Fund will not be available for the benefit of the 2003A Bonds. Reserve Requirements for Additional Bonds will be established at the time of issuance thereof. No further deposits shall be required to be made into the Reserve Fund and each respective Reserve Account therein whenever and as long as the amount then on deposit therein is equal to the Reserve Requirement (taking into account the several Reserve Requirements for each Series of Bonds Outstanding under the Trust Agreement). The moneys in the Reserve Fund shall be used only for the payment of interest on all Bonds secured thereby, the principal of such Serial Bonds and the required deposits into the Redemption Account for such Term Bonds as the same mature or become due, whenever the moneys in the Interest Account, Principal Account and Redemption Account are insufficient therefor.

If separate accounts in the Reserve Fund have been established for Additional Bonds, deficiencies in the Interest Account, Principal Account and Redemption Account with respect to such Additional Bonds shall be payable solely from the funds deposited in each respective special Reserve Account created with respect to such Additional Bonds, or from the respective Reserve Fund Credit Enhancement acquired with respect thereto, and not from other funds deposited in the Reserve Fund. Funds on deposit in the Reserve Fund in excess of the Reserve Requirement (taking into account the several Reserve Requirements for each Series of Bonds Outstanding under the Trust Agreement) may be withdrawn at the Authority's request and deposited (i) into the Sinking Fund to pay principal, interest or redemption premium on Bonds next coming due, (ii) into the Redemption Account for redemption of Bonds from which such surplus funds were derived or (iii) into the Revenue Fund provided that the Authority first receives an opinion from bond counsel that the use of such funds will not adversely affect the excludability from gross income for federal income tax purposes of interest on any Series of Bonds then Outstanding under the terms of the Trust Agreement (other than any Series of Bonds issued with the intent that interest thereon be includable in gross income for federal income tax purposes). All deficiencies from the Reserve Fund shall be restored from the first Revenues and other moneys pledged under the Trust Agreement which are available after making all prior required deposits into the Operation and Maintenance Fund, the Interest Account, Principal Account and Redemption Account.

The Trust Agreement authorizes the establishment of separate Reserve Accounts in connection with the issuance of a Series of Additional Bonds (such as the 2003A Bonds) for which the holders thereof shall have no claim to or lien on the funds on deposit in the common Reserve Fund. Likewise, the holders of the Outstanding Bonds (including the holders of the 2008C/D Bonds) shall have no claim to or lien on the funds held in any special Reserve Account.

Upon the issuance of a series of Additional Bonds, or at any time in replacement of moneys then on deposit in the Reserve Fund, in lieu of making a cash deposit to the Reserve Fund, or in substitution therefor, the Authority may deliver to the Trustee a Reserve Fund Credit Enhancement in an amount which, together with moneys, securities or other funds or Reserve Fund Credit Enhancements on deposit in or credited to the Reserve Fund (including any separate Reserve Account therein), equals or exceeds the largest amount of principal, interest and required deposits into the Redemption Account which will mature or become due in any succeeding year and having such other terms and provisions as required by the Trust Agreement. Any amounts owed by the Authority to the issuer of any Reserve Fund Credit Enhancement as a result of a draw thereon or a claim thereunder shall be included in determining amounts required to be deposited to the credit of the Reserve Fund and in any other calculation of debt service requirements required to be made pursuant to the Trust Agreement for any purpose (e.g., rate covenant or Additional Bonds test). See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT - Reserve Fund."

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 or Senior Director of Finance 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 the 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

(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).

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.

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 have collected, or shall be projected to collect, as the case may be, sufficient rates and charges under its Rate Covenant so that the actual or projected Revenues, as the case may be, 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.

If Available PFC Revenues are included in determining compliance with the foregoing requirements, 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 Fiscal Years immediately preceding the year the report of the Airport Consultant is issued;
- (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) above, 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) above 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.

The Authority may issue Additional Bonds without complying with the above requirements (a) to complete projects specifically authorized and theretofore funded with Additional Bonds under the Trust Agreement, provided that the aggregate principal amount of such completion Bonds does not exceed 15% of the aggregate principal amount of the Bonds or portions of Bonds issued to fund such projects, and (b) to refund any Bond or Bonds Outstanding, provided that prior to the issuance of refunding Bonds the Airport Consultant or another qualified independent consultant must deliver to the Trustee a statement stating (i) that in each Fiscal Year, the debt service with respect to the refunding Bonds will be equal to or less than the debt service with respect to the Bonds to be refunded, or (ii) (a) that the aggregate debt service with respect to all Bonds Outstanding after the issuance of the refunding Bonds (excluding the Bonds to be refunded and including the refunding Bonds) will be equal to or less than the aggregate debt service with respect to all Bonds Outstanding prior to the issuance of the refunding Bonds, and (b) that the Maximum Bond Service Requirement becoming due in any subsequent Fiscal Year with respect to all Bonds Outstanding after the issuance of the refunding Bonds (excluding the Bonds to be refunded and including the refunding Bonds) will be equal to or less than the Maximum Bond Service Requirements on all Bonds Outstanding prior to the issuance of the refunding Bonds. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Definitions."

For purposes of the foregoing, if the Outstanding Bonds or the proposed refunding Additional Bonds, or both, include Variable Rate Bonds, the assumed interest rate thereon for purposes of the foregoing calculations shall be determined in accordance with the procedures set forth in the definition of Debt Service Requirement (see APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Definitions"), determined on or as of the date of calculation.

Senior PFC Indebtedness

The Authority has covenanted that it will not issue Senior PFC Indebtedness payable from PFC Revenues having a lien thereon superior to the lien thereon created by the Trust Agreement unless at the time of issuance thereof (i) the Authority is not in default under the Trust Agreement, (ii) the Authority

shall have delivered to the Trustee a certificate to the effect that it is in compliance with the PFC Act, the PFC Regulations and the PFC Approvals and that the Senior PFC Indebtedness is being issued for the purpose of funding the cost of PFC Projects, and (iii) the Authority shall have delivered to the Trustee on or immediately prior to the issuance of such Senior PFC Indebtedness a statement of the Airport Consultant that in its opinion, the PFC Revenues to be received by the Authority during the Fiscal Year in which such Senior PFC Indebtedness is issued and for each Fiscal Year thereafter through the Period of Review, shall not be less than one hundred twenty-five percent (125%) of an amount equal to the largest amount of principal, interest and the required deposits into a redemption account or amortization fund that will mature or become due in any succeeding Fiscal Year on account of all Senior PFC Indebtedness and PFC Bonds then Outstanding (including the Senior PFC Indebtedness proposed to be issued but excluding any Senior PFC Indebtedness or PFC Bonds to be defeased by the issuance of such Senior PFC Indebtedness).

For purposes of determining compliance with the foregoing requirements, 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; and
- (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 Fiscal Years immediately preceding the year the report of the Airport Consultant is issued.

Additional PFC Covenants

The Authority covenants that so long as Available PFC Revenues are used in the calculation of the Authority's compliance with the Rate Covenant or are used in part to satisfy the requirements of the Additional Bonds Test, it will comply with all provisions of the PFC Act and the PFC Regulations applicable to the Authority and all provisions of the PFC Approvals, and will not take any action or omit to take any action with respect to the PFC Revenues, the PFC Projects funded by the PFC Bonds (the 2003A Bonds), the Airport System or otherwise if such action or omission would, pursuant to the PFC Regulations, cause the termination of the Authority's ability to impose passenger facility charges or prevent the use of the PFC Revenues as contemplated by the Trust Agreement. The Authority covenants that all moneys in the PFC Revenue Fund and the PFC Capital Fund will be used in compliance with all provisions of the PFC Act, the PFC Regulations and the PFC Approvals applicable to the Authority. Without limiting the generality of the foregoing, the Authority covenants that, to the extent necessary to comply with the foregoing covenants:

- (a) it will diligently seek approval to impose and use PFC Revenues for those projects constituting or that it expects to constitute PFC Projects within the time periods set forth in the PFC Regulations and will begin implementation of such PFC Projects within the time periods set forth in the PFC Regulations;

(b) it (i) will impose a Passenger Facility Charge to the full extent approved by the FAA for Tampa International Airport, and (ii) will not unilaterally decrease the level of the Passenger Facility Charge to be collected from any passenger;

(c) it will not impose any noise or access restrictions at Tampa International Airport not in compliance with the Airport Noise and Capacity Act of 1990, Pub. L 101-508, Title IX, Subtitle D (the "Airport Noise and Capacity Act"), if the imposition of such restriction may result in the termination or suspension of the Authority's ability to impose or use Passenger Facility Charges at Tampa International Airport prior to the charge expiration date or the date the total approved passenger facility charge revenue has been collected;

(d) it will take all action necessary to cause all collecting air carriers to collect and remit to the Authority all Passenger Facility Charges at Tampa International Airport required by the PFC Regulations to be so collected and remitted; and

(e) it will contest any attempt by the FAA to terminate or suspend the Authority's ability to impose, receive or use Passenger Facility Charges at Tampa International Airport prior to the charge expiration date or the date the total approved Passenger Facility Charge revenue has been collected.

The Authority may cause the Trustee to release its pledge of Available PFC Revenue 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 as set forth above, 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 2003A Bonds to reduce or withdraw their then current underlying and unenhanced ratings on the 2003A Bonds. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Collection and Disposition of Revenues."

BOND INSURANCE

The following information has been furnished by Assured Guaranty Corp. ("Assured Guaranty" or the "Insurer") for use in this Official Statement. It is not complete and reference is made to APPENDIX H for a specimen of the financial guaranty insurance policy (the "Policy").

The Insurance Policy

Assured Guaranty has made a commitment to issue the Policy relating to the 2008C/D Bonds, effective as of the date of issuance of such 2008C/D Bonds. Under the terms of the Policy, Assured Guaranty will unconditionally and irrevocably guarantee to pay that portion of principal of and interest on the 2008C/D Bonds that becomes Due for Payment but shall be unpaid by reason of Nonpayment (the "Insured Payments"). Insured Payments shall not include any additional amounts owing by the Authority solely as a result of the failure by the Trustee to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee by reason of such failure. The Policy is non-cancelable for any reason, including without limitation the non-payment of premium.

"Due for Payment" means, when referring to the principal of the 2008C/D Bonds, the stated maturity date thereof, or the date on which such 2008C/D Bonds shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and, when referring to interest on such 2008C/D Bonds, means the stated dates for payment of interest.

"Nonpayment" means the failure of the Authority to have provided sufficient funds to the Trustee for payment in full of all principal and interest Due for Payment on the 2008C/D Bonds. It is further understood that the term Nonpayment in respect of a Bond also includes any amount previously distributed to the Holder (as such term is defined in the Policy) of such 2008C/D Bond in respect of any Insured Payment by or on behalf of the Authority, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. Nonpayment does not include nonpayment of principal or interest caused by the failure of the Trustee to pay such amount when due and payable.

Assured Guaranty will pay each portion of an Insured Payment that is Due for Payment and unpaid by reason of Nonpayment, on the later to occur of (i) the date such principal or interest becomes Due for Payment, or (ii) the business day next following the day on which Assured Guaranty shall have received a completed notice of Nonpayment therefor in accordance with the terms of the Policy.

Assured Guaranty shall be fully subrogated to the rights of the Holders of the 2008C/D Bonds to receive payments in respect of the Insured Payments to the extent of any payment by Assured Guaranty under the Policy.

The Policy is not covered by any insurance or guaranty fund established under New York, California, Connecticut or Florida insurance law.

The Insurer

Assured Guaranty Corp. ("Assured Guaranty") is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. Assured Guaranty commenced operations in 1988. Assured Guaranty is a wholly owned, indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. Neither AGL nor any of its shareholders is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty is subject to insurance laws and regulations in Maryland and in New York (and in other jurisdictions in which it is licensed) that, among other things, (i) limit Assured Guaranty's business to financial guaranty insurance and related lines, (ii) prescribe minimum solvency requirements, including capital and surplus requirements, (iii) limit classes and concentrations of investments, (iv) regulate the amount of both the aggregate and individual risks that may be insured, (v) limit the payment of dividends by Assured Guaranty, (vi) require the maintenance of contingency reserves, and (vii) govern changes in control and transactions among affiliates. Certain state laws to which Assured Guaranty is subject also require the approval of policy rates and forms.

Assured Guaranty's financial strength is rated "AAA" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), "AAA" by Fitch, Inc. ("Fitch") and "Aaa" by Moody's Investors Service, Inc. ("Moody's"). Each rating of Assured Guaranty should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

Capitalization of Assured Guaranty Corp.

As of December 31, 2007, Assured Guaranty had total admitted assets of \$1,361,538,502 (unaudited), total liabilities of \$961,967,238 (unaudited), total surplus of \$399,571,264 (unaudited) and total statutory capital (surplus plus contingency reserves) of \$982,045,695 (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2006, Assured Guaranty had total admitted assets of \$1,248,270,663 (audited), total liabilities of \$962,316,898 (audited), total surplus of \$285,953,765 (audited) and total statutory capital (surplus plus contingency reserves) of \$916,827,559 (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. The Maryland Insurance Administration recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Maryland Insurance Code, and for determining whether its financial condition warrants the payment of a dividend to its stockholders. No consideration is given by the Maryland Insurance Administration to financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") in making such determinations.

Incorporation of Certain Documents by Reference

The portions of the following documents relating to Assured Guaranty are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- The Annual Report on Form 10-K of AGL for the fiscal year ended December 31, 2007 (which was filed by AGL with the Securities and Exchange Commission (the "SEC") on February 29, 2008); and
- The Current Reports on Form 8-K filed by AGL with the SEC, as they relate to Assured Guaranty.

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in documents filed by AGL with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Official Statement and prior to the termination of the offering of the 2008C/D Bonds shall be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such consolidated financial statements.

Any statement contained in a document incorporated herein by reference or contained herein under the heading "BOND INSURANCE – The Insurer" shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document which is incorporated by reference herein also modifies or supersedes such statement. Any

statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Copies of the consolidated financial statements of Assured Guaranty incorporated by reference herein and of the statutory financial statements filed by Assured Guaranty with the Maryland Insurance Administration are available upon request by contacting Assured Guaranty at 1325 Avenue of the Americas, New York, New York 10019 or by calling Assured Guaranty at (212) 974-0100. In addition, the information regarding Assured Guaranty that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC's web site at <http://www.sec.gov> and at AGL's web site at <http://www.assuredguaranty.com>, from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Assured Guaranty makes no representation regarding the 2008C/D Bonds or the advisability of investing in the 2008C/D Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading "BOND INSURANCE" and in "APPENDIX H – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY."

ESTIMATED SOURCES AND USES OF 2008C/D BOND PROCEEDS

The following is the estimated sources and uses of 2008C/D Bond proceeds:

<u>Sources</u>	<u>2008C Bonds</u>	<u>2008D Bonds</u>	<u>Total</u>
Principal Amount of the 2008C/D Bonds	\$34,780,000.00	\$11,250,000.00	\$46,030,000.00
Other Available Moneys ⁽¹⁾	3,720,000.00	1,223,333.33	4,943,333.33
Net Original Issue Premium	713,370.70	424,001.75	1,137,372.45
Total Sources	\$39,213,370.70	\$12,897,335.08	\$52,110,705.78
<u>Uses</u>			
Deposit to Escrow Account	\$35,990,000.00	\$11,855,000.00	\$47,845,000.00
Deposit to Reserve Fund	2,717,447.24	878,990.26	3,596,437.50
Cost of Issuance, including Underwriters' Discount and Financial Guaranty Insurance Premium	505,923.46	163,344.82	669,268.28
Total Uses	\$39,213,370.70	\$12,897,335.08	\$52,110,705.78

(1) Consists of certain funds held for the payment of debt service for the Refunded Bonds.

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OUTSTANDING DEBT

Parity Bonds

After the issuance of the 2008C/D Bonds, the Authority will have Outstanding Parity Bonds in the aggregate principal amount of \$765,015,000, as follows:

<u>Series of Bonds</u>	<u>Principal Amount Outstanding After Issuance of the 2008C/D Bonds</u>
Tampa International Airport Revenue Bonds, 1996 Series B (the "1996 Bonds")	\$ 9,085,000
Tampa International Airport Revenue Refunding Bonds, 1999 Series A (the "1999A Bonds")	10,780,000
Tampa International Airport Revenue Refunding Bonds, 2001 Series A (the "2001A Bonds")	44,875,000
Tampa International Airport Revenue Bonds, 2003 Series A (the "2003A Bonds")	183,155,000
Tampa International Airport Revenue Bonds, 2003 Series B (the "2003B Bonds")	43,735,000
Tampa International Airport Revenue Refunding Bonds, 2003 Series C (the "2003C Bonds")	76,775,000
Tampa International Airport Revenue Refunding Bonds, 2003 Series D (the "2003D Bonds")	49,660,000
Tampa International Airport Revenue Bonds, 2005 Series A (the "2005A Bonds")	81,805,000
Tampa International Airport Revenue Refunding Bonds, 2005 Series B (the "2005B Bonds")	37,030,000
Tampa International Airport Revenue Refunding Bonds, 2006 Series A (the "2006A Bonds")	18,285,000
Tampa International Airport Revenue Refunding Bonds, 2006 Series B (the "2006B Bonds")	14,075,000
Tampa International Airport Revenue Bonds, 2008 Series A (the "2008A Bonds")	133,000,000
Tampa International Airport Revenue Bonds, 2008 Series B (the "2008B Bonds")	16,725,000
Tampa International Airport Revenue Refunding Bonds, 2008 Series C (the "2008C Bonds")	34,780,000
Tampa International Airport Revenue Refunding Bonds, 2008 Series D (the "2008D Bonds")	<u>11,250,000</u>
Total	<u>\$765,015,000</u>

Airport Facilities Subordinated Commercial Paper Notes

In 2001, the Authority authorized the issuance of an aggregate combined principal amount not to exceed \$105,000,000 of its Airport Facilities Subordinated Commercial Paper Notes (the "Subordinate Notes"). The Subordinate Notes are issued from time to time under the provisions of an Indenture of Trust dated as of September 1, 2001 (the "Subordinate Notes Indenture"), to provide for the financing of extensions, improvements, betterments, renewals, replacements, repairs, maintenance or reconstruction of any of the properties or facilities of the Authority's Tampa International Airport, the Peter O. Knight Airport, the Vandenberg Airport and the Plant City Airport (collectively, the "Airport System"). The Authority originally entered into a five-year Reimbursement Agreement, dated as of September 1, 2001, (the "Credit Agreement"), with Landesbank Baden-Württemberg, acting through its New York Branch (the "Letter of Credit Bank"), pursuant to which the Letter of Credit Bank issued an irrevocable direct-pay Letter of Credit to secure the payment of the principal of and interest on the Subordinate Notes. The Credit Agreement and Letter of Credit have been extended and now expire on December 29, 2015. The Subordinate Notes may be issued to finance portions of the costs of authorized capital projects, to repay the principal and interest on Outstanding Subordinate Notes when due (including to reimburse the Letter of Credit Bank for unreimbursed draws on the Letter of Credit used to repay Subordinate Notes), and to pay the issuance expenses of the Subordinate Notes.

The Subordinate Notes are payable from and secured by a lien on and pledge of the Subordinate Notes Pledged Funds. "Subordinated Notes Pledged Funds" means the Subordinated Revenues, any Subordinate Notes Other Pledged Funds, and all income received from the investment of moneys deposited in the funds and accounts created under the Subordinate Notes Indenture. Subordinate Notes Pledged Funds shall also include funds on deposit from time to time in any fund or account created under the Subordinate Notes Indenture for the benefit of a particular series of Subordinate Notes (or the corresponding Bank Obligations with respect thereto) or for the benefit of a particular series of Subordinate Notes Other Parity Indebtedness, in each case for the purpose and to the extent provided therein, but "Subordinated Notes Pledged Funds" shall not include any Passenger Facility Charges unless such funds become Subordinate Notes Other Pledged Funds and are expressly pledged to the payment of all or a portion of the Authority's obligations under the Subordinate Notes Indenture by supplemental indenture thereto.

Subordinate Notes in the aggregate principal amount of \$70,000,000 are currently Outstanding. The Board, at its April 3rd meeting, authorized an increase in the principal amount of Subordinate Notes from \$105,000,000 to an aggregate principal amount not to exceed \$200,000,000.

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BOND DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the 2008C/D Bonds and the Outstanding Bonds following the issuance of the 2008C/D Bonds.

Fiscal Year Ending Sept. 30 ⁽¹⁾	Outstanding Bonds Debt Service Requirements ⁽²⁾	2008C Bonds		2008D Bonds		2008C/D Bonds Debt Service Requirements	Total Debt Service Requirements
		Principal	Interest	Principal	Interest		
2008	\$66,921,122 ⁽³⁾	\$1,880,000	\$672,975	\$615,000	\$214,520	\$3,382,495	\$70,303,617
2009	62,283,099	6,230,000	1,607,238	2,035,000	511,700	10,383,938	72,667,037
2010	68,838,044	6,405,000	1,358,038	2,075,000	430,300	10,268,338	79,106,381
2011	69,846,006	5,875,000	1,037,788	1,890,000	326,550	9,129,338	78,975,344
2012	71,138,356	3,710,000	744,038	1,185,000	232,050	5,871,088	77,009,444
2013	74,753,731	1,055,000	595,638	340,000	184,650	2,175,288	76,929,019
2014	76,348,944	--	553,438	--	171,050	724,488	77,073,431
2015	76,337,106	--	553,438	--	171,050	724,488	77,061,594
2016	68,870,631	--	553,438	--	171,050	724,488	69,595,119
2017	68,871,881	--	553,438	--	171,050	724,488	69,596,369
2018	75,466,681	--	553,438	--	171,050	724,488	76,191,169
2019	36,270,756	--	553,438	--	171,050	724,488	36,995,244
2020	37,238,056	--	553,438	--	171,050	724,488	37,962,544
2021	20,070,919	1,445,000	553,438	470,000	171,050	2,639,488	22,710,406
2022	20,070,550	1,505,000	470,350	485,000	145,200	2,605,550	22,676,100
2023	20,068,063	1,570,000	383,813	505,000	118,525	2,577,338	22,645,400
2024	15,747,775	1,635,000	293,538	530,000	90,750	2,549,288	18,297,063
2025	15,746,063	1,700,000	199,525	550,000	61,600	2,511,125	18,257,188
2026	15,742,888	1,770,000	101,775	570,000	31,350	2,473,125	18,216,013
2027	14,827,263	--	--	--	--	--	14,827,263
2028	14,827,788	--	--	--	--	--	14,827,788
2029	14,824,913	--	--	--	--	--	14,824,913
2030	14,827,219	--	--	--	--	--	14,827,219
2031	14,824,469	--	--	--	--	--	14,824,469
2032	14,830,569	--	--	--	--	--	14,830,569
2033	14,828,656	--	--	--	--	--	14,828,656
2034	14,822,675	--	--	--	--	--	14,822,675
2035	14,828,625	--	--	--	--	--	14,828,625
2036	14,830,525	--	--	--	--	--	14,830,525
2037	14,826,750	--	--	--	--	--	14,826,750
2038	14,825,625	--	--	--	--	--	14,825,625
Total ⁽⁴⁾	\$1,138,555,746	\$34,780,000	\$11,892,213	\$11,250,000	\$3,715,595	\$61,637,808	\$1,200,193,554

(1) The payments due on October 1 of a given year are reflected in the preceding Fiscal Year, which ends September 30.

(2) Debt Service reflects the issuance of the 2008A/B Bonds and the refunding of the 2006C/D Bonds.

(3) Debt service includes sinking fund deposits and interest paid on the refunded 2006C/D Bonds.

(4) Totals may not add due to rounding.

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AIR TRADE AREA

General

The demand for air transportation at airports serving primarily origin-destination passengers to a large degree is dependent upon the demographic and economic characteristics of an airport's air trade area – the geographical area served by an airport.

The primary air trade area (the "Air Trade Area") for the Airport is the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (the "Tampa Bay MSA"), as defined by the federal government's Office of Management and Budget. The Tampa Bay MSA consists of four counties in the State of Florida: Hernando, Hillsborough (the county in which the Airport is located), Pasco and Pinellas.

Population in the Air Trade Area increased from approximately 2.1 million in 1990, to approximately 2.4 million in 2000, and to approximately 2.7 million in 2006. This increase represents a compounded annual growth rate of 1.7% between 1990 and 2006, which was below the 2.1% growth rate for the State yet higher than the 1.2% growth rate for the nation.

Due to location, accessibility, and limited services available at other commercial service airports within nearby service areas, the Airport service area extends to a secondary air trade area. This secondary air trade area includes the additional State counties of Citrus, De Soto, Hardee, Manatee, Sarasota, Sumter and a portion of Polk. The borders of this extended service area are established by Orlando International Airport approximately 80 miles to the east of the Airport and Southwest Florida International Airport (Fort Myers) approximately 130 miles to the south of the Airport. According to a survey conducted for the Authority by its Airport Consultant in 2007, approximately 78% of enplaned passengers at the Airport originate their trip from the Tampa Bay MSA, with approximately 16.9% originating their trips from the secondary air trade area.

Airports in the Primary and Secondary Air Trade Area

The St. Petersburg-Clearwater International Airport (the "St. Petersburg-Clearwater Airport") is located approximately 12 miles west of the Airport within the Air Trade Area; however, its scheduled passenger service is limited. The majority of scheduled passenger service to the St. Petersburg-Clearwater Airport is provided by leisure-oriented carriers (primarily by Allegiant Air and USA3000 Airlines) that operate less than daily service patterns to secondary markets. For the year ended December 31, 2007, the St. Petersburg-Clearwater Airport served 747,369 enplaned passengers as compared to 389,997 enplaned passengers for the year ended December 31, 2006 – an increase of 92%, as a result of the growth of Allegiant Air and USA3000, and the addition of Sun Country, Transat Holidays and Sunwing Airlines. In contrast, for the years ended December 31, 2007 and 2006, Tampa International Airport served 9,628,144 and 9,391,650 enplaned passengers, respectively.

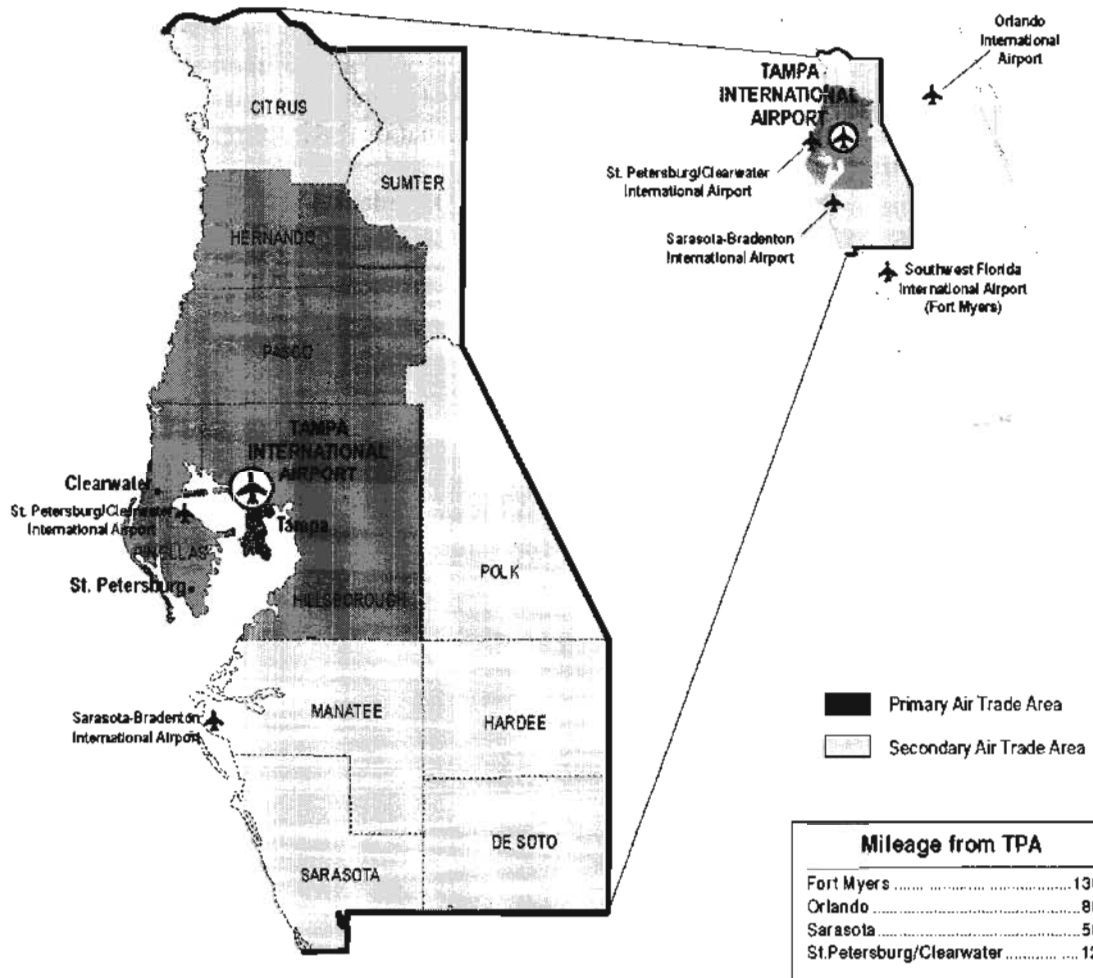
Sarasota-Bradenton International Airport (the "Sarasota Airport") is located approximately 50 miles south of Tampa International Airport within the secondary air trade area. A significant portion of Sarasota Airport's passenger market prefers to drive to Tampa International Airport to take advantage of its more diverse flight selections to major origin-destination markets. As of March 2008, Tampa International Airport provided nonstop service to 73 destinations with a total of between 305 and 324 flights per day (depending on the day of the week) compared to 17 destinations with a total of 38 flights per day at the Sarasota Airport. Within Tampa International Airport's secondary air trade area, Manatee and Sarasota Counties' visitors and residents account for 12% of Tampa International Airport's total enplaned passengers (over 9.6 million enplaned passengers in Fiscal Year 2007). For the twelve months ended January 31, 2008, the number of total passengers at Sarasota Airport was 1.567 million compared to 1.438 million for the twelve months ended January 31, 2007. After many years of negative growth, Sarasota Airport has been able to grow by attracting low cost carriers. In December 2005, AirTran Airways ("AirTran") began service with two daily flights to Atlanta and one to Baltimore. As of January 2008, AirTran has a maximum of eight daily flights out of the Sarasota Airport. USA3000 started winter

service to Sarasota Airport in December 2007 using A-320 aircraft in an all economy configuration offering 168 seats per flight, and operates five flights per week from Chicago O'Hare and three flights per week from Detroit and Cleveland to Sarasota. American Eagle started two daily flights to Miami on December 13, 2007 using a 64 seat turboprop.

jetBlue began service out of the Sarasota Airport in September 2006 with one daily flight to New York's John F. Kennedy International Airport, primarily for leisure travelers. US Airways was awarded the authority by the U.S. Department of Transportation for one daily flight to Washington National. The flight commenced August 15, 2006 and is being flown by a 72 seat jet aircraft. Sarasota Airport has also experienced a decrease in service from Delta Air Lines. It does not appear that the growth in passenger traffic at Sarasota Airport has had any significant impact on Tampa International Airport traffic originating from Sarasota and Manatee Counties. Sarasota and Manatee County's residents and visitors still account for 12% of the enplaned passengers at Tampa International Airport.

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AIR TRADE AREA MAP



THE AIRPORT SYSTEM

The Airport System includes Tampa International Airport, Peter O. Knight Airport, Plant City Airport and Vandenberg Airport. The latter three are general aviation airports which serve as reliever airports. The Airport, an approximate 3,400 acre facility, is utilized primarily for commercial aviation purposes by certificated scheduled airlines. There are two full service general aviation executive terminals located at the Airport. The Authority owns and operates Peter O. Knight airport, a 139 acre facility located six miles southeast of the Airport, Plant City Airport, a 199 acre facility located 22 miles east of the Airport, and Vandenberg Airport, a 407 acre facility located 12 miles east of the Airport.

Management

Louis E. Miller, Executive Director, joined the Authority in July 1996. Prior to joining the Authority, Mr. Miller served as the Executive Director of the Salt Lake City Airport Authority since 1982. Mr. Miller is a past Chairperson of the Airports Council International-North America. Mr. Miller currently is the Treasurer of the worldwide Airports Council International.

John Wheat, Deputy Executive Director, joined the Authority in August 1999. Prior to joining the Authority, he was employed in a similar capacity with the Salt Lake City Airport Authority since 1983. Mr. Wheat is a past Chairperson of the Airports Council International-North America Economic Committee.

Edward B. Cooley, III, Senior Director of Operations and Public Safety, joined the Authority in 1975. He has progressed through several positions within the Authority before assuming his current position in 2000. Mr. Cooley is a past chair of the Florida Airports Council.

Louis P. Russo, Senior Director of Planning and Development, joined the Authority in 1998. He has progressed through several positions with the Authority before assuming his current position in 2004.

Diane Pryor-Vercelli, MPA, Senior Director of Properties and Contracts Administration, joined the Authority in May 1997. Prior to joining the Authority, she was the Manager of Properties for Sarasota-Bradenton International Airport and Kansas City International Airport.

Al Illustrato, Jr., Senior Director of Maintenance, joined the Authority in 1989 as a manager in the maintenance department. Prior to joining the Authority, he managed the electric traction division of the Long Island Rail Road Company in New York.

Sharon Weaver, Senior Director of Administration and Information Technology, joined the Authority in 1987 and has served in her current capacity since 1993. She is past Chairperson of the Airports Council International North America Business Information Technology Committee.

Ann Davis, Senior Director of Finance, joined the Authority in July 1993. She is a Certified Public Accountant and prior to joining the Authority, she had 10 years of accounting management experience in the private sector.

Gigi Skipper Rechel, General Counsel, joined the Authority in 1999, becoming the Authority's first in-house attorney. Prior to her association with the Authority, she practiced law for fifteen years concentrating in the areas of Real Estate Development, Business Law and Local Government Law.

Don Whitworth, Director of Performance Management and Internal Audit, joined the Authority in 1993, assuming his current position in 1999. He is a Certified Public Accountant and Certified Fraud

Examiner. Mr. Whitworth is the immediate past President for the Association of Airport Internal Auditors.

Don Welch, Director of Human Resources, joined the Authority in 1989. He has over 30 years experience in all aspects of Human Resources and is a member of the Society for Human Resource Management.

Trudy Carson, Director of Air Service Development, joined the Authority in 1997 and assumed her position in 2007. Ms. Carson is fluent in Spanish, German and English. She is the vice chairperson of the Airport Council International- North America International Air Service Program.

Brenda Geoghagan, Director of Public Information and Community Relations, joined the Authority in 1978 and assumed her current position in 1996. She is a member of the Florida Association of Public Art Administrators and a member of the Airports Council International – North America Marketing and Communications Committee.

Darcy A. Foster, Director of Governmental and Legislative Affairs, joined the Authority in July 2005 to become its first in-house legislative advocate. Prior to assuming her current position, she had 21 years of diverse local, state and federal government experience in the public sector.

The Authority had a total of 612 employees as of December 31, 2007, including professional staff, office clerical workers, maintenance personnel, equipment operators and police officers. The Authority's budget for the Fiscal Year ending September 30, 2008 provided funding for up to 629 positions.

Tampa International Airport

The Airport is primarily an origin-destination airport. Based on U.S. Department of Transportation ticket sample data, origin-destination passengers accounted for approximately 88% of the total passengers at the Airport for the 12 months ended June 30, 2006. The Airport ranked 26th nationally in number of total passengers in 2006, according to airport activity reports compiled by Airports Council International. The Airport is a large air traffic hub, as defined by the Federal Aviation Administration (the "FAA"). Domestic passenger traffic enplaned at the Airport accounted for 1.391% of total United States domestic passenger traffic, according to airport activity statistics published by the U.S. Department of Transportation for the 12 months ended September 30, 2007.

For decades the Airport has performed as an integral component of the Tampa Bay community offering nonstop air service to over 71 domestic and international cities and easy connections to every major city in the world. With 23 airlines serving the Airport, that means competitive, low fares for the community. In fact, over 40% of the Airport's enplaned passengers are served by low cost carriers. During 2007, over 19 million arriving and departing passengers traveled through the Airport.

For the eleventh consecutive year, the FAA recognized the Airport for safety inspections with no discrepancies. FAA inspectors examine runway and taxiway surfaces, fire and rescue training, performance of an airport's self-inspection and maintenance program, airfield construction, aircraft fueling procedures and other safety related items.

In the May/June 2006 edition of *Tampa Bay Magazine*, readers voted the Airport the Best Public Facility of Tampa Bay. The Airport has consistently won awards for ease of navigation, comfort, amenities and overall design. Recent updates to the 34-year old facility include the construction of new airside and renovation of the main terminal.

The Air Transport Research Society ("ATRS") presented the Airport with its 2006 Top North American Airport Efficiency Award and Global Top Efficiency Award among airports with fewer than 20 million passengers. Tampa was the 2005 recipient of the ATRS Global Top Efficiency Award. ATRS benchmarked 135 airports in North America, Europe, and the Asia/Pacific region. The ATRS assigns a task force to measure and compare several important aspects of airport operations. Areas assessed include productivity and efficiency; unit costs and unit competitiveness; financial results and airport charges. The Airport's rating indicated that it is 37% more efficient than the average North American airport.

In 2007, the Airport was voted Best Overall U.S. Airport by Zagat Global Airline/Airport Travel Survey. The Airport was selected by 7,500 frequent fliers who responded to Zagat's Survey about 84 airlines and 46 major airports.

In Tampa Bay Industry Magazine, issue April/May 2007, the Airport is voted tops in the category of "Our most favorite architectural buildings in Tampa Bay" for Airside C.

American Society of Travel Agents ("ASTA") survey of travelers rates the Airport third in its ranking of "family-friendly" airports. The publication noted the educational programs, including scavenger hunts and birthday parties. During 2007, the Airport also renovated the children's play area at Airside E, and installed new fresh-themed equipment for children at Airsides A, C and F.

Passenger Terminal Facilities

The existing passenger terminal facilities at the Airport include a Terminal Building, Airside Buildings connected to the 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.

Terminal Building and Short-Term Parking. The 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 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 3,650 vehicle public parking spaces, including valet parking spaces for approximately 212 cars, and the monorail system connecting the Terminal Building to the South Terminal Garage. From 2000 to 2003 the Authority completed a \$9.3 million renovation of the Terminal Building baggage claim level, a \$22.5 million renovation of the Terminal Building transfer level, and a \$21 million renovation of the Terminal Building ticket level; resulting in a complete renovation of the Terminal Building.

Adjacent to the Terminal Building, on its north side, is a two story, 111,000 square foot service building, which includes Authority office space as well as mechanical, electrical and communications facilities required to serve the Terminal Building. Included in the service 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 Terminal Building. The Authority recently completed a second floor expansion of the service building adding 33,000 square feet of office space for various Authority departments.

South Terminal Garage - Long-Term Parking. Adjacent to the 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 Terminal Building by a monorail system which transports passengers to elevator lobbies on the fifth floor of the 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 car rental operations, including check-in areas, and are connected to the ticketing level of the Terminal Building by two pedestrian bridges.

Terminal Car Rental Facilities. In 2003, the Authority completed a \$13.3 million reconfiguration of the Blue Side car rental operations. The two Blue Side rental car counter areas previously located in the baggage claim area were consolidated into a single free-standing building located between the Terminal Building and the South Terminal Garage. The rental car return area in the South Terminal Garage was reconfigured and expanded. The quick-turnaround service areas and ready car parking areas in the South Terminal Garage were also expanded. The \$33.5 million Red Side car rental garage construction and counter relocation project, which was completed in November 2006, consolidated and expanded the Red Side ready car facility for the rental car operators at the Airport by moving the two car rental counter locations located in the Red Side baggage claim areas to a single location adjacent to the Terminal Building. The Blue and Red Side baggage claim area facilities now have sufficient capacity to continue providing passengers with convenient direct access from baggage claim to car rentals within short walking distances. The former space occupied by the rental car counters was reclaimed to improve passenger circulation and provide for the future expansion of the bag claim system.

Integrated Inline Explosive Detection Outbound Baggage System. The Authority installed an outbound baggage system that converted the 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 Terminal Building with automated in-line explosion detection system screening 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 C and E integrate the baggage makeup area within the footprint of their respective buildings, while Airsides A and F have separate baggage makeup buildings located near the Airsides). This \$124 million project was completed and operational on June 26, 2004.

Airside Buildings. There are four Airside Buildings currently in operation: Airside Buildings A, C, E and F. Original Airsides B and D have been 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 was demolished and a new airside building was constructed on the same site and 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 aircraft at the same time. Commuter facilities, 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 was demolished and a new airside building was constructed on the same site and 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. Commuter facilities, 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 B747-400 and a mix of three B757 and three A320 aircraft at the same time. Federal 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.

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

Hotel. The 300 room hotel, under a ground lease to Host of Boston, Ltd., has meeting and conference facilities, 55,000 square feet of office rental space and parking spaces for 400 cars. It is attached to the Terminal Building at the passenger transfer level by a 300 foot long, fully enclosed shopping arcade with specialty shops and a full service bank. See "OTHER AGREEMENTS – Concessions and Leases – Hotel."

Airfield and Other Facilities

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 (18R-36L) 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 (18L-36R) 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. A major reconstruction of Runway 18R-36L was completed in October 1997. The parallel north south runways are 4,300 feet apart, which permits simultaneous all-weather operations of the runways. The east-west runway (9-27) is 6,995 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 FAA.

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 18R-36L 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 the Report of the Airport Consultant. See APPENDIX A - "REPORT OF THE AIRPORT CONSULTANT."

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 site of demolished Airside B and will be provided on the former site of 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 Terminal Building.

Roadways and Remote Parking Areas. The one and one-half mile, four 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 currently accommodate 2,600 automobiles.

The 5,500 space Phase I economy garage was opened to the public on the site of the former surface economy lot behind the U.S. Post Office in two stages - 3,300 spaces came online in November 2005 and 2,200 spaces in May 2006. Additional surface parking in this facility makes the total capacity 8,300 parking spaces. A complimentary shuttle service transports customers from the remote economy lot to the Terminal Building. With these additional spaces the Airport now has over 19,000 public parking spaces with approximately 16,800 garage spaces to accommodate the traveling public.

Florida Department of Transportation Airport Interchange Project. The Florida Department of Transportation ("FDOT") is funding and constructing \$202 million of roadway improvements for easier access to the Airport. The project will enhance capacity to State Road 60/Memorial Highway from I-275 to the Courtney Campbell Causeway interchange in the immediate vicinity of the Airport and is anticipated to be completed by the end of 2010.

The Spruce Street/State Road 60 interchange, which is the entrance to the Airport, will be enlarged to a four level interchange and the Courtney Campbell/State Road 60 interchange will include a new three level directional interchange. These major roadway improvements, scheduled for completion in 2010, will significantly reduce congestion on the adjacent interstate roadways and improve access into and out of the Airport.

In conjunction with the FDOT Airport interchange project discussed above, the Authority is widening 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, the project includes constructing a secondary return to the terminal recirculation bridge which will eliminate congested merging areas and improve traffic circulation. This \$35.4 million project will coincide with the FDOT schedule providing a completely updated access roadway by the second quarter of 2008.

Air Cargo Complex. A 113,400 square foot cargo complex is located on the north side of the Airport. Twelve tenants currently occupy 88.7% of the complex. Its aircraft parking apron provides space for three wide body and two 727 aircraft and several smaller aircraft simultaneously. Fueling is provided through an underground hydrant fueling system.

UPS Supply Chain ("UPS") leases a 19,000-square foot, \$2.5 million warehouse with adjoining 6,000-square feet of office space on property east of Runway 18L/36R. This facility allows for trucking access on three sides (18 truck loading doors). Additionally, there are two aircraft loading doors leading out to the ramp on the fourth side of the facility. This lease commenced on April 8, 2000 and will expire on April 7, 2010. UPS ceased operations out of this facility on January 31, 2004, and subsequently sub-leased the facility to National Retail Transportation, Inc. ("NRT"), a logistics company providing warehousing and delivery services for a national retailer. The sub-lease commenced on June 2, 2004 for an initial three year term with one approximately three year renewal option that will expire on March 31, 2010, contingent upon UPS having the master lease. See "OTHER AGREEMENTS – Ground Leases – *UPS Supply Chain.*"

On August 1, 2007, DHL Worldwide Express ("DHL") relocated its offices from the common cargo facilities into 2,120 square feet of vacant space in the UPS cargo facility. This is a sublease between DHL and NRT which expires on May 31, 2010. DHL also leases a facility from the Authority for their ground sort operation which extends through June 30, 2010. The Authority expects DHL to move into and lease the entire UPS facility in 2010 at the end of its term.

Federal Express Corporation ("FedEx") leases an air cargo service facility at the Airport on a thirteen acre site. This facility opened for operations on March 1, 2003 at a cost to the Authority of \$24.7 million, which included a new cargo building and apron, taxiway extensions and cargo road improvements. This regional sort facility has the capacity to handle 6,000 packages per hour. Additionally, there are parking spaces for 157 commercial and employee vehicles. See "OTHER AGREEMENTS – Ground Leases – *Federal Express Corporation.*"

Airport Support Facilities. Located at the northeast corner of the Airport, the Airport Support Facilities ("ASF") area is currently under a three phase program to centralize police auxiliary functions, maintenance shops, central receiving and warehousing. At the beginning of the program, the ASF area consisted mainly of a vehicular and equipment maintenance center for the Airport. The complex currently has eight buildings, the largest being the administrative and vehicular maintenance building. Other buildings include two vehicle storage shelters for mobile equipment; a greenhouse, equipment storage and vehicle wash building; emergency response equipment storage building, canine kennel and training area facility, and a police target practice range with a range master building and an explosive material storage facility.

Construction of a 35,000 square foot warehouse and central receiving facility is scheduled to start in April 2008 and will be completed by April 2009. This project will complete the Airport support facilities expansion program. In addition to constructing the new warehouse, this \$6.8 million project will provide a truck and van off load court and associated parking areas, secured areas for outdoor storage and impounding vehicle storage and necessary roadwork and exterior lighting.

Construction on an \$8 million consolidated firefighting facility was completed in April 2006. The 28,000 square foot, state-of-the-art station replaced two smaller fire stations located on either side of the Airport property. The 15,822 square feet of living area includes 14 private dorm rooms, restrooms, training space with integrated audio/video equipment, administrative offices, a gym, kitchen and dining room. The facility also features an apparatus bay of 12,800 square feet, consisting of 10 bays for all department firefighting vehicles.

Delta Maintenance Facility. Delta leased (origination date December 1, 1982) a \$24.2 million aircraft maintenance facility at the Airport constructed with special purpose revenue bonds for which the Authority acted as the "conduit issuer" on behalf of Delta. This facility is approximately 125,000 square feet and 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.

This facility was closed for aircraft maintenance in 2005, with heavy maintenance work shifted to Atlanta. Delta rejected the facility's lease and debt service agreement pursuant to its reorganization proceedings under Chapter 11 of the Bankruptcy Code. The Bankruptcy Court issued an order on June 29, 2006, approving a Stipulation entered into between Delta, the Authority and the Trustee (as successor indenture trustee). The Stipulation and Order allowed for the rejection of Delta's lease and debt service agreement and abandonment by Delta of certain expendable property, effective June 30, 2006. For purposes of that Stipulation and Order, Delta treated the lease and debt service agreement as a "true lease" and not as a financing arrangement. However, all parties reserved all of their rights, claims, and defenses under all agreements and applicable law on all issues, including, but not limited to, (a) whether any party's obligations under any agreement to which it is a party are true lease obligations or pre-petition financing obligations and (b) whether any claims related to or arising out of the rejected agreements are or are not subject to limitations on damages under the Bankruptcy Code.

The Trustee and Authority filed independent claims totaling \$12 million characterizing the lease and debt service agreement as a financing agreement not subject to limitations. An Adversary Complaint was filed August 20, 2007, by the Trustee and the Authority to compel the court to declare the lease and debt service agreement to be a financing agreement and not a true lease, requiring Delta to pay both parties the filed claim amounts. The Trustee and the Authority are awaiting a court determination of claim characterization for allowed claims. After a determination by the court of the allowed claims, the Trustee and the Authority will attempt to resolve any remaining open issues associated with this vacant facility.

The original special purpose bond issue has been refunded. At the time of bankruptcy filing, there were two series of outstanding bonds in the principal amounts of \$16,544,349 and \$8,110,311, respectively. The Trustee issued a draw request to the Credit Issuer under the Letter of Credit on the principal amount of the \$16,544,349 conduit bond issue and the bondholders thereof received full payment of the outstanding principal and interest accrued to July 5, 2006 on that series of bonds. The other series of conduit bonds in the amount of \$8,110,311 is currently in default. See "INVESTMENT CONSIDERATIONS – Effect of Airline Bankruptcy," "AVIATION AND AIRLINE INDUSTRY – Factors Affecting the Airline Industry," and "DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS."

Pemco World Air Services, Inc. Maintenance Facility. The Authority owns an additional 140,000-square foot maintenance facility that 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. This facility was leased and utilized by US Airways until US Airways rejected the Ground Lease and Financing Agreement in bankruptcy proceedings by Court Order dated January 16, 2003.

On March 15, 2008, Pemco World Air Services, Inc. entered into a 15-year lease of the maintenance hangar to perform heavy aircraft maintenance, repair and overhaul operations. The basic terms of the lease include two five-year options, payment of ground rent of \$107,624, which escalates after year five 10 percent every three years and facility rent equal to 1.3 percent of gross receipts or a minimum of \$300,000, whichever is greater.

Reservations Center. A reservations center is situated on six acres of property owned by the Authority. The reservations center is currently leased by Continental Airlines, Inc. See "OTHER AGREEMENTS – Leases – *Continental Reservation Center.*"

International Trade Center. Concorde Companies entered into a master lease on approximately 154 acres of Authority property located in the southeast corner of the Airport. This property has been developed by a variety of companies through the following series of carve-out leases. Crescent Brookdale Associates leases approximately 33 acres and constructed on the property a 402,000 square foot office building and two 300,000 square foot office buildings. A fourth similar office building is currently under construction. Tampa Westshore Associates Ltd. Partnership ("Westshore") leases approximately 113 acres and opened in September 2001 a 1.25 million square foot upscale regional shopping center, International Plaza, on this leased parcel. Construction of the 300 room Renaissance Hotel was completed on approximately 2 acres of this leased parcel in March 2003. An additional carve out parcel was ultimately assigned to Westshore and a Crate and Barrel retail store and a seafood restaurant concept are contemplated. Approximately 7 acres of vacant land remains under the Concorde Companies' lease.

General Aviation. There are two general fixed base aviation facilities at the Airport. The first facility, which opened in 1980, is owned by the Authority and is currently managed by Hawker Beechcraft ("Hawker Beechcraft"). Constructed with Authority funds, the operation provides an avionics shop, maintenance shops, aircraft line service, tie down and storage, aircraft charter, sales center for Hawker Beechcraft 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 general aviation facility currently operated by Hawker Beechcraft at the Airport until recently housed a small office for the Customs and Border Protection unit of the U.S. Department of Homeland Security. With the opening of the second fixed based operator, Tampa International Jet Center LLC ("Tampa Jet Center"), it was necessary to establish a new Customs and Border Patrol facility. The new \$3.2 million facility was opened in May 2007 and provides a new stand alone facility located between the two fixed based operation ("FBO") complexes serving the needs of general aviation international passengers. The facility will be capable of handling up to 30 passengers and their baggage at any one time while meeting the requirements of the Customs and Border Patrol.

The Tampa Jet Center FBO facility has been operational since October 2004. Under the terms of its agreement with the Authority, Tampa Jet Center constructed a new 12,000 square foot terminal building, two 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 Hawker Beechcraft 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. The agreement's term is for 20 years and at the end of the agreement, title to all tenant improvements reverts to the Authority. In June 2004, the agreement was amended to provide additional lease space for the development of a fourth hangar. The additional hangar was completed in September 2005. Tenant facility improvement costs to date are \$12,150,000. See "OTHER AGREEMENTS – Fixed Base Operations."

Airlines Serving Tampa International Airport

The Airport is served by seven legacy/ mainline carriers (which are airlines that have operations focused around a hub and spoke system and that provide more extensive passenger services than other airlines) and five low cost carriers (which are airlines that typically offer lower fares in exchange for eliminating many traditional passenger services). The Airport is also served by seven regional/commuter airlines and four foreign flag carriers (based on airline classifications defined by the U.S. Department of Transportation). In addition, four all-cargo carriers provide scheduled cargo service at the Airport. The following table lists the airlines serving the Airport as of February 2008.

Legacy/Mainline Carriers (7)

American Airlines, Inc. (a)
Continental Airlines, Inc. (a)
Delta Air Lines, Inc. (a)
Midwest
Northwest Airlines, Inc. (a)
United Airlines/TED (a)
US Airways, Inc. (a)

Low Cost Carriers (5)

AirTran Airline (a)
Frontier (b)
jetBlue (a)
Southwest Airlines Co. (a)
Spirit Airlines, Inc. (a)

Regionals/Commuters Carriers (7)

Air Wisconsin (d/b/a US Airways Express)
Cape Air (d/b/a Continental Express)
Chautauqua (Delta Connection)
Comair (d/b/a/ Delta Connection)
ExpressJet (d/b/a Continental Connector)
Freedom (Delta Connection)
Gulfstream International Airlines, Inc. (d/b/a/ Continental Express) (a)

Foreign Flag Airlines (4)

Air Canada
British Airways PLC
Cayman Airways
WestJet

All-Cargo Carriers (4)

Air Net Systems, Inc. (d/b/a U.S. Check)
ASTAR Air Cargo
Federal Express Corporation (a)
Flight Express Service Corp. Inc.

(a) Airlines signatory to the Airline-Airport Use and Lease Agreement. See "AIRLINE - AIRPORT USE AND LEASE AGREEMENT."

(b) Filed for Chapter 11 bankruptcy protection on April 11, 2008. See "INVESTMENT CONSIDERATIONS - Effect of Airline Bankruptcies."

Enplanements and Aircraft Operations

Due in large measure to the combined effects of the September 11, 2001 terrorist attacks on the World Trade Center in New York and the Pentagon in Washington, D.C. and the post-September 11th economic environment, the Airport experienced a decrease in the number of air travelers in Fiscal Year 2002 from Fiscal Year 2001 levels. Passenger activity at the Airport has since recovered from the effects of September 11 and the post-September 11th economic environment, as enplanements at the Airport increased from 7.6 million in Fiscal Year 2002 to 9.6 million in Fiscal Year 2007, the highest passenger level at the Airport in any Fiscal Year to date. This increase represents a compound annual growth rate of 4.8% during this period, compared to 3.8% for domestic passenger activity estimated nationwide by the FAA. See APPENDIX A - "REPORT OF THE AIRPORT CONSULTANT - Air Traffic."

**Airline Passenger Traffic
Tampa International Airport
(Fiscal Years Ended September 30)**

<u>Fiscal Year</u>	<u>Enplaned Passengers</u>	<u>Average Annual Percent Increase/(Decrease)</u>	<u>U.S. Enplanements</u>	<u>U.S. Growth</u>	<u>Market Share</u>
1997	6,647,533	---	577,800,000	---	1.150%
1998	6,835,438	2.8%	590,400,000	2.2%	1.158
1999	7,448,936	9.0	610,900,000	3.5	1.219
2000	7,959,159	6.8	641,200,000	5.0	1.241
2001	8,183,815	2.8	626,800,000	(2.2)	1.306
2002	7,618,598	(6.9)	574,600,000	(8.3)	1.326
2003	7,660,785	0.6	587,800,000	2.3	1.303
2004	8,465,720	10.5	628,500,000	6.9	1.347
2005	9,469,020	11.9	668,000,000	6.3	1.418
2006	9,391,650	(0.8)	667,700,000 (1)	0.0	1.407
2007	9,628,144	2.5	692,300,000 (1)	3.7	1.391
<u>Compounded Annual Growth Rate</u>					
1997-2002		2.8%		(0.1%)	
2002-2007		4.8		3.8	
1997-2007		3.8		1.8	

(1) Estimated by the FAA.

Sources: Hillsborough County Aviation Authority (Airport activity)
FAA (U.S. activity)

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Top Markets for Tampa International Airport

As of March 2008, the Airport provided nonstop service to 73 destinations with a total of between 305 and 324 flights per day (depending on the day of the week). International nonstop service includes markets in the Caribbean, Europe, Canada and Mexico.

The most frequent destinations of Airport passengers originating their trip at the Airport are shown in the table below.

Top Markets for Tampa International Airport
Origination/Destination
Twelve Months Ended June 30, 2007

<u>Destination from Tampa</u>	<u>Trip Length(1)</u>	<u>Total Origination/Destination Passengers</u>
New York, New York (2)	MH	1,641,925
Chicago, Illinois (3)	MH	926,699
Philadelphia, Pennsylvania	MH	658,533
Atlanta, Georgia	SH	566,425
Washington D.C. (4)	MH	530,692
Baltimore, Maryland	MH	525,317
Detroit, Michigan	MH	499,840
Boston, Massachusetts	MH	487,430
Ft. Lauderdale, Florida	SH	386,937
Indianapolis, Indiana	MH	353,931
Las Vegas, Nevada	LH	327,022
Hartford, Connecticut	MH	313,937
Denver, Colorado	MH	307,713
Dallas/Ft. Worth, Texas	MH	307,476
Providence, Rhode Island	MH	293,460
Manchester, New Hampshire	MH	268,065
Nashville, Tennessee	MH	262,663
Pittsburgh, Pennsylvania	MH	252,361
Houston, Texas	MH	252,352
Los Angeles, California	LH	251,996
Columbus, Ohio	MH	228,882
Minneapolis, Minnesota	MH	223,909
Raleigh Durham, North Carolina	SH	218,526
Buffalo, New York	MH	215,989
Long Island (Islip), New York	MH	215,523

(1) (SH) Short Haul = 0 to 600 miles

(MH) Medium Haul = 601 to 1,800 miles

(LH) Long Haul = over 1,800 miles

(2) John F. Kennedy International, LaGuardia and Newark Liberty International Airports.

(3) O'Hare International Airport and Midway Airport.

(4) Ronald Reagan (National Airport) and Dulles International Airports.

Source: United States Department of Transportation, Original & Destination, T-100 Data

For the twelve months ended September 30, 2007, the five airline carriers accounting for the largest share of airline traffic at the Airport were Southwest with 26.7%; Delta with 14.5%; US Airways with 11.3%; American with 9.8% and Continental with 8.7%. The following table sets forth the airline market shares of enplaned passengers at the Airport for the Fiscal Years ended September 30, 2003-2007.

**Airline Market Share of Enplaned Passengers
Tampa International Airport
Fiscal Years Ended September 30**

Airline ¹	2003		2004		2005		2006		2007	
	Enplaned	Share	Enplaned	Share	Enplaned	Share	Enplaned	Share	Enplaned	Share
Southwest	1,615,260	21.1%	1,748,010	20.6%	2,087,088	22.0%	2,345,605	25.0%	2,572,580	26.7%
Delta ²	1,709,849	22.3	1,822,745	21.5	1,983,378	20.9	1,604,261	17.1	1,398,508	14.5
US Airways ³	962,159	12.6	1,062,777	12.6	1,103,999	11.7	1,079,025	11.5	1,090,227	11.3
American ⁴	727,510	9.5	814,171	9.6	900,995	9.5	943,810	10.0	940,899	9.8
Continental ⁵	594,506	7.8	663,978	7.8	741,550	7.8	814,777	8.7	841,580	8.7
AirTran	436,628	5.7	428,158	5.1	532,785	5.6	600,254	6.4	718,730	7.5
United/TED	402,593	5.3	519,556	6.1	583,666	6.2	541,729	5.8	561,796	5.8
Northwest	460,339	6.0	511,184	6.0	548,904	5.8	496,036	5.3	527,462	5.5
jetBlue	241,444	3.2	362,620	4.3	438,045	4.6	473,890	5.0	444,580	4.6
Spirit	169,877	2.2	177,649	2.1	158,081	1.7	143,007	1.5	210,452	2.2
Midwest	11,611	0.2	14,322	0.2	43,068	0.5	80,401	0.9	84,547	0.9
British Airways	70,763	0.9	73,888	0.9	64,930	0.7	61,940	0.7	60,881	0.6
Air Canada	66,481	0.9	68,942	0.8	64,018	0.7	64,336	0.7	57,513	0.6
Frontier	43,949	0.6	53,243	0.6	49,347	0.5	53,341	0.6	50,750	0.5
West Jet	-	-	-	-	19,983	0.2	25,477	0.3	47,412	0.5
Cayman Airways	13,360	0.2	16,707	0.2	14,922	0.2	18,764	0.2	18,462	0.2
All Others ⁶	134,456	1.8	127,770	1.5	134,261	1.4	44,997	0.5	1,765	0.0
Airport Total ⁷	7,660,785	100.0%	8,465,720	100.0%	9,469,020	100.0%	9,391,650	100.0%	9,628,144	100.0%

¹ For those airlines that were party to a merger or acquisition, only the surviving entity is presented in this table. However, the activity for the airlines that are now a part of the surviving airline is included in the information presented.

² Includes activity by Delta, Atlantic Southeast, Chautauqua, Comair, and Song.

³ Includes activity by US Airways, American West, and Piedmont.

⁴ Includes activity by American and American Eagle.

⁵ Includes activity by Continental and Express Jet.

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

⁷ Totals may not add due to individual rounding.

Source: Hillsborough County Aviation Authority

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FINANCIAL FACTORS

Budget Procedures

The Authority operates on a Fiscal Year commencing October 1st and ending September 30th. The Authority's budget is prepared in June of each year by the Finance Department, with input from all Department Directors and the Executive Director. The airlines executing the Airline Agreement (the "Signatory Airline(s)"), through their Airlines-Airport Affairs Committee, are entitled to review and comment upon, but do not have the right to approve or disapprove the proposed operating and capital budget. After review and receipt of recommendations relating thereto by the Authority's Airport Consultant, the budget is presented to the Authority Board in August. After their review, the Board adopts the budget at the September meeting. New rates and charges to the Signatory Airlines are effective October 1 of each Fiscal Year and the budget and rates and charges may also be modified during the year, should conditions warrant.

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The following table presents historical amounts of Revenues and Expenses of the Authority for the Fiscal Years ended September 30, 2003 through September 30, 2007.

Hillsborough County Aviation Authority
Historical Operating Results ⁽¹⁾
Fiscal Years 2003 through 2007
(In thousands)

Operating Revenues	2003	2004	2005	2006	2007
				\$	\$
Airfield.....	\$ 9,057	\$ 9,958	\$ 10,667	11,821	12,403
Terminal Building.....	26,656	30,500	34,258	35,738	38,865
Airside Building.....	16,682	16,010	18,212	20,177	19,521
Commercial Landside.....	64,791	71,068	78,335	84,414	91,202
Cargo.....	1,682	1,935	1,993	2,062	2,045
Auxiliary airports.....	564	595	610	805	951
General Aviation.....	778	842	1,364	1,329	1,403
Federal reimbursements.....	3,787	1,430	1,280	1,195	1,329
Other.....	6,148	6,478	7,108	7,642	7,703
Total Operating Revenues.....	130,145	138,816	153,827	165,183	175,422
Operating Expenses					
Airfield.....	7,119	6,668	7,218	7,612	7,979
Terminal Building.....	16,024	18,684	20,296	22,536	25,200
Airside Building.....	14,229	14,559	16,540	19,232	20,769
Commercial Landside.....	13,246	14,126	15,908	18,173	19,650
Cargo.....	445	402	398	468	558
Auxiliary airports.....	947	942	1,090	1,267	1,327
General Aviation.....	414	438	588	772	848
Passenger transfer system.....	2,710	2,777	3,119	3,465	3,690
Roads and grounds.....	5,442	5,379	6,361	7,290	7,612
Other.....	1,462	1,689	1,587	1,817	2,060
Total Operating Expenses.....	62,038	65,664	73,105	82,632	89,693
Signatory Airline Net Revenue Sharing (1).....	5,255	6,907	8,886	8,990	9,339
Operating Income Before Depreciation and Amortization.....	62,852	66,245	71,836	73,560	76,389
Depreciation and Amortization.....	41,618	59,996	63,840	65,304	70,830
Income from Operations.....	21,234	6,249	7,996	8,256	5,559
Non-Operating Revenues and Expenses					
Investment Income.....	3,414	3,784	5,634	7,749	9,728
Interest Expense.....	(25,139)	(22,601)	(26,082)	(31,444)	(32,785)
Income (Loss) before Contributions.....	(491)	(12,568)	(12,452)	(15,439)	(17,498)
Contributions for Capital Projects					
Passenger Facility Charges.....	31,182	34,765	38,380	37,778	38,926
Federal and State Grants.....	26,371	19,816	14,377	20,001	18,888
Other Contributions.....	--	--	--	--	15,080
Increase in Net Assets.....	\$ 57,062	\$ 42,013	\$ 40,305	\$ 42,340	\$ 55,396
Total Net Assets, Beginning of Year.....	\$ 364,016	\$ 421,078	\$ 463,091	\$ 503,396	\$ 545,736

(1) Includes distribution of one time federal grant received to offset security costs.

Source: Hillsborough County Aviation Authority's audited financial statements.

Management Discussion of Historical Financial Results

Effective October 1, 1999, the Authority entered into a new Airline-Airport Use and Lease Agreement with the Signatory Airlines (the "Airline Agreement") which had a seven year term and incorporates the lease and use of the terminal complex and the airfield at the Airport. The current Airline Agreement has been extended for an additional three years and is currently scheduled to expire on September 30, 2009. The Airline Agreement incorporates the lease and use of the Terminal Building, Airside Buildings, any future Airside Buildings and the Airfield at Tampa International Airport. The Airline Agreement established 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 to the Airlines. The costs allocated to the Signatory Airlines include operating and maintenance expenditures, debt service coverage of 25%, Trust Agreement minimum deposit requirements, and a return on investment for Authority funds used for capital projects, reduced by their share of debt service coverage from the prior year and interest earned on the debt service reserve fund. The Airline Agreement also includes a net revenue sharing component that was 15% in Fiscal Year 2001, 16% in Fiscal Year 2002, 17% in Fiscal Year 2003, 18% in Fiscal Year 2004, 19% in Fiscal Year 2005, 20% in Fiscal Year 2006 and 20% in Fiscal Year 2007. The extension of the Airline Agreement continued the 20% net revenue sharing component through Fiscal Year 2009. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE - AIRPORT USE AND LEASE AGREEMENT" in APPENDIX E hereto for a discussion of the rates and charges methodology effective October 1, 1999.

For Fiscal Year 2007, passenger enplanements totaled 9,628,144, compared to 9,391,650 for Fiscal Year 2006, an increase of 2.5%, exceeding the previous record set in Fiscal Year 2005 by 1.7%, which had 9,469,020 enplanements. Nationally, airline passenger traffic for Fiscal Year 2007 increased 3.3% over the prior year. Landed weight in Fiscal Year 2007 totaled 12,269,910 thousand pounds, compared to 11,807,473 thousand pounds for Fiscal Year 2006, an increase of 3.9%. The number of landings for domestic and international flights increased to 105,780 for Fiscal Year 2007, compared to 104,287 and 109,319 for Fiscal Year 2006 and 2005, respectively. While airlines overall continue to struggle with higher operating costs and the recent economic downturn, these increases in activities at Tampa International Airport are a positive sign of the strength of this market area and the cost-competitive environment of the Airport. The impact of this activity on the revenues and expenses of the Airport is discussed in detail in the following sections.

Operating Revenues.

Airfield revenues are comprised of landing fees received from the airlines based on landed weight. In accordance with the Airline Agreement, landing fee rates are calculated by dividing 90% of total expenditures in the Airfield cost center by the annual total landed weight of all commercial airlines. Major terminal building revenues include space rental to the airlines, food and beverage, general merchandise and other concession revenues. Space rental fees to the airlines in the terminal building are based on the cost of providing the space to the airlines. The airside building classification of revenues comprises primarily space rentals, gate usage, federal inspection service charges and hardstands. Commercial landside revenues include car rentals, parking and other concession revenues. Auxiliary airport and general aviation revenues are generated from the reliever airports operated by the Authority and the general aviation operations at Tampa International. The Federal reimbursements classification is discussed in detail within the section below titled "Federal and Other Reimbursements". Other revenues include leases and rentals of land and buildings outside of the terminal complex area, rentals received for the fuel farm, maintenance hangars and other various revenues.

Overall, operating revenues for Fiscal Year 2003 and Fiscal Year 2004 totaled \$130,145,000 and \$138,816,000, respectively. The increase in airfield revenues in Fiscal Year 2004 over the prior year is

attributable to the impact of applying operating grants in Fiscal Year 2003 to offset airfield expenses. The variance in terminal building revenues for Fiscal Year 2004 compared to Fiscal Year 2003 is a result of increases in space rental revenues (due to increase in expenses, i.e., full year of baggage handling system) and food and beverage and hotel concession revenues. The decrease in airside revenues in Fiscal Year 2004 over the prior year is a result of the reimbursement of airside security costs from the TSA. Car rental concessions in Fiscal Year 2004 increased \$3.2 million over the prior year as a result of increased activity and a settlement of a revenue audit covering 1999 to 2002 that resulted in additional revenues of \$1,582,500. Parking revenues increased \$3,156,900 in Fiscal Year 2004, reflecting the increase in passenger enplanements. The cargo revenue increase in Fiscal Year 2004 is due to higher occupancy in the cargo facilities and a full year of the Federal Express operation. On March 1, 2003, the newly constructed cargo sorting facility opened, generating \$597,400 additional revenues in the cargo complex in Fiscal Year 2003.

In Fiscal Year 2005, operating revenues totaled \$153,827,000. The growth in revenues in the terminal building category for this year relates to an increase in food and beverage concession revenues of \$1,677,000, general merchandise concessions of \$841,900 and space rental of \$903,900. Fiscal Year 2005, as well as Fiscal Year 2004 concession revenues were positively impacted by the increase in the passenger activity at the Airport. The opening of the new Airside C in April 2005 contributed to the increase in airside revenues in Fiscal Year 2005. This new airside, a sixteen-gate facility encompassing 314,000 square feet, added \$1,690,400 in revenues in Fiscal Year 2005. Parking revenues increased \$6,659,500 in Fiscal Year 2005 over the prior year as a result of the increase in passenger volume and the continued increase in the use by those traveling as well as Airport patrons picking up passengers. Fiscal Year 2005 revenue from the general aviation category increased due to the opening of the second fixed based operator at Tampa International Airport during October 2005, this new facility generated \$467,400 in additional revenues for the year.

Operating revenues for Fiscal Year 2006 and Fiscal Year 2007 were \$165,183,000 and \$175,422,000, respectively. An average increase of 6.8% of total operating revenues from Fiscal Year 2005 to 2007 reflects the strong economic growth trend of the Airport in Fiscal Year 2007. The increase in Airfield revenues in Fiscal Years 2006 and 2007 is due to the increase in passenger enplanements and the resulting increase in landing fees. An increase in terminal building revenues for these two years primarily relates to the increase in space rental revenues to the airlines of \$964,300 and \$1,084,600, respectively, and increases in food and general merchandise concessions as a result of passenger volume activity level and pricing increases in 2007. A full year of operation of Airside C positively impacted airside building revenues in Fiscal Year 2006 by \$1,274,200. A reduction of airside space rental revenues in Fiscal Year 2007 was offset by the increase in gate use of \$406,800.

The opening of the Phase I economy garage in Fiscal Year 2006 provided an additional option for those patrons wishing to park on a longer term basis, which positively impacted the commercial landside revenues. In Fiscal Year 2007, the parking revenues were \$4.2 million higher than the prior Fiscal Year as a result of passenger activity levels and a rate increase that became effective in June 2007. Fiscal Year 2007 car rental concessions were 2.5 million more than Fiscal Year 2006, in part due to passenger volume and also the rental pricing, and the opening of a new rental facility across from the red baggage claim area providing greater convenience for passengers.

Fiscal Year 2006 and 2007 revenues for the auxiliary airports totaled \$805,100 and \$950,618, or 32% and 18.1% higher than the prior years, respectively. The positive variances were due to the increases in hangar rentals in the auxiliary airports. Increases in fuel flowage fees and rentals at the General Aviation facilities contributed to the increase in Fiscal Year 2007 of 5.6% over the prior year in this revenue category.

Federal and Other Reimbursements.

Pursuant to an agreement with the TSA, the Authority receives reimbursements from the TSA for providing law enforcement services on behalf of the TSA at the passenger security checkpoints. During the period from October 2002 through May 2003, the Authority recorded \$664,400 in reimbursements from the TSA under the agreement. In Fiscal Year 2004, TSA reinstated the agreement (after terminating it effective June 1, 2003) and the Authority was reimbursed \$1,241,800 (retro-active for the period June 2003 through September 2004). In Fiscal Year 2005, \$971,700 was received under this program. In Fiscal Year 2006 the Authority was reimbursed \$1,000,800 and the same amount was received in Fiscal Year 2007. The Authority has this agreement with the TSA for the next Fiscal Year and anticipates the TSA will continue with the reimbursement program.

The Authority also receives annual operating grants to provide partial funding for the canine programs at the Airport. \$120,500 was received in both Fiscal Years 2003 and 2004. In both Fiscal Years 2005 and 2006, \$160,500 was received and in Fiscal Year 2007 the grant amount was \$282,500.

In Fiscal Year 2003, the Authority received a \$3,000,000 operating grant from the State under a program to provide economic assistance to public use airports due to the economic impacts from the events of September 11, 2001.

Operating Expenses

In Fiscal Year 2004, airfield cost center expenses declined over Fiscal Year 2003 as a result of the decrease in insurance expense for the Airport as well as less personnel costs being charged to this cost center. The increase in expenses in the terminal building in Fiscal Year 2004 cost center relate to the completion of the final phases of the outbound baggage handling system and security enhancement project. The Authority incurred approximately \$1.35 million in additional operating expenses over the prior Fiscal Year to fully operate the new system. The system required the addition of 16 new personnel in Fiscal Year 2004 and a significant increase in power consumption. Overall, the new system, of which several phases came on-line in Fiscal Year 2003, requires 39 personnel at a cost of \$2.4 million and approximately \$1 million in electricity to operate annually. This project is discussed in more detail in the "Integrated Outbound Baggage System" section of this Official Statement. Other increases in operating expenses in the terminal, airside and commercial cost centers during Fiscal Year 2004 reflect the continuation of the Authority to return to a normal level of customer service expected by the community and traveling public. Due to a rate increase, the Authority incurred approximately \$380,000 in additional electricity expenses for the year. Decreases in expenses occurred with the actual property and liability insurance for Fiscal Year 2004 coming in \$820,100 less than the prior year, and the elimination of inspection requirements at the short term parking garage entrance, which resulted in a decrease of \$286,000. Other noted decreases in expenses occurred with the elimination of contractual law enforcement services provided by Hillsborough County, saving \$412,200.

