## \$94,325,000 Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

# TRANSCRIPT OF PROCEEDINGS AND ADDITIONAL DOCUMENTS

Dated May 2, 2019

Squire Patton Boggs (US) LLP Bond Counsel

#### **DEFINITIONS AND ABBREVIATIONS**

"Act" Sections 4582.21 through 4582.99 of the Revised

Code of Ohio, as amended

"Authority" Columbus Regional Airport Authority

"Board" Board of Directors of the Authority

"Bond Counsel" Squire Patton Boggs (US) LLP

"Bond Insurer" Assured Guaranty Municipal Corp.

"Bonds" Columbus Regional Airport Authority Customer

Facility Charge Revenue Bonds, Series 2019

(Federally Taxable)

"CFC First Supplemental Trust

Agreement"

Customer Facility Charge First Supplemental Trust

Agreement, dated as of May 2, 2019, between the

Authority and the Trustee

"CFC Master Trust Agreement" Customer Facility Charge Master Trust Agreement,

dated as of May 2, 2019, between the Authority and

the Trustee

"Closing Date" May 2, 2019

"General Bond Resolution" Resolution No. 22-19 adopted by the Board on

March 26, 2019

"Insured Bonds" Series 2019 Bonds that mature in the years 2030

through 2032

"Series 2019 Resolution" Resolution No. 23-19 adopted by the Board on

March 26, 2019

"State" State of Ohio

"Trustee" U.S. Bank National Association

"Underwriters' Counsel" Dinsmore & Shohl LLP

"Underwriters' Representative" Merrill Lynch, Pierce, Fenner & Smith,

Incorporated

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## \$94,325,000

## Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

## TRANSCRIPT OF PROCEEDINGS AND ADDITIONAL DOCUMENTS

Unless otherwise indicated herein or under Definitions and Abbreviations, all documents are dated as of the Closing Date.

## PART I - TRANSCRIPT OF PROCEEDINGS

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#### **PARTIES**

Columbus Regional Airport Authority – Issuer

Squire Patton Boggs (US) LLP - Bond Counsel

Merrill Lynch, Pierce, Fenner & Smith, Incorporated – Underwriters' Representative

Dinsmore & Shohl LLP - Underwriters' Counsel

U.S. Bank National Association - Trustee

PFM Financial Advisors LLC, Municipal Advisor

Unison Consulting, Inc. - Feasibility Consultant

## CUSTOMER FACILITY CHARGE MASTER TRUST AGREEMENT

By and Between

## COLUMBUS REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

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## Securing

COLUMBUS REGIONAL AIRPORT AUTHORITY CUSTOMER FACILITY CHARGE REVENUE BONDS

Dated

May 2, 2019

Squire Patton Boggs (US) LLP Bond Counsel

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(This Index is not a part of the CFC Master Trust Agreement but rather is for convenience of reference only.)

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## CUSTOMER FACILITY CHARGE MASTER TRUST AGREEMENT

THIS CUSTOMER FACILITY CHARGE MASTER TRUST AGREEMENT (this "CFC Master Trust Agreement") dated May 2, 2019 is made by and between the COLUMBUS REGIONAL AIRPORT AUTHORITY (the "Authority"), a port authority, a political subdivision and a body corporate and politic, duly created and validly existing under and by virtue of the laws of the State of Ohio (the "State") and U.S. BANK NATIONAL ASSOCIATION (the "Trustee"), a national banking association duly organized and validly existing under the laws of the United States of America and duly authorized and qualified to exercise corporate trust powers in the State, with its designated corporate trust office located in Columbus, Ohio, as trustee hereunder, under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses being used therein as defined in Article I hereof):

- A. Pursuant to the Act and other proceedings, the Authority has heretofore entered into a Master Trust Indenture, which Master Trust Indenture generally authorizes the issuance from time to time of GARB Bonds and further provides therein for the issuance of Special Facility Revenue Bonds for the purpose of paying the costs of Special Facilities and excludes from the definition of Revenues pledged to pay the debt service charges on the GARB Bonds any revenue or income from any present or future Special Facility to the extent that such revenue or income is pledged by the Authority to pay principal, interest and redemption premiums, if any, for Special Facility Revenue Bonds, or to the extent that such revenue or income is for the use of the Authority to pay or reimburse the Authority for the costs of operation or maintenance required to be paid by the user pursuant to a Special Facilities Agreement (other than reimbursement for any of the Authority's administrative costs relating to any Special Facility); and
- B. Pursuant to the Act and the General Bond Resolution, the Authority is authorized to enter into this CFC Master Trust Agreement and to do or cause to be done all the acts and things herein provided or required to be done, and to issue Bonds for the purpose of paying the Costs of Improvements and refunding Bonds or Subordinated Obligations, all as hereinafter provided; and
- C. The Authority intends and has heretofore determined that (i) the receipts from the CFC shall not constitute Revenues, (ii) the CFC Facilities, including the ConRAC, contemplated by the CFC Resolution constitute Special Facilities and (iii) the Bonds to be issued hereunder constitute Special Facility Revenue Bonds; and
- D. The Authority has determined to sell the Series 2019 Bonds and to enter into this CFC Master Trust Agreement to secure the Series 2019 Bonds and any Additional Bonds issued hereunder; and
- E. All conditions, acts and things required to exist, happen and be performed precedent to and in the execution and delivery of this CFC Master Trust Agreement exist and have happened and been performed in order to make the Bonds, when authorized and issued in accordance with the terms of the CFC Trust Agreement, valid special obligations of the Authority in accordance with the terms thereof and hereof, and in order to make this CFC Master Trust Agreement a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

F. The Trustee has accepted the trusts created by this CFC Master Trust Agreement and in evidence thereof has joined in the execution of this CFC Master Trust Agreement;

NOW, THEREFORE, THIS CFC MASTER TRUST AGREEMENT WITNESSETH, that to secure the payment of Debt Service Charges on the Bonds according to their true intent and meaning, and to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained in the Bonds and in this CFC Master Trust Agreement, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the holders, and for other good and valuable consideration the receipt of which is acknowledged, the Authority has signed and delivered this CFC Master Trust Agreement and does hereby pledge and assign to the Trustee and to its successors in trust, and its and their assigns, and grant a lien upon, the Pledged Revenues and the Pledged Funds, to the extent and with the exceptions provided in this CFC Master Trust Agreement;

<u>PROVIDED</u>, <u>HOWEVER</u>, that any pledge or assignment of, or lien on, any fund, account, receivables, revenues, money or other intangible property not in the custody of the Trustee shall be valid and enforceable only to the extent permitted by law.

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions of the CFC Trust Agreement,

- (a) except as provided otherwise in the CFC Trust Agreement, for the equal and proportionate benefit, security and protection of all present and future Bondholders,
- (b) for the enforcement of the payment of the Debt Service Charges when payable, according to the true intent and meaning of the Bonds and of the CFC Trust Agreement, and
- (c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of the CFC Trust Agreement,

in each case, except as authorized or provided otherwise in the CFC Trust Agreement, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of series designation, number, date of Bond authorization, issuance, sale, execution, authentication, delivery or maturity, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under the CFC Trust Agreement, and shall be secured equally and ratably hereby, it being intended that the lien and security of the CFC Trust Agreement shall take effect from its date, without regard to the actual date of issue, sale or delivery of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value;

PROVIDED FURTHER, HOWEVER, that if all Debt Service Charges, including any premium required to be paid for redemption of any of the Bonds prior to maturity, shall be paid or caused to be paid in accordance with Sections 9.01 and 9.02 herein, the Authority shall well

and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the CFC Trust Agreement to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, Bond Registrars, Authenticating Agents and Paying Agents all moneys due or to become due to them in accordance with the terms and provisions of the CFC Trust Agreement, then the CFC Trust Agreement and the rights granted by the CFC Trust Agreement shall cease, determine and be void, except as provided in Section 9.03 herein with respect to the survival of certain provisions of the CFC Trust Agreement; otherwise, the CFC Trust Agreement shall be and remain in full force and effect as and to the effect provided in it.

It is expressly declared that all Bonds issued and secured under the CFC Trust Agreement are to be issued, authenticated and delivered, and that all Pledged Revenues and the CFC Construction Fund, the CFC Revenue Fund, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in the CFC Trust Agreement, and the Authority has agreed and covenanted, and does hereby further agree and covenant with the Trustee and with the respective holders from time to time of the Bonds, as follows in the CFC Trust Agreement.

It is expressly recognized and declared that to the extent permitted by law, the Authority may issue Subordinated Obligations, the payment of which may be secured by a pledge of or lien on the Pledged Revenues or certain of the Funds subordinate to that of the Bonds.

(End of Recitals and Granting Clauses)

#### **ARTICLE I**

#### **DEFINITIONS**

Section 1.01 <u>Definitions</u>. In addition to or supplementing the words and terms elsewhere defined in this CFC Master Trust Agreement, including those defined in the General Bond Resolution, where used in this CFC Master Trust Agreement (including its recitals and granting clauses) or CFC Supplemental Trust Agreements the following words and terms shall have the following meanings unless the context or use clearly indicates another or different meaning or intent:

"Act" means Sections 4582.21 through 4582.99 of the Ohio Revised Code.

"Additional Bonds" means additional obligations issued pursuant to the CFC Trust Agreement after the issuance of the Series 2019 Bonds.

"Aggregate Outstanding Principal Amount" means, with respect to Bonds outstanding as of any date:

- (a) With respect to any Outstanding Bonds on which no interest is payable, the aggregate discounted offering price at which the Bonds are initially sold to the public, disregarding any purchase price discount to the Original Purchaser;
- (b) With respect to any Outstanding Bonds on which no interest is payable prior to principal maturity, their aggregate face amount;
- (c) With respect to any Outstanding Bonds involving other compound accreted amounts or accreted values, the Aggregate Outstanding Principal Amount of those Bonds as defined in and calculated in accordance with the Bond Proceedings authorizing them or, if no such definition or provision for that calculation is so provided, then in accordance with generally accepted accounting principles; and
  - (d) With respect to any other Outstanding Bonds, their aggregate face amount.

For purposes of any consent or other action to be taken by the holders of a specified percentage of the Aggregate Outstanding Principal Amount of all Bonds or Bonds of any series, Bonds held by or for the account of the Authority shall be excluded.

"Airport" means the John Glenn Columbus International Airport, which is owned and operated by the Authority, and also includes any additions, extensions, and improvements thereto hereafter constructed.

"Assumed Amortization Period" means the period of time specified in paragraph (a) or paragraph (b) below, as selected by the Chief Financial Officer:

(a) Five years; or

(b) The period of time exceeding five years set forth in a written certificate delivered to the Authority by a municipal advisor or investment banker selected by the Authority and experienced in the underwriting of indebtedness of the character of the Bonds as being not longer than the maximum period of time over which indebtedness having comparable terms and security issued or incurred by similar issuers of comparable credit standing would, if then being offered, be marketable on reasonable and customary terms.

"Assumed Interest Rate" means the rate per annum (determined as of the last day of the calendar month next preceding the month in which the determination of Assumed Interest Rate is being made) set forth in a certificate delivered to the Authority by a municipal advisor or investment banker selected by the Authority and experienced in the underwriting of indebtedness of the character of the Bonds as being not lower than the lowest rate of interest at which indebtedness having comparable terms, security and federal tax status amortized on a level debt service basis over a period of time equal to the Assumed Amortization Period, and issued or incurred by similar issuers of comparable credit standing would, if being offered as of such last day of the calendar month, be marketable on reasonable and customary terms.

"Authenticating Agent" means the Trustee and any other bank, trust company or other person designated as an Authenticating Agent for a series of Bonds by or in accordance with the CFC Trust Agreement, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934 as amended.

"Authority" means the Columbus Regional Airport Authority.

"Authorized Denominations" means the denominations designated as such for each series of Bonds in or pursuant to the related CFC Supplemental Trust Agreement.

"Authorized Officer" means any officer or employee of the Authority authorized by or pursuant to the Act, the Bond Proceedings or Authority resolution to perform the particular act or sign the particular document, and if there is no specific authorization, means the Chief Executive Officer and/or the Chief Financial Officer, as appropriate.

"Balloon Bonds" means any series of Bonds or any portion of a series of Bonds designated by the Authority in a resolution as Balloon Bonds, (a) 25% or more of the principal payments (including Mandatory Sinking Fund Requirements) of which are due in a single year, or (b) 25% or more of the principal of which may, at the option of the holder or holders thereof, be redeemed at one time.

"beneficial interests" means the interests of the ultimate purchasers of beneficial interests in Bonds issued in book entry form.

"Board" means the Board of Directors of the Authority.

"Bond Legislation" means the General Bond Resolution to the extent applicable, and the Series Bond Resolution authorizing the issuance of the series of Bonds and any Certificate of Award identified as part of the "Bond Legislation" in the applicable Series Bond Resolution, and all other Series Bond Resolutions to the extent applicable.

"Bond Proceedings" means this CFC Master Trust Agreement and the applicable Bond Legislation, CFC Supplemental Trust Agreement, and other resolutions, Credit Support Instruments, agreements, and certificates, and amendments of and supplements to or any combination of them, authorizing or providing for the terms and conditions and agreements applicable to, or providing for the security for, liquidity or sale of, or the terms contained in, the applicable Bonds.

"Bond Registrar" means the person that keeps and maintains the Register for the applicable Bonds, which shall be the Trustee except as may otherwise be provided pursuant to the CFC Trust Agreement.

"Bondholder" or "holder" or "holder of Bonds", "Registered Owner" or "registered owner", or any similar term means the person in whose name a Bond is registered, or the holder or owner of Bonds as may otherwise be prescribed by applicable Bond Legislation.

"Bonds" means the Series 2019 Bonds and any Additional Bonds.

"book entry form", "book entry system", "Book Entry Form" or "Book Entry System" means a form or system under which (a) the ownership of beneficial interests in the Bonds and the principal of and interest and any premium on the Bonds may be transferred only through a book entry, and (b) physical Bond certificates in fully registered form are issued by the Authority and payable only to a Securities Depository or its nominee as registered owner, with the certificates deposited with and "immobilized" in the custody of the Securities Depository or its designated agent for that purpose. The book entry maintained by others than the Authority is the record that identifies the owners of beneficial interests in the Bonds and that principal and interest.

"Business Day" means any day, other than a Saturday or Sunday, and other than a day on which the Trustee or a Paying Agent (other than the Trustee), as applicable, is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

"Capital Appreciation Bonds" means the Bonds of any series of Bonds designated as such in or pursuant to the related CFC Supplemental Trust Agreement. For purposes of the CFC Trust Agreement, unless the context clearly indicates otherwise, "interest" when used with respect to a Capital Appreciation Bond refers to an amount equal to the amount by which the Compound Accreted Amount of the Capital Appreciation Bond exceeds the original principal amount of the Capital Appreciation Bond or any Predecessor Bond or Bonds, as of any relevant date, and "principal" when used with respect to a Capital Appreciation Bond means the original principal amount of the Capital Appreciation Bond or any Predecessor Bond or Bonds.

"Certificate of Award" means, with respect to any series of Bonds, the certificate delivered by the Chief Financial Officer awarding that series of Bonds.

"CFC", "CFCs" or "Customer Facility Charge" means the customer facility charge implemented by the Authority pursuant to the CFC Resolution on rental car transactions occurring on or about the Airport and required to be collected by the Concessionaires and

remitted to the Authority or to the Trustee, as an assignee of the Authority, as further described in the Concessionaire Agreements.

- "CFC Administrative Costs Fund" means the CFC Administrative Costs Fund created in Section 5.01 of this CFC Master Trust Agreement.
- "CFC Common Use Busing Fund" means the CFC Common Use Busing Fund created in Section 5.01 of this CFC Master Trust Agreement.
- "CFC Construction Fund" means the CFC Construction Fund created in Section 5.01 of this CFC Master Trust Agreement.
- "CFC Debt Service Coverage Fund" means the CFC Debt Service Coverage Fund created in Section 5.01 of this CFC Master Trust Agreement.
- "CFC Debt Service Coverage Fund Requirement" means for each series of Bonds, as of the date of any calculation, the amount, if any, designated as such for the series of Bonds in or pursuant to a CFC Supplemental Trust Agreement to be on deposit in or credited to an account in the CFC Debt Service Coverage Fund, which amount may take the form of a Credit Support Instrument provided for or pursuant to the related CFC Supplemental Trust Agreement.
- "CFC Debt Service Fund" means the CFC Debt Service Fund created in Section 5.01 of this CFC Master Trust Agreement.
- "CFC Debt Service Reserve Fund" means the CFC Debt Service Reserve Fund created in Section 5.01 of this CFC Master Trust Agreement.
- "CFC Debt Service Reserve Fund Requirement" means for each series of Bonds, as of the date of any calculation, the amount, if any, designated as such for the series of Bonds in or pursuant to a CFC Supplemental Trust Agreement to be on deposit in or credited to an account in the CFC Debt Service Reserve Fund, which amount may take the form of a Credit Support Instrument provided for or pursuant to the related CFC Supplemental Trust Agreement.
- "CFC Facilities" or "CFC Facility" means, collectively, any equipment or facilities designated by the Authority as facilitating the provision of rental car operations at the Airport, including but not limited to the ConRAC and any related common-use transportation equipment and facilities.
- "CFC Master Trust Agreement" means this Customer Facility Charge Master Trust Agreement, as may be amended or supplemented from time to time.
- "CFC Renewal and Replacement Fund" means the CFC Renewal and Replacement Fund created in Section 5.01 of this CFC Master Trust Agreement.
- "CFC Renewal and Replacement Fund Requirement" means an amount equal to \$13,940,000.

