Columbus Regional Airport Authority
Airport Revenue Bonds

Executive Summary

Kroll Bond Rating Agency (KBRA) affirms the long-term rating of **AA-** with a **Stable Outlook** on the Columbus Regional Airport Authority's (CRAA) Airport Revenue Bonds. This rating applies to all of the Authority's outstanding Airport Revenue debt, except for bonds backed by a letter of credit or liquidity facility. As of October 30, 2016, the Authority had approximately $91.6 million of airport revenue bonds outstanding.

This affirmation is based on KBRA's **U.S. General Airport Revenue Bond Methodology**. KBRA's rating evaluation of the long-term credit quality of general airport revenue bonds focuses on six key rating determinants:

- Management
- Economics and Demographics of Service Area
- Airport Utilization
- Airport Debt and Capital Needs
- Airport Finances
- Legal Mechanics and Security Provisions

In the process of affirming the rating, KBRA reviewed multiple sources of information and spoke with airport management. Further information may be found in the **Columbus Regional Airport Authority, Airport Revenue Bonds** rating report published on October 22, 2014.

Security Provisions

The Airport Revenue Bonds are special obligations of the Authority, payable solely from and secured by a pledge of the net revenues of Port Columbus International Airport (CMH) and Bolton Field, and a lien upon the Revenue Fund, Debt Service Fund and the Debt Service Reserve Fund. Rickenbacker International Airport is not designated as an airport for purposes of the Trust Indenture. Neither the revenues nor expenses of Rickenbacker are included for purposes of calculating compliance with the rate covenant nor additional bonds test.

Port Columbus International Airport was renamed to John Glenn International Airport on June 28, 2016. The change was made to honor the Ohio native and to recognize the importance of John Glenn Jr.'s achievements as an aviator, public servant, and catalyst for space exploration and scientific advancement in the United States.

Key Rating Strengths
• Strong management team has implemented critical policies, funded capital needs largely from internal sources, and overseen financial operations in a responsible manner.
• Diverse, well-performing economic base underpins airport activity.
• Absence of airline concentration and strictly origin and destination nature of activity confers stability.
• Debt levels are extremely low.
• Ample debt service coverage and highly liquid finances.

Key Rating Concerns
• Enplanement activity has been largely static for an extended period despite growth in enplanements that occurred in 2015.
• Relative proximity of competing airports, which may limit potential for increased airline service.

Rating Summary

KBRA believes that CRAA exhibits many favorable credit features that in combination provide strong bondholder security for a relatively modest amount of outstanding debt. Rating strengths include a very capable, long-tenured management team with varied experience that has implemented policies and procedures that support well-maintained operations. An additional strength is the 10 county Metropolitan Statistical Area (MSA) for John Glenn International Airport (CMH) that is economically diverse and includes Ohio's largest city, which is the state capital, and home to Ohio State University. The regional economy has historically out-performed both the State of Ohio and the U.S., and population is growing. A mix of airlines serves CMH, and there is no carrier concentration. Airport traffic at CMH is almost exclusively origin and destination (O&D), and therefore is not vulnerable to the type of de-hubbing that has characterized many surrounding regional airports. Enplanement trends have been largely static, which is attributable to several factors that include economic cycles, proximity of other Midwestern metropolitan airports, and marginal growth in the number of available seats at CMH. Despite the absence of significant and sustained passenger growth, financial operations are favorable, with ample debt service coverage levels. CRAA has been able to address the bulk of its capital needs without having to enter the capital markets, and debt levels are extremely low.

KBRA views the regional economy as strong, based on the stabilizing influence of the state capital, Ohio State University, and the attendant economic activity that stems from their presence. The economy is further diversified by a sizable financial sector and array of Fortune 500 companies.

CMH enplanement trends since 2000 have been uneven. There were declines recorded during the early 2000's recession and the aftermath of September 11, and during the reduction and elimination of America West's regional hub in 2002-03. The establishment of a primary hub for start-up airline Skybus in 2007 was followed closely by the cessation of operations in 2008, and the more recent global financial crisis. More recently, enplanements at CMH have grown by an average annual growth rate of 0.4% between 2010 and 2015 with improved annual growth rates of 1.2% and 6.9% in 2014 and 2015, respectively.

Despite the irregular passenger activity trends, CRAA has maintained very positive financial operations. Coverage has been far in excess of the 1.25x Master Indenture rate covenant, averaging more than 2.8x over the past five years. The Authority's Signatory Airline Operating Agreement and Lease contains a revenue sharing component that necessitates a minimum of 2.0x debt service coverage and reserves equal to one year's operating expenses. The five-year Agreement began on January 1 of 2015, and continues the general framework established in the prior agreement, including compensatory rate-making for the terminal, and a residual airfield and apron. Two key changes are favorable to CRAA, including a new approach to revenue sharing, and expansion of airline leased space. The revenue sharing component has acted to depress airline costs, which declined from $8.88 per enplanement in 2013 to $7.54 per enplanement in 2015. The Authority is sensitive to higher airline costs, and has strived to control expenses in its financial planning to remain below a $10.00 per enplanement threshold in future years. Non-airline revenue growth has been steady, and has lessened pressure on airline costs. Non-airline revenues are high on a per enplanement basis. The ratio of unrestricted cash to operating expenses was a sizable 395 days as of December 31, 2015, and is estimated to be 398 days as of July 31, 2016, which is above CMH's one-year operating reserve policy.

CRAA's capital spending is notable for the limited use of debt financing. The Authority has relied extensively on internally generated funds, Airport Improvement Program (AIP) and other grants, and passenger facility charge (PFC) revenues. At present there is approximately $91.6 million in airport revenue bonds outstanding. Debt metrics are very low on a per enplanement basis. The Airport's current capital program covers the period between 2016 and 2021. Spending is estimated at $295.2 million for CMH, more than half of which is consolidated rental car facility related, with an additional $2.8 million for Bolton Field, the Authority's general aviation facility. Rickenbacker Field and Global Logistics Park, mainly a cargo facility, will receive $48.5 million in capital program related funding. The Authority is far along in its capital cycle. However, there may be borrowing for a new passenger terminal as early as the late 2020s. At that time, there would be no general airport debt outstanding. The airfield has ample capacity, which has recently been augmented by the completion of the new south replacement runway, which by virtue of its placement 700 feet further south than the former runway confers additional takeoff and landing capacity. Debt service is level at approximately $11.7 million through 2021, and thereafter declines to $9.1 million with all bonds maturing by 2030.

Based on review of the six KBRA Rating Determinants included in the KBRA Methodology for rating U.S. General Airport Revenue Bonds, KBRA has assigned a rating to each Rating Determinant, which is summarized as follows:

Management: Favorable

Economics and Demographics of the Service Area: AA-

Airport Utilization: A+

Airport Debt and Capital Needs: AAA

Airport Finances: AA+

Legal Mechanics and Security Provisions: AA

Outlook: Stable

The Stable Outlook reflects KBRA's expectation that passenger traffic will remain stable, borrowing levels will approximate what is currently anticipated, debt service coverage levels will remain robust, and non-airline revenues will continue to temper the need for significant increases in airline payments.
In KBRA's view, the following factors may contribute to a rating upgrade:

- An accelerated passenger traffic growth trend coupled with maintenance of favorable debt metrics and positive financial results

In KBRA's view, the following factors may contribute to a downgrade of the rating:

- Unanticipated large capital costs beyond what has been disclosed that sharply increase debt levels
- Significant narrowing of debt service coverage margins
- Loss of passenger enplanements to competing airports