The variance in airfield expenses with a total of \$7,218,100 for Fiscal Year 2005, an increase of 8.2% over the prior year, was due to expected increase in operation and maintenance charges to this cost center. Record passenger activity for Fiscal Year 2005 impacted operating expenses at the Airport for the terminal as well as the airside cost centers. Operating expenses for the airside category increased significantly as a result of the new Airside C opening in Fiscal Year 2005. The expenses attributable to the operation of Airside C for partial Fiscal Year 2005 totaled \$1,223,700. Southwest and Spirit Airlines were relocated to this sixteen-gate, 284,515 square-foot facility on April 20, 2005. The commercial landside cost center expenses for Fiscal Year 2005 increased 12.6% over the prior year, which related to passenger activity increase and the number of patrons using the parking facilities at the Airport.

Cargo expenses for Fiscal Year 2005 declined slightly over the prior year, due to less maintenance expenses being incurred in this cost center for the current year. Increases in the auxiliary airports expenses are attributable to all three facilities and is due to the increase in activity at these operations. Passenger transfer system expenses for the Fiscal Year 2005 reflected the additional shuttle cars needed for transportation to new Airside C. Roads and grounds expenses were higher than the previous year due to increased security and patrol charges to this cost centers.

During Fiscal Year 2006, the overall increase in operating expenses primarily occurred in personnel services, certain contracted services and contractual maintenance items, electricity and insurance costs. Electricity rate increases of over 10% along with a full year of operation of new Airside C and the new Phase I economy garage, resulted in an increase in electricity costs of \$1,162,900 over Fiscal Year 2005. Additional personnel expenses were incurred to provide maintenance for the new Airside C and the Phase I economy garage. Other positions were added to enhance customer service in the curbside management program and by the addition of positions within the communications center and information technology departments, resulting in personnel costs charged to operating expenses increased \$3,895,800 in Fiscal Year 2006. Property insurance costs for the Airport, as in all of the State, continued to increase during this time period. The insurance expenses for Fiscal Year 2006, at \$2,918,900, were \$701,600 higher than Fiscal Year 2005. Contracted operating services for the Phase I economy garage increased these expenses by \$864,200 over the prior year. Contracted maintenance for Fiscal Year 2006 increased \$1,070,700 over the prior year due to the full year impact of Airside C and the opening of the Phase I economy garage. The total operating expenses for Fiscal Year 2005 increased over \$7,440,400 over the prior year, an increase of 11.3%. This increase was due to a full year operation of the outbound baggage system, including the Airside C portion of the system that was completed in Fiscal Year 2005, and the expenses relating to the operation of new Airside C.

In Fiscal Year 2007, personnel costs charged to operating expenses totaled \$39,791,100, an increase of \$2,893,000 over the prior year. This variance is due to the addition of new positions in the current year, a full year impact of new positions added in the prior year, merit and cost living adjustments and the associated impact on FICA, pension and group and other employee insurance. Contracted services and maintenance expenses increased over the prior year and are a result of services related to the Phase I economy garage and rental car project and contractual increases associated with these agreements. Electricity costs, at \$10,964,900 for Fiscal Year 2007, were 8.7% higher than the prior year, due to the full year impact of the Phase I economy garage and a rate increase experienced during the year. Insurance expenses were \$817,800 over Fiscal Year 2006, reflecting the impact of the hurricane losses in past years.

Depreciation

Depreciation was \$59,996,900, \$63,839,600, \$65,303,700 and \$70,830,600, for Fiscal Years 2004, 2005, 2006, and 2007, respectively. The increases in these fiscal years are due to the depreciation of new capital projects that were completed and capitalized during the respective Fiscal Years.

Cash and Investments

The cash and investment balances for the five Fiscal Years ended September 30, 2007 are presented on the next page. This table classifies cash and investment balances according to the type of fund in which the balances are held. Operating Funds, which are established under the Trust Agreement, include the Revenue, Operating and Maintenance and Operating Reserve Funds. The Surplus Fund, also established under the Trust Agreement may be used for any Airport purpose. Typically, the Authority uses Surplus Funds for its capital improvement program, but should a significant event occur, such as September 11th, these funds could be used for operation of the Airport. Total Funds Available represents

the total of the Operating and Surplus Funds. Debt Service Funds include the Sinking and Reserve Funds. Capital and Equipment Funds include Bond, Commercial Paper and PFC Construction Funds and Authority funds encumbered for capital expenditures.

The Authority continually monitors its cash and investment positions through modeling and forecasting. Cash and investment projections are prepared in conjunction with the strategic business plan (a 20-year plan), the annual budget and a monthly update of all cash and investment accounts for an ongoing 24-month period. Through the use of these models and techniques, the Authority is able to determine if and when the issuance of new bonds or any type of interim financing is required well in advance as well as ensuring that the day-to-day cash needs and requirements of the Authority are met.

During Fiscal Year 2003, the Authority issued \$239,025,000 in revenue bonds to provide funding for several construction projects, including two major projects, the design and construction of Airside C and the Integrated Inline Explosive Detection Outbound Baggage System. As a result, cash and investments totaled \$255.6 million at September 30, 2003. See "THE AIRPORT SYSTEM – Passenger Terminal Facilities – *Integrated Inline Explosive Detection Outbound Baggage System and Airside Buildings*." Cash and investments at September 30, 2004 reflect the spend-down of the construction funds from the prior year's bond issue. In Fiscal Year 2005, \$84,940,000 in revenue bonds were issued to fund portions of that year's capital program. The September 30, 2005 cash and investment balance increased to \$210,242,148 largely due to remaining 2005 Bond construction funds. In Fiscal Year 2006, the Authority issued its \$80,470,000 revenue refunding bonds to refund all or certain portions of the 1996 Series A Bonds, the 1997 Series A Bonds and the 1997 Series B Bonds. The final maturity dates of the bonds refunded by the 2006 Bonds Series B, C, and D were extended from their original year of maturity. This extension of maturity was part of a planned strategy to better level debt service in the future borrowing and construction time frame for the new north terminal complex. The Authority made principal payments of \$18,000,000 and \$14,276,000 on the outstanding balance of Commercial Paper Notes in Fiscal Year 2006 and Fiscal Year 2007, respectively. During Fiscal Year 2007, the Authority issued additional Series B Commercial Paper Notes in the principal amount of \$7,000,000 to fund a portion of the projects approved in PFC application #7. The September 30, 2006, and 2007 cash and investment balance was reduced to \$175,810,311 and \$165,033,968, respectively, due to the spending of construction funds in these two years.

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**Cash and Investment Balances
As of September 30**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Operating Funds</u>					
Revenue Fund.....	\$ 15,164,999	\$ 13,848,568	\$ 13,091,901	\$ 14,080,600	\$ 15,390,150
Operating & Maintenance Fund.....	5,002,443	6,208,764	4,378,996	5,799,462	7,000,873
Operating Reserve Fund.....	10,473,444	11,175,243	12,354,162	14,101,681	15,553,557
Other	<u>109,685</u>	<u>65,445</u>	<u>1,631,652</u>	<u>2,271,646</u>	<u>2,171,086</u>
Subtotal.....	\$ 30,750,571	\$ 31,298,020	\$ 31,456,710	\$ 36,253,389	\$ 40,115,666
<u>Surplus Fund</u>	<u>20,279,566</u>	<u>29,608,604</u>	<u>34,493,431</u>	<u>43,298,678</u>	<u>37,130,803</u>
Total Funds Available	\$ 51,030,137	\$ 60,906,624	\$ 65,950,141	\$ 79,552,067	\$ 77,246,469
<u>Debt Service Funds</u>	\$ <u>63,740,380</u>	\$ <u>62,131,273</u>	\$ <u>67,706,135</u>	\$ <u>64,676,788</u>	\$ <u>65,219,642</u>
<u>Capital and Equipment Funds</u>					
Capital Improvement Funds.....	\$ 5,356,523	\$ 27,507	\$ 1,986,505	\$ 4,101,888	\$ 2,877,133
Bond/CP Construction Funds.....	122,045,507	24,445,138	54,541,777	9,994,701	7,665,510
PFC Fund	13,056,279	28,977,016	19,455,594	17,076,984	11,685,123
Equipment Funds.....	<u>340,958</u>	<u>483,244</u>	<u>601,996</u>	<u>407,882</u>	<u>340,091</u>
Subtotal.....	\$ <u>140,799,267</u>	\$ <u>53,932,905</u>	\$ <u>76,585,872</u>	\$ <u>31,581,456</u>	\$ <u>22,567,857</u>
Total Cash & Investments	\$ <u>255,569,784</u>	\$ <u>176,970,802</u>	\$ <u>210,242,148</u>	\$ <u>175,810,311</u>	\$ <u>165,033,968</u>

State Board Of Administration's Local Government Surplus Funds Trust Fund Investment Pool

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the State Board of Administrator's Local Government Surplus Trust Fund Investment Pool (the "Pool") due to an unprecedented amount of withdrawals from the Pool coupled with the absence of market liquidity for certain securities within the Pool. See APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006 – Footnote 12 – Subsequent Events." The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 37% of their balance or \$4 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On March 3, 2008, Standard and Poor's Ratings Services reaffirmed its "AAAM" principal stability fund rating for Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from Pool B and no formal withdrawal policy has been developed. However, as the underlying investments mature, earnings and principal are transferred as liquid funds from Pool B to Pool A and are available for immediate withdrawal. To date, 44% of the Authority's balance in Pool B has been transferred to and withdrawn from Pool A. Market valuations of the remaining assets held in Pool B are not readily available. In addition, full realization of the principal value of remaining Pool B assets is not readily determinable.

As of April 22, 2008, the Authority's investments in the Pool A and Pool B were \$30,104,637.44 and \$5,122,366.60, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

Historical Debt Service Coverage

The actual annual debt service coverage ratios for the five Fiscal Years ended September 30, 2007 are presented in the table on the following page. These amounts are presented in accordance with the Trust Agreement. The Trust Agreement requires that a 1.25x debt service coverage be maintained.

The Trust Agreement provides a mechanism by which PFCs can be considered in the calculation of debt service coverage when such funds are applied toward the payment of Debt Service. Prior to issuance of the 2003A Bonds, Available PFC Revenues were not included in the definition of Gross Revenues or Revenues. Debt service on the 2003A Bonds commenced in Fiscal Year 2003. In Fiscal Years 2003 through 2007, interest on the 2003A Bonds of \$6,328,256, \$10,262,038, \$10,262,038, \$10,262,038 and \$10,262,038, respectively, is included with the line item "Bond Debt Service" in the following table. Available PFC Revenues (125% of Debt Service on the 2003A Bonds) is included with the line item "Net Revenues Available to Pay Debt Service."

Hillsborough County Aviation Authority Historical Debt Service Coverage Fiscal Years 2002 through 2007 (dollars in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net Revenues Available to Pay Debt Service ⁽¹⁾	\$ 69,781	\$ 75,520	\$ 91,208	\$ 101,861	\$ 106,384	\$ 125,642
Bond Debt Service, net of capitalized interest	\$ 41,017	\$ 47,817	\$ 52,151	\$ 53,461	\$ 60,337	72,740
Debt Service Coverage	1.70x	1.58x	1.75x	1.91x	1.76x	1.73x

(1) Commencing in Fiscal Year 2003, certain PFC Revenues were available to pay debt service. See "SECURITY FOR THE 2008C/D BONDS – Available PFC Revenues – Disposition of Available PFC Revenues."

Source: Hillsborough County Aviation Authority.

Risk Management and Insurance

The Authority has in place a comprehensive airport liability insurance policy with Global AAU which provides a combined single policy limit of \$250 million. This liability policy includes \$50 million of terrorism liability coverage. This annual policy expires at midnight September 30, 2008. The Airport is also named as an additional insured on liability policies required to be maintained by all airline operators and Airport tenants. The Airport has \$300 million of property insurance coverage with Lexington, IRI and Travelers Insurance Company, which was extended for an additional year by the Board at its March 6, 2008 meeting for a twelve month period ending April 1, 2009. This coverage includes \$50 million of property terrorism coverage, \$35 million of named windstorm coverage and \$35 million flood coverage (except \$30 million for Peter O. Knight and Vandenberg airports). This property insurance has a 5% named windstorm deductible subject to a \$1 million minimum deductible and a \$1 million all other perils deductible. The Authority's worker's compensation insurance is provided by the Preferred Governmental Insurance Trust and health insurance is provided by Aetna US Healthcare.

AIRLINE – AIRPORT USE AND LEASE AGREEMENT

The Airline Agreement adopted in 1998 establishes the operational and financial relationship between the Authority and the Signatory Airlines. This Airline Agreement, which had an original seven-

year term extending from October 1, 1999 through September 30, 2006, was extended for an additional three-year period to September 30, 2009. The following airlines, representing 9,214,530 or 95.7% of the enplaned passengers at the Airport for the Fiscal Year ended September 30, 2007, have executed the Airline Agreement and extension: AirTran Airways, American Airlines, Inc., Continental Airlines, Inc., Delta Air Lines, Inc., Gulfstream International Airlines, Inc., jetBlue, Northwest Airlines, Inc., Southwest Airlines, Inc., Spirit Airlines, Inc., United Airlines, Inc. and US Airways, Inc. In addition, all-cargo airline Federal Express Corporation has executed the Airline Agreement and extension.

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. 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. Rates and charges for the Signatory Airlines are based primarily on formulas in the Airfield and Terminal Complex Cost and Revenue Centers that are established to recover the costs of developing, operating and maintaining 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.

Rates and charges are calculated on an annual basis, 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. Included in the rates and charges formulas are specific rebates of Debt Service Coverage and sharing of net remaining Revenues after all Trust Agreement requirements are met. The Airline Agreement also provides for the Signatory Airlines to pay an allocable portion of certain Extraordinary Coverage Protection in any Fiscal Year in which Revenues less O&M Expenses and the O&M Reserve Requirement are projected to be less than the Debt Service Coverage requirement in the Trust Agreement. Should Extraordinary Coverage Protection payments be made, the Authority will refund such payments to the Signatory Airlines as soon as uncommitted funds become available in the Surplus Fund.

Capital Expenditures relating to new development, planning or expansion projects in the Airfield Cost and Revenue Center with a gross project cost in excess of \$10 million are the only expenditures requiring a Majority Interest of Airlines approval under the Airline Agreement. Capital Expenditures relating to renovation projects in the Terminal Complex Cost and Revenue Center with a gross project cost in excess of \$10 million requires the approval by at least one Signatory Airline leasing space in the Terminal Complex under the Airline Agreement.

Airlines that are not a party to the Airline Agreement operate under an Operating Agreement as a Non-Signatory Airline (the "Non-Signatory Airline Agreement"). The Non-Signatory Airline Agreement calls for Non-Signatory Airlines to pay fees based on rates charged to the Signatory Airlines, prior to the debt coverage rebate. The use of Authority-owned ticket counters, gates (which are assigned by the Authority on either a preferential or common use basis), common use facilities and hardstand aircraft parking are generally charged on a per use basis in accordance with an annual schedule of fees and charges. These fees and charges are based on terminal and airside costs, including the debt service coverage of 25%.

Two key financial provisions in the Airline Agreement impacting the overall costs to Signatory Airlines are a Debt Service Coverage Rebate that will serve to reduce Signatory Airline rentals, fees, and charges in both the Airfield and Terminal Complex Cost and Revenue Centers; and a "revenue sharing" provision that is based on a 20% distribution to the Signatory Airlines of net remaining Revenues of the

Airport System after satisfaction of all Trust Agreement requirements in each Fiscal Year. The extension of the Airline Agreement continues the 20% distribution to the Signatory Airlines through 2009.

For further information regarding the Airline Agreement, see "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE - AIRPORT USE AND LEASE AGREEMENT" in APPENDIX E hereto.

The Authority is negotiating with the Signatory Airlines to enter into a new airline agreement that will further extend the basic terms of the Airline Agreement beyond September 30, 2009.

OTHER AGREEMENTS

Car Rental Concessions

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., Budget Rent A Car System, Corp., Enterprise Rent A Car System, Inc., DTG Operations d/b/a Dollar Rent A Car System, Inc. and DTG Operations d/b/a Thrifty Car Rental. The On-Airport RAC Agreements commenced January 1, 2003 and were originally scheduled to terminate on December 31, 2007. On October 11, 2007, the Board approved a two year extension and the On-Airport RAC Agreements now terminate on December 31, 2009. The On-Airport RAC Agreements provide for space rental of facilities at the Airport based on the amortization of costs incurred to build and expand those facilities. Each company pays the Authority a minimum privilege fee or 9.5% of the gross receipts from its car rental business, whichever is greater. The Authority received a total of approximately \$121.8 million in minimum guarantees over the initial five year term of the On-Airport RAC Agreements. The minimum privilege fees for the extension period reflect an increase of 10% each year as shown below:

Extension Year	Avis	Budget	Dollar	Enterprise	Hertz	Thrifty
1	\$4,397,800	\$3,015,945	\$2,755,817	\$1,299,100	\$6,445,340	\$1,577,975
2	\$4,837,580	\$3,317,539	\$3,031,398	\$1,429,010	\$7,089,874	\$1,735,773

Pursuant to the two-year extension of the On-Airport RAC Agreements approved by the Board, the Authority will receive minimum guarantees of \$40,933,151 over the two years. The Authority received \$24,815,622 in revenues in the Fiscal Year ended September 30, 2007.

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 pick up customers at the Airport. Currently, there are six companies, E-Z Rent A Car Inc., Cicon, LLC, d/b/a Specialty Auto Rentals, U-Save Auto Rentals, ACE Rent A Car which assumed the agreement from Van Rental Services, LLC on November 2, 2006, Vanguard Car Rental USA, Inc. d/b/a National and Alamo, and Flomco Inc., d/b/a Payless Car Rental. 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% of gross receipts to the Authority. The Authority received \$4,886,205 in revenues from Off-Airport Agreements in the Fiscal Year ending September 30, 2007.

Concessions and Leases

Concession Policy. The awarding of concession privileges in the terminal complex is governed by the Policy for Awarding Concession and Consumer Service Privileges, Tampa International Airport ("Concession Policy"). The Concession Policy sets forth specific criteria and procedures that must be followed in awarding such privileges to ensure that concession operations generate the maximum revenue commensurate with the highest level of public service. In most instances, concessionaires pay privilege fees based on a percentage of gross receipts against minimum annual guaranteed amounts.

Advertising Concession. The Authority awarded a License and Concession Agreement for Operation and Display of Services, Landside and Airside Buildings, Tampa International Airport, ("Advertising Agreement") in April 2001. The Advertising Agreement commenced July 1, 2001 and now terminates on June 30, 2009. The Authority receives 50% of annual gross advertising sales or a minimum annual guarantee of \$750,000, whichever is greater.

Food and Beverage Concessions. The Authority entered into a Lease and Concession Agreement for Operation of Food and Beverage Services, Landside and Airside Building, Tampa International Airport, ("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 was amended and extended to 2010 in exchange for Host agreeing to pay higher percentage rents, terminate the Concession Improvement Trust ("CIT") and fully fund future facility improvements out of its budget, with all monies remaining in the CIT to be deposited in the Authority's account. 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.

Retail Concessions. The Authority entered into a Lease and Concession Agreement for Operation of Retail Merchandise Services (except Duty Free), Landside and Airside Buildings, Tampa International Airport, ("Retail Agreement") with Host International, Inc. for the exclusive right to operate retail merchandise concessions. The Retail Agreement became effective May 1, 1996 and was amended and extended to 2010 in exchange for Host agreeing to pay higher percentage rents, terminate the CIT and fully fund future facility improvements out of their budget, with all monies remaining in the CIT to be deposited in the Authority's account. 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. The Authority received \$15,128,565 in revenues from food and beverage and retail concessions in the Fiscal Year ending September 30, 2007.

Luggage Cart Concession. The Authority entered into a Self Service Luggage Cart Concession Agreement ("Luggage Cart Agreement") with Smarte Carte, Inc. for the right to rent, maintain and relocate luggage carts to customers at the Airport. The Luggage Cart Agreement became effective April 1, 2003 and terminated on March 31, 2008. A new Luggage Cart Agreement became effective April 1, 2008 with Smarte Carte, Inc. for the term April 1, 2008 through March 31, 2013. It requires Smarte Carte to pay annual rent of \$9,744 for office space and \$47,000 for space occupied by the cart dispensing units. The Agreement requires \$65,000 minimum annual privilege fee or 12.5% of gross receipts, whichever is greater.

Hotel. The Authority entered into a Lease Agreement for Hotel-Office Complex, Tampa International Airport, ("Hotel Agreement") with Host of Boston, Ltd. for the land underlying the hotel for the construction, operation and maintenance of a first class hotel and office complex. The Hotel

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 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 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. The Authority received \$1,703,451 in revenue from the hotel lease for the Fiscal Year ended September 30, 2007.

Public Parking. The Authority entered into a Management Contract for Public Parking Facilities, (the "Parking Agreement") with Republic Parking System, Inc. to operate the parking facilities at the Airport. The Parking Agreement commenced on June 3, 1999 and terminated on [June 30, 2007]. As of July 1, 2007, AMPCO System took over the operation of parking facilities at the Airport. The Authority annually reviews and approves the parking facilities operating budget. A daily accounting of the parking facility revenue is required. Republic received management fees of \$3,948,206 from the Authority for the nine months ended June 30, 2007. AMPCO System received \$1,463,517 in management fees for the three months ended September 31, 2007. The Authority received \$59,391,663 in gross revenue from the Parking Agreement in the Fiscal Year ended September 30, 2007.

U.S. Postal Service. 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. The ground rent was adjusted effective June 19, 2005. The U.S. Postal Service is currently paying aggregate ground rent to the Authority of \$984,758 annually.

Continental Reservation Center. The Authority opened a reservation center facility in 1980 on a 5.88 acre site owned by the Authority as well as slightly more than three acres of land for additional parking added in December 2001. The reservation center is currently leased to Continental for \$428,563 annually, the additional parking lease for \$55,565 annually, plus \$36,000 annually in ground rental. The Lease Agreement has been extended until September 30, 2009, with three renewal options of five years each. Pursuant to the renewal options, the annual rental would increase to \$443,512 annually and the ground rental for each five year option would be based on a percentage of the appraised value of the land as of the date of the commencement of each five year option. For Fiscal Year 2007, the Authority received rent revenues of \$464,564.

Delta Maintenance Facility. For information regarding the Delta Aircraft Maintenance Facility at the Airport, see "THE AIRPORT SYSTEM – Airfield and Other Facilities – *Delta Maintenance Facility.*"

Pemco World Air Services, Inc. Maintenance Facility. For information regarding the Pemco World Air Services, Inc. Maintenance Facility at the Airport, see "THE AIRPORT SYSTEM – Airfield and Other Facilities – *Pemco World Air Services, Inc. Maintenance Facility.*"

Fixed Base Operations

Hawker Beechcraft Services. The Authority entered into an Agreement for the Management and Operation of Fixed Base Operations, Tampa International Airport, with Hangar One (the "Hangar One FBO Agreement"), effective January 3, 1980, to operate a full service fixed base operation ("FBO")

serving primarily corporate aviation needs at the Airport. On May 7, 1992, the Authority entered into an Amendment and Restatement of the Hangar One FBO Agreement, with Raytheon Aircraft Services, Inc. (the "Raytheon FBO Agreement") to continue to provide FBO services at the Airport. The Raytheon FBO Agreement was effective May 7, 1992 and terminates on October 7, 2011. In March 2007, Raytheon Aircraft Services, Inc. changed to Hawker Beechcraft Services, Inc. ("Hawker Beechcraft"). As approved by the Authority Board, Hawker Beechcraft assumed the obligations from Raytheon Aircraft Services, Inc., and now provides Fixed Based Operation services at the Airport. The Authority receives a percentage of the gross revenues from sales for services performed. The Authority received \$893,076 in percentage rents and fuel flowage fees for the Fiscal Year ended September 30, 2007.

Tampa International Jet Center, LLC. The Authority, as a result of a competitive proposal process, entered into a Lease and License Agreement for Fixed Base Operation, Tampa International Airport, with Tampa International Jet Center, L.L.C. (the "Tampa Jet Center Agreement") for a second FBO at the Airport. Under the terms of the Tampa Jet Center Agreement the company constructed a new 12,000 square foot terminal building, two storage hangars at 26,000 square feet each and a maintenance hangar at 26,000 square feet and other facilities necessary to provide a full service FBO serving primarily corporate aviation and providing the same range of services as the Hawker Beechcraft FBO Agreement. The Authority participated in the FBO development by constructing 350,000 square of apron and 61,500 square feet of parking lot with Authority funds. The Tampa Jet Center Agreement's term is for 20 years and at the end of the agreement title to all tenant improvements reverts to the Authority. The FBO facility has been operational ever since the issuance of the certificate of occupancy in October of 2004. In June 2004, the Tampa Jet Center Agreement was amended to provide additional lease space for the development of a fourth hangar. The additional hangar was completed in the summer of 2005. Estimated tenant facility improvement costs expended to date exceed \$12 million dollars. Rent under the Tampa Jet Center Agreement for that facility is \$390,544 annually. In addition, the Authority receives a percentage of the gross sales for services performed. The Authority received \$508,098 as its percentage of gross sales for the Fiscal Year ended September 30, 2007.

There are also FBOs operating at each of the other airports including Atlas Aviation Tampa, Inc. at Peter O. Knight Airport, Leading Edge at Vandenberg Airport and Mitchell Enterprises, Inc. at Plant City Airport. Revenues from General Aviation and Auxiliary Airports for the Fiscal Year ended September 30, 2007 were approximately \$2.35 million.

Ground Leases

UPS Supply Chain. The Authority originally entered into a General Ground Lease With Planned Improvements with Emery Air Freight Corporation, which was acquired by Menlo Worldwide Forwarding, Inc. ("Menlo"). Menlo was subsequently acquired by UPS Supply Chain ("UPS"). The UPS Lease is for a 4.208 acre site upon which the Authority constructed an air freight processing facility. The UPS Lease was effective March 4, 1999 and will terminate April 7, 2010 provided it is not renewed pursuant to one of two five-year options. UPS Supply Chain pays ground rent plus facility rent sufficient to amortize the Authority's investment in the improvements. Annual ground and facility rent amounted to \$293,397 as of September 30, 2007. UPS ceased operations on January 31, 2004 and subsequently subleased its facility to National Retail Transportation, Inc. See "THE AIRPORT SYSTEM – Airfield and Other Facilities – Air Cargo Complex."

Federal Express Corporation. The Authority entered into a General Ground Lease with Planned Improvements with Federal Express Corporation (the "FedEx Lease"). In accordance with the terms of the lease, the Authority constructed an air cargo service facility on a thirteen-acre site. The regional sort facility has the capacity to handle 6,000 packages per hour. Additionally, there is parking space for 157 vehicles. The facility opened for operations on March 1, 2003 at a cost of \$24.7 million, which included

a new cargo building and apron, taxiway extensions and cargo road improvements. Lease term is ten years with two five-year renewal options. FedEx pays ground rent plus facility rent sufficient to amortize the Authority's investment. Annual ground rent and facility rentals are \$997,107. See "THE AIRPORT SYSTEM – Airfield and Other Facilities – *Air Cargo Complex*."

Major Contributors to Operating Revenues,

Airline payments in the form of landing fees, facility rentals and other charges, net of revenue sharing, contributed approximately 22.6% of operating revenues of the Authority for the Fiscal Year ended September 30, 2007, compared to approximately 23.7% for the Fiscal Year ended September 30, 2006. Automobile parking fees provided approximately 32.3% of the operating revenues of the Authority for the Fiscal Year ended September 30, 2007, compared to approximately 31.3% for the Fiscal Year ended September 30, 2006. Car rental concession fees contributed approximately 16.1% of the operating revenues of the Authority for the Fiscal Year ended September 30, 2007, compared to approximately 15.5% for the Fiscal Year ended September 30, 2006.

THE NORTH TERMINAL COMPLEX AND OTHER FUTURE CAPITAL PROJECTS

In 2005, the Authority completed an update to its Master Plan. Projects were identified to permit Airport facilities to accommodate passenger and aircraft forecasts through 2020. The Authority also developed, and periodically updates, a Business Plan in which capital projects are monitored to assess appropriate timing and funding sources. These projects are incorporated into the Authority's Capital Improvement Program ("CIP") for Fiscal Years 2009 through 2018.

The Authority has planned for additional future capacity with a group of capital projects collectively known as the North Terminal Complex, which is anticipated to have the same design concept as the existing Landside and Airside Terminal Complex. The first phase of the North Terminal Complex development is referred to as North Terminal Complex Phase One, which will include construction of approximately 50 percent of the landside building, of which half will be initially finished and will have approximately 14 gates, or one airside. Ultimate build-out of the North Terminal Complex will range from 50 to 73 gates on four airside. The North Terminal Complex Phase One is anticipated to be required when the demand for Airport facilities reaches the 25 to 28 million total annual passenger level. At these levels, the existing Terminal Complex is assumed to be at maximum capacity. Based on projected growth forecasts, the North Terminal Complex Phase One facilities will be needed by the end of Fiscal Year 2014. North Terminal Complex Phase One will consist of all major elements for a 14-gate airside facility and is projected to cost \$935.9 million in escalated dollars and includes portions of the 2008 Project. For more information regarding the North Terminal Complex, see APPENDIX A – "REPORT OF AIRPORT CONSULTANT – Airport Facilities and the 2008 Project – North Terminal Complex Projects."

Total cost of Fiscal Years 2009 through 2018 CIP is expected to be approximately \$1.6 billion (in escalated dollars). Approximately 80% of CIP project costs, or \$1.30 billion, are expected to be paid from FAA Grants ("AIP Grants"), Florida Department of Transportation Grants ("FDOT Grants"), PFCs and Authority funds. See "INVESTMENT CONSIDERATIONS – Passenger Facilities Charges – Proposed FAA Legislation." Approximately \$92.3 million of the PFC-funded project costs will be funded on a Pay-As-You-Go ("PAYG") basis and approximately \$484.8 million of the PFC-funded projects are expected to be funded with general airport revenue bond ("GARB") proceeds that will be repaid from PFC revenues. The remaining 20% or approximately \$324.4 million of project costs are expected to be funded with GARBs.

Funding Sources for Ten Year Capital Improvement Program⁽¹⁾⁽²⁾

Project Category	Funding Sources						
	Total Project Costs	AIP Grants	FDOT Grants	GARBs	PFC GARBs	PFC PAYG	Authority
North Terminal Complex - Phase I	\$858,269,600	\$38,776,700	\$72,692,500	\$314,425,100	\$327,900,200	\$56,561,700	\$47,913,400
New Runway 17/35	220,486,000	101,577,900	23,297,800	0	83,361,500	0	12,248,800
Airfield Rehabilitation and ARFF Training Facilities	68,347,100	19,260,600	15,378,400	0	11,090,300	0	22,617,800
Extend Taxiway N	62,787,400	30,000,000	13,681,200	0	19,106,200	0	0
Shuttle & Monorail Replacement/upgrades	78,515,000	0	14,526,300	0	40,979,200	0	23,009,500
Landside/Airside Buildings Refurbishment	158,015,600	9,600,600	11,858,300	0	2,371,300	27,593,500	106,591,900
General Aviation Airports	78,051,900	6,296,900	7,459,500	0	0	0	64,295,500
Other Projects	95,887,700	1,811,900	13,233,900	10,000,000	0	8,130,200	62,711,700
Total Other Capital Projects	\$1,620,360,300	\$207,324,600	\$172,127,900	\$324,425,100	\$484,808,700	\$92,285,400	\$339,388,600

Source: Hillsborough County Aviation Authority.

(1) See APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT – Airport Facilities and the 2008 Project – The North Terminal Complex and Other Future Capital Projects."

(2) Does not include the 2008 Project.

REPORT OF THE AIRPORT CONSULTANT

In connection with the issuance of the 2008C/D Bonds and the simultaneous issuance of the 2008A/B Bonds, the Authority retained Ricondo & Associates, Inc., Cincinnati, Ohio (the "Airport Consultant") to prepare the Report of the Airport Consultant, dated April 2, 2008, attached hereto as APPENDIX A (the "Report"), which describes the economic basis for air traffic at the Airport, historical trends in airline traffic, and key factors that may affect future airline traffic. The Report also presents air traffic and financial projections for Fiscal Years 2009 through 2018 and sets forth certain assumptions upon which the forecasts are based. These assumptions were provided by, or reviewed and adopted by the Authority at the time the Report was issued. The Report has been included in this Official Statement in reliance upon the reputation of the Airport Consultant as an expert in preparing forecasts and projections with respect to airports.

Based upon the assumptions and analysis described in the Report, the Airport Consultant believes:

- The 2008 Project is feasible in terms of providing facilities necessary to help alleviate capacity constraints at the Airport at a cost that will produce reasonable levels of rates and charges to the users of the Airport facilities. Furthermore, the incorporation of the Authority's CIP that totals approximately \$1.6 billion for the period Fiscal Year 2009 through Fiscal Year 2018 (excluding the 2008 Project) yields reasonable levels of rates and charges to users of the Airport facilities over the projection period.
- Projected airline rates and charges together with other Authority Revenues are sufficient to ensure that all Operation and Maintenance Expenses ("O&M Expenses"), debt service and coverage, and fund deposit requirements can be generated through reasonable user fees. Cost per enplanement for the passenger Signatory Airlines is projected to increase from a budgeted \$4.01 in Fiscal Year 2008 to \$6.47 in Fiscal Year 2018. This increase is

primarily attributable to increasing O&M Expenses and debt service related to the 2008 Project and other anticipated future capital projects as well as inflationary increases to O&M Expenses partially offset by increasing revenue sharing.

PROJECTED DEBT SERVICE

The following table presents the details of the Authority's outstanding debt service as well as the impact of the estimated debt service on the 2008A/B Bonds and the 2008C/D Bonds for the ten year projection period utilized in the Report dated April 2, 2008 attached hereto as APPENDIX A. See "BOND DEBT SERVICE REQUIREMENTS" for the actual debt service on the 2008A/B Bonds (included in the Outstanding Bonds Debt Service Requirements column) and the 2008C/D Bonds. The table also presents the estimated debt service on two additional new money issues which are projected to be required to complete the funding of the new North Terminal Complex: \$408 million of GARBs expected to be issued in 2012, and \$358 million of PFC-supported GARBs, which are also expected to be issued in 2012.

In addition to these new money issues, the table also reflects the impact of a refunding issue of approximately \$80 million that the Authority expects to undertake in approximately 2015 for the purpose of restructuring a portion of its outstanding debt service. The Authority's financings since 2003 have been structured in a manner which will permit the Authority to absorb the projected debt service on the additional bonds required for the 2008 Project and the new North Terminal Complex without experiencing a dramatic increase in its overall annual debt service and a corresponding increase in airline rates and charges. The projected 2015 refunding is expected to be the final step in implementing that plan.

Debt service coverage is projected by the Airport Consultant to be greater than the required 1.25x in each of the projected years. As shown in the Airport Consultant's Report, the debt service coverage ratio is projected to range from 1.58x in Fiscal Year 2010, the first full year of repayment from Net Revenues on the 2008A/B Bonds and the 2008C/D Bonds to 1.76x by Fiscal Year 2018. For more information regarding debt service coverage, see APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT – Financial Analysis – Table No. IV-2."

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Fiscal Year:	Budgeted 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Net Revenues ⁽¹⁾	\$92,729,963	\$94,425,585	\$99,044,334	\$102,029,541	\$106,219,647	\$115,099,683	\$117,134,986	\$118,387,306	\$113,837,313	\$120,082,232	\$124,252,756
Plus PFC Revenues available for PFC-Backed Debt Service Coverage	27,994,110	27,997,860	27,994,798	27,995,798	27,998,235	45,576,758	47,120,894	48,751,866	50,451,984	52,250,998	54,157,752
Net Revenues adjusted for PFC Revenues	\$120,724,073	\$122,423,445	\$127,039,132	\$130,625,339	\$134,217,882	\$160,676,441	\$164,255,880	\$167,139,172	\$164,289,298	\$172,333,230	\$178,410,507
Total Debt Service ⁽²⁾	71,569,377	73,168,360	80,651,458	80,528,420	78,562,570	99,940,045	99,924,058	99,912,220	102,012,839	102,014,039	101,608,426
Debt Service Coverage – All Debt	1.69x	1.67x	1.58x	1.61x	1.71x	1.61x	1.64x	1.67x	1.61x	1.69x	1.76x

(1) After the net revenue sharing component pursuant to the Airline Agreement. See "FINANCIAL FACTORS – Management Discussion of Historical Financial Results" and "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE – AIRPORT USE AND LEASE AGREEMENT" in APPENDIX E hereto.

(2) The above table sets forth the Total Debt Service as of the date of the Report the Airport Consultant, April 2, 2008. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – Financial Analysis – Table No. IV-2" for the existing and assumed future debt service. However, see "BOND DEBT SERVICE REQUIREMENTS," which includes in the "Outstanding Bonds Debt Service Requirements" column actual debt service for the 2008A/B Bonds before the issuance of the 2008C/D Bonds and the actual debt service for the 2008C/D Bonds as well as the "Total Debt Service Requirements" after the simultaneous issuance of the 2008A/B Bonds and the 2008C/D Bonds.

57 Source: Hillsborough County Aviation Authority (historical); Ricondo & Associates, Inc. (projected)

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PASSENGER FACILITY CHARGES AND FEDERAL AND STATE GRANTS

Passenger Facility Charges

Pursuant to the PFC Act and the PFC Regulations implemented by the Federal Aviation Authority (the "FAA"), the United States Congress has authorized commercial service airports such as the Airport to collect Passenger Facility Charges from each paying passenger enplaned at such airport in the amount of \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50, subject to certain limitations. The Authority has levied PFCs at the rate of \$4.50 per enplaned passenger since June 1, 2002. The proceeds from PFCs are to be used to finance approved eligible airport-related projects that preserve or enhance capacity, safety or security of the national air transportation system, reduce noise from an airport that is part of the system or provide an opportunity for enhanced competition between or among air carriers or foreign air carriers. "Eligible airport-related projects" include airport development or planning, terminal development, airport noise compatibility measures and planning and construction of gates and related areas (other than restaurants, rental car facilities, automobile parking or other concessions) for the movement of passengers and baggage. PFCs are collected on behalf of airports by air carriers, certain foreign air carriers and their agents ("Collecting Carriers").

The Collecting Carriers are authorized to withhold, as a collection fee (i) eleven cents per enplaning passenger from whom a PFC is collected and (ii) any investment income earned on the amount collected prior to the due date of the remittance. The PFC Act was amended in 1996 to provide that PFC Revenues that are held by a Collecting Carrier constitute a trust fund that is held for the beneficial interest of the eligible agency imposing the fee and that the Collecting Carrier holds neither legal nor equitable interest in the PFC Revenues, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, PFC Regulations require Collecting Carriers to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in financial statements. The Collecting Carriers, however, are permitted to commingle PFC collections with the carriers' other sources of revenue.

It is unclear whether the Authority would be afforded the status of a secured creditor with regard to PFCs collected or accrued by a Collecting Carrier in connection with a Collecting Carrier operating at the Airport that is involved in bankruptcy. On December 12, 2003, however, President Bush signed the Vision 100—Century of Aviation Reauthorization Act ("Vision 100") into law. Vision 100 requires an airline that files for bankruptcy protection, or that has an involuntary bankruptcy proceeding commenced against it, to segregate passenger facility charge revenue in a separate account for the benefit of the eligible agencies entitled to such revenue. Based on this legislation, it is expected that the Authority would be treated as a secured creditor with respect to PFCs held by a collecting creditor that becomes involved in a bankruptcy proceeding. For information regarding PFC revenues in cases of airline bankruptcy, see "INVESTMENT CONSIDERATIONS – Effect of Airline Bankruptcy."

PFC applications are approved by the FAA to fund specific projects in specific total amounts and the Authority may impose the designated PFC only until it collects the authorized total amount. Interest earnings on the collections are treated as collections for purposes of the authorized total.

The Authority has received authorizations to impose an aggregate of \$745,495,494 in PFC charges. The Authority has received \$347,989,200 in PFCs from the Collecting Carriers and interest earnings of \$3,114,087, totaling PFC Revenues of \$351,103,287 since PFC implementation by the Authority through September 30, 2007. The legal expiration date for the Authority's authorizations to impose PFC charges is March 2016. See "SECURITY FOR THE 2008C/D BONDS – Passenger Facility Charges." Authority PFCs receipts from Collecting Carriers from October 1, 2003 through September 30, 2007, were as follows:

Fiscal Years Ended September 30

2003	\$30,265,281
2004	33,584,562
2005	38,396,089
2006	38,456,808
2007	38,644,771

See "INVESTMENT CONSIDERATIONS – Passenger Facilities Charges – Proposed FAA Legislation" with regard to possible PFC increase authorizations.

Federal Grants

The Airport and Airway Improvement Act of 1982 created the Airport Improvement Grant Program ("AIP"), which is administered by the FAA and funded by the Airport and Airway Trust Fund. This fund is financed by federal aviation user taxes. Grants are available to airport operators in the form of "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned annually based upon enplaned passengers and discretionary funds are available at the discretion of the FAA based upon a national priority system. Actual entitlement funds will vary with the actual number of passenger enplanements, with total appropriations for the AIP and with any revision of the existing statutory formula for calculating such funds. In addition, pursuant to the Federal Act, an airport's annual federal entitlement grants are reduced by 50% following the imposition of PFCs at the \$1.00, \$2.00 or \$3.00 level and reduced by 75% following the imposition of PFCs at the \$4.00 or \$4.50 level. From October 1, 2002 through September 30, 2007, the Authority received \$50,927,629 in total AIP entitlement and discretionary grants as follows:

Fiscal Years Ended September 30

2003	\$ 14,219,785
2004	4,496,820
2005	11,878,709
2006	12,727,196
2007	7,605,119

Such grants were used at the Airport primarily for safety equipment, terminal, taxiway, apron and runway improvements.

See "INVESTMENT CONSIDERATIONS – Passenger Facilities Charges – Proposed FAA Legislation" for information regarding AIP grants.

State Grants

The Florida Department of Transportation (the "FDOT") administers a grant program funded by a state-imposed aviation fuel tax. Eligible projects under the program may be funded by up to 50% of the sponsors' cost of the project. Such projects include all projects eligible under AIP. General Aviation facilities, including hangars, may be funded up to 80% of the sponsor's cost. From October 1, 2002 through September 30, 2007, the Authority received \$52,896,479 in FDOT grants as follows:

Fiscal Years Ended September 30

2003	\$	8,727,457
2004		20,721,191
2005		5,744,132
2006		7,242,795
2007		10,462,904

Such grants were used primarily for land acquisition, General Aviation facilities, safety equipment, terminal, taxiway, and apron and runway improvements.

INVESTMENT CONSIDERATIONS

General

The following section describes certain risk factors affecting the payment of and security for all Bonds Outstanding under the Trust Agreement, including the 2008C/D Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of the 2008C/D Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following specific factors along with all other information described elsewhere or incorporated by reference in this Official Statement in evaluating the 2008C/D Bonds.

General Factors Affecting Authority and Airline Revenues

The revenues of both the Authority and the airlines may be materially affected by many factors including, without limitation: growth of the population and economic health of the region and the nation, changes in demand for air travel, national and international economic and political conditions, service and cost competition, mergers, the availability and cost of fuel and other necessary supplies, levels of air fares, the capacity of the national air traffic control system, high fixed costs, high capital requirements, the cost and availability of financing, technological changes, national and international disasters and hostilities, the cost and availability of employees, labor relations within the airline industry, the maintenance and replacement requirements of aircraft, the availability of routes and slots at various airports, litigation liability, regulation by the federal government, environmental risks and regulations, noise abatement concerns and regulation, deregulation, federal and state bankruptcy and insolvency laws, acts of war or terrorism and other risks. Many airlines, as a result of these and other factors, have operated at a loss in the past and several have filed for bankruptcy, ceased operations and/or have merged with other airlines. In addition, the legacy carriers have taken many actions to restructure and reduce costs including reducing their workforce, renegotiating their labor agreements, consolidating connecting activity and replacing mainline jets with regional jets.

General Factors Affecting Airline Activity

There are numerous factors which affect air traffic generally and air traffic at the Airport more specifically. Demand for air travel is influenced by factors such as population, levels of disposable income, the nature, level and concentration of industrial and commercial activity in the service area, and the price of air travel. The price of air travel is, in turn, affected by the number of airlines serving a particular airport and a particular destination, the financial condition, cost structure and hubbing strategies of the airlines serving an airport, the willingness of competing airlines to enter into an airport market, the cost of operating at an airport, the price of fuel, and any operating constraints (due to capacity, environmental concerns or other related factors) limiting the frequency or timing of airport traffic within

the national system or at a particular airport. In addition, the hostilities in Afghanistan, Iraq and elsewhere and the threat of renewed terrorist attacks may dampen air traffic.

Effect of Airline Bankruptcies

In the event of an assumption of any executory contract or lease, an airline would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable executory contract or lease. In the event of an assumption by a debtor airline and assignment to a third party, the assurance of future performance would have to be demonstrated by the proposed assignee.

Rejection of an Airline – Airport Use and Lease Agreement or other executory contract with the Authority will give rise to an unsecured claim of the Authority for damages, the amount of which in the case of an Airline – Airport Use and Lease Agreement or other lease is limited by the U. S. Bankruptcy Code generally to the amount unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15% of the total remaining lease payments, not to exceed three years. Claims for such damages are subject to the Authority's duty to mitigate damages. The amount ultimately allowed in the event of a rejection of an Airline – Airport Use and Lease Agreement or other executory contract could be considerably less, however, than the maximum amount allowed under the U.S. Bankruptcy Code. Amounts unpaid as a result of a rejection of an Airline – Airport Use and Lease Agreement by an airline in bankruptcy can be passed on to the remaining Signatory Airlines under the Airline – Airport Use and Lease Agreement, thereby increasing such airlines' cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs.

Delta, Northwest, United and US Airways were each operating at the Airport under an Airline – Airport Use and Lease Agreement at the time of their respective filings for bankruptcy protection. All such airlines have exited from bankruptcy protection and have assumed their respective Airline – Airport Use and Lease Agreement and continue to operate at the Airport.

Frontier Airlines Holdings, Inc., the parent company of Frontier Airlines, announced on April 11, 2008 that it had filed for Chapter 11 bankruptcy protection, citing unexpected problems with its credit card processor. Frontier Airlines stated that it would continue normal business operations. Frontier Airlines is a Non-Signatory Airline which continues to operate at the Airport. Frontier Airlines was current on all fees and charges owed to the Authority through February 29, 2008. Amounts owing to the Authority subsequent to that date are not material. Frontier Airlines accounted for 50,750 enplanements, representing .5% of all enplanements at the Airport for the Fiscal Year ended September 30, 2007 compared to 53,341 enplanements, representing .6% of all enplanements at the Airport for the Fiscal Year ended September 30, 2006.

With respect to an airline in bankruptcy proceedings in a foreign country, such as Air Canada, the Authority is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Authority) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. Airlines are permitted to commingle PFC collections with other revenues. Airlines that have filed for Chapter 7 or 11 bankruptcy protection, however, are required to segregate PFC revenue in a separate account for the benefit of the Airport and cannot grant a third party any security or other interest in PFC revenue. The airlines are entitled to retain interest earned

on PFC collections until such PFC collections are remitted. This procedure was followed by Delta, United and Northwest during their respective bankruptcies. PFCs collected by those airlines were required by the bankruptcy court to be placed in accounts separate from other airline revenue accounts and be paid to airports monthly in accordance with the PFC regulations. However, the Authority cannot predict whether an airline that files for bankruptcy protection will properly account for the PFCs or whether the bankruptcy estate will have sufficient moneys to pay the Authority in full for the PFCs owed by such airline. PFCs are not pledged to the repayment of the 2008C/D Bonds. The Authority has recovered all of its PFCs from each of the airlines that filed for Chapter 11 bankruptcy protection.

Passenger Facility Charges

Termination of PFCs. The Authority's authority to impose and use PFCs is subject to certain terms and conditions provided in the PFC Act, the PFC Regulations and the FAA's authorizations to impose PFCs. The Authority is in compliance with all such terms and conditions. If the Authority fails to comply with these requirements, the FAA may take action to terminate or to reduce the Authority's authority to impose or to use PFCs. In addition, failure to comply with the provisions of the Airport Noise and Capacity Act may lead to termination of the Authority's authority to impose PFCs. The FAA's agreement regarding reducing instead of eliminating the Authority's rights to collect PFCs after unremedied violations is not applicable to noise abatement violations. The Authority is in compliance with the Airport Noise and Capacity Act.

Amendments to PFC Act or PFC Regulations. There is no assurance that the PFC Act will not be repealed or amended or that the PFC Regulations or any FAA authorization to impose PFCs will not be amended in a manner that would adversely affect the Authority's ability to collect and use PFC Revenues.

Collection of the PFCs. The ability of the Authority to collect sufficient PFCs depends upon a number of factors including the operation of the Airport by the Authority, the use of the Airport by Collecting Carriers, the efficiency and ability of the Collecting Carriers to collect and remit PFCs to the Authority and the number of enplanements at the Airport. The Authority relies upon the Collecting Carriers' collection and remittance of PFCs, and both the Authority and the FAA rely upon the airlines' reports of enplanements and collection statistics.

Proposed FAA Legislation. Following Congress's rejection of the Bush Administration's FAA reauthorization proposal entitled "Next Generation Air Transportation Financing Reform Act of 2007" ("NextGen Act"), both the House and Senate FAA reauthorization vehicles were introduced in May 2007. H.R. 2881 was passed by the full House of Representatives in September 2007. The House legislation raises the PFC cap to \$7.00 per enplaned passenger from the current \$4.50 per enplaned passenger. It also authorizes funding for the Airport Improvement Program ("AIP") at \$3.8 billion in the first year of the four year authorization and raises this level by \$100 million each subsequent year. Unlike the Administration's proposal of a hybrid financing system that included cost-based user fees for turbine-powered aircraft, the House version includes no new user fees. For General Aviation ("GA"), the bill increases the GA jet fuel tax from 21.8 cents to 30.7 cents per gallon and increases the GA gas tax from 19.3 cents to 24.1 cents per gallon. The Administration's proposal included a GA fuel tax increase to 70 cents per gallon. The House bill also contains labor language concerning arbitration rights for Air Traffic Controllers, which has raised a Presidential veto threat.

The Senate version of the FAA reauthorization, S. 1300, has no PFC cap increases, maintaining the current \$4.50 per passenger cap. It has the same AIP funding authorization provisions as the House version, but increases the GA jet fuel tax to 49 cents per gallon and keeps the GA gas tax at 19.3 cents per gallon. The Senate bill phases out the 4.3 cents per gallon commercial jet fuel tax. S. 1300 has been reported out of the Commerce Committee but as of early 2008 has not been scheduled for floor time.

While both versions of the legislation include AIP funding increases, including increases in the minimum amount of discretionary AIP from \$148 million to \$520 million, the House version of the bill would have a greater effect on large airports like the Airport because of the increase of the PFC cap to \$7.00 per enplaned passenger.

The laws governing and funding FAA programs were set to expire on September 30, 2007. Congress has approved temporary extensions three times, including the most recent stop-gap, which would run through June 30, 2008. Such short-term extensions of the FAA's contract authority enable it to distribute formula and entitlement grants from the AIP. Congress has yet to extend FAA's contract authority or approve reauthorization legislation. Congress did pass an omnibus spending bill for Fiscal Year 2008 that included funding for FAA operations and administration, as well as \$3.515 billion for the AIP. Without contract authority provisions, airports nationwide are unable to access the AIP funds.

Financial Condition of the Monoline Financial Guarantors

Each of S&P, Fitch and Moody's has issued press releases or reports stating that they continue to examine the potential effects of downturns in the market for structured finance ("SF") instruments, including collateralized debt obligations ("CDOs") and residential mortgage backed securities ("RMBS"), on the claims-paying ability and capital bases of the monoline financial guarantors.

As a result of the widespread losses in the mortgage market, deterioration in the market for SF instruments, including RMBS and CDOs, mark-to-market losses and overall credit market challenges, among others, the affected monoline financial guarantors may experience claims under their policies and/or reductions in capital such that their capital resources may no longer be sufficient at their respective rating levels. Depending on the magnitude of the potential capital shortfall, if any, and the extent to which such monoline financial guarantor has raised or is planning to raise new capital, and the perceived viability of that capital plan, among other factors, the various rating agencies have taken steps including affirming the ratings of certain financial guarantors, adopting a negative outlook on the ratings of others, placing the ratings of other financial guarantors on credit watch for possible downgrades, and downgrading certain other financial guarantors. See "BOND INSURANCE – The Insurer."

The potential for further mortgage market deterioration remains uncertain as well as overall credit market conditions that may challenge the ability of the monoline financial guarantors to meet their ongoing additional capital needs and/or to respond to claims. Investors should be aware that any downward revision or withdrawal of the ratings of Assured Guaranty is likely to have an adverse effect on the market price of the 2008C/D Bonds, and any such downward revision or withdrawal of the ratings of any other financial guarantor may have an adverse effect on the market price of the 2008C/D Bonds. See "RATINGS."

Except as may be required by the Continuing Disclosure Agreement, included as APPENDIX F, and as described under the heading "CONTINUING DISCLOSURE," neither the Authority nor the Underwriters undertake responsibility to bring to the attention of the owners of the 2008C/D Bonds any proposed change in or withdrawal of the ratings or to oppose any such revision or withdrawal.

The Policy is not a guarantee of the market price or investment value of the 2008C/D Bonds, nor a guarantee that the ratings on the 2008C/D Bonds will not be revised or withdrawn.

AVIATION AND AIRLINE INDUSTRY

Factors Affecting the Airline Industry

General. Key factors that affect airline traffic at the Airport and the financial condition of the airlines, and, therefore, the 2008C/D Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of the Airport and competition from other airports for passengers; and business travel substitutes, including teleconferencing, videoconferencing and web-casting. If aviation and enplaned passenger traffic at the Airport do not meet forecast levels, a corresponding reduction could occur in forecasted Operating Revenues.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the events of September 11th.

Growing competition from low-cost, low-fare carriers (such as Southwest) has forced legacy carriers (such as American, Continental, Delta, Northwest, United and US Airways) to implement route rationalization, including route transfers to regional partners and the reduction, or elimination, of service to unprofitable markets. Airlines have reduced schedules, simplified fleets, deferred new aircraft delivery, implemented pay cuts, and reduced workforces. In addition, legacy carriers have shown increasing flexibility in adjusting fares to match discount fares offered by low-cost carriers. Airlines have also introduced innovations in passenger service and convenience – notably the expanded use of the Internet and self-service kiosks – which have greatly reduced waiting lines for boarding passes.

Following are just a few of the factors affecting the airline industry including, costs of aviation fuel, international conflicts and threats of terrorism and structural changes in the travel market. See also “– Aviation Security Concerns” herein for additional discussion on the costs of security.

Cost of Aviation Fuel. According to the Airport Transport Association, fuel is the second largest cost component of airline operations, exceeded only by labor costs, and continues to be an important and uncertain factor in an air carrier's operating economics. There has been no shortage of aviation fuel since the “fuel crisis” of 1974, but increases in fuel prices have caused increases in airline operating costs. In recent years, some U.S. airlines have attempted to pass the higher fuel costs to consumers by increasing the fuel surcharge or increasing the price of airfares. Some of these attempts have been unsuccessful as many airlines, particularly the legacy/mainline airlines, refused to match the increase. Significant and prolonged increases in the cost of aviation fuel would have an adverse impact on air transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines.

International Conflict and the Threat of Terrorism. The increased threat of terrorism has had, and may continue to have, a negative impact on air travel. The Authority cannot predict the likelihood of future incidents similar to the events of September 11th, the likelihood of future air transportation disruptions or the impact on the Authority or the airlines operating at the Airport from such incidents or disruptions.

Structural Changes in the Travel Market. Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. As a result, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price-sensitive. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares. Consumers have come to expect extraordinarily low fares. In addition, the availability of fully transparent price information on the Internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the Internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel, have made business customers more amenable to communications substitutes such as tele- and video-conferencing.

Aviation Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and continue to occur in the Middle East), terrorist attacks, increased threat levels declared by the Department of Homeland Security and world health concerns such as the SARS outbreak in 2003, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Because of the implementation of the Congressional mandate, effective January 1, 2003, for the screening of all checked baggage for explosives, as well as the impact on airport operations of procedures mandated under "Level Yellow" (elevated), "Level Orange" (high) and "Level Red" (severe) national threat levels declared by the Department of Homeland Security under the Homeland Security Advisory System, there is the potential for significantly increased inconvenience and delays at many airports. Since its inception the threat level has never been below Level Yellow nor above Level Orange (except that between August 10, 2006 and August 13, 2006 the threat level was raised to Level Red for flights originating in the United Kingdom and bound for the United States). Historically, only minor delays have been experienced at the Airport as a result of the security procedures; however, this may change as a result of increased passenger traffic or other factors such as requirements for additional forms of screening or reductions of the TSA workforce.

Federal law also requires that eventually all passenger bags, mail and cargo be screened to prevent the carriage of weapons (including chemical and biological weapons), explosives or incendiary devices; however, no regulations regarding these enhanced security measures have been finalized as of the date of this Official Statement.

The Authority cannot predict whether the Airport will be targets of terrorists in the future. After the events of September 11th, the United States government launched a military offensive against Afghanistan and in March 2003 against Iraq, and has warned that these hostilities may continue for years.

The Authority cannot predict the duration of the effects of these hostilities on the air transportation system, the likelihood of any retaliation or the likelihood of any future terrorists attacks. Any such action could directly or indirectly reduce passenger traffic and depress airline industry revenues

and Operating Revenues. The Authority cannot predict the effect of any future government-required security measures on passenger activity at the Airport.

Effect of Airline Industry Consolidation

The airline industry is in the process of fundamental change. Delta and Northwest announced on April 14, 2008 an agreement in which the two carriers will combine in an all-stock transaction. The new airline will be called Delta. This merger is subject to governmental approvals. Delta accounted for 1,398,508 enplanements and Northwest 527,462 enplanements, respectively, representing 14.5% and 5.5%, respectively of all enplanements at the Airport for the Fiscal Year ended September 30, 2007 compared to 1,604,261 enplanements for Delta representing 17.1% of all enplanements and 496,036 enplanements for Northwest representing 5.3% of all enplanements at the Airport for the Fiscal Year ended September 30, 2006.

Reportedly other airlines are considering possible mergers. The merger of Delta and Northwest and any other mergers may result in a decrease in gate utilization by an airline, which decrease could be significant. It is not possible to predict the effect on gate usage as a result of potential airline consolidation at this time.

Regulations and Restrictions Affecting the Airport

The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Airline - Airport Use and Lease Agreement, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the events of September 11th, the Airport also has been required to implement enhanced security measures mandated by the FAA and the Department of Homeland Security.

It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the Authority, or whether such restrictions or legislation or regulations would adversely affect Operating Revenues.

Airlines Subject To Airline - Airport Use and Lease Agreement

Each of the Airlines subject to the Airline - Airport Use and Lease Agreement (or their respective parent corporations) is subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Certain other airlines are subject to the information reporting requirements of the Commission. Certain information, including financial information, as of particular dates concerning each of these reporting airlines (or their respective parent corporations) is disclosed in reports and statements filed with the Commission. Such reports and statements can be inspected and copied at the public reference facilities maintained by the Commission at 100 F Street, N.E., Washington, D.C. 20549 and the Commission's regional offices at 175 W. Jackson Boulevard, Suite 900, Chicago, Illinois 60604 and 3 World Financial Center, Room 4300, New York, New York 10281. Copies of such material can be obtained from the Public Reference Section of the Commission at the above address at the prescribed rates. The Commission also maintains a website that contains reports, proxy and information statements and other written information regarding companies that file electronically with the Commission. In addition, each of the Airlines subject to the Airline Agreement is required to file periodic reports of financial and operating statistics with the United States Department of

Transportation (the "DOT"). Such reports can be inspected at the following location: Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, Department of Transportation, 400 Seventh Street, S.W. Washington, D.C. 20590, and copies of such reports can be obtained from the DOT at prescribed rates.

Capacity of National Air Traffic Control and Airport Systems

Demands on the national air traffic control system continue to cause aircraft delays and restrictions, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. These restrictions affect airline schedules and passenger traffic nationwide. The FAA is gradually automating and enhancing the computer, radar, and communications equipment of the air traffic control system and assisting in the development of additional airfield capacity through the construction of new runways and the more effective use of existing runways. However, increasing demands on the national air traffic control and airport systems could cause increased delays and restrictions in the future.

Uncertainties of Projections, Forecasts and Assumptions

The Report contains certain assumptions, forecasts and projections. See APPENDIX A – "REPORT OF THE AIRPORT CONSULTANT." Projected compliance with certain of the covenants contained in the Trust Agreement is also based upon assumptions and projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur and actual results are likely to differ, perhaps materially, from those projected. Accordingly, the projections contained in the Report are not necessarily indicative of future performance, and neither the Authority nor the Airport Consultant assumes any responsibility for the accuracy of such projections.

ENFORCEABILITY OF REMEDIES

The remedies available to the holders of the 2008C/D Bonds upon an event of default under the Trust Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies specified by the Trust Agreement and the 2008C/D Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2008C/D Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

FINANCIAL ADVISOR

The Authority has engaged Fullerton & Friar, Inc., as Financial Advisor (the "Financial Advisor"), in connection with the authorization, issuance and sale of the 2008C/D Bonds. Under the terms of its engagement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS

The financial statements of the Authority as of and for the years ended September 30, 2007 and 2006, included in APPENDIX B of this Official Statement have been audited by Ernst & Young LLP as

stated in their report appearing in APPENDIX B. Such financial statements, including the auditor's report, have been included in this Official Statement as public documents and Ernst & Young has not performed any procedures subsequent to the date of its report. The auditors have not performed any services related to, and therefore are not associated with, the preparation of this Official Statement.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or to the knowledge of the Authority, threatened against or affecting the Authority or, to its knowledge, any basis therefor, wherein an unfavorable decision would have a material adverse affect on the transactions contemplated by this Official Statement or the validity of the 2008C/D Bonds, the Trust Agreement, the Airline – Airport Use Agreement or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement.

The Authority is engaged in routine litigation covered by liability insurance and common to the operation of airport facilities and therefore not material to the Authority's financial position.

TAX MATTERS

In the opinion of Co-Bond Counsel, under existing law, interest on the 2008C/D Bonds is excludable from gross income for federal income tax purposes, except that no opinion is expressed as to the exclusion from gross income of interest on any 2008C Bond for any period during which such 2008C Bond is held by a person who is a "substantial user," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), of any project refinanced with the proceeds of the 2008C Bonds or a "related person" to such a "substantial user."

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the 2008C/D Bonds in order for the interest thereon to be and remain excludable from gross income for federal income tax purposes. Examples include: the requirement that, unless an exception applies, the Authority rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2008C/D Bonds to the United States Treasury; restrictions on the investment of such proceeds and other amounts; and restrictions on the ownership and use of the facilities financed or refinanced with the proceeds of the 2008C/D Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the Authority subsequent to the issuance of the 2008C/D Bonds to maintain the exclusion of interest on the 2008C/D Bonds from gross income for federal income tax purposes. Failure to comply with such requirements may cause the inclusion of interest on the 2008C/D Bonds in the gross income of the owners thereof for federal income tax purposes, retroactive to the date of issuance of the 2008C/D Bonds. The Authority has covenanted to comply with each such requirement of the Code that must be satisfied subsequent to the issuance of the 2008C/D Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel is subject to the condition that the Authority complies with all such requirements. Bond Counsel has not been retained to monitor compliance with the described post-issuance tax requirements subsequent to the issuance of the 2008C/D Bonds.

Alternative Minimum Tax. An alternative minimum tax is imposed by the Code on corporations (as defined for federal income tax purposes) at a 20% rate and on taxpayers other than corporations at a graduated rate beginning at 26% and increasing to 28%. Interest on the 2008C Bonds will be treated as an item of tax preference for purposes of the alternative minimum tax and included in the alternative minimum taxable income of a holder of 2008C Bonds. Interest on the 2008D Bonds will

not be treated as an item of tax preference for purposes of the alternative minimum tax. Interest on the 2008D Bonds will therefore not be included in the alternative minimum taxable income of taxpayers other than corporations. Interest on the 2008D Bonds received by a corporate holder of the 2008D Bonds will, however, be included in such holder's adjusted current earnings. A corporation's alternative minimum taxable income will be increased by 75% of the corporation's adjusted current earnings not otherwise included in its alternative minimum taxable income.

Original Issue Premium. The 2008C Bonds maturing on October 1, 2008 through October 1, 2011, inclusive and the 2008C Term Bond maturing on October 1, 2026 as well as all of the 2008D Bonds (collectively, the "Premium Bonds") were sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a) (2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the 2008C/D Bonds, the interest on which is excludable from gross income. Under Section 1016(a) (5) of the Code, the purchaser's basis in a 2008C Bond or a 2008D Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(a) (2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a 2008C Bond or a 2008D Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016 (a) (5) of the Code) will be treated as a gain from the sale or exchange of such Bond and not as interest.

Original Issue Discount. The 2008C Bonds maturing on October 1, 2012 and October 1, 2013 (collectively, the "Discount Bonds"), were sold to the public at an original issue discount. The original issue discount is the excess of the stated redemption price at maturity of such a Discount Bond over the initial offering price to the public (excluding underwriters and other intermediaries) at which price a substantial amount of that maturity of the Discount Bonds was sold. Under existing law, an appropriate portion of any original issue discount, depending in part on the period a Discount Bond is held by the purchaser thereof, will be treated for federal income tax purposes as interest which is excludable from gross income rather than being treated as taxable gain.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compounded basis. The amount of original issue discount that accrues to a holder of a Discount Bond, who acquires the Discount Bond in this initial offering, during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the holder's tax basis in such Discount Bond. Proceeds received from the sale, exchange, redemption or payment of a Discount Bond in excess of the holder's adjusted basis (as increased by the amount of original issue discount which has accrued and has been treated as tax-exempt interest in the holder's hands), will be treated as gain from the sale or exchange of such Discount Bond and not as interest.

The federal income tax consequences from the purchase, ownership and redemption, sale or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of Discount Bonds should consult their own tax advisors with respect to the consequences of owning Discount Bonds, including the effect of such ownership under applicable state and local laws.

Reference is hereby made to the proposed form of Co-Bond Counsel opinion attached hereto as APPENDIX G.

Other Tax Consequences. Prospective purchasers of the 2008C/D Bonds should be aware that ownership of the 2008C/D Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2008C/D Bonds. Prospective purchasers of the 2008C/D Bonds should also be aware that ownership of the 2008C/D Bonds may result in adverse tax consequences under the laws of various states. Bond Counsel has not expressed an opinion regarding the collateral federal income tax consequences that may arise with respect to the 2008C/D Bonds. Further, Bond Counsel has expressed no opinion regarding the state tax consequences that may arise with respect to the 2008C/D Bonds. Prospective purchasers of the 2008C/D Bonds should consult their tax advisors as to the collateral federal income tax and state tax consequences to them of owning the 2008C/D Bonds.

Information Reporting and Backup Withholding. Interest paid on tax-exempt bonds, such as the 2008C/D Bonds, is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the 2008C/D Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate holders of 2008C/D Bonds, under certain circumstances, to "backup withholding" at (i) the fourth lowest rate of tax applicable under Section 1(c) of the Code (i.e., a rate applicable to unmarried individuals) for taxable years beginning on or before December 31, 2010; and (ii) the rate of 31% for taxable years beginning after December 31, 2010, with respect to payments on the 2008C/D Bonds and proceeds from the sale of 2008C/D Bonds. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such holder of 2008C/D Bonds. This withholding generally applies if the holder of 2008C/D Bonds (i) fails to furnish the Trustee (or other payor) such holder's social security number or other taxpayer identification number ("TIN"), (ii) furnished the Trustee (or other payor) an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the Trustee (or other payor) or such holder's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such holder is not subject to backup withholding.

LEGAL MATTERS

Certain legal matters relating to the authorization, issuance, sale and delivery of the 2008C/D Bonds is subject to the approval of Holland & Knight LLP, Tampa, Florida and Joyner & Jordan-Holmes, P.A., Tampa, Florida, whose legal services as Co-Bond Counsel have been retained by the Authority.

The proposed text of the legal opinion is set forth as APPENDIX G hereto. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Co-Bond Counsel have reviewed or expressed any opinion concerning any of the matters referenced in the opinion subsequent to its date.

The opinion of Co-Bond counsel will be limited to matters relating to the authorization and validity of the 2008C/D Bonds and the tax-exempt status of interest thereon, as described in the section "TAX MATTERS" and will make no statement regarding the accuracy and completeness of this Official Statement.

Co-Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Co-Bond Counsel as of the date thereof. Co-Bond Counsel assume no duty to update or supplement their opinions to reflect any facts or circumstances, including changes in law, that may thereafter occur or become effective.

In their capacity as Co-Bond Counsel, Holland & Knight LLP and Joyner & Jordan-Holmes, P.A. have reviewed the statements in this Official Statement under the captions "AUTHORIZATION OF THE 2008C/D BONDS," "DESCRIPTION OF THE 2008C/D BONDS," "SECURITY FOR THE 2008C/D BONDS", APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" and APPENDIX D - "PROPOSED CONCEPTUAL AMENDMENTS TO CERTAIN PROVISIONS OF THE TRUST AGREEMENT" and believe that insofar as such statements constitute summaries of the Trust Agreement and the provisions of the 2008C/D Bonds, such statements constitute fair summaries of the portions of the documents purported to be summarized. In their capacity as Co-Bond Counsel, Holland & Knight LLP and Joyner & Jordan-Holmes, P.A. have also reviewed the statements under the caption "TAX MATTERS" and believe such statements are accurate. Said firms express no further opinion with respect to the accuracy, completeness or sufficiency of this Official Statement, nor do they express any opinion as to the compliance by the Authority with any federal or state statute, regulation or ruling with respect to the sale or distribution of the 2008C/D Bonds.

Certain legal matters in connection with the offering of the 2008C/D Bonds will be passed upon for the Underwriters by their Counsel, GrayRobinson, P.A., Tampa, Florida, including matters relating to this Official Statement. Certain other legal matters will be passed upon for the Authority by its General Counsel, Gigi Skipper Rechel, Esquire.

The legal opinions to be delivered concurrently with the delivery of the 2008C/D Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") and Fitch Inc. ("Fitch") will assign their municipal bond ratings of "Aaa," "AAA" and "AAA," respectively, to the 2008C/D Bonds with the understanding that the Policy will be delivered by the Insurer concurrently with the issuance of the 2008C/D Bonds. Moody's, S&P and Fitch have assigned underlying ratings of "Aa3", "A+" and "AA-", respectively to the 2008C/D Bonds without regard to the issuance of the Policy. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from such rating agencies. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies. There is no assurance that such ratings will be maintained for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their or its judgment circumstances warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the 2008C/D Bonds.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder require that the Authority make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time after December 31, 1975. The Authority has never been in default as to principal and interest on its bonds or other debt obligations.

As set forth under "THE AIRPORT SYSTEM – Airfield and Other Facilities – *Delta Maintenance Facility – Pemco World Air Services, Inc. Maintenance Facility*," the special purpose facilities revenue bonds issued by the Authority as the "conduit issuer" on behalf of Delta and US Airways were included in Delta's and US Airways' respective Chapter 11 reorganization proceedings. The Authority believes that disclosure concerning the fact that the special purpose facilities revenue bonds were included in Delta's and US Airways' respective reorganization proceedings should not be considered material by a reasonable investor with respect to an investment in the 2008C/D Bonds because such conduit issues were separately secured by the "conduit borrowers," not the Authority, and payable solely from sources of the "conduit borrowers" and not of the Authority.

CONTINUING DISCLOSURE

The Authority, in accordance with the continuing disclosure requirements of Rule 15c2-12 in effect from time to time and applicable to the 2008C/D Bonds (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, will provide or cause to be provided, within 180 days of the end of the Authority's Fiscal Year to each nationally recognized municipal securities information repository ("NRMSIR") and to the State information depository ("SID"), if any, in each case as designated by the Commission in accordance with the Rule, certain annual financial information as of September 30 of each year, commencing with the Fiscal Year ending September 30, 2008, consistent with the financial information included in this Official Statement, and, when available, audited financial statements prepared pursuant to generally accepted auditing standards applicable to governmental entities. The operating data that will be provided by the Authority in addition to the annual audited financial statements will include (if not otherwise provided by the Authority to the NRMSIRs and the SID, if any, in connection with the Authority's other Outstanding Bonds), an update of the following annual operating data from the Official Statement which are in tabular form:

- (i) Airline Passenger Traffic;
- (ii) Top Markets for Tampa International Airport; and
- (iii) Airline Market Shares of Enplaned Passengers.

The Authority will additionally provide or cause to be provided, in a timely manner, to (i) each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB") and (ii) the SID, if any, notice of the occurrence of any of the following events with respect to the 2008C/D Bonds, if such event is material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers or their failure to perform;
- (vi) adverse tax opinions to or events affecting the tax-exempt status of the 2008C/D Bonds;
- (vii) modifications to rights of the holders of the 2008C/D Bonds;
- (viii) 2008C/D Bond calls (other than scheduled mandatory redemption);
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the 2008C/D Bonds; and
- (xi) rating changes.

The Continuing Disclosure Agreement, the form of which is included as APPENDIX F, will be executed by the Authority prior to issuance of the 2008C/D Bonds.

The Authority has not failed to comply with any prior agreements to provide continuing disclosure information pursuant to the Rule.

UNDERWRITING

The 2008C/D Bonds are being purchased for reoffering by Bear, Stearns & Co. Inc., Citigroup Global Markets Inc., Goldman, Sachs & Co., JPMorgan Securities Inc., Raymond James & Associates, Inc., and Siebert Brandford Shank & Co., LLC (collectively, the "Underwriters") at a price of \$46,970,225.77, representing the par amount of the 2008C/D Bonds, net of Underwriters' discount of \$197,146.68 from the initial offering prices of the 2008C/D Bonds set forth on the inside cover page hereof, plus net original issue premium of \$1,137,372.45. The contract of purchase by and between the Underwriters and the Authority provides that the Underwriters will purchase all of the 2008C/D Bonds if any are purchased.

The Underwriters may offer and sell the 2008C/D Bonds to certain dealers (including depositing the 2008C/D Bonds into investment trusts) and others at prices lower than the initial public offering prices stated on the inside cover page hereof. The public offering prices may be changed from time to time by the Underwriters.

JPMorgan Chase & Co. announced it is acquiring The Bear Stearns Companies Inc. The Boards of Directors of both companies have unanimously approved the transaction. JPMorgan Chase is guaranteeing the trading obligations of Bear Stearns and its subsidiaries and is providing management oversight for its operations. Other than shareholder approval, the closing is not subject to any material conditions. The transaction is expected to have an expedited close by the end of the calendar second quarter 2008. The Federal Reserve, the Office of the Comptroller of the Currency (OCC) and other federal agencies have given all necessary approvals.*

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* Information provided solely by Bear Stearns.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the 2008C/D Bonds, the security for the payment of the 2008C/D Bonds, and the rights and obligations of holders thereof.