"CFC Resolution" means, collectively, Resolution No. 03-07 adopted by the Board on January 30, 2007, as amended and supplemented by Resolution No. 95-08 adopted by the Board on September 30, 2008, Resolution No. 26-11 adopted by the Board on May 24, 2011, Resolution No. 45-15 adopted by the Board on July 28, 2015 and Resolution No. 51-16 adopted by the Board on July 26, 2016, as such resolutions may be amended and supplemented from time to time, and any other resolution that may be adopted by the Board in the future with respect to the imposition of the CFC by the Authority on rental car transactions occurring on or about the Airport.

"CFC Revenue Fund" means the CFC Revenue Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Revenues" means all the funds received by or on behalf of the Authority from the Concessionaires pursuant to the Authority's imposition of the CFC.

"CFC Supplemental Reserve Account" means the CFC Supplemental Reserve Account created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Supplemental Trust Agreement" means a CFC Supplemental Trust Agreement approved or authorized by the Authority and entered into by the Authority and the Trustee pursuant to this CFC Master Trust Agreement.

"CFC Surplus Fund" means the CFC Surplus Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Trust Agreement" means, collectively, this CFC Master Trust Agreement and any CFC Supplemental Trust Agreements.

"Chief Executive Officer" means the President and CEO of the Authority or the person performing the functions of that office as certified by the Chair of the Board.

"Chief Financial Officer" means the Chief Financial Officer of the Authority or the person performing the functions of that office as certified by the Chair of the Board.

"Code" means the Internal Revenue Code of 1986, as amended, together with all applicable Treasury Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, any amendments of, or successor provisions to, the foregoing, and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a section of the Code includes any applicable successor section or provision and such applicable Treasury Regulations, rulings, announcements, notices, procedures and determinations pertinent to that section.

"Compound Accreted Amount" means the original principal amount of any Capital Appreciation Bond plus interest accrued and compounded on the dates and in the manner provided in or pursuant to a CFC Supplemental Trust Agreement to the date of maturity or other date of determination.

"Concessionaire" means each rental car entity that, at the time, is a signatory to a Concessionaire Agreement.

"Concessionaire Agreement" means each Agreement for the Operation of a Rental Car Concession between the Authority and a Concessionaire entitled to exclusive premises at the ConRAC pursuant to the terms thereof, as the same may be re-executed, modified, amended or replaced from time to time.

"Concessionaire Deficiency Payments" means the payments, if any, made by Concessionaires pursuant to their respective Concessionaire Agreements (or any successor provisions thereof) as contingent payments to cover in each contract year under the Concessionaire Agreement after Substantial Completion, deficiencies if any in the amount of CFCs needed to fund the Annual Obligation Requirement (as defined in the Concessionaire Agreement).

"ConRAC" means a consolidated rental car facility, including all associated repairs and improvements associated therewith and all associated structures, roadways, commercial curbs, terminal connections, facilities, utilities, and other infrastructure improvements related thereto including, without limitation, (i) customer service areas, (ii) the exclusive premises for the Concessionaires, (iii) a ready/return area, (iv) a quick turnaround area dedicated to fueling, vacuuming, washing and servicing rental vehicles, together with a dedicated roadway for rental vehicle use, (v) storage/service facilities, (vi) service centers for rental car maintenance, and (vii) common concessionaire areas and common public areas, in each case together with any other ancillary facilities and any expansions, additions, extensions and/or improvements thereto.

"Construction Period" means the period between the beginning of the acquisition, construction and installation of Improvements to be financed from the proceeds of any series of Bonds, and the date of Substantial Completion of those Improvements as certified pursuant to Section 4.03.

"Consultant" means a recognized firm of independent management consultants knowledgeable and experienced in the operations and finances of airports and airport facilities, designated by the Authority. The Consultant may be an Independent Engineer.

"Costs of Improvements" means costs of or related to Improvements, and the financing and refinancing of those costs, including costs relating to the issuance and payment of Bonds.

"Credit Support Instrument" means an insurance policy, including a policy of bond insurance, letter of credit or other credit enhancement, support or liquidity device provided pursuant to an agreement to which the Authority is a party and which is used to enhance the security or liquidity of any Bonds or series or two or more series or part of a series of Bonds, or to provide, in whole or in part, the CFC Debt Service Reserve Fund Requirement or the CFC Debt Service Coverage Fund Requirement for any series of Bonds.

"Credit Support Provider" means any provider of a Credit Support Instrument relating to provision of all or part of the CFC Debt Service Reserve Fund Requirement or CFC Debt Service Coverage Fund Requirement relating to any series of Bonds so long as those Bonds are outstanding, and so long as that Credit Support Instrument is in effect.

"Debt Service Charges" means the principal (as payable at stated maturity or otherwise), interest and any redemption premium required to be paid by the Authority on the Bonds, and includes any Mandatory Sinking Fund Requirements. In the case of payment of Debt Service Charges by a person other than the Authority pursuant to a Credit Support Instrument, "Debt Service Charges" means the reimbursement by the Authority to the provider of that Credit Support Instrument of the amount so paid. In determining Debt Service Charges for a Fiscal Year or any other period, (i) Mandatory Sinking Fund Requirements for that Fiscal Year or period shall be taken into account, and principal maturities or interest payments for which Mandatory Sinking Fund Requirements are imposed and complied with in a prior Fiscal Year or period, to that extent, shall be excluded and (ii) principal maturities of Interim Indebtedness, to the extent such amounts are certified by an Authorized Officer as being payable from the proceeds of anticipated Bonds or of renewal Interim Indebtedness, shall be excluded.

"Deposit Date" means the first Business Day of each calendar month or such other day designated as such in the Bond Legislation or CFC Supplemental Trust Agreement relating to the issuance of any Bonds.

"Direct Obligations" means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the U.S. Department of the Treasury), or obligations of any agency, corporation or public body that is controlled or supervised by and acting as an instrumentality of the United States of America, the timely payment of the principal of and interest on which is fully guaranteed by the United States of America, provided that the full faith and credit of the United States of America is pledged to any such direct obligations or guarantee.

"Eligible Investments" means any investments permitted under Section 135.14 of the Ohio Revised Code.

"Event of Default" means any of the Events of Default described in Section 7.01 of this CFC Master Trust Agreement.

"Extraordinary Services" and "Extraordinary Expenses" means all services rendered and all reasonable expenses (including reasonable legal counsel fees) properly incurred under the CFC Trust Agreement by the Trustee, the Bond Registrar and any Authenticating Agent and Paying Agent, other than Ordinary Services and Ordinary Expenses, including, after the occurrence of an Event of Default, nonministerial services and reasonable counsel and other advisory fees incurred by the Trustee.

"Fiscal Year" means a period of 12 consecutive months commencing on the first day of January of any year and ending on the last day of December of that year, or, as to be evidenced for purposes of the CFC Trust Agreement by a certificate of an Authorized Officer filed with the Trustee, such other consecutive 12-month period as may hereafter be established as the fiscal year for Authority budgeting, appropriations and accounting purposes.

"Fitch" means Fitch Ratings, New York, New York, or any successor Rating Service.

*"Funds"* means any of the funds established pursuant to Section 5.01 of this CFC Master Trust Agreement, including Special Funds and Accounts.

"GARB Bonds" means those obligations that may be issued from time to time under the Master Trust Indenture.

"General Bond Resolution" means Resolution No. 22-19 as adopted by the Board of Directors of the Authority on March 26, 2019.

"Improvements" means, collectively, any design, construction, expansion, addition, improvement, extension, equipping, furnishing, or installation of any CFC Facility and facilities ancillary and/or necessary and appurtenant thereto.

"Independent Engineer" means an engineer or firm of engineers, independent of the Authority, and licensed by or permitted to practice in the State, experienced in the design, construction and supervision of construction of CFC Facilities.

"Insurance Consultant" means a person who is not an officer or employee of the Authority, or a firm that does not have a partner, principal director, officer, member or substantial stockholder who is an officer or employee of the Authority, designated by the Authority and qualified to survey risks and to recommend insurance coverage for facilities similar to those of the CFC Facilities, and having a favorable reputation for skill and experience in such surveys and recommendations. The Insurance Consultant may be a broker or agent with whom the Authority transacts other business so long as the preceding requirements are met.

"Interest Payment Account" means the Interest Payment Account of the CFC Debt Service Fund created in Section 5.01 of this CFC Master Trust Agreement.

"Interest Payment Dates" means, with respect to any series of Bonds, the dates on which interest is payable on that series of Bonds.

*"Interim Indebtedness"* means Additional Bonds that are bonds or bond anticipation notes with a final maturity of not more than five years and issued pursuant to this CFC Master Trust Agreement in anticipation of being funded or refunded by Additional Bonds.

"Issuance Date" means, with respect to any series of Bonds, the date of physical delivery of, and payment of the purchase price for, that series of Bonds as specified in the CFC Supplemental Trust Agreement for that series of Bonds.

"Kroll" means Kroll Bond Rating Agency, Inc., New York, New York, or any successor Rating Service.

"Long Term Bonds" means an issue of Additional Bonds having a final maturity of more than five years and issued pursuant to this CFC Master Trust Agreement.

"Mandatory Redemption Obligation" or "Mandatory Redemption" or "Mandatory Sinking Fund Redemption" means mandatory prior redemption of Term Bonds (or other term Bonds) pursuant to Mandatory Sinking Fund Requirements.

"Mandatory Sinking Fund Requirements" means amounts required by any Bond Proceedings to be deposited to the CFC Debt Service Fund in any Fiscal Year for the purpose, as

provided in those Bond Proceedings, of retiring, at their stated maturities or by mandatory prior redemption or other prior retirement, principal maturities of Bonds, or of paying interest or interest equivalent on Bonds, which by the terms of the Bonds are due and payable in any subsequent Fiscal Year.

"Master Trust Indenture" mean the Master Trust Indenture, dated as of July 15, 1994, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, which has heretofore and may hereafter be amended and supplemented from time to time, and which provides for the issuance of GARB Bonds from time to time.

"Moody's" means Moody's Investors Service, Inc., New York, New York, or any successor Rating Service.

"Most Recent Audit Year" means the first Fiscal Year immediately preceding the Fiscal Year in which Additional Bonds are issued and in respect of which the Authority's financial statements have been audited by either the Ohio Auditor of State or an independent firm of certified public accountants.

"Notice Address" means as to the:

Authority: Columbus Regional Airport Authority

John Glenn Columbus International Airport

4600 International Gateway Columbus, Ohio 43219

Attention: Chief Financial Officer

Depository: The Depository Trust Company

Call Notification Department Muni Reorganization Manager

711 Stewart Avenue

Garden County, New York 11530

Trustee: U.S. Bank National Association

10 West Broad Street, 12<sup>th</sup> Floor

Columbus, Ohio 43215

Attention:

And as to any other parties, the Notice Address specified in the applicable CFC Supplemental Trust Agreement.

"Ordinary Services" or "Ordinary Expenses" means those services normally rendered, and those expenses (including legal counsel's fees) normally incurred, by a trustee, registrar, authenticating agent or paying agent, as applicable, under instruments similar to this CFC Master Trust Agreement.

"Original Purchaser" means, with respect to any series of Bonds, the person or persons named in, or in a certificate authorized by, the applicable Bond Proceedings as the original purchaser of those Bonds from the Authority.

"Outstanding Bonds" or "Bonds outstanding" or "outstanding" as applied to particular Bonds, to Bonds of any series, or to all Bonds, means, as of any date, the Bonds to which the reference applies and which have been authenticated and delivered, or are then being authenticated and delivered, by the Trustee under the CFC Trust Agreement except:

- (a) Bonds canceled or retained in safekeeping upon surrender, exchange or transfer, or canceled by reason of payment or redemption on or prior to that date;
- (b) Bonds, or the portion of Bonds, for the payment, redemption or purchase for cancellation of which sufficient moneys have been deposited prior to that date with the Trustee or Paying Agents (whether upon or prior to the maturity or redemption date of those Bonds), or which are deemed to have been paid or caused to be paid, as provided in Article IX of this CFC Master Trust Agreement; provided (i) that if those Bonds are to be redeemed prior to their stated maturity, notice of that redemption has been given or arrangements satisfactory to the Trustee have been made for giving that notice, or waiver of that notice satisfactory in form to the Trustee has been filed with the Trustee, and (ii) that if those Bonds are to be purchased for cancellation, a firm offer for sale stating the price has been received and accepted; and
- (c) Lost, stolen, mutilated or destroyed Bonds in lieu of which others have been authenticated (or payment when due of which is made without replacement) under the CFC Trust Agreement.

"Paying Agents" means the Trustee and any other banks or trust companies designated as the paying agencies or places of payment for Bonds by or pursuant to the applicable Bond Proceedings, and their successors designated pursuant to this CFC Master Trust Agreement.

"Period of Review" means that period beginning on the first day of the Fiscal Year in which any 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: (a) the third anniversary of the date of issuance of such Additional Bonds or (b) the later to occur of the (i) scheduled completion date of the project to be financed with proceeds of such Additional Bonds or (ii) first anniversary of the date on which capitalized interest with respect to such project is projected to be exhausted, whichever date described in clauses (a) or (b) is later.

### "Permitted Encumbrances" means any of the following:

(a) Liens or encumbrances upon, or title defects relating to, rights-of-way held by the Authority if (i) the Authority has, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority), power under eminent domain or similar laws to eliminate those liens, encumbrances or defects or power to acquire by eminent domain or acquire easements or rights-of-way sufficient for the Authority's purposes over the land covered by the rights-of-way in question or other lands adjacent thereto and can do so, in the opinion of an Authorized Officer, at a cost not in excess of funds then available to the Authority for that purpose, or (ii) if, in the opinion of an Independent Engineer, the facilities installed or to be installed in the rights-of-way can be relocated so as not to affect the land so covered thereby and at a cost not in excess of funds then available to the Authority for that purpose.

- (b) Mechanic's, laborer's, materialman's, supplier's or vendor's liens, if any such lien is contested as permitted under Section 4.06 of this CFC Master Trust Agreement, and attested accounts with respect to which funds have been detained in accordance with Section 1311.28 of the Ohio Revised Code.
- (c) In the case of rights-of-way held by the Authority, the lien of taxes, assessments and other governmental charges if proceedings for the foreclosure thereof or for the forfeiture of the underlying fee title would not, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority), operate to extinguish those rights-of-way or if, in the opinion of an Authorized Officer, that lien can if necessary be discharged by the Authority at a cost not in excess of funds then available to the Authority for that purpose.
- (d) A lien for specified taxes or assessments not then delinquent or if delinquent, being contested as provided by Section 4.07 of this CFC Master Trust Agreement.
- (e) Restrictions and rights as to use, and easements for streets, alleys, highways, rights-of-way, railroad and utility purposes over, upon and across any of the properties of the Authority which, in the opinion of an Independent Engineer, will not materially interfere with the use of the properties of the Authority by the Authority for the purpose intended.
  - (f) Any lien of the CFC Trust Agreement.
- (g) Liens, encumbrances or title defects which, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority, and which opinion may be based on certificates of engineers or appraisers satisfactory to the Trustee), either (i) have been or can be adequately guarded against by bond or contract of indemnity, guarantee or insurance and, if not yet obtained, such bond, contract of indemnity, guarantee or insurance can be obtained at a cost not in excess of funds then available to the Authority for that purpose, or (ii) can be cured by eminent domain proceedings at a cost not in excess of funds then available to the Authority for that purpose.

"person" or words importing "person" means any natural person, firm, corporation, public body or other entity, and any combination of those persons.

"Pledged Funds" means, collectively and except as may be modified in this CFC Master Trust Agreement, the Special Funds and Accounts, and the CFC Revenue Fund to the extent that money in that Fund constitutes Pledged Revenues. The CFC Construction Fund, the CFC Administrative Costs Fund, which includes the CFC Rebate Account, the CFC Administration Account and the CFC Insurance Account, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund (except for the CFC Supplemental Reserve Account), and any accounts (other than the CFC Supplemental Reserve Account) created in those Funds, shall not be a "Pledged Fund".

"Pledged Revenues" means, collectively, (a) all CFC Revenues, (b) any Concessionaire Deficiency Payments received by or on behalf of the Authority, (c) any investment income realized from any investment made from any money credited to the CFC Revenue Fund, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, (d) and other money pledged in a CFC Supplemental Trust Agreement to secure the Bonds

issued hereunder. Pledged Revenues shall not include (a) any income resulting from investment of money on deposit in the CFC Construction Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund or the CFC Surplus Fund, (b) proceeds of Bonds, (c) proceeds of the sale of any portion of the Airport (including CFC Facilities) or the profit or loss from the sale or other disposition, not in the ordinary course of business, of any fixed or capital assets of the Airport (including CFC Facilities), (d) proceeds of insurance (other than insurance that provides for lost CFC Revenues when the Airport is unable to function) or eminent domain proceedings, or (e) any receipts of the Authority which are characterized as Revenues.