Bankruptcy Assessment

KBRA has consulted outside counsel and it is KBRA's understanding that for an entity to be an eligible debtor under Chapter 9 of the U.S. Bankruptcy Code (the "Bankruptcy Code"), the municipal bankruptcy provisions of the Bankruptcy Code, the entity must: (i) be a "municipality" as defined under the Bankruptcy Code; (ii) be specifically authorized under state law to file a Chapter 9 petition; (iii) be insolvent (meaning that the municipality is generally not paying its undisputed debts as they come due or is unable to pay its debts as they come due); (iv) desire to adjust its debts; and (v) either have obtained agreement of certain creditors, have attempted to negotiate in good faith without obtaining agreement, be unable to negotiate because of impracticability, or believe that a creditor is attempting to obtain a preferential transfer under the Bankruptcy Code. With respect to the first requirement under the Bankruptcy Code, that a debtor be a "municipality", it is KBRA's understanding that CRAA qualifies as a municipality, and is eligible to file a petition for Chapter 9, if it is insolvent or unable to pay its debts, subject to prior approval of the Ohio tax commissioner. It is, however, KBRA's understanding that the provisions of Ohio law containing the authorization for Ohio municipalities to file a petition for Chapter 9 have recently been amended and appear to create ambiguity by miss-reference, and if strictly applied, could lead a bankruptcy court to find that the CRRA is not eligible to file a petition under Chapter 9. It is also KBRA's understanding that since the bonds are secured by net revenues from the operation, use, and services of CMH and Bolton Field, such revenues would be considered "special revenues". Thus the pledged revenues should be protected from the automatic stay provisions under the Bankruptcy Code and, assuming the sufficiency of the pledged revenue after the payment of necessary operating expenses, the lien on pledged revenues remains valid. Furthermore, it is KBRA's understanding that the pledge could also be a statutory lien, providing further protection. However, KBRA is not aware of any specific case considering pledged airport-related special revenues in a Chapter 9 proceeding involving an Ohio municipality like CRAA.

Key Rating Determinants

Rating Determinant 1: Governance and Management

John Glenn International Airport was operated as an enterprise of the City of Columbus from its opening in 1929 through late 1991. On July 30, 1990 the Columbus City Council created the Columbus Municipal Airport Authority pursuant to the provisions of the Ohio Revised Code Sections 4582.21 through 4582.99 ("the Act"). This was done to provide greater operational flexibility and more focused attention on aviation at John Glenn International Airport and Bolton Field, a reliever airport also owned by the City of Columbus. On November 10, 1991, the Authority began operations under the 50-year Airport Operation and Use Agreement (City Use Agreement) with the City of Columbus. Under the City Use Agreement, the City retained title to John Glenn International Airport and Bolton Field. Following the retirement of all airport-related City general obligation bonds in December 2007, both airports were transferred to the Authority and the use agreement was terminated.

In 2001, the County of Franklin Board of Commissioners approached officials of the City with the idea of creating a regional authority that would oversee the airports managed by the Authority and Rickenbacker Port Authority (RPA) (Rickenbacker International Airport). In December 2002, the County, City, and CMAA entered into a Port Authority Consolidation and Joinder Agreement with an effective date of January 1, 2003. Under the Agreement, the RPA was dissolved and the CMAA, the surviving entity, was renamed the Columbus Regional Airport Authority (CRAA). The County also agreed to contribute $43.3 million over 10 years to assist in the transaction.

John Glenn International is the primary passenger airport for central Ohio, and contributed 87.2% of the Authority's revenues in 2015. Rickenbacker accounted for 12.3% of 2015 revenues, and is the primary cargo airport for the region. It provides limited scheduled passenger service and has a significant military presence. Bolton Field represents the balance of 2015 revenues and serves corporate and general aviation. Only CMH and Bolton are defined as airports for purposes of the Master Indenture. Revenues from operations at Rickenbacker are not pledged to bond repayment. John Glenn and Bolton Field are located inside the City, while Rickenbacker is situated outside of the City in Franklin County.

CRAA's vision is "connecting Ohio with the World." Its mission statement is "to develop and operate our aviation system assets in a manner that provides passengers, businesses, and the community the highest level of service, safety, satisfaction and economic benefit." Broad core values are embodied, as are strategies to strengthen organization, operation, and financial performance, and regional economic impact. KBRA believes CRAA's policies and practices are well aligned with strategic objectives, and underscore management strengths. The management team has significant airport and industry experience, and has maintained a favorable relationship with airlines that has allowed for seamless renegotiation of a use and lease agreement that ensures ample debt service coverage, and strong liquidity, while sharing revenues with the airlines. Capital needs have been accommodated, while debt levels are extremely low.

Governance

The Act provides that all powers of the Authority are vested in a Board of Directors. A nine-member Board, composed of business and community leaders, and jointly appointed by the City of Columbus and County of Franklin, governs the Authority. The Mayor of Columbus, with input from the City Council, appoints four members; four members are appointed by the County Commissioners, and one member is jointly appointed. Members serve staggered four-year terms and are eligible for reappointment. The full Board meets monthly from January through November. Its various committees include Air Service Development, Business Development, Facilities and Services, Finance and Audit, and Human Resources. The Board appoints the Airport Authority's President and Chief Executive Officer who is responsible for day-to-day operations of the Airport. Reporting to the President and CEO are five direct reports who have responsibility in the areas of business development and communications, finances, operations, real estate, asset management, and human resources and strategy. Authority full-time personnel approximate 400 employees.

Management Experience

Elaine Roberts, A.A.E., the President and Chief Executive Officer joined CRAA in early 2001. Prior to joining the Authority, she was employed as Executive Director by the Rhode Island Airport Corporation, which operates T.F. Green (Providence) Airport and five other state-owned airports for six years. Roberts began her airport management career with the Indianapolis Airport Authority in 1983, where she served for 12 years. Roberts is an Accredited Airport Executive (AAE) and has served in a number of capacities within the American Association of Airport Executives, and is past Chair of the National Board its national board. She also serves on the Policy Review Committee and the Board of International Association of Airport Executives.

Randy Bush, CPA, CGMA, CIA is Chief Financial Officer, and has served in that capacity since late 2013. He has been employed by the Authority since 1992. Immediately prior to his present appointment, he was Director of Finance and Administration for five years, and has also served as Director of Parking, Transportation, and Audit Services. He is currently a member of the Airport Council International Finance Committee. Paul Streitenberger, CPA, is Director of Accounting and Finance, and has been at the Authority for since 2011 overseeing aspects of accounting, audit and finance.

CRAA's Strategy Map

CRAA's planning and decision making stems from its vision, mission, and core values, and is embodied in its Strategy Map, which lays out goals and objectives under the broad categories of "People", "Process and Technology", "Financial", and "Customer & Community", with the respective overarching goals of "Building a Productive and Engaged Workforce", "Accomplish Organizational Effectiveness", "Inspire Innovation", "Achieve Operational Excellence", Strengthen Financial Health", and Maximize Regional Economic Growth", "Champion Social Responsibility", and "Exceed Customer Expectations. Strategic, financial, risk management, capital planning, and employee training practices are addressed here. Annual Priorities Dashboards are created which identify strategic initiatives for that year, attach performance measures, and assign Authority staff responsibility. CRAA's Balanced Scorecard measures quarterly and year-to-date progress on key initiatives set each year. The intention is to clarify expectations, promote consistency, facilitate feedback, foster understanding, and improve decision-making.

Key Policies and Procedures
CRAA has enacted various policies to ensure that operations are maintained and potential risks are accounted for. A variety of risk assessments are undertaken. These include Authority-wide enterprise risk management, and business succession plans for all critical businesses.