The information contained in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the 2008C/D Bonds.

The execution and delivery of this Official Statement by its Chairman and its Executive Director have been duly authorized by the Authority.

HILLSBOROUGH COUNTY AVIATION AUTHORITY

/s/ Stephen J. Mitchell

Stephen J. Mitchell
Chairman

/s/ Louis E. Miller

Louis E. Miller
Executive Director

APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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APPENDIX A

Hillsborough County Aviation Authority
Tampa International Airport
Revenue Bonds, Series 2008

REPORT OF THE AIRPORT CONSULTANT

Ricondo & Associates, Inc.
105 East Fourth Street, Suite 1700
Cincinnati, OH 45202
513.651.4700 telephone
513.412.3570 facsimile

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April 2, 2008

Mr. Louis E. Miller
Executive Director
Hillsborough County Aviation Authority
Tampa International Airport
3rd Level, Blue Side
PO Box 22287
Tampa, FL 33622-2287

Re: ***Hillsborough County Aviation Authority
Tampa International Airport Revenue Bonds, 2008 Series A
Tampa International Airport Revenue Bonds, 2008 Series B
Tampa International Airport Revenue Refunding Bonds, 2008 Series C
Tampa International Airport Revenue Refunding Bonds, 2008 Series D***

Appendix A: Report of the Airport Consultant

Dear Mr. Miller:

This report sets forth findings, assumptions and projections of the air traffic and financial analysis performed by Ricondo & Associates, Inc. (R&A), in conjunction with the planned issuance by the Hillsborough County Aviation Authority, Florida (the Authority) of its Tampa International Airport Revenue Bonds, 2008 Series A, and Tampa International Airport Revenue Bonds, 2008 Series B (collectively known as Series 2008 A/B Bonds); and its Tampa International Airport Revenue Refunding Bonds, 2008 Series C, and Tampa International Airport Revenue Refunding Bonds, 2008 Series D (collectively known as Series 2008 C/D Refunding Bonds). Series 2008 A/B Bonds and Series 2008 C/D Refunding Bonds may also be collectively known as Series 2008 Bonds.)

The Authority operates 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 Vandenberg airports. This report is intended for inclusion in the Official Statement for the Series 2008 Bonds as Appendix A: Report of the Airport Consultant.

The Authority has authorized the issuance of the Series 2008 A/B Bonds which, together with investment earnings and certain other funds, will finance \$147.3 million of projects included in the Authority's Capital Improvement Program (CIP) that are referred to as the 2008 Project. The Series 2008 C/D Refunding Bonds will refund the Tampa International Airport Variable Rate Revenue Refunding Bonds, Series 2006 C and the Tampa International Airport Variable Rate Revenue Refunding Bonds, Series 2006 D.

The 2008 Project is comprised of the following projects at the Airport:



Mr. Louis E. Miller
Hillsborough County Aviation Authority
April 2, 2008
Page 2

- Economy Parking Garage and Roadway Improvements;
- Cargo Roadways;
- East Side Development Area Cargo and Ground Support Equipment Facilities;
- North Terminal Complex Site Development & Infrastructure Project.

This report includes examinations of the underlying economic base of the Air Trade Area (as defined in this report) for the Airport which directly relates to the demand for air transportation (Chapter 1); historical and projected air traffic activity at the Airport (Chapter 2); a description of existing Airport facilities and planned capital development including a summary of the 2008 Project (Chapter 3); and projected revenues and expenses, with consideration for the anticipated impacts of the 2008 Project and \$1.6 billion of other capital projects through the Authority's fiscal year (FY) 2018 (Chapter 4)¹.

On the basis of the assumptions and analyses described in this report, R&A is of the opinion that Authority Net Revenues will be adequate to meet the Authority's rate covenant, as set forth in the Codified and Restated Trust Agreement, during the projection period FY 2009 through FY 2018. Additional findings of these analyses include the following:

Economic Base

- Population growth in the Air Trade Area was below that for Florida, yet higher than that for the nation between 1990 and 2006. This trend in population growth for the Air Trade Area is expected to continue through at least 2015.
- Per capita EBI for the Air Trade Area was consistently higher than that for Florida and for the nation each year between 2001 and 2006. According to the publication *Demographics USA*, continued strong growth in per capita EBI for the Air Trade Area is expected between 2006 and 2011, the latest year for which such projections are currently available.
- Average annual unemployment rates for the Air Trade Area were below or nearly equivalent to those for Florida and significantly below the nation's rates each year between 1996 and 2007.
- Nonagricultural employment in the Air Trade Area increased at a compounded annual growth rate of 2.5 percent between 1996 and 2006, which was nearly twice the 1.3 percent growth experienced nationwide during this same period. The services industry has the highest percentage of employment in the Air Trade Area, followed by wholesale and retail trade combined.

¹ The Authority's fiscal year ends September 30.



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- The Air Trade Area offers a variety of cultural, recreational, and educational resources and activities.
- Recent macroeconomic conditions have had a broadly negative impact on Air Trade Area's economy, affecting areas such as population growth, effective buying income, employment levels and construction demand. However, these conditions are not expected to significantly alter the Air Trade Area's long-term socioeconomic trends.
- The economic base of the Air Trade Area is strong and diversified, and is capable of supporting increased demand for air travel at the Airport during the projection period.

Air Traffic

- Enplanement growth at the Airport was greater than that of the nation between 1997 and 2007. Enplanements are projected to grow at a compounded annual growth rate slightly less than the nation through 2018.
- Low cost carriers have continued to increase their market share of enplanements at the Airport. It is anticipated that by FY 2017 low cost carriers will replace legacy/mainline carriers as the leader in market share of enplanements.
- Historically, narrow-body aircraft have provided the majority of passenger airline operations. Wide-body and regional aircraft (less than 90 seats) have decreased in operations from FY 2003 through FY 2007.
- Operations projections for low cost carriers are expected to increase at an annual rate of 3.7 percent from FY 2007 through FY 2018, while legacy/mainline carriers are projected to increase at an annual rate of 0.8 percent.
- Total airline operations are projected to increase at a compounded annual growth rate of 2.2 percent over the projection period. Additionally, total airport operations are also projected to increase at a compounded annual growth rate of 2.2 percent over the projection period.
- The Airport is served by the majority of airlines operating in the U.S.

Financial Analyses

- The 2008 Project is feasible in terms of providing facilities necessary to help alleviate capacity constraints at the Airport at a cost that will produce reasonable levels of rates and charges to the users of the Airport facilities. Furthermore, the incorporation of the Authority's capital improvement program that totals approximately \$1.6 billion for the period FY 2009 through FY 2018 (excluding the 2008 Project), yields reasonable levels of rates and charges to the users of the Airport facilities over the projection period.



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- Projected airline rates and charges together with other Authority revenues are sufficient to ensure that all Operation and Maintenance (O&M) expenses, debt service and coverage, and fund deposit requirements can be generated through reasonable user fees. Cost per enplanement for the Signatory Passenger Airlines is projected to increase from a budgeted \$3.99 in FY 2008, to \$6.41 in FY 2018. This increase is primarily attributable to increasing O&M Expenses and Debt Service related to the 2008 Project and other anticipated future capital projects as well as inflationary increases to O&M Expense partially offset by increasing revenue sharing.
- Debt Service Coverage is projected to be greater than the required 1.25x in each of the projected years. As shown in the report, the Debt Service Coverage ratio is projected to range from 1.61x in FY 2010, the first full year of repayment of the Series 2008 Bonds debt service to 1.76x by FY 2018.

Except as defined otherwise, the capitalized terms used in this report are as defined in either the Codified and Restated Trust Agreement or the Airline-Airport Use and Lease Agreement (the Airline Agreement). The techniques used in this report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While R&A believes the approach and assumptions utilized are reasonable, some assumptions regarding future trends and events may not materialize. Achievement of projections described in this report, therefore, is dependent upon the occurrence of future events, and variations may be material.

Sincerely,

RICONDO & ASSOCIATES, INC.

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I. Economic Base for Air Transportation

The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of an airport's air trade area (i.e. the geographical area served by an airport). This relationship is particularly true for origin-destination (O&D) passenger traffic, which has been the foremost component of demand at the Airport and which represents passengers that either begin or end their trip at the Airport. Based on U.S. Department of Transportation (DOT) ticket sample data, O&D passengers accounted for approximately 88 percent of total passengers at the Airport in FY 2006. The major portion of demand for air travel at the Airport, therefore, is influenced more by the local characteristics of the area served than by individual air carrier decisions regarding hub and service patterns in support of connecting activity. This chapter presents data indicating that the Airport's air trade area has an economic base capable of supporting increased demand for air travel at the Airport during the projection period.

1.1 Air Trade Area

The borders of an 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 is the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (the Tampa Bay MSA), as defined by the federal government's Office of Management and Budget. According to the federal government, an 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 the State of Florida (Florida): Hernando, Hillsborough (the county in which the Airport is located), Pasco, and Pinellas.

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*. This secondary air trade area includes the additional Florida counties of Citrus, De Soto, Hardee, Manatee, Sarasota, Sumter, and a portion of Polk. The borders of this extended service area are established by Orlando International Airport to the east and Southwest Florida International Airport (Fort Myers) to the south. Although Sarasota-Bradenton International Airport is located approximately 50 miles south of the Airport within the secondary air trade area, a portion of its passengers prefer to drive to the Airport to take advantage of its more extensive flight selections to major O&D markets.² St. Petersburg-Clearwater International Airport (PIE) is located approximately 12 miles west of the Airport within the primary air trade area; however, its scheduled passenger service is limited in scope. The majority of scheduled passenger service to this airport is provided by leisure-oriented carriers (primarily Allegiant and USA 3000) that operate less than daily service patterns to secondary markets.

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 (CBSA). 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.

² As of March 2008, the Airport provided nonstop service to 73 destinations with a total of between 305 and 324 flights per day (depending on the day of the week), compared to 17 destinations with a total of 38 flights per day at Sarasota-Bradenton International Airport.

According to an independent survey conducted for the Authority in 2007, approximately 78.0 percent of enplaned passengers at the Airport originate their trip to the Airport from the Tampa Bay MSA.³ Despite the new service by Allegiant at PIE, when compared with a similar 2004 passenger survey conducted for the Airport, the percentage of passengers originating their trip to the Airport from Pinellas County decreased by only 1.4 percentage points. According to the Authority, this statistic does not reflect passenger leakage to PIE, but rather the larger number of passengers originating their trip to the Airport from Pasco and Hernando counties in the 2007 survey. In addition, approximately 16.9 percent of enplaned passengers at the Airport originate their trip from counties included in the secondary air trade area.⁴ In total, approximately 94.9 percent of enplaned passengers at the Airport originate their trip to the Airport from the 11 counties comprising the primary and secondary air trade areas.

It is the economic strength of the Tampa Bay MSA, however, that provides the primary base for supporting air transportation at the Airport. As a result, only socioeconomic data for the Tampa Bay MSA (hereinafter referred to as the Air Trade Area) were analyzed in conjunction with those for Florida and the United States. **Exhibit I-1** presents the geographical location of the Airport's primary and secondary air trade areas, as well as its proximity to alternative facilities.

1.2 Population

Historical population for the Air Trade Area, Florida, and the United States is presented in **Table I-1**. As shown, population in the Air Trade Area increased from approximately 2.1 million in 1990 to approximately 2.4 million in 2000, and to approximately 2.7 million in 2006. This increase represents a compounded annual growth rate of 1.7 percent between 1990 and 2006, which was below the 2.1 percent growth rate for Florida yet higher than the 1.2 percent growth rate for the nation. According to the Hillsborough County City-County Planning Commission, net migration (the difference between total population change and natural increase) accounts for the majority of population growth in the Air Trade Area. Based on U.S. Census Bureau data, between 2000 and 2004 average annual domestic migration to the Air Trade Area totaled approximately 36,395 people.⁵ A 2007 St. Petersburg Times analysis of Internal Revenue Service data showed that New York City and its suburbs are now the largest source of migration to the Air Trade Area (followed by Chicago and its suburbs).

While net migration has remained positive, there are signs that migration to the Air Trade Area and Florida as a whole has slowed since earlier this decade. For example, projected enrollment in the Air Trade Area's public schools was expected to be flat during the 2007-2008 academic year.⁶ Also, between July 2006 and 2007, Florida slipped from the fourth fastest growing state in the country in terms of population to the nineteenth fastest growing according to the U.S. Census Bureau.⁷ Despite higher home prices, property taxes and homeowners insurance premiums since earlier this decade,

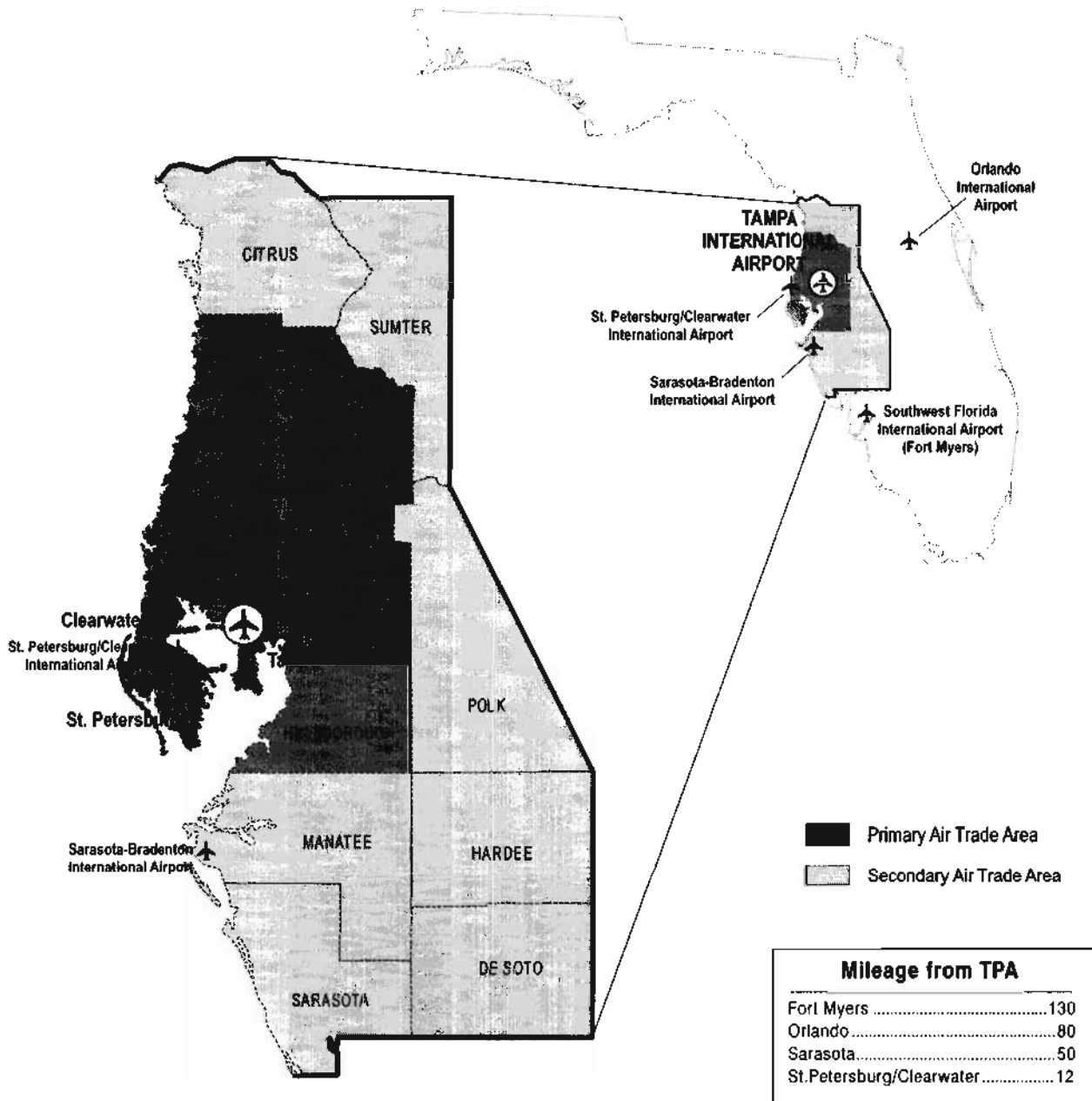
³ 2007 Passenger Survey Report, Tampa International Airport, Ricondo & Associates, Inc.

⁴ According to the 2007 Passenger Survey Report, approximately 7 percent of enplaned passengers at the Airport originate their trip to the Airport from Sarasota County.

⁵ "Domestic migration" as defined by the U.S. Census Bureau is the movement of people within the United States. This statistic does not encompass migration exchanges between the Air Trade Area and other countries or U.S. territories.

⁶ Source: Tampa Bay Business Journal, "No '08 Growth In Area Schools," August 31, 2007.

⁷ Source: Tampa Bay Business Journal, "Wachovia Economist: Recession Will Be Avoided," January 23, 2008.



Prepared by: Ricondo & Associates, Inc..

Exhibit I-1

Air Trade Area and Alternative Facilities

Table I-1

Historical and Projected Population

Area	Historical			Projected 2015	Compounded Annual Growth Rate			
	1990	2000	2006		Historical		Projected	
					1990-2000	2000-2006	1990-2006	2006-2015
Hernando County	101,115	130,802	165,409	193,800	2.6%	4.0%	3.1%	1.8%
Hillsborough County	834,054	998,948	1,157,738	1,394,600	1.8%	2.5%	2.1%	2.1%
Pasco County	281,131	344,765	450,171	533,600	2.1%	4.5%	3.0%	1.9%
Pinellas County	851,659	921,482	924,413	992,700	0.8%	0.1%	0.5%	0.8%
Air Trade Area	2,067,959	2,395,997	2,697,731	3,114,700	1.5%	2.0%	1.7%	1.6%
State of Florida	12,937,926	15,982,378	18,089,888	21,831,500	2.1%	2.1%	2.1%	2.1%
United States	248,709,873	281,421,906	299,398,484	322,370,500	1.2%	1.0%	1.2%	0.8%

Sources: U.S. Department of Commerce, Bureau of the Census (historical - all areas; projected - U.S.)
University of Florida, Bureau of Economic and Business Research, Bulletin No. 147, February 2007
(Medium-growth depicted)

Prepared by: Ricondo & Associates, Inc.

the Air Trade Area is becoming the choice of buyers priced out of other Florida markets according to a recent speech by the chief economist for Wachovia Bank.⁸

Table I-1 also presents population projections for the Air Trade Area, Florida, and the nation for 2015. As shown, population trends experienced in the Air Trade Area between 1990 and 2006 are expected to continue through at least 2015. Population in the Air Trade Area is expected to increase from approximately 2.7 million people in 2006 to approximately 3.1 million people in 2015 with a compounded annual growth rate of 1.6 percent during this period. The population growth rate for the Air Trade Area during this period is lower than the compounded annual growth rate of 2.1 percent projected for Florida, yet higher than the 0.8 percent projected for the nation.

1.3 Income

One measure of the relative income of an area is its Effective Buying Income (EBI). EBI is essentially disposable personal income and includes personal income less personal taxes (federal, state, and local), non-tax payments including fines and penalties, and personal contributions for social insurance. EBI is a composite measurement of market potential and indicates the general ability to purchase an available product or service. According to the 2007 edition of the publication *Demographics USA*, of the top 300 Metropolitan and Micropolitan Statistical Areas in the nation, the Air Trade Area is currently ranked 21st in total EBI and is projected to be ranked 19th in the nation in 2011.

Table I-2 presents historical per capita EBI for the Air Trade Area, Florida, and the nation between 2001 and 2006. As shown, per capita EBI for the Air Trade Area was consistently higher than that for Florida and for the nation each year between 2001 and 2006. As also shown, per capita EBI for the Air Trade Area increased at a compounded annual growth rate of 2.1 percent between 2001 and 2006, which was less than Florida's rate but higher than the nation's during this same period (compounded annual growth rates of 2.5 percent and 1.9 percent, respectively).

Table I-2 also presents per capita EBI projected for 2011, the latest year for which such projections are currently available. According to the publication *Demographics USA*, per capita EBI for the Air Trade Area is projected to increase from \$21,625 in 2006 to \$24,004 in 2011. This increase represents a compounded annual growth rate of 2.1 percent during this period, which exceeds the rate projected for Florida and the nation (compounded annual growth rates of 2.0 percent, respectively). Although this is the most currently available projection, the recent decrease in home values has resulted in less home equity for Air Trade Area consumers to borrow against, which may result in decreased EBI in the short-term. According to a November 2007 report from Economy.com, the Air Trade Area ranks 59th out of 381 markets in the importance of home equity extractions to personal income.⁹

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 personal income increases, air transportation becomes more affordable and, therefore, is used more frequently. Table I-2 also presents percentages of households in selected EBI categories for 2006. As shown, 17.4 percent of households in the Air Trade Area had an EBI of \$75,000 or more in 2006,

⁸ Source: Tampa Bay Business Journal, "Wachovia Economist: Recession Will Be Avoided," January 23, 2008.

⁹ Source: Tampa Tribune, "Tampa Area Ranks 9th Among Areas Most Prone to Recession," January 7, 2008.

Table I-2
Effective Buying Income

Year	Per Capita EBI		
	Air Trade Area	State of Florida	United States
Historical			
2001	\$19,502	\$18,671	\$18,491
2002	\$20,014	\$19,474	\$18,375
2003	\$20,190	\$19,741	\$18,662
2004	\$20,740	\$20,394	\$19,289
2005	\$21,088	\$20,770	\$19,779
2006	\$21,625	\$21,156	\$20,286
Projected			
2011	\$24,004	\$23,359	\$22,408
Compounded Annual Growth Rate			
2001 - 2006	2.1%	2.5%	1.9%
2006 - 2011	2.1%	2.0%	2.0%
Percentage of Households in Income Categories (2006 EBI)			
Income Category	Air Trade Area	State of Florida	United States
Less than \$24,999	28.6%	28.4%	27.1%
\$25,000 to \$49,999	35.2%	34.1%	33.8%
\$50,000 to \$74,999	18.8%	19.0%	19.9%
\$75,000 to \$99,999	9.6%	10.0%	10.5%
\$100,000 or More	7.8%	8.5%	8.7%

Sources: Sales and Marketing Management, *Survey of Buying Power*, 2002-2005

TradeDimensions International, Inc., *Demographics USA - County Edition*, 2006-2007

Prepared by: Ricondo & Associates, Inc.

compared to 18.5 percent for Florida and 19.2 percent for the nation. According to the Summer 2007 edition of the *Tampa Bay Partnership's Regional Economic Scorecard*, the Air Trade Area's average wage growth rate of 9.9% is higher than five other comparison regions (Atlanta, Charlotte, Dallas, Jacksonville and Raleigh/Durham) in the southern U.S.

1.4 Employment

Recent employment trends for the Air Trade Area, Florida, and the United States are presented in **Table I-3**. As shown, the Air Trade Area's civilian labor force increased from approximately 1.1 million workers in 1996 to approximately 1.35 million workers in 2007. This increase represents a compounded annual growth rate of 1.5 percent during this period, compared to 2.3 percent for Florida and 1.2 percent for the nation. As also shown in Table I-3, average annual unemployment rates for the Air Trade Area were below or nearly equivalent to those for Florida and significantly below the nation's rates each year between 1996 and 2007. For December 2007, the most recent month for which statistics are available, the Air Trade Area had the twelfth lowest unemployment rate (4.7 percent) of the twenty-three Florida MSA's and Metropolitan Divisions that are ranked by the Florida Agency for Workforce Innovation.¹⁰

An analysis of nonagricultural employment trends by major industry division is presented in **Table I-4**, which compares the Air Trade Area's employment trends to those for the nation for 1996 and 2006. As shown, nonagricultural employment in the Air Trade Area increased from approximately 1.0 million workers in 1996 to approximately 1.3 million workers in 2006. This increase represents a compounded annual growth rate of 2.5 percent during this period, nearly twice the 1.3 percent growth rate experienced nationwide.

As of December 2007, the most recent month for which statistics are available, the Air Trade Area experienced year-over-year (December 2007 vs. December 2006) non-agricultural job growth of 13,500 jobs (or 1 percent). According to the Florida Agency for Workforce Innovation, based on percentage change, this was the second-highest non-agricultural job growth of the twenty-three Florida MSA's and Metropolitan Divisions that they rank.

With the exception of manufacturing and transportation/utilities, each of the major industry groups in the Air Trade Area experienced positive growth between 1996 and 2006, with the highest growth occurring in the construction, financial, and services sectors. Manufacturing employment in the Air Trade Area decreased slightly from approximately 76,700 workers in 1996 to approximately 76,100 workers in 2006. This decrease in the manufacturing base between 1996 and 2006 was not unique to the Air Trade Area, as manufacturing employment nationwide decreased 1.9 percent on a compounded annual basis during this same period. The slower rate of decline in the Air Trade Area's manufacturing base can be attributed to the rapid growth of the medical manufacturing industry.¹¹ Transportation/utilities employment in the Air Trade Area also decreased from approximately 32,000 workers in 1996 to approximately 30,700 workers in 2006. According to the

¹⁰ The MSA with the lowest unemployment in Florida was Gainesville (3.2 percent) and the MSA with the highest unemployment rate was the Palm Coast MSA (6.4 percent). The term Metropolitan Division refers to a county or group of closely-tied contiguous counties that serve as a distinct employment region within an MSA that has a population core of at least 2.5 million.

¹¹ According to an August 2007 study by the University of South Florida Center for Economic Development Research, *The Medical Products Industry Cluster in Tampa Bay and Florida*, the medical products industry in the Air Trade Area contributes a total direct economic output of \$3.4 billion and employs 12,500 workers.

Table I-3

Civilian Labor Force and Unemployment Rates

Year	Civilian Labor Force (000)		
	Air Trade Area	State of Florida	United States
1996	1,144	7,208	133,943
1997	1,185	7,409	136,297
1998	1,223	7,573	137,673
1999	1,255	7,711	139,368
2000	1,200	7,870	142,583
2001	1,210	7,998	143,734
2002	1,223	8,125	144,863
2003	1,231	8,246	146,510
2004	1,264	8,451	147,401
2005	1,295	8,711	149,320
2006	1,327	8,989	151,428
2007	1,354	9,219	153,124
Compounded Annual Growth Rate			
1996 - 2007	1.5%	2.3%	1.2%
Unemployment Rates			
Year	Air Trade Area	State of Florida	United States
1996	4.0%	5.3%	5.4%
1997	3.6%	5.0%	4.9%
1998	3.2%	4.5%	4.5%
1999	2.9%	4.0%	4.3%
2000	3.4%	3.8%	4.0%
2001	4.3%	4.7%	4.7%
2002	5.6%	5.7%	5.8%
2003	5.3%	5.3%	6.0%
2004	4.5%	4.7%	5.5%
2005	3.8%	3.8%	5.1%
2006	3.3%	3.3%	4.6%
2007	3.9%	3.8%	4.6%

Source: U.S. Department of Labor, Bureau of Labor Statistics

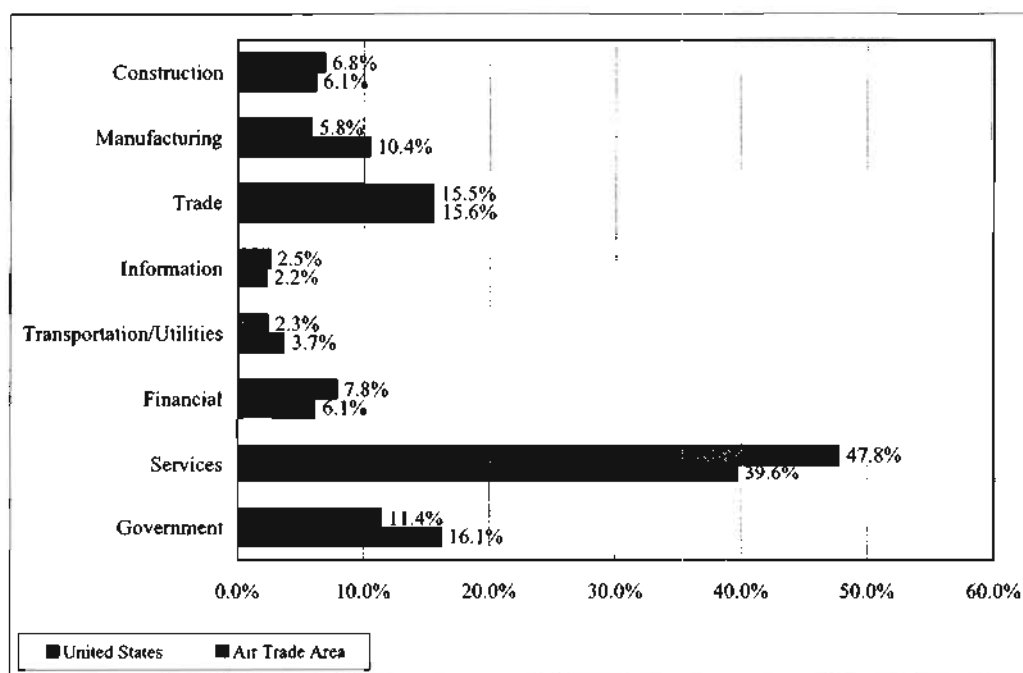
Prepared by: Ricondo & Associates, Inc.

Table I-4

Employment Trends by Major Industry Division

Industry	Air Trade Area Nonagricultural Employment			United States Nonagricultural Employment (000)		
	1996	2006	Compounded Annual Growth Rate	1996	2006	Compounded Annual Growth Rate
Construction ^{1/}	55,800	89,400	4.8%	6,173	8,373	3.1%
Manufacturing	76,700	76,100	-0.1%	17,237	14,197	-1.9%
Trade	178,800	202,700	1.3%	19,665	21,217	0.8%
Information ^{2/}	29,100	32,900	1.2%	2,940	3,055	0.4%
Transportation/Utilities	32,000	30,700	-0.4%	4,575	5,014	0.9%
Financial	70,400	102,600	3.8%	6,969	8,363	1.8%
Services	447,300	625,200	3.4%	42,611	53,965	2.4%
Government	132,000	149,000	1.2%	19,539	21,990	1.2%
Total	1,022,100	1,308,600	2.5%	119,708	136,174	1.3%

PERCENT OF 2006 NONAGRICULTURAL EMPLOYMENT



Notes:

^{1/} Includes mining employment.

^{2/} The information sector includes communications, publishing, motion picture and sound recording, and on-line services.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Prepared by: Rucondo & Associates, Inc.

Greater Tampa Chamber of Commerce and Tampa Bay Partnership, this decrease in the transportation/utilities base between 1996 and 2006 was primarily due to the downsizing of utility companies over the past ten years (due to increased efficiency) and restructuring by legacy air carriers in the post-9/11 period.¹²

A shifting of the Air Trade Area's employment base occurred between 1996 and 2006, as manufacturing employment decreased from 7.5 percent of total employment in 1996 to 5.8 percent in 2006; and services employment increased from 43.8 percent of total employment in 1996 to 47.8 percent in 2006. These trends in the Air Trade Area's employment base were consistent with changes in the employment base nationwide, as manufacturing decreased from 14.4 percent to 10.4 percent and services increased from 35.6 percent to 39.6 percent during this same period.

Major employers in the Air Trade Area, as measured by number of employees, are presented in **Table I-5**. As shown, there are approximately 50 firms in the Air Trade Area with at least 1,350 employees. The largest employers in the Air Trade Area include the Hillsborough County School District (25,487 employees), Pinellas County School District (17,474 employees), Verizon Communications (14,000 employees), MacDill Air Force Base (12,000 employees), and the University of South Florida (11,607 employees).

Two of the 12 Fortune 500 companies headquartered in Florida are located in the Air Trade Area or the secondary air trade area: Publix Super Markets (ranked 107th in 2006 revenues; one of the nation's leading food and drug stores) and Tech Data (ranked 109th in 2006 revenues; one of the nation's largest publicly-traded retailers of wholesale computer and peripheral equipment and software). Fortune 1000 companies that are headquartered in the Air Trade Area include OSI Restaurant Partners (ranked 535th in 2006 revenues; food services provider), WellCare Health Plans (ranked 551st in 2006 revenues; health insurance provider), TECO Energy (ranked 582nd in 2006 revenues; gas and electric company), Walter Industries (ranked 634th in 2006 revenues; industrial and farm equipment manufacturer), Raymond James Financial (ranked 712th in 2006 revenues; financial services provider) and Roper Industries (ranked 947th in 2006 revenues; diversified industrial products and services provider).

Table I-6 presents major new and expanded business development in the Air Trade Area in 2006. The total investment attributed to new and expanded business development in 2006 is approximately \$445.5 million. This investment has generated new jobs and allowed the Air Trade Area to retain existing jobs. According to the 2007 Milken Institute/Greenstreet Partners Best Performing Cities 2007 index, the Air Trade Area ranks 44th out of the 200 largest metropolitan areas in the nation in the ability to create and sustain jobs.

1.5 Economic Base

This section reviews the local economy in greater detail to more clearly examine the basis for the economic strength of the Air Trade Area.

¹² Closure of two maintenance hangars at the Airport by US Airways (November 2002) and Delta (March 2005) led to the loss of approximately 600 jobs.

Table I-5

Major Employers ¹

Employer	Employees	Product or Service
Hillsborough County School District	25,487	Education
Pinellas County School District	17,474	Education
Verizon Communications	14,000	Telecommunications
MacDill Air Force Base	12,000	Military Services
University of South Florida	11,607	Education
Hillsborough County Government	10,886	Government
Pasco County School District	9,002	Education
Pinellas County Government	6,559	Government
James A Haley Veterans Hospital	5,900	Healthcare
St Joseph's-Baptist Health Care	5,242	Healthcare
JPMorgan Chase	5,237	Financial Services
Verizon Information Technologies	5,000	Telecommunications
Raymond James	5,000	Financial Services
Publix Super Markets	4,630	Retail Grocer
U.S. Postal Service	4,502	Postal Services
City of Tampa	4,500	Government
Bank of America	3,754	Financial Services
Outback Steakhouse	3,625	Restaurants
Nielsen Media Research	3,516	Market Research/Public Opinion
City of St. Petersburg	3,458	Government
Pasco County Government	3,394	Government
Bay Pines VA Medical Center	3,318	Healthcare
TECO Energy	3,211	Utility
Tampa General Hospital	3,166	Healthcare
University Community Hospital	3,100	Healthcare
Citigroup	3,000	Financial Services
Hillsborough Community College	2,735	Education
SweetBay Supermarket	2,652	Retail Grocer
Morton Plant Hospital	2,443	Healthcare
Busch Gardens	2,437	Entertainment
Caspers Company McDonald's Restaurants	2,416	Restaurants
Hernando County School Board	2,400	Education
Progressive Insurance	2,359	Insurance
USF Health Sciences Center	2,217	Healthcare/Education
Bayfront Medical Center	2,212	Healthcare
Times Publishing	2,171	Newspaper/Publishing
Honeywell	2,119	Manufacturing
All Children's Health System	2,000	Healthcare
Raytheon	1,990	Manufacturing
H. Lee Moffitt Cancer Center & Research Institute	1,901	Healthcare
Jabil Circuit	1,739	Manufacturing
HSN	1,673	Retail
Wal-Mart Stores	1,600 ²	Retail
USAA Insurance	1,546	Insurance
Tampa Tribune	1,530	Newspaper/Publishing
Special Data Processing	1,521	Telemarketing
Tech Data	1,512	Computer and Software
IBM	1,500	Computer and Software
Time Customer Service	1,430	Newspaper/Publishing
Medco Health Solutions	1,350	Health Care

Notes:

¹ As of 2007.

² The Wal-Mart figures only include the distribution center in Hernando County, not employment at retail stores.

Source: Tampa Bay Partnership

Prepared by: Ricondo & Associates, Inc.

Table I-6

New and Expanded Businesses in 2006

Company	Industry Sector – Product or Service ¹	Activity	Investment
ValPak	MANUFACTURER – HQ, Manufacturing and printing	Expanded	\$185,000,000
Progress Energy	UTILITY – HQ	Expanded	\$100,000,000
Coca-Cola Enterprises	DISTRIBUTOR – Non-alcoholic beverages	Expanded	\$35,000,000
Halkey-Roberts	MANUFACTURER – Medical device components	Expanded	\$18,000,000
Honeywell	MANUFACTURER – Department of Defense	Expanded	\$13,200,000
SRI St. Petersburg	MANUFACTURER – Marine technologies and R&D	New	\$10,000,000
Alumi-Guard Incorporated	MANUFACTURER – Ornamental aluminum products	Expanded	\$8,500,000
Tampa Bay Shipbuilding & Repair Co.	MANUFACTURER – Shipbuilding and repair	Expanded	\$7,000,000
Electro Mechanical Solutions	MANUFACTURER – Semiconductor processing equipment	Expanded	\$6,000,000
Master Environmental Services, Inc.	MANUFACTURER – Aluminum recycling/methanol product	Expanded	\$5,000,000
Suncoast Concrete	MANUFACTURER – Concrete	Expanded	\$5,000,000
The Hogan Group	SERVICES – Commercial real estate	Expanded	\$5,000,000
Broedell Plumbing Supply, Inc.	DISTRIBUTOR – Plumbing supplies	Expanded	\$4,250,000
Clark Steel Framing Systems	MANUFACTURER – Steel stud framing	Expanded	\$4,000,000
OPINICUS Corp.	MANUFACTURER – R&D; flight simulators	Expanded	\$4,000,000
Withlacoochee River Electric	UTILITY	Expanded	\$2,500,000
South Pacific Trading Company	MANUFACTURER – Dietary supplement juice products	Expanded	\$2,400,000
Composite Pool Corporation	MANUFACTURER – Fiberglass pools	Expanded	\$2,000,000
Quadrant Software	INFORMATION TECHNOLOGY – HQ, Software developer	New	\$2,000,000
Bergoff USA	MANUFACTURER – Restaurant/kitchen supplies	Expanded	\$1,750,000
PAW Materials Inc.	MANUFACTURER – Demolition/crushing concrete/asphalt	Expanded	\$1,700,000
Micron Pharma Works	MANUFACTURER – Blister packaging machinery	Expanded	\$1,500,000
Holiday House Distributing	DISTRIBUTOR – Wholesale paint	Expanded	\$1,500,000
DataMentors	INFORMATION TECHNOLOGY – Software	Expanded	\$1,500,000
Progressive Insurance	FINANCE & INSURANCE – Insurance processing	Expanded	\$1,500,000
Gulf Refrigeration	DISTRIBUTOR – Refrigeration parts	Expanded	\$1,400,000
Sarah Coventry, HPP, Inc.	DISTRIBUTOR – HQ, Jewelry	New	\$1,165,000
Marketing Directories Services, Inc.	SERVICES – Marketing services	Expanded	\$1,100,000
Chapman Tool and Mold	MANUFACTURER – Injection molding	Expanded	\$1,000,000
Cobra Security Shutters, Inc.	MANUFACTURER – Roller shutters	Expanded	\$1,000,000
Earth Tech	MANUFACTURER – Sink hole repair	Expanded	\$865,000
C & C Window and Door	MANUFACTURER – Windows, doors	Expanded	\$890,000
Formulated Solutions	MANUFACTURER – Cosmetics	Expanded	\$800,000
Lifeline Medical, Inc.	DISTRIBUTOR – Medical products	New	\$750,000
Publix	RETAIL – Information technology offices for grocery chain	Expanded	\$750,000
Regions Facility Services, Inc.	SERVICES – Facility maintenance company	Expanded	\$750,000
Glass & Mirror Crafters, Inc.	MANUFACTURER – Fixed glass, shower enclosures	Expanded	\$675,000
Environmental Graphics, Inc.	MANUFACTURER – Architectural signage	Expanded	\$625,000
BK Plastics Industry, Inc.	MANUFACTURER – Plastics, thermoforming	Expanded	\$560,000
Cotton Dock/Green Butterfly, LLC	MANUFACTURER – Cabinets	New	\$500,000
Jean Niel USA	MANUFACTURER – HQ, Flavored extracts for food industry	New	\$500,000
Pro Gator Boats	MANUFACTURER – Boat manufacturing	Expanded	\$500,000
US Signs & Letters, Inc.	MANUFACTURER – Wholesale exterior signs	Expanded	\$500,000
OneSimpleLoan	FINANCE & INSURANCE – HQ, Loan processing	Expanded	\$500,000
Tampa Bay Trane	DISTRIBUTOR – Air conditioning wholesaler	Expanded	\$400,000
C & M Millwork, Inc.	MANUFACTURER – Millwork, doors	Expanded	\$380,000
America II	MANUFACTURER – Microelectronics	Expanded	\$350,000
Daybar Industries, Ltd.	MANUFACTURER – Steel doors and frames	Expanded	\$300,000
Hann Powerboats	MANUFACTURER – Powerboats	New	\$250,000
Metal Creations by Ziggy, Inc.	MANUFACTURER – Walkway systems, handrails	Expanded	\$250,000
All Natural Botanicals	MANUFACTURER – Natural perfumes & cosmetics	Expanded	\$170,000
Flagstone Pavers	MANUFACTURER – Brick pavers	Expanded	\$150,000
Absolute Financial Services, Inc	DISTRIBUTOR – ATM machines	Expanded	\$40,000
PriceWaterhouseCoopers LLC	FINANCE & INSURANCE – Shared services	Expanded	N/A
CGI Group Inc.	FINANCE & INSURANCE – Insurance processing	New	N/A
PRC LLC	FINANCE & INSURANCE – Call center	Expanded	N/A
MetLife	FINANCE & INSURANCE – Insurance processing	Expanded	N/A
Indymac Bank	FINANCE & INSURANCE – Mortgage processing	New	N/A
Ford Motor Credit Company	FINANCE & INSURANCE – Call center	Expanded	N/A
Southeastern Spine Center	SERVICES – Life sciences, medical office/R&D	Expanded	N/A
Health Integrated Inc.	INFORMATION TECHNOLOGY – HQ, Health mgmt. programs	Expanded	N/A
National City Mortgage	FINANCE & INSURANCE – Call center	New	N/A
Partners in Practice	SERVICES – HQ, Medical practice office management	Expanded	N/A
Tower Cloud LLC	INFORMATION TECHNOLOGY – HQ, Wireless infrastructure	New	N/A
Total New Companies			\$15,165,000
Total Expansion of Existing Companies			\$430,355,000
Total All Companies			\$445,520,000

Note:

¹ "HQ" Indicates that the company's headquarters is located in the Air Trade Area

Source: Tampa Bay Partnership

Prepared by: Ricardo & Associates, Inc

1.5.1 Construction

As presented in Table I-4, construction employment in the Air Trade Area increased at a compounded annual growth rate of 4.8 percent between 1996 and 2006 (the fastest growing sector during this period), compared to 3.1 percent for the nation. In 2006, the construction sector accounted for 89,400 employees in the Air Trade Area, which represented 6.8 percent of total nonagricultural employment.

Several major development projects have been initiated and/or completed in the Air Trade Area in recent years:

- **Condo Hotels and Residential Condominiums.** Large condo hotel projects being developed in the Air Trade Area include the Residences at the Ritz-Carlton Tampa Bay, Aqualea Resort and Residences (which will be managed by Hyatt Resorts), the Westin Tampa Bay Residences, and the Grand Bohemian Hotel and Residences. Construction is either under way or planned to begin this year for these high-end projects. Notable residential condominium towers completed in 2007 in the Air Trade Area were Skypoint (32 floors) and the Towers of Channelside East and West (both 29 floors). Construction on the 35 floor, 395-residence Element condominium tower began in the 1st quarter of 2007.
- **New Cardiac Hospital Facilities.** In 2006, the Morgan Heart Hospital at Morton Plant opened in Clearwater. The \$52 million facility has four open-heart surgical suites, four cardiac catheterization labs, two cardiac electrophysiology suites and 90 patient rooms. In Tampa, the Pepin Heart Hospital opened the same year. It is the southeast's first all-digital cardiovascular specialty facility and cost \$24.5 million to build.
- **LifeLink Tissue Bank.** LifeLink, a nonprofit organization that collects organs, skin and bone tissue from the deceased and processes them for use in transplant operations, will build a new \$26.5 million tissue bank in the Air Trade Area by 2010. The new 60,000 square foot facility will be twice the size of the current tissue bank and, when completed, will allow the tissue bank to add 20 employees to its current staff of 85.
- **Progress Energy Headquarters.** Completed in 2006, Progress Energy's new sixteen story headquarters cost \$77 million to build and was the largest office building to be built in St. Petersburg's central business district in the past fifteen years.
- **Airport Garages.** The Authority completed a six-level, \$79.4 million economy parking garage in May 2006. The garage includes parking space for more than 5,500 cars. A second economy parking garage containing 5,668 parking spaces is expected to be fully operational by May 2009 (with about 3,000 spaces available by November 2008). Additionally, the Authority opened a seven-level, \$33.5 million rental car garage in November 2006. The garage includes parking for 710 rental cars.
- **Tampa Museum of Art.** Site work on this new art museum began in December 2007 with the first phase of the museum scheduled for completion in April 2009. The first phase of the museum will include 15,000 square feet of gallery space and will be 60,000 square feet total. The museum will eventually be expanded in a second phase to 120,000 square feet.
- **Glazer Children's Museum.** Ground breaking for this \$25 million museum will take place in August 2008 with an opening planned for fall 2009. The 54,000 square foot, three-story facility will feature 21,000 square feet for permanent displays and 8,000 square feet for

rotating exhibits, classrooms and a family resource center. The museum will be located next to the Tampa Museum of Art

- **Tampa Bay History Center.** A new 60,000 square foot home for the history center is scheduled for completion in December 2008. The new regional history museum will contain space for over 30,000 artifacts.

As discussed earlier, net migration accounts for the majority of population growth in the Air Trade Area, which creates the continued need for residential development. As shown in **Table I-7**, residential building permit units increased from 14,680 in 1996 to 22,640 in 2006; and building permit valuation increased from approximately \$1.3 billion to approximately \$3.8 billion during this same period. These increases represent compounded annual growth rates of 4.4 percent and 11.7 percent, respectively. As also shown, these respective growth rates were lower than those for Florida but substantially higher than those for the nation during this same period.

Despite the long-term trends that favor the continued need for residential development, the Air Trade Area has been significantly impacted by the nationwide slowing of the residential real estate market over the past two years. In 2007, as reflected in **Table I-7**, Air Trade Area residential building permit units decreased by 45.5 percent from the prior year, compared with a 24.9 percent decrease nationally. This was the second year in a row the Air Trade Area, State and nation experienced a decrease. The most recent data on Air Trade Area housing prices shows a similar trend, with fourth quarter 2007 housing prices down 12.2 percent when compared to the fourth quarter of 2006 (versus a 5.8 percent decrease nationally).¹³ Although the Air Trade Area is still currently working through a forty month backlog of vacant developed home lots (an ideal supply is considered to be 18 to 24 months), the lack of new construction and falling prices is predicted to lead to a healthy balance between supply and demand by early 2009.¹⁴

As depicted in **Table I-8**, the commercial real estate market in the Air Trade Area has had a stronger recent performance than the residential real estate market. Although the office vacancy rate is slowly rising (up 0.6 percentage points from the fourth quarter of 2006), the Air Trade Area had a 10.7 percent office vacancy rate for the fourth quarter of 2007 compared with 12.2 percent nationwide. The industrial vacancy rate in the Air Trade Area is slowly rising as well (up 0.4 percentage points from the fourth quarter of 2006), but the 6.0 percent vacancy rate for the fourth quarter of 2007 compares favorably with the nationwide rate of 7.7 percent.

Despite some impact from the deteriorating residential real estate market as companies that expanded to take advantage of the residential real estate boom give back commercial space, the commercial real estate market in the Air Trade Area is predicted to remain stable in 2008.¹⁵ Unlike the residential real estate market, the commercial real estate market in the Air Trade Area has not suffered from overbuilding. In 2007, the commercial real estate market in the Air Trade Area increased its overall inventory by less than 4 percent.¹⁶

¹³ Source: USA Today, "Falling Home Sales Problem Spreads to 45 States" February 14, 2008.

¹⁴ Sources: St. Petersburg Times, "Housing Horizon Brightens Slightly," January 9, 2008 and St. Petersburg Times, "Dark Clouds Begin to Part," December 30, 2007.

¹⁵ Source: Florida Trend.com, "Commercial Real Estate 2008," January 1, 2008.

¹⁶ Source: Tampa Bay Business Journal, "Slow Housing Market Proves To Be Bad for Commercial Too," December 21, 2007.

Table I-7

Residential Building Permit Units & Valuation

Year	Air Trade Area		State of Florida		United States	
	Units	Valuation (\$000)	Units	Valuation (\$000)	Units	Valuation (\$000)
1996	14,680	\$1,251,501	125,020	\$11,471,660	1,425,616	\$134,175,811
1997	16,986	\$1,417,874	133,990	\$12,205,450	1,441,136	\$141,004,397
1998	18,859	\$1,662,467	148,603	\$14,122,687	1,612,260	\$165,265,706
1999	22,980	\$1,963,303	164,722	\$16,101,979	1,663,533	\$181,246,047
2000	19,244	\$1,881,486	155,269	\$17,462,411	1,592,267	\$185,743,681
2001	21,814	\$2,223,561	167,035	\$19,465,400	1,636,676	\$196,242,858
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	2,052,060	\$290,119,463
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 (preliminary)	12,341	\$2,018,504	104,292	\$18,337,316	1,380,470	\$222,122,482
Compounded						
Annual Growth Rate						
1996 - 2006	4.4%	11.7%	5.0%	12.0%	2.6%	8.1%
2006 - 2007	-45.5%	-46.6%	-48.7%	-48.7%	-24.9%	-23.8%

Source: U.S. Department of Commerce, Bureau of the Census

Prepared by: Ricondo & Associates, Inc.

Table I-8

Commercial Real Estate Trends

Vacancy Rates	Air Trade Area	United States
Office Vacancy Rates		
4Q 2006	10.1%	12.9%
4Q 2007	10.7%	12.2%
Change	+0.6 pts.	-0.7 pts.
Industrial Vacancy Rates		
4Q 2006	5.6%	7.7%
4Q 2007	6.0%	7.7%
Change	+0.4 pts.	No change

Sources: Colliers Arnold, *Tampa Bay Market Research - Office 4Q 2007*

Grubb and Ellis, *Industrial Market Trends (North America and Tampa) - 4Q 2007*

Prepared by: Ricondo & Associates, Inc.

1.5.2 Manufacturing

As presented in Table I-4, manufacturing employment in the Air Trade Area slightly decreased at a compounded annual rate of 0.1 percent between 1996 and 2006, compared to a decrease of 1.9 percent for the nation. In 2006, the manufacturing sector accounted for 76,100 employees in the Air Trade Area, which represented 5.8 percent of total nonagricultural employment.

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 the second fastest growing high tech hub in the nation according to a 2007 study¹⁷, 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 2007 study prepared by the University of South Florida's Center for Economic Development Research and discussed in Section 1.4 of this report, in addition to the direct economic output provided by the medical products industry, 37,000 jobs are provided by firms associated with the medical manufacturing industry (i.e. indirect output) representing an economic output of more than \$6.4 billion. Major medical technology companies located in the Air Trade Area include Bausch & Lomb Pharmaceuticals, Baxter Healthcare, Cardinal Health Inc., and Essilor of America.

Three companies with a significant presence in the Air Trade Area were ranked among the largest contract manufacturers in the world by *Electronic Business* magazine in 2007. With approximately 1,700 employees at their 600,000 square foot headquarters in the Air Trade Area, Jabil Circuit was ranked the 7th largest electronic manufacturing services provider worldwide. With approximately 325 employees at their 120,000 square foot facility in the Air Trade Area, Sparton ranked 70th. Utilizing six locations throughout North America, Sparton provides design engineering and electronics contract manufacturing services. Ranked 73th was Sypris Electronics, a leading provider of electronics manufacturing and engineering services for the defense industry and the avionics and aerospace community. Sypris is headquartered in the Air Trade Area, operates a 318,000 square foot facility there and employs approximately 600 people.

With approximately 2,100 employees in the Air Trade Area, Honeywell, a leading manufacturer of instrumental, aeronautical, and guidance systems, also has a significant presence in the Air Trade Area. Additionally, Valpak, a specialty marketing division of Cox Target Media, opened a 500,000 square foot facility in the Air Trade Area in 2007. Creating and retaining over 1,000 jobs, the new facility focuses on coupon production and mailing.

1.5.3 Trade

As presented in Table I-4, trade employment in the Air Trade Area increased at a compounded annual growth rate of 1.3 percent between 1996 and 2006, compared to 0.8 percent for the nation. In 2006, the trade sector accounted for 202,700 employees in the Air Trade Area, which represented

¹⁷ *Cyberstates 2007: A Complete State-by-State Overview of the High-Technology Industry*, is a 2007 study by AeA, the nation's largest technology trade association.

15.5 percent of total nonagricultural employment. Of that total, approximately 74 percent of these employees were engaged in retail trade.

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. According to the publication *Demographics USA*, of the top 300 Metropolitan and Micropolitan Statistical Areas in the nation, the Air Trade Area ranked 18th in total retail sales in 2006.

Table I-9 presents per capita retail sales for the Air Trade Area, Florida, and the nation for 2000 through 2006. Due to changes in how total retail sales were calculated in the data sources used in 2000 and 2006, only (historical) per capita retail sales from 2000-2005 are comparable.

As shown in Table I-9, per capita retail sales for the Air Trade Area increased from \$14,620 in 2000 to \$14,729 in 2005. This increase represents a compounded annual growth rate of 0.1 percent during this period, which was lower than that for Florida and the nation (compounded annual growth rates of 0.8 and 3.3 percent, respectively). Per capita retail sales for the Air Trade Area, Florida, and the nation decreased between 2001 and 2002 due to the effects of the terrorist attacks on September 11, 2001 and the nationwide economic slowdown. Between 2000 and 2003, per capita retail sales for the Air Trade Area and Florida decreased at compounded annual rates of 3.1 and 2.1 percent, respectively, while the nation had an overall increase of 1.9 percent. Between 2003 and 2005, the Air Trade Area resumed increasing per capita retail sales with a growth rate of 5.2 percent, which was slightly less than that for Florida and the nation (growth rates of 5.4 percent respectively). As also shown in Table I-9, each year between 2000 and 2006 per capita retail sales for the Air Trade Area were higher or approximately equal to Florida and consistently higher than the nation.

Table I-9 also presents projections of per capita retail sales for 2011, the latest year for which comparable projections are currently available. According to the publication *Demographics USA*, per capita retail sales for the Air Trade Area will be slightly less than that for Florida and significantly higher than the nation through 2011. Per capita retail sales for the Air Trade Area are projected to increase at a compounded annual growth rate of 2.9 percent between 2006 and 2011, compared to 3.0 percent for Florida and 2.1 percent for the nation.

1.5.4 Information

Recognizing the breadth of the information-based economy, the information sector combines communications, publishing, motion picture and sound recording, and online services. As presented in Table I-4, information employment in the Air Trade Area increased at a compounded annual growth rate of 1.2 percent between 1996 and 2006, compared to 0.4 percent for the nation. In 2006, the information sector accounted for approximately 32,900 employees in the Air Trade Area, which represented 2.5 percent of total nonagricultural employment.

According to an article in the Maddux Business Report, the Air Trade Area's telecommunications infrastructure is the strongest in the state, which helps to facilitate business relocation and expansion. Verizon Communications, the nation's second-largest provider of telecommunications services, has significantly contributed to the Air Trade Area's state-of-the-art telecommunications network. With approximately 14,000 employees, Verizon is the third largest employer in the Air Trade Area. In 2006, Verizon invested more than \$837 million into the area's telecommunications infrastructure. The Air Trade Area was one of the first markets in the country to deploy DSL (high-speed) technology and is now benefiting from Verizon's fiber-to-the-premises initiative that connects homes

Table I-9

Per Capita Retail Sales ¹⁷

Year	Air Trade Area	State of Florida	United States
Historical			
2000	\$14,620	\$13,530	\$12,010
2001	\$13,574	\$12,838	\$12,756
2002	\$13,008	\$12,484	\$12,480
2003	\$13,297	\$12,687	\$12,716
2004	\$13,889	\$13,132	\$13,236
2005	\$14,729	\$14,103	\$14,113
2006	\$17,417	\$17,523	\$15,079
Projected			
2011	\$20,061	\$20,337	\$16,693
Compounded Annual Growth Rate			
2000 - 2005	0.1%	0.8%	3.3%
2006 - 2011	2.9%	3.0%	2.1%

Note:

¹⁷ Only per capita retail sales from 2000-2005 and 2006-2011 are comparable due to re-benchmarking in 2000 and 2006.

Sources: Sales and Marketing Management, *Survey of Buying Power*, 2000-2005

TradeDimensions International, Inc., *Demographics USA - County Edition*, 2006-2007

Prepared by: Ricondo & Associates, Inc.

and businesses directly to the network using fiber optic technology. In early 2007, Verizon announced that the firm would hire 100 new consumer sales consultants at its downtown Tampa sales center and that it plans to train more than 400 additional fiber technicians to serve the Air Trade Area.

Nielsen Media Research, the leading provider of television audience measurement has occupied its 39-acre Florida Campus since 2003. The firm's global technology and information center encompasses 615,000 square feet. The Florida Campus consolidated the company's six satellite operations offices into one location. Nielsen has approximately 3,516 employees in the Air Trade Area.

Another major information sector employer in the Air Trade Area is Tech Data, a leading full-line distributor of information technology products that serves more than 90,000 technology resellers and retail dealers in more than 100 countries. With approximately 1,512 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.

1.5.5 Transportation/Utilities

As presented in Table 1-4, transportation/utilities employment in the Air Trade Area decreased at a compounded annual growth rate of 0.4 percent between 1996 and 2006, compared to an increasing rate of 0.9 percent for the nation. In 2006, the transportation/utilities sector accounted for 30,700 employees in the Air Trade Area, which represented 2.3 percent of total nonagricultural employment.

The Port of Tampa (the Port) is the largest port in Florida when measured by cargo tonnage throughput. The Port handles approximately 50 million tons of cargo per year, approximately equal to the total cargo volume handled by all other Florida seaports combined. Container shipping is an important growth area for the Port with container business predicted to triple over the next seven years.¹⁸ In 2006, the Port inaugurated its \$45 million container terminal with a weekly direct service from Asia. New opportunities for the Port will be created by the widening of the Panama Canal to handle the next generation of large container ships (expected to be completed in 2014) as the Port is the closest full-service U.S. port to the Panama Canal. The Port also forecasts rapid growth in its ability to process construction aggregates. Current throughput of aggregate product at the Port of Tampa is some 2.3 million tons annually. New lease guarantees, coupled with those of existing port customers, will provide an expected 10-12 million tons of aggregate per year by the 2013.

Several key roadways in the Air Trade Area are undergoing major improvements over the next few years. Projects that will contribute to the region's economic growth include: the \$375 million I-4/crosstown connector (from Lee Roy Selmon Crosstown Expressway to I-4) scheduled to begin construction in 2010; the \$205 million Tampa Airport interchanges project (S.R. 60/Memorial Highway from I-275 to the Courtney Campbell Causeway and north to the Veterans Expressway) already underway with construction scheduled to be completed in spring/summer 2010; and the \$107 million northbound I-275 widening (from Himes Ave. to the Hillsborough River) already underway with construction scheduled to be completed in spring 2010.

¹⁸ Container cargo is the most lucrative cargo a port can handle in terms of revenue and job creation.

The major utility company serving the 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 3,211 employees.

1.5.6 Financial

As presented in Table I-4, financial employment in the Air Trade Area increased at a compounded annual growth rate of 3.8 percent between 1996 and 2006 (the second fastest-growing sector during this period), compared to 1.8 percent for the nation. In 2006, this sector accounted for 102,600 employees in the Air Trade Area, which represented 7.8 percent of total nonagricultural employment.

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. Recent developments by several major institutions in the Air Trade Area are described below:

- **Progressive Insurance.** In 2007, Progressive began hiring for 300 new jobs at its call center in the Air Trade area (the company's second-largest). Progressive is the third largest auto insurance group in the country and employs approximately 2,359 employees in the Air Trade Area.
- **Coca-Cola Enterprises.** This company announced in 2007 that it will recruit an additional 200 financial services employees for its Shared Services Center in the Air Trade Area. The new hires will focus on accounting, analysis, collections, and customer data administration. The Shared Services Center employs professionals that are responsible for financial accounting, reporting, accounts payable, accounts receivable, payroll, and benefits administration for the North American business unit of Coca-Cola.
- **Citizens Property Insurance.** In 2007, the state-run property insurer announced plans to hire 100 employees before the end of the year to staff its office in the Air Trade Area. Citizens plans to eventually employ up to 300 at this location.
- **PricewaterhouseCoopers.** In 2006, PricewaterhouseCoopers, one of the nation's largest assurance, tax and advisory firms announced plans to employ up to 320 new employees in the Air Trade Area by 2008 in a newly-created Knowledge Services Organization (KSO). The KSO will create and deliver distinctive knowledge and information for greater efficiency and competitive advantage to the firm's U.S. employees and their clients.
- **MetLife.** In 2006, the nation's largest individual and group life insurer announced a 150 job expansion and plans for leasing a new \$22 million office building in the Air Trade Area. In 2007, the company employed approximately 1,200 in the Air Trade Area.
- **Depository Trust and Clearing Corporation (DTCC).** This New York City based financial services firm opened a \$32 million Southern Business Center in 2005. In 2007, the 179,000 square foot facility employed approximately 350 in high-wage jobs. DTCC is the world's largest provider of technology infrastructure for financial transactions.

As shown in Table I-5, JPMorgan Chase was the largest financial services employer in the Air Trade Area in 2007 with approximately 5,237 employees. Other major financial services companies in the Air Trade Area include Raymond James with approximately 5,000 employees, Bank of America with approximately 3,754 employees and Citigroup with approximately 3,000 employees. By June 1, 2008, Bank of America will layoff up to 224 workers at two sites in Tampa. The bank is shifting its

sales and fulfillment call center work to Jacksonville and Phoenix and its consumer call center work will shift to other sites in the Air Service Area¹⁹.

Table I-10 presents total bank deposits for the Air Trade Area, Florida, and the nation between 1997 and 2007. As shown, total bank deposits in the Air Trade Area steadily increased from approximately \$27 billion in 1997 to approximately \$49.3 billion in 2007. This increase represents a compounded annual growth rate of 6.3 percent during this period, compared to 7.4 percent for Florida and 6.7 percent for the nation.

1.5.7 Services

As presented in Table I-4, services employment in the Air Trade Area increased at a compounded annual growth rate of 3.4 percent between 1996 and 2006 (the third fastest-growing sector during this period), compared to 2.4 percent for the nation. In 2006 the services sector accounted for approximately 625,200 employees in the Air Trade Area, which represented the highest employment level among all the sectors with 47.8 percent of total nonagricultural employment.

1.5.7.1 Travel and Tourism

In terms of employment, the travel and tourism industry is one of the largest services-related industries in the Air Trade Area. According to the Tampa Bay Convention and Visitors Bureau (the Visitors Bureau), visitors to the Air Trade Area increased from approximately 12.3 million in 1998 to approximately 16.9 million in 2006. This increase represents a compounded annual growth rate of 4.1 percent during this period. Also according to the Visitors Bureau, approximately 41 percent of the visitors to the Air Trade Area in 2006 arrived by air. Primary travel and tourism-related destinations located in the Air Trade Area are discussed below:

- **Busch Gardens.** Busch Gardens Tampa is home to three water adventure rides, six world-class roller coasters, and African animal exhibits featuring more than 2,000 animals. Busch Gardens opened Sheikra, the first dive roller coaster in North America, in spring 2005 and in 2007 introduced “floorless” cars on this ride. In 2008, Busch Gardens will open Jungala, a four-acre exotic jungle attraction. Attendance at this adventure park totaled approximately 4.3 million people in 2006, making it the nation’s 11th most popular theme park.
- **Museum of Science and Industry.** This facility features seven permanent gallery exhibits, a Bio Works Butterfly Garden, the plant and animal community of Back Woods, the only IMAX Dome Theater in Florida, a Planetarium, the Science Works Theater and “Kids In Charge,” a \$13 million children’s science center (the largest of its kind in the nation). In late 2008, the museum will unveil new Saunders Planetarium and “The Amazing You” a permanent exhibition on health, wellness and prevention. The estimated attendance for 2006 was approximately 605,000 people.
- **Lowry Park Zoo.** Recognized as the “#1 family-friendly zoo in the United States” by *Child* magazine, Lowry Park Zoo features 2,000 animals on 56 acres of natural habitats that comprise eight main exhibit areas. In 2007, attendance at the zoo was approximately 1.1 million. According to the Association of Zoos and Aquariums, the Zoo is the number one attended zoo in the southeastern United States.

¹⁹ Source: Tampa Bay Business Journal, “Bank of America Lays Off Tampa Workers,” January 30, 2008.

Table I-10

Total Bank Deposits

Year ^{1/}	Total Bank Deposits (\$000)		
	Air Trade Area	State of Florida	United States
1997	\$26,893,000	\$183,620,000	\$3,496,763,000
1998	\$27,580,000	\$194,203,000	\$3,657,849,000
1999	\$29,125,000	\$200,783,000	\$3,783,554,000
2000	\$31,310,000	\$207,852,000	\$4,003,744,000
2001	\$32,764,000	\$222,797,000	\$4,326,207,000
2002	\$33,159,000	\$242,821,000	\$4,606,092,000
2003	\$36,196,000	\$268,174,000	\$5,132,110,000
2004	\$40,168,000	\$300,961,000	\$5,464,782,000
2005	\$42,438,000	\$342,821,000	\$5,933,763,000
2006	\$45,359,000	\$363,415,000	\$6,449,864,000
2007	\$49,329,000	\$373,879,000	\$6,702,212,000
Compounded Annual Growth Rate			
1997 - 2007	6.3%	7.4%	6.7%

Note:

^{1/} Twelve months ending June 30.

Source: Federal Deposit Insurance Corporation (FDIC)

Prepared by: Ricondo & Associates, Inc.

- **Florida Aquarium.** Ranked among the top major aquariums in the world, the Florida Aquarium encompasses over 250,000 square feet and features more than 20,000 aquatic plants and animals. In 2007, *Parents* magazine named the Aquarium the fifth best aquarium for kids in the country and noted the Aquarium's coral reef gallery as a standout feature. The estimated annual attendance for 2006 was approximately 609,000 people.
- **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. Excluding special events, approximately 3 million people visited Ybor City in 2006.
- **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 DeSoto 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.

The cruise industry has a significant presence in the Air Trade Area, with the number of cruise passengers increasing from approximately 244,968 in 1998 to approximately 910,633 in 2006 (making the Port of Tampa the 7th largest cruise homeport in the nation). This increase represents a compounded annual growth rate of approximately 18 percent during this period, which makes the Air Trade Area one of the nation's fastest growing cruise homeports. According to the Tampa Port Authority, growth in cruise passengers is expected to continue and will be driven by increased traffic in the western Caribbean and extended cruise markets. The major cruise lines serving the Air Trade Area include Carnival, Holland America and Royal Caribbean. Port officials expect to add a fifth Tampa-based cruise ship by 2010.

The Tampa Convention Center is a 600,000 square-foot facility located on the waterfront of downtown Tampa. This facility was completed in 1990 at a cost of \$142 million (with a small expansion completed in 2001 for \$6 million). The Tampa Convention Center includes a 200,000 square-foot exhibit hall, a 36,000 square-foot ballroom, 36 meeting rooms and 80,000 square feet of pre-function space. In fiscal year 2007²⁰, according to the Visitors Bureau, the Convention Center booked more groups than it has had over the past ten years and revenue was \$2 million over budget. The two largest hotel meeting spaces (by total sq. ft.) in the Air Trade Area are the Saddlebrook Resort – Tampa (800 guest rooms, 34 meeting rooms and 95,000 sq. ft. of meeting space) and the Tampa Marriott Waterside Hotel and Marina (717 guest rooms, 51 meeting rooms and 50,000 sq. ft. of meeting space).

The St. Pete Times Forum, formerly known as the Ice Palace, is home to the National Hockey League's Tampa Bay Lightning and the Arena Football League's Tampa Bay Storm. This sports and entertainment center opened in 1996 and hosts more than 150 events annually. The St. Pete Times Forum has consistently ranked as one of the ten busiest concert venues in the nation in terms of ticket sales each year over the past decade. The Tampa Bay Performing Arts Center is another major facility located in the Air Trade Area for performances, concerts, and events. This \$57 million complex opened in 1987 and is approximately 335,000 square feet, making it the second-largest performing arts center in the southeastern United States.

²⁰ FY ending September 30, 2007.

In support of travel and tourism, there are five hotels in the Air Trade Area with more than 500 guest rooms and at least 30,000 square feet of meeting space: Saddlebrook Resort—Tampa, Tampa Marriott Waterside Hotel and Marina, Innisbrook Resort and Golf Club, Trade Winds Island Grand Resort, and the Hyatt Regency Tampa. In 2006, a new Embassy Suites opened adjacent to the Tampa Convention Center with 360 guest rooms. Other notable new hotels in the Air Trade Area are the 323-room Intercontinental Hotel Tampa which opened in August 2007, a Homewood Suites (126 rooms) and Staybridge Suites (100 rooms) that recently opened in East Tampa, and the Sandpearl Resort (253 rooms) that recently opened in Clearwater Beach. According to a 2007 report by the Plasencia Group, a hotel consulting firm, there are more than 20 new lodging projects either underway or planned for the Air Trade Area that would add almost 3,000 rooms to the market.

1.5.7.2 Recreational and Sports Activities

The Air Trade Area hosts a significant number of outdoor festivals and events annually. These events include the Florida Strawberry Festival (annual attendance of approximately 800,000 people), Southwest Airlines Gasparilla Pirate Fest (approximately 500,000 people), the Florida State Fair (approximately 458,000 people), Raymond James Gasparilla Festival of the Arts (approximately 300,000 people), Sant' Yago Illuminated Night Parade—Ybor City (approximately 180,000 people), Guavaween—Ybor City (approximately 125,000 people), the Outback Bowl game (approximately 65,000 people), Bern's Wine Fest (approximately 60,000 people), Fiesta Day—Ybor City (approximately 40,000 people), and Freedom Fest (approximately 30,000 people).

Major spectator sports in the Air Trade Area include the Tampa Bay Buccaneers National Football League (NFL) franchise, the Tampa Bay Lightning National Hockey League (NHL) franchise, the Tampa Bay Rays Major League Baseball franchise, the spring training facilities for several major and minor league baseball operations, the Arena Football League's Tampa Bay Storm, the Outback Bowl college football game, the PODS Championship Professional Golf Association (PGA) Tour event, the Outback Steakhouse Pro-Am Champions Tour event, and the Honda Grand Prix of St. Petersburg automobile road race.

The Air Trade Area hosted the NHL All-Star Game in January 1999, the Final Four of the NCAA men's college basketball tournament in March 1999, and the NFL Super Bowl in 2001. Tampa was a finalist in the competition to host the Republican National Convention in both 2004 and 2008. Future events to be hosted in the Air Trade Area include the first and second rounds of the NCAA men's college basketball tournament in 2008, the Final Four of the NCAA women's college basketball tournament in 2008, the ACC's football championship games in 2008 and 2009, the NFL Super Bowl in 2009, and the NCAA Southeastern Conference men's basketball tournament in 2009.

1.5.7.3 Medical and Health

The health services industry plays a major role in the Air Trade Area. 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.

The H. Lee Moffitt Cancer Center & Research Institute (Cancer Center) is one of the top cancer hospitals (ranked sixteenth) in the country and the best cancer hospital in Florida, according to *U.S. News & World Report* magazine's list of "Best Hospitals 2007." This facility, located on the campus of the University of South Florida, is the third-busiest cancer center in the nation based on outpatient visits and has the largest blood and bone marrow transplant program in the southeastern United States. The \$182 million, 364,000 sq. ft. expansion of the Moffitt Center and the new Vincent A.

Stabile Research Building (completed in 2003) created approximately 400 new research jobs in the areas of molecular oncology, immunology, and drug discovery. The new medical tower has increased outpatient visits from approximately 182,000 in 2003 to approximately 232,000 in 2006. In November 2007, construction began on facilities to house M2Gen, a for-profit collaboration between the Cancer Center and Merck and Co. that will develop personalized cancer treatment for patients using molecular technology. In 2007, the Cancer Center had approximately 1,900 employees in the Air Trade Area and M2Gen is expected to create approximately 170 new high-paying jobs in the next few years.

St. Joseph's Hospital is the largest health care facility in the Air Trade Area with approximately 883 beds. More than 70 specialties are represented among the medical staff, including internal medicine, cardiology, neurology, and surgery. The Hospital recently received a Gold Seal honor from the Joint Commission certifying that it is nationally recognized to deliver the highest quality care for stroke patients. St. Joseph's Hospital is part of the St. Joseph's-Baptist Health Care system, a community health alliance that also includes St. Joseph's Women's Hospital, St. Joseph's Children's Hospital of Tampa, and South Florida Baptist Hospital. The St. Joseph's-Baptist Health Care system has approximately 5,242 employees in the Air Trade Area.

Tampa General Hospital is the primary teaching hospital affiliated with the University of South Florida College of Medicine. With approximately 877 beds and 1,470 physicians (including 270 physicians in the University's residency program), Tampa General Hospital is the second-largest health care facility in the Air Trade Area. Some of the Hospital's special services include a level 1 trauma center, three patient transport helicopters, and a regional burn center. The Hospital is also one of the busiest organ transplant centers in the nation. Through its affiliation with LifeLink HealthCare Institute, the University of South Florida College of Medicine, and private practice transplant physicians, Tampa General Hospital is the only hospital in West Central Florida performing adult heart, lung, kidney, liver and pancreas transplants. The newest addition to the Hospital is the 340,000 sq. ft. Bayshore Pavilion which opened in November 2007. The building includes new space for emergency and trauma, cardiovascular, women's health, neuroscience and trauma intensive care and digestive diagnosis and treatment. Tampa General Hospital has approximately 3,166 employees in the Air Trade Area.

Other major hospitals in the Air Trade Area with at least 300 beds include Morton Plant Hospital (approximately 687 beds), Bayfront Medical Center (approximately 502 beds), Bay Pines VA Medical Center (approximately 464 beds), University Community Hospital—Medical Center (approximately 431 beds), St. Anthony's Health Care (approximately 395 beds), Community Hospital New Port Richey (approximately 392 beds), James A. Haley Veterans Hospital (approximately 326 beds), Palms of Pasadena Hospital (approximately 307 beds), and Sun Coast Hospital (approximately 300 beds).

1.5.7.4 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.

Based on enrollment, the University of South Florida (USF) is one of the largest universities in the southeastern United States and the 9th largest university in the nation (enrollment in 2007 was approximately 45,244 students). USF offers approximately 219 undergraduate, masters, specialist and doctoral programs, including the doctor of medicine. The University conducts more than \$300

million in sponsored research each year. USF is one of the nation's top 63 public research universities and one of 39 community engaged public universities as designated by the Carnegie Foundation for the Advancement of Teaching.