"Predecessor Bond" means every previous Bond evidencing all or a portion of the same obligation as that evidenced by a particular Bond. For this purpose, any Bond authenticated and delivered under Section 2.08 of this CFC Master Trust Agreement shall be deemed to evidence, except as otherwise provided in Section 2.08 of this CFC Master Trust Agreement, the same debt as the lost, stolen or destroyed Bond.

"Principal Payment Account" means the Principal Payment Account of the CFC Debt Service Fund created in Section 5.01 of this CFC Master Trust Agreement.

"Principal Payment Date" or "Principal Payment Dates" means, with respect to any series of Bonds, the date or dates on which principal is stated to be payable on Bonds at stated maturity or pursuant to Mandatory Sinking Fund Requirements and Mandatory Redemption Obligations.

"Rate Covenant" means the rate covenant of the Authority set forth in Section 4.02 of this CFC Master Trust Agreement to fix, revise, maintain and collect CFC Revenues in the manner described therein.

*"Rating Service"* means Fitch, Kroll, Moody's, S&P or any other nationally recognized entity assigning credit ratings to securities issued by public bodies and designated for the purpose by the Authority and, if required by a Credit Support Instrument, satisfactory to the Credit Support Provider.

"Rebate Amount" means any amount payable to the United States in accordance with Section 148(f) of the Code in connection with a series of Bonds as provided in or pursuant to the related CFC Supplemental Trust Agreement.

"Register" means the books kept and maintained by the Bond Registrar pursuant to this CFC Master Trust Agreement for the registration, exchange and transfer of Bonds.

"Registered Bonds" means fully registered Bonds registered as to both principal and interest in the name of the owner or holder, including Bonds issued under a book entry system.

"Regular Record Date" means, with respect to any series of Bonds, the date designated as a Regular Record Date in the applicable Bond Proceedings.

"Responsible Officer" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice

president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this CFC Trust Agreement.

"Revenues" shall have the meaning set forth in the Master Trust Indenture.

"S&P" means S&P Global Ratings Services, New York, New York, or any successor Rating Service.

"Securities Depository" or "Depository" means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership and effect transfers of beneficial interests in bonds, and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

*"Series 2019 Bonds"* means the Authority's \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019, dated May 2, 2019 and issued pursuant to the General Bond Resolution, the applicable Series Bond Resolution and the CFC Trust Agreement.

"Series Bond Resolution" means a resolution of the Authority authorizing the issuance of a series of Bonds in accordance with this CFC Master Trust Agreement, and includes any resolution or certificate providing for or evidencing the award and specific terms of Bonds authorized by that Series Bond Resolution.

"Special Facility" or "Special Facilities" shall have the meaning set forth in the Master Trust Indenture.

"Special Facility Agreement" or "Special Facilities Agreement" shall have the meaning set forth in the Master Trust Indenture.

"Special Facility Revenue Bonds" shall have the meaning set forth in the Master Trust Indenture.

"Special Funds" or "Special Funds and Accounts" means, collectively, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account, together with any accounts in those Funds, and any fund or account relating to a Credit Support Instrument permitted by or established under, and identified as a Special Fund or Account in, this CFC Master Trust Agreement or a Series Bond Resolution or CFC Supplemental Trust Agreement.

"Special Record Date" means, with respect to any series of Bond, the date established by the Trustee in connection with the payment of overdue interest on that Bond pursuant to Section 2.07 of this CFC Master Trust Agreement.

"State" means the State of Ohio.

"Subordinated Debt Service Charges" means, for any period of time, amounts required to be paid by the Authority in connection with Subordinated Obligations pursuant to a Subordinated Obligations Trust Indenture, including the principal of (at maturity or pursuant to any optional and mandatory sinking fund requirements) and interest on Subordinated Obligations.

"Subordinated Obligations" means any revenue obligations of the Authority expressly subordinated to the Bonds and payable out of the CFC Surplus Fund as may be secured as provided in this CFC Master Trust Agreement and in a Subordinated Obligations Trust Agreement between the Authority and a trustee, and issued for the same purposes for which the Bonds may be issued.

*"Subordinated Obligations Debt Service Account"* means the Subordinated Obligations Debt Service Account created by Section 5.01 of the CFC Master Trust Agreement.

"Subordinated Obligations Trust Agreement" means the trust indenture and any supplement thereto, as the case may be, securing Subordinated Obligations.

"Substantial Completion" means the substantial completion of the ConRAC initially funded with the initial series of Bonds issued hereunder as specified in the related CFC Supplemental Trust Agreement with respect to such series of Bonds, which shall be deemed to occur, as reasonably determined by Authority, so that (i) in the case of Authority's work, Concessionaire is able to take possession of its Exclusive Premises (as defined in the Concessionaire Agreement) for the purpose of performing the Approved Project (as defined in the Concessionaire Agreement), or (ii) in the case of Approved Project work, Concessionaire has received a Certificate of Occupancy and/or a Temporary Certificate of Occupancy from the appropriate governmental agencies and is able to occupy the Exclusive Premises for the purpose of opening for business. In no event will Substantial Completion of any work occur prior to the issuance by Authority of the Notice to Proceed (as defined in the Concessionaire Agreement).

"Term Bonds" means, with respect to any series of Bonds, those Bonds designated as such, if any, and maturing on the date or dates set forth in the Bond Proceedings, bearing interest payable on each Interest Payment Date, and subject to Mandatory Redemption pursuant to Mandatory Sinking Fund Requirements.

"Treasury Regulations" means Treasury Regulations issued pursuant to the Code or to the statutory predecessor of the Code.

"Trustee" means U.S. Bank National Association, as trustee under the CFC Trust Agreement, and any successor trustee pursuant to the CFC Trust Agreement.

"Variable Rate Additional Bonds" means Additional Bonds that do not have a fixed interest rate or rates.

"Variable Rate Debt Interest Rate" means, with respect to any Variable Rate Additional Bonds, a fixed interest rate equal to the higher of (a) 7% or (b) the highest interest rate borne at any time during the 24 months prior to the date of determination by any outstanding Variable Rate Additional Bonds or, if there are not any such Variable Rate Additional Bonds outstanding on the date of determination, the interest rate determined pursuant to a written statement obtained

from a municipal advisor or an investment banker experienced in the underwriting of variable rate debt obligations setting forth, in the opinion of such municipal advisor or investment banker, the highest interest rate borne at any time during the preceding 24 months by debt obligations (i) the interest on which is treated for federal income tax purposes in the same manner as interest on the Variable Rate Additional Bonds, (ii) that are assigned ratings by a Rating Service comparable to the ratings assigned or to be assigned to the Variable Rate Additional Bonds, and (iii) the interest rate on which is adjusted on the same periodic basis as the interest rate on the Variable Rate Additional Bonds.

"Year" means either the calendar year, or a period of 12 consecutive calendar months, as appropriate in the context and unless otherwise specified.

Section 1.02 <u>Interpretation; Section and Article References; Captions</u>. Any reference in the Bond Proceedings to the Authority, to the Board or officers or to employees of the Authority, shall include those that succeed to their functions, duties or responsibilities pursuant to or by operation of law or otherwise are lawfully performing their functions.

Any reference in the Bond Proceedings to a section or provision of the Ohio Revised Code or to the Act or to the laws of Ohio or Authority resolutions shall include that section or provision and the Act and those laws and resolutions as from time to time amended, modified, revised, supplemented or superseded. No amendment, modification, revision, supplement or superseding section or provision shall be applicable solely by reason of this provision, if it constitutes in any way an impairment of the rights or obligations of the Authority, the holders, the Trustee, any Credit Support Provider, or the Bond Registrar, under the CFC Trust Agreement, the Bond Legislation, the Bonds or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Debt Service Charges in the amount and manner, at the times and from the sources provided in the Bond Proceedings and the Bonds, except as permitted in the CFC Trust Agreement.

Unless the context otherwise indicates, words in the Bond Proceedings importing the singular number include the plural number and vice versa.

References in this CFC Master Trust Agreement to a Section, unless otherwise stated, are to a Section of this CFC Master Trust Agreement. The terms "hereof", "herein", "hereby", "hereto", and "hereunder", and similar terms, mean and refer to this CFC Master Trust Agreement.

(End of Article I)

#### ARTICLE II

#### **AUTHORIZATION, TERMS AND DELIVERY OF BONDS**

Section 2.01 General.

- (a) The Bonds shall be issued pursuant to the Act. No Bonds may be issued under the provisions of this CFC Master Trust Agreement except in accordance with this Article.
- (b) Anything in this CFC Master Trust Agreement to the contrary notwithstanding, the aggregate principal amount of Bonds that may be executed, authenticated and delivered pursuant to this CFC Master Trust Agreement may be limited or additional conditions to their issuance may be imposed, or a combination of both, at any time at the election of the Authority pursuant to a CFC Supplemental Trust Agreement specifying that limitation or those additional conditions. However, no such CFC Supplemental Trust Agreement may increase the duties or obligations of the Trustee without its consent.
- (c) To the extent provided in and except as otherwise permitted by the CFC Trust Agreement, (i) the Bonds shall be payable equally and ratably solely from the Pledged Revenues and the Pledged Funds and (ii) the payment of Debt Service Charges shall be secured by (A) the CFC Master Trust Agreement and (B) a pledge and assignment of and a lien on the Pledged Revenues and the Pledged Funds. Nothing in the CFC Trust Agreement shall prevent the Debt Service Charges on one series of Bonds being otherwise secured by funds, property or investments not applicable to another series of Bonds.
- (d) The Bonds shall be special obligations of the Authority. The Bonds will not constitute a debt, or a pledge of the faith and credit, of the Authority, the State or any other political subdivision of the State, and the holders or owners of the Bonds have no right to have taxes levied by the General Assembly of Ohio or the taxing authority of any political subdivision of the State to pay Debt Service Charges on the Bonds, and each Bond shall contain a statement to that effect. However, nothing in the CFC Trust Agreement or the Bonds shall be deemed to prohibit the Authority, of its own volition, from using to the extent lawfully authorized to do so any resource for the fulfillment of the terms or obligations of the CFC Trust Agreement and the Bonds.
- (e) In case any officer whose signature or a facsimile of whose signature appears on any Bond shall cease to be that officer before the issuance of the Bond, his signature or facsimile signature nevertheless shall be valid and sufficient for all purposes, the same as if he had remained in office until that time. Any Bond may be signed on behalf of the Authority by an officer who, on the date of signing is the proper officer, although on the date of the Bond that person was not the proper officer.
- Section 2.02 <u>Variation of Terms of the Bonds</u>. The following provisions of each series of Bonds shall be provided in or pursuant to the related CFC Supplemental Trust Agreement:
- (a) the authorized principal amount and the interest rate or rates or the method of determining the same, which may be any method then permitted by law, including, without limitation, fixed or variable interest rates with or without provision for conversion to other fixed

or variable interest rates, and accretion of principal payable at maturity in lieu of interest or current interest payments;

- (b) the purposes for which issued as permitted by the Act and this CFC Master Trust Agreement;
- (c) the date, Regular Record Date, Principal Payment Dates and the Interest Payment Dates;
- (d) the series and any other designation that may be necessary or advisable to distinguish them from Bonds of any other series;
  - (e) the Authorized Denominations and manner of numbering;
- (f) redemption provisions, if any, including any premium to be paid upon redemption;
  - (g) any Mandatory Sinking Fund Requirements;
  - (h) the Paying Agent or Agents, if other than the Trustee;
  - (i) any special terms or conditions for sale;
  - (j) the disposition of proceeds from issuance;
  - (k) provisions for any Credit Support Instrument;
  - (1) the form of the Bonds; and
- (m) any other provisions considered appropriate or advisable by the Authority, including without limitation, description of any additional security to be provided.
- Section 2.03 <u>Form of Bonds</u>. The Bonds shall be substantially in the form or forms provided for, authorized or set forth in the CFC Supplemental Trust Agreement entered into in connection with the issuance of the particular series of Bonds, all consistent with the terms of this CFC Master Trust Agreement.

### Section 2.04 <u>Authentication and Delivery of Bonds</u>.

(a) <u>Authentication</u>. No Bond shall be valid or become obligatory for any purpose or entitled to any security or benefit under this CFC Master Trust Agreement unless and until an authentication certificate, substantially in the form set forth below, has been endorsed on that Bond. The authentication certificate may be executed by any person authorized to do so by an Authenticating Agent, but it shall not be necessary that the same person sign the authentication certificates on all the Bonds or on all the Bonds of any series. The authentication certificate shall be in substantially the following form:

"This Bond is one of the Bonds issued under the provisions of the within mentioned Customer Facility Charge Master Trust

Agreement	and	the	Customer	Facility	Charge	
Supplemental Trust Agreement."						

The authentication of any Bond by any authorized person shall be conclusive evidence that Bond has been duly authenticated and delivered, and is entitled to the security and benefit, under this CFC Master Trust Agreement.

- (b) <u>Conditions to Authentication</u>. Before any series of Bonds are initially authenticated by an Authenticating Agent and delivered by or on behalf of the Trustee, there shall have been filed with the Trustee the following:
  - (i) A copy, certified by an Authorized Officer, of the applicable Bond Legislation authorizing the issuance and delivery of those Bonds.
  - (ii) A certificate of an Authorized Officer stating that to the best of that official's knowledge, the Authority is not on the date of issuance of the Bonds, and by issuance of the Bonds will not be, in default in the performance of any of its covenants, agreements or obligations provided for in the Bond Legislation, the Bonds, this CFC Master Trust Agreement or any CFC Supplemental Trust Agreement.
  - (iii) An originally executed counterpart of the CFC Supplemental Trust Agreement entered into in connection with the issuance of those Bonds.
  - (iv) In the case of Additional Bonds, the certificate and evidence required by Section 2.05.
  - (v) A request and authorization to the Trustee on behalf of the Authority, signed by an Authorized Officer, to authenticate and deliver the Bonds to or on the order of the Original Purchaser identified, and upon payment of an amount specified, in that request and authorization, which amount shall be applied as provided in the applicable Bond Proceedings.
  - The written opinion of legal counsel retained or designated by the Authority to the effect that documents submitted to the Trustee in connection with that request and authorization comply with the requirements of this CFC Master Trust Agreement, and that all legal conditions precedent to the issuance of those Bonds as provided in this CFC Master Trust Agreement have been complied with, and a written opinion of nationally recognized bond counsel for or designated by the Authority, who may also be the legal counsel referred to above in this subparagraph (vi), that those Bonds, when duly executed, authenticated and delivered, will be valid and legal special obligations of the Authority, enforceable in accordance with their terms subject to reasonable exceptions, such as for bankruptcy, insolvency and laws affecting creditors' rights and the exercise of judicial discretion and application of equitable principles, and will be secured with, if applicable, all other then outstanding Bonds as to the security of this CFC Master Trust Agreement and the pledge of the Pledged Revenues and the Pledged Funds (except as to any provision made under Section 2.11 or 3.04 of this CFC Master Trust Agreement) to provide for payment of Debt Service Charges, and, if Additional Bonds, the issuance of those Bonds will not cause the interest on then

Outstanding Bonds to become includable in the gross income of holders for federal income tax purposes.

- (vii) Such additional certificates or opinions as may be required by the applicable Bond Proceedings or purchase agreement pertaining to those Additional Bonds.
- (c) <u>Delivery</u>. When the documents and opinions referred to in Section 2.04(b) have been filed with the Trustee and the Bonds have been executed and authenticated, the Trustee, itself or by an agent authorized to do so by the Trustee, shall deliver those Bonds to or on the order of the Original Purchaser identified in the request and authorization referred to in Section 2.04(b)(v), upon payment of the amount specified in that request and authorization.
- (d) <u>Replacement Bonds.</u> All Bonds authenticated and delivered upon any transfer or exchange or partial redemption of Bonds, or pursuant to Section 2.08, shall be valid special obligations of the Authority, evidencing the same obligation, and entitled to the same security and benefit under this CFC Master Trust Agreement, as the Predecessor Bonds surrendered or replaced.

## Section 2.05 Additional Bonds.

(a) The Authority shall have the right from time to time to issue Additional Bonds, including Long Term Bonds and Interim Indebtedness, for the purposes only of (i) providing moneys to finance Improvements, (ii) providing additional moneys, if necessary, to complete any Improvement for which Bonds have been issued, (iii) refunding and advance refunding for any lawful purpose any Outstanding Bonds or Subordinated Obligations, or (iv) any combination of (i), (ii) or (iii). The proceeds from the sale of Additional Bonds shall be allocated and deposited in the Funds in the manner provided in the Bond Proceedings relating to those Additional Bonds.

Those Additional Bonds shall be on a parity with the Series 2019 Bonds and any Additional Bonds theretofore or thereafter issued as to the security of this CFC Master Trust Agreement and the pledge of the Pledged Revenues and the Pledged Funds (except as otherwise provided or authorized in this CFC Master Trust Agreement, and except as to any provision made under Section 2.11 or 3.04) to provide for payment of Debt Service Charges on the Bonds.