Debt Policy
The debt policy requires the Authority to seek Board of Directors approval, usually on an annual basis, for capital projects planned through its capital improvement plan. The Finance Committee of the Board of Directors is required to review and approve the recommendations of the Authority Chief Financial Officer regarding the issuance of debt obligations. A range of debt instruments may be employed, and the policy precludes bond or note proceeds from being used to fund operating expenses. The duration of bond issues reflects the expected life of the project being financed. Where appropriate, existing cash should be considered for funding capital improvements, but only to the extent it does not weaken necessary cash reserves. The formal policy requires cash reserve levels to be maintained at least equal to one year's operating expenses and net revenues equal at least 2.00x debt service requirements (1.25x rate covenant).

The Authority has a stated goal of minimizing the amount of debt outstanding prior to the design and construction of a new terminal complex that, at present, is not expected before the late-2020s. The use of interest rate swaps or any form of derivatives is prohibited. Outstanding general airport revenue bonds (GARBs) are targeted not to exceed $40 per enplaned passenger. The airline cost per enplanement (CPE) is targeted not to exceed $10.00. The Authority typically avoids leasing costs related equipment, vehicle, and similar assets, choosing instead to fund those costs from reserves. All debt obligations have a maximum maturity of the earlier of: (1) the estimated useful life of the capital improvement being financed; or (2) the estimated useful life of the revenue stream funding the capital improvement; or (3) thirty years; or (4) in the event of refinancing outstanding debt obligations, the final maturity of the debt obligations being refinanced. Debt may be in a fixed or variable rate mode. The preference is to have a level overall debt structure, when issuing additional debt. However, an increasing debt service structure may be considered appropriate, but must be evaluated before proceeding.

Enterprise Risk Management
The CRAA has devoted significant attention to enterprise risk management (ERM) as a core function throughout the organization. A cross-functional risk management team meets quarterly to discuss new risks. Over 325 organizational risks are being managed. The Authority focuses on top risks, and considers the following risks to be the most critical: (1) inability to fund capital programs; (2) project management process and communication; (3) aircraft accident or incident on the airfield; (4) training, development, and succession planning; (5) cyber risks; (6) continuity of operations, disaster recovery, and evacuation planning.

Succession Planning
The Authority-wide effort on succession planning was initiated in 2011, and is updated annually. The impetus behind the initiative was the expectation, at that time, that key leadership roles would be vacant over the next five years due to retirements, and planning ahead for future changes is necessary, as is developing employee "bench" strength. The Authority's approach is tied to its Talent Management Strategy. Key components are: (1) the identification, assessment and development of leadership talent; (2) transfer of institutional and technical knowledge; (3) focus on enterprise-wide leadership roles.

Succession planning is ongoing. Key positions are targeted and staff is being prepared to qualify for these positions. The potential for vacancies in leadership and other key positions, and the readiness of current employees to assume those positions has been assessed. Strategies for mentoring, and formal training have been formulated, as have been individual development plans. Individual performance is monitored as is related organizational "bench" strength creation.

Budgetary Process

The budgetary process begins in June of each year. Each department manager estimates the expected costs to be incurred for the upcoming year. Revenues are estimated based on history, projected increases and market trends within the aviation industry. The President and CEO holds the responsibility of submitting budgets for operating revenues and expenses and capital improvements to the Board for approval at least 30 days prior to the beginning of each fiscal year. The budget can be amended by the board subsequent to its adoption. There is a monthly look-back, revenues and expenditure performance of each department is reviewed by members of the accounting/finance team, who report back to the Board.

Capital Improvement Program Annual Financial Feasibility Analysis

The Authority undertakes an annual financial feasibility review to determine the affordability of the capital program. The analysis incorporates all projects in the Authority's five-year capital improvement program (CIP). The current year is used as a base year with separate assumed inflation factors for airfield projects and other projects. The analysis is updated annually or more frequently if changing conditions warrant. The current year operating budget is escalated based on various inflation assumptions. The analysis produces detailed financial results that include the amount, timing, and type of debt required. Also generated are pro-forma operating results, including airline rates, cost per enplanement (CPE), cash flow, and liquidity reserves. This analysis is used internally and shared with airlines and rating agencies.

Based on the foregoing, KBRA continues to view Columbus Regional Airport Authority's Governance and Management as consistent with a "Favorable" Rating Determinant rating.

Rating Determinant 2: Economics/Demographics of the Service Area

Growing Population Base Supports Air Travel

CRAA's primary service area is the Columbus MSA, which includes 10 counties, encompassing 3,170 square miles. An extended secondary air service area also exists. The borders of this extended service area are established by the location of air service provided from Akron, Cincinnati, Cleveland, Dayton and Toledo in Ohio, and Charleston, West Virginia. The level of competition between these air service regions appears marginal, although there may be some limited overlap at the boundaries. At a minimum there may be some benefit to Port Columbus from the de-hubbing of Cincinnati and Cleveland. The reduction in flights by Delta and United, respectively, at these airports with the closures of their associated hubs may make Port Columbus in certain instances a more attractive option for travelers.

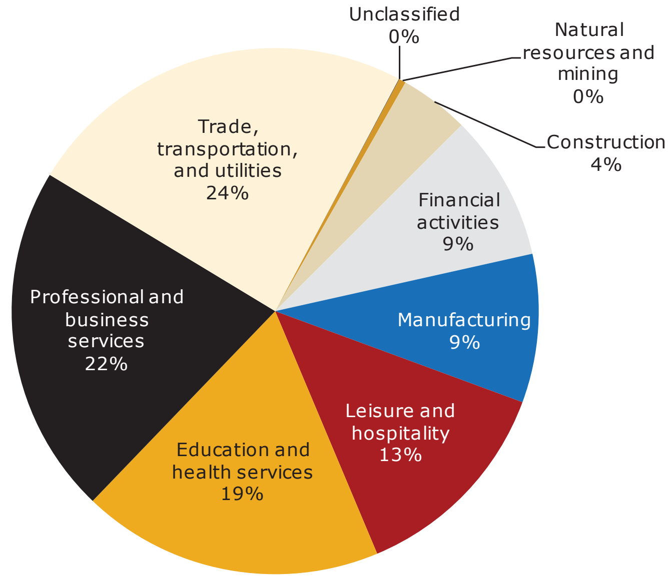
The population of the MSA in 2015 was 2.02 million, up from 1.9 million in 2010 and 1.6 million in 2000. It is one of the fastest growing MSAs outside of the Sun Belt, and is a key component of Ohio's population and economic growth. The City of Columbus, the largest city in Ohio and the State capital, is the fifteenth largest city in the U.S. The region's population base and central location in the State form the basis for a largely stable trend of O&D traffic at CMH. The City's location, which is a one-day truck drive to 47% of the U.S. population, and enhanced freight rail connections to East coast ports in Norfolk, VA; Baltimore, MD; and Wilmington, NC have positioned the region well as a distribution center. Rickenbacker International Airport, with its air and road transport companies, on and off-airport warehouses, and railroad intermodal partnership is poised for continued air cargo growth.

	Columbus MSA		Ohio			United States		
	2015	Chg from 2010	2015	Chg from 2010	Columbus MSA as % of Ohio	2015	Chg from 2010	Columbus MSA as % of United States
Population	2,021,632	6.3%	11,613,423	0.7%		321,418,821	3.9%	
Age Dependency Ratio[1 2]	57.0%	31.4	62.6%	2.2	**91.0%**	60.7%	1.8	**93.9%**
Population with B.A. Degree or higher[2]	35.0%	2.5	26.8%	10.8	**130.6%**	30.6%	2.4	**114.4%**
Poverty Level[2]	14.2%	0.1	14.8%	0.6	**95.9%**	14.7%	-0.6	**96.6%**
Income per capita	$30,559	10.5%	$28,001	11.5%	**109.1%**	$29,979	15.0%	**101.9%**

Source: U.S. Census Bureau is used as the source in order to provide a consistent comparison among different units of government.
1 Age dependency ratio is the sum of the population under 18 yrs and over 65 yrs divided by persons age 18 to 64 yrs.
2 Year over year change shown as nominal change in percentage points.