With approximately 5,500 students, the University of Tampa (UT) is located on 100 acres of riverfront land in downtown Tampa. UT attracts students from more than 100 countries and offers over 100 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. One of these programs, launched during the 2006-2007 academic year, is a financial services operations and systems B.S. degree major aimed at producing high-demand graduates for financial services companies in the Air Trade Area. The University's business school was recently named by the Princeton Review as an outstanding business school – and one of the 290 best business schools in the world. The University's MBA program is also one of the largest in Florida.

Other major colleges and universities in the Air Trade Area with enrollment of at least 1,500 students in 2007 include St. Petersburg College (24,558 students), Hillsborough Community College (21,377 students), Pasco-Hernando Community College (7,346 students), University of Phoenix (2,570 students), Eckerd College (1,845 students) and Saint Leo University (1,514 students).

1.5.8 Government

As presented in Table I-4, government employment in the Air Trade Area increased at a compounded annual growth rate of 1.2 percent between 1996 and 2006, compared to 1.2 percent for the nation. In 2006, this sector accounted for 149,000 employees in the Air Trade Area, which represented 11.4 percent of total nonagricultural employment.

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).²¹ The 6th Air Mobility Wing provides direct support for these two unified commands, as well as for more than 50 other mission partners that are stationed at the Air Force Base. The U.S. Central Command established "Coalition Village" in the Air Trade Area, which is an intelligence program that includes over 300 representatives from 64 countries that work together to share data and information to support peacekeeping activities throughout the world. With approximately 12,000 military and civilian personnel, MacDill Air Force Base is the fourth largest employer in the Air Trade Area.²² The U.S. Coast Guard also has a presence in the Air Trade Area, maintaining its largest and busiest air station at St. Petersburg-Clearwater International Airport.

²¹ The U.S. Department of Defense recently began a major \$800 million refurbishment project at MacDill, and plans to build almost one million sq. ft. of facilities and residential units. Planned upgrades include new facilities for the Central Command, the Special Operations Command and the joint intelligence center. Source: Tampa Bay Business Journal, "MacDill Stands Tall for \$809M Facelift," November 30, 2007.

²² In the summer of 2008, 600 personnel from the 927th Air Refueling Wing, previously based at the Selfridge Air National Guard Base in Michigan, will be relocating to MacDill. Source: Tampa Bay Business Journal, "MacDill Stands Tall for \$809M Facelift," November 30, 2007.

1.5.9 Agriculture

Although accurate estimates of agricultural employment in the Air Trade Area are not readily available, according to a 2006 study, approximately 119,000 jobs in the Air Trade Area are dependent upon the agricultural, food manufacturing and national resource industries.²³ Agriculture is the second largest industry in Hillsborough County and about 35 percent of the land in the County is zoned for agricultural use.²⁴ Hillsborough County ranks 45th out of all of the nation's counties in terms of the total value of agricultural products sold. The County produces 90 percent of the strawberries grown in Florida (14% of the nation's crop), 34% of the commercially grown fish produced in Florida and 11 percent of Florida's tomatoes (4% of the nation's crop). The counties that compose the primary and secondary air trade areas are also responsible for almost 50 percent of the citrus production of Florida, the nation's leading citrus producing state.²⁵ In 2008, despite the record drought that is impacting agricultural production in the Southeast, the Air Trade Area's citrus crop is forecast to recover from several below trend years due to hurricanes and citrus canker.²⁶ Demand for the Air Trade Area's tomato crop is also expected to increase as a result of the state government's efforts to enact industry-leading food safety regulations governing tomato production.²⁷

1.5.10 Business Attractiveness

According to *Expansion Management* magazine, the Air Trade Area ranked 13th in the nation as one of "America's 50 Hottest Cities" for business expansion in 2006. The Air Trade Area ranked 11th out of the top 20 large markets on *Inc.* magazine's "Boomtowns 2007" list of the best markets for entrepreneurs. According to the 2006 Competitive Alternatives study conducted by KPMG, the Air Trade Area ranked as the 2nd least expensive place to do business among large cities in the United States. This study, which measures the combined impact of nearly 30 location-sensitive business operating costs, such as labor, taxes, and utility costs, is used by corporations and other businesses for selecting locations for new or expansion operations. In June 2007, the Air Trade Area was ranked 15th out of 379 cities in the Moody's Economy.com Business Vitality Index. In addition, the Air Trade Area ranked 13th out of 100 metropolitan areas included in *Forbes* 2007 "Best Cities For Jobs" ranking. The Air Trade Area was in the top ten in both the job growth and unemployment rankings.

1.6 Summary

A summary of the socioeconomic trends in the Air Trade Area includes the following:

- Population growth in the Air Trade Area was below that for Florida, yet higher than that for the nation between 1990 and 2006. This trend in population growth for the Air Trade Area is expected to continue through at least 2015.

²³ Source: University of Florida Institute of Food and Agricultural Sciences, "Economic Contributions of Agricultural, Food Manufacturing, and National Resource Industries in Florida in 2006," January 2008.

²⁴ Source: Stewardship America and CH2M Hill, "The Contribution of Agribusiness to Hillsborough County Florida," April 2005. This document is also the source for the other Hillsborough County-specific data in this paragraph.

²⁵ Florida Department of Agriculture and Consumer Services, "Florida Agriculture Statistical Directory," April 2007.

²⁶ Source: Florida Trend.com, "Agriculture 2008," January 1, 2008.

²⁷ Source: Orlando Sentinel, "Passing the Tomato Test," June 27, 2007.

- Per capita EBI for the Air Trade Area was consistently higher than that for Florida and for the nation each year between 2001 and 2006. According to the publication *Demographics USA*, continued strong growth in per capita EBI for the Air Trade Area is expected between 2006 and 2011, the latest year for which such projections are currently available.
- Average annual unemployment rates for the Air Trade Area were below or nearly equivalent to those for Florida and significantly below the nation's rates each year between 1996 and 2007.
- Nonagricultural employment in the Air Trade Area increased at a compounded annual growth rate of 2.5 percent between 1996 and 2006, which was nearly twice the 1.3 percent growth experienced nationwide during this same period. The services industry has the highest percentage of employment in the Air Trade Area, followed by wholesale and retail trade combined.
- The Air Trade Area offers a variety of cultural, recreational, and educational resources and activities.
- Recent macroeconomic conditions have had a broadly negative impact on Air Trade Area's economy, affecting areas such as population growth, effective buying income, employment levels and construction demand. However, these conditions are not expected to significantly alter the Air Trade Area's long-term socioeconomic trends.
- The economic base of the Air Trade Area is strong and diversified, and is capable of supporting increased demand for air travel at the Airport during the projection period.

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II. Air Traffic

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

2.1 Airlines Serving the Airport

As of February 2008, the Airport had scheduled passenger service provided by seven legacy/mainline carriers, five low cost carriers, seven regional/commuter carriers, and four foreign flag carriers. In addition, as of February 2008, four all-cargo carriers provided scheduled cargo service at the Airport. Scheduled service at the Airport is provided by all six of the nation's "Big Six" legacy passenger airlines and one mainline carrier. These airlines include American, Continental, Delta, Northwest, United (represented by its low-fare service Ted), US Airways and Midwest.¹ The five low cost carriers that serve the Airport are AirTran, Frontier, jetBlue, Southwest, and Spirit. **Table II-1** lists the airlines serving the Airport as of February 2008.

Table II-2 presents the historical U.S. legacy/mainline, low cost, regional/commuter, and foreign flag air carrier base at the Airport since FY 1997. As shown, the Airport has had the benefit of a relatively large and stable legacy/mainline and low cost 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 U.S. air carriers and foreign flag air carrier base are presented below:

- All of the "Big Six" legacy passenger airlines currently provide service at the Airport and operated there during each of the years shown in Table II-2.
- As demonstrated later in this chapter, the presence of low-cost carriers has significantly impacted activity at the Airport. Southwest initiated its low-fare service at the Airport in January 1996 with nonstop service to five markets with a total of six daily flights. As shown in **Table II-3**, Southwest has steadily expanded its activity at the Airport since FY 1996, and currently provides nonstop service to 31 cities with a total of 82 flights as of September 2007. In February 2008, Southwest continued to increase flights to 85 departures per day. Southwest is the largest carrier at the Airport with 26.7 percent of total enplanements in FY 2007. Other low-cost carriers operating at the Airport include AirTran, Frontier, jetBlue, and Spirit. These four airlines contributed 14.8 percent of total enplanements at the Airport in FY 2007.
- International service is provided at the Airport by the foreign flag carriers Air Canada, British Airways, Cayman Airways, and WestJet.

2.2 Historical Passenger Activity

This section presents historical trends in enplaned passengers at the Airport and the major factors influencing these trends, as well as historical market shares of enplanements by airline.

¹ A legacy/mainline carrier is an airline that has operations focused around a hub & spoke system and provides more extensive passenger services. A low cost carrier is an airline that typically offers low fares in exchange for eliminating many traditional passenger services.

Table II-1

Airlines Serving the Airport ^{1/}

Legacy/Mainline Carriers (7)

American
Continental
Delta
Midwest
Northwest
United/TED
US Airways

Regional/Commuter Carriers (7)

Air Wisconsin (US Airways Express)
Cape Air (Continental Connection)
Chautauqua (Delta Connection)
Comair (Delta Connection)
ExpressJet (Continental Connection)
Freedom (Delta Connection)
Gulfstream (Continental Connection)

Low Cost Carriers (5)

AirTran
Frontier
jetBlue
Southwest
Spirit

Foreign Flag Carriers (4)

Air Canada
British Airways
Cayman Airways
WestJet

All-Cargo Carriers (4)

Airnet Systems ^{2/}
Astar Air Cargo
FedEx
Flight Express

Notes:

^{1/} As of February 2008.

^{2/} d/b/a U.S. Check.

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

Table II-2

Historical Air Carriers Serving the Airport

Air Carrier	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Air Canada	*	*	*	*	*	*	*	*	*	*	*
AirTran	*	*	*	*	*	*	*	*	*	*	*
American	*	*	*	*	*	*	*	*	*	*	*
British Airways	*	*	*	*	*	*	*	*	*	*	*
Cayman Airways	*	*	*	*	*	*	*	*	*	*	*
Comair	*	*	*	*	*	*	*	*	*	*	*
Continental	*	*	*	*	*	*	*	*	*	*	*
Delta/Song	*	*	*	*	*	*	*	*	*	*	*
Gulfstream	*	*	*	*	*	*	*	*	*	*	*
Midwest	*	*	*	*	*	*	*	*	*	*	*
Northwest	*	*	*	*	*	*	*	*	*	*	*
Southwest	*	*	*	*	*	*	*	*	*	*	*
Spirit	*	*	*	*	*	*	*	*	*	*	*
United/TED	*	*	*	*	*	*	*	*	*	*	*
US Airways	*	*	*	*	*	*	*	*	*	*	*
ExpressJet				*	*	*	*	*	*	*	*
jetBlue				*	*	*	*	*	*	*	*
Frontier						*	*	*	*	*	*
Cape Air							*	*	*	*	*
Chautauqua							*	*	*	*	*
WestJet									*	*	*
Freedom										*	*
Air Carriers No Longer Serving the Airport											
Martinair	*	*	*			*					
Condor	*	*	*	*	*	*					
Midway	*	*	*	*	*	*					
American Eagle	*	*	*	*	*	*	*	*	*		
America West ¹	*	*	*	*	*	*	*	*	*	*	
Air Wisconsin ²							*	*			
Sun Country								*	*	*	
Atlantic Southeast									*	*	
Independence Air									*	*	

Notes:

¹ Merged with US Airways

² Air Wisconsin began serving the Airport again as a US Airways Express carrier in January 2008 (previously served as AirTran JetConnect carrier)

Source: Hillsborough County Aviation Authority

Prepared by: Ricordo & Associates, Inc.

Table II-3
Daily Nonstop Service by Southwest

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Baltimore	2	3	4	4	4	4	5	5	6	7	7
Birmingham	2	2	2	2	2	2	2	2	2	2	2
Columbus	1	2	2	2	2	2	2	2	2	2	2
Fort Lauderdale	9	10	10	10	10	10	10	10	8	8	8
Indianapolis	1	1	1	1	1	1	1	1	1	1	1
Louisville	1	1	1	1	1	1	1	1	1	1	2
Nashville	3	4	4	4	4	4	4	4	4	5	5
New Orleans	4	5	5	6	6	6	6	6	1	2	3
St. Louis	1	1	1	1	1	1	1	1	1	2	2
Albuquerque	1	1	1	1	1	1	1	1	1	1	1
Jacksonville	2	2	2	3	3	3	2	2	2	3	3
Providence	1	1	1	2	2	2	3	3	3	3	3
Austin			1	1	1	1	1	1	1	1	1
Kansas City			1	1	1	1	1	1	1	2	2
Long Island			1	2	2	2	2	2	3	3	3
Raleigh			1	2	2	2	2	2	2	2	3
Chicago (Midway)				2	3	3	3	3	7	7	7
San Antonio				1	1	1	1	1	1	1	1
Las Vegas					1	1	1	1	1	1	1
Manchester, NH					1	1	2	3	3	3	3
Palm Beach					6	4	4	4	4	4	4
Phoenix					1	1	1	1	1	1	1
Hartford						1	1	1	2	2	2
Buffalo								1	1	1	1
Philadelphia								2	2	3	4
Houston (Hobby)									3	3	4
Pittsburgh										1	1
Albany											1
Denver											1
Norfolk											1
Washington D.C. (Dulles)											2
Total	28	33	38	46	56	55	57	61	64	72	82

Note:

¹ As of February 2008

Source: Official Airline Guide

Prepared by: Ricordo & Associates, Inc.

2.2.1 Enplaned Passengers

The Airport is classified by the Federal Aviation Administration (FAA) as a large hub facility based on its percentage of nationwide enplanements;² and ranked 26th nationwide in CY 2006 with 9.2 million enplaned passengers, the latest year for which such rankings are currently available.³ **Table II-4** presents historical enplanements for the Airport and the nation. As shown, passenger activity at the Airport increased from 6.6 million enplanements in FY 1997 to 9.6 million in FY 2007. This increase represents a compounded annual growth rate of 3.8 percent during this period, compared to 1.8 percent for the nation. As also shown, the Airport's share of total U.S. enplaned passengers increased from 1.150 percent in FY 1997 to 1.391 percent in FY 2007, reflective of the higher compounded annual growth rate experienced at the Airport compared to the nation during this period.

Passenger activity at the Airport decreased from 8.2 million enplanements in FY 2001 to 7.6 million in FY 2002, a decrease of 6.9 percent during this period, compared to the 8.3 percent decrease nationwide. These significant decreases in activity at the Airport and nationwide were primarily due to the terrorist attacks of September 11, 2001 (hereinafter referred to as September 11th) and the post-September 11th economic environment.

Activity at the Airport has since recovered from the effects of September 11th and the post-September 11th economic environment, as enplanements at the Airport increased from 7.6 million in FY 2002 to 9.6 million in FY 2007, the highest passenger level at the Airport in any fiscal year to date. This increase represents a compounded annual growth rate of 4.8 percent during this period, compared to 3.8 percent for domestic passenger activity estimated nationwide by the FAA.

Specific details concerning enplaned passengers at the Airport between FY 1997 and FY 2007 are discussed below:

- **FY 1997 - FY 2001.** Enplanements at the Airport increased from 6.6 million in FY 1997 to 8.2 million in FY 2001. This increase represents a compounded annual growth rate of 5.3 percent during this period, compared to 2.4 percent nationwide.
- The presence of Southwest at the Airport was a contributing factor in this significant growth in enplanements during this period. Southwest's initiation of low-fare service at the Airport in early FY 1996 generated the "Southwest Effect" at the Airport. It is generally recognized that Southwest stimulates traffic at an airport it serves due to its low fares and high frequency of service. Passenger increases at an airport Southwest serves are typically due to the stimulation of previously untapped passenger markets and the diversion of passengers from nearby facilities it does not serve, rather than the diversion of passengers from existing airlines serving the same facility.
- As shown earlier in Table II-3, Southwest doubled its daily nonstop flights at the Airport by FY 2001 from FY 1997 levels, increasing its activity at the Airport from 28 daily flights to 56 daily flights during this period. As also shown, Southwest increased its nonstop service from twelve cities in FY 1997 to 22 cities by FY 2001. Southwest's passenger activity at the Airport increased accordingly, from 657,445 enplanements in FY 1997 (the first full fiscal year of activity for Southwest at the Airport) to 1.5 million in FY 2001, a compounded annual growth rate of 21.9 percent during this period. As a result, its share of enplanements at the Airport increased from 9.9 percent in FY 1997 to 17.7 percent in FY 2001.

² As defined by the FAA, a large hub airport enplanes one percent or more of nationwide enplanements during a particular calendar year.

³ Source: *Federal Aviation Administration*

Table II-4

Historical Enplanements

Fiscal Year	Airport Enplanements	Airport Growth	U.S. Domestic Enplanements	U.S. Domestic Growth	Market Share
1997	6,647,533	-	577,800,000	-	1.150%
1998	6,835,438	2.8%	590,400,000	2.2%	1.158%
1999	7,448,936	9.0%	610,900,000	3.5%	1.219%
2000	7,959,159	6.8%	641,200,000	5.0%	1.241%
2001	8,183,815	2.8%	626,800,000	-2.2%	1.306%
2002	7,618,598	-6.9%	574,600,000	-8.3%	1.326%
2003	7,660,785	0.6%	587,800,000	2.3%	1.303%
2004	8,465,720	10.5%	628,500,000	6.9%	1.347%
2005	9,469,020	11.9%	668,000,000	6.3%	1.418%
2006	9,391,650	-0.8%	667,700,000 ^{1/}	0.0%	1.407%
2007	9,628,144	2.5%	692,300,000 ^{1/}	3.7%	1.391%
Compounded Annual Growth Rate					
1997 - 2002		2.8%		-0.1%	
2002- 2007		4.8%		3.8%	
1997 - 2007		3.8%		1.8%	

Note:

^{1/} Estimated by the FAA.

Sources: Hillsborough County Aviation Authority (Airport activity); FAA (U.S. activity)

Prepared by: Ricondo & Associates, Inc.

- Other factors contributing to the significant growth in enplanements at the Airport during this period included the initiation of low-fare service by Delta Express (Delta's "airline-within-an-airline") and expansion of service by AirTran. Delta initiated its Delta Express service at the Airport in January 1997 with three daily nonstop flights to both Orlando and Boston. Other cities with long-haul Delta Express service through the end of FY 2001 included New York (EWR), Columbus, and Hartford.
- **FY 2002.** As discussed above, 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 6.9 percent for domestic 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 systemwide 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. For FY 2007, enplanements were 9.6 million, an increase of 1.7 percent, from FY 2005.

2.2.2 Enplaned Passengers by Airline

Service at the Airport has been historically oriented toward the legacy/mainline carriers, with their share of enplaned passengers at the Airport standing at 63.6 percent in FY 2003 but decreasing to 56.6 percent in FY 2007. Enplanements by low cost carriers have increased from 32.7 percent to 41.5 percent over the same period. This shift toward low cost carriers has evolved since 2000, when approximately 3 out of every 4 enplaned passengers were on legacy/mainline carriers. These two airline categories make up the majority of the enplaned passengers at the Airport. **Table II-5** presents the historical share of enplanements by airline at the Airport between FY 2003 and FY 2007. As shown, enplanements are spread over a large number of carriers, with no carrier having more than 27 percent of annual enplanements at the Airport during the years depicted. Delta, Southwest, and

Table II-5
Historical Enplanements by Airline

Airline ^{1/}	FY 2003		FY 2004		FY 2005		FY 2006		FY 2007	
	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
Southwest	1,615,260	21.1%	1,748,010	20.6%	2,087,088	22.0%	2,345,605	25.0%	2,572,580	26.7%
Delta ^{2/}	1,709,849	22.3%	1,822,745	21.5%	1,983,378	20.9%	1,804,261	17.1%	1,398,508	14.5%
US Airways ^{3/}	962,159	12.6%	1,062,777	12.6%	1,103,999	11.7%	1,079,025	11.5%	1,090,227	11.3%
American ^{4/}	727,510	9.5%	814,171	9.6%	900,995	9.5%	943,810	10.0%	940,899	9.8%
Continental ^{5/}	594,506	7.8%	663,978	7.8%	741,550	7.8%	814,777	8.7%	841,580	8.7%
AirTran	436,628	5.7%	428,158	5.1%	532,785	5.6%	600,254	6.4%	718,730	7.5%
United/TED	402,593	5.3%	519,556	6.1%	583,666	6.2%	541,729	5.8%	561,796	5.8%
Northwest	460,339	6.0%	511,184	6.0%	548,904	5.8%	496,036	5.3%	527,462	5.5%
jetBlue	241,444	3.2%	362,620	4.3%	438,045	4.6%	473,890	5.0%	444,580	4.6%
Spirit	169,877	2.2%	177,649	2.1%	158,081	1.7%	143,007	1.5%	210,452	2.2%
Midwest	11,611	0.2%	14,322	0.2%	43,068	0.5%	80,401	0.9%	84,547	0.9%
British Airways	70,763	0.9%	73,888	0.9%	64,930	0.7%	61,940	0.7%	60,881	0.6%
Air Canada	66,481	0.9%	68,942	0.8%	64,018	0.7%	64,336	0.7%	57,513	0.6%
Frontier	43,949	0.6%	53,243	0.6%	49,347	0.5%	53,341	0.6%	50,750	0.5%
WestJet	-	-	-	-	19,983	0.2%	25,477	0.3%	47,412	0.5%
Cayman Airways	13,360	0.2%	16,707	0.2%	14,922	0.2%	18,764	0.2%	18,462	0.2%
All Others ^{6/}	134,456	1.8%	127,770	1.5%	134,261	1.4%	44,997	0.5%	1,765	0.0%
Airport Total ^{7/}	7,660,785	100.0%	8,465,720	100.0%	9,469,020	100.0%	9,391,650	100.0%	9,628,144	100.0%

Notes:

^{1/} For those airlines that were party to a merger or acquisition, only the surviving entity is presented in this table. However, the activity for the airlines that are now a part of the surviving airline is included in the information presented.

^{2/} Includes activity by Delta, Atlantic Southeast, Chautauqua, Comair, Freedom, Shuttle America, and Song.

^{3/} Includes activity by US Airways, America West, Piedmont, and Republic.

^{4/} Includes activity by American and American Eagle.

^{5/} Includes activity by Continental, Cape Air, ExpressJet, and Gulfstream.

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

^{7/} Totals may not add due to individual rounding.

Source: Hillsborough County Aviation Authority

Prepared by: Ricondo & Associates, Inc.

US Airways accounted for 52.6 percent of enplanements at the Airport in FY 2007, with five other airlines accounting for an additional 37.3 percent of enplanements during this same period.

2.3 Historical Air Service

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.⁴ **Table II-6** presents historical data on the Airport's primary (i.e., top 25) 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 993 miles in FY 2000 and 1,047 miles in FY 2006. 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.

Significant increases in O&D passenger levels at the Airport occurred in Philadelphia, Indianapolis, Manchester, Minneapolis, Buffalo and Islip markets, with O&D passengers increasing by more than 50 percent for each of these markets between FY 2000 and FY 2006. These increases can be primarily attributed to competing low-fare service at New York (e.g., jetBlue and Song) and Philadelphia (e.g., AirTran, Southwest, and US Airways); as well as new/additional low-fare service by Southwest to Manchester and Islip, and by Southwest and jetBlue to Providence and Buffalo during this period.

Table II-7 presents the Airport's nonstop markets as of February 2008, including the markets served, daily flights, and airlines providing nonstop flights. As of February 2008, daily nonstop service was provided to 67 cities with a total of 324 daily flights, with 28 daily nonstop flights to New York, the Airport's top O&D market. All 30 of the Airport's primary O&D markets are provided nonstop service with a total of 208 daily flights. In addition to New York, other primary O&D markets with a significant number of daily nonstop flights include fifth-ranked Atlanta (21 daily flights), ninth-ranked Fort Lauderdale (16 daily flights), second-ranked Chicago (14 daily flights), and five other markets (Baltimore, Detroit, Houston, Philadelphia, and Washington DC) each with 10 daily flights.

2.4 Historical Aircraft Operations and Landed Weight

This section presents historical aircraft operations (takeoffs and landings) at the Airport, as well as historical landed weight by passenger airlines and all-cargo carriers.

2.4.1 Aircraft Operations

Table II-8 presents historical operations (take-offs or landings) at the Airport between FY 2003 and FY 2007. As shown, total aircraft activity at the Airport peaked at 269,996 operations in FY 2005. As also depicted, aircraft activity by passenger airlines at the Airport increased at a compounded annual growth rate of 3.0 percent from FY 2003 to FY 2007. Total operations increased to 260,424 in FY 2007 from 232,235 in FY 2003. This increase represents a compounded annual growth rate of 2.9 percent during this period, as activity at the Airport recovered from the effects of September 11 and the post-September 11th economic environment. Specific trends in operational activity by major user category at the Airport are discussed below:

- **Wide-body Passenger Aircraft.** This category represents twin-aisle passenger aircraft. This passenger aircraft type has seen a decrease in operations of 21.9 percent from FY 2003

⁴ Based on U.S. Department of Transportation (DOT) ticket sample data, O&D passengers accounted for approximately 88 percent of total passengers at the Airport in FY 2006.

Table II-6
Primary O&D Passenger Markets

FY 2000				FY 2007				
Rank	Market	Trip Length ^{1/}	Total O&D Passengers	Rank	Market	Nonstop Service ^{2/}	Trip Length ^{1/}	Total O&D Passengers
1	New York	MH	1,266,330	1	New York	•	MH	1,641,925
2	Atlanta	SH	739,720	2	Chicago	•	MH	926,699
3	Chicago	MH	609,600	3	Philadelphia	•	MH	658,533
4	Fort Lauderdale	SH	495,570	4	Atlanta	•	SH	566,425
5	Detroit	MH	477,500	5	Washington, DC	•	MH	530,692
6	Boston	MH	459,630	6	Baltimore	•	MH	525,317
7	Baltimore	MH	443,550	7	Detroit	•	MH	499,840
8	Philadelphia	MH	393,170	8	Boston	•	MH	487,430
9	Washington, DC	MH	386,080	9	Fort Lauderdale	•	SH	386,937
10	Dallas	MH	339,920	10	Indianapolis	•	MH	353,931
11	Columbus, OH	MH	274,940	11	Las Vegas	•	LH	327,022
12	Las Vegas	LH	250,930	12	Hartford	•	MH	313,937
13	Hartford	MH	249,430	13	Denver	•	MH	307,713
14	Los Angeles	LH	239,700	14	Dallas/Ft. Worth	•	MH	307,476
15	Long Island	MH	228,710	15	Providence	•	MH	293,460
16	St. Louis	MH	215,520	16	Manchester	•	MH	268,065
17	Pittsburgh	MH	205,140	17	Nashville	•	MH	262,663
18	Denver	MH	204,310	18	Pittsburgh	•	MH	252,361
19	Raleigh	SH	196,800	19	Houston	•	MH	252,352
20	Providence	MH	195,640	20	Los Angeles	•	LH	251,996
21	New Orleans	SH	195,270	21	Columbus, OH	•	MH	228,882
22	Cleveland	MH	193,300	22	Minneapolis	•	MH	223,909
23	Houston	MH	188,770	23	Raleigh	•	SH	218,526
24	Nashville	MH	183,710	24	Buffalo	•	MH	215,989
25	Miami	SH	175,550	25	Islip	•	MH	215,523
Average				Average				
Airport ^{3/}		993		Airport ^{3/4/}			1,047	
United States		1,068		United States ^{4/}			1,149	

Notes:

^{1/} (SH) Short Haul = 0 to 600 miles

(MH) Medium Haul = 601 to 1,800 miles

(LH) Long Haul = over 1,800 miles

^{2/} As of February 21, 2008.

^{3/} Average calculated for all of the Airport's O&D markets.

^{4/} Average trip length as of FY 2006.

Source: O&D Survey of Airline Passenger Traffic, U.S. DOT

Prepared by: Ricondo & Associates, Inc.

Table II-7 (1 of 2)

Nonstop Markets - February 21, 2008

Market	Daily Nonstop Flights	Number of Airlines	Airline
Akron	1	1	AirTran
Albany	1	1	Southwest
Albuquerque	1	1	Southwest
Atlanta	21	2	AirTran (10), Delta (11)
Atlantic City	1	1	Spirit
Austin	1	1	Southwest
Baltimore	10	2	AirTran (3), Southwest (7)
Birmingham	3	1	Southwest
Boston	8	3	AirTran (1), Delta (3), jetBlue (4)
Buffalo	2	1	Southwest
Charlotte	9	1	US Airways
Chicago	14	3	American (3-ORD), Southwest (7-MDW) United/TED (4-ORD)
Cincinnati	4	1	Comair (Delta Connection) (1), Delta (3),
Cleveland	3	1	Continental
Columbus, OH	4	2	Chautauqua (Delta Connection) (1), Southwest (3)
Dallas	8	1	American (8-DFW)
Dayton	1	1	AirTran
Denver	5	3	Frontier (1), Southwest (1), United/TED (3)
Detroit	10	3	AirTran (1), Northwest (6), Spirit (3)
Flint	1	1	AirTran
Fort Myers	2	1	Cape Air (Continental Connection)
Fort Lauderdale	16	3	Gulfstream (Continental Connection) (5), Southwest (9), Spirit (2)
Fort Walton Beach	3	1	Gulfstream (Continental Connection)
Gainesville	1	1	Gulfstream (Continental Connection)
Grand Cayman Island	1	1	Cayman Airways
Gulfport/Biloxi	1	1	AirTran
Halifax, Canada	1	1	WestJet
Hamilton, Canada	1	1	WestJet
Hartford	4	2	Delta (2), Southwest (2)
Houston	10	2	Continental (6-IAH), Southwest (4-HOU)
Indianapolis	5	3	AirTran (2), Northwest (2), Southwest (1)
Jacksonville	7	2	Gulfstream (Continental Connection) (4), Southwest (3)
Kansas City	2	1	Southwest
Key West	6	1	Gulfstream (Continental Connection)

Table II-7 (2 of 2)

Nonstop Markets - February 21, 2008

Market	Daily Nonstop Flights	Number of Airlines	Airline
Las Vegas	3	2	Southwest (1), US Airways (2)
London, England	1	1	British Airways (LGW)
Long Island	3	1	Southwest
Los Angeles	2	1	Delta
Louisville	2	1	Southwest
Manchester, NH	2	1	Southwest
Memphis	3	1	Northwest
Miami	11	2	American (5), Gulfstream (Continental Connection) (6)
Milwaukee	3	2	AirTran (1), Midwest (2)
Minneapolis	5	2	AirTran (1), Northwest (4)
Naples	8	2	(5)
Nashville	5	1	Southwest
New Orleans	3	1	Southwest
New York	28	5	AirTran (1-LGA; 1-SWF), American (2-LGA), Comair (Delta Connection) (1-LGA), Continental (9-EWR), Delta (3-JFK; 3-LGA), jetBlue (1-EWR; 7-JFK)
Newport News	1	1	AirTran
Norfolk	1	1	Southwest
Ottawa, Canada	1	1	WestJet
Palm Beach	7	2	Gulfstream (Continental Connection) (3), Southwest (4)
Pensacola	8	2	Freedom (Delta Connection) (2), Gulfstream (Continental Connection) (6)
Philadelphia	10	2	Southwest (4), US Airways (6)
Phoenix	3	2	Southwest (1), US Airways (2)
Pittsburgh	3	3	AirTran (1), Southwest (1), US Airways (1)
Providence	3	1	Southwest
Raleigh	3	1	Southwest
Rochester	1	1	AirTran
Salt Lake City	1	1	Delta
San Antonio	1	1	Southwest
San Juan, Puerto Rico	1	1	American
Sarasota	2	1	Cape Air (Continental Connection)
St. Louis	3	2	American (1), Southwest (2)
Tallahassee	14	3	Freedom (Delta Connection) (4), Gulfstream (Continental Connection) (8), Vintage Props & Jets (2)
Toronto, Canada	4	2	Air Canada (2), WestJet (2)
Washington, DC	10	3	Southwest (2-IAD), United/TED (3-IAD), US Airways (5-DCA)
Total	324		

Source: Official Airline Guide; February 21, 2008
 Prepared by: Ricondo & Associates, Inc.

Table II-8

Historical Aircraft Operations

Fiscal Year	Wide-Body Passenger Aircraft	Narrow-Body Passenger Aircraft	Regional Passenger Aircraft	Airline Total	General Aviation	All Cargo	Other Air Taxi	Military	Total
2003	7,536	132,848	36,164	176,548	39,309	9,410	6,489	479	232,235
2004	7,174	135,412	39,600	182,186	40,356	8,890	6,675	522	238,629
2005	7,040	147,300	53,708	208,048	42,635	10,596	8,134	583	269,996
2006	3,192	151,954	41,738	196,884	40,267	11,690	8,418	548	257,807
2007	2,800	163,942	31,930	198,672	38,241	12,888	9,916	707	260,424
Compounded Annual Growth Rate									
2003 - 2007	-21.9%	5.4%	-3.1%	3.0%	-0.7%	8.2%	11.2%	10.2%	2.9%

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

to FY 2007. From FY 2003 to FY 2005, Delta operated the majority of the wide-body aircraft in service at the Airport. In FY 2006, wide-body aircraft operations decreased to 3,192 from 7,040 in FY 2005. The primary reason for this reduction was Delta's operational changes. Delta was going through bankruptcy reorganization during this period, reducing its domestic capacity and shifted its focus toward international expansion. The primary wide-body aircraft that Delta uses to serve the Airport is the Boeing 767. Since the Boeing 767 is one of the largest aircraft in Delta's fleet, many of these aircraft were shifted to international routes. In FY 2007, Delta continued to operate the majority of wide-body operations at the Airport, with British Airways operating a Boeing 777 on its international route to London.

- **Narrow-body Passenger Aircraft.** Narrow-body passenger aircraft constitute single-aisle aircraft, greater than 90 seats, for the purpose of this report. In FY 2007, narrow-body passenger aircraft operations represented approximately 82.5 percent of all passenger operations at the Airport. In FY 2003, operations were 132,848 and have increased at a compounded annual growth rate of 5.4 percent, to 163,942 operations in FY 2007. Increases in low cost carrier expansion, Delta's shift from wide-body service to more narrow-body service, and the reduction in regional jet service, are the main contributing factors to this increase in narrow-body passenger service.
- **Regional Passenger Aircraft.** Regional passenger aircraft are classified as any passenger aircraft having 89 seats or less. For FY 2003 to FY 2005, regional passenger aircraft operations increased from 36,164 to 53,708. This increase was a result of increased service by Chautauqua (Delta Connection) and Gulfstream (Continental Connection). Due to Delta's bankruptcy and efforts to reduce capacity on mainline and regional routes, operations of regional passenger aircraft at the Airport have decreased from a peak of 53,708 in FY 2005 to 31,930 in FY 2007. In FY 2007, Gulfstream was the main operator of regional passenger aircraft at the Airport. From FY 2003 through FY 2007, regional passenger aircraft have decreased at a compounded annual growth rate of negative 3.1 percent.
- **General Aviation.** General aviation activity at the Airport has decreased from a peak of 42,635 operations in FY 2005 to 38,241 operations in FY 2007. From FY 2003 through FY 2007 activity in this category has decreased at a compounded annual growth rate of negative 0.7 percent.
- **All Cargo.** From FY 2004 to FY 2007, all-cargo activity increased at a compounded annual growth rate of 13.2 percent to 12,888 operations in FY 2007.
- **Other Air Taxi.** Between FY 2003 and FY 2007, other air taxi activity at the Airport (for-hire charters, fixed base operators, etc.) increased at a compounded annual growth rate of 11.2 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 568 operations between FY 2003 and FY 2007.

2.4.2 Landed Weight by Airline

Table II-9 presents the share of landed weight by passenger airlines and combined all-cargo carriers at the Airport between FY 2003 and FY 2007. Similar to enplanements, landed weight is spread over a number of carriers, with no carrier having more than 28 percent of annual landed weight at the Airport during the years depicted. Southwest, Delta, and US Airways accounted for 52.7 percent of landed weight at the Airport in FY 2007, with five other airlines accounting for an additional 33.7

Table II-9

Historical Landed Weight by Airline (000s)

Airline ^{1/}	FY 2003		FY 2004		FY 2005		FY 2006		FY 2007	
	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share
Southwest	2,426,190	22.4%	2,446,289	21.9%	2,761,994	22.5%	3,014,842	25.5%	3,430,004	28.0%
Delta ^{2/}	2,471,689	22.9%	2,525,493	22.6%	2,737,268	22.3%	2,095,183	17.7%	1,749,506	14.3%
US Airways ^{3/}	1,309,945	12.1%	1,358,147	12.1%	1,389,976	11.3%	1,293,436	11.0%	1,283,475	10.5%
American ^{4/}	1,008,530	9.3%	1,071,073	9.6%	1,069,792	8.7%	1,048,133	8.9%	1,059,301	8.6%
Continental ^{5/}	722,123	6.7%	761,601	6.8%	871,257	7.1%	949,081	8.0%	1,011,799	8.2%
AirTran	596,876	5.5%	507,660	4.5%	654,940	5.3%	683,098	5.8%	858,884	7.0%
Northwest	545,828	5.0%	584,035	5.2%	626,430	5.1%	551,808	4.7%	612,271	5.0%
United/Ted	527,706	4.9%	605,427	5.4%	622,078	5.1%	575,475	4.9%	598,796	4.9%
jetBlue	246,148	2.3%	378,679	3.4%	441,958	3.6%	515,191	4.4%	480,932	3.9%
Spirit	178,898	1.7%	187,850	1.7%	169,868	1.4%	180,361	1.5%	259,495	2.1%
British Airways	112,034	1.0%	115,048	1.0%	114,664	0.9%	115,694	1.0%	117,661	1.0%
Midwest	17,983	0.2%	16,996	0.2%	54,800	0.4%	102,162	0.9%	108,516	0.9%
Air Canada	101,148	0.9%	86,760	0.8%	74,926	0.6%	75,156	0.6%	68,738	0.6%
Westjet	-	-	-	-	27,474	0.2%	29,582	0.3%	57,702	0.5%
Frontier	60,558	0.6%	68,942	0.6%	58,075	0.5%	58,633	0.5%	57,020	0.5%
Cayman Airways	24,289	0.2%	26,074	0.2%	25,279	0.2%	28,731	0.2%	32,218	0.3%
All-Cargo	307,634	2.8%	332,801	3.0%	326,090	2.7%	421,320	3.6%	479,462	3.9%
All Others ^{6/}	154,480	1.4%	108,715	1.0%	231,709	1.9%	69,588	0.6%	4,130	0.0%
Airport Total ^{7/}	10,812,057	100.0%	11,181,590	100.0%	12,258,577	100.0%	11,807,473	100.0%	12,269,910	100.0%

Notes:

^{1/} For those airlines that were party to a merger or acquisition, only the surviving entity is presented in this table. However, the activity for the airlines that are now a part of the surviving airline is included in the information presented.

^{2/} Includes activity by Delta, Atlantic Southeast, Chautauqua, Comair, Freedom, Shuttle America, and Song.

^{3/} Includes activity by US Airways, America West, Piedmont, and Republic.

^{4/} Includes activity by American and American Eagle.

^{5/} Includes activity by Continental, Cape Air, ExpressJet, and Gulfstream.

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

^{7/} Totals may not add due to individual rounding.

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

percent of landed weight during this same period. As also shown, all-cargo carriers accounted for 3.9 percent of landed weight at the Airport in FY 2007.

2.5 Aviation Industry

This section discusses qualitative factors that could influence future aviation activity at the Airport.

2.5.1 National Economy

Air travel demand is directly correlated to income. As consumer income and business profits increase, so does air travel. Economic indicators in the nation prior to September 11th were beginning to show signs of a recession. In November 2001, the National Bureau of Economic Research officially announced that in March 2001 the U.S. economy had entered its 10th recession since the end of World War II. The loss of household wealth dampened consumer confidence and significantly reduced consumer spending. According to the Bush Administration's Council of Economic Advisers (Council), business investment slowed sharply in late 2000 and remained soft for more than two years. Also, according to the Council, the U.S. economy lost over 900,000 jobs from December 2000 to September 2001, and then lost almost another 900,000 jobs in the three months following September 11th.⁵ The effects of September 11th accelerated the downturn in consumer spending on consumer goods and services, including spending on air travel.

According to the Council, economic conditions improved substantially in 2003 due to faster growth in household consumption, significant gains in residential investment, and strong growth in investment in equipment and software by businesses. Also according to the Council, the recovery of the national economy became a full-fledged expansion in 2004, with strong output growth and steady improvement in the labor market. This expansion of the U.S. economy continued in 2005 and 2006, with the economy increasing 3.1 percent and 3.4 percent, respectively, from the previous year, and payroll employment increased by 2.0 million employees in 2005 and 2.2 million employees in 2006.^{6,7} Economic expansion continued in 2007 with a 2.5 percent increase from the previous year despite a weak housing sector, credit tightening, and high energy prices. According to the Council, economic expansion is expected to continue in 2008, but at a slower pace.⁸ Blue Chip Economic Indicators, a consensus forecast of over 50 U.S. economists predicts the U.S. economy to increase 1.6 percent in 2008 and 2.8 percent in 2009.

2.5.2 State of the Airline Industry

The U.S. airline industry has been significantly affected by a number of events that occurred earlier this decade (e.g., September 11th, the economic slowdown, the outbreak of SARS in Asia and Canada, and the Middle East conflicts). These events contributed to substantial financial losses for the airline industry between 2001 and 2005 (\$35 billion in cumulative net losses during this period, excluding extraordinary restructuring charges and gains). The U.S. aviation industry recorded a \$3 billion net profit in 2006; and, although the final figures will not be available until May 2008, the Air Transport Association estimates that the U.S. aviation industry will report a net profit of \$4 billion in 2007.

Since the events of September 11th and the nationwide economic slowdown, numerous U.S. passenger airlines filed for bankruptcy court protection under Chapter 11, including (in chronological

⁵ *Economic Report of the President*, February 2005.

⁶ *Economic Report of the President*, February 2006.

⁷ *Economic Report of the President*, February 2007.

⁸ *Economic Report of the President*, February 2008.

order) US Airways (in 2002 and 2004), United, Hawaiian, Midway, ATA, Aloha, Delta, Northwest, Mesaba, and Independence Air. Except for Midway and Independence Air, each of these airlines has since emerged from Chapter 11. Midway and Independence Air ceased operations in 2003 and 2006, respectively.

The airlines have responded to the changing nature of the industry by furloughing employees, negotiating significant wage reductions, deferring aircraft deliveries, streamlining operations, and improving productivity. While conditions have improved and the overall financial outlook is guardedly optimistic, massive debt levels, large unfunded pension obligations, and age of aircraft fleets leave the industry vulnerable to fuel spikes, recession, or other factors beyond the airlines' control.

The way airlines do business has changed dramatically over the last five years. Faced with the growth of low-cost airlines and evolving business technology, U.S. legacy airlines have been forced to change business practices. Carriers that once structured their services around the business traveler during the economic boom in the 1990s found that more and more businesses were either switching to low-cost carriers or significantly reducing or eliminating business travel. U.S. legacy carriers were therefore forced to reduce, eliminate, or switch service to smaller regional jets on unprofitable routes, reduce work force and implement pay cuts, and reduce fares in order to compete with low-cost carriers.

A major tangible change in the airline industry has been the significantly increased use of smaller, regional jets. According to Official Airline Guide data, scheduled flights on regional jets nationwide increased from an average of 85,300 monthly departures in 2000 to 279,600 in 2007, a compounded annual growth rate of 18.5 percent during this period. Scheduled regional jet traffic nationwide accounted for approximately 33 percent of scheduled domestic flights in 2007, compared to approximately 10 percent in 2000.

Most industries have one or more of three inherent structural weaknesses: labor intensive, capital intensive, and/or vulnerability to cost and supply of a key commodity (e.g., aviation fuel). Airlines have all three weaknesses. As indicated above, four of the six U.S. legacy carriers have undergone reorganization under Chapter 11 since the events of September 11th. Chapter 11 protection enables these carriers the ability to pursue cuts in wages, as well as pension and health benefits for workers and retirees.

Airlines have also recently shown renewed interest in addressing the above-mentioned weaknesses by pursuing an alternative form of restructuring through mergers. Recent publicly disclosed merger scenarios have mainly involved legacy carriers rather than low-cost carriers. Presently, there are advanced discussions between Delta and Northwest, and preliminary discussions are apparently underway between United and Continental. It is difficult to say with any degree of certainty if any merger(s) will actually materialize, or even be approved by the U.S. Department of Justice. However, for the purpose of these analyses, it is assumed that due to the strong O&D nature of traffic at the Airport, a potential merger or mergers would not have a significant impact on passenger traffic at the Airport.

2.5.3 Factors Directly Affecting the Airline Industry

2.5.3.1 Cost of Aviation Fuel

As industry fundamentals go, the price of fuel is the most significant force affecting the airline industry today. With the price of fuel today, compared to the price of fuel in 2000, the airlines are struggling to make a profit. The average price of jet fuel was \$0.81 per gallon in 2000 compared to \$2.10 in 2007, and has continued to increase through the first quarter of 2008. According to the Air

Transport Association, every one-cent increase in the price per gallon increases annual airline operating expenses by approximately \$190 million to \$200 million.

Also according to the Air Transport Association, U.S. airline fuel expense increased from \$16.4 billion in 2000 to \$38.0 billion in 2006 (the latest year for which such data are currently available), a compounded annual growth rate of 15.0 percent during this period. The airline industry paid \$7.5 billion more for fuel in 2004 than in 2003, \$10.4 billion more in 2005 than in 2004, and \$4.9 billion more in 2006 than in 2005. According to the Air Transport Association's airline cost index for the third quarter of 2007, fuel has overtaken labor as the industry's top cost (26.5 percent of industry expenditures compared to 23.4 percent, respectively).

The price of jet fuel has forced some airlines to find ways of becoming more fuel efficient, and some airlines have found ways to save millions of dollars by taking many steps including using newer, more fuel-efficient airplanes, using only a single engine for taxi, lowering cruise speeds, onboard weight reduction, more direct routes, and other measures. In the initial years following the events of September 11th and the nationwide economic slowdown, some U.S. airlines attempted to pass the higher fuel costs on to consumers by increasing the fuel surcharge; however, some of these attempts were unsuccessful as many airlines, particularly low cost carriers, refused to match the increase in a number of instances.

Airlines have hedged fuel prices through the purchase of oil futures contracts; however, the amount of hedged fuel cost has varied tremendously by airline and is limited by an individual airline's financial condition. The substantial increase in fuel prices has had a significant impact on profitability and future increases or sustained higher prices could affect airfares and airline service.

2.5.3.2 Airport Security

With enactment of the Aviation and Transportation Security Act (ATSA) in November 2001, the Transportation Security Administration (TSA) was created, which established different and improved security processes and procedures. The ATSA mandates certain individual, cargo and baggage screening requirements, security awareness programs for airport personnel and deployment of explosive detection devices. The act also permits the deployment of air marshals on all flights and requires air marshals on all "high-risk" flights. To finance these federal security services, the ATSA provides for payment by the airlines of approximately \$700 million, estimated to be the cost of providing such services prior to the events of September 11, and imposes a passenger fee of \$2.50 for each flight segment, not to exceed \$5.00 per one-way trip.

In November 2002, Congress enacted the Homeland Security Act, which created the Department of Homeland Security (DHS) to accomplish several primary goals: (1) prevent terrorist attacks within the United States, (2) reduce the nation's vulnerability to terrorism, (3) minimize the damage of and assist in the recovery from terrorist attacks that do occur, (4) and monitor connections between illegal drug trafficking and terrorism and coordinate efforts to sever such connections. The TSA is now a part of the DHS.

The Homeland Security Act extended the federal government's guarantee of war-risk insurance to airlines through February 15, 2007, which was further extended by the Secretary of Transportation through December 31, 2008. The Homeland Security Act caps the total premium paid by any airline for war-risk insurance at no more than twice the premium the airline was paying the U.S. DOT for its third-party policy as of June 19, 2002. The Homeland Security Act also requires that carriers include methods of self-defense within their security training programs for flight attendants. The Homeland Security Act also requires DHS to establish a program for arming pilots, though participation in the program remains voluntary.

2.5.3.3 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 security measures have restored the public's confidence in the integrity of U.S. and world aviation security systems. Any terrorist incident aimed at aviation would have an immediate and significant impact on the demand for aviation services.

2.6 Projections of Aviation Demand

Projections of aviation demand were prepared on the basis of local socioeconomic and demographic factors, the Airport's historical shares of U.S. enplanements, and anticipated trends in air carrier usage of the Airport.

In particular to the market share and socioeconomic regression methodologies for projecting enplanements at the Airport:

- **Market Share Approach.** In this methodology, judgments were made as to how and to what extent the Airport's rate of growth would differ from that projected for the nation by the FAA. On a macro scale, the U.S. projection provides a growth base 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 market.
- **Socioeconomic Regression Approach.** Statistical linear regression modeling was used in this methodology, with local socioeconomic factors as the independent variable and enplaned passengers as the dependent variable. Socioeconomic factors utilized in these analyses included population, income, per capita income, and employment. Of interest in the analyses, among other factors, was how well each socioeconomic variable explained the annual variations in enplaned passengers at the Airport (i.e., the model's coefficient of determination).⁹

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

- The Airport will continue to provide nonstop service to each of its primary O&D markets. The composition of its air carrier base will also continue to foster competitive pricing and scheduling diversity. In addition, O&D passengers will continue to account for a high percentage of enplaned passengers at the Airport.
- Low cost carrier service will continue to be an important component of air service at the Airport, providing continued increases in passenger air travel demand during the projection period.
- Higher fuel prices may cause changes in air service at the Airport; however, the passenger demand for its major O&D markets will continue to be served during the projection period.
- Airline consolidation/mergers that may occur during the projection period are not likely to negatively impact passenger activity levels at the Airport due to its high percentage of O&D passengers. New airline alliances, should they develop, will be restricted to code sharing and joint frequent flyer programs, and should not reduce airline competition at the Airport.

⁹ The coefficient of determination (R^2) for the socioeconomic factors ranged from a high of approximately 96 percent to a low of approximately 89 percent.

- Individual airline bankruptcies or liquidations may occur during the projection period; however, they will not adversely impact passenger activity levels projected herein. It is assumed that other carriers will fill the demand left by the specific bankrupt or liquidated carrier.
- For these analyses, and similar to the FAA's assumptions for its nationwide projections, there will not be any terrorist incidents that negatively impact U.S. air traffic demand during the projection period. Additionally, there will not be a major contraction of the aviation industry through bankruptcy or consolidation during this same period.
- Economic disturbances will occur during the projection period causing year-to-year traffic variations; however, a long-term increase in nationwide traffic is expected to occur.

Many of the factors influencing aviation demand cannot necessarily nor readily 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 airline deregulation. Actual future traffic levels at the Airport may differ from projections presented herein because of unforeseen events.

2.6.1 Enplanement Projections

Table II-10 presents historical and projected enplanements for the Airport's legacy/mainline, low cost carrier, foreign flag carrier, and other. It is expected that the combined impact of the low cost carriers and matching fares by the legacy carriers in certain markets will continue to provide strong passenger growth. Over the long-term, it is expected that enplanements will generally increase during the projection period and the Airport will continue to grow at a similar pace as the nation.. As shown, total airline enplanements are projected to increase from 9.6 million in FY 2007 to 13.5 million in FY 2018. This increase represents a compounded annual growth rate of 3.1 percent during this period, slightly more conservative than the 3.2 percent growth projected nationwide by the FAA. The 3.1 percent compounded annual growth rate for the projection period is generally consistent with long-term historical growth in passenger activity at the Airport when correlated with local socioeconomic factors. As also shown, legacy/mainline and low cost carrier enplanements are expected to increase at a compounded annual growth rate of 1.5 and 4.9 percent, respectively, between FY 2007 and FY 2018. Low cost carriers are projected to grow at a greater rate than legacy/mainline carriers due to the historical shift of enplaned passengers at the Airport and the assumption of continued expansion by low cost carriers as legacy/mainline carriers reduce capacity and pursue consolidation efforts. Legacy/mainline and low cost carriers are anticipated to continue to serve the majority of passengers at the Airport, with these carriers accounting for approximately 98 percent of total enplanements during the projection period. Market share is expected to shift towards low cost carriers and this group is projected to account for more enplanements than legacy/mainline carriers & affiliates by approximately FY 2017.

2.6.2 Operations Projections

Table II-11 presents historical and projected aircraft operations for passenger airline, general aviation, all-cargo carrier, other air taxi, and military activity. As shown, total aircraft activity at the Airport is projected to increase from 260,424 operations in FY 2007 to 331,600 in FY 2018. This increase represents a compounded annual growth rate of 2.2 percent during this period, comparable to the 2.1 percent growth projected nationwide by the FAA.

Passenger airline activity at the Airport is projected to increase from 198,672 operations in FY 2007 to 252,600 in FY 2018. This increase represents a compounded annual growth rate of 2.2 percent during this period, compared to 2.2 percent projected nationwide for air carriers and air taxis combined by the FAA. In general, the passenger airline projections were developed based on

Table II-10

Enplanement Projections

Fiscal Year	Legacy / Mainline & Affiliates	Low Cost Carrier	Foreign Flag Carrier	Other Carrier	Total
Historical					
1997	5,472,173	918,275	190,963	66,122	6,647,533
1998	5,579,000	1,036,298	168,464	51,676	6,835,438
1999	5,915,591	1,343,396	177,487	12,462	7,448,936
2000	6,005,809	1,782,537	159,149	11,664	7,959,159
2001	5,960,356	2,075,831	139,175	8,453	8,183,815
2002	5,108,988	2,360,532	145,767	3,311	7,618,598
2003	4,891,508	2,608,521	155,740	5,016	7,660,785
2004	5,399,881	2,887,226	159,537	19,076	8,465,720
2005	5,768,194	3,512,249	163,853	24,724	9,469,020
2006	5,406,470	3,790,599	170,517	24,064	9,391,650
2007	5,445,019	3,997,092	184,268	1,765	9,628,144
2007 (Oct - Jan)	1,805,572	1,222,929	61,785	937	3,091,223
2008 (Oct - Jan)	1,667,080	1,304,063	65,157	150	3,036,450
Projected					
2008	5,444,300	4,172,400	193,300	1,820	9,811,800
2009	5,503,800	4,354,200	202,500	1,880	10,062,400
2010	5,584,500	4,561,600	212,100	1,940	10,360,100
2011	5,668,000	4,780,500	221,800	2,000	10,672,300
2012	5,753,100	5,010,600	231,700	2,060	10,997,500
2013	5,840,200	5,252,900	241,900	2,120	11,337,100
2014	5,950,300	5,516,400	252,300	2,190	11,721,200
2015	6,065,700	5,795,900	263,000	2,260	12,126,900
2016	6,183,700	6,089,800	274,000	2,330	12,549,800
2017	6,307,400	6,402,000	285,500	2,400	12,997,300
2018	6,437,400	6,734,400	297,300	2,470	13,471,600
Compounded Annual Growth Rate					
1997 - 2001	2.2%	22.6%	-7.6%	-40.2%	5.3%
1997 - 2007	0.0%	15.8%	-0.4%	-30.4%	3.8%
2001 - 2007	-1.5%	11.5%	4.8%	-23.0%	2.7%
2007 - 2008 (Oct - Jan)	-7.7%	6.6%	5.5%	-84.0%	-1.8%
2007 - 2010	0.8%	4.5%	4.8%	3.2%	2.5%
2010 - 2015	1.7%	4.9%	4.4%	3.1%	3.2%
2007 - 2018	1.5%	4.9%	4.4%	3.1%	3.1%

Sources: Hillsborough County Aviation Authority (historical); Ricondo & Associates, Inc. (projected)

Prepared by: Ricondo & Associates, Inc.

Table II-11

Operations Projections

Fiscal Year	Legacy / Mainline & Affiliates	Low Cost Carrier	Foreign Flag Carrier	Other Carrier	Airline Total	General Aviation	All Cargo	Other Air Taxi	Military	Total
Historical										
2002	127,978	57,856	2,016	112	187,962	40,499	10,360	5,447	957	245,225
2003	112,576	61,704	2,084	184	176,548	39,309	9,410	6,489	479	232,235
2004	117,806	61,734	2,142	504	182,186	40,356	8,890	6,675	522	238,629
2005	131,110	73,898	2,448	592	208,048	42,635	10,596	8,134	583	269,996
2006	118,298	75,584	2,530	472	196,884	40,267	11,690	8,418	548	257,807
2007	112,570	83,002	3,040	60	198,672	38,241	12,888	9,916	707	260,424
Projected										
2008	117,200	86,400	3,260	62	206,900	40,000	13,200	10,200	700	271,000
2009	117,000	89,200	3,400	64	209,700	40,800	13,500	10,500	700	275,200
2010	117,400	92,400	3,540	66	213,400	41,600	13,900	10,800	700	280,400
2011	117,800	95,600	3,680	68	217,100	42,400	14,300	11,100	700	285,600
2012	118,200	99,000	3,820	70	221,100	43,300	14,700	11,400	700	291,200
2013	118,600	102,600	3,960	72	225,200	44,200	15,200	11,700	700	297,000
2014	119,400	106,600	4,120	74	230,200	44,800	15,700	12,000	700	303,400
2015	120,400	110,800	4,280	76	235,500	45,400	16,200	12,300	700	310,100
2016	121,400	115,000	4,420	78	240,900	46,000	16,700	12,600	700	316,900
2017	122,400	119,600	4,580	81	246,700	46,700	17,200	12,900	700	324,200
2018	123,400	124,400	4,740	83	252,600	47,400	17,700	13,200	700	331,600
Compounded Annual Growth Rate										
2002 - 2007	-2.5%	7.5%	8.6%	-11.7%	1.1%	-1.1%	4.5%	12.7%	-5.9%	1.2%
2007 - 2018	0.8%	3.7%	4.1%	3.0%	2.2%	2.0%	2.9%	2.6%	-0.1%	2.2%

Sources: Hillsborough County Aviation Authority (historical); Ricondo & Associates, Inc. (projected)
Prepared by: Ricondo & Associates, Inc.

historical relationships between enplaned passengers, load factors, and average seating capacities of aircraft utilized at the Airport.

It is expected that low cost carrier operations will continue to increase at a greater rate than legacy/mainline carriers due to the limitation in fleet size. The majority of low cost carriers use only narrow-body aircraft and have no plans to increase the aircraft gauge to a wide-body. Average seats per departure are projected to increase from approximately 135.7 seats in FY 2007 to approximately 139.7 seats in FY 2018, or an average of 0.2 seats per year. The average rate of 0.2 seats per year is lower than the legacy/mainline carriers based on the following projections. The majority of low cost carrier operations are anticipated to be performed by Southwest with their Boeing 737 aircraft which consist of 137 seats. The 137-seat configuration is the largest of Southwest's fleet and presently there are no orders for larger aircraft or plans to increase the seating configuration of their fleet. With limited seating capacity per aircraft and high load factors, more operations are projected to meet the enplanement demands. Another low cost carrier, AirTran, is projected to continue operating their largest aircraft, the Boeing 737, configured with 137 seats. The projected growth of 0.2 seats per departure is anticipated to be a result of jetBlue's growth and a slow transition from their smaller Embraer 190 to their larger Airbus 320 as passenger demand increases. The remaining low cost carriers, Frontier and Spirit, are expected to shift to larger aircraft operation to meet the projected increase in passenger demand. Though Frontier, jetBlue, and Spirit are capable of increasing the aircraft size, all three airlines are not projected to acquire larger wide-body aircraft. The largest aircraft projected to operate for the low cost carriers is an Airbus 321, with an average 198 seats. It is anticipated the Airbus 321 will represent approximately 1.0 percent of total low cost carrier operations in FY 2108. The majority of operations, approximately 73.0 percent will be conducted by the Boeing 737, with an average seat size of 137. The 142-seat Airbus 319 and 150-seat Airbus 320 are projected to represent 5.1 percent and 12.0 percent respectively, of total low cost carrier operations in FY 2018. The load factor for low cost carriers is anticipated to increase from approximately 71.0 percent in FY 2007, to 78.5 percent in 2018. As a result of limited fleet size and higher load factors, low cost carrier operations are expected to increase at compounded annual growth rate of 3.7 over the projected period.

Legacy/mainline carriers and affiliates had an average seat size of 115.5 seats in FY 2007. In FY 2018, the projection for average seat size is 122.7 seats, which represents an average increase of 0.65 seats per year. Legacy/mainline seats increase at a greater rate due to several factors: First, Delta and American have upgraded their narrow-body fleets of MD-80s, which have an average of 140 seats, to their replacement, the Boeing 737-800, which is configured with an average of 150 seats. Second, the use of regional jets by the legacy/mainline affiliates is projected to remain at lower levels than at comparable airports and the nation for the projection period, which contributes to a higher average seat count per departure. Third, legacy/mainline load factors are projected to remain near FY 2007 load factor levels of approximately 83.8 percent in order to remain competitive with the low cost carriers. Increases in seats per departure, limited regional jet activity, high load factors, and a projected slower growth in enplanements, compared to low cost carriers, contribute to a lower growth rate in operations. From FY 2007 through FY 2018, the compounded annual growth rate for legacy/mainline carriers and their regional affiliates is projected to grow at 0.8 percent. The average seat size will increase at a greater rate than low cost carriers, because of the ability of legacy/mainline carriers to increase the size of their aircraft and the projection that they will continue to operate the majority of their routes, instead of using affiliates and regional passenger aircraft. The load factor for legacy/mainline carriers and affiliates averaged 83.8 percent, in FY 2007, and this load factor is projected to reach 85.0 percent in FY 2018. The load factor projection is a result of continuing pressure on these carriers to be profitable due to higher fuel and labor costs.

General aviation activity at the Airport is projected to increase from 38,241 operations in FY 2007 to 47,400 in FY 2018. This increase represents a compounded annual growth rate of 2.0 percent during this period, compared to 1.9 percent projected nationwide by the FAA.

All-cargo activity at the Airport is projected to increase from 12,888 operations in FY 2007 to 17,700 in FY 2018. This increase represents a compounded annual growth rate of 2.9 percent during this period, compared to 3.2 percent growth projected for air carriers nationwide by the FAA.

Activity by other air taxi operators is projected to increase from 9,916 operations in FY 2007 to 13,200 in FY 2018. This increase represents a compounded annual growth rate of 2.6 percent during this period, compared to 2.1 percent growth projected for air taxi activity nationwide by the FAA.

Future military activity at the Airport will be influenced by U.S. Department of Defense policy, which largely dictates the level of military activity at an airport. Military activity at the Airport is projected to remain constant at 700 operations each year during the projection period, comparable to its average activity level in FY 2007. The majority of military activity in the region will continue to take place at MacDill Air Force Base.

2.6.3 Airline and All Cargo Landed Weight Projections

Table II-12 presents historical and projected airline and all-cargo carrier landed weight at the Airport. As shown, passenger airline landed weight is projected to increase from 11,790,448 thousand pounds in FY 2007 to 15,796,100 thousand pounds in FY 2018. This increase represents a compounded annual growth rate of 2.7 percent during this period. As also shown, all-cargo landed weight at the Airport is projected to increase from 479,462 thousand pounds in FY 2007 to 662,500 thousand pounds in FY 2018. This increase represents a compounded annual growth rate of 3.0 percent during this period. In general, the increases in landed weight for both carrier groups may be attributed to anticipated use of larger aircraft and/or increased operations at the Airport during the projection period.

2.7 Summary

A summary of the air traffic trends for the Airport includes the following:

- Enplanement growth at the Airport was greater than that of the nation between 1997 and 2007. Enplanements are projected to grow at a compounded annual growth rate slightly less than the nation through 2018.
- Low cost carriers have continued to increase their market share of enplanements at the Airport. It is anticipated that by FY 2017 low cost carriers will replace legacy/mainline carriers as the leader in market share of enplanements.
- Historically, narrow-body aircraft have provided the majority of passenger airline operations. Wide-body and regional aircraft (less than 90 seats) have decreased in operations from FY 2003 through FY 2007.
- Operations projections for low cost carriers are expected to increase at an annual rate of 3.7 percent from FY 2007 through FY 2018, while legacy/mainline carriers are projected to increase at an annual rate of 0.8 percent.
- Total airline operations are projected to increase at a compounded annual growth rate of 2.2 percent over the projection period. Additionally, total airport operations are also projected to increase at a compounded annual growth rate of 2.2 percent over the projection period.

The Airport is served by the majority of airlines operating in the U.S.

Table II-12

Landed Weight Projections (000 lbs)

Fiscal Year	Legacy/Mainline & Affiliates	Low Cost Carriers	Foreign Flag Carriers	Other Carrier	Airline Total	All Cargo	Airport Total
Historical							
2002	7,228,890	3,388,192	225,923	9,590	10,852,595	292,196	11,144,791
2003	6,600,593	3,640,492	247,385	15,953	10,504,423	307,634	10,812,057
2004	6,862,521	3,723,320	227,882	35,067	10,848,790	332,801	11,181,591
2005	7,220,233	4,429,507	242,342	40,405	11,932,487	326,090	12,258,577
2006	6,448,413	4,652,155	249,162	36,423	11,386,153	421,320	11,807,473
2007	6,423,665	5,086,334	276,319	4,130	11,790,448	479,462	12,269,910
Projected							
2008	6,735,200	5,302,700	298,200	4,300	12,340,400	508,400	12,848,800
2009	6,770,900	5,482,900	313,000	4,400	12,571,200	510,400	13,081,600
2010	6,841,400	5,688,300	327,900	4,500	12,862,100	518,100	13,380,200
2011	6,912,300	5,894,300	343,000	4,700	13,154,300	533,300	13,687,600
2012	6,983,400	6,113,300	358,300	4,800	13,459,800	548,500	14,008,300
2013	7,054,900	6,345,200	373,700	4,900	13,778,700	567,500	14,346,200
2014	7,150,700	6,602,600	391,200	5,100	14,149,600	586,600	14,736,200
2015	7,259,200	6,873,200	406,900	5,200	14,544,500	605,600	15,150,100
2016	7,368,400	7,144,600	424,700	5,400	14,943,100	624,700	15,567,800
2017	7,478,500	7,441,600	442,800	5,600	15,368,500	643,800	16,012,300
2018	7,597,100	7,753,300	461,300	5,700	15,817,400	662,500	16,479,900
Compounded Annual Growth Rate							
2002 - 2007	-2.3%	8.5%	4.1%	-15.5%	1.7%	10.4%	1.9%
2007 - 2018	1.5%	3.9%	4.8%	3.0%	2.7%	3.0%	2.7%

Sources: Hillsborough County Aviation Authority (historical); Rucondo & Associates, Inc. (projected)

Prepared by: Rucondo & Associates, Inc.

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III. Airport Facilities and the 2008 Project

This chapter presents a review of the existing Airport facilities and summarizes the 2008 Project at the Airport that is intended to be partially funded from the proceeds of the Series 2008 A/B Bonds. All funding sources for the FY 2008 Project are discussed in the next chapter of this report. This chapter also discusses other future capital projects anticipated to be undertaken by the Authority through FY 2018 including components of the North Terminal Complex (defined in section 3.3.1 of this report).

3.1 Existing Airport Facilities

3.1.1 Airfield

3.1.1.1 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 (18R-36L) 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 (18L-36R) 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. A major reconstruction of Runway 18R-36L was completed in October 1997. The parallel north-south runways are 4,300 feet apart, which permits simultaneous all-weather operations of the runways. The east-west runway (9-27) is 6,995 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).

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 18R-36L 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.

3.1.1.2 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 site of demolished Airside B and will be provided on the former site of Airside D. Included are 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 Terminal Building.

3.1.2 Passenger Terminal Facilities

The existing passenger terminal facilities at the Airport include a Terminal Building, Airside Buildings connected to the 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.

3.1.2.1 Terminal Building and Short-Term Parking

The 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 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 3,650 vehicle public parking spaces, including valet parking spaces for approximately 212 cars, and the monorail system connecting the Terminal Building to the South Terminal Garage. From 2000 to 2003 the Authority completed a \$9.3 million renovation of the Terminal Building baggage claim level, a \$22.5 million renovation of the Terminal Building transfer level, and a \$21 million renovation of the Terminal Building ticket level; resulting in a complete renovation of the Terminal Building.

Adjacent to the Terminal Building, on its north side, is a two story, 111,000 square foot service building, which includes Authority office space as well as mechanical, electrical and communications facilities required to serve the Terminal Building. Included in the service 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 Terminal Building. The Authority recently completed a second floor expansion of the service building adding 33,000 square feet of office space for various Authority departments.

3.1.2.2 South Terminal Garage - Long-Term Parking

Adjacent to the 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 Terminal Building by a monorail system which transports passengers to elevator lobbies on the fifth floor of the 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 blue side rental car operations, including check-in areas, and are connected to the ticketing level of the Terminal Building by two pedestrian bridges.

3.1.2.3 Terminal Car Rental Facilities

In 2003, the Authority completed a \$13.3 million reconfiguration of the blue side car rental operations. The two blue side counter areas previously located in the baggage area were consolidated into a single free-standing building located between the Terminal Building and the South Terminal Garage. The rental car return area in the South Terminal Garage was reconfigured and expanded. The quick-turnaround service areas and ready car parking areas in the South Terminal Garage were also expanded. The \$33.5 million red side car rental garage construction and counter

relocation project, which was completed in November 2006, consolidated and expanded the red side ready car facility for the rental car operators at the Airport. This project consolidated the two car rental counter locations located in the red side baggage claim areas to a single location adjacent to the Terminal Building. The blue and red side facilities now have sufficient capacity to continue providing passengers with convenient direct access from baggage claim to car rentals within short walking distances. The former space occupied by the rental car counters was reclaimed to improve passenger circulation and provide for the future expansion of the bag claim system.

3.1.2.4 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 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). This \$124.0 million project was completed and operational on June 26, 2004.

3.1.2.5 Airside Buildings

There are four Airside Buildings currently in operation: Airside Buildings A, C, E and F. Original Airsides B and D 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 was demolished and a new airside building was constructed on the same site and 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. Commuter facilities, 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 was demolished and a new airside building was constructed on the same site and 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. Commuter facilities, 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 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.

3.1.2.6 Passenger Transfer System

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

3.1.2.7 Hotel

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

3.1.3 Other Facilities

3.1.3.1 Roadways and Remote Parking Areas

A 1.5-mile, four-lane, divided 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.

A 5,500 space garage was opened to the public on the site of the remote economy lot behind the U. S. Post Office in two stages – 3,300 spaces came online in November 2005 and 2,200, spaces in May 2006. Additional surface parking in this facility makes the total capacity of 8,300 parking spaces. A complimentary shuttle service transports customers from the remote economy lot to the Terminal Building. With these additional spaces the Airport now has over 19,000 public parking spaces with approximately 16,800 garage spaces to accommodate the traveling public.

The Florida Department of Transportation ("FDOT") is funding and constructing \$202 million of roadway improvements for easier access to the Airport. The project will enhance capacity to State

Road 60/Memorial Highway from I-275 to the Courtney Campbell Causeway interchange in the immediate vicinity of the Airport and is anticipated to be completed by the end of 2010.

The Spruce Street/State Road 60 interchange, which is the entrance to the Airport, will be enlarged to a four level interchange and the Courtney Causeway Campbell/State Road 60 interchange will include a new three level directional interchange. These major roadway improvements, scheduled for completion in 2010, will significantly reduce congestion on the adjacent interstate roadways and improve access into and out of the Airport.

In conjunction with the FDOT Airport interchange project discussed above, the Authority is widening 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, the project includes constructing a secondary return to the terminal recirculation bridge which will eliminate congested merging areas and improve traffic circulation. This \$35.4 million project is anticipated to be completed by the end of 2008.

3.1.3.2 Air Cargo Complex

An 113,400 square foot cargo complex is on the north side of the Airport. Twelve tenants currently occupy 88.7 percent of the complex. Its aircraft apron provides space for three wide body and two 727 aircraft and several smaller aircraft simultaneously. Fueling is provided through an underground hydrant fueling system.

A 25,000 square foot cargo facility located on the east side of the airport is currently leased to UPS Supply Chain through March 2010. DHL subleases a small portion of this facility for their air cargo operation. DHL also leases another facility from the airport for their ground support operation and the Authority expects DHL to move and lease the entire UPS facility at the end of the current lease.

Federal Express Corporation (FedEx) constructed an air cargo service facility at the Airport on a thirteen acre site of Airport property. The facility opened for operations on March 1, 2003 at a cost of \$24.7 million, which included a new cargo building and 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.

3.1.3.3 Airport Support Facilities

Located at the northeast corner of the Airport, the Airport Support Facilities (ASF) area is currently under a three phase program to centralize police auxiliary functions, maintenance shops, central receiving and warehousing. At the beginning of the program, the ASF area consisted mainly of a vehicular and equipment maintenance center for the Airport. The complex currently has eight buildings, the largest being the administrative and vehicle maintenance building. Other buildings include two vehicle storage shelters for mobile equipment; a greenhouse, equipment storage and vehicle wash building; emergency response equipment storage building, canine kennel and training area facility, and a police target practice range with a range master building and an explosive material storage facility.

Construction of a 35,000 square foot warehouse and central receiving facility is scheduled to start in April 2008 and will be completed by April 2009. This project will complete the Airport support facilities expansion program. In addition to constructing the new warehouse, this \$6.8 million

project will provide a truck and van off load court and associated parking areas, secured areas for outdoor storage and impounding vehicle storage and necessary roadwork and exterior lighting.

Construction on an \$8-million consolidated firefighting facility was completed in April 2006. The 28,000-square-foot, state-of-the-art station replaced two smaller fire stations located on either side of the Airport property. The 15,822-square-foot of living area includes 14 private dorm rooms, restrooms, training space with integrated audio/video equipment, administrative offices, a gym, kitchen and dining room. The facility also features an apparatus bay of 12,800 square feet, consisting of 10 bays for all department firefighting vehicles.

3.1.3.4 Maintenance Facilities

Delta leased (origination date December 1, 1982) a \$24.2 million aircraft maintenance facility at the Airport constructed with special purpose revenue bonds for which the Authority acted as the "conduit issuer" on behalf of Delta. This facility is approximately 125,000 square feet and 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.

This facility was closed for aircraft maintenance in 2005, with heavy maintenance work shifted to Delta's facilities in Atlanta. Delta rejected the Lease and Debt Service Agreement pursuant to its reorganization proceedings under Chapter 11 of the Bankruptcy Code. The Bankruptcy Court issued an order on June 29, 2006, approving the Stipulation previously entered into between Delta, the Authority and The Bank of New York Trust Company, N.A., as successor indenture trustee. The Stipulation and Order allows the rejection of Delta's Lease and Debt Service Agreement and abandonment by Delta of certain expendable property, effective June 30, 2006. For purposes of the Stipulation and Order, Delta is treating the Lease and Debt Service Agreement as a "true lease" and not as a financing arrangement. All parties have reserved all of their rights, claims, and defenses under all agreements and applicable law on all issues, including, but not limited to, (a) whether any party's obligations under any agreement to which it is a party are true lease obligations or pre-petition financing obligations and (b) whether any claims related to or arising out of the rejected agreements are or are not subject to limitations on damages under the Bankruptcy Code.