- (b) Prior to initial authentication of any Additional Bonds, the Authority shall have furnished either of the following to the Trustee:
  - (i) A certificate of a Consultant to the effect that the CFC Revenues expected to be collected by the Authority during the Period of Review, adjusted to reflect, if necessary, rates of CFCs approved by the Authority before the issuance of those Additional Bonds, will aggregate in an amount not less than the sum of (A) One hundred percent (100%) of the amounts required by Section 5.03 to be deposited into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund in each Fiscal Year of the Period of Review plus (B) One hundred twenty-five percent (125%) of the maximum amount required to be paid as Debt Service Charges in each Fiscal Year of the

Period of Review on account of all Bonds then Outstanding, including the Additional Bonds proposed to be issued,

<u>or</u>

(ii) A certificate of the Chief Financial Officer to the effect that the CFC Revenues, during the Most Recent Audit Year, adjusted to reflect, if necessary, rates of CFCs approved by the Authority before the issuance of those Additional Bonds, will aggregate in an amount not less than the sum of (A) One hundred percent (100%) of the amounts required by Section 5.03 to have been deposited into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund during such Most Recent Audit Year plus (B) One hundred twenty-five percent (125%) of the maximum amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on account of all Bonds then Outstanding, including the Additional Bonds proposed to be issued.

However, notwithstanding the foregoing, Additional Bonds may be issued to provide for the completion of any Improvement if the principal amount of the Additional Bonds for the purpose does not exceed 10% of the total cost of that Improvement, or to refund or advance refund Bonds if the Debt Service Charge requirements for the Additional Bonds do not exceed by more than 5% in any Fiscal Year the Debt Service Charge requirements in the same Fiscal Year on the Bonds being refunded, in each case without the necessity of the written statement by the Consultant or certification by the Chief Financial Officer as otherwise required under this paragraph (b).

- (iii) If the Additional Bonds are in whole or in part to refund or advance refund any Outstanding Bonds or Subordinated Obligations, evidence satisfactory to the Trustee that either:
  - (A) Provision has been made to assure that moneys sufficient to retire the Bonds or the Subordinated Obligations to be refunded will be available in the possession of the Trustee, in accordance with, as applicable, this CFC Master Trust Agreement, at the time provided for retirement thereof under the plan for refunding, and are committed to that purpose,

<u>or</u>

(B) If the Additional Bonds are in whole or in part to refund Outstanding Bonds or Subordinated Obligations which at the time of issuance of the Additional Bonds will not be deemed to have been paid and discharged under this CFC Master Trust Agreement, or an applicable Subordinated Obligations Trust Agreement, money sufficient to pay interest accrued and to accrue and any principal payable on such Additional Bonds prior to the retirement of the refunded Bonds or Subordinated Obligations has been deposited in the CFC Debt Service Fund or the Subordinated Obligations Debt Service Account, respectively, without impairment of any provision or covenant of this CFC Master Trust

Agreement or of the Bond Legislation or CFC Supplemental Trust Agreement authorizing the issuance of Additional Bonds, or the Subordinated Obligations Trust Agreement authorizing the issuance of the Subordinated Obligations, and from appropriate sources other than the CFC Revenue Fund and the CFC Debt Service Reserve Fund, or the Subordinated Obligations Debt Service Account in the case of any Subordinated Obligations, except to the extent of any money in those funds in excess of the balances required to be maintained in them under the provisions of this CFC Master Trust Agreement (the transfer of which excess money for such purpose is hereby authorized) or an applicable Subordinated Obligations Trust Agreement or will be deposited directly in the CFC Debt Service Fund or the Subordinated Obligations Debt Service Account, respectively, from appropriate portions of the proceeds from the sale of such Additional Bonds pursuant to the related Bond Legislation and CFC Supplemental Trust Agreement.

- (c) In the event any Bonds Outstanding are or any proposed series of Bonds are to be Balloon Bonds, then Debt Service Charges on such Balloon Bonds shall be deemed to be calculated for purposes of Sections 2.05 and 4.02, whether for any period prior to or after the date of calculation, as follows:
  - (i) If such Balloon Bonds are not Capital Appreciation Bonds, by assuming that such Bonds will be amortized on the basis of level debt service over the Assumed Amortization Period beginning on the date on which principal on the Balloon Bonds is payable and that such Bonds bear interest at the Assumed Interest Rate.
  - (ii) If such Balloon Bonds are Capital Appreciation Bonds, by assuming that the Compound Accreted Amount of such Bonds at maturity is to be amortized on the basis of level principal payments over the Assumed Amortization Period.
- (d) In the event any Bonds Outstanding are or any proposed series of Bonds are to be Variable Rate Additional Bonds, then Debt Service Charges on such Variable Rate Additional Bonds shall be deemed to be calculated for purposes of Sections 2.05 and 4.02, whether for any period prior to or after the date of calculation, by assuming that such Bonds will be amortized on the basis of level debt service over the Assumed Amortization Period beginning on the date on which principal on the Variable Rate Additional Bonds is payable and that such Bonds bear interest at the Variable Rate Debt Interest Rate.
- (e) In making the calculation for purposes of the written statements of the Consultant or the certificate of the Chief Financial Officer under Subsection (b) above, in the case of the issuance of Additional Bonds to refund or advance refund any Outstanding Bonds and provided that such Outstanding Bonds to be refunded or advance refunded have been defeased in accordance with Article IX hereof, payments into the CFC Debt Service Fund on account of Debt Service Charge requirements on the Additional Bonds will be used in lieu of such payments on account of Debt Service Charge requirements on the Bonds being refunded.
- (f) In making the calculation for purposes of the written statements of the Consultant under Subsection (b) above, the Consultant may (i) assume that the rate of the levy of CFCs in

effect on the date of issuance of such Series of Bonds will be in effect for the entire forecast period, (ii) assume a higher rate to the extent the Authority has officially imposed an increase in CFCs prior to the date of the Consultant's report and (iii) take into account projected rental transactions days based in part on its projection of the growth in enplaned passengers within the Airport for the Period of Review, as reflected in an accompanying financial analysis provided in connection with the issuance of such Additional Bonds.

Section 2.06 <u>Registered Bonds</u>. Registered Bonds shall be issued in Authorized Denominations as provided in the applicable Bond Proceedings. Except as may be otherwise provided in the applicable Bond Proceedings, each Registered Bond shall be of a single maturity of the same series and shall be dated as provided in the applicable Bond Proceedings. So long as any Registered Bonds remain unpaid, the Authority will cause the Register to be maintained and kept at the principal office of the Bond Registrar for those Bonds.

## Section 2.07 Payment, Transfer, Exchange and Registration of Registered Bonds.

(a) <u>Payment</u>. Unless otherwise permitted in this CFC Master Trust Agreement or otherwise provided in the applicable CFC Supplemental Trust Agreement, the principal of and any redemption premium on Registered Bonds shall be payable on presentation and surrender of the Bonds at the designated corporate trust office of the Trustee (provided however, presentation shall not be required in connection with payments related to any Mandatory Sinking Fund Requirements), and payment of the interest on Registered Bonds shall be by check mailed by the Trustee on each Interest Payment Date to the Registered Owner of the Bond at the close of business on the Regular Record Date, and to the address of that owner as it then appears on the Register, provided that such payment to a Securities Depository may be made by wire transfer of federal funds.

If and to the extent that the Authority shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the person who was the Registered Owner of that Bond (or of one or more Predecessor Bonds) as of the applicable Regular Record Date. When money becomes available for payment of the interest, (i) the Trustee shall establish, pursuant to Section 7.09, a Special Record Date for the payment of that interest, which Special Record Date shall be not more than 15 or fewer than 10 days prior to the date of the proposed payment, and (ii) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed to each Registered Owner at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable to the persons who are the Registered Owners of the applicable Bonds (or their respective Predecessor Bonds) at the close of business on the Special Record Date.

Except as otherwise provided in this Section or Section 2.08, the Registered Owner shall be deemed and regarded as the absolute owner of that Bond for all purposes, and payment of or on account of the Debt Service Charges on that Bond shall be made to or upon the order of that holder or his legal representative, and the Authority, the Trustee or any Authenticating Agent, Bond Registrar or Paying Agent shall not be affected by any notice to the contrary, but the registration may be changed as provided in or permitted by this CFC Master Trust Agreement.

All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bond, including any interest on it, to the extent of the sum or sums so paid.

(b) Transfer and Exchange. A Registered Bond may be transferred or exchanged only upon the Register, upon its surrender at the designated office of an Authenticating Agent together with an assignment or request for exchange duly executed by the Registered Owner or his duly authorized attorney in such form as is satisfactory to the Bond Registrar. Upon the transfer or exchange of any Registered Bond and on request of the Bond Registrar, the Authority shall cause to be executed in the name of the transferee or the Registered Owner a new Registered Bond or Bonds of the same series, of any denomination or denominations permitted by the applicable Bond Proceedings, in an aggregate principal amount equal to that amount of the Predecessor Bond, and bearing any interest at the same rate (or determined in the same manner) and maturing on the same date or dates as the Predecessor Bond.

In all cases in which Registered Bonds are transferred or exchanged, the Authority shall cause to be executed and an Authenticating Agent shall authenticate and deliver Bonds in accordance with the provisions of this CFC Master Trust Agreement. Except as may otherwise be provided in an applicable CFC Supplemental Trust Agreement as to the series of Bonds authorized thereunder, the Authority and an Authenticating Agent:

- (i) Shall not be required to make any transfer or exchange of any Bond then subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption and ending at the close of business on the day of the mailing, or of any Bond so selected for redemption in whole or in part.
- (ii) Shall make the transfer or exchange without charge, except that the Authority and the Authenticating Agent may make a charge sufficient to reimburse them for any tax, excise or governmental charge required to be paid with respect to the transfer or exchange, which charge shall be paid before a new Bond is delivered.

For purposes of this Section, the "designated corporate trust office" of the Trustee as an Authenticating Agent shall be its principal corporate trust office designated by the Trustee, and of any other Authenticating Agent shall be as established by the Trustee or by the applicable Bond Proceedings.

- (c) <u>Variation of Provisions</u>. The provisions of this Section may be varied as to all or portions of Registered Bonds of a series by the applicable Bond Proceedings, including varied provisions relating to Bonds in a book entry system.
- Section 2.08 <u>Mutilated, Lost, Wrongfully Taken or Destroyed Bonds</u>. If any Bond is mutilated, lost, wrongfully taken or destroyed (for ease of reference, referred to in this Section as a "lost Bond"), in the absence of written notice to the Authority or the Trustee that the lost Bond has been acquired by a bona fide purchaser, the Authority shall cause to be executed and the Trustee shall cause to be authenticated a new Bond of like date, maturity and denomination, and bearing any interest at the same rate (or determined in the same manner), as that lost Bond.

In the case of a mutilated Bond, the mutilated Bond shall first be surrendered to the Trustee. In case of a lost, wrongfully taken or destroyed Bond, there first shall be furnished to the Authority and the Trustee evidence of the loss, wrongful taking or destruction satisfactory to the Trustee, together with indemnity satisfactory to the Trustee.

If the lost Bond has matured, instead of issuing a new Bond the Authority may pay, or may direct the Trustee to pay, the Bond without surrender or issuance of a new Bond upon the furnishing of the evidence and, if applicable, satisfactory indemnity as in the case of issuance of a new Bond.

The Authority and the Trustee may charge the holder of the applicable Bond for reasonable fees and expenses, including legal fees and printing expenses, in connection with actions pursuant to this Section.

Every new Bond issued pursuant to this Section shall constitute, consistent with the provisions of the Predecessor Bond, an additional contractual obligation of the Authority, whether or not the predecessor Bond shall be found at any time. Any new Bond issued pursuant to this Section may contain or have imprinted or stamped on it a statement to the effect, or a symbol indicating, that it is issued to replace a lost Bond.

All Bonds shall be held and owned on the express condition that the provisions of this Section are exclusive with respect to the replacement or payment of lost Bonds and shall preclude any and all other rights or remedies, notwithstanding any law or statute to the contrary now in effect or hereafter enacted with respect to the replacement or payment of negotiable instruments or investment securities or other securities without their surrender.

The Trustee shall promptly advise in writing any other Authenticating Agents or Paying Agents for the applicable series of the issuance of any new Bonds or the payment of any matured Bond pursuant to this Section.

Section 2.09 <u>Safekeeping and Cancellation of Bonds</u>. Unless otherwise provided by the applicable Bond Proceedings, any Bond surrendered for the purpose of payment or retirement, or for transfer or exchange, or for replacement or payment pursuant to Section 2.08, shall be canceled upon surrender to the Trustee, an Authenticating Agent or any Paying Agent. Any Bond so canceled by any Authenticating Agent or a Paying Agent other than the Trustee shall be promptly transmitted by the Authenticating Agent or Paying Agent to the Trustee. Upon request, certification of such surrender and cancellation shall be provided by the Trustee to the Authority.

The Authority at any time may deliver to the Trustee for cancellation any Bonds previously authenticated and delivered under this CFC Master Trust Agreement, which the Authority may have acquired in any manner whatsoever. All Bonds so delivered shall be canceled promptly by the Trustee.

Unless otherwise directed by the Authority, canceled Bonds shall be retained and stored, or microfilm copies made and retained, by the Trustee for a period of at least six years after their cancellation. Those canceled Bonds may be destroyed by the Trustee by shredding or incineration six years after their cancellation, or if microfilmed, six months after their cancellation, or at any earlier time directed by the Authority. Upon request, certification of any

destruction of canceled Bonds, describing the manner of destruction, shall be provided by the Trustee to the Authority.

Section 2.10 Varied Provisions for Payment; Wire Transfer. Notwithstanding any other provision of this CFC Master Trust Agreement or of any Bond to the contrary, with the approval of the Authority the Trustee may, upon the written request of the Registered Owner of any Registered Bond, enter into an agreement with that owner providing for payments to that owner of Debt Service Charges on that owner's Bond or Bonds, or any portion of them, other than any payment of the entire unpaid principal amount of a Bond, at a place and in a manner (including the wire transfer of federal funds or other form of transmittal) other than as provided elsewhere in this Trust Agreement or in the applicable Bond Proceedings, and other than in the case of principal or premium, without prior presentation or surrender of the Bond, upon any conditions satisfactory to the Trustee and the Authority. That payment in any event shall be made to the person who is on these dates the Registered Owner: (i) as to principal or premium, on the date that principal or premium is due, and (ii) as to interest, on the applicable Regular or Special Record Date. The Trustee will furnish a copy of each of those agreements to all other Authenticating Agents or Paying Agents for the applicable Bonds, and to the Authority. Any payment of Debt Service Charges pursuant to such an agreement shall constitute payment of those Debt Service Charges pursuant to, and for all purposes of, this CFC Master Trust Agreement.

All expenses incurred by the Trustee as a result of any such special agreement, other than any agreement with a Depository entered into in connection with the original issuance and delivery of a series of Bonds, shall constitute Extraordinary Expenses to the extent those expenses exceed the expenses that would have been incurred by the Trustee in the absence of that agreement and to the extent that provision is not made in that agreement for payment of those expenses by the owner entering into that agreement with the Trustee.

Section 2.11 Nonpresentment; Uncashed Checks. If a Bond is not presented for payment when due in whole or in part, whether at maturity, prior redemption or otherwise, or a check for interest is uncashed, and if moneys for the purpose of paying and sufficient to pay the amount involved have been made available to the Trustee for the benefit of the Bondholder, all liability of the Authority to that holder for that payment shall thereupon cease and be discharged completely, and it shall thereupon be the duty of the Paying Agents to hold those moneys in trust, without liability for interest on them, for the exclusive benefit of that holder. Subject to the provisions of this Section, that Bondholder (and successive owners of that Bond) shall thereafter be restricted exclusively to those moneys for any claim of whatever nature on that Bondholder's part under this CFC Master Trust Agreement or on or with respect to that amount then due on that Bond or that check.

Any moneys so held by the Paying Agents and remaining unclaimed by the holder (or successive holders) of that Bond, for a period of three years after the date on which that Bond became payable as provided above or on which that check was issued, shall upon request in writing by the Authority be paid to the Authority and thereafter the holder (or successive holders) of that Bond shall look only to the Authority for payment and then only to the amounts so received by the Authority without any interest on those amounts, and the Paying Agents and Trustee shall have no further responsibility with respect to those moneys.

The moneys paid to the Authority pursuant to this Section shall be credited to a special subaccount in the CFC Debt Service Fund. The Chief Financial Officer shall keep a record of the amounts with respect to each series of Bonds, and to Bonds of such series, so deposited in the special subaccount, and moneys in that subaccount shall be applied to payment of Debt Service Charges on the Bonds with respect to which such moneys are transferred to the Authority. Investment income from moneys in that subaccount shall be credited to the general portion of the CFC Debt Service Fund.

Section 2.12 <u>Subordinated Obligations</u>. The Authority may provide for the issuance of Subordinated Obligations to be payable and which may be secured as provided herein and in a Subordinated Obligations Trust Agreement. Subordinated Obligations do not constitute Bonds and may be secured by a pledge of the Subordinated Obligations Debt Service Account, but shall not be secured by a pledge of any other Fund or Account. Subordinated Obligations may be secured by a pledge of Pledged Revenues expressly subordinate to the pledge of Pledged Revenues provided herein and may be payable from Pledged Revenues only after provision has been made for payment of Debt Service Charges on the Bonds and provided in the CFC Trust Agreement.