The MSA population growth rate has been in excess of the U.S. rate. Personal income per capita exceeds the Ohio and U.S. averages, despite this figure being depressed somewhat by the large student presence in the region. The Ohio State University, with an enrollment in excess of 57,000, has the largest student population of any campus in the U.S. The presence of more than 60 additional campuses raises total enrollment to more than 136,000 students. This large institutional presence is reflected in the relatively high level of educational attainment. Housing values follow the general nationwide trend where the MSA's average home value is roughly 20% above its pre-recession peak, according to Zillow. Housing values for the Columbus MSA are relatively low and affordability is high.

Employment Diversity of Columbus, OH MSA CY2015



Source: U.S. Bureau of Labor Statistics

Diversified Business Environment

The Columbus MSA has a generally strong and diverse economy, where no one sector accounts for more than 25% employment. Finance and insurance, advanced manufacturing, health, logistics, and other industries complement the presence of The Ohio State University and the State capital.

Fifteen Fortune 1000 companies, including five Fortune 500 companies, are headquartered in the region. These companies include Cardinal Health Inc., Nationwide Mutual Insurance Company, American Electric Power (A.E.P.), LBrands Inc., and Big Lots. The largest private sector employers are Ohio Health and JPMorgan Chase & Co. with approximately 20,000 employees, followed by Nationwide Insurance with more than 12,000 employees, and the Kroger Company with in excess of 10,000 employees. The Columbus MSA has more than 450 internationally owned companies, including companies from Japan, the United Kingdom, and Canada. Columbus is home to significant medical research and related institutions, such as the Battelle Memorial Institute (an applied science and technology development company), the Wexner Medical Center at Ohio State University, and the Research Institute at Nationwide Children's Hospital. Ohio State University is the largest public sector employer with over 30,000 employees, while the State of Ohio employs more than 23,500. The region's non-agricultural employment base is a key driver in support of O&D enplanement activity at CMH.

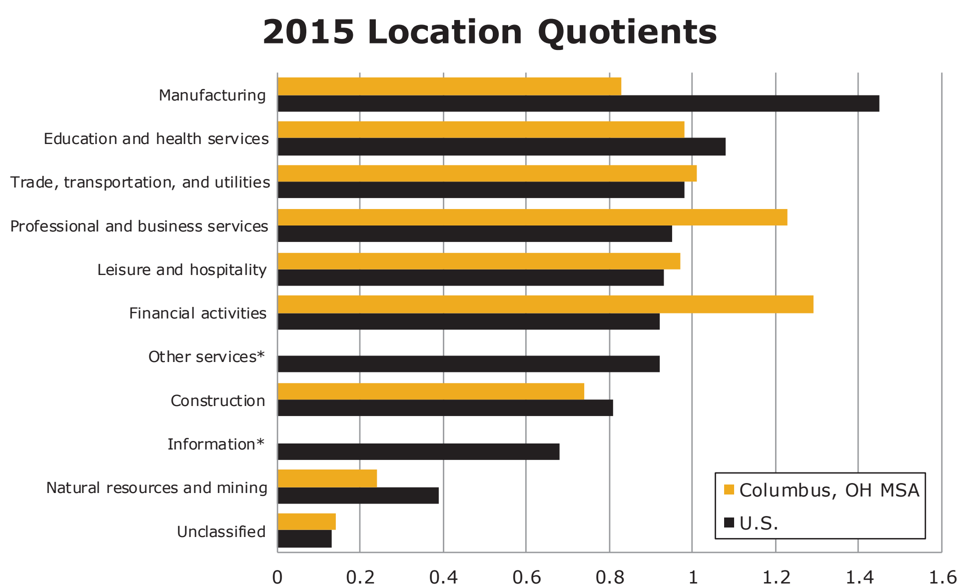
A large educated workforce, combined with strong research capabilities has resulted in the region becoming one of the fastest growing technology hubs in the U.S. Columbus was ranked eighth in the U.S.

for technology job growth by Praxis Research Group in 2012. According to Colliers International, Columbus ranked lowest in average asking rent for tech and R&D space in a third quarter 2013 survey.

The Columbus MSA is home to 62 college and university campuses with a total enrollment of more than 136,000 students. In addition to Ohio State, other campuses include Columbus State Community College, Franklin University, Otterbein University, Denison University, and Kenyon College. Ohio State is highly ranked among all universities in industry-sponsored research, with leading programs in biological engineering, agricultural engineering, computer engineering, and material sciences. The University holds research partnerships with over 300 companies in the State of Ohio, including over 100 in metropolitan Columbus.

Employment Base More Resilient Than State/Nation

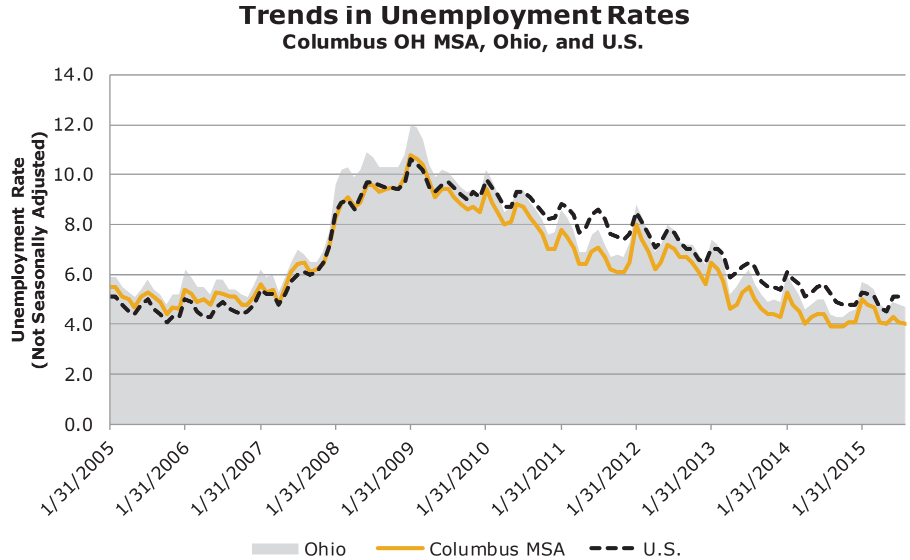
The Columbus MSA employment base is different than the State's as a whole. The 2015 Location Quotients below measure how the MSA's employment differs from the U.S. They are a good indicator of why unemployment rates in the Columbus MSA are historically below comparable State and U.S. averages. The scale on the x-axis measures distinctions with the U.S., with 1.0 representing the U.S. median. The MSA has a significantly higher concentration in employment in financial activities and professional and business services, which tend to be more skilled, and higher paying occupations, that are less susceptible to economic downturns. A greater percentage of Ohio workers are employed in manufacturing, a group that was disproportionately affected by the Great Recession, than in Columbus or the in nation as a whole.



Source: U.S. Bureau of Labor Statistics
* Data for "Information" and "Other Services" subsectors are not available

This dissimilarity in employment base composition may explain historical differences in employment and unemployment rate trends. The Columbus MSA lost relatively fewer jobs than the State of Ohio and the U.S. during and in the aftermath of the recession. Similarly, although the Columbus MSA unemployment rate peaked at 10.8% in January 2010, it has remained approximately one percentage point below the State of Ohio rate (12% peak January 2010), and below the U.S. rate, which peaked at 10.6% in January 2010. As of September 2016, a 4.0% unemployment rate was reported for the MSA, compared to 4.7%

for the State, and well below the U.S. rate of 5.0%. Columbus has historically recorded the lowest unemployment rate of Ohio MSA's.