The Trustee and Authority filed independent claims totaling \$12 million characterizing the Lease and Debt Service Agreement as a financing agreement not subject to limitations. An Adversary Complaint was filed August 20, 2007, by the Bank of New York and the Authority to compel the court to declare the Lease and Debt Service Agreement to be a financing agreement and not a true lease, enabling Delta to pay both parties the filed claim amounts. The Trustee and Airport are awaiting a court determination of claim characterization for allowed claims. After a determination by the court of the allowed claims, the Trustee and Airport will attempt to resolve any remaining open issues associated with the vacant facility.

The original special purpose bond issue has been refunded and at the time of bankruptcy filing, there were two series of outstanding bonds in the amounts of \$16,544,349 and \$8,110,311. The Trustee, The Bank of New York, issued a draw request to the Credit Issuer under the Letter of Credit on the \$16,544,349 conduit bond issue and the holders received full payment of outstanding principal and interest accrued to July 5, 2006 on that bond issue. The \$8,110,311 conduit bond issue is currently in default.

The Authority owns an additional 140,000-square foot maintenance facility that 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. This facility was leased and utilized by US Airways until US Airways rejected the Ground Lease and Financing Agreement in bankruptcy proceedings by Court Order dated January 16, 2003.

On March 15, 2008, Pemco World Air Services, Inc. entered into a 15-year lease of the maintenance hangar to perform heavy aircraft maintenance, repair and overhaul operations. The basic terms of the lease include two five-year options, payment of ground rent of \$107,624, which escalates after year five 10 percent every three years and facility rent equal to 1.3 percent of gross receipts or a minimum of \$300,000, whichever is greater.

3.1.3.5 Reservations Center

A reservations center is situated on six acres of property owned by the Authority. Continental is currently leasing this facility.

3.1.3.6 International Trade Center

Concorde Companies entered into a master lease to approximately 154 acres of Authority property located in the southeast corner of the Airport. This property has been developed by a variety of companies through the following series of carve out leases. Crescent Brookdale Associates leases approximately 33 acres and constructed on the property a 402,000 square foot office building and two 300,000 square foot office buildings. A fourth similar office building is currently under construction. Tampa Westshore Associates Ltd. Partnership leases approximately 113 acres and opened a 1.25 million square foot upscale regional shopping center, International Plaza, in September 2001 on this leased parcel. Construction of the 300-room Renaissance Hotel was completed on approximately two acres of this leased parcel in March 2003. An additional carve out parcel was ultimately assigned to Westshore and a Crate and Barrel retail store and seafood restaurant concept are contemplated. Approximately seven acres of vacant land remains under the Concorde Companies' lease.

3.1.3.7 General Aviation

There are two general fixed base aviation facilities at the Airport. The first facility, which opened in 1980, is owned by the Authority and is currently managed by Hawker Beechcraft ("Hawker Beechcraft"). Constructed with Authority funds, the operation provides an avionics shop, maintenance shops, aircraft line service, tie down and storage, aircraft charter, sales center for Hawker Beechcraft 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 general aviation facility currently operated by Hawker Beechcraft at the Airport until recently housed a small office for the Customs and Border Protection unit of the U.S. Department of Homeland Security. With the opening of the second fixed based operator, Tampa International Jet Center LLC ("Tampa Jet Center"), it was necessary to establish a new Customs and Border Patrol facility. The new \$3.2 million facility was opened in May 2007 and provides a new stand alone facility located between the two fixed based operation ("FBO") complexes serving the needs of general aviation international passengers. The facility will be capable of handling up to 30

passengers and their baggage at any one time while meeting the requirements of the Customs and Border Patrol.

The Tampa Jet Center FBO facility has been operational since October 2004. Under the terms of its agreement with the Authority, Tampa Jet Center constructed a new 12,000-square foot terminal building, two 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 Hawker Beechcraft 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. The agreement's term is for 20 years and at the end of the agreement title to all tenant improvements reverts to the Authority. In June 2004, the agreement was amended to provide additional lease space for the development of a fourth hangar. The additional hangar was completed in September 2005. Tenant facility improvement costs to date are \$12,150,000.

3.2 The 2008 Project

The Authority's FY 2008 Project includes four projects:

- Economy Parking Garage and Roadway Improvements;
- Cargo Roadways;
- East Side Development Area Cargo and Ground Support Equipment Facilities;
- North Terminal Site Development & Infrastructure Project.

The first project is Phase 2 of the Economy Parking Garage project. Phase 1 was completed in 2005. The other three projects are being undertaken to begin preparing the Airport facilities for the construction of the North Terminal Complex, which is discussed in greater detail in section 3.3.1. The 2008 Project is described in more detail in the following paragraphs:

3.2.1 Economy Parking Garage and Roadway Improvements

This project will construct Phase 2 of the Economy Parking Garage. The garage will be immediately south of and connected to the ramps for the existing economy parking garage. The Phase 2 garage will provide a net increase of 4,600 spaces for parking. The Phase 2 garage will be a six level parking structure that will be approximately 374 feet wide by 900 feet long. The Phase 2 garage will have two elevator lobbies adjacent to the bus road similar to the Economy Garage. Lighting will be the same as the existing Economy Garage and graphics will be similar. Walking distance will not exceed 300 feet from any parking space to an elevator. The ground level lobbies will be less than 750 square feet and will be air conditioned.

This project will also evaluate converting several grass lots used for overflow parking to pavement to provide additional all weather parking. This project will also pave the current grass portion of the overflow lot, which will add 330 spaces to the paved inventory. It will also construct men's and women's restrooms to the cell phone waiting lot for the convenience of the people waiting there.

This project will improve the roads in the vicinity of the Economy Parking garages. Traffic studies will be conducted to develop planned improvements to the roadway system. This may include adding a third lane to the north south service and a third lane to the road north of the post office. A traffic light may be added to the exit from economy parking, but this will be governed by the projected traffic counts.

3.2.2 Cargo Roadways

Development of Cargo Roadway is required because of the Authority's need to relocate the existing north cargo building. This building is located on the future site of the Phase 1 North Terminal complex. In order to accommodate cargo and other related expansion, a four-lane divided public road along the east side of the expanded airport boundary is needed. This new roadway will be extended to Hillsborough Avenue from Ohio Avenue and will serve as the primary north-south access for the east side development area. This road will be used primarily as a freight route for the air cargo traffic destined for the Airport. The 1.38 mile road will be developed as an upgraded replacement road for Westshore Boulevard which is currently a public road that runs north-south and is located in the airport's land acquisition area in the Drew Park community.

3.2.3 East Side Development Area Cargo and Ground Support Equipment Facilities

Development of the cargo and ground service equipment (GSE) facility is required because of the Authority's need to develop phase 1 of the North Terminal Complex. The existing cargo facility described in section 3.1.3.2 is located on the future site of the North Terminal Complex and must be relocated. The new facility will be located in the east side development area and will include two separate buildings, one for cargo operations and the other for GSE/miscellaneous operations. The project will also include all required vehicular parking/movement areas, connections to the new Cargo Road, apron parking (on the secure side of the facilities), and access road to the existing airport perimeter road.

The new facilities will be situated on approximately 46 acres of property owned by the Authority in the Drew Park acquisition area. The project will be located south of West Cayuga Street north of Martin Luther King west of the new cargo road and east of Westshore Blvd. The two buildings will total approximately 113,000 square feet. The cargo building will be approximately 75,000 square feet. This building will be dock height to accommodate tractor-trailer operations and the facility will be planned to facilitate aircraft operations in the future. The GSE building will be approximately 38,000 square feet. This building will be designed to facilitate the GSE maintenance operation.

Access to the airport perimeter road will be required. This will necessitate the construction of a road to the new site which will extend the air operations area into the new cargo area. A section of the existing airport perimeter road will also require some level of rehabilitation since the cargo tugs will be using it.

3.2.4 North Terminal Complex Site Development & Infrastructure Project

The scope of work will include demolition of existing facilities and new storm water drainage infrastructure for the North Terminal Complex, which is described in section 3.3.1 of this report. The site drainage is divided into three primary stages: Sweetwater Creek relocation around the north end of the airport; Storm water management pond construction for the North Terminal Complex; and box culvert installation for storm water conveyance from the North Terminal Complex facilities.

The existing 113,400 square feet cargo facility and other buildings will also be demolished as part of this project. Underground utilities and site preparation grading will be included in later projects.

The 2008 Project will be partially funded with proceeds from the Series 2008 A/B Bonds. **Table III-1** presents the cost of the 2008 Project:

Table III-1

2008 Project

	Total Costs
Economy Parking Garage and Roadway Improvements	\$69,657,400
Cargo Roadways	25,645,200
East Side Development Area Cargo and Ground Support Equipment Facilities	26,000,000
North Terminal Complex Site Development & Infrastructure Project	26,000,000
Total 2008 Project	\$147,302,600

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

3.3 The North Terminal Complex and Other Future Capital Projects

In 2005, the Authority completed an update to the Master Plan. Projects were identified to allow the Airport facilities to accommodate the passenger and aircraft forecast through 2020. Additionally, the Authority has developed and periodically updates a Business Plan in which capital projects are monitored to assess appropriate timing and funding sources. These projects are incorporated into the Authority's Capital Improvement Program (CIP) for FY 2009 through 2018.

The Authority's CIP for FY 2009 through 2018, excluding the 2008 Project, is presented in **Table III-2**. As shown, estimated project costs total approximately \$1.62 billion (after escalating for inflation.) The majority of project costs included in the CIP are related to a group of projects identified as the North Terminal Complex Phase One and described in section 3.3.1. The other significant CIP projects are listed in section 3.3.2.

Approximately 80 percent of project costs, or \$1.30 billion, are expected to be paid from AIP Grants, FDOT Grants, PFCs and Authority funds. Approximately \$92.3 million of the PFC-funded project costs will be funded on a Pay-As-You-Go (PAYG) basis and approximately \$484.8 million of the PFC-funded projects are expected to be funded with general airport revenue bond (GARB) proceeds that will be repaid from PFC revenues. The remaining 20 percent or approximately \$324.4 million of project costs are expected to be funded with GARB. The impact of this projected future debt service is incorporated in this report and is described in more detail in the following chapter.

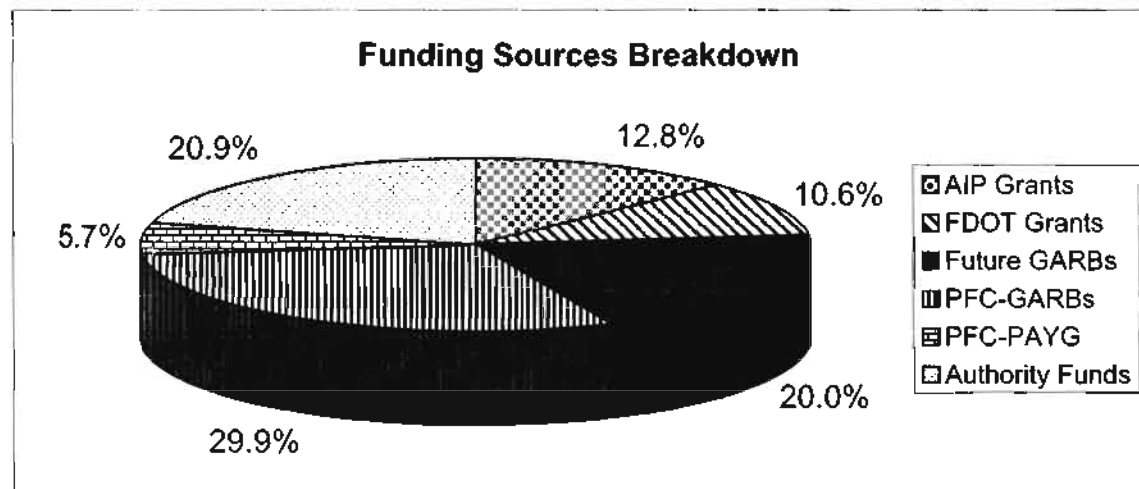
3.3.1 North Terminal Complex Projects

In FY 2004 and FY 2005, the Airport experienced annual enplanement growth greater than 10 percent. Although enplanement growth slowed down in FY 2006 and FY 2007 (see Chapter 2 for discussion of historical enplanements), the need for additional capacity has accelerated. The Authority has planned for this additional capacity with a group of capital projects collectively known as the North Terminal Complex, which is anticipated to have the same design concept as the existing landside and airside terminal complex. The first phase of the North Terminal Complex development is referred to as North Terminal Complex Phase One, and will initially include construction of approximately 50 percent of the landside building, of which half will be initially finished, and approximately 14 gates, or one airside, with an ultimate build-out ranging from 50 to 73 gates on four airside. The North Terminal Complex Phase One is anticipated to be required when the demand for airport facilities reaches the 25 to 28 million total annual passenger level. At these

Table III-2

Funding Sources for Other Capital Projects ^{1/}

Project Category	Funding Sources						
	Total Project Costs	AIP Grants	FDOT Grants	GARBs	PFC GARBs	PFC PAYG	Authority
North Terminal Complex - Phase One ^{1/}	858,269,600	38,776,700	72,692,500	314,425,100	327,900,200	56,561,700	47,913,400
New Runway 17/35	220,486,000	101,577,900	23,297,800	0	83,361,500	0	12,248,800
Airfield Rehabilitation and ARFF Training Facilities	68,347,100	19,260,600	15,378,400	0	11,090,300	0	22,617,800
Extend Taxiway N	62,787,400	30,000,000	13,681,200	0	19,106,200	0	0
Shuttle & Monorail Replacement/upgrades	78,515,000	0	14,526,300	0	40,979,200	0	23,009,500
Landside/Airside Buildings Refurbishment	158,015,600	9,600,600	11,858,300	0	2,371,300	27,593,500	106,591,900
General Aviation Airports	78,051,900	6,296,900	7,459,500	0	0	0	64,295,500
Other Projects	95,887,700	1,811,900	13,233,900	10,000,000	0	8,130,200	62,711,700
Total Other Capital Projects	\$1,620,360,300	\$207,324,600	\$172,127,900	\$324,425,100	\$484,808,700	\$92,285,400	\$339,388,600



Note:

^{1/} Does not include 2008 Project

Source: Hillsborough County Authority

Prepared by: Ricondo & Associates, Inc.

levels, the existing terminal complex is assumed to be at maximum capacity. Based on projected growth forecasts, the North Terminal Complex Phase One facilities will be needed by the end of FY 2014.

North Terminal Complex Phase One will consist of all major elements for a 14-gate airside facility and is projected to cost \$935.9 million in escalated dollars, and includes portions of the 2008 Project. The following list identifies the required elements of work for the North Terminal Complex Phase One project.

- Construct cargo road in the east side development area (“Cargo Roadways” in the 2008 Project)
- Relocate existing cargo facility to the east side development area (“East Side Development Area Cargo and Ground Support Equipment Facilities” in the 2008 Project)
- Construct the North Terminal Complex site development and storm water infrastructure project (“North Terminal Complex Site Development & Infrastructure Project” in the 2008 Project)
- Submit an Environmental Assessment to the FAA
- Re-zone the North Terminal Complex area
- Update the existing airport wide storm water and wetland master plan
- Prepare the conceptual design for the North Terminal Complex 50-gate development plan
- Submit a letter of intent (LOI) application and benefit cost analysis to the FAA
- Relocate Airport surveillance radar (ASR 9)
- Construct new taxiway bridges B and M
- Construct landside terminal building, service building, and related facilities
- Construct 14-gate airside terminal with passenger transfer system
- Construct North Terminal Complex parking and rental car garage
- Construct FIS facility
- Construct roadways and utilities to support the North Terminal Complex including widening the George Bean Parkway north of the Taxiway J overpass
- Construct apron and hydrant fuel system

As shown in Table III-2, a portion of these projects are anticipated to be funded with future GARBs, a portion of which is assumed to be eligible for repayment with PFC revenues. The impact of this future debt service based on financing assumptions described in the following chapter has been incorporated into this report.

3.3.2 Other Future Projects

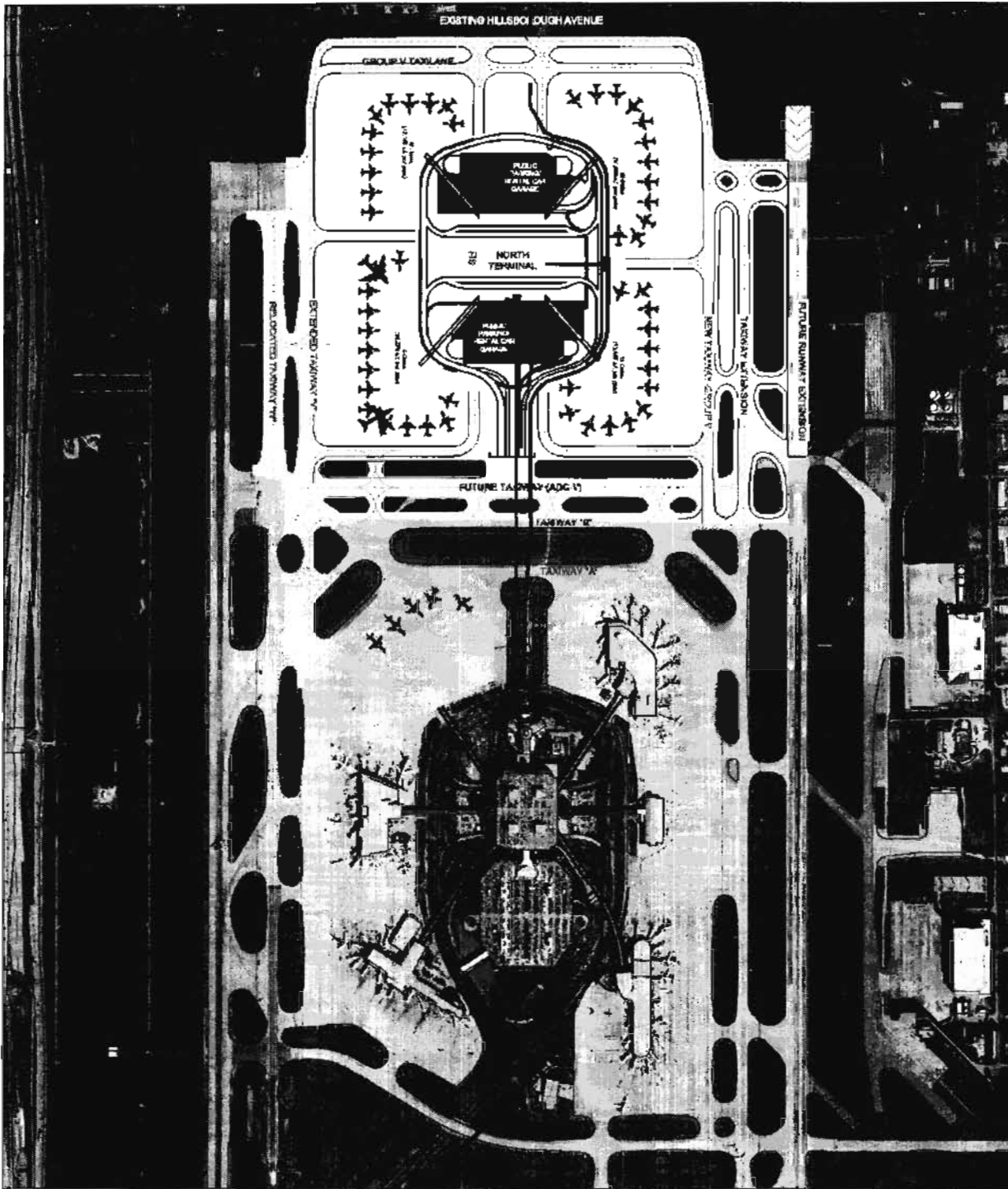
Other significant capital projects projected to be undertaken in FY 2009 through FY 2018 by the Authority are projected to cost approximately \$762.1 million and include the following:

- New Runway 17/35 (\$220.5 million). This new west runway will be 11,000 feet long and run parallel to Runway 36L/18R with a 750-foot separation increasing airfield capacity by 27 percent and is scheduled to be in service by 2018.

- Airfield Rehabilitation and ARFF Training Facilities (\$68.3 million). Various airfield rehabilitation projects for the existing taxiway and runway system will be completed to extend the life of the airfield assets. In addition, this project includes the relocation of the ARFF burn pit and the construction of new fire fighting training facilities.
- Taxiway N Extension (\$62.8 million). Taxiway N will be extended over the Bean Parkway to connect to Runway 36L/18R providing dual taxiway capabilities on the south end of the existing terminal complex.
- Shuttle & Monorail Replacement/Upgrades (\$78.5 million). Shuttle cars at Airside A and C will be replaced and the entire shuttle software system will be upgraded. The monorail system serving the long term parking garage to the landside terminal will be replaced in its entirety as well.
- Landside/Airside Buildings Refurbishment (\$158.0 million). This includes all necessary projects for the refurbishment and update of the existing terminal complex to maintain the current level finishes in the facilities.
- General Aviation Airport Projects (\$78.1 million). Projects at the three general aviation airports include both facility expansion to meet an expanding base of airport uses and refurbishment projects to properly maintain existing facilities and airfield pavement.
- Other Projects (\$95.9 million). Other projects include a wide variety of computer system upgrades and replacement, refurbishment projects for public parking facilities and various other airport facilities not located in the terminal complex area, environmental remediation in the Drew Park acquisition area and other miscellaneous projects.

3.4 Airport Facilities Exhibit

Exhibit III-1 presents a diagram of existing facilities at the Airport and the location of the North Terminal Complex Phase One. **Exhibit III-2** presents a diagram of the entire North Terminal Complex upon completion.



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

Exhibit III-2

Not to Scale

Existing Airport Facilities and North Terminal Complex

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IV. Financial Analysis

This chapter examines the financial structure of the Airport, cost and financial implications of the 2008 Project, 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.

4.1 Financial Structure

This section discusses Authority accounting practices, including the cost center structure utilized for airline rate-setting purposes, the requirements and provisions of the Trust Agreement, and a description of the existing Airline Agreement.

4.1.1 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 (described in Section 4.2.2.) 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 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 Terminal Building, the Airside Buildings and the Passenger Transfer System.
 - **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 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% to the Airfield Cost and Revenue Center, 35% to the Terminal Complex Cost and Revenue Center, 45% to the Commercial Landside Cost and Revenue Center, 5% to the Other Cost and Revenue Center, 5% to the Cargo Cost and Revenue Center, and 5% 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.

4.1.2 Trust Agreement

The Trust Agreement, which was adopted by the Authority on October 1, 1968, and has been supplemented, amended and codified from time to time, 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 including the Codified and

Restated Trust Agreement adopted on September 1, 2006 (the Trust Agreement) are described in the following paragraphs:

4.1.2.1 Revenues

Revenues are defined to mean 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. "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.

4.1.2.2 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 or Senior Director of Finance 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

(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).

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.

4.1.2.3 Qualified Hedge Agreements

The Authority may enter into one or more Qualified Hedge Agreements concurrently with or at any time after the issuance of a Series of Bonds. "Qualified Hedge Agreement" means any hedge agreement evidenced by any form of master agreement published by the International Swaps and Derivatives Association, Inc., including any schedule thereto, any credit support annex thereto, and any confirmation(s), entered into by the Authority as a debt management tool with respect to the Bonds or a portion thereof, subject to certain qualifications and limitations.

Unless the counterparty to any Qualified Hedge Agreement shall agree that hedge payments with respect thereto shall be subordinate to payments on the Bonds or shall be unsecured, (i) the Authority must by Supplemental Trust Agreement prior to the effective date of such Qualified Hedge Agreement cause the Qualified Hedge Receipts thereunder to be pledged as part of the trust estate securing the Bonds and (ii) Qualified Hedge Payments under such Qualified Hedge Agreement shall be on parity with interest payments on the Bonds, all in the manner and to the extent specified in the Trust Agreement. Neither Qualified Hedge Payments nor other payments due under any Qualified Hedge Agreement shall be secured by funds on deposit in the Operation and Maintenance Fund or funds on deposit in the Construction Fund.

4.1.2.4 Available PFC 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 Indentures 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 Annual 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 ratings on such Bonds.

If Available PFC Revenues are included in determining compliance with the foregoing requirements, 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;
- 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 the Additional Bonds Section described previously, 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 4.1.2.2 above 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.

4.1.2.5 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.

4.1.2.6 Application of Revenues

Section 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 IV-1** presents the application of revenues as specified in the Trust Agreement.

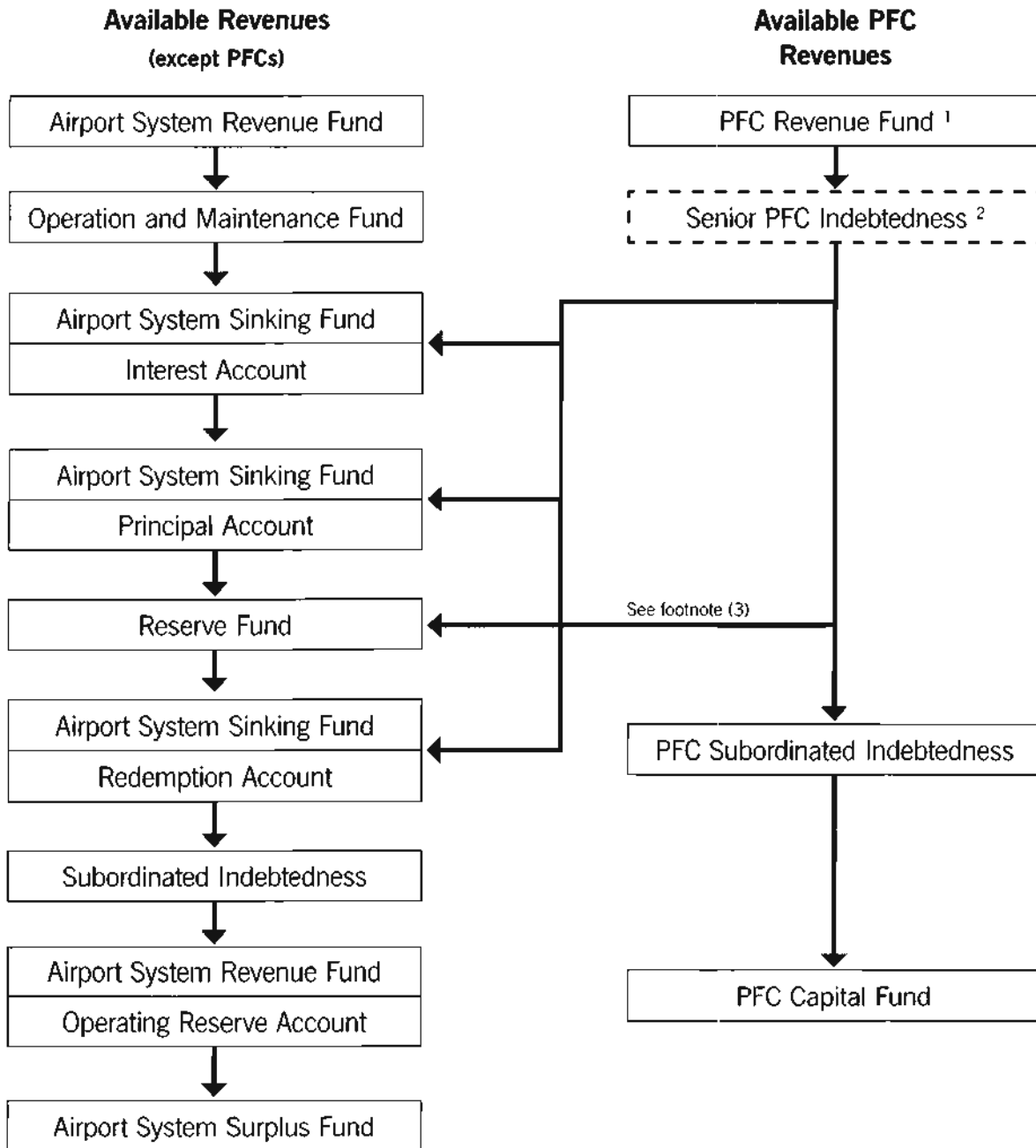
4.1.3 Use and Lease Agreements

In 1998, the Authority completed negotiations with certain airlines serving the Airport for a new Airline-Airport Use and Lease Agreement (Airline Agreement). This Airline Agreement had a seven-year term extending from October 1, 1999 through September 30, 2006 and was subsequently extended three years with a revised expiration date of September 30, 2009. The Airline Agreement defines the operational and financial relationship between the Authority and the airlines executing the Airline Agreement (Signatory Airlines). Currently, the Authority has entered into Agreements with AirTran Airlines, Inc., American Airlines, Inc., Continental Air Lines, Inc., Delta Air Lines, Inc., Gulfstream International Airline, jetBlue, Northwest Airlines, Inc., Southwest Airlines, Inc., Spirit, United Air Lines, Inc., US Airways Inc., and Federal Express.

This Airline Agreement includes the following key elements:

- A compensatory landing fee rate for the Airfield Cost and Revenue Center using total landed weight as the divisor that recovers 90 percent of the total requirement of the Airfield Cost and Revenue Center.
- Compensatory terminal rental rates for the Terminal Building and Airside Buildings subsets of the Terminal Complex Cost and Revenue Center using their respective total rentable square feet as the divisor.
- A compensatory rate for the Passenger Transfer System Cost Center using Airside Buildings rentable square feet as the divisor.
- A debt service coverage rebate to the Signatory Airlines. The rebate is equivalent to the Airline's proportionate share of debt service coverage. In the first year of the Agreement (FY 2000), the rebate was a contribution by the Authority, from its own funds. In each subsequent year, the credit to Airline rates is equivalent to the prior year debt service coverage rebate.
- A revenue sharing equivalent to 20 percent of net remaining Revenues to the Signatory Airlines providing passenger service at the Airport.

The Authority has initiated discussions with the Signatory Airlines on a new agreement to commence at the expiration of the existing agreement on September 30, 2009. The Authority is proposing an agreement similar to the provisions of the business deal in the existing agreement. While still being negotiated, it is assumed for the purposes of these analyses, that the business deal ultimately negotiated with the Signatory Airlines will be essentially the same as the provisions in the existing agreement.



1 Available PFC Revenues are required to be deposited into the Interest Account, the Principal Account and the Redemption Account in an amount equal to, and not in excess of, the interest, principal and redemption payments then accrued with respect to the PFC Bonds.

2 No such debt is presently outstanding.

3 To the extent required to fund deficiencies in the Reserve Fund allocable to PFC Bonds.

Application of Revenues as Defined in Trust Agreement

4.2 Financing Plan

The Authority intends to finance the 2008 Project through a combination of Authority Funds, FDOT Grants, and Series 2008 A/B Bonds proceeds. Other uses of the Series 2008 A/B Bonds proceeds will be capitalized interest payments, establishment of a debt service reserve fund, and issuance costs. **Table IV-1** presents the estimated funding sources for the 2008 Project. As shown, the 2008 Project is anticipated to cost approximately \$147.3 million, of which the Authority anticipates utilizing \$469,000 of its own funds and \$12.9 million in FDOT Grants, with the remainder (\$133.9 million) being funded from the issuance of the Series 2008 A/B Bonds.

4.2.1 Series 2008 Bonds

In addition to partially funding the 2008 Project, the Series 2008 Bonds will refund the Tampa International Airport Variable Rate Revenue Refunding Bonds, 2006 Series C (AMT) and the Tampa International Airport Variable Rate Revenue Refunding Bonds, 2006 Series D (Non-AMT).

Based on project costs developed by the Authority, the Financial Advisor developed the required bond issue size and debt service estimates based upon the following assumptions:

- Fixed-rate bonds are expected to be issued on or about May, 1 2008.
- The final maturity date of the Series 2008 Bonds is October 1, 2038.
- The first interest payment is due October 1, 2008 and the first principal payment is due October 1, 2008.
- The average coupon interest rate is estimated to be 6 percent for the Series 2008 Bonds.
- The debt service reserve requirement will be funded from bond proceeds.
- Underwriter's spread and other issuance expenses are estimated at 2 percent of par value.
- The construction period is net funded. The investment rate on the construction fund is assumed to be approximately 2.5 percent. These investment earnings are used to reduce the overall bond size.
- Capitalized interest is net funded and calculated through the completion of each individual project included in the 2008 Project. The capitalized interest funds are assumed to be reinvested at approximately 2.5 percent.

4.2.2 Existing Debt Service, Debt Service on Series 2008 Bonds and Projected Future Debt Service

Table IV-2 presents the details of the Authority's outstanding debt service as well as the impact of the estimated debt service on the Series 2008 Bonds for the projection period utilized in this report (FY 2008 – FY 2018). **Table IV-2** also presents the estimated debt service on two additional new money issues which are projected to be required to fund a portion of the CIP/new North Terminal Complex: \$408 million of GARBs expected to be issued in 2012, and \$358 million of PFC-supported GARBs, which are also expected to be issued in 2012. An additional PFC-supported GARB issue of approximately \$200 million is expected to be issued in FY 2016 to complete the funding of the CIP shown in **Table III-2**. However, no debt service for this bond issue is projected to be paid with PFCs until after the projection period.

Table IV-1

Funding Sources for the 2008 Project

Project Title	Estimated Cost	FDOT Grants	Authority Funds	Series 2008 Bonds Proceeds
Economy Parking Garage and Roadway Improvements:				
Economy Garage Phase II - Design	\$4,077,400			\$4,077,400
Economy Garage and Post Office Area Road and Signalization Improvements	65,580,000			65,580,000
Subtotal - Economy Parking Garage and Roadway Improvements	\$69,657,400			\$69,657,400
Cargo Roadways:				
Cargo Road Extension - Ohio Ave to Hillsborough Ave - Design	\$4,295,200	\$1,872,100	\$469,000	\$1,954,100
Cargo Road Extension - Ohio Ave to Hillsborough Ave - Construction	21,350,000	9,151,900		12,198,100
Subtotal - Cargo Roadways	\$25,645,200	\$11,024,000	\$469,000	\$14,152,200
East Side Development Area Cargo and Ground Support Equipment Facilities	\$26,000,000			\$26,000,000
North Terminal Site Development & Infrastructure	\$26,000,000	\$1,881,000		\$24,119,000
Total 2008 Project	\$147,302,600	\$12,905,000	\$469,000	\$133,928,600

Sources: Hillsborough County Aviation Authority

Prepared by: Ricondo & Associates, Inc.

Hillsborough County Aviation Authority
Tampa International Airport

Table IV-2

Debt Service Summary

Fiscal Year:	Budgeted 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Existing Debt Service											
Series 1996B	\$545,100	\$545,100	\$545,100	\$545,100	\$545,100	\$545,100	\$545,100	\$545,100	\$3,400,100	\$3,398,800	\$3,397,300
Series 1999A	3,045,081	3,038,831	3,039,300	3,039,750	0	0	0	0	0	0	0
Series 2001A	7,083,125	7,084,300	7,081,450	7,084,025	7,085,925	7,086,325	7,084,400	7,084,325	0	0	0
Series 2003A (PFC-supported GARBs) ^{1/}	22,395,288	22,398,288	22,395,838	22,396,638	22,398,588	22,399,588	22,398,588	22,395,388	22,400,213	22,398,750	22,397,200
Series 2003B	2,164,063	2,164,063	2,164,063	2,164,063	3,359,063	3,363,275	3,353,588	3,350,313	3,424,563	3,422,738	10,021,050
Series 2003C/D	13,337,763	13,326,513	13,329,425	13,336,825	13,327,375	13,335,825	13,335,025	13,322,450	13,331,075	13,336,863	13,335,988
Series 2005A/B	10,420,919	10,418,144	10,411,644	10,417,181	13,563,681	13,560,594	13,565,219	13,566,006	17,711,906	17,711,856	17,712,389
Series 2006A/B	1,775,938	1,777,738	1,774,138	2,765,338	2,761,538	6,365,938	7,969,938	7,976,438	505,688	505,688	505,688
Series 2006C/D ^{2/}	10,285,700	10,150,800	10,027,300	8,893,400	5,633,500	1,937,500	686,700	686,700	686,700	686,700	686,700
Total Existing Debt Service	\$71,052,977	\$70,903,777	\$70,768,258	\$70,642,320	\$68,674,770	\$68,594,145	\$68,938,558	\$68,926,720	\$61,460,245	\$61,461,495	\$68,056,295
Assumed Future Debt Service:											
Series 2008 New Money Bonds	\$0	\$1,751,283	\$9,371,100	\$9,371,100	\$9,371,100	\$9,371,100	\$9,371,100	\$9,371,100	\$9,371,100	\$9,371,100	\$9,371,100
Series 2008 Refunding Bonds	7,094,600	10,664,100	10,539,400	9,408,400	6,150,200	2,449,700	838,500	838,500	838,500	838,500	838,500
Series 2012 New Money Bonds	0	0	0	0	0	0	0	0	24,455,700	24,455,700	24,455,700
Series 2012 New Money Bonds (PFC- Supported GARBs) ^{1/}	0	0	0	0	0	21,462,600	21,462,600	21,462,600	21,462,600	21,462,600	21,462,600
Series 2015 Refunding Bonds	0	0	0	0	0	0	0	0	3,640,800	3,640,800	3,640,800
Total Future Debt Service	\$7,094,600	\$12,415,383	\$19,910,500	\$18,779,500	\$15,521,300	\$33,283,400	\$31,672,200	\$31,672,200	\$59,768,700	\$59,768,700	\$59,768,700
Combined Debt Service	\$78,147,577	\$83,319,160	\$90,678,758	\$89,421,820	\$84,196,070	\$101,877,545	\$100,610,758	\$100,598,920	\$121,228,945	\$121,230,195	\$127,824,995
Less: Debt Service on Refunded Series 2006C/D Bonds	(\$6,578,200)	(\$10,150,800)	(\$10,027,300)	(\$8,893,400)	(\$5,633,500)	(\$1,937,500)	(\$686,700)	(\$686,700)	(\$686,700)	(\$686,700)	(\$686,700)
Less: Debt Service on Refunded Series 2003 and 2005 Bonds ^{3/}	0	0	0	0	0	0	0	0	(18,529,406)	(18,529,456)	(25,529,869)
Total Refunded Bonds	(\$6,578,200)	(\$10,150,800)	(\$10,027,300)	(\$8,893,400)	(\$5,633,500)	(\$1,937,500)	(\$686,700)	(\$686,700)	(\$19,216,106)	(\$19,216,156)	(\$26,216,569)
Total Projected Debt Service	\$71,569,377	\$73,168,360	\$80,651,458	\$80,528,420	\$78,562,570	\$99,940,045	\$99,924,058	\$99,912,220	\$102,012,839	\$102,014,039	\$101,608,426
Total Sources of Payment											
Airport Revenues	\$49,174,089	\$50,770,072	\$58,255,620	\$58,131,782	\$56,163,982	\$56,077,857	\$56,062,870	\$56,054,232	\$58,150,026	\$58,152,689	\$57,748,626
PFC Revenues	\$22,395,288	\$22,398,288	\$22,395,838	\$22,396,638	\$22,398,588	\$43,862,188	\$43,861,188	\$43,857,988	\$43,862,813	\$43,861,350	\$43,859,800
Total Payment	\$71,569,377	\$73,168,360	\$80,651,458	\$80,528,420	\$78,562,570	\$99,940,045	\$99,924,058	\$99,912,220	\$102,012,839	\$102,014,039	\$101,608,426

Notes:

^{1/} Series 2003A and assumed 2012 Bonds are PFC-supported GARBs which are expected to be repaid from PFCs. All other bonds are secured solely from Authority revenues

^{2/} Assumes a rate of 6% on the 2006C and 2006D variable rate bonds. These bonds are to be refunded with the Series 2008 Refunding Bonds

^{3/} Assumed refunding of approximately \$16 million of 2003B Bonds and \$64 million of 2005 Bonds to create a more level overall debt service structure

Source: Fullerton & Frier

Prepared by: Ricardo & Associates, Inc

In addition to these new money issues, Table IV-2 also reflects the impact of a refunding issue of approximately \$80 million that the Authority expects to undertake in approximately 2015 for the purpose of restructuring a portion of its outstanding debt service. The Authority's financings since 2003 have been structured in a manner which will permit the Authority to absorb the projected debt service on the additional bonds required for the 2008 Project and the CIP/new north terminal complex without experiencing a dramatic increase in its overall annual debt service and a corresponding increase in airline rates and charges. The projected 2015 refunding is expected to be the final step in implementing that plan.

4.2.3 Investment Service

Investment Service with respect to any Fiscal Year is comprised of the sum of (1) 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 IV-3 presents estimated actual and future Investment Service for FY 2007 through FY 2018.

4.3 Operation and Maintenance Expenses and Expenditures

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 four expense categories, including personnel, operating, supplies and materials, and utilities & insurance. These expenses are the basis for rate-setting purposes.

Historically, the Authority's Operating Expenses for the Airport increased from \$61.2 million in FY 2003 to \$87.4 million in FY 2007, a compounded annual growth rate of 9.3 percent. Operating Expenses and the resulting Operating Expenses per Passenger are presented in Table IV-4.

Hillsborough County Aviation Authority
Tampa International Airport

Table IV-3

Investment Service Summary

Fiscal Year:	Budgeted FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Investment Service:											
Total Debt Service	\$71,569,377	\$73,168,360	\$80,651,458	\$80,528,420	\$78,562,570	\$99,940,045	\$99,924,058	\$99,912,220	\$102,012,839	\$102,014,039	\$101,608,426
Less: PFC Backed Debt Service	22,395,288	22,398,288	22,395,838	22,396,638	22,396,588	43,862,188	43,861,188	43,857,988	43,862,813	43,861,350	43,859,800
GARB Debt Service	\$49,174,089	\$50,770,072	\$58,255,620	\$58,131,782	\$56,163,982	\$56,077,857	\$56,062,870	\$56,054,232	\$58,150,026	\$58,152,689	\$57,748,626
GARB Debt Service Coverage	12,293,522	12,692,518	14,563,905	14,532,948	14,040,998	14,019,484	14,015,718	14,013,558	14,537,507	14,538,172	14,437,157
ROAI	15,387,396	17,484,222	19,800,294	22,281,079	24,556,322	26,826,580	28,441,518	29,982,463	33,488,789	37,290,671	40,313,081
GARB Debt Service Reserve Fund Interest	(2,078,400)	(2,618,611)	(2,618,610)	(2,815,737)	(2,992,705)	(3,286,791)	(3,181,650)	(2,877,219)	(3,117,402)	(3,642,631)	(3,642,629)
Total Investment Service	\$74,775,607	\$78,328,201	\$89,801,209	\$92,330,070	\$91,770,595	\$93,637,110	\$95,338,455	\$97,173,034	\$103,056,899	\$106,338,901	\$108,856,235
Percent of Recognized Net Investment:											
Airfield	8.12%	7.44%	7.86%	8.26%	8.20%	8.46%	8.41%	8.24%	7.46%	7.76%	8.22%
Terminal Building	18.69%	17.63%	17.95%	18.81%	19.02%	19.08%	19.22%	19.36%	22.04%	22.18%	21.90%
Airside Buildings	12.47%	11.68%	11.41%	11.45%	12.20%	12.28%	12.25%	11.99%	12.67%	13.12%	12.99%
Commercial Landside	43.79%	47.43%	44.37%	43.14%	42.21%	41.88%	41.51%	42.15%	42.30%	41.28%	40.17%
Cargo	2.56%	1.59%	4.21%	4.07%	3.96%	3.95%	3.83%	3.69%	2.87%	2.80%	2.72%
Auxiliary Airports	5.10%	5.24%	5.78%	6.09%	6.38%	6.63%	7.03%	7.07%	5.77%	5.99%	6.25%
General Aviation	3.21%	3.05%	2.88%	2.78%	2.71%	2.84%	2.62%	2.52%	2.01%	1.96%	1.91%
Other	0.31%	0.37%	0.42%	0.44%	0.48%	0.47%	0.48%	0.47%	0.49%	0.48%	0.47%
Land Bank	0.15%	0.15%	0.14%	0.13%	0.14%	0.13%	0.13%	0.13%	0.10%	0.09%	0.09%
Passenger Transfer	3.69%	3.70%	3.40%	3.29%	3.20%	3.12%	3.09%	3.00%	3.26%	3.34%	4.33%
Extraordinary Facilities	1.70%	1.73%	1.58%	1.53%	1.49%	1.44%	1.43%	1.37%	1.01%	0.99%	0.96%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Investment Service:											
Airfield	\$6,073,418	\$5,828,644	\$7,055,963	\$7,628,978	\$7,529,240	\$7,924,148	\$8,017,940	\$8,007,305	\$7,691,892	\$8,256,425	\$8,945,149
Terminal Building	13,972,165	13,809,132	16,118,436	17,369,760	17,459,301	17,864,171	18,320,794	18,817,535	22,710,162	23,586,094	23,834,789
Airside Buildings	9,326,226	9,146,166	10,243,083	10,574,291	11,187,354	11,505,800	11,680,268	11,648,720	13,053,164	13,955,354	14,141,036
Commercial Landside	32,743,181	37,153,656	39,845,432	39,831,215	38,736,816	39,211,723	39,572,077	40,961,942	43,591,413	43,896,915	43,731,654
Cargo	1,917,263	1,241,741	3,780,899	3,759,457	3,632,752	3,607,778	3,653,244	3,588,336	2,959,732	2,978,394	2,965,580
Auxiliary Airports	3,816,763	4,105,452	5,199,561	5,619,764	5,856,183	6,209,213	6,703,043	6,873,145	5,944,376	6,364,513	6,798,153
General Aviation	2,402,259	2,389,825	2,584,817	2,570,448	2,486,337	2,471,176	2,494,596	2,450,435	2,070,293	2,083,715	2,074,903
Other	230,668	267,502	375,985	404,392	439,670	441,116	459,984	453,024	509,884	513,883	512,038
Land Bank	114,997	115,919	121,996	121,612	126,924	125,975	127,174	125,096	98,124	98,880	98,494
Passenger Transfer	2,907,386	2,897,116	3,052,559	3,036,010	2,940,487	2,925,783	2,949,200	2,911,898	3,384,329	3,554,859	4,709,234
Extraordinary Facilities	1,271,282	1,353,049	1,422,477	1,414,145	1,365,531	1,350,226	1,360,135	1,335,597	1,043,721	1,049,869	1,045,205
Total Investment Service	\$74,775,607	\$78,328,201	\$89,801,209	\$92,330,070	\$91,770,595	\$93,637,110	\$95,338,455	\$97,173,034	\$103,056,899	\$106,338,901	\$108,856,235

Sources: Hillsborough County Aviation Authority (historical); Ricondo & Associates, Inc. (projected)

Prepared by: Ricondo & Associates, Inc.

Table IV-4

Historical O&M Expenses

Fiscal Year Ended	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Compounded Annual Growth Rate
Total Operating Expenses (\$000) ^{1/}	\$61,237	\$64,503	\$71,582	\$80,542	\$87,403	9.3%
Enplaned Passengers (000)	7,661	8,466	9,469	9,392	9,628	5.9%
Operating Expenses per Passenger	\$7.99	\$7.62	\$7.56	\$8.58	\$9.08	3.2%

Note:

^{1/} 2007 O&M Expenses do not tie to Table IV-5 due to reclassification of certain O&M items for rates and charges purposes.

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

Table IV-5 presents actual, budgeted and projected O&M Expenses for FY 2007 through FY 2018. O&M Expenses for FY 2007 were \$87.7 million. Total O&M Expenses are budgeted to increase to \$92.9 million in FY 2008, a \$5.2 million or a 5.9 percent increase. The Authority has identified O&M Expense impacts by type of expense resulting from the CIP and those impacts as well as the impact of the 2008 Project have been incorporated into total O&M Expenses. In addition to the CIP related O&M Expense increases, O&M Expenses are expected to increase due to inflationary and operational impacts. CIP-related O&M increases have been incorporated for the following projects:

Common Use Passenger Processing System – To maximize use of existing facilities prior to completion of the North Terminal Complex Phase One, the Authority intends to install certain common use terminal equipment. O&M Expenses are projected to increase by approximately \$0.5 million in FY 2009, an additional \$1.1 million in FY 2010, and an additional \$1.3 million in FY 2011, for expenses associated with the installation of a common use passenger processing system.

Economy Parking Garage (2008 Project) - Additional O&M Expenses of approximately \$1.2 million are projected for FY 2010, the first full year of operation of the Economy Parking Garage. The additional O&M Expense may be attributable to additional maintenance and utilities for the new structure.

Cargo Roadways (2008 Project) - Additional O&M Expenses resulting from the Cargo Roadways are expected to total approximately \$210,000 by FY 2010.

North Terminal Complex Phase One – O&M Expenses are expected to increase by approximately \$0.8 million in FY 2015 and an additional \$18.3 million in FY 2016 as a result of completion of this project.

CIP-related and inflationary impacts resulted in the following compounded annual growth rates for each of the following type of expense:

- Personnel O&M Expenses are projected to increase from \$41.9 million in FY 2008 to \$94.7 million in FY 2018, a compounded annual growth rate of 8.5 percent.

Hillsborough County Aviation Authority
Tampa International Airport

Table IV-5

O&M Expenses, Expenditures and Reserve Requirement

Fiscal Year	Actual FY 2007	Budgeted FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Total Net Operating Expenses ¹												
Airfield	\$8,365,714	\$8,836,663	\$9,259,382	\$9,696,921	\$10,160,453	\$10,660,201	\$11,189,949	\$11,751,691	\$12,356,897	\$13,157,767	\$13,823,705	\$14,814,603
Terminal Building	27,323,778	29,070,214	30,840,925	33,126,389	35,670,238	37,922,400	39,989,696	42,175,598	44,889,785	59,808,376	63,061,355	66,496,990
Airside Buildings	20,175,354	21,571,148	23,123,063	25,291,936	27,780,129	29,294,857	30,907,439	32,623,119	34,701,560	43,735,384	46,108,462	48,605,573
Commercial Landside	21,613,676	22,838,188	24,554,958	26,697,433	27,998,846	29,525,254	31,141,875	32,738,564	34,716,049	42,462,323	44,609,810	46,852,669
Cargo	881,543	946,806	991,906	1,106,935	1,248,624	1,319,060	1,394,313	1,473,831	1,604,605	1,926,317	2,036,960	2,153,686
Auxiliary Airports	1,327,924	1,296,244	1,363,961	1,422,045	1,493,249	1,556,345	1,633,712	1,715,269	1,823,773	1,828,834	1,934,151	2,021,570
General Aviation	1,156,431	1,208,857	1,273,273	1,359,660	1,434,895	1,525,243	1,608,110	1,703,058	1,847,178	2,164,931	2,292,804	2,428,138
Other	949,528	1,142,563	1,199,399	1,267,016	1,335,615	1,404,654	1,478,231	1,555,945	1,676,108	1,950,131	2,054,992	2,165,507
Passenger Transfer	3,592,743	3,846,132	4,017,055	4,184,811	4,368,358	4,571,609	4,787,014	5,013,083	5,244,315	6,552,596	6,861,583	7,184,687
Land Bank	540,628	545,786	573,359	600,630	630,525	663,640	698,901	736,162	792,304	902,372	951,336	1,002,936
Total Net Operating Expenses	\$86,027,320	\$91,302,600	\$97,197,280	\$104,753,776	\$112,120,931	\$118,443,263	\$124,839,240	\$131,406,321	\$139,652,576	\$174,489,050	\$183,735,158	\$193,726,359
TSA Reimbursed O&M Expenses	1,672,821	1,564,600	1,622,330	1,640,947	1,660,494	1,681,019	1,702,569	1,725,198	1,748,958	1,773,906	1,800,101	1,827,606
Total Operating Expenses	\$87,700,141	\$92,867,200	\$98,819,610	\$106,394,723	\$113,781,425	\$120,124,281	\$126,541,810	\$133,211,519	\$141,401,534	\$176,262,956	\$185,535,259	\$195,553,965
Total Net Operating Expenditures ^{1,2}												
Airfield	\$8,575,698	\$9,007,668	\$9,457,146	\$9,901,711	\$10,373,230	\$10,882,049	\$11,469,959	\$11,993,482	\$12,666,781	\$13,409,894	\$14,087,047	\$15,090,876
Terminal Building	27,818,818	29,444,910	31,280,386	33,584,630	36,150,712	38,425,846	40,515,972	42,725,861	46,412,970	60,428,126	63,709,142	67,214,462
Airside Buildings	20,574,144	21,866,014	23,488,979	25,702,645	28,162,371	29,693,916	31,324,670	33,122,433	35,945,283	44,214,242	46,608,997	49,128,591
Commercial Landside	21,957,347	23,127,685	24,880,478	27,115,031	28,352,327	29,923,019	31,527,671	33,141,359	35,875,665	42,897,572	45,096,793	47,326,488
Cargo	930,607	969,704	1,018,779	1,135,196	1,278,585	1,350,372	1,427,038	1,508,007	1,676,539	1,963,508	2,075,819	2,194,354
Auxiliary Airports	1,482,751	1,381,431	1,486,922	1,544,363	1,648,384	1,871,713	1,754,286	1,841,171	2,122,051	1,999,213	2,189,265	2,233,203
General Aviation	1,185,572	1,252,320	1,312,011	1,430,542	1,476,953	1,600,245	1,654,176	1,751,161	1,938,705	2,217,049	2,347,267	2,485,091
Other	980,310	1,159,006	1,217,133	1,285,403	1,354,736	1,424,609	1,499,081	1,577,731	1,736,575	1,973,370	2,079,267	2,190,658
Passenger Transfer	3,718,016	3,872,396	4,043,583	4,211,568	4,395,651	4,599,938	4,816,394	5,043,672	5,383,666	6,585,479	6,895,799	7,220,165
Land Bank	549,928	553,786	582,263	609,786	640,083	673,656	709,295	747,045	820,040	913,897	963,363	1,015,471
Total Net Operating Expenditures	\$87,773,192	\$92,634,900	\$98,745,680	\$106,520,876	\$113,833,031	\$120,245,363	\$126,698,540	\$133,451,921	\$144,780,276	\$176,602,350	\$186,052,758	\$196,099,559
TSA Reimbursed O&M Expenses	1,672,821	1,584,600	1,622,330	1,640,947	1,660,494	1,681,019	1,702,569	1,725,198	1,748,958	1,773,906	1,800,101	1,827,606
Total Operating Expenditures	\$89,446,013	\$94,199,500	\$100,368,010	\$108,161,823	\$115,493,525	\$121,926,381	\$128,401,110	\$135,177,119	\$146,529,234	\$178,376,256	\$187,852,859	\$197,927,165
O&M Reserve Requirement												
Airfield	\$114,063	\$49,294	\$72,884	\$72,923	\$77,255	\$83,291	\$89,958	\$91,957	\$100,868	\$133,482	\$110,966	\$165,160
Terminal Building	360,065	373,040	308,289	383,867	427,071	378,519	347,963	367,910	456,128	2,490,392	546,313	576,972
Airside Buildings	307,471	167,276	266,283	361,630	414,856	252,822	268,937	286,131	346,598	1,505,840	395,724	416,409
Commercial Landside	371,489	81,292	293,011	357,071	216,910	254,393	269,445	266,107	329,589	1,291,038	357,922	373,802
Cargo	23,647	(1,672)	8,884	19,178	23,608	11,746	12,535	13,260	21,789	53,625	18,434	19,461
Auxiliary Airports	13,003	18,892	11,659	9,661	11,667	10,516	12,895	13,593	18,084	843	17,553	14,570
General Aviation	14,268	5,671	11,395	14,394	12,543	15,054	13,815	15,821	24,024	52,955	21,316	22,552
Other	24,347	41,603	9,786	11,270	11,433	11,507	12,263	12,952	20,027	45,671	17,477	18,419
Passenger Transfer	36,400	27,449	29,532	27,959	30,591	33,875	35,901	37,678	38,539	218,047	51,498	53,851
Land Bank	(17,520)	(9,162)	4,745	4,545	4,983	5,519	5,877	6,210	9,357	18,345	6,161	6,600
Total O&M Reserve Requirement	\$1,247,233	\$753,683	\$1,017,068	\$1,262,519	\$1,231,117	\$1,057,143	\$1,069,588	\$1,111,618	\$1,365,002	\$5,810,237	\$1,545,384	\$1,669,784

Notes:

¹ Net of TSA reimbursement for certain annual expenses

² Operating Expenditures includes Equipment and Renewal and Replacement

Sources: Hillsborough County Aviation Authority (historical); Ricardo & Associates, Inc. (projected)

Prepared by: Ricardo & Associates, Inc.

- Operating O&M Expenses are projected to increase from \$31.1 million in FY 2008 to \$61.1 million in FY 2018, a compounded annual growth rate of 7 percent.
- Supplies and Materials O&M Expenses are projected to increase from \$2.9 million in FY 2008 to \$4.4 million in FY 2018, a compounded annual growth rate of 4.2 percent.
- Utilities & Insurance O&M Expenses are projected to increase from \$17.0 million in FY 2008 to \$35.4 million in FY 2018, a compounded annual growth rate of 7.6 percent.

Total O&M Expenses are projected to increase from \$92.9 million to \$195.6 million, a compounded annual growth rate of 7.7 percent, from FY 2008 through FY 2018.

The Transportation Security Administration (TSA), established by the Federal government after the terrorist attacks of September 11, 2001, 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 IV-5 reflect anticipated reimbursement for certain expenses in the amount of approximately \$1.7 million per year.

O&M Expenditures includes O&M Expenses and equipment expenditures. Equipment expenditures in FY 2007 were approximately \$1.7 million and are budgeted to decrease to approximately \$1.3 million in FY 2008. Equipment expenditures are projected to increase at a compounded annual growth rate of 6.0 percent from FY 2008 to an estimated level of \$2.4 million in FY 2018.

4.4 Non-Agreement Revenues

Non-Agreement Revenues include all revenues generated for the Airport except for those revenues generated from the Airline Agreement. Historical Non-Agreement Revenues increased from \$90.3 million in FY 2003 to \$126.4 million in FY 2007, representing a compounded annual growth rate of 8.8 percent, and are presented in Table IV-6.

Table IV-6

Historical Non-Agreement Revenues (Excluding Interest Income)

Fiscal Year Ended	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Compounded Annual Growth Rate
Total Non-Agreement Revenues (\$000)	\$90,328	\$96,680	\$108,165	\$115,984	\$126,421	8.8%
Enplaned Passengers (000)	7,661	8,466	9,469	9,392	9,628	5.9%
Non-Agreement Revenue per Passenger	\$11.79	\$11.42	\$11.42	\$12.35	\$13.13	2.7%

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

Table IV-7 presents Non-Agreement Revenues for FY 2007 through FY 2018. Total Non-Agreement Revenues (including interest income) are budgeted to increase from \$133.5 million in FY 2007, to approximately \$144.6 million in FY 2008, an increase of \$11.1 million. Total Non-

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Non-Agreement Revenues

Fiscal Year	Actual 2007	Budgeted 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Airfield												
Nonsignatory Airline Passenger landing fees	\$597,108	\$609,600	\$625,900	\$694,700	\$735,500	\$752,900	\$790,600	\$818,900	\$855,800	\$865,500	\$912,100	\$983,900
Nonsignatory Cargo landing fees	103,399	102,300	105,400	116,900	123,800	126,700	133,000	137,800	143,900	145,500	153,300	165,300
Other airfield concessions	(569)	11,800	12,107	12,422	12,745	13,076	13,416	13,765	14,123	14,490	14,866	15,253
Other revenues	182,151	201,000	202,606	206,514	210,812	214,815	219,804	224,488	229,588	234,843	240,314	245,491
Total Airfield	\$882,089	\$924,700	\$946,013	\$1,030,535	\$1,082,856	\$1,107,591	\$1,156,620	\$1,194,953	\$1,243,391	\$1,260,333	\$1,320,580	\$1,409,644
Terminal												
Space Rental - Non-Agreement	\$942,733	\$1,062,900	\$1,096,985	\$1,170,473	\$1,242,395	\$1,397,950	\$1,448,686	\$1,503,069	\$1,580,509	\$1,711,746	\$1,795,162	\$1,820,520
Non-Airline Space Rental	70,201	70,700	72,538	74,424	76,359	78,345	80,362	82,471	84,616	86,816	89,073	91,389
Food & Beverage	9,525,778	9,850,800	10,407,050	10,918,283	11,460,019	12,034,996	12,642,663	13,288,016	13,974,645	14,701,299	15,471,826	16,285,904
General Merchandise Concessions	5,602,787	5,937,500	6,272,776	7,635,473	8,224,248	8,636,878	9,072,969	9,536,105	10,028,862	10,549,237	11,097,283	11,673,294
Duty Free Concessions	145,593	160,700	169,771	178,083	186,959	196,342	206,246	216,767	226,903	237,697	248,151	258,328
Car Rental Concessions	940,318	968,500	1,023,189	1,073,452	1,126,713	1,183,243	1,242,987	1,306,436	1,373,944	1,445,616	1,522,223	1,598,827
Advertising Concessions	742,537	750,000	759,000	768,108	777,325	786,653	796,093	805,646	815,314	825,098	834,999	845,019
Reimbursables	1,211,891	1,276,000	1,292,588	1,309,392	1,326,414	1,343,657	1,361,125	1,378,819	1,396,744	1,414,902	1,433,285	1,451,928
Other Concessions & Extraordinary Service Charges	463,409	441,500	452,979	464,756	476,840	489,238	501,958	515,009	528,399	542,138	556,233	570,695
Towing Fees	1,425	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
TSA Utility Reimbursement	327,375	337,400	354,270	371,984	390,583	410,112	430,617	452,148	474,756	498,493	523,418	549,589
TSA Canine Reimbursement	127,798	72,400	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500
Total Terminal	\$20,101,835	\$20,929,900	\$21,995,145	\$24,256,428	\$25,379,856	\$26,849,414	\$27,875,728	\$29,176,488	\$30,577,791	\$32,113,242	\$33,972,864	\$34,854,503
Airside												
Other Concessions	\$57,600	\$56,400	\$88,846	\$90,951	\$93,316	\$95,742	\$98,231	\$100,785	\$103,406	\$106,094	\$108,853	\$111,683
Hardstands	71,401	84,600	87,011	88,623	92,410	95,240	98,311	101,516	104,857	108,362	112,006	115,549
Authority Gates	1,085,819	1,230,000	1,261,980	1,294,791	1,328,456	1,362,986	1,398,434	1,434,793	1,472,098	1,510,372	1,549,642	1,589,933
FIS	238,208	245,200	255,716	264,794	274,425	284,498	295,015	306,085	317,819	330,107	343,059	355,789
Airside Other Rentals	66,896	67,000	68,742	70,529	72,363	74,244	76,175	78,155	80,187	82,272	84,411	86,606
Reimbursables & Miscellaneous	351,567	348,300	352,828	357,415	362,061	366,788	371,536	376,366	381,259	386,215	391,236	396,322
TSA Security Reimbursement - Canine	67,262	38,100	47,625	47,625	47,625	47,625	47,625	47,625	47,625	47,625	47,625	47,625
TSA Security Reimbursement - Security Checkpoint	1,000,742	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
TSA Space Rental	75,499	77,100	79,105	81,161	83,272	85,437	87,658	89,937	92,275	94,675	97,136	99,662
TSA Utility Reimbursement	16,203	17,200	18,080	18,963	19,911	20,907	21,952	23,050	24,202	25,412	26,683	28,017
Total Airside Buildings	\$3,032,008	\$3,243,900	\$3,309,713	\$3,385,853	\$3,423,838	\$3,463,457	\$3,544,937	\$3,608,312	\$3,673,728	\$3,741,134	\$3,810,652	\$3,881,185
Commercial Landside												
Hotel - Motel Concessions	\$1,703,451	\$1,898,800	\$1,948,169	\$1,998,821	\$2,050,791	\$2,104,111	\$2,158,818	\$2,214,947	\$2,272,536	\$2,331,622	\$2,392,244	\$2,454,442
Car Rentals Concessions	28,761,509	29,863,300	31,549,605	33,099,441	34,741,746	36,484,822	38,327,802	40,269,953	42,317,684	44,469,454	46,726,454	49,089,302
Parking	58,219,510	66,346,000	69,192,883	71,660,315	74,250,650	76,975,302	79,824,200	82,822,191	85,984,051	89,265,522	92,669,739	96,197,335
Reimbursables and Miscellaneous	1,110	1,500	1,520	1,539	1,559	1,580	1,600	1,621	1,642	1,663	1,685	1,707
Other Concessions	1,343,920	1,367,200	1,402,747	1,439,219	1,476,638	1,515,031	1,554,422	1,594,837	1,636,302	1,678,846	1,722,496	1,767,281
Cargo Complex	13,410	14,700	15,082	15,474	15,877	16,289	16,713	17,148	17,593	18,051	18,520	19,002
TSA Security Reimbursement - Canine	26,905	15,200	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Total Commercial Landside	\$80,069,815	\$99,506,700	\$104,129,005	\$108,233,810	\$112,556,281	\$117,116,136	\$122,401,755	\$127,478,696	\$132,846,789	\$148,832,187	\$155,263,138	\$161,579,069

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Non-Agreement Revenues

Fiscal Year	Actual 2007	Budgeted 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Auxiliary Airports												
FBO Concessions	\$868,635	\$885,900	\$934,417	\$973,564	\$1,037,220	\$1,058,121	\$1,155,543	\$1,208,912	\$1,286,211	\$1,329,756	\$1,404,875	\$1,468,222
Other	51,957	54,800	56,225	57,687	59,186	60,725	62,304	63,924	65,586	67,291	69,041	70,836
Fuel Flowage Fees	32,025	37,900	38,658	39,416	40,174	41,027	41,880	42,448	43,017	43,585	44,248	45,101
Total Auxiliary Airports	\$950,617	\$978,600	\$1,029,300	\$1,070,667	\$1,136,581	\$1,159,873	\$1,260,727	\$1,315,284	\$1,374,813	\$1,440,831	\$1,518,164	\$1,584,159
General Aviation Tampa International												
Fuel Flowage Fees	\$268,081	\$322,600	\$329,052	\$335,504	\$341,956	\$349,215	\$356,473	\$361,312	\$366,151	\$370,990	\$376,636	\$383,894
FBO Concessions	1,135,219	1,140,700	1,155,529	1,170,551	1,185,768	1,201,183	1,216,799	1,232,617	1,248,641	1,264,873	1,281,317	1,297,974
TSA Security Reimbursement - Canine	59,453	7,600	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Total Tampa International	\$1,462,753	\$1,470,900	\$1,494,081	\$1,515,555	\$1,537,224	\$1,559,898	\$1,582,772	\$1,603,429	\$1,624,292	\$1,645,363	\$1,667,452	\$1,691,368
Cargo												
Cargo Ramp	\$121,275	\$126,000	\$131,351	\$135,214	\$139,077	\$143,906	\$148,735	\$153,564	\$158,393	\$164,188	\$169,983	\$175,778
Cargo Complex	1,910,599	1,918,900	1,931,373	1,944,170	1,957,300	1,970,771	1,984,593	1,998,773	2,013,323	2,028,251	2,043,567	2,059,281
TSA Security Reimbursement - Canine	47,083	26,700	33,375	33,375	33,375	33,375	33,375	33,375	33,375	33,375	33,375	33,375
Total Cargo	\$2,078,957	\$2,071,600	\$2,096,099	\$2,112,759	\$2,129,752	\$2,148,052	\$2,166,703	\$2,185,713	\$2,205,091	\$2,225,814	\$2,246,925	\$2,268,434
Other												
Non-airline space rental	\$355	\$400	\$410	\$421	\$432	\$443	\$455	\$467	\$479	\$491	\$504	\$517
Reimbursables and Miscellaneous	27,870	20,000	20,260	20,523	20,790	21,060	21,334	21,612	21,893	22,177	22,465	22,757
Extraordinary Service Charges - Club Rooms	285,366	285,400	285,366	285,366	285,366	285,366	144,146	139,416	139,416	11,618	0	0
Other Airfield Concessions	153,504	155,800	159,851	164,007	168,271	172,646	177,135	181,740	186,486	191,314	196,288	201,391
Other Revenues	29,890	15,700	16,108	16,527	16,957	17,398	17,850	18,314	18,790	19,279	19,780	20,294
Flight Kitchen Concessions	546,669	575,400	575,400	575,400	575,400	575,400	575,400	575,400	575,400	575,400	575,400	575,400
Maint. Hangars, Reserv. Ctr., Fuel Farm	1,305,739	1,624,600	1,624,600	1,624,600	1,624,600	1,624,600	1,624,600	1,624,600	1,624,600	1,624,600	1,624,600	1,624,600
Building Area Rentals	5,493,644	5,169,746	5,395,579	5,661,783	5,671,881	5,747,422	5,824,215	5,912,838	5,991,781	6,071,924	6,164,820	6,247,107
Total Other	\$7,843,037	\$7,847,046	\$8,077,574	\$8,348,628	\$8,383,497	\$8,444,335	\$8,385,135	\$8,474,386	\$8,558,825	\$8,516,703	\$8,603,857	\$8,692,067
Total Non-Agreement Revenues Excluding Interest	\$126,421,111	\$136,973,346	\$143,076,930	\$149,934,234	\$155,609,866	\$161,668,755	\$168,374,376	\$175,037,260	\$182,106,720	\$205,775,407	\$214,403,634	\$222,980,429
Interest Income	\$7,095,630	\$7,826,000	\$7,076,852	\$5,383,524	\$5,124,070	\$5,853,087	\$12,249,102	\$9,955,977	\$8,838,850	\$8,461,177	\$8,724,676	\$9,305,045
Total Non-agreement Revenues	\$133,516,741	\$144,599,346	\$150,153,782	\$155,317,758	\$160,733,936	\$167,521,842	\$180,623,478	\$184,993,237	\$190,945,570	\$214,236,584	\$223,128,310	\$232,285,475
Non-Agreement Revenues by Cost Center												
Airfield	\$882,089	\$924,700	\$946,013	\$1,030,535	\$1,082,856	\$1,107,591	\$1,156,620	\$1,194,953	\$1,243,391	\$1,260,333	\$1,320,580	\$1,409,644
Terminal Building	20,101,835	20,929,900	21,995,145	24,256,428	25,379,856	26,649,414	27,875,728	29,176,488	30,577,791	38,113,242	39,972,884	41,854,503
Arside Building	3,032,008	3,243,900	3,309,713	3,365,853	3,423,838	3,483,457	3,544,937	3,608,312	3,673,728	3,741,134	3,810,652	3,881,185
Commercial Landside	90,069,815	99,506,700	104,129,005	108,233,810	112,558,261	117,116,136	122,401,755	127,478,696	132,848,789	148,832,187	155,263,138	161,579,069
Cargo	2,078,957	2,071,600	2,096,098	2,112,759	2,129,752	2,148,052	2,166,703	2,185,713	2,205,091	2,225,814	2,246,925	2,268,434
Auxiliary Airports	950,617	978,600	1,029,300	1,070,667	1,136,581	1,159,873	1,260,727	1,315,284	1,374,813	1,440,831	1,518,164	1,584,159
General Aviation	1,462,753	1,470,900	1,494,081	1,515,555	1,537,224	1,559,898	1,582,772	1,603,429	1,624,292	1,645,363	1,667,452	1,691,368
Other	7,843,037	7,847,046	8,077,574	8,348,628	8,383,497	8,444,335	8,385,135	8,474,386	8,558,825	8,516,703	8,603,857	8,692,067
Total Non-Agreement Revenues Excluding Interest	\$126,421,111	\$136,973,346	\$143,076,930	\$149,934,234	\$155,609,866	\$161,668,755	\$168,374,376	\$175,037,260	\$182,106,720	\$205,775,407	\$214,403,634	\$222,980,429
Interest	\$7,095,630	\$7,826,000	\$7,076,852	\$5,383,524	\$5,124,070	\$5,853,087	\$12,249,102	\$9,955,977	\$8,838,850	\$8,461,177	\$8,724,676	\$9,305,045
Total Non-agreement Revenues	\$133,516,741	\$144,599,346	\$150,153,782	\$155,317,758	\$160,733,936	\$167,521,842	\$180,623,478	\$184,993,237	\$190,945,570	\$214,236,584	\$223,128,310	\$232,285,475

Sources: Hillsborough County Aviation Authority (historical); Ricomdo & Associates, Inc. (projected)
Prepared by: Ricomdo & Associates, Inc.

Agreement Revenues (including interest income) are projected to increase to approximately \$232.3 million in FY 2018, a compounded annual growth rate of approximately 4.8 percent.

4.4.1.1 TSA Reimbursements

As described in a previous paragraph, TSA is providing funding to reimburse U.S. airports for a portion of added security expenses resulting from the events of September 11, 2001 and those revenues are included in Non-Agreement Revenues. A portion of these revenues is allocated to Airline cost and revenue centers resulting in a slight decrease to the O&M Expenses included in the rates and charges calculations. TSA Reimbursements in FY 2007 totaled approximately \$1.7 million.

4.4.2 Revenue Impacts of Capital Projects

4.4.2.1 2008 Project

Construction of Phase 2 of the Economy Parking Garage will provide sufficient capacity to accommodate additional future parkers resulting from projected enplanement growth. Parking rates were increased in November 2005 in connection with the completion of Phase 1 of the Economy Parking garage and again in June 2007. No additional parking rate increase is anticipated to coincide with completion of Phase 2 of the Economy Parking Garage.

None of the other projects included in the 2008 Project are expected to generate additional Non-Agreement Revenues within the projection period.

4.4.2.2 North Terminal Complex Phase One Projects

Non-agreement revenues are expected to be generated from additional concession and parking revenues resulting from the completion of the North Terminal Complex Phase One. These revenues are projected to be approximately \$20.9 million by FY 2016.

4.4.2.3 Other Future Capital Projects

The Authority identified sources of future revenues resulting from these CIP projects and these additional revenues have been incorporated into the Non-Agreement revenue projections.

4.4.3 Airfield

Airfield Non-Agreement Revenues include non-signatory landing fees, fuel flowage fees and rentals and totaled approximately \$882,000 in FY 2007.

4.4.4 Terminal Complex

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

4.4.4.1 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 (e.g. percent of revenues), duty free concessions, all advertising concessions and other miscellaneous concession revenues in the Terminal Complex.

Host International, Inc. (Host) is the provider of all food and beverage service for the Airport. The agreement between Host and the Authority became effective April 1, 1994, and terminates September 30, 2015. The agreement requires Host to pay the Authority the greater of the fair market rental value or a set percentage of gross revenues.

Host is also the provider of operation of retail merchandise shops. That agreement became effective May 1, 1996 and terminates September 30, 2015. Terms of the retail agreement state that Host must pay the Authority the fair market rental and the greater of a minimum annual privilege fee or a percent of gross revenues.

For FY 2007, revenues from food and beverage and retail merchandise were approximately \$15.1 million.

The Authority entered into an advertising contract in 2001 with J.C. Decaux Airport, Inc. The original agreement was for a five-year period and that contract was extended to terminate on June 30, 2009. The Authority receives the greater of 50 percent of gross advertising sales or a minimum annual guarantee (MAG) of \$750,000.