(End of Article II)

#### **ARTICLE III**

#### PRIOR REDEMPTION OF BONDS

Section 3.01 <u>Privilege of Redemption</u>. Each series of Bonds shall be subject to redemption prior to maturity to the extent, at such times and in the manner provided in this CFC Master Trust Agreement and the related CFC Supplemental Trust Agreement.

(a) <u>Mandatory Sinking Fund Redemption</u>. The aggregate of the amounts to be deposited in the Principal Payment Account of the CFC Debt Service Fund pursuant to Section 5.03 hereof shall include amounts sufficient to redeem any Bonds subject to mandatory redemption pursuant to Mandatory Sinking Fund Requirements. The Trustee, on behalf of the Authority, shall cause such Bonds to be redeemed in the manner provided in this Article on each mandatory redemption date in the aggregate principal amount set forth in the CFC Trust Agreement.

The Authority shall have the option to deliver to the Trustee for cancellation any Bonds subject to Mandatory Sinking Fund Requirements in any aggregate principal amount and to receive a credit against any Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) of the Authority for Bonds of the same series and maturity. That option shall be exercised by the Authority, on or before the 45<sup>th</sup> day preceding the applicable mandatory redemption date, by furnishing the Trustee a certificate, signed by an Authorized Officer setting forth the extent of the credit to be applied and the Mandatory Sinking Fund Requirement to be credited. The Bonds upon which that certificate is based shall be delivered to the Trustee for cancellation on the applicable mandatory redemption date. If the certificate is not timely furnished to the Trustee or the Bonds are not so delivered, the Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) shall not be A credit against the then current Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) of a series of Bonds shall be received by the Authority for any Bonds of the same series and maturity, which prior thereto have been redeemed (other than through the operation of the Mandatory Sinking Fund Requirements) or purchased for cancellation and canceled by the Trustee, to the extent not applied theretofore as a credit against any redemption obligation.

Each Bond so delivered, or previously redeemed, or purchased and canceled, shall be credited by the Trustee at 100% of the principal amount thereof against the designated or then current Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) for the series of Bonds so delivered. Any excess of that amount over the designated or then current Mandatory Sinking Fund Requirement shall be credited against subsequent mandatory redemption obligations in the order directed by the Authority.

(b) Optional Redemption. To exercise any right of optional redemption, the Authority shall give written notice to the Trustee of its election to redeem and of the redemption date and the principal amount to be redeemed and shall pay to the Trustee prior to the redemption date, funds that, in addition to any other money available therefor and held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the redeemable Bonds for which notice of redemption is to be given.

That notice shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee.

Section 3.02 Partial Redemption. If fewer than all of the Outstanding Bonds of a series that are stated to mature on different dates are called for redemption at one time, those Bonds that are called shall be called as designated by the Chief Financial Officer without regard to the order of the maturities of the Bonds of that series to be redeemed. If fewer than all of the Bonds of a single maturity of a series are to be redeemed, the selection of Bonds to be redeemed, or portions thereof in Authorized Denominations thereof, shall be made by lot in any manner that the Trustee may determine; provided, however, that, if Bonds subject to mandatory sinking fund redemption are called for optional redemption, the credit to the Mandatory Sinking Fund Requirements (and corresponding mandatory sinking fund redemption obligation) of the Authority shall be designated by the Chief Financial Officer. If Bonds of a series are to be selected for mandatory redemption and for optional redemption on the same date, the Trustee or its designee shall first select the Bonds to be redeemed pursuant to optional redemption. In the case of a partial redemption of Bonds by lot when Bonds of Authorized Denominations greater than the minimum Authorized Denomination are then Outstanding, each minimum Authorized Denomination thereof shall be treated as though it were a separate Bond of the minimum Authorized Denomination. If it is determined that one or more, but not all of the minimum Authorized Denominations represented by a Bond are to be called for redemption, then upon notice of redemption of a minimum Authorized Denomination the Holder of that Bond shall surrender the Bond to the Trustee (a) for payment of the redemption price of the minimum Authorized Denomination called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium), and (b) for issuance, without charge to the Holder thereof, of a new Bond or Bonds of the same series, of any Authorized Denomination or Denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date or dates as, the Bond surrendered.

Section 3.03 Notice of Redemption. The notice of the call for redemption of Bonds shall identify (a) by designation, letters, numbers or other distinguishing marks, the Bonds or portions thereof to be redeemed, (b) the redemption price to be paid, (c) the date fixed for redemption, and (d) the place or places where the amounts due upon redemption are payable. The notice shall be given by the Trustee on behalf of the Authority by mailing a copy of the redemption notice by first-class mail, postage prepaid, at least 30 days prior to the date fixed for redemption, to the Holder of each Bond subject to redemption in whole or in part at the Holder's address shown on the Register on the 15<sup>th</sup> day preceding that mailing; provided that any failure to receive notice by mailing, and any defect in that notice, as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond.

Section 3.04 Payment of Redeemed Bonds. Notice having been mailed in the manner provided in Section 3.03 hereof, the Bonds and portions thereof called for redemption shall become due and payable on the redemption date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price plus accrued interest to the redemption date.

If money for the redemption of all of the Bonds and portions thereof to be redeemed, together with any interest accrued thereon to the redemption date, is held by the Trustee or any Paying Agent on the redemption date, so as to be available therefor on that date and, if notice of redemption shall have been mailed in the manner provided in Section 3.03 hereof, then from and after the redemption date those Bonds and portions thereof called for redemption shall cease to bear interest and no longer shall be considered to be Outstanding hereunder. If that money shall not be so available on the redemption date, or that notice shall not have been mailed as aforesaid, those Bonds and portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption.

All money deposited in the CFC Debt Service Fund and held by the Trustee or a Paying Agent for the redemption of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds or to the Authority pursuant to Section 2.11 hereof in the absence of such presentation.

Section 3.05 <u>Conditional Notice</u>. A conditional notice of redemption may be given pursuant to Section 3.03. The Bonds to which such conditional notice pertains shall be deemed Outstanding until the conditions to such redemption have been satisfied, whereupon the notice shall become irrevocable. If a conditional notice of redemption has been given, the failure of the Authority to make funds available in whole or in part on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give notice to the affected Holders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding. Any extraordinary costs incurred by the Trustee in connection with a rescission of a redemption shall be paid by the Authority.

Section 3.06 <u>Variation of Redemption Provisions</u>. The provisions of this Article, insofar as they apply to issuance of any series of Bonds, may be varied by the related CFC Supplemental Trust Agreement.

(End of Article III)

#### ARTICLE IV

## REPRESENTATIONS, COVENANTS AND AGREEMENTS OF THE AUTHORITY

Section 4.01 <u>Representations; Certain Covenants and Agreements.</u>

- (a) The Authority represents and warrants that:
- (i) <u>Authorization</u>. It is duly authorized by the Act and the Bond Legislation to issue the Bonds, to execute and deliver this CFC Master Trust Agreement and to provide the security for payment of the Debt Service Charges in the manner and to the extent set forth in this CFC Master Trust Agreement.
- (ii) <u>Actions</u>. All actions required on its part to be performed for the execution and delivery of this CFC Master Trust Agreement have been or will be taken.
- (b) In addition to other covenants and agreements of the Authority contained elsewhere in the Bond Proceedings, which are hereby incorporated into this CFC Master Trust Agreement by this reference, the Authority covenants and agrees with the holders and the Trustee as follows:
  - (i) <u>Payment of Debt Service Charges</u>. The Authority will pay, or cause to be paid, all Debt Service Charges solely from the sources provided, on the dates, at the places and in the manner provided in, this CFC Master Trust Agreement and the applicable Bond Proceedings.
  - (ii) <u>No Impairment</u>. The Authority covenants that so long as Bonds are outstanding under this CFC Master Trust Agreement, it will not take any action or omit to take any action with respect to the Pledged Revenues if such action or omission would jeopardize the validity or enforceability of the imposition of CFCs or the Concessionaire Deficiency Payments, as the case may be, or impede the Authority's ability to impose and collect CFCs or Concessionaire Deficiency Payments in the amounts contemplated in this CFC Master Trust Agreement.
  - (iii) <u>Pursuit of Rights and Remedies under Concessionaire Agreement</u>. The Authority covenants that so long as Bonds are outstanding under this CFC Master Trust Agreement, it will act in good faith to enforce its rights and pursue any remedies reasonably available to it in connection with a material breach of a Concessionaire Agreement by any Concessionaire.
  - (iv) <u>Register</u>. At reasonable times and under reasonable regulations established by the Bond Registrar, the Register may be inspected and copied by the Trustee, by the Authority, and by holders (or designated representative of the holders) of 25% or more in Aggregate Outstanding Principal Amount of the Bonds.
  - (v) <u>Recordation</u>. The Authority will record, register, file and renew the CFC Trust Agreement and all such documents as may be required by law in order to maintain the lien of the CFC Trust Agreement, all in such manner, at such times and in such places

as may be required by law in order fully to preserve and protect the security for the Bonds and the rights of the Trustee. The Authority will pay all recording fees incident to the recording of the CFC Trust Agreement, and will comply with all requirements of law affecting the due recording, filing and refiling of the CFC Trust Agreement, and will do whatever else may be necessary in order to perfect and continue the lien of the CFC Trust Agreement upon the property assigned hereunder or intended so to be.

#### Section 4.02 Rate Covenant.

- (a) The Authority covenants, subject to all applicable requirements and restrictions imposed by law, that at all times it will prescribe, charge, revise from time to time when necessary, maintain, collect, and remit to the Trustee, as assignee of the Authority, a CFC in accordance with the CFC Resolution and the Concessionaire Agreements that will, together with any Concessionaire Deficiency Payments and any amounts the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund, produce monies sufficient in amount to pay in each Fiscal Year, in accordance with the provisions of this CFC Master Trust Agreement, the greater of:
  - (i) One hundred percent (100%) of the amounts required to be deposited into the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund, in such Fiscal Year as contemplated in Section 5.03; or
  - (ii) One hundred twenty-five percent (125%) of the amount required to be paid as Debt Service Charges for such Fiscal Year.

Notwithstanding the actual amount which the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund in any Fiscal Year, the amount of such transfer which may be included in the preceding computations shall be limited to the lesser of (A) the actual amount transferred or (B) twenty-five percent (25%) of the Debt Service Charges payable in the Fiscal Year in which the computation is determined.

- (b) The Authority further covenants that if in any Fiscal Year the CFC Revenues shall be less than the amount required under Section 4.02(a), it will employ a Consultant, within 30 days following receipt by the Authority of its annual financial statements, but in any event no later than June 30 of the immediately following Year, to make recommendations within 45 days as to a revision of the CFC that will result in producing the amount so required in the Fiscal Year next succeeding its receipt of those recommendations. The Authority shall give written notice to the Trustee of any such employment of a Consultant and provide to the Trustee a copy of the Consultant's recommendations. The Authority covenants and agrees that it will, promptly upon its receipt of such recommendations, revise the CFC, and take such other action as shall be in conformity with such recommendations to the extent the Authority feasibly may do so. The Trustee has no duty or obligation to monitor the Authority's compliance with any recommendations of the Consultant.
- (c) If the Authority complies with all recommendations of the Consultant referred to in Section 4.02(b) with respect to the CFC, the failure of the sum of (i) the CFC Revenues, (ii)

the Concessionaire Deficiency Payments and (iii) any amounts the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund to meet the requirements of Section 4.02(a) shall not in and of itself constitute an Event of Default under this CFC Master Trust Agreement unless for two consecutive Fiscal Years the sum of (i) the CFC Revenues, (ii) the Concessionaire Deficiency Payments and (iii) any amounts the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund is less than 100% of the amount required to be paid into the CFC Debt Service Fund in each such Fiscal Year. If requested, the Authority shall provide the Trustee with a written certification that the Authority has, to the extent feasible, revised the CFC, and taken such other actions as are in conformity with the recommendations of the Consultant referred to in Section 4.02(b) and the Trustee shall be fully protected in relying on such written certification.

(d) Except as otherwise expressly provided in this CFC Master Trust Agreement, nothing in the Agreement shall be construed as requiring the Authority to use for its performance under this CFC Master Trust Agreement any funds, money or revenues from any source other than the Pledged Revenues and the Pledged Funds.

# Section 4.03 <u>Acquisition, Construction, Operation and Maintenance</u>.

- (a) The Authority shall cause the acquisition and construction of all Improvements that are commenced to be completed in a diligent manner and shall acquire any real estate or interests in real estate, machinery, appliances, appurtenances, incidentals, materials or equipment necessary or useful for those Improvements.
- (b) After Substantial Completion of Improvements to be financed with the proceeds of Bonds, the Authority will deliver to the Trustee (i) a written statement of a Consultant, stating that those Improvements have been substantially completed in accordance with the plans and specifications therefor approved from time to time by the Authority and (ii) a certificate, signed by an Authorized Officer, stating (A) that those Improvements have been substantially completed, (B) their total cost, (C) that all Costs of Improvements then or theretofore due and payable have been paid except as otherwise specified in the certificate, and (D) setting forth the amount, if any, then remaining in the CFC Construction Fund, including any amount being retained for the payment of Costs of Improvements not yet due or for liabilities which the Authority is contesting or which otherwise should be retained and the reasons such amounts are being retained.
- (c) The Authority shall operate the Airport (including the CFC Facilities) as a revenue producing facility under the provisions of the Act and shall charge all users (other than the Authority) provided with service by the Airport (including the CFC Facilities) in accordance with the system of rates, charges and rentals adopted by the Authority from time to time, shall properly maintain and efficiently carry on the operations and business of the Airport (including the CFC Facilities), and shall keep the properties of the Airport (including the CFC Facilities), and every part of those properties, in good condition, repair and working order, replacing any part or parts of the Airport (including the CFC Facilities) which may become worn out or injured with other suitable property having comparable usefulness in the operation of the Airport (including the CFC Facilities). Nothing contained in this CFC Master Trust Agreement shall prevent the Authority from discontinuing the use and operation of any property or equipment

either forming a nonessential part of the Airport (including the CFC Facilities) or for which adequate replacement has been provided, if it is no longer profitable to use and operate that property or equipment.

Section 4.04 <u>Title to CFC Facilities</u>. The Authority represents that it is (or will be at the Issuance Date of the Series 2019 Bonds and the Issuance Date of any series of Additional Bonds) the owner, free and clear of liens and encumbrances other than Permitted Encumbrances, of good and marketable title in fee simple to that portion of the property of the CFC Facilities that is at the time purported to be held in fee simple, and of sufficient other interests in or rights to use the other real property on which substantial facilities of the CFC Facilities are located, to permit the Authority to use those portions of the Airport as intended and to operate the CFC Facilities fully, effectively and efficiently. Except as otherwise provided in this CFC Master Trust Agreement, the Authority has and will preserve good and indefeasible title to all personal property now or hereafter included in the properties of the CFC Facilities.

Section 4.05 After-Acquired Property, Further Assurances. All property and rights of every kind, real, personal or mixed, tangible or intangible, that may be acquired by the Authority from Pledged Revenues or Bond proceeds used directly in connection with the CFC Facilities after the date of this CFC Master Trust Agreement, and all such property constituting Pledged Revenues or deposited in any Pledged Fund, shall become and be subject to this CFC Master Trust Agreement immediately upon the acquisition or deposit thereof, without any further pledge or assignment, as fully and completely as though now owned by the Authority and specifically described and pledged in the granting clauses of this CFC Master Trust Agreement. At any and all times the Authority will do, execute, acknowledge and deliver, or shall cause to be done, all such further acts and things, and cause to be executed, acknowledged and delivered all such further pledges, assignments and assurances for the better pledging, assigning, assuring and confirming unto the Trustee any and all moneys, funds and rights hereby pledged and assigned or intended to be pledged and assigned, as the Trustee may reasonably require for better accomplishing the provisions and purposes of this CFC Master Trust Agreement, and for securing the payment of the Debt Service Charges.

## Section 4.06 Special Covenants.

- (a) The Authority covenants that it will not, except as otherwise permitted by this CFC Master Trust Agreement, sell or otherwise dispose of all or any part of the properties of the CFC Facilities, or directly or indirectly create or suffer to be created or to remain any debt, mortgage, lien, encumbrance or charge upon, pledge of, security interest in or conditional sale or other title retention agreement with respect to the CFC Facilities or the interest of the Authority or of the Trustee in the Pledged Funds or the Pledged Revenues, or any part thereof, other than Permitted Encumbrances, that would constitute a lien prior to or upon a parity with the lien of this CFC Master Trust Agreement upon the Pledged Funds or the Pledged Revenues.
- (b) The Authority covenants that it will satisfy or cause to be discharged, or will make adequate provision to satisfy and discharge, within 60 days after the same shall accrue, all lawful claims and demands (excepting such as may arise from or in connection with the acquisition and construction of Improvements and that are payable from proceeds of Bonds) for labor, materials, supplies or other items that, if not satisfied, might by law become a lien upon

any of the properties and money of the CFC Facilities, including, without limitation, the Pledged Revenues and Pledged Funds. If any such lien shall be filed against the interest of the Authority in any such properties or money, or asserted against any amounts payable under this CFC Master Trust Agreement, by reason of work, labor, services or materials supplied or claimed to have been supplied on or to the CFC Facilities at the request or with the permission of the Authority or of anyone claiming under the Authority, the Authority shall, within 30 days after it receives notice of the filing or the assertion against such amounts, cause the same to be discharged of record, or effectively prevent the enforcement or foreclosure thereof against any of the properties and money of the CFC Facilities or against such amounts, by contest, payment, deposit, bond, order of court or otherwise.