Source: U.S. Bureau of Labor Statistics

Based on the foregoing, KBRA has maintained the AA- Rating Determinant rating on Columbus Regional Airport Authority's service area economic/demographics.

Rating Determinant 3: Airport Utilization

Diverse Carrier Mix; Strong Air Cargo Presence

CMH is a medium-sized hub, situated six miles east from downtown Columbus. It is almost exclusively origin and destination, and is characterized by the varied market share of its airlines. The Airport is primarily served by five airlines: Southwest, American, Delta, United, Air Canada Express, and Frontier. Based on CRAA's first quarter 2016 Traffic Report, Southwest Airlines represented 32.9% of enplanements; American Airlines (including US Airways) was next at 28.0% followed by Delta at 24.3%, and United at 14.0%. KBRA believes that carrier participation at these levels is indicative of a stable airline mix. In June 2016, Frontier Airlines entered into the market and became the sixth airline company providing service at CMH.

The Airport has two parallel runways. In 2013, a new south runway opened, replacing the existing runway, which now serves as a parallel taxiway. The new runway, 700 feet further south from the existing north runway than the old runway was, enables greater capacity by safely permitting simultaneous takeoffs and landings. It also creates room for the footprint of a new passenger terminal, when needed.

Given the airfield capacity, the CMH has over 150 peak day departures to 40 destinations. Southwest initiated service expansion in 2015 to Oakland, Dallas (Love Field), Washington, D.C. (Reagan National), and Boston; Frontier launched new destinations to Denver, Las Vegas, Orlando, and Philadelphia. In addition, Vacation Express has also added new seasonal service to Punta Cana.

Rickenbacker International Airport, located ten miles south of downtown Columbus, is one of the world's few cargo-dedicated airports, and is part of Rickenbacker Inland Port, a multi-modal logistics hub with a favorable location for distribution to U.S. and Canadian consumers. It is referred to as an inland port because there is no natural body of water for ships, but there is rail and trucking in addition to air service.

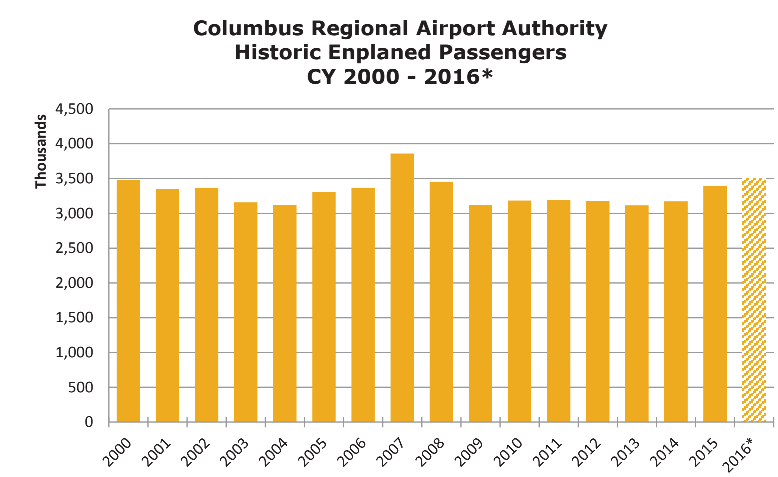
The airport also offers limited passenger service through its charter terminal. In 2016, Allegiant has launched new seasonal services to Jacksonville, New Orleans, and Savannah.

The Norfolk Southern Rickenbacker Intermodal Terminal brings together rail and truck transportation, and is capable of handling 400,000 containers. CSX Corporation also provides rail service. CEVA and Towne Air Freight are among many trucking companies serving the facility. Air Cargo operators at Rickenbacker include FedEx, UPS, Cargo Lux, and Cathay Pacific Cargo.

Also included in the inland port is the Rickenbacker Global Logistics Park, which includes 1,576 acres on five campuses surrounding the airport and the intermodal terminal. Central Ohio is considered a prime area for distribution since 47% of the U.S. population and 35% of the Canadian population is within a 500-mile radius, as is 50% of all U.S. manufacturing. The Authority has entered into a Master Development Agreement (MDA) with a developer under which the Authority will sell property developed through the MDA and use the proceeds as an endowment for Rickenbacker or to fund revenue producing projects. Current projection of potential proceeds is $50 million–$75 million.

Enplanement Trends

Year-to-year enplanement activity has followed an irregular pattern resulting in little overall change in passenger traffic since 2000. Included in the activity figures was America West's reduction, followed by the elimination of its regional hub at the Airport in 2002 and 2003, and the establishment of a primary hub at the Airport for start-up airline Skybus in 2007, followed by cessation of operations in 2008. Over the succeeding five years the trend was more stable. Since 2014, activity has rebounded, with enplanements up 1.9% in 2014 and 6.9% in 2015. From January to July 2016, enplanements increased by another 8.3% compared to the same period in 2015. The recent improvement is attributable to increased demand tied to the economic rebound, and gains in available seats as airline usage of larger aircraft becomes more prevalent. Since 2000, CMH has been affected by exogenous events like 9/11 terrorist attacks and the recession, which resulted in passenger activity reductions and available seat declines. The number of seats decreased by 15.1% between 2003 and 2013, equivalent to a compound average annual decline of 1.6%. Between 2013 and 2015 the number of available seats has increased by 6.2%. An additional dampening effect on traffic is CMH's proximity to numerous Midwestern and northeastern cities. As scheduled flights became more limited and airfares increase, shorter haul leisure air travel has been replaced to a degree by automobiles and other transportation modes. Notwithstanding these adverse effects on passenger traffic, CMH exhibits metrics that underscore its value to its airlines. Available seat trends in 2016 follows that of 2015 closely, in which the first quarter seat trend equals approximately 25% of the 2015 total. Carrier yield for all airlines operating at CMH is above the system average of Southwest Airlines, CMH's primary carrier. Load factors, however, are slightly lower than the Southwest system average for the past five years. In KBRA's opinion, CMH continues to maintain a highly competitive position for airline operations with high airline yields and average load factors.



**Enplanement according to 2016 Budget*

Source: Columbus Regional Airport Authority

Air Carrier Market Shares Port Columbus International Airport
For the 10 Years Ended December 31, 2015

	Market Share Percentage	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Southwest Airlines [3]	35.0%	2,377,201	2,033,400	1,651,723	1,783,944	1,796,696	1,713,855	1,695,002	1,781,405	1,643,557	1,521,778
AirTran Airways	-	-	77,415	423,509	381,670	380,337	-	-	-	-	-
American Airlines Group	27.3%	1,853,766	936,617	815,779	824,959	787,556	746,322	739,273	821,772	956,494	817,197
US Airways	-	-	935,069	944,344	905,789	946,018	952,168	941,864	1,091,472	1,138,854	1,147,376
Delta Airlines [1]	22.9%	1,557,554	1,470,983	1,425,673	1,482,740	1,452,169	1,430,551	883,794	1,019,877	1,209,366	1,232,978
Northwest	-	-	-	-	-	-	-	493,543	546,485	525,810	604,941
United Airlines [2]	13.5%	917,109	835,235	898,478	904,514	543,080	554,292	558,088	641,690	700,422	682,027
Continental	-	-	-	-	-	340,083	817,446	800,804	498,364	513,554	493,613
Air Canada Jazz	0.8%	52,704	43,632	39,435	33,805	35,607	32,690	26,007	39,059	39,692	41,079
Frontier [4]	-	-	472	19,113	14,516	80,860	98,673	73,284	79,100	80,189	43,441
Jetblue Airways	-	-	-	-	-	-	-	-	2,674	230,769	52,416
Skybus	-	-	-	-	-	-	-	-	352,155	635,274	-
Independence Air	-	-	-	-	-	-	-	-	-	-	969
Commercial Total	**99.4%**	**6,758,334**	**6,332,823**	**6,218,054**	**6,331,937**	**6,362,406**	**6,345,997**	**6,211,659**	**6,874,053**	**7,673,981**	**6,637,815**
Scheduled	0.2%	10,414	9,829	11,157	7,398	7,154	6,840	6,915	18,383	26,767	29,414
Non-Scheduled	0.4%	27,466	13,322	7,317	11,111	9,162	13,354	14,911	17,609	18,592	12,761
Charter Total	**0.6%**	**37,880**	**23,151**	**18,474**	**18,509**	**16,316**	**20,194**	**21,826**	**35,992**	**45,359**	**42,175**
Total Passenger	**100.00%**	**6,796,214**	**6,355,974**	**6,236,528**	**6,350,446**	**6,378,722**	**6,366,191**	**6,233,485**	**6,910,045**	**7,719,340**	**6,679,990**