Duty Free, Miscellaneous & Other Revenues 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, Smarte Carte, 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 totaled approximately \$2.3 million.

The Authority entered into an agreement with Smarte Carte, Inc. for the right to rent, maintain and relocate luggage carts to customers at the Airport. The Luggage Cart Agreement became effective April 1, 2003 and terminates March 31, 2008. It requires Smarte Carte to pay rent for storage space and an annual minimum privilege fee of \$270,099.33, a percentage fee of 20% of the first \$35,000 of gross receipts per month, or 25% of gross receipts above \$35,000, whichever is greater. A new Luggage Cart Agreement will become effective April 1, 2008 with Smarte Carte, Inc. for the term April 1, 2008 through March 31, 2013. It requires Smarte Carte to pay annual rent of \$9,744 for office space and \$47,000 for space occupied by the cart dispensing units. The agreement requires \$65,000 minimum annual privilege fee or 12.5 percent of gross receipts, whichever is greater.

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.

Additional concession revenues are anticipated as a result of the construction of the North Terminal Complex Phase One project as discussed in section 4.4.2.2.

4.4.4.2 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 totaled approximately \$3.0 million in FY 2007.

4.4.5 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 for FY 2007 were \$90.1 million.

4.4.5.1 Hotel

The Authority entered into an agreement for a hotel-office complex at Tampa International Airport, with Host of Boston, Ltd. for the land underlying the hotel for the construction, operation and maintenance of a first class hotel and office complex. 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 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 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 2007 were approximately \$1.7 million.

4.4.5.2 Car Rentals

On-Airport Car Rental. The Authority entered into an Agreement for Car Rental Concession, in and adjacent to the Landside Building with the following companies: Hertz Corporation, Avis Rent-A-Car System, Inc., Budget Rent a Car System, Corp., Enterprise Rent A Car System, Inc., DTG Operations d/b/a Dollar Rent A Car System, Inc. and DTG Operations d/b/a Thrifty Car Rental. These Agreements commenced January 1, 2003 and terminate on December 31, 2009. Within each agreement is a provision for space rental of facilities that is based on amortization of facility costs and a privilege fee equivalent to the greater of a minimum amount or 9.5 percent of gross receipts. The Authority will receive approximately \$121.8 million in minimum guarantees over the term of the On-Airport RAC Agreement.

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 pick up customers at the Airport. Currently, there are four companies (E-Z Rent A Car Inc., Van Rental Services, LLC, Vanguard Car Rental USA, Inc. d/b/a Alamo/National, and Flomco Inc., d/b/a Payless Car Rental) operating with the Off-Airport Agreement which requires the company to pay the Authority a privilege fee based on a percentage of gross receipts on revenue derived from Airport customers. The current Off-Airport Agreement became effective January 1, 2003 and will terminate on December 31, 2013. The Off-Airport Agreements require the companies to pay 8.5 percent of gross receipts to the Authority.

Car rental revenues in FY 2007 were approximately \$28.8 million.

4.4.5.3 Parking

As of July 1, 2007, AMPCO System assumed the operation of parking facilities at the Airport. 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 2007 were approximately \$58.2 million.

Additional parking revenues are expected to be generated from construction of additional parking facilities and were previously discussed in sections 4.4.2 and 4.4.2.2.

4.4.6 Cargo

Cargo revenues include revenues from the Cargo Complex, Cargo Ramp and a TSA reimbursement and totaled approximately \$2.1 million in FY 2007.

4.4.7 General Aviation & Auxiliary Airports

As described in Section 3.1.3.8, 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 Vandenberg Airport and Mitchell Enterprises, Inc. at Plant City Airport. Revenues from General Aviation and Auxiliary Airports for the FY 2007 were approximately \$2.4 million.

4.4.8 Other

4.4.8.1 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.

4.4.8.2 Reservation Center

The Authority opened a reservation center facility in 1980 on a 5.88 acre site owned by the Authority as well as slightly more than three acres of land for additional parking added in December 2001. The reservation center is currently leased to Continental for \$428,563 annually, the additional parking lease for \$55,565 annually, plus \$36,000 annually in ground rental. The Lease Agreement has been extended until September 30, 2008 with an annual renewal option. Pursuant to the renewal options, the annual rental would increase to \$443,512 annually and the ground rental for each five year option would be based on a percentage of the appraised value of the land as of the date of the commencement of each five year option. For FY 2007, the Authority received rent revenues of approximately \$465,000.

4.4.8.3 Maintenance Hangars/Facilities

The Authority's maintenance facilities including a discussion of tenants are described in section 3.1.3.4.

4.4.8.4 Flight Kitchen

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

4.4.8.5 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. The ground rent was adjusted effective June 19, 2005. The U.S. Postal Service is currently paying aggregate ground rent to the Authority of \$984,758 annually.

4.5 Airline Revenues

Rates will be calculated for four areas at the Airport: the Airfield Cost and Revenue Center; the Terminal Building; the Airside Buildings; and the Passenger Transfer System. All of the Passenger Transfer System requirement will be allocated to the Airside Buildings rental rates. The Signatory Airline rates and charges presented in these analyses for FY 2008 through FY 2018 represent the methodology contained within the current Airline Agreement. Although the current agreement expires in FY 2009, for the purposes of this analysis it was assumed that the methodology contained within the agreement is continued for FY 2007 through FY 2018.

The items included in the total requirement for the landing fee, Terminal Building rental rate, Airside Buildings rental rate, and Passenger Transfer System rental rates include the following:

- **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.

A portion of the 2008 Project will directly impact Airline rates. Specifically, a portion of the Investment Service and O&M expenses related to the North Terminal Site Development and Infrastructure Project that is included in the 2008 Project will be allocated to the Airfield and Terminal Complex Cost Centers. The remaining portion will be allocated to the Commercial Landside and Roads and Grounds Cost Centers. No other projects that comprise the 2008 Project will be directly allocated to Airline Cost Centers.

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

4.5.1 Airfield

4.5.1.1 Landing Fees

A compensatory landing fee calculation is presented in **Table IV-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%) of this requirement is attributed to the airlines and divided by total landed weight to yield a Nonsignatory 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

Table IV-8
Landing Fees

Fiscal Year	Budgeted FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Landing Fees:											
O&M Expenditures	\$9,007,668	\$9,457,146	\$9,901,711	\$10,373,230	\$10,882,049	\$11,469,959	\$11,993,482	\$12,868,781	\$13,409,894	\$14,087,047	\$15,090,876
O&M Reserve Requirement	49,294	72,884	72,923	77,255	83,291	89,958	91,957	100,868	133,482	110,986	165,150
Investment Service	6,073,419	5,828,644	7,055,963	7,628,978	7,529,240	7,924,147	8,017,940	8,007,305	7,691,893	8,256,425	8,945,148
Total Requirement	\$15,130,380	\$15,358,674	\$17,030,597	\$18,079,463	\$18,494,580	\$19,484,064	\$20,103,379	\$20,976,954	\$21,235,269	\$22,454,458	\$24,201,174
Airlines' Share of Requirement	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Airlines' Airfield Revenue Requirement	\$13,617,342	\$13,822,807	\$15,327,537	\$16,271,517	\$16,645,122	\$17,535,658	\$18,093,041	\$18,879,258	\$19,111,742	\$20,209,013	\$21,781,057
Total Landed Weight	12,269,910	13,081,600	13,380,200	13,687,600	14,008,300	14,346,200	14,736,200	15,150,100	15,567,800	16,012,300	16,479,900
Nonsignatory Landing Fee	\$1.11	\$1.06	\$1.15	\$1.19	\$1.19	\$1.22	\$1.23	\$1.25	\$1.23	\$1.26	\$1.32
Net Requirement	\$15,130,380	\$15,358,674	\$17,030,597	\$18,079,463	\$18,494,580	\$19,484,064	\$20,103,379	\$20,976,954	\$21,235,269	\$22,454,458	\$24,201,174
Less: Prior Period Coverage	976,652	998,504	944,490	1,144,332	1,200,817	1,151,961	1,186,413	1,178,718	1,154,753	1,085,041	1,128,781
Adjusted Airfield Revenue Requirement	\$14,153,728	\$14,360,171	\$16,086,108	\$16,935,132	\$17,293,763	\$18,332,083	\$18,916,965	\$19,798,235	\$20,080,516	\$21,369,418	\$23,072,393
Airlines' Share of Requirement	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Adjusted Airlines' Airfield Rev Require	\$12,738,355	\$12,924,154	\$14,477,497	\$15,241,618	\$15,564,387	\$16,498,875	\$17,025,269	\$17,818,412	\$18,072,464	\$19,232,476	\$20,765,154
Total Landed Weight	12,269,910	13,081,600	13,380,200	13,687,600	14,008,300	14,346,200	14,736,200	15,150,100	15,567,800	16,012,300	16,479,900
Signatory Landing Fee	\$1.04	\$0.99	\$1.08	\$1.11	\$1.11	\$1.15	\$1.16	\$1.18	\$1.16	\$1.20	\$1.26
Landed Weight:											
Signatory Landed Weight	11,190,158	11,930,419	12,202,742	12,483,091	12,775,570	13,083,734	13,439,414	13,816,891	14,197,834	14,603,218	15,029,669
Nonsignatory Landed Weight	558,281	595,213	608,799	622,786	637,378	652,752	670,497	689,330	708,335	728,560	749,835
Signatory Cargo Landed Weight	428,220	456,548	466,969	477,697	488,890	500,682	514,293	528,738	543,316	558,829	575,149
Nonsignatory Cargo Landed Weight	93,251	99,420	101,690	104,026	106,463	109,031	111,995	115,141	118,315	121,693	125,247
Total Landed Weight	12,269,910	13,081,600	13,380,200	13,687,600	14,008,300	14,346,200	14,736,200	15,150,100	15,567,800	16,012,300	16,479,900
Airfield Revenues:											
Signatory Airline Landing Fee Revenues	\$11,637,800	\$11,811,100	\$13,179,000	\$13,856,200	\$14,180,900	\$15,046,300	\$15,589,700	\$16,303,900	\$16,469,500	\$17,523,900	\$18,937,400
Nonsignatory Airline Landing Fee Revenues	614,500	625,900	694,700	735,500	752,900	790,600	818,900	855,800	865,500	912,100	983,600
Signatory Cargo Landing Fee Revenues	445,300	452,000	504,300	530,200	542,700	575,800	596,600	623,900	630,200	670,600	724,700
Nonsignatory Cargo Landing Fee Revenues	103,500	105,400	116,900	123,800	126,700	133,000	137,800	143,900	145,500	153,300	165,300
Total Landing Fees Revenues	\$12,801,100	\$12,994,400	\$14,494,900	\$15,245,700	\$15,603,200	\$16,545,700	\$17,143,000	\$17,927,500	\$18,110,700	\$19,259,900	\$20,811,000

Sources: Hillsborough County Aviation Authority (historical); Ricondo & Associates, Inc. (projected)
Prepared by: Ricondo & Associates, Inc.

Landing Fee revenues are equal to the sum of the Nonsignatory Landing Fee multiplied by the Nonsignatory Landed Weight; and the Signatory Landing Fee multiplied by the Signatory Landed Weight.

As presented in Table IV-8, the Signatory Landing Fee is projected to increase from a budgeted rate of \$1.04 per thousand pounds landed weight in FY 2008 to \$1.26 per thousand pounds landed weight in FY 2018, a compounded annual growth rate of 2.0 percent.

4.5.2 Terminal Complex

Three different types of rates are calculated within the Terminal Complex Cost and Revenue Center; Passenger Transfer System rental rates, Terminal Building rental rates, and Airside Buildings rental rates with all of the Passenger Transfer System rental rates added to 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.

4.5.2.1 Terminal Building Rental Rate

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

Rentable square feet in the Terminal Building is projected to increase in FY 2011, reflecting construction of the Baggage Claim Expansion & Claim Device Refurbishment Project. This project is necessary to expand the passenger handling capacity of the existing terminal. Rentable square feet is projected to again increase in FY 2016 reflecting construction of the North Terminal Complex Phase One.

As presented in Table IV-9, the average Terminal Building Rental Rate is projected to increase from \$116.40 and \$110.44 per square foot, without rebate and with rebate, respectively, in FY 2008 to \$159.10 and \$153.50 per square foot, without rebate and with rebate, respectively, in FY 2018. The increase can be primarily attributed to inflationary impacts of O&M Expenses and higher Investment Service attributable to the 2008 Project and the North Terminal Complex Phase One as described previously.

4.5.2.2 Passenger Transfer System Rental Rate

A compensatory rental rate calculation is presented in **Table IV-10**. The net requirement for the Passenger Transfer System is equal to the sum of the previously described components for the Passenger Transfer System. An average Passenger Transfer System rate is derived by dividing the net requirement by the rentable square feet in the Airside Buildings. The Signatory rate is differentiated from the Nonsignatory rate by allocation of the Coverage Rebate as described above.

Rentable square feet in the Airside Buildings is projected to increase in FY 2011, FY 2012, and FY 2013, reflecting construction of additional Authority office space from unfinished space on the

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Terminal Building Rental Rates and Revenues

Fiscal Year:	Budgeted FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
O&M Expenditures (excl PTS)	\$29,444,910	\$31,280,386	\$33,584,630	\$36,150,712	\$38,425,846	\$40,515,972	\$42,725,861	\$46,412,970	\$60,428,126	\$63,709,142	\$67,214,462
O&M Reserve Requirement (excl PTS)	373,040	308,889	383,867	427,071	378,619	347,963	367,910	456,128	2,490,392	546,313	576,972
Investment Service (excl PTS)	13,972,164	13,809,132	16,118,437	17,369,759	17,459,301	17,864,171	18,320,793	18,817,535	22,710,162	23,586,094	23,834,790
Total Terminal Building Requirement	\$43,790,114	\$45,398,408	\$50,086,934	\$53,947,542	\$56,263,766	\$58,728,106	\$61,414,564	\$65,686,633	\$85,628,680	\$87,841,549	\$91,626,223
Rentable Terminal Building Space	376,189	376,189	376,189	377,847	396,367	396,367	396,367	396,367	575,892	575,892	575,892
Average Terminal Building Rental Rate (without rebate, excl PTS)	\$116.40	\$120.68	\$133.14	\$142.78	\$141.95	\$148.17	\$154.94	\$165.72	\$148.69	\$152.53	\$159.10
Net Terminal Building Requirement	\$43,790,114	\$45,398,408	\$50,086,934	\$53,947,542	\$56,263,766	\$58,728,106	\$61,414,564	\$65,686,633	\$85,628,680	\$87,841,549	\$91,626,223
Less: Prior Period Airline Coverage Rebate	2,242,621	2,297,101	2,237,670	2,614,078	2,734,036	2,671,291	2,674,646	2,693,342	2,713,722	3,203,562	3,224,564
Adjusted Terminal Building Requirement	\$41,547,493	\$43,101,307	\$47,849,264	\$51,333,464	\$53,529,729	\$56,056,815	\$58,739,918	\$62,993,291	\$82,914,958	\$84,637,987	\$88,401,639
Rentable Terminal Building Space	376,189	376,189	376,189	377,847	396,367	396,367	396,367	396,367	575,892	575,892	575,892
Average Terminal Building Rental Rate (with rebate, excl PTS)	\$110.44	\$114.57	\$127.19	\$135.86	\$135.05	\$141.43	\$148.20	\$158.93	\$143.98	\$146.97	\$153.50
Calculation of Weighted Terminal Building Rental Rates:											
Available Airline Space by Type:											
Ticket Counter, Offices, Other	45,223	45,223	45,223	45,186	44,777	44,777	44,777	44,777	55,972	55,972	55,972
Bag Claim, Bag Service, & Curbside Check-in	54,662	54,662	54,662	56,320	74,840	74,840	74,840	74,840	93,550	93,550	93,550
Bag Make-up, Lev 2 Conveyor, Tug Drive	122,421	122,421	122,421	122,458	122,867	122,867	122,867	122,867	153,584	153,584	153,584
Total Available Airline Space	222,306	222,306	222,306	223,964	242,484	242,484	242,484	242,484	303,106	303,106	303,106
Weighted Terminal Building Rental Rates:											
Without Rebate:											
Ticket Counter, Offices, Other	\$183.97	\$190.74	\$210.43	\$225.13	\$218.49	\$228.06	\$238.49	\$255.08	\$228.87	\$234.78	\$244.89
Bag Claim, Bag Service, & Curbside Check-in	\$156.38	\$162.13	\$178.87	\$191.36	\$185.72	\$193.86	\$202.71	\$216.82	\$194.54	\$199.56	\$208.16
Bag Make-up, Lev 2 Conveyor, Tug Drive	\$73.59	\$76.29	\$84.17	\$90.05	\$87.40	\$81.23	\$95.39	\$102.03	\$91.55	\$93.91	\$97.96
With Rebate:											
Ticket Counter, Offices, Other	\$174.55	\$181.08	\$201.03	\$214.22	\$207.87	\$217.89	\$228.11	\$244.63	\$221.62	\$226.22	\$236.27
Bag Claim, Bag Service, & Curbside Check-in	\$148.37	\$153.92	\$170.87	\$182.09	\$176.69	\$185.04	\$193.89	\$207.93	\$189.37	\$192.29	\$200.83
Bag Make-up, Lev 2 Conveyor, Tug Drive	\$69.82	\$72.43	\$80.41	\$95.69	\$83.15	\$87.08	\$91.24	\$97.85	\$88.65	\$90.49	\$94.51
Leased Airline Space by Type:											
Ticket Counter, Offices, Other	31,212	32,344	33,478	34,610	35,632	36,654	37,674	38,694	38,390	38,755	39,120
Type 1 Common Use Space	1,634	1,634	1,634	1,634	1,634	1,634	1,634	1,634	2,043	2,043	2,043
Bag Claim, Bag Service, & Curbside Check-in	8,093	8,561	9,029	9,497	9,965	10,433	10,901	11,370	11,862	11,949	12,036
Type 2 Common Use Space	42,962	42,962	42,962	44,620	63,140	63,140	63,140	63,140	78,925	78,925	78,925
Bag Make-up, Lev 2 Conveyor, Tug Drive	41,503	41,503	44,174	45,243	47,605	49,967	51,445	52,638	50,635	51,831	51,831
Type 3 Common Use Space	61,977	61,977	61,977	62,014	62,423	62,423	62,423	62,423	78,029	78,029	78,029
Total Leased Airline Space	187,381	188,981	193,254	197,618	220,399	224,251	227,217	229,899	259,884	260,336	261,984

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Table IV-9 (2 of 2)

Terminal Building Rental Rates and Revenues

Fiscal Year:	Budgeted FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Nonsignatory Terminal Building Rental Revenues:											
Common Use	\$535,700	\$553,461	\$610,765	\$668,135	\$808,759	\$844,178	\$882,842	\$944,156	\$1,058,848	\$1,086,289	\$1,133,240
Other Nonsignatory Space Rentals	0	0	0	0	0	0	0	0	0	0	0
Nonsignatory Terminal Building Rentals	\$535,700	\$553,461	\$610,765	\$668,135	\$808,759	\$844,178	\$882,842	\$944,156	\$1,058,848	\$1,086,289	\$1,133,240
Signatory Terminal Building Rental Revenues:											
Ticket Counter, Offices, Other	\$5,448,400	\$5,856,852	\$6,730,082	\$7,414,154	\$7,406,824	\$7,979,209	\$8,593,816	\$9,465,713	\$8,507,992	\$8,767,156	\$9,242,882
Type 1 Common Use	\$272,000	\$282,151	\$313,238	\$333,787	\$323,899	\$339,189	\$355,440	\$381,187	\$431,745	\$440,704	\$460,311
Bag Claim, Bag Service, & Curbside Checkin	\$1,200,800	\$1,317,709	\$1,542,785	\$1,729,309	\$1,760,716	\$1,930,522	\$2,113,595	\$2,364,164	\$2,234,445	\$2,297,673	\$2,417,190
Type 2 Common use	\$6,078,400	\$6,305,783	\$7,000,224	\$7,747,707	\$10,638,560	\$11,140,913	\$11,674,289	\$12,519,823	\$14,176,727	\$14,471,680	\$15,115,330
Bag Make-up, Lev 2 Conveyor, Tug Drive	\$2,897,700	\$3,008,062	\$3,552,031	\$3,876,873	\$3,958,356	\$4,351,126	\$4,693,842	\$5,150,628	\$4,488,793	\$4,581,961	\$4,898,548
Type 3 Common Use	\$4,126,400	\$4,280,636	\$4,752,283	\$5,067,309	\$4,949,635	\$5,183,387	\$5,431,257	\$5,824,812	\$6,596,058	\$6,732,933	\$7,032,476
Signatory Terminal Building Rentals	\$20,023,400	\$21,049,195	\$23,890,644	\$26,169,139	\$29,037,990	\$30,924,347	\$32,862,239	\$35,706,327	\$36,435,759	\$37,292,107	\$39,166,737
Total Terminal Building Rentals	\$20,559,100	\$21,602,656	\$24,501,410	\$26,837,274	\$29,846,749	\$31,768,525	\$33,745,080	\$36,650,483	\$37,494,606	\$38,378,396	\$40,299,977

Note:

¹ Capital Improvement projects in the landside terminal increased rentable square feet in FY 2011 through FY 2012. Rentable square feet increases in FY 2016 are attributable to the projected completion of the North Terminal

Sources: Hillsborough County Aviation Authority (historical); Riconde & Associates, Inc. (projected)

Prepared by Riconde & Associates, Inc.

Table IV-10

Passenger Transfer System (PTS) Rental Rate

Fiscal Year:	Budgeted FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
O&M Expenditures	\$3,672,396	\$4,043,583	\$4,211,568	\$4,395,651	\$4,599,938	\$4,816,394	\$5,043,672	\$5,383,666	\$6,585,479	\$6,895,799	\$7,220,165
O&M Reserve Requirement	27,449	29,532	27,959	30,591	33,875	35,901	37,678	38,539	218,047	51,498	53,851
Investment Service	2,907,386	2,897,116	3,052,559	3,036,010	2,940,487	2,925,783	2,949,200	2,911,898	3,384,330	3,554,859	4,709,234
Total PTS Costs	\$6,807,231	\$6,970,231	\$7,292,086	\$7,462,252	\$7,574,300	\$7,778,078	\$8,030,551	\$8,334,103	\$10,187,855	\$10,502,156	\$11,983,250
Less: Prior Period Coverage	481,631	477,990	469,457	495,062	477,874	449,897	438,052	433,562	419,932	477,403	486,004
Adjusted PTS Requirement	\$6,325,600	\$6,492,241	\$6,822,629	\$6,967,190	\$7,096,426	\$7,328,181	\$7,592,499	\$7,900,541	\$9,767,923	\$10,024,753	\$11,497,246
Rentable Square Feet ^{1/}	484,462	484,088	488,252	489,088	489,700	496,528	496,528	496,528	526,188	526,188	526,188
Average Passenger Transfer System Rental Rate:											
Without Rebate	\$14.05	\$14.40	\$14.94	\$15.26	\$15.47	\$15.66	\$16.17	\$16.78	\$19.36	\$19.96	\$22.77
With Rebate	\$13.06	\$13.41	\$13.97	\$14.25	\$14.49	\$14.76	\$15.29	\$15.91	\$18.56	\$19.05	\$21.85

Note:

^{1/} Capital Improvement projects in Airside A & E increased rentable square feet in FY 2010 through FY 2013. Rentable square feet increases in FY 2016 are attributable to the projected completion of the North Terminal

Sources: Hillsborough County Aviation Authority (historical); Ricondo & Associates, Inc. (projected)

Prepared by: Ricondo & Associates, Inc.

mezzanine level on Airside E. Rentable square feet is projected to increase in FY 2016 reflecting construction of the North Terminal Complex Phase One.

As presented in Table IV-10, the average Passenger Transfer System Rental Rate is projected to increase from a budgeted rate of \$14.05 and \$13.06 per square foot, including rebate and excluding rebate, respectively, in FY 2008 to \$22.77 and \$21.85 per square foot, including rebate and excluding rebate, respectively, in FY 2018. The increase can be primarily attributed to inflationary impacts of O&M Expenses and higher Investment Service attributable to the 2008 Project and the North Terminal Complex Phase One as described previously.

4.5.2.3 Airside Building Rental Rate

A compensatory rental rate calculation for all Airside Buildings is presented in **Table IV-11**. The net requirement for the Airside Buildings is equal to the sum of the previously described components for the Airside Buildings subset of the Terminal Complex Cost and Revenue Center. The Authority receives a TSA grant to cover passenger security screening expenses, which is credited to the Airside rate base to offset the corresponding expenses included in total O&M Expenditures. An average Airside Building rental rate (before adding in the Passenger Transfer System component) is derived by dividing the net requirement by the rentable square feet in the Airside Buildings. The Signatory rate is differentiated from the Nonsignatory rate by allocation of the Coverage Rebate as described above. The Passenger Transfer System rental rate is added to the applicable Airside Building rental rate (before Passenger Transfer System) to determine the Airside Building rental rate.

Airside Building square feet is projected to increase as described in the previous section.

As presented in Table IV-11, the average Airside Buildings Rental Rate (excluding the Passenger Transfer System component) is projected to increase from \$64.73 and \$61.61 per square foot, without rebate and with rebate, respectively, in FY 2008 to \$121.03 and \$117.41 per square foot, without rebate and with rebate, respectively, in FY 2018. The increase can be primarily attributed to inflationary impacts of O&M Expenses and higher Investment Service attributable to the 2008 Project as described previously.

4.6 Passenger Airline Revenues Versus Other Airport Revenues

Passenger airline revenues includes Airline Revenues plus extraordinary service charges for Airline club room upgrades, Authority club room rental revenues, surcharges for custom furniture and equipment in the Airside Buildings, hardstand revenues, Authority gate rental revenue, and FIS revenues. As presented in **Table IV-12**, historically, passenger airline revenues have ranged from 24.1 percent to 34.8 percent of total Operating Revenues for the period FY 1997 to FY 2007. Based on revenue projections for FY 2008 through 2018, Airline Revenues are estimated to comprise between approximately 23.2 percent and 28.7 percent of total Operating Revenues.

Table IV-11

Airside Buildings Rental Rates and Revenues

Fiscal Year:	Budgeted FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
O&M Expenditures (excl PTS)	\$21,866,014	\$23,466,979	\$25,702,645	\$28,162,371	\$29,693,916	\$31,324,670	\$33,122,433	\$35,945,283	\$44,214,242	\$46,606,997	\$49,128,591
O&M Reserve Requirement (excl PTS)	167,276	266,283	361,830	414,856	252,622	268,937	286,131	346,598	1,505,840	395,724	416,409
Investment Service (excl PTS)	9,326,226	9,146,166	10,243,083	10,574,291	11,197,354	11,505,800	11,680,268	11,648,721	13,053,163	13,955,355	14,141,036
Total Requirement	\$31,359,517	\$32,879,428	\$36,307,358	\$39,151,518	\$41,143,892	\$43,099,406	\$45,088,832	\$47,940,601	\$58,773,245	\$60,960,075	\$63,686,036
Rentable Airside Buildings Space	484,462	484,088	488,252	489,088	489,700	496,528	496,528	496,528	526,188	526,188	526,188
Average Airside Buildings Rental Rate (without rebate, excl PTS)	\$64.73	\$67.92	\$74.36	\$80.05	\$84.02	\$86.80	\$90.81	\$96.55	\$111.70	\$115.85	\$121.03
Airline Net Airside Buildings Requirement	\$31,359,517	\$32,879,428	\$36,307,358	\$39,151,518	\$41,143,892	\$43,099,406	\$45,088,832	\$47,940,601	\$58,773,245	\$60,960,075	\$63,686,036
Less: Prior Period Airline Coverage	1,609,894	1,533,283	1,482,070	1,661,217	1,664,415	1,713,207	1,722,663	1,717,118	1,679,890	1,841,317	1,907,913
Adjusted Airside Buildings Requirement	\$29,849,623	\$31,346,145	\$34,825,288	\$37,490,301	\$39,479,477	\$41,386,200	\$43,366,169	\$46,223,484	\$57,093,355	\$59,118,758	\$61,778,123
Rentable Airside Buildings Space	484,462	484,088	488,252	489,088	489,700	496,528	496,528	496,528	526,188	526,188	526,188
Average Airside Buildings Rental Rate (with rebate, excl PTS)	\$61.61	\$64.75	\$71.33	\$76.65	\$80.62	\$83.35	\$87.34	\$93.09	\$108.50	\$112.35	\$117.41
Average Rental Rates Including Passenger Transfer System:											
Average Airside Rental Rate without Rebate	\$64.73	\$67.92	\$74.36	\$80.05	\$84.02	\$86.80	\$90.81	\$96.55	\$111.70	\$115.85	\$121.03
PTS Rental Rate without Rebate	14.05	14.40	14.94	15.26	15.47	15.66	16.17	16.78	19.36	19.96	22.77
Airside Buildings Rental Rate without Rebate	\$78.78	\$82.32	\$89.30	\$95.31	\$99.49	\$102.47	\$106.98	\$113.34	\$131.06	\$135.81	\$143.81
Average Airside Rental Rate With Rebate	\$61.61	\$64.75	\$71.33	\$76.65	\$80.62	\$83.35	\$87.34	\$93.09	\$108.50	\$112.35	\$117.41
PTS Rental Rate With Rebate	13.06	13.41	13.97	14.25	14.49	14.76	15.29	15.91	18.56	19.05	21.85
Airside Buildings Rental Rate with Rebate	\$74.67	\$78.16	\$85.30	\$90.90	\$95.11	\$98.11	\$102.63	\$108.00	\$127.07	\$131.40	\$139.26
Total Airside Buildings Rentals	\$18,333,900	\$19,655,364	\$22,292,217	\$24,435,011	\$26,317,698	\$28,055,536	\$30,540,225	\$34,177,277	\$40,108,121	\$41,952,735	\$44,880,017

Note

" Capital Improvement projects in Airside A & E increased rentable square feet in FY 2010 through FY 2013. Rentable square feet increases in FY 2016 are attributable to the projected completion of the North Terminal

Sources: Hillsborough County Aviation Authority (historical); Riccoade & Associates, Inc. (projected)

Prepared by: Riccoade & Associates, Inc.

Table IV-12

Passenger Airline Revenues versus All Other Airport Revenues

Fiscal Year	Revenues (\$000):			Percent of Total Operating Revenues:	
	Passenger Airline Revenues	Other Airport Revenue	Total ^{1/}	Passenger Airline Revenues	Other Airport Revenue
Historical:					
1997	\$31,205	\$58,523	\$89,728	34.8%	65.2%
1998	29,349	71,673	101,022	29.1%	70.9%
1999	32,115	77,302	109,417	29.4%	70.6%
2000	31,179	82,133	113,312	27.5%	72.5%
2001	32,655	85,102	117,757	27.7%	72.3%
2002	31,184	86,933	118,117	26.4%	73.6%
2003	35,468	93,566	129,035	27.5%	72.5%
2004	35,630	100,516	136,147	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	41,484	130,608	172,092	24.1%	75.9%
Budget & Projected:					
2008	42,700	141,451	184,151	23.2%	76.8%
2009	45,285	146,922	192,208	23.6%	76.4%
2010	53,035	151,952	204,987	25.9%	74.1%
2011	57,517	157,233	214,750	26.8%	73.2%
2012	61,276	163,811	225,087	27.2%	72.8%
2013	63,522	176,948	240,470	26.4%	73.6%
2014	68,106	181,208	249,314	27.3%	72.7%
2015	75,155	187,019	262,174	28.7%	71.3%
2016	83,712	210,247	293,958	28.5%	71.5%
2017	86,044	219,042	305,085	28.2%	71.8%
2018	91,310	228,038	319,348	28.6%	71.4%

Note: ^{1/} Before Airlines' portion of revenue sharing and credit for Prior Year Coverage Rebate.

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

4.7 PFC Revenues

The Airport is currently collecting a \$4.50 PFC per passenger and has received authorizations to impose an aggregate of approximately \$745.5 million in PFC revenues. Through December 31, 2007, the Authority has collected approximately \$356.4 million in PFCs from air carriers, foreign air carriers and their agents and earned interest income of approximately \$3.2 million for a total of approximately \$359.6 million in PFC Revenues. **Table IV-13** presents projected annual PFC revenue capacity based on projected enplanements, an assumed PFC level of \$4.50 per enplanement, and assumed collectibility of PFC from 90 percent of enplaned passengers.

Table IV-13

Projected PFC Revenue Capacity

Fiscal Year	Projected PFC Revenue Capacity (\$000)
2008	\$39,445
2009	\$40,452
2010	\$41,649
2011	\$42,904
2012	\$44,212
2013	\$45,577
2014	\$47,121
2015	\$48,752
2016	\$50,452
2017	\$52,251
2018	\$54,158

Source: Ricondo & Associates, Inc.
Prepared by: Ricondo & Associates, Inc.

As defined in the Supplemental Trust Agreement for the Tampa International Airport Revenue Bonds, 2003 Series A (Series 2003A Bonds), Available PFC Revenues will be utilized to repay the debt service on the Series 2003A Bonds as well as to meet annual coverage requirements on such bonds. PFC Revenues are not available to pay debt service on any other bonds currently outstanding nor the Series 2008 Bonds. The only bonds currently outstanding that are eligible to be repaid with Available PFC Revenues are the Series 2003A Bonds. As shown on Table IV-13, there is adequate PFC capacity to fund annual debt service for the Series 2003A Bonds of approximately \$22.4 million and annual projected future PFC-eligible debt service of \$21.5 million associated with the North Terminal Complex Phase One project. The Authority may use excess PFC capacity to fund PFC-eligible projects on a PAYG basis.

4.8 Cost Per Enplanement

Table IV-14 presents the calculation of Signatory Airline cost per enplanement from the terminal and airside building rents and landing fees projected for FY 2008 through FY 2018. As the table presents, the cost per enplanement is projected to increase from \$3.99 in FY 2008, to \$6.41 (in inflated dollars) in 2018.

4.9 Application of Revenues

Table IV-15 presents cash flow for the Airport for FY 2008 to FY 2018. 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 Table IV-15 only include those PFCs available for debt service and debt service coverage on the Series 2003A Bonds. Also presented in this table are the Debt Service Coverage ratios as required by the Trust Agreement. As shown, the total Debt Service Coverage ratio is projected to range from 1.58x in FY 2010, the first full year of repayment of the Series 2008 Bonds debt service, to 1.76x by FY 2018.

Table IV-16 presents the application of revenues projected for FY 2008 through FY 2018 and reflects the disposition of cash flow into the appropriate funds as described in the Trust Agreement.

Hillsborough County Aviation Authority
Tampa International Airport

Table IV-14

Signatory Cost Per Enplanement

Fiscal Year:	Budgeted FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Signatory Airline Cost Per Enplanement:											
Airline Landing Fees (excluding cargo)	\$11,637,800	\$11,811,100	\$13,179,000	\$13,856,200	\$14,180,900	\$15,046,300	\$15,589,700	\$16,303,900	\$16,469,500	\$17,523,900	\$18,937,400
Terminal Building Rentals	20,023,400	21,049,195	23,890,644	26,169,139	29,037,990	30,924,347	32,862,239	35,706,327	36,435,759	37,292,107	39,166,737
Airside Buildings Rentals	18,333,900	19,655,364	22,292,217	24,435,011	26,317,698	28,055,536	30,540,225	34,177,277	40,108,121	41,952,735	44,880,017
Total Airline Revenues	\$49,995,100	\$52,515,659	\$59,361,861	\$64,460,350	\$69,536,588	\$74,026,183	\$78,992,164	\$86,187,504	\$93,013,379	\$96,768,742	\$102,984,154
Less: Revenue Sharing	10,889,000	10,913,900	10,197,179	10,974,440	12,513,916	14,755,456	15,268,029	15,583,268	13,921,822	15,482,386	16,626,032
Net Airline Revenues	\$39,106,100	\$41,601,759	\$49,164,682	\$53,485,910	\$57,022,672	\$59,270,726	\$63,724,135	\$70,604,236	\$79,091,558	\$81,286,356	\$86,358,121
Total Signatory Enplanements	9,811,800	10,062,400	10,360,100	10,672,300	10,997,500	11,337,100	11,721,200	12,126,900	12,549,800	12,997,300	13,471,600
Signatory Cost Per Enplanement	\$3.99	\$4.13	\$4.75	\$5.01	\$5.19	\$5.23	\$5.44	\$5.82	\$6.30	\$6.25	\$6.41

Sources: Hillsborough County Aviation Authority (historical); Rucondo & Associates, Inc. (projected)
Prepared by: Rucondo & Associates, Inc.

Table IV-15

Cash Flow

Fiscal Year	Budgeted FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Signatory Airline Revenues:											
Landing Fees	\$12,083,100	\$12,263,100	\$13,683,300	\$14,386,400	\$14,723,600	\$15,622,100	\$16,186,300	\$16,927,800	\$17,099,700	\$18,194,500	\$19,662,100
Terminal Building Rentals	20,023,400	21,049,195	23,890,644	26,169,139	29,037,990	30,924,347	32,862,239	35,706,327	36,435,759	37,292,107	39,166,737
Airside Buildings Rentals	18,333,900	19,655,364	22,292,217	24,435,011	26,317,688	28,055,536	30,540,225	34,177,277	40,108,121	41,952,735	44,880,017
Total Signatory Airline Revenues	\$50,440,400	\$52,967,859	\$59,866,161	\$64,990,550	\$70,079,288	\$74,601,983	\$79,588,764	\$86,811,404	\$93,643,579	\$97,439,342	\$103,708,854
Non-signatory Airline Revenues:											
Landing Fees	\$718,000	\$731,300	\$811,600	\$859,300	\$879,600	\$923,600	\$956,700	\$999,700	\$1,011,000	\$1,065,400	\$1,148,900
Terminal Building Rentals	535,700	553,461	610,765	668,135	808,759	844,178	882,842	944,156	1,058,848	1,086,289	1,133,240
Total Non-signatory Airline Revenues	\$1,253,700	\$1,284,761	\$1,422,365	\$1,527,435	\$1,688,359	\$1,767,778	\$1,839,542	\$1,943,856	\$2,069,848	\$2,151,689	\$2,282,140
Nonairline Revenues	135,719,646	141,792,169	148,511,869	154,062,431	159,980,397	166,606,598	173,197,719	180,162,864	203,705,560	212,251,945	220,678,289
Investment Earnings	7,626,000	7,076,852	5,383,524	5,124,070	5,853,087	12,249,102	9,955,977	8,838,850	8,461,177	8,724,676	9,305,045
Prior Year Coverage Rebate	3,532,400	3,603,121	3,481,935	4,004,137	4,115,957	4,100,377	4,109,751	4,107,836	4,065,464	4,395,209	4,501,409
Total Revenues	\$198,572,146	\$206,724,563	\$218,665,854	\$229,728,623	\$241,717,087	\$259,325,837	\$268,691,752	\$281,864,810	\$311,945,628	\$324,962,861	\$340,475,738
Less:											
O&M Expenditures	94,199,500	100,368,010	108,161,823	115,493,525	121,926,381	128,401,110	135,177,119	146,529,234	178,376,256	187,852,859	197,927,165
O&M Reserve Requirement	753,683	1,017,068	1,262,519	1,231,117	1,057,143	1,069,588	1,111,618	1,365,002	5,810,237	1,545,384	1,669,784
GARB Debt Service	49,174,089	50,770,072	58,255,620	58,131,782	58,163,982	56,077,857	56,062,870	56,054,232	58,150,026	58,152,689	57,748,626
Net Remaining Revenues before Revenue Sharing	\$54,444,874	\$54,569,412	\$50,985,893	\$54,872,199	\$62,569,581	\$73,777,282	\$76,340,145	\$77,916,342	\$69,609,109	\$77,411,929	\$83,130,162
Airlines' % of Net Remaining Revenues	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Airlines' Revenue Transfer	\$10,889,000	\$10,913,900	\$10,197,179	\$10,974,440	\$12,513,916	\$14,755,456	\$15,268,029	\$15,583,268	\$13,921,822	\$15,482,386	\$16,626,032
Net Remaining Revenues	\$43,555,874	\$43,655,512	\$40,788,714	\$43,897,759	\$50,055,665	\$59,021,826	\$61,072,116	\$62,333,074	\$55,687,287	\$61,929,543	\$66,504,130
Coverage Calculation:											
Total Revenues	\$198,572,146	\$206,724,563	\$218,665,854	\$229,728,623	\$241,717,087	\$259,325,837	\$268,691,752	\$281,864,810	\$311,945,628	\$324,962,861	\$340,475,738
Less: O&M Expenditures	94,199,500	100,368,010	108,161,823	115,493,525	121,926,381	128,401,110	135,177,119	146,529,234	178,376,256	187,852,859	197,927,165
O&M Reserve Requirement	753,683	1,017,068	1,262,519	1,231,117	1,057,143	1,069,588	1,111,618	1,365,002	5,810,237	1,545,384	1,669,784
Net Revenues before Transfer	\$103,618,963	\$105,339,484	\$109,241,513	\$113,003,981	\$118,733,563	\$129,855,139	\$132,403,015	\$133,970,574	\$127,759,135	\$135,564,618	\$140,878,788
Airlines' Revenue Transfer	10,889,000	10,913,900	10,197,179	10,974,440	12,513,916	14,755,456	15,268,029	15,583,268	13,921,822	15,482,386	16,626,032
Adjusted Net Revenues	\$92,729,963	\$94,425,584	\$99,044,334	\$102,029,541	\$106,219,647	\$115,099,683	\$117,134,986	\$118,387,306	\$113,837,313	\$120,082,232	\$124,252,756
Plus PFC Revenues available for PFC-Backed Debt Service and Coverage ^{1/}	27,994,110	27,997,860	27,994,798	27,995,798	27,998,235	45,576,758	47,120,894	48,751,866	50,451,984	52,250,998	54,157,752
Net Revenues adjusted for PFC	\$120,724,073	\$122,423,444	\$127,039,132	\$130,025,339	\$134,217,882	\$160,676,441	\$164,255,880	\$167,139,172	\$164,289,298	\$172,333,230	\$178,410,507
Total Debt Service	71,569,377	73,166,360	80,651,458	80,528,420	78,562,570	99,940,045	99,924,058	99,912,220	102,012,839	102,014,039	101,608,426
Debt Service Coverage - All Debt	1.69	1.67	1.58	1.61	1.71	1.61	1.64	1.67	1.61	1.69	1.76

Note:

^{1/} Represents the lesser of a) 125 percent of PFC-Supported debt service or b) Total Available PFC Revenue

Sources: Hillsborough County Aviation Authority (historical); Ricordo & Associates, Inc. (projected)

Prepared by: Ricordo & Associates, Inc.

Hillsborough County Aviation Authority
Tampa International Airport

Table IV-16

Application of Revenues

Fiscal Year	Budgeted FY 2008	Projected FY 2009	Projected FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018
Revenue Fund - O&M Account:											
Beginning Balance	\$14,724,184	\$15,477,867	\$16,494,935	\$17,757,454	\$18,988,571	\$20,045,714	\$21,115,302	\$22,226,920	\$23,591,923	\$29,402,160	\$30,947,543
Deposit: O&M Expenses	92,867,200	98,819,610	106,394,723	113,781,425	120,124,281	126,541,810	133,211,519	141,401,534	176,262,956	185,535,259	195,553,965
Deposit: O&M Reserve Requirement	753,683	1,017,068	1,262,519	1,231,117	1,057,143	1,069,588	1,111,618	1,385,002	5,810,237	1,545,384	1,669,784
Expend: O&M Expenses	92,867,200	98,819,610	106,394,723	113,781,425	120,124,281	126,541,810	133,211,519	141,401,534	176,262,956	185,535,259	195,553,965
Ending Balance	\$15,477,867	\$16,494,935	\$17,757,454	\$18,988,571	\$20,045,714	\$21,115,302	\$22,226,920	\$23,591,923	\$29,402,160	\$30,947,543	\$32,617,328
Debt Service Fund:											
Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deposit: Debt Service	49,174,089	50,770,072	58,255,620	58,131,782	56,163,982	56,077,857	58,062,870	56,054,232	58,150,026	58,152,689	57,748,626
Expend: Debt Service	49,174,089	50,770,072	58,255,620	58,131,782	56,163,982	56,077,857	58,062,870	56,054,232	58,150,026	58,152,689	57,748,626
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Reserve Fund:											
Beginning Balance	\$45,853,269	\$95,556,169	\$95,556,169	\$95,556,169	\$95,429,431	\$129,648,544	\$125,866,419	\$125,011,562	\$102,879,006	\$102,879,006	\$102,879,006
Deposit/Expend: Adjustments ¹	49,702,900	0	0	(126,738)	34,219,113	(3,782,125)	(854,857)	(22,132,556)	0	0	0
Expend: Debt Service Final Pmts.	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$95,556,169	\$95,556,169	\$95,556,169	\$95,429,431	\$129,648,544	\$125,866,419	\$125,011,562	\$102,879,006	\$102,879,006	\$102,879,006	\$102,879,006
Surplus Fund:											
Beginning Balance	\$40,348,026	\$38,979,300	\$61,455,384	\$57,653,761	\$64,183,963	\$80,667,951	\$102,575,926	\$148,063,506	\$175,365,015	\$161,102,894	\$179,313,028
Deposit: Equipment and R&R	1,332,300	1,548,400	1,767,100	1,712,100	1,802,100	1,859,300	1,965,600	5,127,700	2,113,300	2,317,600	2,373,200
Deposit: Net Remain Rev	43,555,874	43,655,513	40,788,714	43,897,759	50,055,665	59,021,826	61,072,116	62,333,074	55,687,287	61,929,543	66,504,130
Expend: Equipment and R&R	1,332,300	1,548,400	1,767,100	1,712,100	1,802,100	1,859,300	1,965,600	5,127,700	2,113,300	2,317,600	2,373,200
Expend: Capital Expenditures	41,321,479	17,697,494	40,586,200	33,251,600	29,471,300	33,004,100	11,476,700	30,966,100	65,554,200	39,218,000	44,029,300
Transfer: Coverage Rebate	3,603,121	3,481,935	4,004,137	4,115,957	4,100,377	4,109,751	4,107,836	4,065,464	4,395,209	4,501,409	4,598,733
Ending Balance	\$38,979,300	\$61,455,384	\$57,653,761	\$64,183,963	\$80,667,951	\$102,575,926	\$148,063,506	\$175,365,015	\$161,102,894	\$179,313,028	\$197,189,124

Note:

¹ The 2012 fund deposit reflects both Non-PFC and PFC-supported debt, \$9,885,300 and \$24,333,813, respectively.

Sources: Hillsborough County Aviation Authority; Ricondo & Associates, Inc.

Prepared by: Ricondo & Associates, Inc.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

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Report of Independent Certified Public Accountants

The Board of Directors of
The Hillsborough County Aviation Authority
Tampa, Florida

We have audited the accompanying statements of net assets of the Hillsborough County Aviation Authority (the Authority) as of September 30, 2007 and 2006, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Authority's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2007, except for Note 12, as to which the date is December 6, 2007, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ernst & Young LLP

December 3, 2007, except for
Note 12, as to which the date is
December 6, 2007

HILLSBOROUGH COUNTY AVIATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis (MD&A) of the financial performance and activity of the Hillsborough County Aviation Authority (the Authority) is to provide an introduction and understanding of the financial statements of the Authority for the years ended September 30, 2007 and 2006, with selected comparisons to prior years. The information presented should be read in conjunction with the financial statements, notes and supplemental schedules found in this report.

The Authority and Airport Activity Highlights

The Authority was created in 1945 and is an independent special district governed by the Hillsborough County Aviation Authority Act, Chapter 2003-370, Laws of Florida (the Act). The Act provides that the Authority will have exclusive jurisdiction, control, supervision and management over all publicly owned airports in Hillsborough County. There are five Authority Board members: three residents of Hillsborough County appointed to the Authority by the Governor of the State of Florida for four-year terms; the Mayor of the City of Tampa, ex officio; and a Commissioner of and selected by the Board of County Commissioners of Hillsborough County, ex officio.

The Authority owns and operates Tampa International Airport (the Airport) and three general aviation airports. The Airport occupies approximately 3,400 acres and is primarily an origination-destination (O&D) airport serving the greater Tampa Bay Area. Peter O. Knight Airport, a 139-acre facility, is located six miles southeast of the Airport; Plant City Airport, a 199-acre facility, is located 22 miles east of the Airport; and Vandenberg Airport, a 407-acre facility, is located 12 miles east of the Airport.

The Authority is a self-supporting organization and generates revenues from airport users to fund operating expenses and debt service requirements. Capital projects are funded through the use of bonds, short-term financing, passenger facility charges, federal and state grants and internally generated funds. Although empowered to levy ad valorem property taxes, the Authority has not collected any tax funds since 1973.

Passenger enplanements at Tampa International for the fiscal year ended September 30, 2007 totaled 9,628,144, a record year for the airport. The current fiscal year number of passengers exceeded the previous record set in FY2005 by 1.7%, which had 9,469,020 enplanements. FY2007 enplanements also exceeded FY2006 passenger levels by 2.5%, reflective of the increase in the average number of seats per day into the Tampa market by several low cost carriers. Due to capacity reductions by certain legacy carriers in FY2006, passenger volumes were adversely impacted during that year and developments in the current year are a positive sign. For FY2007, the top three airlines, in terms of market share, remained the same: Southwest with 26.7%, Delta with 14.5%, and US Airways with 11.3%. During FY2006, Southwest had the highest market share of 25%, Delta was second at 17.1%, and US Airways was third at 11.4%. Landed weight in FY2007 totaled 12,269,910 thousand pounds, compared to 11,807,473 thousand pounds in FY2006 and 12,258,577 thousand pounds in FY2005. The number of

landings for domestic and international flights was 105,780 for FY2007, compared to 104,287 and 109,319 for FY2006 and FY2005, respectively. These results for landed weight and landings further demonstrate the changes in capacity discussed above.

Overview of the Financial Statements

The Authority operates as a single enterprise fund with multiple cost centers. The financial statements are prepared on the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except land, over their useful life. Reference should be made to Note 2 in the accompanying financial statements for a summary of the Authority's significant accounting policies. Following this MD&A are the basic financial statements and supplemental schedules of the Authority. These statements and schedules, along with the MD&A, are designed to provide readers with an understanding of the Authority's finances.

The statements of net assets presents information on all of the Authority's assets and liabilities as of September 30, 2007 and 2006, with the difference between these reported as net assets. The statements of revenues, expenses, and changes in net assets present financial information showing how the Authority's net assets changed during the fiscal year ended September 30, 2007 and 2006. These statements summarize the recording of financial transactions when the underlying events occur, not the receipt or disbursement of cash. The statements of cash flows relates to the cash and cash equivalent inflows and outflows as a result of financial transactions during the two fiscal years and also include a reconciliation of operating income to the net cash provided by operating activities.

Financial Highlights

Operating Revenues

Revenue Classification	Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2005	Percent Change 2006 to 2007	Percent Change 2005 to 2006
Airfield	\$ 12,403,010	\$ 11,820,885	\$ 10,667,106	4.9%	10.8%
Terminal Building	38,865,500	35,738,309	34,257,909	8.8%	4.3%
Airside Buildings	19,520,517	20,176,944	18,211,703	(3.3)%	10.8%
Commercial Landside	91,201,653	84,413,663	78,334,705	8.0%	7.8%
Cargo	2,045,284	2,062,316	1,993,437	(0.8)%	3.5%
Auxiliary Airports	950,618	805,078	609,845	18.1%	32.0%
General Aviation	1,403,300	1,328,977	1,364,463	5.6%	(2.6)%
Federal Reimbursements	1,329,243	1,194,647	1,279,671	11.3%	(6.6)%
Other	7,702,578	7,641,999	7,107,691	.8%	7.5%
	<u>\$175,421,703</u>	<u>\$165,182,818</u>	<u>\$153,826,530</u>	<u>6.2%</u>	<u>10.8%</u>

The table above presents the major operating revenue classifications for FY2007, FY2006 and FY2005. Airfield revenues are comprised of landing fees received from the airlines based on landed weight. In accordance with the airline agreement, landing fee rates are calculated by dividing 90% of total expenditures in the airfield cost center by the annual total landed weight of all commercial airlines. The increases in airfield revenues are due to increases in operating expenses and investment service and the resulting impact upon landing fees.

Major terminal building revenues include space rental to the airlines, food and beverage, general merchandise and other concession revenues. Space rental fees to the airlines in the terminal building are based on the cost of providing the space to the airlines. In FY2007 an increase in charges for space rentals to the airlines of \$1,084,600 occurred and other space rentals increased \$360,100. Passenger volume activity levels and pricing increases contributed to increases in general merchandise and food concessions of \$842,400 and \$344,700, respectively. The FY2006 increase in terminal building revenues primarily relates to the increase in space rental revenues to the airlines of \$964,300 and increases in the general merchandise concessions of \$281,700.

As is the case with terminal rentals, airside rental rates are based on the cost of providing the space to the airlines. In FY2007, the airside square footage rental rate for signatory airlines increased from \$60.49 to \$70.87, but space rentals declined by \$1,011,300 due to a decrease in the amount of space leased to the airlines. This decrease was offset by the increase in gate use charges of \$406,800 in FY2007. The Airside C facility, which opened in April 2005 is a sixteen-gate facility and encompasses 315,000 square feet. A full year of operations of this airside positively impacted airside building revenues in FY2006 by \$1,274,200.

The commercial landside classification consists primarily of car rental, parking and other concession revenues. Parking revenues in FY2007 were \$4.2 million higher than the prior year as a result of passenger activity levels and a rate increase that became effective in June 2007. FY2007 car rental concessions were \$2.5 million more than FY2006, somewhat due to passenger volumes, but also the rental pricing. The increase in revenues between FY2006 and FY2005 is primarily related to the opening of the economy garage. The new economy garage provided an additional option for those patrons wishing to park on a longer term basis.

FY2007 revenues for the auxiliary airports increased \$145,500, or 18.1% over the prior year. This increase is primarily attributable to additional hangar rentals. In FY2006 revenue for the auxiliary airport totaled \$805,100, or 32% higher than the prior year, with all auxiliary airports having positive variances over the last fiscal year. These positive variances were also due to the increases in hangar rentals at these airports. Increases in fuel flowage fees and rentals at the General Aviation facilities contributed to the increase in FY2007 of 5.6% over the prior year in this revenue category. Federal reimbursements, which include an agreement with the Transportation Security Administration (TSA) under which the Authority receives reimbursement for providing law enforcement services on behalf of the TSA at the passenger security checkpoints. In FY2007 reimbursements under this agreement totaled \$1,000,800 and in FY2006 the Authority also received \$1,000,800. The Authority has this agreement with the TSA for the next fiscal year and anticipates the TSA will continue with the reimbursement program. Grants were also received for the canine programs at the Airport in FY2007 and FY2006.

Operating Expenses

Expense Classification	Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2005	Percent Change 2006 to 2007	Percent Change 2005 to 2006
Airfield	\$ 7,978,596	\$ 7,612,367	\$ 7,218,070	4.8%	5.5%
Terminal Building	25,199,891	22,536,114	20,296,346	11.8%	11.0%
Airside Buildings	20,769,387	19,232,343	16,540,088	8.0%	16.3%
Commercial Landside	19,650,616	18,172,618	15,907,838	8.1%	14.2%
Cargo	558,315	467,784	397,508	19.4%	17.7%
Auxiliary Airports	1,326,797	1,266,506	1,090,015	4.8%	16.2%
General Aviation	848,266	772,525	587,981	9.8%	31.4%
Passenger Transfer System	3,689,915	3,465,423	3,118,845	6.5%	11.1%
Roads and Grounds	7,611,943	7,289,700	6,361,110	4.4%	14.6%
Other	2,059,665	1,816,895	1,586,664	13.4%	14.5%
	<u>\$89,693,391</u>	<u>\$82,632,275</u>	<u>\$73,104,465</u>	<u>8.5%</u>	<u>13.0%</u>

The table above presents the major expense classifications for FY2007, FY2006 and FY2005. Total operating expenses for FY2007 were \$89,693,400, an increase of 8.5% over the prior year and include a full year of operations of the economy garage and a partial year of expenses associated with the new car rental garage and facility. Operating expenses for FY2006, at \$82,632,300, included a full year operation of the new Airside C facility and the expenses attributable to the new economy garage.

FY2007 Discussion of Operating Expenses

During FY2007, the overall increase in operating expenses primarily occurred in personnel services, certain contracted services and contractual maintenance items, electricity and insurance costs. These items contribute to the 8.5% variance over the prior fiscal year.

Personnel costs charged to operating expenses during FY2007 totaled \$39,791,100 and increased \$2,893,000 over the prior year. This variance is due to the addition of new positions in the current year, a full year impact of new positions added in the prior year, merit and cost of living adjustments and the associated impact on FICA, pension and group and other employee insurance. During FY2007, ten new positions were approved to bring the number of authorized positions to 625. These new staff positions were necessary to provide support in various departments within the Authority. Contracted services and maintenance expenses increased over the prior year and are a result of services related to the economy garage and rental car project and contractual increases associated with these agreements. Electricity costs, at \$10,964,900 for FY2007 were 8.7% higher than the prior year, due to the full year impact of the economy garage and a rate increase experienced during the year. Insurance expenses of \$3,736,700 for the current year, were \$817,800 over FY2006. As in the prior year, insurance costs continue to reflect the impact of the hurricane losses in past years.

Although there were increases in each of the expense categories, overall expenses were within budgeted amounts and the Authority continues with its program of maintaining reasonable costs to the airlines serving Tampa International Airport.

FY2006 Discussion of Operating Expenses

During FY2006, increases in operating expenses occurred in personnel services, contracted services, contractual maintenance, utilities and insurance costs. Electricity rate increases of over 10%, along with a full year of operation of the new Airside C facility and the new economy garage, resulted in an increase in electricity costs of \$1,162,900 over FY2005.

Additional personnel expenses were incurred to provide maintenance for the new Airside C and the economy garage. Other positions were added to enhance customer service in the curbside management program and by the addition of positions within the communications center and information technology departments. Personnel costs charged to operating expenses increased \$3,895,000 in FY2006 over FY2005. Property insurance costs for the Airport, as in all of Florida, continue to rise. The insurance expenses for FY2006, at \$2,918,900, were \$701,600 higher than FY2005. Contracted operating services for the new economy garage increased these expenses by \$864,200 over the prior year. Contracted maintenance for FY2006 increased \$1,070,700 over the prior year due to the full year impact of Airside C and the opening of the new economy garage.

The terminal building expense classification increased 11% in FY2006 over FY2005; the impact of the above factors contributed to this variance. Airside building expenses were also affected by the increase in expenses mentioned above, but also by the full year of operation of the Airside C facility. The commercial landside includes the parking operations, which were impacted by the opening of the economy garage in FY2006.

Summary of Changes in Net Assets

The following is a summary of the statements of revenues, expenses, and changes in net assets:

	Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2005	Change 2006 to 2007	Change 2005 to 2006
Operating Revenues	\$ 175,421,703	\$ 165,182,818	\$ 153,826,530	\$ 10,238,885	\$ 11,356,288
Operating Expenses	89,693,391	82,632,275	73,104,465	7,061,116	9,527,810
Signatory Airline Revenue Sharing	9,338,914	8,990,500	8,885,675	348,414	104,825
Operating Income before Depreciation and Amortization	76,389,398	73,560,043	71,836,390	2,829,355	1,723,653
Depreciation and Amortization	70,830,576	65,303,743	63,839,602	5,526,833	1,464,141
Operating Income	5,558,822	8,256,300	7,996,788	(2,697,478)	259,512
Net Non-Operating Expense	23,057,494	23,694,448	20,448,611	(636,954)	3,245,837
Capital Contributions	72,893,970	57,778,853	52,756,332	15,115,117	5,022,521
Increase in Net Assets	<u>\$ 55,395,298</u>	<u>\$ 42,340,705</u>	<u>\$ 40,304,509</u>	<u>\$ 13,054,593</u>	<u>\$ 2,036,196</u>

In FY2007, operating income before depreciation and amortization was \$2,829,400 over FY2006. Contributing to this positive variance is an increase in operating revenues of \$10,238,900 offset by an increase in operating expenses of \$7,061,100. Operating income before

depreciation and amortization at \$73,560,000 for FY2006 is \$1,723,700 higher than the previous year. Details of the operating revenues and expenses are more fully discussed in the previous section "Financial Highlights" of this MD&A.

Depreciation and amortization expense, at \$70,830,600 and \$65,303,700 for FY2007 and FY2006, respectively, was higher than each of the prior years due to a full year of depreciation on projects that were capitalized during the respective fiscal years.

Capital Contributions consists of Federal and State Grants, Other Contributions and Passenger Facility Charges (PFCs), which are being received to fund various construction projects and the land acquisition program at the Airport. PFCs are collected at a \$4.50 per passenger level by the airlines, of which \$4.39 is remitted to the Authority.

In FY2007, PFCs were \$1,148,000 higher than FY2006, reflective of the increase in passengers for the fiscal year. For FY2006, PFCs remained fairly even with the prior year, due to the level number of passengers. Federal and state grants for FY2007 totaled \$18,887,700, compared to \$20,000,700 for the prior year. This variance is primarily due to offsetting factors. A state grant was received for the expansion of the George Bean Parkway offset by the receipt of federal funds for various projects that were lower in total than the prior year. Capital grants for FY2006 were \$5,623,800 higher than the prior year, due to federal grants for the high-speed exit for Runway 18R and taxiway work associated with this runway.

In FY2007, the aircraft maintenance facility vacated by US Airways during its bankruptcy proceedings reverted to the Authority under the terms of the bond documents associated with the facility. As a result, an independent appraisal was performed to determine a value for the facility so it could be recorded as an Authority asset. To record this transaction, other contributions of \$11,000,000 were recognized during the year. The Authority also granted an easement of approximately 33 acres to the Florida Department of Transportation (FDOT) for construction of and improvements to the major interchanges into the airport. The value of the easements were \$3,164,300, determined by an independent appraisal. The Authority has agreed to accept payment for conveyance of the easement in the form of specific roadway improvements to the George Bean Parkway and adjacent access roads by the FDOT. At September 30, 2007, approximately 49.65% of the project was complete. These transactions resulted in a gain on the conveyance of the easements of \$2,329,700 and capital contributions of \$1,750,400 at September 30, 2007, reported as other contributions of \$4,080,100 for the year.

Net Non-Operating Revenues and Expenses for FY2007 decreased \$637,000 over the prior year due to an increase in investment income, offset by interest expense on bonds and commercial paper. This expense category for FY2006 increased \$3,245,800 over FY2005, as a result of higher bond and commercial paper interest expense.

Summary of Statements of Net Assets

A summarized comparison of the Authority's total assets, total liabilities and net assets at September 30, 2007, 2006, and 2005 is as follows:

	2007	2006	2005	Change 2006 to 2007	Change 2005 to 2006
Assets					
Current assets	\$ 180,386,352	\$ 189,013,769	\$ 223,276,809	\$ (8,627,417)	\$ (34,263,040)
Capital assets, net	1,136,597,018	1,123,522,798	1,093,521,975	13,074,220	30,000,823
Other non-current assets	6,400,033	7,442,229	8,094,430	(1,042,196)	(652,201)
Total Assets	1,323,383,403	1,319,978,796	1,324,893,214	3,404,607	(4,914,418)
Liabilities					
Current liabilities	71,269,801	71,381,404	57,981,123	(111,603)	13,400,281
Non-current liabilities	650,981,939	702,861,027	763,516,431	(51,879,088)	(60,655,404)
Total liabilities	722,251,740	774,242,431	821,497,554	(51,990,691)	(47,255,123)
Net Assets					
Invested in capital assets, net of debt	511,654,817	450,832,456	426,686,093	60,822,361	24,146,363
Restricted	60,022,900	59,388,898	51,962,056	634,002	7,426,842
Unrestricted	29,453,946	35,515,011	24,747,511	(6,061,065)	10,767,500
Total Net Assets	\$ 601,131,663	\$ 545,736,365	\$ 503,395,660	\$ 55,395,298	\$ 42,340,705

Current assets at the end of FY2007, at \$180,386,400 decreased \$8,627,400 from the prior years balance. This reduction is due to the expected use of monies from the surplus and bonds construction funds for capital projects. Current assets in FY2006 were \$189,013,800, \$34,263,000 less than the prior year as a result of higher balances in the surplus fund at year-end, offset by decreases as a result of spending of the construction funds from the issuance of the FY2005 Revenue Bonds in the prior year. Net capital assets increased \$13,074,200 in FY2007 over FY2006, and \$30,000,800 in FY2006 over FY2005. Both years' variances reflect the completion of major projects and the commencement of new capital spending under the capital improvement program. The FY2007 increase also includes the impact of recording the maintenance hangar and the road improvements received through other contributions as discussed in the "Summary Statement of Net Assets" section.

Current liabilities, with a balance of \$71,269,800 at September 30, 2007, was \$111,600 lower than the prior year, although due to several offsetting items. A reduction in construction payables of \$3,195,600 is offset by an increase in the current bond maturities and an increase in accrued expenses. The balance at September 30, 2006 was \$71,381,400, \$13,400,300 higher than the balance at September 30, 2005. This variance is attributable to the increase in the current maturities of revenue bonds, offset by lower balances in the construction payables accounts. Non-current liabilities in FY2007 decreased \$51,879,100, compared to FY2006, due to \$38,710,000 in bonds becoming current, the paydown of commercial paper of \$18,000,000 and a draw on the commercial paper of \$7,000,000. At September 30, 2006, non-current liabilities totaled \$702,861,000, a \$60,655,400 decrease over the prior year. This decrease is the result of \$36,890,000 in revenue bonds payable becoming current and paydown of commercial paper of \$14,276,000.

Airline Rates and Charges

Effective October 1, 1999, the Authority entered into a new airline-airport use and lease agreement (Airline-Airport Agreement) with the signatory airlines, which had a seven-year term and incorporated the lease and use of the terminal complex and the airfield at the Airport. During FY2006, this agreement, with the same basic terms, was extended for an additional three years. The Airline-Airport Agreement establishes a “compensatory” rate-making methodology where the signatory airlines pay fees and charges based on the Authority’s cost of providing facilities and services to the airlines.

Rates and charges are calculated on an annual basis and reviewed and adjusted, if necessary, throughout each fiscal year to ensure that sufficient revenues are generated to satisfy all requirements of the Authority’s Trust Agreement. At the end of each fiscal year, the Authority will recalculate rates and charges based on audited financial data and a settlement will take place with the signatory airlines. Included in the Airline-Airport Agreement are rates and charges calculations with specific rebates of debt service coverage and sharing of net remaining revenues. This net revenue sharing component was established at 15% of net revenues, as defined, in fiscal years 2000 and 2001, 16% for fiscal year 2002, 17% for fiscal year 2003, 18% for fiscal year 2004, 19% for fiscal year 2005 and 20% in fiscal year 2006. The net revenue sharing component remains at 20% for the additional three years of the agreement. Non-signatory rates and charges do not provide for a 25% debt service coverage reduction or the net revenue sharing component; thus, the Authority charges two distinct rates to airlines operating at the airport based on the cost of providing services for facilities utilized.

The table below summarizes passenger airline rents, landing fees, net revenue sharing and cost per enplaned (departing) passenger for FY2007 and FY2006. Cost per enplaned passenger is a standard industry measurement, and the goal of the Authority is to maintain a competitive cost per enplanement at the Airport.

Passenger Airline Costs

	FY2007	FY2006
Airline Landing Fees	\$ 11,737,908	\$11,293,707
Landside Terminal Rentals	19,834,198	18,746,727
Airside Building Rentals	19,305,002	19,938,034
Total Airline Fees and Charges	50,877,108	49,978,468
Less Airline Revenue Sharing	(9,338,914)	(8,990,500)
Net Airline Fees and Charges	<u>\$ 41,538,194</u>	<u>\$40,987,968</u>
Enplaned Passengers	9,628,144	9,391,650
Airline Cost Per Passenger	<u>\$4.31</u>	<u>\$4.36</u>

Capital Improvement Program

The Authority continued to develop facilities and improvements to meet the demands of the aviation system and community expectations for the Airport’s market area. Major projects commenced in FY2007 include the construction of Taxiway V and reconstruction of Taxiway W, budgeted at \$28,742,300, the George Bean Parkway Flyover Bridge, budgeted at \$13,205,600, and the Airside F Shuttle Replacement, budgeted at \$12,913,000. Major projects in FY2006

include the design of Taxiway A and the design for the reconstruction of certain elements of Taxiway W at a budgeted cost of \$2,781,000. \$6,361,800 was included for the ongoing land acquisition program and an addition of \$5,000,000 to the prior approved rental car garage project was included.

During FY2007 two major projects were completed that were funded by the issuance of debt in FY2005. The economy public parking garage, with a cost of \$76,024,300, is a 5,600-space parking structure that provides long-term parking for passengers at the Airport. The first phase of construction was completed in November 2005 (opening 3,300 spaces) with the second phase completed in the summer of 2006. A new car rental garage was constructed on the Red Side of the terminal and the check-in counters were relocated from the terminal footprint to the lower level of the service building, at a total project cost of \$33,473,700. The counter relocations will provide for the ultimate expansion of the baggage claim areas in the future.

Current year capital spending includes projects approved in prior years that are still underway. In FY2007, the Authority expended \$70,155,600 towards the acquisition and construction of capital assets.

PFC Application #7, authorizing PFC collections in the amount of \$98,840,500, was approved by the Federal Aviation Administration during FY2007, bringing the total collection authority for all PFC applications to \$745,495,500. Through September 30, 2007, \$351,103,300 has been collected under these approved applications. Expenditures under the PFC applications through September 30, 2007 total \$549,979,300. Expenditures in excess of collections are funded from the issuance of PFC-backed revenue bonds, commercial paper, or from Authority funds that will be reimbursed from PFCs.

Typically, airports in the United States develop master plans that define the airports' ultimate configuration at full development during 20-year time spans, thereby establishing airport complex requirements. An update to the Authority's Master Plan was completed in February 2006.

Master plans do not normally provide detailed information to determine funding strategies. The Authority periodically prepares (or updates) a Strategic Business Plan to provide a 10-year detailed funding analysis of operating expenses, revenues, and projected airline charges and establish development and financial goals along with measurement criteria. The plan's overriding objective is to place the Authority in a healthy financial position without overburdening the air carriers, while maintaining competitive airline rates and charges. Funding strategies and recommendations will ensure airport facilities and improvements are brought on line when needed, based on established trigger points; are funded in a manner that preserves the Authority's competitive cost structure; and maintain maximum flexibility under changing circumstances. An update to the Strategic Business Plan was completed in FY2006 and adopted by the Authority Board in June 2006. The 2006 Strategic Business Plan demonstrates the Authority's ability to meet established goals while expanding Airport facilities to meet forecasted demand, sustain the Airport's cost competitive rate structure, and provide financial capacity for future development.

Debt Management

At the end of the current fiscal year, the Authority had general airport revenue bonds outstanding in the total amount of \$617,105,000. Of this total, \$38,710,000 is current and will mature on October 1, 2008. All of the Authority's long-term bonds were issued as insured debt.

On September 28, 2006, the Authority issued the Tampa International Airport Revenue Refunding Bonds 2006 Series A and Series B and the Tampa International Airport Variable Rate Revenue Refunding Bonds 2006 Series C and Series D (collectively the 2006 Bonds). The variable rate (Series C and D) interest rate for both issues is in the Weekly Mode as determined by the Remarketing Agent and is payable the first Wednesday of each month (or if the first Wednesday is not a business day, the next business day). The final maturity dates of the bonds refunded by the 2006 Bonds Series B, C and D were extended from their original year of maturity. This extension of maturities was part of a planned strategy to fill in gaps and better level debt service in the future borrowing and construction time frame for the new north terminal complex.

These bonds were issued to refund all or certain portions of the 1996 Series A Bonds, the 1997 Series A Bonds and the 1997 Series B Bonds. Details regarding these refundings are more fully provided in Note 8 of the accompanying financial statements.

As part of the process of issuing the 2006 Bonds, the Authority made presentations to the rating agencies and subsequently received upgrades from Fitch and Moody's. Specifically, the ratings for the Authority are: Moody's: Aa3, Fitch: AA- and Standard & Poor's: A+. At the time of these upgrades, the Authority became one of only twelve airports in the United States with at least two double A ratings.

On September 21, 2001, the Authority entered into a Reimbursement Agreement with Landesbank Baden-Württemberg, acting through its New York Branch (the Bank). Under the agreement, the Authority is allowed to issue an aggregate principal amount of not-to-exceed \$105,000,000 outstanding at any one time of commercial paper notes through 2006. During FY2005, the Authority negotiated an extension to the Reimbursement Agreement until 2015. Proceeds from the initial issuance of the notes were used for authorized projects in the capital improvement program. It is the Authority's intent to utilize PFC collections to repay both interest and principal on the current outstanding amounts.

On June 28, 2007, the Authority issued additional Series B Commercial Paper Notes in the amount of \$7,000,000 to fund portions of the projects approved in PFC Application #7. During FY2007 and FY2006 the Authority made principal payments of \$18,000,000 and \$14,276,000, respectively, on the outstanding balance. The balance of the commercial paper notes at September 30, 2007 was \$60,000,000.

The Authority's bond covenants require that revenues available to pay debt service, as defined in the Trust Agreement, exceed 1.25 times the annual debt service amount. The debt service coverage ratio for FY2007 and FY2006 was 1.79 and 1.76, respectively.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. Questions concerning this report or requests for additional information should be addressed to Ann Davis, Senior Director of Finance, Tampa International Airport, P.O. Box 22287, Tampa, FL 33622. Information of interest may also be obtained on Authority's website at TampaAirport.com.