- (c) Nothing in this Section shall require the Authority to satisfy or discharge any lien, encumbrance, charge, claim or demand so long as its validity is being contested in good faith and by appropriate legal proceedings. In connection with any such contest, the Authority shall furnish the Trustee with a bond or cash deposit equal to at least the amount so contested or with an opinion of legal counsel to the effect that by nonpayment of any such items the lien created by this CFC Master Trust Agreement will not be materially affected or any of the properties and money of the CFC Facilities, including, without limitation, any Pledged Revenues or Pledged Funds, will not be subject to imminent loss or forfeiture, the Authority promptly shall cause such lien to be discharged of record. The proceeds of the bond or the cash deposit may be used by the Trustee to satisfy the lien, encumbrance, charge, claim or demand if action is taken to enforce the lien, encumbrance, charge, claim or demand and such action is not stayed. The bond or cash deposit shall be returned to the Authority if the lien, encumbrance, charge, claim or demand is successfully contested. If the Authority is unable or otherwise fails to obtain such a bond or provide such a cash deposit or such an opinion of legal counsel, the Authority shall cause such liens, encumbrances, charges, claims or demands to be paid promptly.
- (d) If the Authority were to be finally adjudged to be liable for damages for actions or inactions arising out of activities of the Authority, other than the operation of the CFC Facilities, if necessary to avoid any lien or charge being imposed upon any of the properties and money of the CFC Facilities, including, without limitation, any Pledged Revenues or Pledged Funds except as permitted by this CFC Master Trust Agreement, the Authority shall pay such judgment from available funds of the Authority exclusive of Pledged Revenues, and, if necessary to pay such judgment, shall issue final judgment or claim settlement bonds or notes to the extent permitted by law.

Section 4.07 <u>Assessments, Taxes and Other Charges</u>. The Authority covenants to pay when due all assessments, levies and taxes of every kind and nature relating to the whole or any part of the CFC Facilities or any interest in them, and all costs, expenses, liabilities and charges of every kind and nature, including charges for gas, electricity, water, sewer and other utilities, relating to the maintenance, repair, replacement and improvement of the CFC Facilities or any part of it or any facilities, machinery or equipment, or relating to the operations or services conducted or provided on or in connection with it that may arise or accrue. However, (a) nothing contained in this Section shall be deemed to constitute an admission that, or consent to, the Authority or any of the Authority's properties is or being subject to assessments or taxes, (b) the Authority shall not be under any obligation to pay any such item if and to the extent it is payable by any contractor in providing improvements, and (c) with respect to the obligations imposed

upon it under this Section, the Authority may exercise the right to contest the claims to the same extent and in the same manner as is provided in Section 4.06.

## Section 4.08 <u>Substitutions, Disposition and Removal of Property.</u>

- (a) The Authority shall not have any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary personal property constituting part of the CFC Facilities. In any instance in which the Authority in its sole discretion determines that any items of such personal property have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Authority may remove such items of personal property from the CFC Facilities and sell, trade in, exchange or otherwise dispose of them (as a whole or in part), provided that the Authority substitutes and installs in the CFC Facilities (subject to the provisions of the next sentence) other personal property having comparable utility (but not necessarily having the same function) in the operation of the CFC Facilities and provided further that such removal and substitution shall not impair the operating viability of the CFC Facilities. The Authority shall not be required to install other personal property in substitution for any personal property removed pursuant to the preceding sentence if, in the reasonable opinion of the Authorized Officer, such substitution is not necessary to preserve the operating viability of the CFC Facilities.
- (b) As provided in this Section, the Authority shall have the right to dispose of any land, improvement or other interest in real property constituting a portion of the CFC Facilities so long as such disposition, taking into account the manner and circumstances thereof and any consideration received by the Authority therefor, will not impair the operating viability of the CFC Facilities. Prior to any such disposition, the Authority shall provide to the Trustee a certificate of an Authorized Officer stating that the conditions set forth in the first sentence of this paragraph have been met. If the aggregate value of any land, improvement or other interest in real property proposed to be disposed in any Year, together with any land, improvement or other interest in real property previously disposed in that Year, would exceed \$150,000, such certificate shall be supported by a written statement of a Consultant to the effect that such disposition will not impair the operating viability of the CFC Facilities.
- (c) Upon any removal or other disposition under the provisions of this Section, the Authority shall notify the Trustee of the property so removed or disposed of and the amount and application of the proceeds thereof. The proceeds of any such removal or disposition remaining after allowing for the Authority's costs in connection therewith shall be deposited into the CFC Debt Service Coverage Fund.
- (d) All buildings, structures, improvements, machinery, equipment and other property that shall be constructed, placed or installed in or upon the properties of the CFC Facilities in connection with the operation of the CFC Facilities as an addition or substitute or renewal or replacement, shall become a part of the CFC Facilities and be subject to the foregoing provisions of this Section in connection with any subsequently proposed removal or disposition.
- (e) The Authority may at any time and from time to time grant any easements, licenses, party wall rights and rights of lateral support with respect to the CFC Facilities,

provided that an Authorized Officer shall have first determined that such will not impair the operating viability of the CFC Facilities.

(f) None of the above provisions of this Section shall impair in any manner the validity, or except as specifically provided herein the priority, of this CFC Master Trust Agreement.

Section 4.09 <u>Compliance with Requirements of Law</u>. The Authority shall comply with all laws, rules, regulations and orders of any governmental body or officers exercising any power of regulation or supervision over it with respect to the CFC Facilities or over any part of the CFC Facilities, and the Authority shall make or cause to be made any repairs to the CFC Facilities or any part thereof that may be required by any of those laws, rules, regulations or orders or that may be necessary to maintain in force any insurance required hereby with respect to any part of the CFC Facilities. However, the Authority shall have the right to contest in good faith the validity of any law, rule, regulation or order in any reasonable manner and to delay or refuse to comply with it if the Authority determines in good faith that the contest will not affect materially and adversely the pledges and lien under this CFC Master Trust Agreement on the money and funds pledged and assigned pursuant to the granting clauses, the conduct of the business of the CFC Facilities, or the maintenance of the physical condition of the CFC Facilities.

## Section 4.10 Books of Record and Account; Financial Reports.

- (a) The Authority shall segregate, for accounting purposes, the Pledged Revenues and Funds from all other revenues and funds of the Authority and shall keep or cause to be kept proper books of record and account (separate and distinct from all other records and accounts of the Authority) in such manner as is necessary to show the complete financial results of operation of the CFC Facilities, all capital expenditures for Improvements, Pledged Revenues and amounts deposited in the Funds.
- (b) The Authority shall furnish to the Trustee, and to any Credit Support Provider, an annual financial report (which may be included in a more comprehensive financial report of the Authority) with respect to the CFC Facilities in such form and containing such information as is required by the laws of the State. Neither the Trustee nor the Credit Support Provider shall have any obligation to review or analyze any such financial report furnished to it or to make any recommendations based upon any such review or analysis.
- (c) The Authority shall permit the authorized representative of the Trustee, of an Original Purchaser, of the holders of at least 25% in Aggregate Outstanding Principal Amount of the Bonds, or of any Credit Support Provider to inspect the CFC Facilities and all records, accounts and data of the CFC Facilities at all reasonable times.
- (d) The Authority agrees that it shall request the State Auditor to conduct annual audits of its financial statements. If the State Auditor has not commenced such audit on or before December 31 of the Year following the Fiscal Year with respect to which audited financial statements are required to be produced, the Authority agrees that it shall request the State Auditor to immediately commence such an audit, and if the State Auditor is unable to so commence such an audit, shall request the State Auditor to authorize the Authority to engage an

independent certified public accountant to conduct the required audit. If so authorized, the Authority agrees that it shall engage an independent certified public accountant to conduct the required audit.

## Section 4.11 <u>Maintenance of Insurance; Application of Insurance Proceeds.</u>

- (a) During construction of Improvements, the Authority shall cause those Improvements to be insured under builder's risks or other appropriate insurance policies insuring against damage and destruction to those Improvements during construction.
- The Authority shall obtain or cause to be obtained from responsible insurance companies, or otherwise as provided below, and at all times shall maintain at its or the Concessionaire's expense, insurance upon all the property and equipment from time to time comprising the CFC Facilities that is of a type that typically is insured by public bodies in the State operating governmental airport systems of similar size and type, in an amount at least equal to the greater of either (i) the aggregate principal amount of Bonds then outstanding (but not exceeding the full insurable replacement value of the property and equipment of the CFC Facilities that is insured in the event of its total destruction), or (ii) 90% of the full insurable replacement value of the property and equipment of the CFC Facilities that is insured in the event of its total destruction, as determined by an Insurance Consultant. Such requirement shall not apply with respect to (i) property or equipment that comprises part of Improvements so long as and to the extent that Improvements are under construction and that property or equipment is insured under builder's risk or other appropriate insurance policies insuring against damage and destruction to that property or equipment during construction, and (ii) discrete portions of property or pieces of equipment with an insurable replacement value of under \$25,000. The Authority may include aggregate deductibles or self-insurance retention of up to \$100,000 per year in any such policies. Such policies shall provide fire and standard extended coverage and insure against loss or damage by fire, lightning, vandalism and malicious mischief and all other perils covered by standard "extended coverage" or "all risks" policies and against such other risks as are normally insured against by entities engaged in operations similar to the CFC Facilities. All such policies shall contain standard mortgagee clauses requiring all proceeds resulting from any claim for loss or damage in excess of \$2,000,000 to be paid to the Trustee.

The Authority promptly shall give or cause to be given written notice of any damage to or destruction of any material part of the CFC Facilities to the Trustee generally describing the nature and extent of the damage or destruction. Regardless of whether the net proceeds of insurance, if any, received on account of that damage or destruction will be sufficient for such purpose, the Authority promptly shall commence and complete, or cause to be commenced and completed, the repair or restoration of the CFC Facilities as nearly as practicable to its value, condition and character existing immediately prior to the damage or destruction, with such changes or alterations as the Authority may deem necessary for proper operation of the CFC Facilities and as shall not impair or diminish, in the judgment of the Authority, the suitability of the CFC Facilities as car rental and transportation-related facilities.

If the net proceeds of property insurance received as a result of any single occurrence is less than \$2,000,000, that amount shall be paid to the Authority for application as necessary for repair and restoration. If those net proceeds are \$2,000,000 or more, that amount shall be paid to

and held by the Trustee in a separate insurance loss account for application as necessary for the payment of the costs of repair or restoration, either on completion or as the work progresses, as directed by the Authority. Money in any insurance loss account held by the Trustee shall be invested in Eligible Investments, maturing not later than the times when that money is required for the payment of costs of repair and restoration, as directed by the Chief Financial Officer. If the Trustee is not provided with written investment directions from the Chief Financial Officer, the Trustee shall hold such amounts uninvested in cash, with no liability for interest. Each disbursement from the insurance loss account shall be requested in a written instrument submitted to the Trustee by an Authorized Officer describing the work or material for the payment or reimbursement of which that disbursement is to be applied, stating that such work or material is necessary for the repair or restoration of the CFC Facilities and certifying that none of the items described has formed the basis for any previous disbursement made from the insurance loss account. The Trustee shall be fully protected in releasing the amounts so requested and has no duty or obligation to confirm that the released amounts are used for the purposes so described.

The Trustee, prior to authorizing payment from any such insurance loss account, shall have received (i) a written statement from a Consultant approving the plans and specifications as satisfactory in order to accomplish the repair and restoration and stating that the cost estimates with respect thereto are reasonable, and (ii) a certificate of the Chief Financial Officer that net proceeds, in the Chief Financial Officer's best judgment, will be sufficient to complete the cost of repair or restoration to be undertaken or that any additional funds necessary in connection therewith have been appropriated and are available. The Trustee shall not be obligated to make any payment from the insurance loss account if there exists an Event of Default. Any balance of the net proceeds held by the Trustee remaining after receipt of a certificate of the Chief Financial Officer stating that payment of all costs of the repair or restoration have been completed shall be deposited in the CFC Debt Service Coverage Fund.

- (c) The Authority shall procure and maintain workers' compensation coverage as required by the laws of the State.
- (d) The Authority shall obtain from responsible insurance companies, or otherwise as provided below, and at all times shall maintain at its expense, comprehensive general, accident and public liability insurance policies covering bodily injury or death to persons and property damage in an aggregate amount of not less than \$500,000 resulting from any one occurrence in connection with the CFC Facilities. The Authority may include aggregate deductibles or self-insurance retention of up to \$100,000 per occurrence in any one year in such policies. Payments made under the policies shall be used to settle or pay claims covered by such insurance or to reimburse the Authority for payments made to settle or pay claims covered by such insurance.
- (e) When so requested in writing by the Trustee, the Authority shall cause the insurance described in the preceding Subsections (b), (c) and (d) then maintained by it to be reviewed by the Insurance Consultant. The Trustee shall have no duty to make such a request, and no such request shall be made more frequently than once a Year. The Authority promptly shall effectuate any change in that insurance as may be recommended. In the event of any claim under those policies, the Authority may compromise, adjust and settle any claim upon behalf of the insured parties. Upon request, originals or duplicate originals of the policies, or certificates evidencing the policies, shall be delivered to the Trustee.

- In the event the Authority in good faith determines that any insurance required by this Section is not commercially available at a reasonable cost with reasonable terms, the Authority shall so certify to the Trustee and advise the Trustee that it proposes to engage an Insurance Consultant, identifying the Insurance Consultant by name and qualifications, to verify such determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Authority (taking into consideration the costs and practices of other governmental airport systems of similar size and type in the State to the extent such information is available) and alternative or supplementary programs to provide protection against the types of risks covered by such insurance. The Board may, by legislation adopted in good faith and upon the recommendations of the Insurance Consultant, adopt alternative or supplemental risk management programs that the Board determines to be reasonable, including, without limitation, the right, to the extent permitted by law or combination to do any one or more of the following: to self-insure in whole or in part; to organize either solely or in connection with other political subdivisions, or organizations, captive insurance companies; to participate in programs of captive insurance companies organized by others; to establish a self-insurance trust fund; to participate in mutual or other cooperative insurance or other risk management programs or pools with other political subdivisions or organizations; to participate in or enter into agreements with local, State or federal governments in order to achieve such insurance; to participate in other alternative risk management programs. A copy of any such recommendations by that Insurance Consultant shall be filed with the Trustee, and the Authority shall promptly deliver to the Trustee in writing a copy of each alternative risk management program that has been adopted by the Board. Such program may be implemented after the 30th day following the delivery of a written copy of it to the Trustee. The Trustee has made no evaluation as to the sufficiency of the insurance requirements set forth this Section and will not make an evaluation as to recommendations, if any, made by an Insurance Consultant.
- (g) Notwithstanding any provision of this CFC Master Trust Agreement to the contrary, the insurance required to be maintained by this Section may be obtained by the Authority through a cooperative or pool program that provides insurance to one or more other political subdivisions of the State. In the event of any claim under those policies, the Authority may compromise, adjust and settle any claim on behalf of the insured parties.

(End of Article IV)

#### **ARTICLE V**

#### **FUNDS AND PAYMENTS**

Section 5.01 <u>Creation of Funds</u>. The Funds and accounts described in this Section are established or referred to in the General Bond Resolution and are designated as indicated. Each Fund is to be maintained in the custody of the Authority or the Trustee, as indicated, as a separate account (except when invested in Eligible Investments). The Funds and accounts are:

- CFC Construction Fund
- CFC Revenue Fund, in which there shall be the CFC Supplemental Reserve Account maintained therein before Substantial Completion
- CFC Debt Service Fund, in which there shall be the CFC Interest Payment Account, the CFC Principal Payment Account and the CFC Redemption Account
- CFC Debt Service Reserve Fund
- CFC Debt Service Coverage Fund
- CFC Administrative Costs Fund, in which there shall be the CFC Administration Account, the CFC Insurance Account and the CFC Rebate Account
- CFC Renewal and Replacement Fund
- CFC Common Use Busing Fund
- CFC Surplus Fund, in which there shall be the CFC Supplemental Reserve Account maintained therein after Substantial Completion, and the Subordinated Obligations Debt Service Account

The *CFC Construction Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority. The Authority may establish separate accounts in the CFC Construction Fund for accounting purposes. Money in the CFC Construction Fund shall be disbursed for the purposes and in accordance with the provisions of Section 5.02. If the unexpended proceeds of a prior issue of Bonds remain in the CFC Construction Fund upon the issuance of any subsequent issue of Additional Bonds, the Authority shall establish a separate account within the CFC Construction Fund, for accounting purposes, for the deposit of the proceeds of the subsequent issue of Additional Bonds in accordance with this Section.