Source: The Authority's Accounting Department

(1) Northwest was merged Into Delta In January 2010
(2) Continental was merged into United in March 2012
(3) AirTran Airways was merged with Southwest in December 2014
(4) Frontier ceased operations in January 2014

Based on the foregoing, KBRA has affirmed Columbus Regional Airport Authority's A+ Rating Determinant rating on Airport Utilization.

Rating Determinant 4: Airport Debt/ Capital Needs

Debt Issuance Approach

The Authority's debt issuance adheres to a written debt management policy. KBRA views the Authority's capital planning as comprehensive and well thought out with a focus on minimizing borrowing. The analysis is updated annually or more frequently if project changes occur. The bulk of the Authority's outstanding debt is in the form of general airport revenue bonds (GARBs), secured by a lien on net airport revenues of CMH and Bolton Field. The Authority has been an infrequent participant in the capital markets; the last GARB new money issuance was in 1998. However, in March 2015, the Authority directly placed with Huntington Bank $40 million of Series 2015A and Series 2015B Revenue Bonds that are on parity with the Authority's Series 2013 general airport revenue bonds. Proceeds were used to partially refund the Authority's outstanding balance on its subordinated Revolving Bank Loan and Credit Facility (see below). In October of 2016 the Authority refunded the Series 2007 Bonds through a direct placement with Key Government Finance, Inc. (Key Bank). The refunding generated $9.4 million of net present value savings equal to 18.4% of the refunded par. The refunding maintained the level aggregate debt service of $11.5 million per year while significantly shortening the repayment period by applying approximately $7.4 million in debt service reserve fund amounts to reduce required borrowing. The Authority was able to apply amounts held within the Series 2007 debt service reserve fund because the Eighth Supplemental Trust Indenture, pursuant to which the Series 2016 Bonds are issued, does not require a debt service reserve fund.

The Authority has funded the vast majority of its capital needs from internal funds, federal and state grants, and passenger facility charges (PFC). There is approximately $91.6 million in outstanding GARB debt as of October 30, 2016. All GARB debt is in the form of fixed rate obligations, and matures in 2030. There are no swaps in effect, as the use of these instruments and derivatives in general, is prohibited by the Authority's Debt Policy. Nor is there any special facility debt outstanding.

The Authority also has subordinated debt outstanding under a Subordinated Obligations Trust Indenture and Credit Facility Agreement dated June 14, 2012. Under this Agreement, the Authority is authorized via a revolving loan in the form of Credit Facility Bonds to borrow up to $70 million from PNC Bank, the credit facility provider. The authorized maximum commitment decreases to $60 million, beginning January 1, 2015, $50 million beginning January 1, 2016, and $40 million beginning January 1, 2017, until maturity of the agreement on December 31, 2018. It is assumed that the facility will be renewed or replaced at that time under similar financial terms. If the credit facility is not renewed or replaced, the remaining balance will be paid off with future long term bond proceeds. The Authority has repaid draws on the facility with PFC and letter of intent (LOI) payments. Outstanding principal bears interest at a variable rate equal to the sum of LIBOR for that one-month LIBOR period multiplied by 0.72 plus 85 basis points (0.85%). The Authority incurs a commitment fee of 10 basis points (0.1%) on the unused portion of the facility. As of September 30, 2016, $2 million is outstanding.

Capital Program Overview

Estimated spending for the Authority's 2016-2021 capital program approximates $347 million. Of this total, approximately $295 million (85%) is for CMH, $49 million (14%) is for Rickenbacker and the Global Logistics Park, and $3 million (0.8%) is for Bolton Field.

John Glenn International Airport Projects

Four projects at CMH represent approximately 87% of the capital requirements ($295 million) at that Airport. Consolidated rental car facility ($151.7 million) is the largest project, accounting for about one-half of current capital program costs. This project is expected to commence in 2017. The Terminal Modernization Program (TMP), which began in October 2012, was completed in March 2016. Additional projects include Mid-Field development enabling projects, pavement management, and snow removal and AFM equipment replacement. The new south runway, which opened in 2013, is the Airport's most expensive capital project ever, with a total cost of $135 million. Approximately two-thirds of this project's costs were funded by Airport Improvement Program (AIP) grants. An on-site hotel opened in 2014, the first owned by the Authority, and is operated as a Fairfield Inn and Suites through a management agreement. Funding sources for the CIP include rental car facility charges (54% of funding), revolving credit facility draws supported by a LOI and PFCs (15%), internally generated funds (14%), AIP and other grants (11%), and pay-as-you-go PFCs (6%).

Rickenbacker International Airport and Global Logistics Park Projects

The total 2016-2021 CIP includes capital spending of $48.5 million for projects at these two facilities. A large proportion of the improvements are related to modification of standards (runway/taxiway paving), airside hanger acquisition for fixed-base operations, wetland and stream mitigation, and an air traffic control tower project. Internally generated funds and AIP grants (82.9%), with the balance contributed by other federal and state grants. In KBRA's opinion, the critical future challenge for the Authority at Rickenbacker will be generating sufficient excess revenues to meet ongoing capital needs necessary for additional infrastructure to support growth. A Franklin County subsidy, which provided $4.3 million annually through 2011, and $2.15 million in each of the next two years, ended in 2013. Break-even financial operations were recorded in fiscal year 2014 and an operating surplus of $1.5 million was achieved in FY 2015. An operating surplus of $491,000 was included in the 2016 budget.

Future Borrowing Plans

No additional GARB borrowing is contemplated prior to the late 2020s at the earliest. At that time a determination may be made to construct a new passenger terminal. It is likely that additional debt will need to be issued for the new terminal. However, at the time of such issuance, the Authority will have a minimal amount of general airport debt outstanding, as its outstanding GARB debt matures in 2030. While the amount of future borrowing has not been quantified, KBRA believes the Authority will be well-positioned to take on the additional debt at that juncture.

The Authority is in the initial planning phase of a consolidated rental car facility. The projected is expected to be funded solely from pay-as-you-go customer facility charges (CFC) and a special facility bond secured by CFCs. Bond issuance is anticipated in the first half of 2018. The need for the facility has been accelerated as parking constraints make it necessary to free-up spaces in the parking garage. The CFC was increased to $5.50 per day from $4.50 per day on September 1, 2015 and the Authority has approximately $40 million on-hand from this source.