HILLSBOROUGH COUNTY AVIATION AUTHORITY

STATEMENTS OF NET ASSETS SEPTEMBER 30, 2007 AND 2006

ASSETS	2007	2006
Current Assets		
Unrestricted:		
Cash and cash equivalents	\$ 40,027,871	\$ 47,218,207
Restricted:		
Cash and cash equivalents	59,788,559	63,373,347
Investments	65,217,538	65,172,801
Accounts receivable, net	3,590,780	3,482,698
Passenger facility charges receivable	4,395,262	4,113,859
Government grants receivable	3,377,708	2,228,400
Accrued interest receivable	1,504,508	1,429,640
Prepaid insurance and other assets	2,484,126	1,994,817
Total restricted assets	140,358,481	141,795,562
Total current assets	180,386,352	189,013,769
Noncurrent Assets		
Capital assets:		
Land	150,891,787	145,774,192
Construction in progress	42,296,821	41,931,023
Building, equipment, and improvements	1,546,644,049	1,475,409,656
	1,739,832,657	1,663,114,871
Less accumulated depreciation	(603,235,639)	(539,592,073)
Total capital assets, net	1,136,597,018	1,123,522,798
Debt issue costs (net of accumulated amortization of \$4,540,155 and \$3,504,198, respectively)	6,232,320	7,260,401
Other receivables	167,713	181,828
Total noncurrent assets	1,142,997,051	1,130,965,027
Total Assets	\$1,323,383,403	\$1,319,978,796

(Continued)

HILLSBOROUGH COUNTY AVIATION AUTHORITY

STATEMENTS OF NET ASSETS

SEPTEMBER 30, 2007 AND 2006

LIABILITIES AND EQUITY	2007	2006
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable – construction	\$ 1,235,009	\$ 2,712,696
Accrued airline revenue sharing	9,338,914	8,990,500
Total current liabilities payable from unrestricted assets	<u>10,573,923</u>	<u>11,703,196</u>
Payable from restricted assets:		
Accounts payable – construction	4,216,326	5,934,272
Accounts payable – trade	3,140,326	4,089,649
Accrued expenses	5,546,393	4,127,605
Accrued interest payable	534,393	317,326
Current maturities of revenue bonds payable	38,710,000	36,890,000
Current maturities of commercial paper notes	5,000,000	5,000,000
Deferred revenue and other liabilities	3,548,440	3,319,356
Total current liabilities payable from restricted assets	<u>60,695,878</u>	<u>59,678,208</u>
Total current liabilities	<u>71,269,801</u>	<u>71,381,404</u>
Noncurrent Liabilities		
Long-term portion of revenue bonds payable, net	592,601,597	633,543,683
Commercial paper notes payable	55,000,000	66,000,000
Other liabilities	3,380,342	3,317,344
Total noncurrent liabilities	<u>650,981,939</u>	<u>702,861,027</u>
Total Liabilities	<u>722,251,740</u>	<u>774,242,431</u>
NET ASSETS		
Invested in capital assets, net of related debt	511,654,817	450,832,456
Restricted	60,022,900	59,388,898
Unrestricted	<u>29,453,946</u>	<u>35,515,011</u>
TOTAL NET ASSETS	<u>\$ 601,131,663</u>	<u>\$ 545,736,365</u>

(Concluded)

See accompanying Notes to Financial Statements.

HILLSBOROUGH COUNTY AVIATION AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	2007	2006
Operating Revenues		
Airfield	\$ 12,403,010	\$ 11,820,885
Terminal building	38,865,500	35,738,309
Airside buildings	19,520,517	20,176,944
Commercial landside	91,201,653	84,413,663
Cargo	2,045,284	2,062,316
Auxiliary airports	950,618	805,078
General aviation	1,403,300	1,328,977
Federal reimbursements	1,329,243	1,194,647
Other	7,702,578	7,641,999
Total operating revenues	<u>175,421,703</u>	<u>165,182,818</u>
Operating Expenses		
Airfield	7,978,596	7,612,367
Terminal building	25,199,891	22,536,114
Airside buildings	20,769,387	19,232,343
Commercial landside	19,650,616	18,172,618
Cargo	558,315	467,784
Auxiliary airports	1,326,797	1,266,506
General aviation	848,266	772,525
Passenger transfer system	3,689,915	3,465,423
Roads and grounds	7,611,943	7,289,700
Other	2,059,665	1,816,895
Total operating expenses	<u>89,693,391</u>	<u>82,632,275</u>
Signatory Airline Net Revenue Sharing	<u>9,338,914</u>	<u>8,990,500</u>
Operating Income Before Depreciation and Amortization	76,389,398	73,560,043
Depreciation and Amortization	<u>70,830,576</u>	<u>65,303,743</u>
Operating Income	5,558,822	8,256,300
Non-Operating Revenues and Expenses		
Investment income	9,727,731	7,749,129
Bonds and commercial paper interest expense	(32,785,225)	(31,443,577)
Total nonoperating expenses, net	<u>(23,057,494)</u>	<u>(23,694,448)</u>
Change in Net Assets Before Contributions	<u>\$ (17,498,672)</u>	<u>\$ (15,438,148)</u>

(Continued)

HILLSBOROUGH COUNTY AVIATION AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	2007	2006
Capital Contributions		
Passenger Facility Charges	\$ 38,926,174	\$ 37,778,155
Federal and State Grants	18,887,727	20,000,698
Other Contributions	15,080,069	—
Total Capital Contributions	<u>72,893,970</u>	<u>57,778,853</u>
Change in Net Assets	55,395,298	42,340,705
Total Net Assets, Beginning of Year	<u>545,736,365</u>	<u>503,395,660</u>
Total Net Assets, End of Year	<u>\$ 601,131,663</u>	<u>\$ 545,736,365</u>

(Concluded)

See accompanying Notes to Financial Statements.

HILLSBOROUGH COUNTY AVIATION AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	2007	2006
Cash Flows from Operating Activities		
Operating cash receipts from customers	\$ 174,266,626	\$ 163,846,391
Cash payments to suppliers for goods and services	(66,783,582)	(59,072,661)
Cash payments to employees for services	(31,910,319)	(31,878,506)
Cash receipts from Federal reimbursements	1,329,243	1,194,647
Net cash provided by operating activities	<u>76,901,968</u>	<u>74,089,871</u>
Cash Flows from Capital Activities and Related Financing Activities		
Proceeds from issuance of revenue refunding bonds	-	86,861,273
Proceeds from issuance of commercial paper notes	6,992,125	-
Payments of bond and commercial paper issuance costs	-	(987,148)
Principal and interest paid on revenue bond refunding	-	(83,628,150)
Principal paid on revenue bond maturities and commercial paper notes	(54,890,000)	(36,366,000)
Interest paid on revenue bonds and commercial paper notes	(35,632,897)	(40,648,368)
Acquisition and construction of capital assets	(70,155,620)	(98,719,794)
Net proceeds from direct financing lease and other assets	14,115	22,025
Federal and state grants	17,738,419	19,890,290
Passenger Facility Charges	38,644,771	38,456,808
Net cash used in capital and related financing activities	<u>(97,289,087)</u>	<u>(115,119,064)</u>
Cash Flows from Investing Activities		
Purchases of investment securities	(77,222,266)	(62,099,909)
Proceeds from maturities of investment securities	77,286,423	108,574,827
Income received on investments	9,547,838	9,541,412
Net cash provided by investing activities	<u>9,611,995</u>	<u>56,016,330</u>
Net Change in Cash and Cash Equivalents	(10,775,124)	14,987,137
Cash and Cash Equivalents – Beginning of year	110,591,554	95,604,417
Cash and Cash Equivalents – End of year	<u>\$ 99,816,430</u>	<u>\$ 110,591,554</u>

(Continued)

HILLSBOROUGH COUNTY AVIATION AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	2007	2006
Reconciliation of Operating Income to Net Cash Provided by		
Operating Activities		
Operating Income	\$ 5,558,822	\$ 8,256,300
Adjustments to reconcile operating income to net cash		
provided by operating activities:		
Depreciation and amortization	70,830,576	65,303,743
Increase in accounts receivable	(108,082)	(439,431)
Increase in prepaid insurance and other assets	(489,309)	(789,654)
(Decrease) Increase in accounts payable – trade	(949,323)	1,316,442
Increase in accrued expenses, deferred revenue,		
and other liabilities	2,059,284	442,471
Net cash provided by operating activities	<u>\$ 76,901,968</u>	<u>\$ 74,089,871</u>
Noncash Activities		
Unrealized gain (loss) on investments	\$ 108,894	\$ (445,282)
Amortization of bond premium, net	(4,000,868)	(4,051,417)
Amortization of deferred loss on bond refundings	1,768,782	1,673,405
Other capital contributions	15,080,069	–

(Concluded)

See accompanying Notes to Financial Statements.

HILLSBOROUGH COUNTY AVIATION AUTHORITY

Notes to Financial Statements September 30, 2007 and 2006

1. GENERAL

Description – The Hillsborough County Aviation Authority (the Authority) was created in 1945 as an independent special district governed by the Hillsborough County Aviation Authority Act, Chapter 2003-370, Laws of Florida (the Act). The Act provides that the Authority has exclusive jurisdiction, control, supervision and management over all public airports within Hillsborough County. As such, the Authority is authorized to issue revenue bonds to finance the construction of aviation-related projects. Revenue bonds issued by the Authority are payable solely from revenues of the Authority and are not obligations of the City of Tampa, Hillsborough County, or the State of Florida. Pursuant to the general laws of Florida, the Authority owns and operates Tampa International Airport (the Airport) and three general aviation airports (collectively, the Airport System).

In connection with the Authority's issuance and sale of \$67,000,000 principal amount of Revenue Bonds dated October 1, 1968, the Authority entered into the 1968 Trust Agreement. Since the date of its execution, the Authority has, concurrently with each revenue bond issue beginning in 1981, made various amendments and modifications to the terms of the original 1968 Trust Agreement. Many of these amendments were contingent upon the receipt of the requisite consent of the bondholders. Some amendments were prepared in "conceptual" form, awaiting definitive language to be prepared at the discretion of the Authority. During fiscal year 1999, the Authority received the requisite bondholder consent for all the definitive amendments, and the 1968 Trust Agreement, as amended, was codified and restated (the Trust Agreement). In fiscal year 2006, in association with the issuance of the 2006 Revenue Refunding Bonds (see Note 8 – Debt and Other Non-Current Liabilities) the Trust Agreement was again codified and restated to implement the conceptual amendment relating to the issuance of variable rate debt.

Pursuant to the provisions of the Trust Agreement, the Authority entered into lease agreements with certain airlines (the Signatory Airlines) serving the Airport. These lease agreements provide the basis of determining airline facility rentals and landing fees on an annual basis. The agreements, in effect since 1970, with the Signatory Airlines serving Tampa International Airport (the Prior Agreements) expired on September 30, 1999. Effective October 1, 1999, the Authority executed Airline-Airport Use and Lease Agreements with the Signatory Airlines (the Agreements), which had terms of seven years and would have expired on September 30, 2006. In fiscal year 2006, the Authority and Signatory Airlines extended the Agreements with basically the same terms for an additional three years (See Note 3 – Rate-Making Policy).

Basis of Presentation – The Authority operates the Airport System as a single enterprise fund with multiple cost centers to account for the costs of services. Costs are recovered in the form of charges to users for such services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Authority’s financial statements are presented in accordance with accounting principles generally accepted in the United States. The Authority applies all applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989, and all applicable pronouncements required by the Governmental Accounting Standards Board (GASB). The Authority’s significant financial and accounting policies utilized in formulating these financial statements are as follows:

Cash and Cash Equivalents – The Authority classifies investments in short-term repurchase agreements and investments with original maturities less than three months from the date of purchase as cash equivalents.

Investments – The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair values to be presented as a component of investment income. The Authority invests in overnight repurchase agreements and short-term direct treasuries that are recorded at cost. Since the term of the instruments is of such short duration, the Authority believes cost approximates their fair values. Investments in the Local Government Investment Pool operated by the Florida State Board of Administration is a “2a-7-like” pool in accordance with GASB 31; therefore, the investments are not presented at fair value but at the actual pooled share price, which approximates fair value. Investments are also held in collateralized time deposits, which are restricted in their use and may only be liquidated based on their face values. These deposits are collateralized by U.S. government obligations at 102% of their face values, and the collateral is marked to market at least weekly. The deposits are recorded at their face values, which are their fair values. U.S. Treasury notes and bonds are stated at fair value, based on available market data. Investment income is credited or charged with any unrealized gain or loss, based on the change in fair value.

Restricted Assets and Liabilities – The Trust Agreement requires the segregation of certain assets into restricted accounts and limits their use to specific items as defined by the document. Current liabilities payable from restricted assets are the liabilities that are to be retired by the use of restricted assets.

Accounts Receivable – The Authority considers the need for an allowance for doubtful accounts based on the expected collectibility of outstanding balances.

Grants – Grants received from federal and state governmental agencies that are restricted for the acquisition or construction of capital assets are recorded as capital contributions when earned. Grants are earned when costs relating to such capital assets, which are reimbursable under the terms of the grants, have been incurred. Depreciation on assets acquired or constructed with government grant monies is included in Depreciation and Amortization in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets. Operating grants received from the Federal Aviation Administration (FAA), the Transportation Security Administration, and Florida Department of Transportation that are used to partially offset security costs for the implementation of federally mandated security

requirements and other related operating and maintenance costs are recorded separately from capital grants and are included as Operating Grants and Reimbursements in the Statements of Revenues, Expenses, and Changes in Net Assets.

Passenger Facility Charges (PFCs) – PFCs are imposed at \$4.50 per enplaned passenger, of which the Authority receives \$4.39. The remitting airline retains \$0.11 for administrative processing costs. PFCs are restricted for use on pre-approved projects. PFCs are recorded as Capital Contributions in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets.

Debt Issue Costs, Bond Discounts and Premiums, and Deferred Loss on Bond Refundings – Debt issue costs and bond discounts and premiums are deferred in the year of issuance and amortized using the effective interest method over the life of the issue. Losses on bond refundings are deferred and amortized over the shorter of the remaining life of the original issue or the life of the new issue.

Interest Costs – Interest costs incurred during periods of construction are capitalized as a component of the assets to which these costs relate for all projects except those funded through the rate-making process (see Note 3), grants and PFCs. In situations involving qualifying assets financed with the proceeds of tax-exempt debt, the amount of interest capitalized is reduced by any interest income earned on the temporary investment of such monies. Interest is capitalized throughout the construction period and is amortized on a straight-line basis over the estimated useful life of the respective asset after the project is substantially completed.

Capital Assets – Capital assets are recorded at cost and are depreciated using the straight-line method typically over their estimated useful lives as follows:

Structures and improvements	10-40 Years
Runways, taxiways and aprons	10-30 Years
Equipment, furniture and fixtures	3-15 Years

On an annual basis, the Authority evaluates the useful lives of capital assets and writes off net capitalized costs of assets with no future value. Net capitalized costs written off are included in Depreciation and Amortization in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets.

Pension Plans – Pension expenses includes amortization of prior service costs over a period of thirty years. The Authority's policy is to fund accrued pension costs, which include normal costs and amortization of prior service costs for regular employees and amounts determined by the Florida Retirement System.

Revenue Classifications – The components of the major operating revenue classifications are as follows:

Airfield – Fees for landing of cargo and passenger aircraft.

Terminal Building – Airline space rentals in passenger terminal building, privilege fees for the operation of terminal complex concessions of food and beverage, general merchandise and duty-free store, and other miscellaneous fees in terminal building.

Airside Buildings – Rentals of facilities space at airside and other miscellaneous fees at the airside buildings.

Commercial Landside – Automobile parking fees, rent-a-car privilege fees and space rental, privilege fees for the operation of the hotel and permit fees of off-airport rental cars and limousine/cab.

Cargo – Cargo space rentals, apron rentals, fuel flowage fees, and other grounds rental.

Auxiliary Airports – Fees from services at all airports operated by the Authority, other than Tampa International Airport.

General Aviation – Fees from services for general aviation activities at Tampa International Airport.

Other – Fees from aviation supporting facilities provided to tenants, rentals from nonaviation properties, reimbursement for utilities, and other miscellaneous income.

Reclassifications – Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements –

In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement was effective for the Authority beginning in fiscal year 2006. The adoption of this statement had no effect on its financial position or results of operations.

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued in April 2004, and is effective for the Authority in fiscal year 2007. GASB 43 establishes uniform financial reporting standards for other postemployment benefits (OPEB) plans and supersedes the interim guidance included in GASB Statement No. 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*. The requirements of this Statement apply to an OPEB plan that is reported as a trust or agency fund, or a participating employer with fiduciary duty of plan assets. The Authority does not have a trust to administer the plan and accumulate assets to pay benefits. Therefore the Statement has no impact on the financial statements.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was issued in June 2004, and is effective for the Authority in fiscal year 2008. GASB No. 45 provides standards for the measurement, recognition, and display of other postemployment benefit expenditures, assets, liabilities, including applicable note disclosures and required supplementary information. The Authority will implement GASB No. 45 in fiscal year 2008. Note 10, Pension and Post Retirement Benefits, discusses the implementation of this GASB Statement.

GASB Statement No. 46, *Net Assets Restricted by Legislation, an amendment of GASB Statement No. 34*, was issued in December 2004, and was effective for the Authority in fiscal year 2006 and requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. The adoption of this statement had no effect on amounts reported in the financial statements.

GASB Statement No. 47, *Accounting for Termination Benefits*, was issued in June 2005. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of GASB No. 47 are required to be implemented simultaneously with the requirements of GASB No. 45, which is effective for the Authority in fiscal year 2008. For all other termination benefits, GASB No. 47 was effective for the Authority in fiscal year 2006; however, since the Authority does not have other termination benefits, the adoption of this statement had no effect on amounts reported in the financial statements. GASB No. 47 establishes accounting standards for voluntary and involuntary termination benefits and addresses recognition, measurement, and disclosure requirements. The Authority has not yet determined the effect that the adoption of GASB No. 47 required for fiscal 2008 may have on the financial statements.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, was issued in September 2006 and is effective for the Authority in fiscal year 2008. The Statement establishes criteria for government agencies on the reporting of receivables, and provides guidance in recognizing other assets and liabilities for sales of receivables or future revenues. The Authority has not yet determined the effect that the adoption of GASB No. 48 may have on the financial statements.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, was issued in November 2006, and is effective for the Authority in fiscal year 2009. The Statement provides accounting and financial reporting standards for pollution remediation obligations as well as disclosure requirements. The Authority has not yet determined the effect that the adoption of GASB No. 49 may have on the financial statements.

GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, was issued in May 2007, and is effective for the Authority in fiscal year 2008. This Statement amends Statements 25 and 27 to require pension plans to disclose specific

details that align with the financial reporting requirements for other postemployment benefits (OPEB). The Authority has not yet determined the effect that the adoption of GASB No. 50 may have on the financial statements.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, was issued in June 2007, and is effective for the Authority in fiscal year 2010. Intangible assets are required to be classified as capital assets under the Statement 51. The Statement also provides guidance on the useful life and amortization of intangible assets. The Authority has not yet determined the effect that the adoption of GASB No. 51 may have on the financial statements.

3. RATE MAKING POLICY

The Trust Agreement states the Authority, not taking into consideration any money received from federal and state grants, PFCs, ad valorem taxes, and certain other monies, will fix and establish or revise, as needed, rental rates and other charges for use of the services and facilities of the Airport System, which will be sufficient in each fiscal year to make payments and deposits, as required under the Trust Agreement. Currently, all bonds and outstanding debt of the Authority are issued under the Trust Agreement, and these covenants are reiterated in each Official Statement of bonds issued.

The Agreements incorporate the lease and use of the Terminal Building, Airsides A, C, D, E, F, any future Airside Buildings, and the Airfield at the Tampa International Airport. The Agreements establish 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. The costs to be allocated to the Signatory Airlines include operating and maintenance expenditures, debt service, debt service coverage of 25%, Trust Fund minimum deposit requirements, and a return on investment for Authority funds used for capital projects. The new Agreements incorporate all of the covenants contained in the Trust Agreement governing the issuance of Airport Revenue Bonds. They also provide the Signatory Airlines with a net revenue sharing provision. The amounts due to the Signatory Airlines under this provision for the years ended September 30, 2007 and 2006, were \$9,338,914 and \$8,990,500, respectively. The net revenue sharing is presented as a separate item after Operating Expenses on the Statements of Revenues, Expenses, and Changes in Net Assets. Depreciation and amortization is excluded from the rate making process.

4. CASH AND INVESTMENTS

Included in the Authority’s cash balances are amounts deposited with the Florida State Board of Administration’s Local Government Investment Pool (SBA) as well as amounts deposited with commercial banks in interest bearing demand accounts. The State of Florida collateral pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails. Required collateral is defined under Chapter 280 of the Florida Statutes, Security for Public Deposits Act (the Public Deposit Act). Under the Public Deposit Act, the Authority’s deposits in qualified public depositories are considered totally insured. The qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable

deposit insurance. Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Public Deposit Act. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company, provided a power of attorney is delivered to the State Treasurer.

At September 30, 2007 and 2006, all cash and cash equivalent and investments, were as follows:

	<u>2007</u>	<u>2006</u>
U.S. Treasury securities	\$ 53,693,432	\$ 47,853,889
Local government investment pool	61,014,414	68,767,302
Guaranteed investment contracts	11,524,105	19,485,332
Investment in money market funds	<u>5,118,194</u>	<u>7,962,569</u>
Investments subtotal	131,350,145	144,069,092
Cash in deposit accounts	<u>33,683,823</u>	<u>31,695,263</u>
Total cash and investments	<u>\$ 165,033,968</u>	<u>\$ 175,764,355</u>

The Authority is authorized to invest in securities as described in its investment policy and the Trust Agreement. As of September 30, 2007, the Authority held the following investments as categorized below in accordance with GASB No. 40.

Investment Maturities

Investment Type	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>11 to 15 Years</u>	<u>Total</u>
U.S. Treasury securities	\$ 7,962,651	\$ 11,366,516	\$ 5,949,359	\$ 28,414,906	\$ 53,693,432
Local government investment pool	61,014,414	—	—	—	61,014,414
Guaranteed investment contracts	7,088,923	4,435,182	—	—	11,524,105
Investment in money market funds	5,118,194	—	—	—	5,118,194
	<u>\$ 81,184,182</u>	<u>\$ 15,801,698</u>	<u>\$ 5,949,359</u>	<u>\$ 28,414,906</u>	<u>\$ 131,350,145</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the investments of current operating funds to maturities of less than one year. The Authority's investment policy also requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Investments of other non-operating funds will have terms appropriate to the needs for funds. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Trust Agreement.

Credit Risk: The Authority's banking and investment policy is to apply the prudent-person rule: investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would make, not for speculation, but for investment, considering the probable safety of the principal as well as the probable income to be derived. The Authority will also strive to maximize the return on the portfolio while minimizing risk. The Authority's policy allows investments in the SBA, money market funds with the highest credit quality from a nationally recognized rating agency, direct obligations of the U.S. Treasury, deposits secured by the Public Deposit Act and Federal agencies and instruments. Repurchase agreements are only allowed for deposits secured by the Public Deposit Act or direct obligations of the U.S. Treasury.

Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investments are either held in the name of the Authority or held in trust under the Authority's name.

Concentration of Credit Risk: Concentration of credit risk means the magnitude of a government's investment in a single issuer. Excluded from this definition are investments issued or explicitly guaranteed by the U.S. government and external investments pools. The Authority's funds are held in U.S. Treasuries, investments collateralized by U.S. Treasuries, the SBA's Local Government Investment Pool or institutions that are members of the State of Florida collateral pool.

5. RESTRICTED ASSETS

The Trust Agreement, among other things, requires all airport revenues, excluding PFCs, grants, bond proceeds and their earnings, and revenues from certain nontrust funded projects, be deposited in the Revenue Fund, the establishment of certain trust accounts, and defines the priority and flow of cash receipts. Certain of these trust accounts require specified balances and are restricted as to use. Bond proceeds issued for construction are held by a trustee appointed by the Authority per the bond agreement. Debt Service and Debt Reserve accounts are held by a trustee designated by the Trust Agreement and are pledged as collateral for debt service. A summary of the balances in these accounts as of September 30, 2007 and 2006, is as follows:

	2007	2006
Restricted for debt service:		
Bond Principal, Interest and Redemption Sinking Fund	\$ 1,519,918	\$ 958,837
Bond Reserve Fund	66,356,090	66,046,616
Restricted to acquisition of property and equipment:		
Equipment Fund	340,091	407,882
Construction Funds	19,350,634	26,679,697
Restricted to operating expenses:		
Operating Reserve Account	15,553,556	14,101,681
Operation and Maintenance	7,864,113	7,038,077
	<u>110,984,402</u>	<u>115,232,790</u>
Other restricted funds:		
Revenue Funds	18,980,930	17,563,298
Escrow and Forfeiture Deposits	136,053	640,156
Capital Acquisition	7,772,970	6,364,501
Prepaid Insurance and Other Assets	2,484,126	1,994,817
	<u>29,374,079</u>	<u>26,562,772</u>
Total restricted assets	<u>\$ 140,358,481</u>	<u>\$ 141,795,562</u>

6. LEASES

The Authority is the lessor of various properties at Tampa International Airport. Among these properties are the concession areas, restaurants and lounges, airsides and rental car areas. All leases are cancelable. In 1981, the Authority constructed an airline reservation center. The facility is under a direct financing lease with Continental Airlines, Inc. In connection with the lease agreement, the Authority received \$222,000 in 2005 under the agreement. The term of the direct financing lease was completed as of September 30, 2005. Continental Airlines continues to operate in the facility under an amended lease that expires September 30, 2009.

7. CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2007 and 2006 is summarized as follows:

	Balance October 1, 2006	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2007
Land	\$ 145,774,192	\$ 6,176,967	\$ (1,059,372)	\$ 150,891,787
Construction in progress	41,931,023	96,229,072	(95,863,274)	42,296,821
Equipment	17,509,895	1,245,619	(194,843)	18,560,671
Buildings and improvements	1,457,899,761	76,145,603	(5,961,986)	1,528,083,378
	<u>1,663,114,871</u>	<u>179,797,261</u>	<u>(103,079,475)</u>	<u>1,739,832,657</u>
Less accumulated depreciation				
Equipment	(12,563,904)	(1,913,751)	349,369	(14,128,286)
Buildings and improvements	(527,028,169)	(67,599,217)	5,520,033	(589,107,353)
	<u>(539,592,073)</u>	<u>(69,512,968)</u>	<u>5,869,402</u>	<u>(603,235,639)</u>
Total capital assets—net	<u>\$ 1,123,522,798</u>	<u>\$ 110,284,293</u>	<u>\$ (97,210,073)</u>	<u>\$ 1,136,597,018</u>

	Balance October 1, 2005	Additions and Reclasses	Deletions and Reclasses	Balance September 30, 2006
Land	\$ 139,096,622	\$ 6,677,570	\$ —	\$ 145,774,192
Construction in progress	81,470,786	105,692,362	(145,232,125)	41,931,023
Equipment	15,979,135	3,380,701	(1,849,941)	17,509,895
Buildings and improvements	1,349,305,502	123,685,293	(15,091,034)	1,457,899,761
	<u>1,585,852,045</u>	<u>239,435,926</u>	<u>(162,173,100)</u>	<u>1,663,114,871</u>
Less accumulated depreciation				
Equipment	(12,395,483)	(1,787,528)	1,619,107	(12,563,904)
Buildings and improvements	(479,934,587)	(62,140,176)	15,046,594	(527,028,169)
	<u>(492,330,070)</u>	<u>(63,927,704)</u>	<u>16,665,701</u>	<u>(539,592,073)</u>
Total capital assets—net	<u>\$ 1,093,521,975</u>	<u>\$ 175,508,222</u>	<u>\$ (145,507,399)</u>	<u>\$ 1,123,522,798</u>

Depreciation expense and amortization of capitalized interest during the years ended September 30, 2007 and 2006, were \$69,350,901 and \$64,156,748, respectively. These amounts are included in Depreciation and Amortization in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets.

Net capitalized costs written off for assets that were disposed of during the years ended September 30, 2007 and 2006, were \$443,719 and \$72,177, respectively. These amounts are included in Depreciation and Amortization in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets.

8. DEBT AND OTHER NON-CURRENT LIABILITIES

Revenue Bonds – All revenue bonds issued by the Authority are parity bonds and have been issued under the terms of the Trust Agreement and supplements thereto. The bonds are payable solely from revenues, as defined in the Trust Agreement, after the payment of the cost of operation and maintenance expenses.

During the years ended September 30, 2007 and 2006, the Authority redeemed serial revenue bonds in the amounts of \$36,890,000 and \$22,090,000, respectively. Total interest cost incurred on outstanding bonds during the years ended September 30, 2007 and 2006, was \$33,028,165 and \$35,203,900, respectively. Of these interest amounts, \$828,784 and \$3,525,031 were capitalized, respectively. Amortization of bond issue costs was \$1,031,016 and \$992,322 in fiscal years 2007 and 2006, respectively.

On September 28, 2006, the Authority issued the Tampa International Airport Revenue Refunding Bonds 2006 Series A and Series B in the amounts of \$18,385,000 and \$14,160,000, respectively. The Series A Bonds were issued with a premium of \$776,118, at rates of 4.00% to 5.00% and maturities from 2007 to 2015. The Series B Bonds were issued with a premium of \$824,449, at rates of 4.00% to 5.00% and maturities from 2007 to 2015.

The 2006 Series A Bonds were used to current refund the 1996 Series A Bonds maturing October 1, 2011 and after, outstanding in the principal amount of \$18,565,000. The issue proceeds of \$19,161,118, plus debt service and reserve funds attributable to the refunded bonds of \$600,140, less issuance costs and insurance premium of \$271,479 were deposited in an irrevocable trust to pay all interest, principal and call premium on the 1996 Series A Bonds on their call date of October 1, 2006. The final maturity of the refunding bonds was extended from October 1, 2023 to October 1, 2026. The refunding resulted in a decrease in debt service over 20 years of \$4,379,466 with a calculated net present value savings of \$2,662,553, discounted at an effective interest rate of 4.33%.

The 2006 Series B Bonds were used to current refund the 1997 Series B Bonds maturing October 1, 2013, October 1, 2014 and October 1, 2015, outstanding in the principal amount of \$14,665,000. The issue proceeds of \$14,984,449, plus debt service and reserve funds attributable to the refunded bonds of \$411,729, less issuance costs and insurance premium of \$208,738 were deposited in an irrevocable trust to pay all interest, principal and call premium on the 1997 Series B Bonds on their call date of October 1, 2006. The final maturity of the refunding bonds was extended from October 1, 2015 to October 1, 2026. The refunding resulted in an increase in debt service over 20 years of \$265,469 with a calculated net present value savings of \$1,010,886, discounted at an effective interest rate of 4.11%.

On September 28, 2006, the Authority issued the Tampa International Airport Variable Rate Revenue Refunding Bonds 2006 Series C and Series D, in the amounts of \$36,050,000 and \$11,875,000, respectively. Both the Series C Bonds and Series D Bonds have maturities from 2007 to 2026. Interest rate for both issues is in the Weekly Mode as determined by the

Remarketing Agent and is payable the first Wednesday of each month (or if the first Wednesday is not a business day, the next business day). The initial rates at September 28, 2006 were 3.88% for the Series C Bonds and 3.82% for the Series D Bonds.

The 2006 Series C Bonds were used to current refund both the 1996 Series A Bonds maturing October 1, 2008, October 1, 2009 and October 1, 2010, outstanding in the principal amount of \$2,660,000 and the 1997 Series A Bonds maturing October 1, 2007 and after, outstanding in the principal amount of \$34,465,000. The issue proceeds of \$36,050,000, plus debt service and reserve funds attributable to the refunded bonds of \$2,855,262, less issuance costs and insurance premium of \$379,227 were deposited in an irrevocable trust to pay all interest, principal and call premium on the 1996 Series A Bonds and 1997 Series A Bonds on their call date of October 1, 2006. The final maturity of the refunding bonds was extended from October 1, 2013 to October 1, 2026. Based on the initial rate at September 28, 2006, the refunding would result in an estimated increase in debt service over 20 years of \$372,686 with a calculated net present value savings of \$3,946,143, discounted at an effective interest rate of 4.07%.

The 2006 Series D Bonds were used to current refund the 1997 Series B Bonds maturing October 1, 2016 and October 1, 2017, outstanding in the principal amount of \$12,235,000. The issue proceeds of \$11,875,000, plus debt service and reserve funds attributable to the refunded bonds of \$923,576, less issuance costs and insurance premium of \$127,704 were deposited in an irrevocable trust to pay all interest, principal and call premium on the 1997 Series B Bonds on their call date of October 1, 2006. The final maturity of the refunding bonds was extended from October 1, 2017 to October 1, 2026. Based on the initial rate at September 28, 2006, the refunding would result in an estimated decrease in debt service over 20 years of \$3,882,953 with a calculated net present value savings of \$1,871,258, discounted at an effective interest rate of 4.01%.

The total principal maturities and debt service requirements for all revenue bonds through the year 2026, as of September 30, 2007, are as follows:

	Principal	Interest	Total Debt Service
2008	\$ 38,710,000	\$ 31,351,483	\$ 70,061,483
2009	40,520,000	29,545,942	70,065,942
2010	42,570,000	27,520,509	70,090,509
2011	44,720,000	25,411,704	70,131,704
2012	45,125,000	23,192,813	68,317,813
2013-2017	249,355,000	78,815,813	328,170,813
2018-2022	134,345,000	19,966,773	154,311,773
2023-2026	21,760,000	1,706,546	23,466,546
	<u>\$ 617,105,000</u>	<u>\$ 237,511,583</u>	<u>\$ 854,616,583</u>

Revenue bond information and activity as of and for the years ended September 30, 2007 and 2006, is presented below. All principal payments are due October 1, while interest on the fixed rate bonds is due semiannually on April 1 and October 1. Since all debt service payments required under the Trust Agreement are deposited with the Trustee as of September 1, 2007 and 2006, it is the Authority's policy to record the October 1 principal and interest payments as of the close of business on September 30.

	2007		2006	
	Balance Outstanding	Amounts Due Within One Year	Balance Outstanding	Amounts Due Within One Year
Revenue and Revenue Refunding Bonds:				
1996A Series, 5.9%	\$ —	\$ —	\$ 795,000	\$ 795,000
1996B Series, 6.0%	9,085,000	—	9,085,000	—
1997A Series, 5.75%	—	—	6,120,000	6,120,000
1999A Series, 4.875% to 5.25%	10,780,000	2,500,000	13,155,000	2,375,000
2001A Series, 4.0% to 5.5%	44,875,000	4,615,000	49,315,000	4,440,000
2003A Series, 5.0% to 5.5%	183,155,000	12,740,000	195,290,000	12,135,000
2003B Series, 4.25% to 5.25%	43,735,000	—	43,735,000	—
2003C Series, 4.0% to 5.25%	76,775,000	4,825,000	81,415,000	4,640,000
2003D Series, 3.75% to 5.5%	49,660,000	2,065,000	51,620,000	1,960,000
2005A Series, 5.0% to 5.25%	81,805,000	2,380,000	84,070,000	2,265,000
2005B Series, 3.5% to 5.125%	37,030,000	1,965,000	38,925,000	1,895,000
2006A Series, 4.0% to 5.0%	18,285,000	115,000	18,385,000	100,000
2006B Series, 4.0% to 5.0%	14,075,000	90,000	14,160,000	85,000
2006C Series, Variable, 3.95% *	35,990,000	5,580,000	36,050,000	60,000
2006D Series, Variable, 3.86% *	11,855,000	1,835,000	11,875,000	20,000
	617,105,000	<u>\$ 38,710,000</u>	653,995,000	<u>\$ 36,890,000</u>
Unamortized deferred loss on bond refunding	(10,762,497)		(12,531,279)	
Unamortized bond premium—net	24,969,094		28,969,962	
Total revenue bonds payable	<u>\$ 631,311,597</u>		<u>\$ 670,433,683</u>	

* Rate at September 30, 2007

	Balance September 30, 2006	Additions	Refunding	Paydowns	Balance September 30, 2007
1996A Revenue Bonds	\$ 795,000	\$ -	\$ -	\$ (795,000)	\$ -
1996B Revenue Bonds	9,085,000	-	-	-	9,085,000
1997A Revenue Bonds	6,120,000	-	-	(6,120,000)	-
1999A Revenue Bonds	13,155,000	-	-	(2,375,000)	10,780,000
2001A Revenue Refunding Bonds	49,315,000	-	-	(4,440,000)	44,875,000
2003A Revenue Bonds	195,290,000	-	-	(12,135,000)	183,155,000
2003B Revenue Bonds	43,735,000	-	-	-	43,735,000
2003C Revenue Refunding Bonds	81,415,000	-	-	(4,640,000)	76,775,000
2003D Revenue Refunding Bonds	51,620,000	-	-	(1,960,000)	49,660,000
2005A Revenue Bonds	84,070,000	-	-	(2,265,000)	81,805,000
2005B Revenue Refunding Bonds	38,925,000	-	-	(1,895,000)	37,030,000
2006A Revenue Refunding Bonds	18,385,000	-	-	(100,000)	18,285,000
2006B Revenue Refunding Bonds	14,160,000	-	-	(85,000)	14,075,000
2006C Variable Revenue Refunding Bonds	36,050,000	-	-	(60,000)	35,990,000
2006D Variable Revenue Refunding Bonds	11,875,000	-	-	(20,000)	11,855,000
	<u>\$ 653,995,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,890,000)</u>	<u>\$ 617,105,000</u>

	Balance September 30, 2005	Additions	Refunding	Paydowns	Balance September 30, 2006
1996A Revenue Bonds	\$ 22,775,000	\$ -	\$ (21,225,000)	\$ (755,000)	\$ 795,000
1996B Revenue Bonds	10,735,000	-	-	(1,650,000)	9,085,000
1997A Revenue Bonds	46,365,000	-	(34,465,000)	(5,780,000)	6,120,000
1997B Revenue Bonds	26,900,000	-	(26,900,000)	-	-
1999A Revenue Bonds	15,430,000	-	-	(2,275,000)	13,155,000
2001A Revenue Refunding Bonds	53,585,000	-	-	(4,270,000)	49,315,000
2003A Revenue Bonds	195,290,000	-	-	-	195,290,000
2003B Revenue Bonds	43,735,000	-	-	-	43,735,000
2003C Revenue Refunding Bonds	85,880,000	-	-	(4,465,000)	81,415,000
2003D Revenue Refunding Bonds	53,490,000	-	-	(1,870,000)	51,620,000
2005A Revenue Bonds	84,940,000	-	-	(870,000)	84,070,000
2005B Revenue Refunding Bonds	39,080,000	-	-	(155,000)	38,925,000
2006A Revenue Refunding Bonds	-	18,385,000	-	-	18,385,000
2006B Revenue Refunding Bonds	-	14,160,000	-	-	14,160,000
2006C Variable Revenue Refunding Bonds	-	36,050,000	-	-	36,050,000
2006D Variable Revenue Refunding Bonds	-	11,875,000	-	-	11,875,000
	<u>\$ 678,205,000</u>	<u>\$ 80,470,000</u>	<u>\$ (82,590,000)</u>	<u>\$ (22,090,000)</u>	<u>\$ 653,995,000</u>

Tax Exempt Subordinated Commercial Paper Notes (Commercial Paper Notes) – On September 21, 2001, the Authority entered into a Reimbursement Agreement with Landesbank Baden-Württemberg, acting through its New York Branch (the Bank). Under this agreement, the Authority is allowed to issue an aggregate principal amount, not to exceed \$105,000,000 outstanding at any one time, of Commercial Paper Notes collateralized by the Bank's credit. Under the original agreement, the Commercial Paper Notes may be renewed until 2006 in up to 180-day increments and are subordinated to the Authority's general revenue bonds. During fiscal year 2005, the Authority negotiated an extension to the Reimbursement Agreement until 2015. At September 30, 2007, there was \$60,000,000 of Commercial Paper Notes outstanding with interest rates from 3.45% to 3.85%. Total interest costs incurred on outstanding Commercial Paper Notes during the years ended September 30, 2007 and 2006, were \$2,746,905 and \$3,043,065, respectively. Amortization of Commercial Paper Notes issue costs in fiscal years 2007 and 2006, were \$4,940 and \$82,496, respectively.

Commercial paper information and activity as of and for the years ended September 30, 2007 and 2006, is presented below:

	Balance October 1, 2006	Additions	Paydowns	Balance September 30, 2007	Amounts due within one year
Commercial paper notes payable	\$ 71,000,000	\$ 7,000,000	\$ (18,000,000)	\$ 60,000,000	\$ 5,000,000
	Balance October 1, 2005	Additions	Paydowns	Balance September 30, 2006	Amounts due within one year
Commercial paper notes payable	\$ 85,276,000	\$ —	\$ (14,276,000)	\$ 71,000,000	\$ 5,000,000

Other non-current liabilities consist of compensated absences (See Note 11), arbitrage liability and deferred revenues. Other non-current liability information and activity for the years ended September 30, 2007 and 2006, is presented below:

	Balance October 1, 2006	Additions	Reductions	Balance September 30, 2007
Compensated absences	\$ 2,964,993	\$ 296,898	\$ (41,566)	\$ 3,220,325
Arbitrage payable	245,751	137,621	(327,855)	55,517
Deferred revenue	106,600	50,000	(52,100)	104,500
Total other liabilities	<u>\$ 3,317,344</u>	<u>\$ 484,519</u>	<u>\$ (421,521)</u>	<u>\$ 3,380,342</u>

	Balance October 1, 2005	Additions	Reductions	Balance September 30, 2006
Compensated absences	\$ 2,798,019	\$ 194,155	\$ (27,181)	\$ 2,964,993
Arbitrage payable	415,688	268,887	(438,824)	245,751
Deferred revenue	158,700	—	(52,100)	106,600
Total other liabilities	<u>\$ 3,372,407</u>	<u>\$ 463,042</u>	<u>\$ (518,105)</u>	<u>\$ 3,317,344</u>

Special Purpose Revenue Bonds – Under provisions of the Trust Agreement, Special Purpose Revenue Bonds may be issued by the Authority for the purpose of construction and acquisition of special purpose facilities. Special Purpose Revenue Bonds are not an obligation of the Authority, and are issued on the credit of the facility user. Special Purpose Revenue Bonds were issued in prior years by Delta Airlines and US Airways for the construction of aircraft maintenance facilities and by the fixed base operator of the general aviation facility at the Airport for the construction of an aircraft hangar, maintenance and storage facility.

On January 16, 2003, in connection with its bankruptcy proceedings, US Airways rejected the ground lease portion of the maintenance facility they occupied and subsequently vacated the facility. Under the terms of the bond documents associated with the agreement, the Authority must use its best efforts for a two-year period to re-let the facility. The initial two-year period was extended to February 28, 2006, and the Authority subsequently approved another extension that allowed the bondholders an additional year to re-let the facility. After this time period, the ground lease was terminated and the maintenance facility became the property of the Authority. Semiannual interest payments due on the bonds (principal outstanding in the amount of \$27,620,000) since January 15, 2003 have not been made by US Airways and the bonds are in default.

The Delta facility was closed for aircraft maintenance in 2005, and on June 29, 2006 Delta rejected the lease associated with the facility. On July 5, 2006, under a draw on a letter of credit, the bondholders received full payment of the outstanding principal and accrued interest for the \$16,544,349 portion of the issue. The remaining \$8,011,311 bond issue is in default. The Authority and the trustee continue to work together to make decisions regarding the future of this facility.

At September 30, 2007 and 2006, a total of \$39,024,388 and \$39,212,434, respectively, of Special Purpose Revenue Bonds are outstanding. The Special Purpose Revenue Bonds have been excluded from the accompanying financial statements.

9. CONTRIBUTIONS

The Authority has received capital contributions by means of federal and state grants, passenger facility charges, and other as follows:

	2007	2006
Passenger facility charges	\$ 38,926,174	\$ 37,778,155
Federal grants	7,605,119	12,605,114
State grants	11,282,608	7,395,584
Other contributions	15,080,069	-
Total capital contributions	<u>\$ 72,893,970</u>	<u>\$ 57,778,853</u>

During fiscal year 2007, the aircraft maintenance facility vacated by US Airways during its bankruptcy proceedings reverted to the Authority under the terms of the bond documents associated with the facility. As a result, an independent appraisal was performed to determine a value for the facility so it could be recorded as an Authority asset. To record this transaction, other contributions of \$11,000,000 were recognized during the year. The Authority also granted an easement of approximately 33 acres to the Florida Department of Transportation (FDOT) for construction of and improvements to the major interchanges into the airport. The value of the easements was \$3,164,300, determined by an independent appraisal. The Authority has agreed to accept payment for conveyance of the easement in the form of specific roadway improvements to the George Bean Parkway and adjacent access roads by the FDOT. At September 30, 2007, approximately 49.65% of the project was complete. These transactions resulted in a gain on the conveyance of the easements of \$2,329,721 and capital contributions of \$1,750,348 reported as other contributions of \$4,080,069 for the year ended September 30, 2007.

10. PENSION AND POST RETIREMENT BENEFITS

Florida Retirement System: All Authority full-time employees are required to participate in the Florida Retirement System (the FRS), a multiple-employer cost-sharing retirement system administered by the Division of Retirement, Department of Management Services of the State of Florida. The FRS has two plan options, a defined benefit pension plan and a defined contribution plan. The FRS Annual Report provides financial statements and required supplementary information for the FRS. The report is compiled by and is available from the State of Florida, Division of Retirement, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560.

Defined Benefit Pension Plan (the Pension Plan) – The Pension Plan is qualified under Section 401 (a) of the Internal Revenue Code. Benefits and contributions are established by Chapter 121, Florida Statutes, and may only be amended by an act of the Florida Legislature. The Pension Plan provides retirement, disability, and death benefits and an annual cost-of-living adjustment to plan members. Regular participants who retire at or after age 62, with ten years of service (or six years of service on or after July 1, 2002) or after thirty years of service, regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to their years of service times a percentage value (ranging from 1.60% to 1.68%) multiplied by their average final compensation. Special risk participants who retire after age 55, with ten years of service (or six years of services on or after July 1, 2002), or after twenty-five years of service, regardless of age, receive a similar benefit (ranging from 2.00% to 3.00%). Senior Management Service Class (SMSC) participants, who retire at or after age 62, with seven years of SMSC service; or with ten years of service (or six years of services on or after July 1, 2002) and age 62; or with thirty years of service regardless of age, receive a similar benefit (2.0%) multiplied by their average final compensation. Alternatively, SMSC participants may elect to participate in a local annuity plan. Average final compensation is the employee's average salary over their highest five fiscal years' earnings. Vested employees may retire after vesting, but before normal retirement, and receive reduced retirement benefits.

Effective July 1, 1998, the Florida Legislature established a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement Pension Plan benefit payments while continuing employment with a FRS employer for a period not to exceed sixty months after electing to participate. Deferred Pension Plan monthly benefits are held in the FRS Trust Fund and accrue interest.

Defined Contribution Retirement Plan—Beginning December 1, 2002, the FRS offered a second retirement plan option, the FRS Investment Plan. Under the FRS Investment Plan the employer pays all contributions, which are a percentage of salary based on the FRS Membership Class. The employer contributes to an account in the employee's name. The employee makes investment elections within the investment funds chosen by the SBA. The retirement benefit is based on the account balance, and the benefit is vested after one year of service. If an employee leaves the job, he or she can keep the benefit in the FRS, or transfer his or her account to another retirement plan. The employee can also elect to cash out the benefit when leaving, but the distribution is subject to tax penalties for taking early withdrawal. The employee in this plan is not eligible for DROP. All employees in the FRS Pension Plan were given a choice of switching from the FRS Pension Plan to the FRS Investment Plan within a designated time period.

FRS members are required to contribute monthly amounts on behalf of their employees, regardless of which plan the employee may participate in, at actuarially determined rates expressed as percentages of covered payroll. The contribution percentage of payroll rate as of September 30, 2007 was 8.69% for regular participants, 19.76% for special risk participants, and 9.85% for DROP participants. Total contributions for fiscal years 2007, 2006 and 2005 were \$3,413,887, \$2,971,436, and \$2,449,329, respectively. The Authority's

contributions represented less than one percent of total contributions required of all participating members. The total contributions for fiscal years 2007, 2006 and 2005 were 100% of the required amount.

Post Retirement Benefits: Employees that retire under the FRS have the option to continue to participate in the group insurance plans of the Authority. The retirees and their dependents are offered the same coverage as is provided to current employees. Under the group health plan, retirees are obligated to pay the same monthly premium cost that is applicable to the active employee, less \$5 times the number of years continuously employed with the Authority at the time of retirement. This subsidy is recognized as an expense in the period in which it occurs and expenses were \$49,937 and \$41,125 in fiscal years 2007 and 2006, respectively. The retiree and dependents may also participate in the dental and life insurance plans, but must pay the full cost of the premiums associated with these plans. If a retiree does not participate in these plans upon retirement, they are not eligible to participate in the future.

The Authority will implement GASB No. 45 in fiscal year 2008, and based on an actuarial study recently completed, there will not be a significant financial impact to the Authority.

11. COMMITMENTS AND CONTINGENCIES

Construction and Maintenance Contracts – In connection with the Authority's ongoing capital and maintenance programs, certain construction and long-term maintenance contracts have been executed for services that are incomplete. These contracts are typically cancelable by either party with advance notice ranging from 30 to 180 days.

Compensated Absences – The Authority provides for compensated absences to its employees through employee benefit programs. Under the programs, employees are provided compensated absences for sick and vacation time, as well as related retirement amounts. The amount owed under the program was \$3,744,564 at September 30, 2007. Expected amounts that will be paid out in the subsequent fiscal year are recorded as Accrued Expenses in the Statement of Net Assets. Amounts expected to be paid out past the subsequent fiscal year are included with other non-current liabilities in the Statement of Net Assets.

Contingencies – The Authority is involved in litigation and claims as defendant or plaintiff arising in the ordinary course of operations. In the opinion of management, based on the advice of counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the Authority.

12. SUBSEQUENT EVENTS

The State Board of Administration (SBA) is governed by a Board of Trustees (Trustees) comprised of the Governor, the Chief Financial Officer and the Attorney General of the State of Florida. The Florida Local Government Investment Pool (Investment Pool) is one of various trust funds managed by the SBA. On November 29, 2007, the Trustees voted to suspend deposits and withdrawals into and from the Investment Pool. This action was taken

to cease transactions that resulted in the Investment Pool's assets decreasing from approximately \$27 billion to \$14 billion in a month's time. During this time period, some local governments initiated withdrawals due to fears associated with securities held by the SBA that were downgraded below the credit quality guidelines set for initial purchase as well as some limited defaults. Most principal and interest payments continue to be received by the Investment Pool.

On November 30, 2007, the SBA, through direction of the Trustees, secured the services of BlackRock to provide an independent financial review of the Investment Pool and to recommend a strategic course of action. On December 4, 2007, the Trustees voted to accept the recommendations of BlackRock and also appointed BlackRock as the interim investment manager of the Investment Pool until an outside money management firm is hired. BlackRock analyzed the portfolio of the Investment Pool and defined 86% of the securities as high quality, 6% that are in default, have defaulted or have payment extensions, and 8% having real or perceived credit stress. As a result, the Investment Pool was split into two funds: approximately 86% was placed in Fund A and the remaining 14% was placed in Fund B. In addition, the Investment Pool's entire November 2007 interest earnings and loan loss reserve was placed in Fund B to offset a portion of the lost value. The goal of Fund B is to maximize the collection of Fund B's principal and interest and to allow all or as much principal as possible to be returned to participants. BlackRock believes that the principal balances in Fund A will be maintained without loss and will continue to earn and pay interest to Investment Pool participants. BlackRock has stated that over half the securities in Fund B are expected to pay in full and the remainder will experience some level of recovery, but the amount is uncertain at this time.

To assist with the cash flow needs of participating local governments, the SBA implemented authorized withdrawals of the greater of \$2 million or 15% of the entity's account holdings. Increased withdrawals are likely to be permitted in the future as Investment Pool conditions improve.

As of November 30, 2007, the Authority had a total of approximately \$63 million deposited in the Investment Pool. On December 6, 2007, under the established withdrawal plan, the Authority withdrew approximately \$11.5 million to fund a portion of normal activities for the month.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following are summaries of certain provisions of the Trust Agreement dated as of September 1, 2006 (the "2006 Trust Agreement") as supplemented and amended prior to the date hereof, and as supplemented by a Supplemental Trust Agreement dated as of May 1, 2008 (the "2008 Supplemental Trust Agreement" and collectively with the 2006 Trust Agreement, the "Trust Agreement"). These summaries do not purport to be complete, comprehensive or definitive and are qualified in their entirety by reference to the Trust Agreement. For further information reference is made to the Trust Agreement, which is available for inspection at the offices of the Authority. Unless otherwise indicated, Section numbers refer to the codified Trust Agreement. See Appendix D - "PROPOSED AMENDMENTS TO CERTAIN PROVISIONS OF THE TRUST AGREEMENT" for a description of certain "conceptual" amendments to the Trust Agreement which the Authority and the Trustee may, without additional bondholder consent, prepare and incorporate definitive amendments to the Trust Agreement to the extent they are consistent with the conceptual amendments.

Definitions

Following are the definitions of certain words and terms having initial capitals used in this Official Statement:

"Act" means collectively Chapter 2003-370, Laws of Florida, Acts of 2003, and acts amendatory thereof and supplemental thereto.

"Accrued Aggregate Debt Service Requirement" shall mean, as of any date of calculation and for such period or periods referenced in the Trust Agreement, an amount equal to the sum of the amounts of accrued and unpaid Debt Service Requirement with respect to all Series of Bonds then Outstanding for the period in question, calculating the accrued Debt Service Requirement separately with respect to each such Series, provided, however that principal and interest on Bonds, the interest on which has been fixed to maturity, shall be deemed to accrue annually on the basis of a year containing twelve thirty day months

"Additional Bonds" means the Bonds of the Authority authenticated and delivered under and pursuant to the provisions of the Trust Agreement.

"Airport Consultant" means the airport consultant or firm of airport consultants retained by the Authority to perform and carry out the duties imposed on such Airport Consultant by the Trust Agreement and meeting the requirements of the Trust Agreement.

"Airport System" collectively means Tampa International Airport, the Peter O. Knight Airport, the Plant City Airport and the Vandenberg Airport, and shall also include any additions, extensions and improvements thereto constructed or acquired from the proceeds of Additional Bonds or from any other sources.

"Authority" means the Hillsborough County Aviation Authority.

"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 Indentures and (ii) for any historical or projected twelve month period relating to compliance with the parity Additional Bonds test under the Trust

Agreement or for 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.

"Authorized Officer" of the Authority shall mean any person or persons designated by the Board of the Authority by resolution to act on behalf of the Authority under the Trust Agreement. The designation of such person or persons shall be evidenced by a written certificate containing the specimen signature of such person or persons and signed on behalf of the Authority by its Chair or Executive Director.

"BMA Municipal Swap Index" means the "USD-BMA Municipal Swap Index" as such term is defined in the 2000 ISDA Definitions, as amended, published by the International Swaps and Derivatives Association, Inc., or if such index is no longer published, any successor index that the Trustee, in consultation with the Authority, deems substantially equivalent thereto.

"Book Entry System" means the system of registration and beneficial ownership contemplated in the Trust Agreement.

"Bonds" means, collectively except where the context refers to particular Bonds, the Tampa International Airport Revenue Bonds, 1996 Series B issued in the original aggregate principal amount of \$25,430,000, of which \$9,085,000 is currently outstanding (the "1996 Bonds"); the Tampa International Airport Revenue Refunding Bonds, 1999 Series A issued in the original aggregate principal amount of \$27,245,000, of which \$10,780,000 is currently outstanding (the "1999A Bonds"); the Tampa International Airport Revenue Refunding Bonds, 2001 Series A issued in the original aggregate principal amount of \$65,640,000, of which \$44,878,000 is currently outstanding (the "2001A Bonds"); the Tampa International Airport Revenue Bonds, 2003 Series A issued in the original aggregate principal amount of \$195,290,000, of which \$183,155,000 is currently outstanding (the "2003A Bonds"); the Tampa International Airport Revenue Bonds, 2003 Series B issued in the original aggregate principal amount of \$43,735,000, all of which are currently outstanding (the "2003B Bonds"); the Tampa International Airport Revenue Refunding Bonds, 2003 Series C issued in the original aggregate principal amount of \$94,375,000, of which \$76,775,000 is currently outstanding (the "2003C Bonds"); the Tampa International Airport Revenue Refunding Bonds, 2003 Series D issued in the original aggregate principal amount of \$57,030,000, of which \$49,660,000 is currently outstanding (the "2003D Bonds"); the Tampa International Airport Revenue Bonds, 2005 Series A (AMT) issued in the original aggregate principal amount of \$84,940,000, of which \$81,805,000 is currently outstanding (the "2005A Bonds"); the Tampa International Airport Revenue Refunding Bonds, 2005 Series B (Non-AMT) issued in the original aggregate principal amount of \$39,225,000, of which \$37,030,000 is currently outstanding (the 2005B Bonds and together with the 2005A Bonds, the "2005 Bonds"); the Tampa International Airport Revenue Refunding Bonds, 2006 Series A (AMT) issued in the original aggregate principal amount of \$18,385,000, of which \$18,285,000 is currently outstanding (the "2006A Bonds"); the Tampa International Airport Revenue Refunding Bonds, 2006 Series B (AMT) issued in the original aggregate principal amount of \$14,160,000, of which \$14,075,000 is currently outstanding (the "2006B Bonds"); the 2008 Bonds; and any Additional Bonds hereafter issued under the Trust Agreement, but shall not include Special Purpose Bonds.

"2008A Bonds" means the Hillsborough County Aviation Authority Tampa International Airport Revenue Bonds, 2008 Series A (AMT), authorized to be issued pursuant to the 2008 Supplemental Trust Agreement.

"2008B Bonds" means the Hillsborough County Aviation Authority Tampa International Airport Revenue Bonds, 2008 Series B (Non-AMT), authorized to be issued pursuant to the 2008 Supplemental Trust Agreement.

"2008C Bonds" means the Hillsborough County Aviation Authority Tampa International Airport Revenue Refunding Bonds, 2008 Series C (AMT), authorized to be issued pursuant to the 2008 Supplemental Trust Agreement.

"2008D Bonds" means the Hillsborough County Aviation Authority Tampa International Airport Revenue Refunding Bonds, 2008 Series D (Non-AMT), authorized to be issued pursuant to the 2008 Supplemental Trust Agreement.

"2008 Bonds" means, collectively, the 2008A Bonds, the 2008B Bonds, the 2008C Bonds and the 2008D Bonds.

"2008 Bond Insurer" means Assured Guaranty Corp., or its successors in interest.

"Bondholder" or "Holder of Bonds" or any similar term means any person who shall be the registered owner of any Outstanding Bond or Bonds as reflected on the registration books maintained by the Trustee as registrar under the Trust Agreement.

"Bond Insurer" means, collectively, Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto which has issued a bond insurance policy insuring the 1996 and the 1999A Bonds, AMBAC Indemnity Corporation, a Wisconsin domiciled insurance company, or its successor in interest, which has issued a bond insurance policy insuring the 2005 Bonds, Financial Security Assurance Inc., a New York domiciled insurance company, or any successor thereof, which has issued a bond insurance policy insuring the 2001A Bonds, and MBIA Insurance Corporation, a New York stock insurance company, or any successor thereto which has issued a bond insurance policy insuring the 2003A Bonds, the 2003B Bonds, the 2003C Bonds, the 2003D Bonds, the 2006A Bonds and the 2006B Bonds, and the 2008 Bond Insurer, and in each case so long as Bonds insured by them remain Outstanding, and any additional bond insurance company or companies issuing a policy or policies which insure the payment of the principal of and interest on any Additional Bonds.

"Bond Obligation" means, as of the date of computation, the sum of: (i) the principal amount of all Bonds then Outstanding paying interest at least annually, and (ii) if capital appreciation bonds are issued pursuant to a Supplemental Trust Agreement, the compounded amount of such capital appreciation bonds as provided in such Supplemental Trust Agreement pursuant to the Trust Agreement.

"Bond Counsel" means any attorney at law or firm of attorneys of nationally recognized standing in matters relating to the validity of, and the exclusion from gross income for federal income tax purposes of interest on, obligations of states and their political subdivisions.

"Bond Year" means the annual period beginning on the first day of October of each year and ending on the last day of September of the following year; provided that when such term is used to describe the period during which deposits are to be made to amortize the principal and interest on the Bonds maturing or becoming subject to mandatory redemption, the principal and interest maturing or becoming subject to redemption on October 1 of any year shall be deemed to mature or become subject to redemption on the last day of the preceding Bond Year.

"Book Entry Bond" shall mean a Bond issued to, and (except as otherwise provided in the Trust Agreement) restricted to being registered in the name of, a Securities Depository for the Participants in such Securities Depository or Beneficial Owners.

"Business Day" means, except as otherwise provided in a Supplemental Trust Agreement with respect to a Series of Bonds issued hereunder, any day except Saturday, Sunday or any day on which banking institutions located in the states of New York or Florida are required or authorized to close or on which the New York Stock Exchange is closed.

"Cede" means Cede & Co., as nominee of DTC.

"Credit Facility" shall mean, with respect to the Bonds of a Series or a maturity within a Series, an insurance policy, letter of credit, surety bond or any other similar obligation acquired or secured by the Authority, under which the Credit Provider is unconditionally obligated to pay when due, the principal of and interest on such Bonds as the same become due, directly or after the Authority has defaulted in the payment thereof. The term "Credit Facility" shall not include any secondary market facilities to which the Authority shall not have expressly consented.

"Credit Provider" shall mean person or entity that is designated in a Supplemental Trust Agreement as a Credit Provider with respect to a Series of Bonds or portion thereof issued under the Trust Agreement, and that provides a Credit Facility to secure such Bonds.

"Debt Service Requirement" for any period shall mean, as of any date of calculation and with respect to any Series, an unpaid amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits into the Interest Account in the Sinking Fund made from the proceeds of Bonds (including amounts, if any, transferred thereto from the Construction Fund) and (ii) that portion of each Principal Installment for such Series coming due on the next respective Principal Installment due date within each applicable Fiscal Year (including for this purpose the first day of the following Fiscal Year and excluding the first day of the current Fiscal Year) that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date to next succeeding the Principal Installment due date. If there shall be no such preceding Principal Installment due date, then principal shall be deemed to accrue daily from a date one year preceding the next succeeding due date of such Principal Installment, or from the date of issuance of the Bonds of such Series, whichever date is later.

The calculation of the Debt Service Requirement shall be subject to the following rules:

(1) Interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

(2) Tender option features of any Option Bond shall be ignored for purposes of this calculation.

(3) If the calculation of the Reserve Requirement for any separate account in the Reserve Fund created for a specific Series of Bonds takes into account the Debt Service Requirement, then, for purposes of such calculation, the Debt Service Requirement shall be calculated only with respect to the Bonds of the Series secured thereby.

(4) With respect to Bonds which are Variable Rate Bonds:

(A) the interest rate on such Bonds for any period prior to the date of calculation shall be the actual interest borne by such Bonds from the last Interest Payment Date through the date of calculation; and

(B) for any forward looking period after the date of calculation, (1) if the interest on such Variable Rate Bonds was intended at the time of issuance to be excluded from the gross income of the holders thereof for federal tax purposes, the interest rate on such Bonds shall be assumed to be the average of the BMA Municipal Swap Index for the twelve full months preceding the date of calculation, plus 0.25% per annum, or (2) if the interest on such Variable Rate Bonds is expected at the time of issuance to be included in the gross income of the holders thereof for federal tax purposes, the interest rate on such Bonds shall be assumed to be the LIBOR Swap Rate on the date of calculation, plus 0.25% per annum.

(5) If the Authority has entered into a Qualified Hedge Agreement with respect to Derivative Bonds, the interest on such Bonds (but only during the related Derivative Period) shall be calculated by adding (x) the amount of interest payable by the Authority on such Derivative Bonds pursuant to its terms (applying, as appropriate, the assumptions for Variable Rate Bonds set forth above) and (y) the Qualified Hedge Payments payable by the Authority under the related Qualified Hedge Agreement(s), based on a notional amount equal to the principal amount of the Derivative Bonds and the interest rate assumptions stated therein (applying, as appropriate, the assumptions for Variable Rate Bonds set forth above to any variable rate payable by the Authority under such Qualified Hedge Agreement(s), whether or not such variable rate is the BMA Municipal Swap Index or LIBOR Index), and subtracting (z) the Qualified Hedge Receipts payable by the counterparty(ies) under the related Qualified Hedge Agreement(s), using the same notional amount and the interest rate assumptions stated therein (applying, as appropriate, the assumptions for Variable Rate Bonds set forth above to any variable rate to be made by such counterparty(ies) under the related Qualified Hedge Agreement(s), whether or not such variable rate is the BMA Municipal Swap Index or LIBOR swap rate); provided, however, that (A) Derivative Non-Scheduled Payments and Derivative Non-Scheduled Receipts due or that may become due under any Qualified Hedge Agreement(s) shall not be taken into account and (B) from and after the expiration or termination of a Qualified Hedge Agreement relating to Derivative Bonds, the amount of interest payable on such Derivative Bonds shall be the interest calculated pursuant to the terms of such Derivative Bonds as if such Qualified Hedge Agreement had not been executed.

(6) Payments arising from mandatory redemption (other than from Sinking Fund Installments) shall be ignored.

"Derivative Bond" means one or more Bonds of a Series for which the Authority shall have entered into a Qualified Hedge Agreement, as identified in a Supplemental Trust Agreement with respect to such Bonds or pursuant to a certificate of an Authorized Officer filed with the Trustee.

"Derivative Non-Scheduled Payments" means (without duplication) payments due from the Authority (other than Qualified Hedge Payments) under a Qualified Hedge Agreement, including without limitation (i) any termination payments (whether as a result of optional, elective, early or mandatory termination), (ii) any periodic payments not based on notional amounts or indices to keep such Qualified Hedge Agreement in effect, and (iii) any payments in respect of fees, costs, indemnities, interest or expenses with respect to such Qualified Hedge Agreement.

"Derivative Non-Scheduled Receipts" means (without duplication) payments due to the Authority (other than Qualified Hedge Receipts) under a Qualified Hedge Agreement, including without limitation, (i) any termination payments (whether as a result of optional, elective, early or mandatory termination), (ii) any periodic payments not based on notional amounts or indices to keep a Qualified Hedge

Agreement in effect, and (iii) any payments in respect of fees, costs, indemnities, interest or expenses with respect to such Qualified Hedge Agreement.

"Derivative Period" means the period during which a Qualified Hedge Agreement is in effect with respect to related Derivative Bonds.

"DTC" means The Depository Trust Company, New York, New York or any substitute securities depository appointed pursuant to the Trust Agreement.

"DTC Participant" means one of the entities which is a member of the Securities Depository and deposits securities, directly or indirectly, in the Book Entry System.

"Fitch" means Fitch Ratings, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

"Fiscal Year" means the period beginning with and including October 1 of each year and ending with and including the next September 30.

"Gross Revenues" or "Revenues" shall mean 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, all as calculated in accordance with sound accounting practice, and other moneys pledged in the Trust Agreement. Such term shall not, however, include gifts, grants, either federal, state or any other public body, ad valorem taxes or moneys paid to the Authority by the City of Tampa or County of Hillsborough, moneys derived by the Authority from Special Purpose Facilities, except ground rentals, or any other moneys not derived from the operation of said Airport System as defined in the Trust Agreement. Pursuant to the Supplemental Trust Agreement dated July 1, 2003 and executed in connection with the issuance of the 2003C Bonds and 2003D Bonds, "Gross Revenues" or "Revenues" shall include any Available PFC Revenues until Available PFC Revenues have been released from the pledge in accordance with the Trust Agreement.

"Interest Payment Date" means April 1 and October 1 of each year, and such other dates specified as such in the Supplemental Trust Agreement pertaining to each Series of Bonds issued under the Trust Indenture.

"LIBOR Index" means "USD-LIBOR-BBA" as such term is defined in the 2000 ISDA Definitions, as amended, published by the International Swaps and Derivatives Association, Inc. with a designated maturity of one (1) month.

"LIBOR Swap Rate" means, the fixed rate, determined by the Authority as of the date of calculation, that would be paid by a party to an interest rate swap agreement to receive payments based upon the LIBOR Index assuming (i) a maturity date on such swap agreement equal to the maturity date of the applicable Variable Rate Bonds, (ii) the notional amount of such swap agreement amortizes in the same manner and on the same timing as the scheduled amortization of the principal amount of such Variable Rate Bonds and (iii) the payment dates under the interest rate swap agreement match or are substantially similar to the payment dates of such Variable Rate Bonds.

"Liquidity Facility" means a letter of credit, standby bond purchase agreement, line of credit, loan guaranty or similar agreement, by a Liquidity Provider to provide liquidity support to pay the tender price of Option Bonds of any Series or subseries tendered for purchase in accordance with the provisions of any

Supplemental Trust Agreement authorizing the issuance of Option Bonds, in a form reasonably acceptable to any Credit Provider providing a Credit Facility securing such Option Bonds.

"Liquidity Provider" means the provider of a Liquidity Facility, and its successors and permitted assigns, each having been approved by the Credit Provider, if any, providing a Credit Facility securing the Option Bonds to which such Liquidity Facility pertains.

"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.

"Operating Expenses" means the current expenses, paid or accrued, of operation, maintenance and ordinary current repairs of the Airport System and shall include, without limiting the generality of the foregoing, insurance premiums, administrative expenses of the Authority relating solely to the Airport System, including engineering, architectural, legal, airport consultants and accounting fees and expenses, and fees and expenses of the Trustee, and such other reasonable current expenses as shall be in accordance with sound accounting practice. "Operating Expenses" shall include the fees, costs and expenses of the Trustee, Liquidity Provider, Credit Provider, Tender Agent, Auction Agent, Remarketing Agent and other agents employed by the Authority in connection with one or more series of Bonds issued under the Trust Agreement, but shall not include any allowance for depreciation or renewals or replacements or obsolescence of capital assets of the Airport System, or any operating expenses of Special Purpose Facilities or airside buildings where the lessees thereof are obligated to pay such operating expenses.

"Option Bonds" shall mean Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment or purchase by or on behalf of the Authority prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

"Outstanding," "Bonds outstanding" or "Outstanding Bonds," when used with reference to Bonds, shall mean as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Trust Agreement except:

(i) Bonds cancelled (or, in the case of Book Entry Bonds, to the extent otherwise provided in the Trust Agreement, portions thereof deemed to have been cancelled) by the Trustee after purchase in the open market or because of payment at or redemption prior to maturity;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which cash funds or direct obligations of the United States of America or any combination, equal to the principal amount or redemption price thereof, as the case may be, together with interest to the date of maturity or redemption date, shall be held in trust under the Trust Agreement and irrevocably set aside for such payment or redemption (whether at or prior to the maturity or redemption date) in accordance with the provisions of the Trust Agreement, provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice as provided in the Trust Agreement or the applicable Supplemental Trust Agreement or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(iii) Bonds which are deemed paid pursuant to the Trust Agreement or in lieu of which other Bonds have been authenticated under the Trust Agreement;

(iv) Bonds deemed to have been paid as provided in Section 12.01 of the Trust Agreement; and

(v) Bonds (or, in the case of Book Entry Bonds, to the extent otherwise provided in the Trust Agreement, portions thereof) deemed to have been purchased pursuant to the provisions of any Supplemental Trust Agreement in lieu of which other Bonds have been authenticated and delivered as provided in such Supplemental Trust Agreement.

"PFC Act" means the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, §§ 9110 and 9111, recodified as 49 U.S.C. § 40117, as amended from time to time.

"PFC Approvals" means the Records of Decision of the Federal Aviation Administration, made pursuant to the PFC Act and the PFC Regulations, relating to passenger facility charges imposed by the Authority, as the same may be issued and amended from time to time.

"PFC Bonds" means the 2003A Bonds (after the projects to be funded by the proceeds thereof have received PFC Approvals for imposition and use) and any Additional Bonds so designated as PFC Bonds by the Authority at the time of issuance and delivery thereof, the proceeds of which are used solely to fund PFC Projects (following PFC Approval thereof), fund the Reserve Requirement with respect thereto, and pay the costs of issuance thereof (or to refund 2003A Bonds or Additional Bonds meeting such requirements).

"PFC Projects" means those projects for which the imposition and use of PFCs have been approved by one or more PFC Approvals.

"PFC Regulations" means Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended from time to time, and any other regulation issued with respect to the PFC Act.

"PFCs" or "Passenger Facility Charges" means the passenger facility charges authorized to be charged by the Authority pursuant to the PFC Act and the PFC Regulations, the imposition and use of which has been approved by the Federal Aviation Administration pursuant to PFC Approvals.

"PFC Revenues" means all revenues received by the Authority from PFCs imposed by the Authority at Tampa International Airport pursuant to the PFC Act, the PFC Regulations and the PFC Approvals, including any interest earned thereon after such revenues have been remitted to the Authority as provided in the PFC Regulations.

"Principal Installment" shall mean, as of any payment date of any Series of Bonds hereunder, (i) the unpaid principal amount of Serial Bonds of such Series scheduled to become due on such principal payment date for which no Sinking Fund Installments have been established, and (ii) the unsatisfied principal amount (determined as provided in Section 5.02(E) of any Sinking Fund Installments due on such payment date established for Term Bonds of such Series.

"Qualified Hedge Agreement" shall mean any agreement evidenced by any form of master agreement published by the International Swaps and Derivatives Association, Inc., including any schedule thereto, any credit support annex thereto, and any confirmation(s), entered into by the Authority as a debt management tool with respect to the Bonds or a portion thereof issued hereunder such as an interest rate swap, collar, cap, or other functionally similar agreement, between the Authority and a counterparty whose long-term unsecured debt at the time of entering into such agreement is rated, or whose obligations are guaranteed by an entity whose long-term unsecured debt at the time of entering into such agreement is rated in one of the two (2) highest rating categories (without regard to gradations) by at least two (2)

nationally recognized securities rating agencies, which agreement requires that if such counterparty or guarantor, as the case may be, does not maintain a rating in one of the three (3) highest rating categories (without regard to gradations) from at least two securities rating agencies, one of the following shall occur (a) such counterparty shall provide a new guarantor, or some form of credit facility from any entity, whose long-term unsecured debt is then rated in one of the three (3) highest rating categories (without regard to gradations), or (b) such counterparty shall be obligated to post collateral for the benefit and protection of the Authority under the terms of a credit support annex or comparable agreement; provided that the Qualified Hedge Receipts to be paid by the counterparty to the Authority thereunder have been pledged to the payment of the Bonds.

"Qualified Hedge Payments" shall mean the net payment obligations of the Authority arising under a Qualified Hedge Agreement under which the Authority has expressly granted a lien on Revenues securing such obligations on a parity with the lien thereon granted to Bondholders hereunder, which net payments are calculated on the basis of interest on a notional amount which may correspond with the principal amount of certain Bonds issued hereunder or a particular Series or maturity thereof, based upon a fixed or a variable rate index or formula. Qualified Hedge Payments include only regularly scheduled payments under a Qualified Hedge Agreement determined by reference to interest on a notional amount and shall not include any other payments under such agreement (for example, any Termination Payment, fee for extension, indemnification obligations or other Derivative Non-Scheduled Payments payable to the counterparty).

"Qualified Hedge Receipts" shall mean the net payment obligations of the counterparty to the Authority arising under a Qualified Hedge Agreement which are calculated on the basis of interest on a notional amount which may correspond with the principal amount of certain Bonds issued hereunder, or a particular series or maturity thereof, based upon a fixed or variable rate index or formula. Qualified Hedge Receipts include only regularly scheduled payments under a Qualified Hedge Agreement determined by reference to interest on a notional amount and shall not include any other payments under such agreement (for example, any Termination Payment, fee for extension, indemnification obligations or other Derivative Non-Scheduled Payments payable to the counterparty).

"Reimbursement Obligations" shall mean obligations issued by the Authority to Credit Providers or Liquidity Providers pursuant to Section 2.12 in connection with the execution of any Credit Facility or Liquidity Facility, to evidence the Authority's obligations to repay advances or loans made thereunder.