The *CFC Revenue Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority, and shall be comprised of such account or accounts (including the separate account therein to be known as the CFC Supplemental Reserve Account and maintained therein before Substantial Completion) as the Authority may establish on its books of record and account to account for the deposit of Pledged Revenues required to be deposited in the CFC Revenue Fund and the disbursement of Pledged

Revenues under this CFC Master Trust Agreement. So long as any of the Bonds remain outstanding, all Pledged Revenues, except for investment income on any Fund (which investment income shall be credited and deposited as provided in Section 5.04) and money that is paid and deposited directly into the CFC Debt Service Fund, shall be deposited in the CFC Revenue Fund. On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. The moneys on deposit in the CFC Revenue Fund shall be allocated as provided in Section 5.03.

The CFC Debt Service Fund, the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund shall be maintained in the custody of the Trustee as trust funds and shall be used, subject to Section 7.09, solely for the payment of Debt Service Charges, and to the extent provided below, for the purchase for cancellation or redemption of Bonds. For each series of Bonds, the related CFC Supplemental Trust Agreement shall either (a) create separate accounts within the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund or (b) designate previously created accounts within the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund, if permitted, for the deposit of the CFC Debt Service Reserve Fund Requirement and the CFC Debt Service Coverage Fund Requirement, respectively, for the applicable series of Bonds. Moneys from the appropriate account in the CFC Debt Service Reserve Fund shall be paid to the CFC Debt Service Fund, to the extent necessary from time to time, and only after applying to that purpose all moneys in the CFC Debt Service Coverage Fund, to permit the timely payment of the applicable Bonds payable from the CFC Debt Service Fund. If at any time the Trustee shall have money and investments then on deposit in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund in an amount sufficient to permit the purchase for cancellation or call for redemption on the next available redemption date(s) or Principal Payment Date(s) of any outstanding Bonds, without thereby reducing the balance thereafter remaining in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund below the amount that on such purchase or redemption date would be required by this CFC Master Trust Agreement to be on deposit therein with respect to Bonds not to be so purchased or redeemed, the Trustee, at the request of the Authority, shall cause such money to be used out of the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, in the amounts required, together with any other money provided by the Authority, to accomplish that purchase or redemption.

The *CFC Administrative Costs Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Administrative Costs Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Administrative Costs Fund shall be used for costs of CFC administration, CFC Facilities property insurance or payments of Rebate Amounts to the United States or, with moneys in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and other moneys made

available by the Authority, to retire by purchase for cancellation or by call for redemption, all or part of the Bonds from time to time outstanding.

The *CFC Renewal and Replacement Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Renewal and Replacement Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Renewal and Replacement Fund shall be used for Improvements and other capital projects including the replacement of obsolete or worn-out equipment or making other Improvements to the CFC Facilities or, with moneys in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and other moneys made available by the Authority, to retire by purchase for cancellation or by call for redemption, all or part of the Bonds from time to time outstanding.

The *CFC Common Use Busing Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Common Use Busing Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Common Use Busing Fund shall be used by the Authority for any lawful purpose, including but not limited to, any purpose described in the Concessionaire Agreement or, with moneys in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and other moneys made available by the Authority, to retire by purchase for cancellation or by call for redemption, all or part of the Bonds from time to time outstanding.

The *CFC Surplus Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts (including the separate account therein to be known as the CFC Supplemental Reserve Account and maintained therein after Substantial Completion) as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. All other moneys in the CFC Surplus Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Surplus Fund shall be used by the Authority for any lawful purpose, including but not limited to, any purpose described in the Concessionaire Agreement or for deposit into the Subordinated Obligations Debt Service Account for the

payment by the Authority of Subordinated Debt Service Charges on Subordinated Obligations. The Subordinated Obligations Debt Service Account shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be used solely for the payment by the Authority of Subordinated Debt Service Charges on Subordinated Obligations. Unless otherwise provided in a CFC Supplemental Trust Agreement or a Subordinated Obligations Trust Agreement, any amount remaining in the Subordinated Obligations Debt Service Account after all Subordinated Obligations have been paid and discharged shall be transferred into the CFC Revenue Fund.

# Section 5.02 <u>Application of CFC Construction Fund</u>.

- (a) Subject to the provisions below, disbursements from the CFC Construction Fund shall be made only to pay for Costs of Improvements to be financed with the proceeds of Bonds, including:
  - (i) Obligations incurred for labor, materials and services and to contractors, builders and others in connection with the acquisition, construction and installation of Improvements, for utilities and landscaping, for the restoration or relocation of any property damaged or destroyed in connection with such construction and installation, for the removal or relocation of any structures and for the clearing of lands and further including such improvements as the Authority determines to be reasonably necessary in connection with Improvements;
  - (ii) The cost of acquiring such other lands, property, rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient by the Authority for the construction and installation of Improvements, including costs of abstracts of title, title insurance, title guaranty, and surveys, and other expenses in connection with such acquisition, and the cost of demolishing or removing any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved and the amount of any damages incident to or consequent upon the acquisition, construction and installation of Improvements;
  - (iii) Interest on the series of Bonds issued to finance the Costs of Improvements during the applicable Construction Period;
  - (iv) The reasonable fees and expenses of the Trustee, Authenticating Agent, Paying Agent and Registrar for their services during the applicable Construction Period, and payments, taxes or other governmental charges on the properties of the CFC Facilities or on any property hereafter acquired, and premiums on any insurance, during that Construction Period;
  - (v) The cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing and installing Improvements, and fees and expenses of engineers, architects and management and other consultants for making studies, surveys and estimates of costs and of revenues and other estimates, fees and expenses of engineers and architects for preparing plans and specifications and

supervising construction, as well as for the performance of all other duties of engineers and architects referred to in this CFC Master Trust Agreement and the fees and expenses of construction managers or project supervisors, all in relation to the acquisition, construction and installation of those Improvements and the issuance of Bonds for them; and

- All costs and expenses relating to the authorization, issuance, sale, delivery, authentication, deposit, custody, clearing, registration, transfer, exchange, fractionalization, replacement, payment, redemption, refunding, and servicing of Bonds, including, without limitation, costs and expenses for or relating to publication and printing, postage, delivery, preliminary and final official statements, offering circulars, and informational statements, compliance with annual disclosure undertakings, travel and transportation, underwriters, placement agents, investment bankers, Trustee (including Ordinary and Extraordinary Expenses as defined in this CFC Master Trust Agreement), Paying Agents, Registrars, Authenticating Agents, remarketing agents, custodians, clearing agencies or corporations, Securities Depositories, financial advisory services, certifications, audits, federal or state regulatory agencies, accounting and computation services, legal services and obtaining legal opinions, credit ratings, redemption premiums, and Credit Support Instruments, rebate payments (or payments in lieu of rebate) required to be made to the United States, and all other items of expense not specified elsewhere in this Section and incident to the acquisition, construction and installation of Improvements and their financing, and all expenses of administration properly chargeable to the acquisition, construction and installation of those Improvements.
- If any money remains in the account in the CFC Construction Fund created for the proceeds of a series of Bonds at the end of the applicable Construction Period and payment, or provision for payment, in full of the Costs of Improvements to be financed with the proceeds of that series of Bonds, then such money shall be used promptly, unless otherwise provided in the applicable Bond Proceedings, for one or more of the following purposes at the direction of an Authorized Officer: (i) payment of costs of additional Improvements to the CFC Facilities; (ii) payment of interest as it becomes due on that series of Bonds until all such excess amount is so used; (iii) if that series of Bonds is issued and sold as obligations to which Section 103 of the Code does not apply and the interest thereon is included in gross income for federal income tax purposes, payment of principal as it becomes due on that series of Bonds until all such excess amount is so used; (iv) deposit into the CFC Debt Service Fund for payment of Debt Service Charges on Bonds other than Bonds of that series; provided that with respect to clauses (ii) and (iv) such use and the manner in which it is proposed to be made will not, in the opinion of nationally recognized bond counsel or under ruling of the Internal Revenue Service, adversely affect the exclusion of the interest on any series of Bonds from the gross income of the holders thereof for federal income tax purposes. Any money remaining in an account in the CFC Construction Fund for an Improvement after completion of the particular Improvement shall be invested in such manner as not to adversely affect the exclusion of the interest on any Bonds from the gross income of the holders of those Bonds.

## Section 5.03 Application of Pledged Revenues; Flow of Funds.

- (a) On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. From and after the original delivery of the Series 2019 Bonds and so long as any Bonds remain outstanding, all Pledged Revenues, except for investment income on any Fund (which shall be credited and deposited as provided in Section 5.04), shall be deposited promptly in the CFC Revenue Fund.
- (b) Before the date of Substantial Completion, all Pledged Revenues held in the CFC Revenue Fund (except for the CFC Supplemental Reserve Account) shall be disbursed and applied by the Authority to satisfy the deposit requirements in the amounts and manner contemplated in Section 5.03(c) paragraphs **First** through **Fourth** and to pay cost overruns or shortfalls in the cost of constructing the ConRAC to the extent the Authority anticipates deficiencies in the funds set aside for such purpose in the account established in the CFC Construction Fund for such ConRAC. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. Prior to Substantial Completion, Pledged Revenues not needed for the purposes described in the preceding sentences shall remain in the CFC Revenue Fund.
- (c) Upon Substantial Completion, the CFC Supplemental Reserve Account shall be transferred to and maintained as a separate account in the CFC Surplus Fund. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. On and after the date of Substantial Completion, the Authority will apply all other funds then on deposit in the CFC Revenue Fund in the following manner and order of priority:

#### First: Into the CFC Debt Service Fund

- (i) On or before each Deposit Date, into the Interest Payment Account not less than the amount provided in any CFC Supplemental Trust Agreement, sufficient to pay interest due on the Outstanding Bonds; provided that each CFC Supplemental Trust Agreement shall require approximately equal monthly deposits in an amount sufficient to pay the interest payments on such series of Outstanding Bonds as they become due taking into account on the first monthly Deposit Date following an Interest Payment Date any amount determined by the Trustee then on deposit in the Interest Payment Account to be available to pay interest on the Outstanding Bonds on the next Interest Payment Date; and
- (ii) On or before each Deposit Date, into the Principal Payment Account not less than the amount provided in any CFC Supplemental Trust Agreement, sufficient to pay principal due on the Outstanding Bonds; provided that each CFC Supplemental Trust Agreement shall require approximately equal monthly deposits in an amount sufficient to pay the principal payments on such series of Outstanding Bonds as they become due

taking into account on the first monthly Deposit Date following a Principal Payment Date any amount determined by the Trustee then on deposit in the Principal Payment Account to be available to pay principal on the Outstanding Bonds on the next Principal Payment Date.

The Bond Legislation and CFC Supplemental Trust Agreement providing for the issuance of each issue of Additional Bonds with fixed interest rates comprised in whole or in part of Bonds subject to Mandatory Sinking Fund Redemption, or providing for Variable Rate Additional Bonds, shall make provision for deposits under this Paragraph First, and payments from the CFC Revenue Fund shall be made into the CFC Debt Service Fund at the times and in the amounts for which provision is made in that Bond Legislation and CFC Supplemental Trust Agreement.

To the extent that the amounts of deposits required to be made under this Paragraph First are to be determined on the basis of the principal of Interim Indebtedness payable on the next Principal Payment Date, the principal amount to be paid from the proceeds of the anticipated Bonds or of renewal Interim Indebtedness, as certified by an Authorized Officer, shall be disregarded.

The deposits into the CFC Debt Service Fund for all Bonds then outstanding shall be discontinued at such time as there shall be credited to the CFC Debt Service Fund and the applicable account in the CFC Debt Service Reserve Fund for that series of Bonds an aggregate amount sufficient to retire (by call or otherwise) at or before maturity all of the Bonds of that series then outstanding and that amount so credited then shall be used solely for that purpose.

#### Second: Into the CFC Debt Service Reserve Fund

On or before each Deposit Date, into the accounts created or designated in the CFC Debt Service Reserve Fund, the amounts (if any) as provided for in any CFC Supplemental Trust Agreement. On or before each Deposit Date, beginning whenever it is determined on a date of valuation of the CFC Debt Service Reserve Fund as provided for in Section 5.05 that the balance in any account of the CFC Debt Service Reserve Fund is less than the CFC Debt Service Reserve Fund Requirement for the applicable series of Bonds, into that account of the CFC Debt Service Reserve Fund an amount available in the CFC Revenue Fund for deposit into that account of the CFC Debt Service Reserve Fund necessary to restore the CFC Debt Service Reserve Fund Requirement for the applicable series of Bonds, and provided that in any event any deficiency in any account of the CFC Debt Service Reserve Fund shall be restored within one year of its occurrence.

## Third: Into the CFC Debt Service Coverage Fund

On or before each Deposit Date, into the accounts created or designated in the CFC Debt Service Coverage Fund, the amounts (if any) as provided for in any CFC Supplemental Trust Agreement. On or before each Deposit Date, beginning whenever it is determined on a date of valuation of the CFC Debt Service Coverage Fund as provided for in Section 5.05 that the balance in the CFC Debt Service Coverage Fund is less than the CFC Debt

Service Coverage Fund Requirement, into the CFC Debt Service Coverage Fund an amount available in the CFC Revenue Fund for deposit into the CFC Debt Service Coverage Fund necessary to restore the CFC Debt Service Coverage Fund Requirement, and provided that in any event any deficiency in the CFC Debt Service Coverage Fund shall be restored within one year of its occurrence.

## Fourth: Into the CFC Administrative Costs Fund

On or before each Deposit Date, into the CFC Administrative Costs Fund such amount that the Authority determines is reasonably necessary to be deposited therein to provide for the purposes of that Fund as described in Section 5.01.

## Fifth: Into the CFC Renewal and Replacement Fund

On or before each Deposit Date, into the CFC Renewal and Replacement Fund approximately equal monthly deposits in an amount sufficient to aggregate in total \$1,400,000 per Year (or the pro rata portion of such amount for any partial Year) for each of the first five Years once deposits into the CFC Renewal and Replacement Fund begin, and \$315,455 per Year (or the pro rata portion of such amount for any partial Year) for each succeeding Year the Bonds are Outstanding until the cumulative balance of deposits made (not counting any withdrawals therefrom) is equal to the CFC Renewal and Replacement Fund Requirement. If the required annual amount is not deposited into the CFC Renewal and Replacement Fund in any Year, the monthly deposits in the following Year shall be increased in amount such that the required balance to be deposited therein shall be restored within one Year.

## Sixth: Into the CFC Common Use Busing Fund

On or before each Deposit Date, into the CFC Common Use Busing Fund such amount that the Authority determines is reasonably necessary to be deposited therein to provide for the purposes of that Fund as described in Section 5.01.

## **Seventh: Into the CFC Surplus Fund**

On or before each Deposit Date, into the CFC Surplus Fund the Pledged Revenues remaining in the CFC Revenue Fund after making all the payments required by the preceding paragraphs.

Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. The Authority in its sole discretion may, but shall not be obligated to, replenish the CFC Supplemental Reserve Account from available moneys in the CFC Surplus Fund.

- (d) To the extent provided for in a CFC Supplemental Trust Agreement, within five Business Days following each date of valuation, there shall be transferred by the Trustee from each account of the CFC Debt Service Reserve Fund and from the CFC Debt Service Coverage Fund to the Interest Payment Account of the CFC Debt Service Fund for a respective series of Bonds, any moneys in such account or accounts of the CFC Debt Service Reserve Fund and in such CFC Debt Service Coverage Fund in excess of the CFC Debt Service Reserve Fund Requirement and the CFC Debt Service Coverage Fund Requirement, respectively, for such series of Bonds as of that date.
- (e) Notwithstanding any CFC Debt Service Reserve Fund and CFC Debt Service Coverage Fund provisions of this Section, but subject to the extent provided for in a CFC Supplemental Trust Agreement, in lieu of any required deposits of cash or Eligible Investments into the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, or in substitution for any cash or Eligible Investments on deposit in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, the Authority may cause the CFC Debt Service Reserve Fund Requirement or the CFC Debt Service Coverage Fund Requirement, as applicable, for any series of Bonds to be provided in whole or in part by an appropriate Credit Support Instrument.

Any amounts in excess of the CFC Debt Service Reserve Fund Requirement or the CFC Debt Service Coverage Fund Requirement, as applicable, created by virtue of a deposit of a Credit Support Instrument into an account of the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund shall be transferred, at the Authority's option, to either the (i) CFC Debt Service Fund and allocated to the accounts in that Fund which relate to the series of Bonds in respect of which the Credit Support Instrument was originally provided, or (ii) CFC Construction Fund and used to finance Improvements; provided, however, no such amounts shall be transferred to the CFC Construction Fund unless the Trustee or the Authority has received an opinion of nationally recognized bond counsel or a ruling of the Internal Revenue Service that such transfer will not adversely affect the exclusion on any series of Bonds from the gross income of the interest of the holders thereof for federal income tax purposes.

#### Section 5.04 Investment of Funds.

(a) Money in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Chief Financial Officer. In the absence of such direction, all funds held by the Trustee shall be held uninvested in cash, without liability for interest. The Trustee may conclusively rely upon the Chief Financial Officer's written instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Eligible Investments. Those investments shall mature or be redeemable at the option of the Trustee at the times and in the amounts necessary at the best prices then reasonably available to provide money to pay Debt Service Charges as they become due at stated maturity or pursuant to any Mandatory Sinking Fund Requirements. Money in the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund may be invested and reinvested only in obligations that mature or are redeemable within than five years from the date of purchase. Subject to any directions from the Chief Financial Officer with respect thereto, from time to time the Trustee may sell those

investments and reinvest the proceeds from those investments in Eligible Investments maturing or redeemable as required under this Subsection. The Trustee shall sell or redeem investments credited to the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund to produce sufficient money at the times required for the purpose of paying Debt Service Charges when due, and shall do so without necessity for any order on behalf of the Authority and without restriction by reason of any order.