History of Internal Capital Funding Contributes to Favorable Debt Ratios

The use of system-generated funds and reserves, supplemented by PFC and grant funding, results in low Authority debt ratios. In KBRA's opinion the Authority's operations are well positioned in relation to outstanding debt. Despite the increase due to the Series 2015 issuance, GARB debt per enplanement at $26.20 (based on projected 2016 enplanements) is very low for medium sized hubs. Annual debt service requirements are level at approximately $11.7 million through 2021, and then decline to about $9.1 million, before dropping off sharply in 2026 through 2030. All outstanding Bonds mature on January 1, 2030. Maximum annual debt service per enplanement, at approximately $3.34, is also extremely low based on KBRA's Airport Methodology. As has already been referenced, the Authority has exhibited an ability to fund even large capital projects like the south runway and terminal modernization with very little reliance on borrowing. If a determination is made to go ahead with a new terminal, land acquisition will not be required as the construction of the new runway creates a footprint for the new terminal.

Based on the foregoing, KBRA has affirmed Columbus Regional Airport Authority's AAA Rating Determinant rating on Airport/Debt Capital Needs.

Rating Determinant 5: Airport Finances

Cost Center and Account Structure

The Authority's financial operations are governed in large part by the Master Trust Indenture adopted in July 1994, which establishes the flow of funds and the rate covenant, among its provisions. Operations are also a function of the Signatory Airline Operating Agreement and Lease, a five-year agreement in place through year-end 2019, which lays out the financial obligations of both the airport and airlines, and determines the airport's rate setting and cost recovery mechanism. The Operating Agreement and Lease are hybrid in nature. They include a compensatory rate-making structure in the terminal that is based on leasable square footage, and a residual agreement covering the airfield and apron. Direct and indirect cost centers have been established to account for revenues and expenses, and related rentals, fees, and charges. The direct cost centers are the airfield, terminal building, apron, parking and ground transportation, other leased properties, and Bolton Field. The indirect cost centers are administration, general support facilities, and cost center additions and subtractions.

Operating Agreement and Lease

The present Agreement expires on December 31, 2019, and follows an agreement of similar duration. The current agreement began on January 1, 2015, and maintains the framework established by prior agreements. The key changes are a new approach to revenue sharing that connects airline enplanement activity with revenue sharing, as a means of encouraging increased passenger activity. The revenue sharing calculation, referred to as the General Airline Credit (GAC) now includes an average rate of $1.60 per enplaned passenger, and $250,000 additional sharing for each 0.5% of overall enplanement growth. Revenue sharing is contingent on maintaining at least one year's operating expenses in the General Purpose Fund in years four and five of the Agreement, and debt service coverage of 2.0x or greater. The revenue sharing component is credited to the landing fee calculation. KBRA believes that the coverage condition results in ample historical margins that are well in excess of the 1.25x rate covenant.

The Agreement provides for preferential leasing of airline space, periodic leased space adjustments to reflect changes in airline activity, and in KBRA's opinion, strong Authority control of capital project approvals. Carriers have limited rights to defer for one year projects over $2.5 million in the airfield and apron cost centers. Airlines have no input for capital project decisions in the terminal or other cost centers.

Historic Financial Performance

As referenced in the preceding paragraphs, the debt service coverage ratio has historically been well in excess of the rate covenant of 1.25x. Coverage computed as per Indenture requirements has exceeded 2.00x in all but one year over the past five years. On a GAAP basis, debt service coverage has been even stronger, with the minimum coverage ratio at 2.35x over this period. The favorable operating results come despite a largely static enplanement trend over this period, and significant revenue sharing. Airline revenues have been consistently below 40% of total operating revenues, while non-airline revenues have exhibited a growth trend. KBRA believes that due to the presence of a diverse carrier base and absence of connecting activity, CMH is unlikely to see wide swings in passenger traffic. Non-airline revenue performance has been strong, with 2015 revenues greater than $17.00 per enplanement, which KBRA views favorably. The recent pattern has been one of steady increase. Parking remains the largest component of non-airline revenues at 55% in 2015. KBRA views the construction of an Authority-owned hotel on airport property, which opened in August 2014, as a means of further enhancing and diversifying this revenue stream. In 2015 the hotel had a net operating surplus of $1.95 million.

On the operating side, expenses have increased at a compound annual growth rate of 3.9% between 2010 and 2015. The relatively high growth rate reflects a significant level of current funding of capital requirements, including deferred maintenance, roofs, and heating, ventilation, and air-conditioning. Expenses per enplaned passenger at about $16.91 in 2015 are in what KBRA considers an acceptable range, as are operating margins, which have been within the 20% to 35% range. Authority management is focused on, and has taken action, to moderate the growth in operating expenditures.

Columbus Regional Airport Authority Financial Operations and Debt Service Coverage Calculated as per Trust Indenture Fiscal Years Ending December 31							
($ in thousands)	**2009**	**2010**	**2011***	**2012**	**2013**	**2014**	**2015**
OPERATING REVENUES							
Airline Cost for the Airfield Area	$14,809	$16,060	$16,403	$16,458	$16,404	$16,400	$16,278
Airline Cost for the Terminal Building	9,194	9,820	11,007	12,014	11,977	12,735	13,464
Airline Cost for the Aircraft Parking Area	2,060	2,639	2,913	3,404	3,732	3,880	3,903
General Airline Credit	-3,275	-3,953	-5,853	-4,431	-4,461	-7,377	-4,804
Supplemental Airline Credit	0	0	0	0	0	0	-3,250
Total Airline Cost	**$22,788**	**$24,566**	**$24,470**	**$27,445**	**$27,652**	**$25,638**	**$25,591**
Parking Revenue	24,364	25,363	27,150	27,759	28,801	29,857	32,018
Concession Revenue & Miscellaneous Lessees	14,525	15,246	15,957	16,496	16,292	17,100	18,060
General Aviation Revenue	2,147	2,200	2,484	2,422	3,332	2,914	3,115
Cargo Operations Revenue	19	21	23	57	27	15	26
Hotel Revenue	-	-	-	-	-	1,380	4,094
Miscellaneous Income	300	188	245	550	245	303	508
Other Revenue	2,317	1,245	1,576	353	1,230	1,719	677
Total Non-Airline Revenues	**43,672**	**44,263**	**47,435**	**47,637**	**49,927**	**53,289**	**58,498**
TOTAL OPERATING REVENUES	**66,460**	**68,829**	**71,905**	**75,082**	**77,579**	**78,927**	**84,089**
NON-OPERATING REVENUES (EXPENSES)							
Investment Income	641	456	273	202	150	139	580
Premium /Discount Sale of Securities	45	27	26	14	16	29	43
Tenant Capital Reimbursements	1,635	617	572	482	427	515	704
Gain (Loss) on Assets and Securities	-324	-146	-2,073	2,417	-123	108	-84
Total Non-Operating Revenues	**1,997**	**954**	**-1,202**	**3,115**	**470**	**791**	**1,243**
GROSS REVENUES	**$68,457**	**$69,783**	**$70,703**	**$78,197**	**$78,049**	**$79,718**	**$85,332**
OPERATING EXPENSES							
Employee Wages and Benefits	24,765	26,517	27,139	27,921	29,196	29,189	28,669
Purchase of Services	18,146	17,898	26,120	24,067	23,171	23,750	25,848
Materials & Supplies	2,330	3,101	3,078	2,761	3,397	3,358	2,833
Other Expenses	57	-62	66	-22	28	105	27
DIRECT OPERATING EXPENSES	45,298	47,454	56,403	54,727	55,792	56,402	57,377
Net Revenues Available for Debt Service	23,159	22,329	14,300	23,470	22,257	23,316	27,955
Principal	3,510	3,665	3,835	4,015	4,168	4,987	5,266
Interest	4,620	4,365	4,136	3,929	3,996	2,846	2,747
Total Debt Service Requirements	**8,130**	**8,030**	**7,971**	**7,944**	**8,164**	**7,833**	**8,013**
DEBT SERVICE COVERAGE	**2.85**	**2.78**	**1.79**	**2.95**	**2.73**	**2.98**	**3.49**
Enplanements (000)	3,123	3,184	3,190	3,175	3,115	3,173	3,393
Airline Cost per Enplaned Passenger	**$7.30**	**$7.72**	**$7.67**	**$8.64**	**$8.88**	**$8.08**	**$7.54**

*Reduced coverage reflects adoption of GASB 63 and early adoption of GASB 65

Source: Columbus Regional Airport Authority

Passenger Airline Cost Per Enplanement (CPE)

Airline costs at CMH have been in the moderate range, averaging $8.16 per enplanement over the most recent five years. The Authority's May 2016 Feasibility Report projected a gradual ramping up of cost per enplanement to $9.76 in 2021. KBRA does not expect this metric to rise sharply as there is no currently planned GARB borrowing, and anticipated capital spending is on the low side.