"Reserve Fund Credit Enhancement" means an irrevocable letter of credit, insurance policy, surety bond or other credit enhancement issued to satisfy, in whole or in part, the Authority's deposit requirements with respect to the Reserve Fund, approved by each applicable Bond Insurer, and issued by a financial institution acceptable to the Bond Insurer, whose claims paying ability is rated at least "AA" or "Aa" by Standard & Poor's or Moody's Investors Service, Inc., respectively.

"Reserve Requirement" shall mean, with respect to each Series of Bonds for which a separate Reserve Account has not been established, the largest amount of principal, interest and required deposits into the Redemption Account which mature or become due on all such Bonds Outstanding under the Trust Agreement in any succeeding year, and with respect to each Series of Bonds for which a separate Reserve Account is established pursuant to the terms thereof, the aggregate amount required to be deposited in such separate Reserve Account, as specified in the respective Supplemental Trust Agreement entered into in connection with the issuance of such Additional Bonds thereunder. If, pursuant to any such Supplemental Trust Agreement, the Authority is authorized to fund the initial designated amount, or deficiencies therein, over time, the Reserve Requirement for any period shall include only the incremental portion of the deposit requirement for that series of Additional Bonds as specified in the Supplemental Trust Agreement authorizing the issuance of such Additional Bonds.

"Securities Depository" shall mean the Depository Trust Company, New York, New York, or its nominee, and its successor and assigns.

"Senior PFC Indebtedness" means bonds, notes or other indebtedness of the Authority issued under a Senior PFC Indenture to pay all or a portion of the cost of PFC Projects, meeting the requirements set forth in the Trust Agreement and expressly stated to have a lien on PFC Revenues prior and superior to the lien on PFC Revenues created thereunder.

"Senior PFC Indenture" means any indenture, trust agreement, resolution or other bond document under and pursuant to which the Senior PFC Indebtedness is authorized and issued.

"Serial Bonds" means the Bonds of an issue of Bonds or any part of an issue of Bonds, except Special Purpose Bonds, maturing in annual installments and the principal of which is payable from moneys deposited in the Principal Account.

"2008 Supplemental Trust Agreement" means the 2008 Supplemental Trust Agreement entered into between the Trustee and the Authority with respect to the issuance of the 2008 Bonds, dated as of May 1, 2008.

"Term Bonds" means the Bonds of an issue of Bonds or any part of an issue of Bonds, except Special Purpose Bonds, maturing on one principal maturity date and the principal of which is payable from fixed amounts provided to be deposited in each year in the Redemption Account for the payment of such principal on or prior to maturity.

"Trustee" means The Bank of New York (successor to JPMorgan Chase Bank, N.A.), New York, New York, or its successor hereafter appointed in the manner provided in the Trust Agreement.

Covenant as to Rates and Charges

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 provide Revenues in each Fiscal Year that will be sufficient to pay, in accordance with the 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) One Hundred Twenty-Five percent (125%) of the Bond Service Requirement for such Fiscal Year. 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 Revenues for such purposes. For purpose of determining compliance with this requirement, the Authority may include Available PFC Revenues in an amount not to exceed One Hundred Twenty-Five Percent (125%) of the amounts required to be deposited into the Interest Account, Principal Account and Redemption Account in the Sinking Fund for such year on the Outstanding PFC Bonds, or such lesser amount as may be required under the PFC Act, PFC Regulations and PFC Approvals as in effect from time to time.

For the purposes of this requirement, moneys remaining in the Surplus Fund (other than moneys set aside for the payment of Derivative Non-Scheduled Payments) 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 so redeposited for purposes of satisfying the Rate Covenant set forth above; provided, however that without regard to the use of such funds, the Authority shall always establish its rates and charges so that Revenues collected in the current Fiscal Year, without regard to carry over amounts from the Surplus Fund, will 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.

Additional Covenants with Respect to PFC Revenues

The Authority covenants that so long as Available PFC Revenues are used in the calculation of the Authority's compliance with the Rate Covenant or are used in part to satisfy the requirements of the Additional Bonds Test, it will comply with all provisions of the PFC Act and the PFC Regulations applicable to the Authority and all provisions of the PFC Approvals, and will not take any action or omit to take any action with respect to the PFC Revenues, the 2003 PFC Projects, the Airport System or otherwise if such action or omission would, pursuant to the PFC Regulations, cause the termination of the Authority's ability to impose passenger facility charges or prevent the use of the PFC Revenues as contemplated by the 2003 Supplemental Trust Agreement, dated as of July 1, 2003 (the "2003 Supplemental Trust Agreement"). The Authority covenants that all moneys in the PFC Revenue Fund and the PFC Capital Fund will be used in compliance with all provisions of the PFC Act, the PFC Regulations and the PFC Approvals applicable to the Authority. Without limiting the generality of the foregoing, the Authority covenants that, to the extent necessary to comply with the foregoing covenants:

(a) it will diligently seek approval to impose and use PFC Revenues for those portions of the 2003 Project (as described in the 2003 Supplemented Trust Agreement) constituting or that it expects to constitute PFC Projects within the time periods set forth in the PFC Regulations and will begin implementation of such PFC Projects within the time periods set forth in the PFC Regulations;

(b) it (i) will impose a Passenger Facility Charge to the full extent approved by the FAA for Tampa International Airport and (ii) will not unilaterally decrease the level of the Passenger Facility Charge to be collected from any passenger;

(c) it will not impose any noise or access restrictions at Tampa International Airport not in compliance with the Airport Noise and Capacity Act of 1990, Pub. L. 101-508, Title IX, Subtitle D, if the imposition of such restriction may result in the termination or suspension of the Authority's ability to impose or use Passenger Facility Charges at Tampa International Airport prior to the charge expiration date or the date the total approved passenger facility charge revenue has been collected;

(d) it will take all action necessary to cause all collecting air carriers to collect and remit to the Authority all Passenger Facility Charges at Tampa International Airport required by the PFC Regulations to be so collected and remitted; and

(e) it will contest any attempt by the FAA to terminate or suspend the Authority's ability to impose, receive or use Passenger Facility Charges at Tampa International Airport prior to the charge expiration date or the date the total approved Passenger Facility Charge revenue has been collected.

Limitations on the Issuance of Senior PFC Indebtedness

The Authority covenants that it will not issue Senior PFC Indebtedness payable from PFC Revenues having a lien thereon superior to the lien thereon created by the Trust Agreement unless (i) the Authority is not in default thereunder at the time of issuance thereof, (ii) the Authority shall have delivered to the Trustee a certificate to the effect that it is in compliance with the PFC Act, the PFC Regulations and the PFC Approvals and that the Senior PFC Indebtedness is being issued for the purpose of funding the cost of PFC Projects, and (iii) the Authority shall have delivered to the Trustee on or immediately prior to the issuance of such Senior PFC Indebtedness a statement of the Airport Consultant that in his opinion, the PFC Revenues to be received by the Authority during the Fiscal Year in which

such Senior PFC Indebtedness is issued and for each Fiscal Year thereafter through the Period of Review, shall not be less than One Hundred Twenty-Five percent (125%) of an amount equal to the largest amount of principal, interest and the required deposits into a redemption account or amortization fund that will mature or become due in any succeeding Fiscal Year on account of all Senior PFC Indebtedness and PFC Bonds then outstanding (including the Senior PFC Indebtedness proposed to be issued but excluding any Senior PFC Indebtedness or PFC Bonds to be defeased by the issuance of such Senior PFC Indebtedness).

For purposes of determining compliance with the foregoing requirements, 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; and

(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 Fiscal Years immediately preceding the year the report of the Airport Consultant is issued.

The PFC Revenues pledged are junior and subordinate to senior lien pledges of PFC Revenues made by the Authority subsequently to secure Senior PFC Indebtedness, provided that the requirements for the issuance thereof as set forth in the Trust Agreement are met. The Authority may cause the Trustee to release its pledge of Available PFC Revenue 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 Bonds Outstanding to reduce or withdraw their then current ratings on such Bonds.

Collection and Disposition of Revenues

Annual Budget. The Trust Agreement provides for the annual preparation and adoption by the Authority of a detailed budget for the succeeding Fiscal Year in compliance with the Act, which budget shall contain the estimated expenditures in such succeeding Fiscal Year for operation and maintenance, for the replacement of capital assets or any unusual or extraordinary maintenance or repairs, for the building and constructing of permanent improvements, alterations, buildings and other structures, including runways, taxi strips and aprons of the Airport System, and any other matters required by the Act. The Annual Budget is used in determining the required transfers to certain of the funds created under the Trust Agreement and referred to below.

Revenue Fund. Under the Trust Agreement, all Revenues derived from the Airport System (but not including PFC Revenues, gifts, grants, either Federal, state, or any other public body, ad valorem taxes or any other moneys or funds not derived from the operation of the Airport System) shall be deposited with the Authority in the Revenue Fund. The moneys in the Revenue Fund shall be disbursed

and applied by the Authority on the first day of each month only in the following manner and order of priority.

All available PFC Revenues must be deposited by the Authority upon receipt into the PFC Revenue Fund and applied as described below under "Interest Account and Qualified Hedge Account," "Principal Account" and "Redemption Account."

Operation and Maintenance Fund. The moneys in the Revenue Fund shall first be used for deposits into the Operation and Maintenance Fund on the first day of each month an amount equal to one-twelfth (1/12th) of the amount provided in the Annual Budget of the Authority then in effect for Operating Expenses of the Airport System. The moneys in the Operation and Maintenance Fund shall be used by the Authority only for Operating Expenses, including fees of the Trustee, Special Trustee(s), Paying Agents, Liquidity Provider, Credit Support Provider, Tender Agents, Auction Agents, Remarketing Agents, and other agents employed by the Authority in connection with one or more Series of Bonds issued under the Trust Agreement. Any moneys remaining in such Fund at the end of each Fiscal Year may be transferred by the Authority and deposited in the Revenue Fund.

Interest Account and Qualified Hedge Payment Account. The moneys in the Revenue Fund shall next be deposited pro rata into the Interest Account and the Qualified Hedge Payment Account in the Sinking Fund, after making the deposits provided for above, and the Trustee shall deposit in said Interest Account on the first day of each month an amount which together with funds deposited therein under the section entitled "Disposition of Available PFC Revenues" is necessary to make the funds on deposit therein equal to interest component of the Accrued Aggregate Debt Service Requirement for such month with respect to the Bonds (including any net Qualified Hedge Payment then due or to become due within such month); provided, however, that such deposits into the Interest Account shall not be required to be made to the extent that sufficient moneys are then on deposit in the special fund in the Interest Account either from the proceeds of the Bonds or from any other source.

The moneys in the Interest Account shall be used only for the payment of the interest on the Bonds, both Serial Bonds and Term Bonds, and the Trustee shall transfer to the Paying Agents the necessary moneys to pay all such interest becoming due on each interest payment date not later than such interest payment date. The moneys in said Qualified Hedge Payment Account shall be used only for the payment of Qualified Hedge Payments, and the Trustee shall transfer to the counterparty under the respective Qualified Hedge Agreement the necessary moneys to pay such Qualified Hedge Payment on the next respective payment date.

Principal Account. Such moneys shall next be used for deposits into the Principal Account in the Sinking Fund, after making the deposits provided for above, and the Trustee shall deposit in the Principal Account on the first day of each month, an amount which together with funds deposited therein under the section entitled "Disposition of Available PFC Revenues" be necessary to make the funds on deposit therein equal the scheduled principal component of Serial Bonds included within the Accrued Aggregate Debt Service Requirement for such month.

The moneys in the Principal Account shall be used only for the payment of the principal on Serial Bonds, and the Trustee shall transfer to the Paying Agents the necessary moneys to pay all such principal becoming due on the Serial Bonds on each principal maturity date prior to such principal maturity date.

Reserve Fund. Such moneys shall next be used for deposits into the Reserve Fund, after making the deposits provided for above, and the Trustee shall deposit in the Reserve Fund, and pro rata into each separate Reserve Account created therein pursuant to Supplemental Trust Agreements entered into with respect to each Series of Additional Bonds issued under the Trust Agreement, on the first day of each

month, an amount which, together with funds currently deposited in the Reserve Fund and each such Reserve Account, will be sufficient to make the funds on deposit therein equal to the aggregate Reserve Requirement; provided, however, that no further deposits shall be required to be made into the Reserve Fund or into any separate Reserve Account therein whenever and as long as the amount then on deposit therein is equal to the Reserve Requirement for each respective Series of Bonds then Outstanding.

The moneys in the Reserve Fund shall be used only for the payment of the interest on all Bonds, including both Serial Bonds and Term Bonds, the principal of Serial Bonds and the required deposits into the Redemption Account for Term Bonds as the same mature or become due, whenever the moneys in the Interest Account, Principal Account and Redemption Account are insufficient therefor. If separate accounts in the Reserve Fund have been established for Additional Bonds, deficiencies in the Interest Account, Principal Account and Redemption Account with respect to such Additional Bonds shall be payable solely from the funds deposited in each respective special Reserve Account created with respect to such Additional Bonds, or from the respective Reserve Fund Credit Enhancement acquired with respect thereto, and not from other funds deposited in the Reserve Fund. Funds on deposit in the Reserve Fund in excess of the Reserve Requirement (taking into account the several Reserve Requirements for each Series of Bonds Outstanding under the Trust Agreement) may be withdrawn at the Authority's request and deposited (i) into the Sinking Fund to pay principal, interest or redemption premium on Bonds next coming due, (ii) into the Redemption Account for redemption of Bonds from which such surplus funds were derived or (iii) into the Revenue Fund provided that the Authority first receives an opinion from bond counsel that the use of such funds will not adversely affect the excludability from gross income for federal income tax purposes of interest on any Series of Bonds then Outstanding under the terms of the Trust Agreement (other than any Series of Bonds issued with the intent that interest thereon be includable in gross income for federal income tax purposes). All deficiencies in the Reserve Fund shall be restored from the first Revenues and other moneys pledged under the Trust Agreement which are available after making all prior required deposits into the Operation and Maintenance Fund, the Interest Account, the Principal Account and the Redemption Account upon the terms and conditions set forth in the Trust Agreement.

Upon the issuance of a series of Additional Bonds, or at any time in replacement of moneys then on deposit in the Reserve Fund, in lieu of making a cash deposit to the Reserve Fund, or in substitution therefor, the Authority subject to certain conditions described in the Trust Agreement, may deliver to the Trustee a Reserve Fund Credit Enhancement in an amount which, together with moneys, securities or other Reserve Fund Credit Enhancements on deposit in or credited to the Reserve Fund and any special Reserve Account created with respect to Additional Bonds, equals or exceeds the largest amount of principal, interest and required deposits into the Redemption Account with respect to the Bonds which will mature or become due in any succeeding year.

Redemption Account. Moneys shall next be used for deposits into the Redemption Account in the Sinking Fund, after making the deposits provided for above, and the Trustee shall deposit in the Redemption Account on the first day of each month, an amount which, together with funds deposited therein under the Section entitled "Disposition of Available PFC Revenues" shall be necessary to make the funds on deposit therein equal the Sinking Fund Installment portion of the Accrued Aggregate Debt Service Requirement for such month with respect to Term Bonds maturing within such Fiscal Year.

A separate subaccount shall be set up and maintained in the Redemption Account for each separate issue of Additional Bonds; provided, however, that the separate account for any Additional Bonds issued for the completion of any project shall be the same separate subaccount as for the Bonds originally issued to finance such project.

Funds in the Redemption Account may be used to purchase Term Bonds before such funds are applied to the redemption thereof.

Alternative Method of Satisfying Sinking Fund Installment. The Authority may satisfy its obligations above with respect to the Sinking Fund Installments, on or before the 45th day next preceding each principal payment date on which Term Bonds are to be retired pursuant to the Sinking Fund Installments, by delivering to the Trustee for cancellation, Term Bonds of the Series and maturity required to be redeemed on such principal payment date in any aggregate principal amount desired. Upon such delivery, the Authority will receive a credit against the amounts required to be deposited into the Interest Account and Redemption Account on account of such Term Bonds in an amount equal to 100% of the principal amount thereof so purchased and cancelled and the interest accruing thereon to the next succeeding Interest Payment Date.

All Additional Bonds which are Term Bonds issued under the Trust Agreement shall be on a parity with the Term Bonds initially issued under the Trust Agreement and all deposits into the Redemption Account for different parity Term Bonds shall rank equally.

Subordinated Indebtedness. Moneys shall next be used for the payment of debt service on, and other requirements with respect to, debt obligations of the Authority (including reimbursement obligations to credit providers) having a lien on the Revenues which, by their terms, is expressly made junior and subordinate to the lien thereon in favor of the holders of Bonds issued under the Trust Agreement.

Operating Reserve Account. Moneys shall next be used for deposits into the Operating Reserve Account in the Revenue Fund, after making the deposits provided for above, and the Authority shall deposit in the Operating Reserve Account on the first day of each month, the amount necessary, together with the moneys then on deposit in such Account, to make the amount then on deposit therein equal to one-sixth (1/6) of the annual amount of Operating Expenses of the Airport System provided in the Annual Budget of the Authority then in effect. The Authority covenants that it will prior to or simultaneously with the issuance of the Bonds initially authorized under the Trust Agreement, deposit in the Operating Reserve Account, from moneys legally available therefor other than the proceeds of the Bonds, an amount equal to one-sixth (1/6) of the amount of Operating Expenses estimated by the Airport Consultant to be provided for in the first Annual Budget of the Authority adopted after the issuance of such Bonds.

The moneys in the Operating Reserve Account shall be used only for the payment of Operating Expenses of the Airport System when the moneys in the Operation and Maintenance Fund are insufficient therefor, and the moneys in the Account may be used by the Authority upon requisition of the Authority stating that such moneys are necessary to pay the Operating Expenses of the Authority and that the moneys in the Operation and Maintenance Fund are insufficient therefor. Any withdrawals from the Operating Reserve Account for such purposes shall be restored to the Operating Reserve Account from the first Revenues available after all deposits required above, including any deficiencies for prior required deposits, have been fully made. Any moneys in such Account in excess of the maximum amount required to be on deposit therein at the end of each Fiscal Year, shall be transferred to and deposited in the Revenue Fund.

Surplus Fund

After making all the deposits or payments provided for above, including all deficiencies for prior required payments, the Authority shall on the first day of each month, withdraw all moneys then remaining in the Revenue Fund and deposit the same into the Surplus Fund.

Moneys in the Surplus Fund may be used by the Authority first for the payment of all Reimbursement Obligations and Derivative Non-Scheduled Payments then due, and then to reduce airline rental payments described above, or may be used by the Authority for any other lawful purpose; provided, however, that without regard to the use of such funds, the Authority shall always establish its rates and charges under the Trust Agreement so that Revenues collected in the current Fiscal Year, without regard to carry over amounts from the Surplus Fund, will 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.

In the event any of the deposits or payments required above are not made when due, then such deficiencies shall be added to the deposits or payments to be made on the next deposit or payment date.

In the event of the issuance of any Additional Bonds pursuant to the Trust Agreement, all deposits or payments into the Interest Account, Principal Account, Redemption Account, and Reserve Fund shall be increased to the extent necessary, and all Additional Bonds shall be on a parity and rank equally with the Bonds initially issued under the Trust Agreement.

Disposition of Available PFC Revenues

So long as Available PFC Revenues are pledged under the Trust Agreement, all Available PFC Revenues received by the Authority shall be deposited into the PFC Revenue Fund and shall be set aside or disposed of on the first business day of each month as set forth below:

(A) The moneys in the PFC Revenue Fund shall first be transferred to the Trustee for deposit into the Interest Account, the Principal Account and the Redemption Account, respectively, that portion of each monthly deposit requirements therein that are attributable to the debt service requirements with respect to the PFC Bonds;

(B) The moneys in the PFC Revenue Fund shall next be used to fund any deficiency in the Reserve Fund (or any special account therein) allocable to or set aside for the benefit of PFC Bonds or any separate series thereof;

(C) The moneys in the PFC Revenue Fund shall next be used for the payment of debt service on, and other required deposits with respect to, PFC Indebtedness of the Authority (including reimbursement obligations to credit providers) having a lien on the PFC Revenues which, by their terms, is expressly made junior and subordinate to the lien thereon in favor of the holders of Bonds issued under the Trust Agreement;

(D) The moneys in the PFC Revenue Fund shall next be applied to replenish funds in the Revenue Fund that were used to pay or to satisfy the monthly deposit requirements with respect to the principal of, interest on or redemption premiums with respect to PFC Bonds that were paid or allocated from non-PFC Revenues because PFC Revenues at the time of such deposit requirements were insufficient or ineligible for such purposes; and

(E) After making the deposits or payments provided in subsections (A) through (D), above, including all deficiencies for prior required payments, the Authority shall on the first business day of each month, withdraw all moneys then remaining in the PFC Fund and not otherwise set aside for such purposes and deposit the same into the PFC Capital Fund.

Funds in the PFC Capital Fund may be used by the Authority for any lawful purpose in accordance with the PFC Act, the PFC Regulations and the PFC Approvals.

Issuance of Additional Bonds

To the extent necessary to provide funds to pay the cost of constructing or acquiring additions, extensions and improvements to the Airport System, Additional Bonds may be issued under and secured by the Trust Agreement at one time or from time to time. Such Additional Bonds shall be dated and shall bear interest at a rate or rates not exceeding the legal rate, and shall mature in such years and amounts all as shall be determined by resolution of the Authority.

Before such Additional Bonds shall be authenticated and delivered by the Trustee, there shall be filed with the Trustee, in addition to documents evidencing appropriate proceedings by the Authority, the following:

(A) A statement signed by the Executive Director or Senior Director of Finance 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 the 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

(B) 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 referred to 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).

For purposes of the Trust Agreement, 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.

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 have collected, or shall be projected to collect, as the case may be, sufficient rates and charges under its Rate Covenant so that the actual or projected Revenues, as the case may be, 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.

If Available PFC Revenues are included in determining compliance with the foregoing requirements, 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 Fiscal Years immediately preceding the year the report of the Airport Consultant is issued;

(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 therein, in an amount equal to the lesser of (x) the Available PFC Revenues reflected in the statement of the independent certified public accountant and (y) 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 clause (A) or (B) above 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.

The Trustee will not authenticate and deliver Additional Bonds until it shall have first received the statement required by subparagraphs (A) or (B) above.

Refunding and Completion Bonds.

The Authority may issue Additional Bonds under the Trust Agreement without complying with the requirements set forth above:

(A) To complete projects specifically authorized and theretofore funded with Additional Bonds under the Trust Agreement, provided that the aggregate principal amount of such completion Bonds does not exceed 15% of the aggregate principal amount of the Bonds or portions of Bonds issued to fund such projects; and

(B) To refund any Bond or Bonds Outstanding under the Trust Agreement, provided that prior to the issuance of refunding Bonds, the Airport Consultant or another qualified independent consultant must deliver to the Trustee a statement stating (i) that, in each Fiscal Year, the debt service with respect to the refunding Bonds will be equal to or less than the debt service with respect to the Bonds to be refunded, or (ii) (a) that the aggregate debt service with respect to all Bonds Outstanding after the issuance of the refunding Bonds (excluding the Bonds to be refunded and including the refunding Bonds) will be equal to or less than the aggregate debt service with respect to all Bonds Outstanding prior to the

issuance of the refunding Bonds, and (b) that the Maximum Bond Service Requirement with respect to all Bonds Outstanding after the issuance of the refunding Bonds (excluding the Bonds to be refunded and including the refunding Bonds) will be equal to or less than the Maximum Bond Service Requirement on all Bonds Outstanding prior to the issuance of the refunding Bonds. For purposes of the foregoing, if the Outstanding Bonds or the proposed refunding of Additional Bonds, or both, include Variable Rate Bonds, the assumed interest rate thereon for purposes of the foregoing calculations will be determined in accordance with the procedures set forth in the definition of Debt Service Requirement, determined on or as of the date of calculation.

Sale of Property

The Authority has covenanted that until the Bonds and the interest thereon shall have been paid or provision for such payment shall have been made, and except as otherwise permitted by the terms of the Trust Agreement, it will not sell or otherwise dispose of or encumber the Airport System, or any part thereof, and it will not create or permit to be created any charge or lien on the Revenues derived therefrom or other moneys pledged pursuant to the Trust Agreement other than with respect to Additional Bonds and with respect to subordinated indebtedness issued in compliance therewith. The Authority may, however, from time to time, sell for fair and reasonable value, any of the property comprising a part of the Airport System determined by a resolution duly adopted by the Authority to be no longer necessary, useful or profitable in the operation thereof. If the property to be sold shall consist of movable facilities, such proceeds may be used for the acquisition of other movable facilities, or if not so used, the proceeds derived from the sale of such movable facilities shall be used in the manner provided in the Trust Agreement for the proceeds of the sale of real estate. The proceeds derived from the sale of any real property, including any improvements thereon, may be deposited in the Surplus Fund, and any of such proceeds not so used shall be deposited in the Redemption Account in the Sinking Fund and used as provided in the Trust Agreement for such Redemption Account.

Special Purpose Bonds

The term "Special Purpose Facilities" is defined as hangars, aircraft overhaul, maintenance or repair shops, motels, hotels, storage facilities and garages, cargo handling buildings, and other similar facilities, which in each case, except for motels or hotels, are not located in the Airport terminal complex, and the cost of construction and acquisition of which facilities are financed with the proceeds of Special Purpose Bonds issued pursuant to the Trust Agreement.

Any Special Purpose Bonds issued shall be revenue bonds payable solely from rentals or other charges derived by the Authority under and pursuant to a lease or leases relating to the Special Purpose Facilities entered into by and between the Authority, as lessor, and such person, firm or corporation, either public or private, as shall lease, as lessee, the Special Purpose Facilities from the Authority. Special Purpose Bonds may be issued by the Authority notwithstanding the limitations, restrictions and conditions relating to the issuance of *pari passu* Additional Bonds or other obligations. Before any Special Purpose Facilities shall be constructed or acquired by the Authority, the Authority shall adopt a resolution describing in reasonable detail the Special Purpose Bonds to finance the cost of construction or acquisition of such Special Purpose Facilities and prescribing the rights, duties, remedies and obligations of the Authority and the holders, from time to time, of such Special Purpose Bonds.

Special Purpose Bonds shall not be issued by the Authority unless the Airport Consultant shall have filed with the Authority a certificate, executed by the Airport Consultant, certifying: (1) the estimated rentals or other charges to be derived by the Authority under and pursuant to the leases, loan agreements, promissory notes or other payment arrangements relating to the Special Purpose Facilities then being financed with such Special Purpose Bonds will be at least sufficient to pay the principal of and

interest on such Special Purpose Bonds as they mature and become due, all costs of operating and maintaining such Special Purpose Facilities not paid for by the lessee thereof and all sinking fund, reserve or other payments required by the resolution authorizing the Special Purpose Bonds as they become due; and (2) the construction and operation of such Special Purpose Facilities will not decrease the Revenues to be derived by the Authority from the Airport System. Special Purpose Bonds shall not be issued by the Authority until the Authority has entered into a lease which lease shall be for a term at least as long as the period during which such Special Purpose Bonds are Outstanding and unpaid and which shall provide for annual payments to the Authority, in addition to all rentals and other charges for the use of the Special Purpose Facilities, of ground rent in an amount which is determined by the parties to such lease to be a fair and reasonable rental for the land on which said Special Purpose Facilities are constructed.

Insurance

The Authority covenants that it will insure or cause to be insured the properties or facilities of the Airport System against physical loss or damage under procedures, in amounts and subject to such exceptions as may be approved by the Airport Consultant, and also such public liability insurance and war risk insurance to the extent obtainable in such amounts as are necessary and desirable in accordance with procedures recommended by the Airport Consultant.

Airport Consultant

The Authority will employ, from time to time, as necessary to comply with the requirements of the Trust Agreement, an Airport Consultant to inspect the Airport System and to make reports and recommendations with respect thereto and with respect to the rentals and other charges for the use of the Facilities and Services of the Airport System.

Audits and Reports

The Authority covenants that it or the Trustee or, where applicable, the Special Trustee, will keep an accurate record of the Revenues derived from the Airport System, and any other moneys pledged under the Trust Agreement, and of the application of such revenues or other moneys pledged. Such records shall be open to inspection of Bondholders and their agents and representatives at all reasonable times.

The Authority further covenants that within four (4) months after the close of each Fiscal Year it will cause an audit to be made of its books and accounts relating to the Airport System during the preceding Fiscal Year by an independent and recognized certified public accountant not in the regular employ of the Authority.

Remedies of Bondholders

The Trust Agreement defines events of default as including, among other things, the failure to pay the principal of and any redemption premium on any of the Bonds when the same shall become due and payable, whether at maturity or upon call for redemption, the failure to pay interest within 30 days after the same shall become due and payable and the default, after 30 days' written notice thereof by the Trustee, in the due and punctual performance of any other of the covenants or provisions in the Bonds or in the Trust Agreement.

In the event of such default, the Trustee may proceed, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds shall proceed, subject to the provisions of the Trust Agreement relating to indemnity, to protect and enforce its rights

and the rights of the Bondholders by such suits, actions or special proceedings in equity or at law or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Trust Agreement or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. Such remedies include the right of acceleration under certain circumstances.

The Trust Agreement permits the holders of a majority in principal amount of the Bonds then Outstanding, subject to the provisions of the Trust Agreement relating to indemnity, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Trust Agreement.

No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any right under the Trust Agreement unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds shall have made written request of the Trustee and shall have afforded the Trustee a reasonable opportunity either to exercise its granted powers or to institute such action, suit or proceeding, and unless there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

The Trustee is under no obligation to take any remedial action under the Trust Agreement unless it shall first be indemnified against all costs, expenses, outlays and counsel fees and other reasonable disbursements and against all liability.

Modification of Trust Agreement

The Authority and the Trustee may, without the consent of the Bondholders, from time to time and at any time, enter into such Supplemental Trust Agreements as shall not be inconsistent with the terms and provisions of the Trust Agreement (which Supplemental Trust Agreements shall thereafter form a part thereof):

(a) To cure any ambiguity or formal defect or omission in the Trust Agreement or in any Supplemental Trust Agreement; or

(b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee; or

(c) To make any other changes or modifications to or to otherwise amend the Trust Agreement in any manner that does not materially adversely affect the interests or rights of any of the holders of the Bonds issued pursuant to the terms thereof and then Outstanding. In addition, no such amendment shall affect the payment of debt service on the Bonds when due unless the Bond Insurer shall have first consented to such amendments.

The holders of not less than two-thirds in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee, as the case may be, of such Supplemental Trust Agreements as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, any of the terms or provisions contained in the Trust Agreement or in any Supplemental Trust Agreement; provided, however, that no such modification shall permit (a) an extension of the

maturity or the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or pledge of the Revenues derived from said Airport System or other moneys pledged ranking prior to the lien or pledge created by the Trust Agreement for the Bonds, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Trust Agreement.

If at any time the Authority shall request the Trustee to enter into any Supplemental Trust Agreement for any of the purposes permitted in the preceding paragraph, the Trustee shall, at the expense of the Authority, cause notice of the proposed execution of such Supplemental Trust Agreement to be published in a financial newspaper or journal published in the English language in the City of New York, New York, and, on or before the date of the publication of such notice; the Trustee shall also cause a similar notice to be mailed, postage prepaid, to all registered owners of Bonds then Outstanding at their addresses as they appear on the registration books and to all other Bondholders who have filed their names and addresses with the Trustee for such purposes. Failure of the Trustee to mail such notice shall not affect the validity of such Supplemental Trust Agreement when consented to and approved as provided above.

Whenever, at any time within one year after the date of the first publication of such notice, the Authority shall deliver to the Trustee an instrument or instruments purporting to be executed by the holders of not less than two-thirds in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Trust Agreement described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee may execute such Supplemental Trust Agreement in substantially such form, without liability or responsibility to any holder of any Bond, whether or not such holder shall have consented thereto.

Pursuant to Supplemental Trust Agreements, Bond Insurers have been given the right to consent to amendments to the Trust Agreement on behalf of the Registered Owners of the Bonds that they insure.

Defeasance

If all the Bonds have become due and payable, have been duly called for redemption or irrevocable instructions to call such Bonds for redemption have been given by the Authority to the Trustee, and the whole amount of the principal, interest and premium, if any, due and payable upon all of the Bonds then Outstanding shall be paid, or sufficient money shall be held by the Trustee or the Paying Agents which, when invested in direct obligations of the United States of America maturing not later than the maturity dates of such principal, interest and redemption premiums, if any, will, together with the income realized on such investments, be sufficient to pay all such principal, interest and redemption premiums, if any, on said Bonds at the maturity or earlier redemption thereof, and provisions have also been made for paying all Qualified Hedge Payments, Reimbursement Obligations and Derivative Non-Scheduled Payments in accordance with their terms and all other sums payable under the Trust Agreement by the Authority, then and in that case the right, title and interest of the Trustee and any Special Trustee shall thereupon cease, determine and become void, and the Trustee and the Special Trustee shall turn over to the Authority any surplus in any account in the Sinking Fund and all balances remaining in any other funds or accounts other than the moneys held for redemption or payment of Bonds or coupons; otherwise the Trust Agreement shall be, continue and remain in full force and effect.

Miscellaneous

The Authority covenants that it will comply with the requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code, and any other requirements which, in bond counsel's opinion, are necessary to preserve the exclusion of interest on the Bonds from the gross income of the holders thereof for federal income tax purposes throughout the term of the issue. The Authority's covenants include the obligation to pay the amounts required to be paid to the United States pursuant to Section 148(f) of the Code (the "Rebate Amount") and to refrain from taking any action that would cause the Bonds to become arbitrage bonds under Section 148 of the Code.

The Authority covenants that it will establish and enforce reasonable rules and regulations governing the use and operation of the Airport System, and that it will at all times maintain the Airport System in good order and condition, except for normal wear and tear and to make or cause to be made all necessary and appropriate repairs and that it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Airport System.

The Authority covenants that it will not render or cause to be rendered any free service of any nature by the Airport System; provided, however, that the foregoing limitation shall not be applicable to space, services, privileges or facilities furnished to the Authority, or to the United States of America to the extent required under applicable laws under contracts which involve the granting of Federal aid to the Authority and to the extent required by applicable laws under instruments of transfer from other contracts with the United States of America.

Neither the Bonds nor the Trust Agreement create or constitute an indebtedness of the Authority, the County, the City or any other political subdivision in said County within the meaning of any constitutional or statutory debt limitation or provision, and it is expressly agreed that the Bonds and the obligations evidenced thereby shall not constitute nor be a lien upon any property of the Authority, the County, the City or any other political subdivision of said County, except the Revenues derived from the Airport System and other moneys pledged. No holder of the Bonds shall ever have the right to require or compel the exercise of the ad valorem taxing power of the Authority, the County, the City or any other political subdivision of the State of Florida, for the payment of the principal of or any interest on any Bonds or the making of any payments required by the Trust Agreement.

Nothing contained in the Trust Agreement shall be deemed to prevent the Authority from issuing any bonds or notes which are not secured by the Trust Agreement to finance the construction of any legally permissible airport or aviation-related facilities, or additions, extensions or improvements thereto, which are not a part of the Airport System, as long as the Airport Consultant shall state that in his opinion such airport or aviation facilities, or additions, extensions or improvements thereto, will not materially and adversely affect the Revenues to be derived from the Airport System, or the rights, security and remedies of the holders of Bonds issued pursuant to the Trust Agreement.

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APPENDIX D

PROPOSED CONCEPTUAL AMENDMENTS TO CERTAIN PROVISIONS OF THE TRUST AGREEMENT

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**PROPOSED CONCEPTUAL AMENDMENTS TO
CERTAIN PROVISIONS OF THE TRUST AGREEMENT**

All capitalized terms not otherwise defined herein shall have the meaning as given in the Trust Agreement.

Conceptual Amendments

The following are summaries of certain "conceptual" amendments to the Trust Agreement which the holders of the 2008 Bonds, by acceptance of their respective Bonds, shall have consented to and which conceptual amendments will become effective without additional bondholder consent, upon preparation and adoption of definitive provisions. The Authority and the Trustee may, without additional bondholder consent, prepare and incorporate definitive amendments to the Trust Agreement to the extent they are consistent with the conceptual amendments.

(a) The Trust Agreement may be amended to authorize and permit the issuance of zero coupon bonds, deep discount bonds, commercial paper, variable rate obligations, tender bonds, designated maturity bonds and other similar or dissimilar project financing vehicles, and derivative products related to such financing including hedges, caps, collars, swaps and similar products. It is contemplated within this general authorization that debt may mature and become payable as frequently as daily. Definitive provisions reflecting the intent of this paragraph will contain the methodology or techniques for calculating annual bond service requirements and similar provisions relating to the Rate Covenant, amounts deposited into the Reserve Fund, tests with respect to the issuance of Additional Bonds, the Bond Obligation to be used for voting and consent purposes, and the like. Provisions may also be added with respect to liquidity facilities required in connection with the issuance of such financing techniques. Any such changes in the Additional Bonds test, the methodology for calculation of the debt service requirements in any year, the Authority's Rate Covenant or the reserve funding requirements that arise from the issuance of such debt products shall be subject to the consent of the Bond Insurer, which consent will not be unreasonably withheld.

(b) The definition of "Gross Revenues" or "Revenues" may be amended to specifically exclude, in addition to the moneys theretofore excluded from the definition of that term, all the revenue sources available to the Authority that are not directly related to the handling of passengers and greeters to, from and around the airport facilities or the granting of rights in or with respect to the core terminal facilities. (Airline landing fees and parking revenues, and fees generated from leases and concessionaire agreements in or with respect to core terminal facilities, shall, for all purposes of the Trust Agreement, be treated as Gross Revenues.) Any such amendment shall provide that before it shall become effective, the Authority shall submit to the Trustee (i) a certificate to the effect that the remaining Revenues in the year in which the exclusion is to be made will be sufficient to meet the Authority's Rate Covenant in such year as described in the Trust Agreement and (ii) a certificate from an Airport Consultant reasonably acceptable to the Bond Insurers to the effect that, based on its projections and subject to customary assumptions and limitations, the deletion of such revenues from the lien of the Trust Agreement will not adversely affect the Authority's ability to meet the Authority's Rate Covenant in each of the five Fiscal Years following the effective date of such amendment.

(c) The Trust Agreement may be amended to provide that separate Construction Accounts may be established for each series of Additional Bonds and that the provisions with respect to such

Construction Accounts as set forth in Supplemental Trust Agreements executed in connection with such Additional Bonds may supersede any of the requirements for the Construction Fund contained in the Trust Agreement.

(d) The flow of funds contained in the Trust Agreement may be amended in the following respects:

(i) The Authority shall be free to add additional funds and accounts (including without limitation, accounts with respect to Subordinated Indebtedness and liquidity and credit enhancement products), to arrange the priority of such funds and accounts, and to delete funds and accounts, or modify their funding requirements, in each case with respect to such funds and accounts that are funded subsequent to the funding of the Reserve Fund (and subsequent to the funding of any accounts created for the payment of liquidity reimbursements and subordinated indebtedness if such accounts have been added); provided, however, that the deposit requirements with respect to the Operating Reserve Account as set forth in the Trust Agreement shall not be reduced or eliminated. In addition, the Authority shall not be restricted as to the amounts it may deposit in the Surplus Fund. If the flow of funds is modified pursuant to the foregoing, the Authority may in connection therewith, make concurrent amendments to the Authority's Rate Covenant to take into account the addition, deletion or modification of such funds or accounts; provided, however, that the Authority shall always be obligated to charge rates that will provide revenues sufficient to pay Operating Expenses and debt service on the Bonds when required or due, and to fully fund at least once each year the deposit requirements into the Operating Reserve Account and any capital replacement fund then in effect.

(ii) The specific provisions for deposits into the Sinking Fund may be added to comply with the funding requirements for commercial paper, variable rate obligations, demand obligations and similar types of financing structures that may be authorized pursuant to the Supplemental Trust Agreements.

(iii) Provisions of the Trust Agreement related to the Reserve Account may be amended to permit separate reserve accounts for each issue of Additional Bonds, and the funding requirements with respect thereto, all as specified in the Supplemental Trust Agreements executed in connection with such Additional Bonds. Following such amendment, the holders of Bonds of a Series will have a lien only on the reserve account created and funded with respect to such Bonds. It is intended that such Supplemental Trust Agreements may provide for the deferred funding of such reserve accounts, or contemplate reserve insurance, letters of credit, surety bonds or other reserve credit facilities in lieu of a cash reserve, and that the existence, sizing criteria and other matters with respect to reserves for any issue of Additional Bonds shall all be specified in each such Supplemental Trust Agreement.

(e) The Trust Agreement may be amended to permit the Authority to invest any of the funds and accounts held under or pursuant to the terms of the Trust Agreement, other than the Sinking Fund and the Reserve Fund, in any investments (and with such collateralization, if any, and maturity), as may be permitted for political subdivisions under the law of the State of Florida. The Reserve Fund including any subaccounts created therein with respect to the 2008 Bonds and all other Bonds outstanding prior to the issuance of the 2008 Bonds under the Trust Agreement shall remain subject to the investment limitations currently contained in the Trust Agreement.

(f) The Trust Agreement may be amended (i) to eliminate the right of acceleration for any Bonds outstanding and (ii) to permit the Bond Insurer with respect to any series of Additional Bonds, to exercise rights and remedies on behalf of the holders of Bonds it insures, in the manner and to the extent permitted pursuant to the terms of the Supplemental Trust Agreement executed in connection with the issuance of such Additional Bonds.

(g) The Trust Agreement may be amended to eliminate the preference in favor of the Trustee with respect to moneys held by it under the Trust Agreement, for payment of the fees and costs of the Trustee under the Trust Agreement and to allow the Authority to change the Trustee at any time without the consent of the holders of the Bonds.

(h) The Trust Agreement may be amended to permit any other amendments to the Trust Agreement that would not materially adversely affect the Authority's ability to meet the Authority's Rate Covenant; provided, however, that no such amendment that affects the payment of debt service on the Bonds when due shall be made without the consent of the Bond Insurer.

(i) The definition of "Special Purpose Facility" contained in the Trust Agreement may be amended to include any capital project generally relating to airport operations or ancillary services, wherever such projects may be located.

(j) The Trust Agreement may be amended to provide that the Authority may treat the Bond Insurer as the holder of all Bonds outstanding under the Trust Agreement that are insured by it, for all purposes of the Trust Agreement, or for any limited purpose specified in the Supplemental Trust Agreement executed in connection with such insured Additional Bonds.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE - AIRPORT USE AND LEASE AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE-AIRPORT USE AND LEASE AGREEMENT

In 1998, the Authority completed negotiations with certain airlines serving the Airport for a new Airline-Airport Use and Lease Agreement (the "Airline Agreement"). The Airline Agreement, which had an original seven-year term extending from October 1, 1999 through September 30, 2006, and recently extended to September 30, 2009 (the "Term"), defines the operational and financial relationship between the Authority and the airlines executing the Airline Agreement (the "Signatory Airline" or "Airlines"). The following sections present summaries of certain provisions of the new Airline Agreement.

Certain Definitions (Additional words and phrases used in this summary, and not defined here, shall have the meanings as defined in the Airline Agreement or the Trust Agreement, or shall have their usual and customary meaning.)

Air Transportation Business shall mean that business operated by Signatory Airlines at the Airport for the commercial transportation by air of persons, property, mail, parcels and/or cargo.

Air Transportation Company shall mean a legal entity engaged in the business of scheduled or non-scheduled commercial transportation by air of persons, property, mail, parcels and/or cargo.

Airfield shall mean 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 appurtenances related to the aeronautical use of the Airport, including any property purchased for noise mitigation purposes.

Airfield Cost and Revenue Center shall include all Investment Service (allocated by its proportional share of Recognized Net Investment), all direct and indirect O&M Expenditures, and operating Revenues for the Airfield.

Airline Premises shall mean those areas in the Terminal Complex assigned to Signatory Airlines as Exclusive Use Premises, Preferential Use Premises, or Common Use Premises.

Airline Supported Areas shall mean the direct and indirect O&M Expenditures and Investment Service charged to the Airfield Cost and Revenue Center and the Terminal Complex Cost and Revenue Center.

Airport shall mean Tampa International Airport, owned and operated by Authority, including all real property easements or any other interest therein as well as all improvements and appurtenances thereto, structures, buildings, fixtures, and all tangible personal property or interest in any of the foregoing, now or hereafter owned leased or operated by Authority.

Airport System shall mean all real property or any interest therein, including improvements thereto, structures, buildings, fixtures, and other personal property, which are located on the Airport, Peter O. Knight Airport, Plant City Airport, Vandenberg Airport, or any airport hereafter owned, leased or operated by Authority.

Airside Buildings shall mean the building or buildings at the Airport through which passenger aircraft are loaded or unloaded.

Capital Expenditure shall mean an expenditure, equal to or greater than \$50,000, made to acquire, purchase or construct a single capital item or project for the purpose(s) of improving, maintaining or developing the Airport System, and shall include expenses incurred for development, study, analysis, review, design, or planning efforts.

Common Use Premises shall mean those non-exclusive areas of the Airport (excluding Public Space), used in common by Signatory Airlines, along with other authorized users of the Airport, along with all facilities, improvements, equipment and services which are, or hereafter may be, provided for such common use.

Cost and Revenue Centers shall mean those areas or functional activities of the Airport System used for the purposes of accounting for Revenues, O&M Expenditures, and Investment Service.

Cost Centers shall mean those areas or functional activities of the Airport System used for the purposes of accounting for O&M Expenditures and Investment Service.

Coverage shall mean twenty-five percent (25%) of the Debt Service payable on Bonds in each Fiscal Year.

Exclusive Use Premises shall mean those portions of the Terminal Complex assigned exclusively to Signatory Airlines.

Fiscal Year shall mean the annual accounting period of the Authority for its general accounting purposes which, at the time of entering into this Airline Agreement, is the period of twelve consecutive months, ending with the last day of September of any year.

Investment Service shall mean, with respect to any Fiscal Year, the sum of (1) Debt Service (exclusive of capitalized interest) and Other Debt Service payable by Authority in that Fiscal Year; plus (2) Return on Authority Investment; plus (3) Coverage; less (4) a reduction for any interest earnings in the Debt Service Reserve Fund; less (5) a reduction for any interest earnings in the Redemption Account attributable to amounts transferred from the Surplus Fund.

Landing Fee shall mean a fee expressed in tenths of a cent per thousand pounds of the Maximum Gross Landed Weight of each type of Airline's aircraft and shall be multiplied by the total of all Maximum Gross Landed Weight for all Chargeable Landings of each type of aircraft landed at the Airport by Signatory Airlines.

Majority In Interest of Airlines (MII) shall apply only to the Airfield Cost and Revenue Center and 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.

Operating Expenditures (O&M Expenditures) shall mean all Operating Expenses, plus all expenditures with a unit cost less than \$50,000 for the cost of moveable equipment consisting of, but not limited to, fire fighting equipment, trucks, tractors and automotive equipment and other similar moveable equipment and for the purpose of paying the cost of rebuilding, reconstructing, altering, replacing and renewing the facilities of the Airport System, and construction and acquisition of improvements to capital assets of the Airport System.

Operating Expenses shall mean the current expenses, paid or accrued, of operation, maintenance, and ordinary current repairs of said Airport System and shall include, without limiting the generality of

the foregoing, insurance premiums, administrative expenses of the Authority relating solely to the Airport System, including engineering, architectural, legal, airport consultants, and accounting fees and expenses, and fees and expenses of the Trustee, and such other reasonable current expenses as shall be in accordance with sound accounting practice. Operating Expenses shall not include any allowance for depreciation or renewals or replacements or obsolescence of capital assets of the Airport System, or any operating expenses of Special Purpose Facilities buildings where the lessees thereof are obligated to pay such operating expenses.

Operating Reserve Requirement (O&M Reserve Requirement) shall mean the Trust Agreement requirement that a reserve be created and maintained at an amount at least equal to one-sixth of the annual budget then in effect for Operating Expenses.

Passenger Transfer System shall mean the passenger transfer equipment and facilities, including the stations located in the Terminal Building and the Airside Buildings.

Passenger Transfer System Cost Center shall include all Investment Service (allocated by its proportional share of Recognized Net Investment) and all direct, indirect and general administrative O&M Expenditures for the Passenger Transfer System. The costs of the Passenger Transfer System will be allocated to the Airside Buildings and an average rental rate developed based on total Airside Buildings rentable square feet. The Passenger Transfer System costs will then be differentiated to reflect the level of service provided each separate Airside Building based on the number of cars serving the Airside Building.

Preferential Use Premises shall mean those portions of the Terminal Complex and Terminal Aircraft Aprons assigned to Signatory Airlines, to which Signatory Airlines shall have priority over other users.

Recognized Net Investment shall mean Authority's cost of an improvement, equal to or greater than \$50,000, 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, inspection and surveillance by Authority engineer, condemnation, relocation expenses, brokers fees), reduced by the amount of any federal or state grant or PFC received by Authority therefor, shall be considered Recognized Net Investment beginning in the Fiscal Year in which the improvement or acquisition is completed.

Return on Authority Investment shall mean the return on Recognized Net Investment made by Authority after September 30, 1999 with its own Authority funds (not Bond proceeds; not proceeds from insurance resulting from casualty damage to or destruction of improvements on the Airport System; not federal or state grant funds; and not PFCs) for new capital improvements or acquisitions on the Airport System equal to the total of the annual amortization of the amount of each item of Recognized Net Investment over twenty-five (25) years in principal and interest amounts which together represent equal annual payments, with interest computed at Authority's True Interest Cost. For the Fiscal Year of acquisition or completion, only one-half of the annual amortization shall be recognized.

Revenue Fund shall mean that fund for the deposit of Revenues, as defined under the Trust Agreement, derived from the operation of the Airport System.

Revenues shall mean income accrued by Authority in accordance with generally accepted accounting practices, including investment earnings, from or in connection with the ownership or operation of the Airport System or any part thereof or the leasing or use thereof.

Scheduled Air Carrier shall mean any Air Transportation Company performing or desiring to perform, pursuant to published schedules, seasonal or non-seasonal commercial air transportation services over specified routes to and from the Airport and holding the necessary authority from the appropriate federal or state agencies to provide such transportation.

Signatory Airline shall mean an Air Transportation Company that leases at least one hold room in an Airside Building and space in the Terminal Building deemed sufficient by the Executive Director to support its operation, and has an agreement with the Authority substantially similar to this Airline Agreement. A wholly-owned (100 percent) subsidiary of a Signatory Airline, or the Signatory Airline's parent, will be treated as a Signatory Airline for the purposes of this Agreement provided that Airline shall guarantee payments required of its wholly-owned subsidiaries. An all-cargo Air Transportation Company shall be considered a Signatory Airline if it guarantees a minimum of 30,600 annual units of Maximum Gross Landed Weight throughout the Term of this Airline Agreement, leases facilities on the Airport from the Authority for a term at least equal to the Term of this Airline Agreement, and has an agreement with the Authority substantially similar to this Airline Agreement.

Terminal Building shall mean the passenger terminal building, and the mechanical and electrical service building, excluding the Airside Buildings.

Terminal Complex shall mean the Terminal Building and the Airside Buildings connected by means of the Passenger Transfer System, together, as they and any other passenger handling facilities exist at the Airport prior to and after completion of any improvements or expansion.

Terminal Complex Cost and Revenue Center shall include all Investment Service (allocated by its proportional share of Recognized Net Investment), all direct, indirect and general administrative O&M Expenditures, and operating Revenues for the Terminal Building and all of the Airside Buildings. Subsets of the Terminal Complex Cost and Revenue Center will consist of the Terminal Building and the Airside Buildings. Costs associated with the Passenger Transfer System Cost Center will be allocated to the Airside Buildings.

Trust Agreement shall mean the Trust Agreement dated October 1, 1968, as supplemented, amended and codified from time to time authorizing the issuance by Authority of Bonds or other financing obligations with respect to the Airport System.

Rentals, Fees, and Charges

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. 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. 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.

Rates and charges are calculated on an annual basis, 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.

Included in the rates and charges formulas are specific rebates of Debt Service Coverage and sharing of net remaining Revenues that are provided for only after all Trust Agreement requirements are met. The Airline Agreement also provides for Extraordinary Coverage Protection in which the Signatory Airlines shall pay in any Fiscal Year in which Revenues less O&M Expenditures and the O&M Reserve Requirement are projected to be less than the Debt Service Coverage requirement in the Trust Agreement, an amount sufficient for the Authority to satisfy this Trust Agreement requirement.

Two other key financial provisions in the Airline Agreement impacting the overall costs to Signatory Airlines are a Debt Service Coverage Rebate that will serve to reduce Signatory Airline rentals, fees, and charges in both the Airfield Cost and Revenue Center and Terminal Complex Cost and Revenue Center; and a "revenue sharing" provision that is based on a percentage distribution to the Signatory Airlines (15 percent in Fiscal Year 2001; 16 percent in Fiscal Year 2002; 17 percent in Fiscal Year 2003; 18 percent in Fiscal Year 2004; 19 percent in Fiscal Year 2005; and 20 percent in Fiscal Year 2006) of net remaining Revenues of the Airport System after satisfaction of all Trust Agreement requirements in each Fiscal Year. The extension of the Airline Agreement continues the 20 percent to the Signature Airlines through 2009.

When estimating the rates for rentals, fees, and charges for the ensuing Fiscal Year, the Authority shall also estimate the amount of Debt Service Coverage from the current Fiscal Year that will be available to reduce Signatory Airline rates for rentals, fees, and charges for the ensuing Fiscal Year.

Capital Expenditures

The Authority and Signatory Airlines recognize that Capital Expenditures to preserve, protect, enhance, expand, or otherwise improve the Airport System, or part thereof, will be required during the Term of the Agreement. The following Capital Expenditures shall be permitted to be undertaken by the Authority at any time and shall not be subject to consideration by the Signatory Airlines:

- A. New development, planning or expansion projects in the Airfield Cost and Revenue Center that have a gross project cost equal to or less than \$10.0 million.
- B. Renovation projects in the Terminal Complex Cost and Revenue Center with gross project cost equal to or less than \$10.0 million.
- C. Renovation projects in the Terminal Complex Cost and Revenue Center with a gross project cost exceeding \$10.0 million that have been approved in writing by at least one Signatory Airline leasing space in the Terminal Complex; provided, however, that recovery of the cost of any extraordinary finishes or equipment shall be treated as an Extraordinary Service Charge pursuant to Section 7.03.
- D. New or expanded facilities in the Terminal Complex Cost and Revenue Center that have been approved in writing by at least one Signatory Airline leasing space in the Terminal Complex; provided, however, that recovery of the cost of any extraordinary finishes or equipment shall be treated as an Extraordinary Service Charge pursuant to Section 7.03.
- E. Projects required by the FAA, the Department of Transportation or similar governmental authority, other than the Authority, having jurisdiction over the Airport.
- F. Projects to repair casualty damage to Airport property, which must be rebuilt or replaced in order for the Authority to meet its obligations pursuant to this Airline Agreement, the Trust Agreement, or agreements with other lessees at the Airport.

- G. Special Purpose Facilities for which, in all cases, the tenant(s) or other user(s) thereof shall be required to pay directly or reimburse Authority for all costs, including finance costs, associated with such facilities during the Term of this Agreement.
- H. Reasonable improvements or additions, including the associated costs therefor, necessary to settle lawful claims, satisfy judgments, or comply with judicial orders against Authority by reason of its ownership, operation, maintenance, or use of the Airport.
- I. Expenditures of an emergency nature which, if not made within forty-eight (48) hours, would result in the closing of any portion of the Airport.
- J. Projects undertaken in Cost Centers and Cost and Revenue Centers other than the Airfield Cost and Revenue Center and the Terminal Complex Cost and Revenue Center.
- K. Expenditures with a unit cost less than \$50,000 for the cost of moveable equipment consisting of, but not limited to, fire fighting equipment, trucks, tractors and automotive equipment and other similar moveable equipment and for the purpose of paying the cost of rebuilding, reconstructing, altering, replacing and renewing the facilities of the Airport System, and construction and acquisition of improvements to capital assets of the Airport System in which the total costs allocated to the Airfield Cost and Revenue Center and Terminal Complex Cost and Revenue Center, combined, are less than \$1.5 million in any Fiscal Year during the Term of this Airline Agreement.

Assignment, Subletting, and Handling Agreements

In the event that a Signatory Airline shall, directly or indirectly, assign, sell, hypothecate, or otherwise transfer this Airline Agreement, or any portion of Airline Premises, without the prior written consent of the Authority, the Authority may terminate this Airline Agreement upon thirty (30) days written notice.

A Signatory Airline shall not sublease Airline Premises without the prior written consent of the Authority, which consent may be withheld if the Authority has substantially similar space available but unleased, or if the Authority can make such space available for lease within a reasonable time. Failing in this, such prior consent shall not be unreasonably withheld.

In the event a Signatory Airline agrees to ground handle any portion of the operations of another Air Transportation Company, the Signatory Airline shall provide the Authority advance written notice of such proposed activities, including a description of the type and extent of services to be provided. A Signatory Airline shall not ground handle any Air Transportation Company which does not have consent of the Authority for the operation of its Air Transportation Business at the Airport, and a handling agreement between the Signatory Airline and the Air Transportation Company.

Availability of Adequate Facilities

The parties acknowledge the objective of the Authority to offer access to all Air Transportation Companies desiring to serve the Airport and to provide adequate gate positions and space in the Terminal Complex. Recognizing that physical and financial limitations may preclude timely expansion of the Terminal Complex and Terminal Aircraft Apron areas to meet the stated requests of Signatory Airlines and/or such other Air Transportation Companies for additional facilities, the Authority states in the Airline Agreement its intent to pursue the objective of achieving an optimum balance in the overall

utilization of the Terminal Complex and Terminal Aircraft Apron areas to be achieved, if necessary, through sharing, from time to time, of gate positions and other passenger handling facilities.

It is the policy of the Authority, to the extent practicable, to solve space problems in the following manner: first, through the Authority's leasing of unleased premises in the Terminal Complex; second, through the use of Authority-approved subleases; third, through accommodation on Preferential Use Premises; fourth, through the expansion of the Terminal Complex, unless in the opinion of the Authority, physical, financial, or time limitations make expansion impractical; fifth, through the reassignment of Preferential Use Premises; and sixth, through accommodation on Exclusive Use Premises.

Subordination to Trust Agreement

This Agreement and all rights granted to Signatory Airlines hereunder are expressly subordinated and subject to the lien, covenants (including the Rate Covenant), and provisions of the pledges, transfer, hypothecation, or assignment made by the Authority in the Trust Agreement. The Authority and Signatory Airlines agree that to the extent required by the Trust Agreement or law, the holders of the Bonds or their designated representatives shall have the right to exercise any and all rights of the Authority hereunder.

The Authority shall notify Signatory Airlines in advance of any amendments or supplements to the Trust Agreement that would materially alter the terms and provisions of this Airline Agreement or materially impact the levels of rentals, fees, and charges paid by Signatory Airlines ("Material Amendments").

For any Material Amendments or supplements desired solely by the Authority for its own purposes, the Authority and Signatory Airlines shall use their best efforts to agree on the implementation. However, in the event the Authority and Signatory Airlines cannot agree on the implementation of any Material Amendments or supplements desired solely by the Authority for its own purposes, a Signatory Airline, in addition to cancellation rights provided elsewhere in the Airline Agreement, shall have the right to cancel the Airline Agreement upon thirty (30) days advance written notice.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Hillsborough County Aviation Authority (the "Issuer") in connection with the issuance of its Tampa International Airport Revenue Refunding Bonds, 2008 Series C (AMT) and its Tampa International Airport Revenue Refunding Bonds, 2008 Series D (Non-AMT) (collectively, the "Bonds"). The Bonds are being issued pursuant to the Resolution No. 2008-28 adopted by the Issuer on March 6, 2008 (the "Resolution") and a codified and restated Trust Agreement effective as of September 1, 2006 (the "2006 Trust Agreement"), by and between the Issuer and The Bank of New York (successor trustee to JPMorgan Chase Bank, N.A. which was successor trustee to The Chase Manhattan Bank National Association), New York, New York, as Trustee, as supplemented and amended by a Supplemental Trust Agreement dated as of May 1, 2008 (the "2008 Supplemental Trust Agreement" and, collectively with the 2006 Trust Agreement, the "Trust Agreement"). The Issuer covenants and agrees as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the holders of the Bonds and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Resolution and the Trust Agreement which apply to any capitalized term used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer, and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as the same may be amended from time to time.

"State" shall mean the State of Florida.

"State Repository" shall mean any public or private repository or entity designated by the State as a state information depository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer's fiscal year (presently ends September 30), commencing with the report for the 2008 fiscal year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report only if they are not available by that date so long as they are provided when they become available. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) the State Repository, if any, and (iii) Assured Guaranty Corp. (the "Insurer"), in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the name and address of each National Repository and the State Repository, if any, and the Insurer, and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the entities (Repositories and Insurer) to which it was provided.

SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3 (a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) an update of the following financial information and operating data from the Official Statement which are in tabular form:

1. Airline Passenger Traffic;
2. Top Markets for Tampa International Airport; and
3. Airline Market Shares of Enplaned Passengers.

Relating to information to be provided to the Repositories, the information provided under Section 4(b) may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions to or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of the holders of the Bonds;
8. Bond calls (other than scheduled mandatory redemption);
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds; and
11. Ratings changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible, determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) the State Repository, if any and (iii) the Insurer. Notwithstanding the foregoing, notice of Listed Events described in Sections 5(a)(8) and (9) need not be given under this Section 5 any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

SECTION 6. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and

may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be the Issuer.

SECTION 8. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of holders of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders of the Bonds or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. ADDITIONAL INFORMATION. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. DEFAULT. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement; provided, however, the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with the provisions of this Disclosure Agreement shall be an action to compel performance. A default under this

Disclosure Agreement shall not be deemed an Event of Default under the Resolution or the Trust Agreement.

SECTION 11. CENTRAL POST OFFICE. Notwithstanding anything contained herein to the contrary, any filing under this Disclosure Agreement may be made solely by transmitting said filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission ("SEC") has withdrawn the interpretation advice in its letter to the MAC dated September 7, 2004 or any other entity then recognized by the SEC as eligible to receive and submit filings to each Repository. Information provided as described in the foregoing sentence shall not have to be separately filed with any Repository.

SECTION 12. BENEFICIARIES. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders of the Bonds and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date as of May 7, 2008

Stephen J. Mitchell, Chairman

Countersigned:

Louis E. Miller, Executive Director

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Hillsborough County Aviation Authority, Florida

Name of Bond Issue: \$34,780,000 Tampa International Airport Revenue Refunding Bonds, 2008 Series C (AMT) and \$11,250,000 Tampa International Airport Revenue Refunding Bonds, 2008 Series D (Non-AMT);

Date of Issuance: May 7, 2008

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds issued pursuant to the Resolution No. 2008-28 duly adopted by the Issuer on March 6, 2008, as amended and/or supplemented, authorizing the issuance of the Bonds, and Sections 3 and 4(b) of the Continuing Disclosure Agreement dated as of May 7, 2008. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

ISSUER

By: _____
Name: _____
Title: _____

EXHIBIT B

Any filing under this Certificate to any of the Repositories listed below may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as the "Central Post Office" as provided by <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004, as reaffirmed in its letter to the MAC on October 3, 2007 or any other entity then recognized by the Securities and Exchange Commission as eligible to receive and submit filings to each Nationally Recognized Municipal Securities Information Repository.

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
<http://www.bloomberg.com/markets/rates/municontacts.html>
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
<http://www.dpcdata.com>
Email: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: 212-771-6999; 800-689-8466
Fax: 212-771-7390
<http://www.ftid.com>
Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
Email: nrmsir_repository@sandp.com

According to a Securities and Exchange Commission (the "SEC") press release dated April 27, 2007, a list of names and addresses of all designated Nationally Recognized Municipal Securities Information Repositories as of any point in time is available by visiting the SEC's website at www.sec.gov/info/municipal/nrmsir.htm.

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APPENDIX G

FORM OF CO-BOND COUNSEL OPINION

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APPENDIX G

PROPOSED FORM OF BOND COUNSEL OPINION

On the date of issuance of the 2008C/D Bonds in definitive form, Holland & Knight LLP, and Joyner & Jordan-Holmes, P.A., Co-Bond Counsel, propose to render their opinions in substantially the following form:

PRELIMINARY – SUBJECT TO CHANGE

_____, 2008

Hillsborough County Aviation Authority
Tampa International Airport
Tampa, Florida 33607

Re: Hillsborough County Aviation Authority \$34,780,000 Tampa International Airport Revenue Refunding Bonds, 2008 Series C (AMT) and \$11,250,000 Tampa International Airport Revenue Refunding Bonds, 2008 Series D (Non-AMT)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Hillsborough County Aviation Authority (the “Authority”) in connection with the issuance and sale by the Authority of its Tampa International Airport Revenue Refunding Bonds, 2008 Series C (AMT), in the aggregate principal amount of \$34,780,000 (the “2008C Bonds”) and its Tampa International Airport Revenue Refunding Bonds, 2008 Series D (Non-AMT) in the aggregate principal amount of \$11,250,000 (the “2008D Bonds,” and together with the 2008C Bonds, the “2008 Bonds”).

All terms used herein in capitalized form and not otherwise defined herein shall have the same meanings as ascribed to them under the Codified and Restated Trust Agreement effective as of September 1, 2006 (the “Codified Trust Agreement”), as supplemented and amended from time to time including by a Supplemental Trust Agreement dated as of May 1, 2008 (the “Supplemental Trust Agreement”), each by and between the Authority and The Bank of New York, New York, New York, as Trustee. The Codified Trust Agreement, as so supplemented and amended, and the Supplemental Trust Agreement are collectively referred to herein as the “Trust Agreement.”

The description of the 2008 Bonds in this opinion and other statements concerning the terms and conditions of the issuance of the 2008 Bonds do not purport to set forth all of the terms and conditions of the 2008 Bonds or any other document relating to the issuance thereof, but are intended only to identify the 2008 Bonds and to describe briefly certain features thereof.

The 2008 Bonds are dated the date of their delivery, have been issued in fully registered form and bear interest from that date at the rates described in, and shall be subject to the terms and conditions set forth in, Resolution No. 2008-28 of the Authority pertaining to the 2008 Bonds adopted on March 6, 2008 (the "Resolution").

The 2008 Bonds are being issued for the purpose of refunding the Outstanding Tampa International Airport Variable Rate Revenue Refunding Bonds, 2006 Series C (AMT) and the Tampa International Airport Variable Rate Revenue Refunding Bonds, 2006 Series D (Non-AMT) (collectively, the "Refunded Bonds").

Pursuant to the Trust Agreement, the principal of and all interest on the 2008 Bonds are payable from and secured by a lien upon and pledge of the Revenues derived by the Authority from the operation of the Airport System to the extent and in the manner described in the Trust Agreement. The 2008 Bonds are payable from such Revenues on a parity with the Hillsborough County Aviation Authority Tampa International Airport Revenue Bonds, 1996 Series B, the Hillsborough County Aviation Authority Tampa International Airport Revenue Refunding Bonds, 1999 Series A, the Hillsborough County Aviation Authority Tampa International Airport Revenue Refunding Bonds, 2001 Series A, the Hillsborough County Aviation Authority Tampa International Airport Revenue Bonds, 2003 Series A and B, the Hillsborough County Aviation Authority Tampa International Airport Revenue Refunding Bonds, 2003 Series C (Non-AMT), the Hillsborough County Aviation Authority Tampa International Airport Revenue Refunding Bonds, 2003 Series D (AMT), the Hillsborough County Aviation Authority Tampa International Airport Revenue Bonds, 2005 Series A (AMT), the Hillsborough County Aviation Authority Tampa International Airport Revenue Refunding Bonds, 2005 Series B (Non-AMT), the Hillsborough County Aviation Authority Tampa International Airport Revenue Refunding Bonds, 2006 Series A (AMT) and the Hillsborough County Aviation Authority Tampa International Airport Revenue Refunding Bonds, 2006 Series B (Non-AMT) and the \$133,000,000 Tampa International Airport Revenue Bonds, 2008 Series A (AMT) and the \$16,725,000 Tampa International Airport Revenue Bonds, 2008 Series B (Non-AMT) being issued concurrently with the 2008 Bonds on the date hereof, and with Additional Bonds hereafter issued pursuant to the terms of the Trust Agreement.

The 2008 Bonds and the obligations evidenced thereby do not constitute a general indebtedness of the Authority, Hillsborough County, the City of Tampa, or any other political subdivision of the State of Florida within the meaning of any constitutional, statutory or charter provision or limitation and shall not constitute a lien on any property of the Authority other than such Revenues and other funds pledged pursuant to the Trust Agreement. Bondholders do not have the right to require or compel the exercise of the ad valorem taxing power of any entity to pay the 2008 Bonds.

In rendering the opinions set forth below, we have examined certified copies of the Trust Agreement and are relying on the covenants and agreements of the Authority contained therein,

including, without limitation, the covenant of the Authority to comply with the applicable requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder, to the extent necessary to preserve the exclusion of interest on the 2008 Bonds from gross income for federal income tax purposes.

We have also examined certified copies of the proceedings of the Authority, and other information submitted to us relative to the issuance and sale by the Authority of the 2008 Bonds. In addition to the foregoing, we have examined and relied upon such other agreements, documents, certificates and opinions, including certificates and representations of public officials, and officers and representatives of various parties participating in this transaction, as we have deemed relevant and necessary in connection with the opinions set forth below. Reference is made to the opinion of even date herewith of Gigi Skipper Rechel, General Counsel of the Authority, on which we rely as to the due creation and valid existence of the Authority, the due adoption of the Resolution, the due authorization, execution and delivery of the Trust Agreement, the 2008 Bonds and all documents associated with the issuance thereof, and the compliance by the Authority with all conditions precedent to the sale and delivery of the 2008 Bonds. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in such agreements, documents, certificates, representations and opinions, and have relied solely on the facts, estimates and circumstances described and set forth therein.

In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based upon and subject to the foregoing, we are of the opinion that:

(1) The 2008 Bonds are valid and legally binding special obligations of the Authority, payable solely from the Revenues and other funds pledged therefor in the manner and to the extent described in the Trust Agreement.

(2) Under existing law, the interest on the 2008 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, except that no opinion is expressed as to the exclusion from gross income of interest on any 2008C Bond for any period during which such 2008C Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of a project refinanced with the proceeds of the 2008C Bonds, or a "related person" to such a "substantial user."

It should be noted that interest on the 2008C Bonds will be treated as an item of tax preference for purposes of the federal alternative minimum tax imposed by the Code, and will be includable in the alternative minimum taxable income of a holder of such 2008C Bonds. Interest on the 2008D Bonds will not be treated as an item of tax preference for purposes of the federal alternative minimum tax. It should be noted, however, that, with respect to certain corporations (as defined for federal income tax purposes), interest on the 2008D Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax.

The opinions expressed in the preceding two paragraphs are conditioned upon compliance by the Authority with its covenants relating to certain arbitrage rebate and other tax requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code (including, without limitation, its covenants to comply with the requirements contained in Section 148 of the Code and, with respect to the 2008D Bonds, not to use any proceeds of such 2008D Bonds or the facilities refinanced therewith in a manner that would cause the 2008D Bonds to be classified as private activity bonds under Section 141(b) of the Code), to the extent necessary to preserve the exclusion of interest on the 2008 Bonds from gross income for federal income tax purposes. Failure of the Authority to comply with such requirements could cause the interest on the 2008 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2008 Bonds.

Other provisions of the Code may give rise to adverse federal income tax consequences to particular holders of the 2008 Bonds. The scope of the foregoing opinions is limited to matters addressed above and no opinion is expressed hereby regarding other federal tax consequences that may arise due to ownership of the 2008 Bonds.

We express no opinion regarding any state tax consequences of acquiring, carrying, owning, or disposing of the 2008 Bonds. Owners of the 2008 Bonds should consult their tax advisors regarding the applicability of any state tax consequences of owning the 2008 Bonds.

Our opinions expressed herein are predicated upon current facts and circumstances, and upon present laws and interpretations thereof. We assume no affirmative obligation to update our opinions expressed herein if such facts, circumstances or laws or interpretations thereof change after the date of this opinion that may adversely affect the opinions contained herein or the exclusion from gross income of interest on the 2008 Bonds for federal income tax purposes even if such changes come to our attention.

All opinions as to legal obligations of the Authority set forth above are subject to and limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws, in each case relating to or affecting the enforcement of creditors' rights, (b) applicable laws or equitable principles that may

affect remedies or injunctive or other equitable relief, and (c) judicial discretion which may be exercised in applicable cases to adversely affect the enforcement of certain rights or remedies.

This opinion shall not be deemed or treated as an offering circular, prospectus or official statement, and is not intended in any way to be a disclosure document used in connection with the sale or delivery of the 2008 Bonds.

In rendering the opinions expressed herein, we have relied without independent investigation upon schedules and certificates as to the delivery of redemption notices and the deposit with the Escrow Agent, Trustee or Paying Agent, in trust for the holders of the Refunded Bonds, of amounts sufficient to pay the full redemption price of the Refunded Bonds on the date such Refunded Bonds have been called for redemption.

In addition, in rendering the opinions set forth above we have not been requested to pass upon, and have not passed upon, the validity of any Use and Lease Agreement or other agreements between the Authority and air carriers, rental car companies and concessionaires utilizing the Airport System.

We have not been engaged or undertaken to review, confirm or verify and therefore express no opinion as to the accuracy, completeness, fairness or sufficiency of any of the statements in the Official Statement relating to the 2008 Bonds, including the appendices thereto or other offering material relating to the 2008 Bonds (except to the extent stated in the Official Statement). In addition, we have not been engaged to and therefore express no opinion regarding the perfection or priority of the lien on Revenues or other funds created by the Trust Agreement, or as to the compliance by the Authority or the underwriters with any federal or state statute, regulation or ruling with respect to the sale or distribution of the 2008 Bonds.

This letter is solely for your benefit and may not be relied upon by, or published or communicated to, any other person without our express written consent. Our opinion is limited solely to the matters stated herein, and no opinion is to be implied or is intended beyond the opinions expressly stated herein.

Sincerely,

HOLLAND & KNIGHT LLP

JOYNER & JORDAN-HOLMES, P.A.

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APPENDIX H

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

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Assured Guaranty Corp.
1325 Avenue of the Americas
New York, NY 10019
t. 212.974.0100
www.assuredguaranty.com

Financial Guaranty Insurance Policy

Issuer:

Policy No.:

Obligations:

Premium:

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("Assured Guaranty"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "Trustee") or the paying agent (the "Paying Agent") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Avoided Payment" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "Business Day" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "Due for Payment" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "Holder" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "Insured Payments" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "Nonpayment" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "Receipt" or "Received" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 1325 Avenue of the Americas, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department - Public Finance Surveillance, with a copy to the General Counsel, or to such other address as shall be specified by Assured Guaranty to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the

next Business Day. "Term" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the "Fiscal Agent") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty's rights and remedies, including, without limitation, its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.

(SEAL)

ASSURED GUARANTY CORP.

By: _____
[Insert Authorized Signatory Name]
[Insert Authorized Signatory Title]

Signature attested to by:

Counsel

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