System Liquidity

The Authority has historically maintained substantial levels of unrestricted cash, which complements its high coverage levels. The Authority seeks to maintain a balance equal to at least one year's operating expenses in its General Purpose Fund, which is at the bottom of its flow of funds. As of December 31, 2015, available funds were sufficient to cover 395 days of operating expenses. As of July 31, 2015, days cash on hand was equivalent to 398 days based on the Authority's 2016 budgeted operating expenses. As a reflection of the Authority's low debt levels, the ratio of debt to available resources is 1.1x, which KBRA considers strong.

Retirement Benefits
All Authority employees are required to participate in the state-wide Ohio Public Employees Retirement System (OPERS). Total employer contributions billed to the Authority were $3.9 million, $5.3 million, and $5.4 million for the years ended December 31, 2015, 2014, and 2013, respectively. Employee pension contributions equal 10% of compensation. The Authority has historically contributed a share of employee contributions. In 2015, 4% of the 10% was paid by the employee. This subsidy will gradually be phased out, with employees assuming the full 10% contribution in 2019. Full-time employees hired on April 1, 2011 and thereafter are already paying the full employee contribution. Other post-employment benefits (OPEB) for health care costs are provided by OPERS as well. The Authority contribution for OPEB was $466,640 for 2015.

Based on the foregoing, KBRA has affirmed Columbus Regional Airport Authority's AA+ Rating Determinant rating on Airport Finances.

Rating Determinant 6: Legal Mechanics and Security Provisions

Bond Security
The GARBs are special obligations of the Authority, payable solely from and secured by a pledge of the net revenues of John Glenn International Airport and Bolton Field, and a lien upon the Revenue Fund, Debt Service Fund and the Debt Service Reserve Fund. Rickenbacker is not designated as an airport for purposes of the Trust Indenture. No indebtedness of Rickenbacker is secured by the Trust Indenture, and Rickenbacker's revenues are not pledged to repayment of Bonds issued pursuant to the Indenture. Neither the revenues or expenses of Rickenbacker are included for purposes of calculating compliance with the rate covenant nor additional bonds test.

Rate Covenant
Amounts available for debt service (net revenues plus Debt Service Fund investment earnings) at least equal to the greater of: (1) 100% of the amounts required to pay GARB debt service, the debt service reserve deficiency, subordinated debt service charges and the Repair and Replacement ($1 million requirement) deficiency during the fiscal year; or (2) 125% of the GARB debt service requirement. The second component of the two-prong test is currently operative. According to the Master Indenture, PFCs must be pledged by Authority Board resolution to be included in the amounts available for debt service in the calculation of coverage. No PFCs are currently pledged for this purpose.

If the rate covenant is not met in any fiscal year, the Authority covenants to employ an airport consultant, within 30 days following receipt of the annual financial statements, to make recommendations within 45 days as to a revision in rates, fee and charges or operating expenses, or methods of operation of the Airports, if any, that will result in the rate covenant being met in the current fiscal year. Failure to meet the rate covenant in two consecutive years constitutes an event of default.

Additional Bonds Test

i. A Certificate of an Airport Consultant that Amounts Available for Debt Service will be sufficient to satisfy the Rate Covenant for (A) each of the five full fiscal years following the issuance of the series of Bonds, or (B) each of the two full fiscal years following the completion of the improvements financed by the issuance of Bonds, whichever is later; provided that (1) if the aggregate of the debt service charges for all Bonds outstanding (including the proposed series of Bonds, all expected series of Bonds necessary to complete the improvements) in any fiscal year will be greater than 120% of the aggregate of the debt service charges for all Bonds during the test periods described in (A) or (B) above, then the fiscal year with highest aggregate debt service charges for all bonds is deemed to be the last fiscal year of the test period; or (2) if interest on any Bonds or any subordinated obligations in the last fiscal year for the test periods described in (A) or (B) above has been or will be capitalized, the projected amounts available for debt service will be sufficient to satisfy the rate covenant for each of the first two succeeding full fiscal years for which no interest on any Bonds or any Subordinated Obligations has been or will be capitalized, or

ii. The certificate of the Authority fiscal officer that amounts available for debt service for each of the two full fiscal years preceding the issuance of the series of Bonds were not less than 125% of (A) the aggregate of debt service charges for bonds outstanding, plus (B) in any future fiscal year the highest aggregate of debt service charges for the proposed series of bonds and all expected series of Bonds necessary to complete such improvements, or

iii. The certificate of the Authority fiscal officer that the aggregate principal amount of all Bonds issued or to be issued to finance the improvements will not exceed 115% of the aggregate principal amount of all Bonds originally expected to be issued to finance the improvements as determined by the Board in the Series Resolution authorizing the first series of such bonds.

Debt Service Reserve Fund Requirement

The Master Trust Indenture establishes a debt service reserve fund to be funded at maximum annual debt service. Each series is separately secured. The Sixth, Seventh and Eight supplemental trust indentures, pursuant to which the Series 2013 A and B, Series 2015, and Series 2016 bond are issued, do not require debt service reserve funds and subsequently do not have any.

Flow of Funds

All revenues are deposited into the Revenue Fund, when received. Then transferred monthly, on the first business day to the following Funds in the following order of priority: (1) Operations and Maintenance Fund, sufficient to pay the Authority's estimated operating expenses for that month; (2) Interest Payment Account of the Debt Service Fund in an amount equal to one-sixth of the next due interest payment; (3) Principal Payment Account of Debt Service Fund in amount equal to one-twelfth of next due principal amount; (4) Debt Service Reserve Fund – amounts and deposit times are provided in Supplemental Trust Indenture. Deficiencies are remedied with one-twelfth payment amounts; (5) Operation and Maintenance Reserve- one twelfth of the budgeted increase in O&M expenses over prior year, plus one-twelfth of the aggregate withdrawn amount, if any, in the preceding 12 months until the Account equals the reserve requirement (one-sixth of O&M); (6) Subordinated Obligations; Debt Service Fund; (7) Repair and Replacement Fund – an amount equal to one-twelfth the Repair and Replacement Fund deficiency; (8) Rebate Fund; (9) Airport General Purpose Fund – From time to time at the discretion of the Authority, any amount of the funds remaining in the Revenue Fund, which the Authority has determined will not be needed to make deposits required in the waterfall above. Funds may be used for any lawful purpose of the Authority.

Based on the foregoing, KBRA has affirmed Columbus Regional Airport Authority's AA Rating Determinant rating on Legal Mechanics and Security Provisions.

Conclusion

KBRA has affirmed the long-term rating of **AA-** with a **Stable** Outlook on the Columbus Regional Airport Authority's Airport Revenue Bonds.

Analytical Contacts:

Andrew Clarke, Senior Director
(646) 731-2380
aclarke@kbra.com

Alice Cheng, Associate Director
(646) 731-2403
acheng@kbra.com