- (b) Money in the CFC Revenue Fund, the CFC Construction Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund shall be invested by the Authority in Eligible Investments. Money on deposit in the CFC Construction Fund shall be invested in Eligible Investments maturing or redeemable at the option of the Authority not later than the times when that money is projected to be required for the payment of costs of the applicable Improvements (determined in accordance with Section 5.02). Money in the CFC Revenue Fund shall be invested by the Authority in Eligible Investments maturing or redeemable at the option of the Authority at the times and in the amounts necessary to permit the payments required by Section 5.03 to be made from that Fund.
- (c) An investment made from money credited to any Fund shall constitute part of that Fund and each Fund shall be credited with all proceeds of sale and income from the investment of money credited to it. Any investments constituting Eligible Investments may be purchased from or sold to the Trustee, the Bond Registrar, an Authenticating Agent or a Paying Agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing.
- (d) At no time shall the Authority direct the Trustee that any funds constituting gross proceeds of any series of Bonds, which are issued and sold as obligations to which Section 103 of the Code applies, be used or invested in any manner as would constitute failure of compliance with Section 148 of the Code.

## Section 5.05 Valuation.

(a) For the purpose of determining the amount on deposit to the credit of any Fund or Account, the value of obligations in which money in that Fund or Account shall have been invested shall be computed by the Trustee or the Authority, as applicable, on a monthly basis, except as otherwise provided in this Section.

The Authority acknowledges and agrees that the Trustee shall (i) only be required to report the value of any assets on statements, books, and records according to the price provided by pricing services and sources reasonably relied upon by the Trustee, and (ii) not have any duty to independently value any asset or an obligation to report a value other than the price provided by pricing services and sources reasonably relied upon by Trustee.

- (b) Neither the Trustee nor the Authority shall be responsible for any depreciation in the value of any investments or for any loss arising from investments, provided that those investments are Eligible Investments.
- (c) The Trustee shall value the Eligible Investments in the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund on the 10<sup>th</sup> Business Day of each calendar

quarter, commencing with the first quarter of 2019 and immediately upon any withdrawal from the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund. If as of any date on which the value of Eligible Investments in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund is determined, the balance in any such account therein, including any Credit Support Instrument providing all or part of the applicable CFC Debt Service Reserve Fund Requirement or CFC Debt Service Coverage Fund Requirement and accrued interest to the date of valuation, is less than the CFC Debt Service Reserve Fund Requirement or CFC Debt Service Coverage Fund Requirement or CFC Debt Service Reserve Fund Requirement, the Trustee shall compute the amount by which the CFC Debt Service Reserve Fund Requirement, as applicable, exceeds such balance and shall immediately give the Authority notice of such deficiency and the amount necessary to cure the same. If as of any such date the balance in any account of the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, including accrued interest to the date of valuation, is more than the applicable CFC Debt Service Reserve Fund Requirement or CFC Debt Service Coverage Fund Requirement, the Trustee shall transfer the excess amount in accordance with Sections 5.03(d) and (e).

(d) The Authority shall value the Eligible Investments in the CFC Revenue Fund on the last Business Day of each month, and, if the Authority proposes to transfer any money from the CFC Revenue Fund to the CFC Surplus Fund on such last Business Day of the month, identify any amount that is to be deposited in the CFC Surplus Fund on that date in accordance with Section 5.03.

(End of Article V)

#### ARTICLE VI

# THE TRUSTEE AND REGISTRAR, PAYING AGENTS AND AUTHENTICATING AGENTS

- Section 6.01 <u>Trustee's Acceptance and Responsibilities</u>. The Trustee accepts the trusts imposed upon it by this CFC Master Trust Agreement, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Holders agree:
- (a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, as provided in paragraph (f) of Section 6.02 hereof, or of which by that paragraph the Trustee is deemed to have notice, and after the cure or waiver of all Events of Default that may have occurred:
  - (i) the Trustee undertakes to perform only those duties and obligations that are set forth specifically in this CFC Master Trust Agreement, and no duties or obligations shall be implied to the Trustee, and
  - (ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this CFC Master Trust Agreement; but in the case of any such certificates or opinions that by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this CFC Master Trust Agreement.
- (b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified, as provided in paragraph (f) of Section 6.02 hereof, or of which by that paragraph the Trustee is deemed to have notice), the Trustee shall exercise those rights and powers vested in it by this CFC Master Trust Agreement and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.
- (c) No provision of this CFC Master Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:
  - (i) this paragraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(i) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(ii) of this Section,
  - (ii) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts,

- (iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than 66-2/3 % in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this CFC Master Trust Agreement, and
- (iv) no provision of this CFC Master Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers hereunder, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.
- (d) Whether or not therein expressly so provided, every provision of this CFC Master Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 6.02 <u>Certain Rights and Obligations of the Trustee</u>. Except as otherwise provided in Section 6.01 hereof:

- (a) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable therefor only in accordance with the standard specified above), (ii) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder, and (iii) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof and, subject to Section 6.03 hereof, shall be entitled to be reimbursed for those payments. The Trustee may act upon the written opinion or advice of any attorney (who may be the attorney or attorneys for the Authority) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.
- (b) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:
  - (i) any recital in this CFC Master Trust Agreement or in the Bonds,
  - (ii) the validity, priority, recording, re-recording, filing or re-filing of this CFC Master Trust Agreement or any CFC Supplemental Trust Indenture,
  - (iii) any instrument or document of further assurance or collateral assignment or pledge, or
    - (iv) insurance of the CFC Facilities or collection of insurance moneys.
- (c) The Trustee shall not be accountable for the application by the Authority of the proceeds of any Bonds authenticated or delivered hereunder.

- (d) The Trustee shall be protected, in the absence of bad faith on its part, in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this CFC Master Trust Agreement upon the request or authority or consent of any person who is the Holder of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Holders of the same Bond and of Bonds issued in exchange therefor or in place thereof.
- (e) As to the existence or nonexistence of any fact for which the Authority may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Authority by an Authorized Officer as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default hereunder of which the Trustee has been notified, as provided in paragraph (f) of this Section, or of which by that paragraph the Trustee is deemed to have notice, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; *provided*, that the Trustee in its discretion may require and obtain any further evidence that it deems to be necessary or advisable; and, *provided further*, that the Trustee shall not be bound to secure any further evidence. The Trustee may accept a certificate of the Secretary to the effect that legislation has been enacted by the Board in the form recited in that certificate, as conclusive evidence that the legislation has been duly enacted and is in full force and effect.
- (f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Default described in paragraphs (a) and (b) of Section 7.01 hereof, unless a Responsible Officer of the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Authority or by the Holders of at least 25% of the Aggregate Principal Amount of Bonds then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.
- (g) At any reasonable time, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives (i) may inspect and copy fully all books, papers and records of the Authority pertaining to the CFC Facilities and the Bonds, and (ii) may make any memoranda from and in regard thereto as the Trustee may desire.
- (h) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.
- (i) Notwithstanding anything contained elsewhere in this CFC Master Trust Agreement, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and any corporate action and evidence thereof, in addition to that required by the terms hereof, as a condition to the authentication of any Bonds or the taking of any action whatsoever within the purview of this CFC Master Trust Agreement, if the Trustee deems it to be desirable for the purpose of establishing the right of the Authority to the authentication of any

Bonds or the right of any person to the taking of any other action by the Trustee; provided that the Trustee shall not be required to make that demand.

- (j) Before taking action hereunder pursuant to Section 6.04 or Article VII hereof (with the exception of any action required to be taken under Section 7.02 hereof), the Trustee may require that a satisfactory indemnity bond be furnished to it by the Authority or the Holders for the reimbursement of all expenses (including reasonable counsel fees) that it may incur and to protect it against all liability by reason of any action so taken, except liability that is adjudicated to have resulted from its negligence, willful default or other breaches of its obligations under Section 6.01 hereof.
- (k) Unless otherwise provided herein, all money received by the Trustee under this CFC Master Trust Agreement shall be held in trust for the purposes for which that money was received, until that money is used, applied or invested as provided herein; *provided* that such money need not be segregated from other money, except to the extent required by this CFC Master Trust Agreement or by law. The Trustee shall not have any liability for interest on any money received hereunder.
- (l) Any legislation of the Board, and any opinions, certificates and other instruments and documents for which provision is made in this CFC Master Trust Agreement, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

Authenticating Agents. The Trustee, the Registrar and any Paying Agents and Authenticating Agents shall be entitled to payment or reimbursement by the Authority for reasonable fees for their Ordinary Services rendered hereunder and for all advances, counsel fees and other Ordinary Expenses reasonably and necessarily paid or incurred by them in connection with the provision of Ordinary Services. For purposes hereof, fees for Ordinary Services provided for in an agreement between the Authority and the Trustee shall be considered reasonable. In the event that it should become necessary for any of them to perform Extraordinary Services, they shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith. The Trustee, the Registrar and any Paying Agents and Authenticating Agents shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses occasioned by their neglect, willful misconduct or other breaches of their obligations under Section 6.01 hereof.

Without creating a default or an Event of Default hereunder, the Authority may contest in good faith the necessity for any Extraordinary Service or Extraordinary Expense and the reasonableness of any fee, charge or expense.

The reasonable fees for the respective services and charges of the Trustee, the Registrar and any Paying Agents and Authenticating Agents and reimbursement for all reasonable expenses of such parties shall be payable from the Pledged Revenues.

It is hereby agreed that all fees and expenses of the Trustee (including reasonable counsel fees) are intended to constitute administrative expenses in any bankruptcy proceeding.

Any amounts payable to the Trustee, the Registrar or any Paying Agent or Authenticating Agent pursuant to this Section shall be payable upon demand and shall bear interest from 45 days after the date of demand therefor at a rate that is the rate announced by the Trustee in its lending capacity as a bank as its "prime rate" or "base rate" on the date of such demand.

Section 6.04 <u>Intervention by Trustee</u>. The Trustee may, but shall not be obligated to, intervene on behalf of the Holders, and shall intervene if requested to do so in writing by the Holders of at least 25% of the Aggregate Principal Amount of Bonds then Outstanding, in any judicial proceeding to which the Authority is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Holders of the Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with Section 6.02 hereof before it takes action hereunder. The Trustee shall not have any obligation to monitor or take notice of any litigation to which the Authority is a party.

## Section 6.05 Successor Trustee. Anything herein to the contrary notwithstanding,

- (a) any corporation or association (i) into which the Trustee may be converted or merged, (ii) with which the Trustee or any successor to it may be consolidated, or (iii) to which it may sell or transfer its assets and trust business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Trustee hereunder and shall be vested with all of the title to the whole property or trust estate hereunder; and
- (b) that corporation or association shall be vested further, as was its predecessor, with each and every trust, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title and interest expressed or intended by this CFC Master Trust Agreement to be exercised by, vested in or conveyed to the Trustee, without the signing or filing of any instrument or document or any further act on the part of any of the parties hereto.

Any successor Trustee, however, (a) shall be a trust company or a bank having the powers of a trust company, (b) shall be in good standing within the State, (c) shall be duly authorized to exercise trust powers within the State, (d) shall be subject to examination by federal or State authorities, and (e) shall have an unimpaired reported capital and surplus of not less than \$75,000,000.

Section 6.06 Resignation by the Trustee. The Trustee may resign at any time from the trusts created hereby by giving written notice of the resignation to the Authority, the Registrar, any Paying Agents and Authenticating Agents and the Original Purchaser of each series of Bonds then Outstanding and by mailing written notice of the resignation to the Holders as their names and addresses appear on the Register at the close of business three days prior to the mailing. The resignation shall take effect only upon the appointment of a successor Trustee and

the acceptance by the successor Trustee of the duties of the Trustee under this CFC Master Trust Agreement.

Section 6.07 <u>Removal of the Trustee</u>. The Trustee may be removed at any time upon 30 days' notice by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Authority, the Registrar, any Paying Agents and Authenticating Agents, and signed by or on behalf of the Holders of not less than a majority in Aggregate Principal Amount of the Bonds then Outstanding.

Unless an Event of Default has occurred and is continuing, the Trustee may be removed at any time by written instrument delivered to the Trustee by the Authority, with copies thereof mailed to the Registrar, any Paying Agents and Authenticating Agents.

The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding under this CFC Master Trust Agreement.

Any removal of a Trustee under this CFC Master Trust Agreement shall take effect only upon the appointment of a successor Trustee and the acceptance by the successor Trustee of the duties of the Trustee under this CFC Master Trust Agreement.

Section 6.08 Appointment of Successor Trustee. If (a) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (b) the Trustee shall be taken under the control of any public officer or officers, (c) a receiver shall be appointed for the Trustee by a court or (d) the Trustee shall have an order for relief entered in any case commenced by it or against it under federal bankruptcy laws or commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days, then a successor Trustee shall be appointed by the Authority; provided that if a successor Trustee is not so appointed within twenty (20) Business Days after (i) a notice of resignation or an instrument or document of removal is given or received by the Authority, as provided in Sections 6.06 and 6.07 hereof, respectively, or (ii) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting, a receiver is appointed or any of the circumstances described in clause (d) occur, in each case, as provided above, then, if the Authority shall not have appointed a successor Trustee, the Holders of a majority in Aggregate Principal Amount of Bonds then Outstanding (excluding Bonds then held or owned by the Authority) may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 90 days after the occurrence of an event described in clause (i) or (ii) of this paragraph, the Holder of any Bond outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court thereupon may appoint, after such notice, if any, as such court may deem proper and prescribe, a successor Trustee. All costs, fees and expenses related to such application to any court shall be paid by the Authority.

Every successor Trustee appointed pursuant to this Section (a) shall be a trust company or a bank having the powers of a trust company, (b) shall be in good standing within the State, shall be duly authorized to exercise trust powers within the State, (d) shall be subject to examination by federal or State authorities, (e) shall be willing to accept the trusteeship under the terms and conditions of this CFC Master Trust Agreement, and (f) shall have an unimpaired reported capital and surplus of not less than \$75,000,000.

Every successor Trustee appointed hereunder shall sign, and acknowledge and deliver to its predecessor and the Authority, an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor Trustee shall become vested with all of the trusts, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles and interests of its predecessor. Upon the written request of its successor or the Authority, the predecessor Trustee (a) shall sign and deliver an instrument or document transferring to its successor all of the trusts, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles and interests of the predecessor Trustee hereunder, and (b) shall take any other action necessary to duly assign, transfer and deliver to its successor all property and records (including without limitation, all money) held by it as Trustee less unpaid Ordinary and Extraordinary Expenses including reasonable counsel fees. Should any instrument or document in writing from the Authority be requested by any successor Trustee for vesting and conveying more fully and certainly in and to that successor the trusts, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles and interests vested or conveyed or intended to be vested or conveyed hereby in or to the predecessor Trustee, the Authority shall sign, acknowledge and deliver that instrument or document.

In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any money that it may hold pursuant to this CFC Master Trust Agreement and shall cease to be Registrar, an Authenticating Agent and a Paying Agent for any of the Bonds, to the extent it served in any of those capacities. The successor Trustee shall become custodian and, if applicable, Registrar, an Authenticating Agent and a Paying Agent.

Section 6.09 <u>Adoption of Authentication</u>. In case any of the Bonds shall have been authenticated, but shall not have been delivered, any successor Trustee, Registrar or Authenticating Agent may adopt the certificate of authentication of any predecessor Trustee, Registrar or Authenticating Agent and may deliver those Bonds so authenticated as provided herein. In case any Bonds shall not have been authenticated, any successor Trustee, Registrar or Authenticating Agent may authenticate those Bonds either in the name of any predecessor or in its own name. In all cases, the certificate of authentication shall have the same force and effect as provided in the Bonds or in this CFC Master Trust Agreement with respect to the certificate of authentication of the predecessor Trustee, Registrar or Authenticating Agent.

# Section 6.10 Registrar.

- (a) <u>Succession</u>. Anything herein to the contrary notwithstanding, any corporation or association (i) into which a Registrar may be converted or merged, (ii) with which a Registrar or any successor to it may be consolidated, or (iii) to which it may sell or transfer all or substantially all of its assets, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become the successor Registrar of that Registrar hereunder and shall be vested with each and every power, right, duty, obligation, discretion and privilege expressed or intended by this CFC Master Trust Agreement to be exercised by or vested in the predecessor Registrar, without the signing or filing of any instrument or document or any further act on the part of any of the parties hereto.
- (b) Resignation. A Registrar may resign at any time by giving written notice of its resignation specifying the date that resignation is to take effect, to the Authority, the Trustee, the Original Purchaser of each series of Bonds then Outstanding for which it is Registrar, and to each Paying Agent and Authenticating Agent for those series of Bonds, at least 90 days before the resignation is to take effect. The resignation shall take effect immediately, however, upon the appointment of a successor Registrar, if the successor Registrar is appointed and accepts that appointment before the time stated in the notice. Except with the consent of the Authority, the Trustee may not resign as Registrar unless it also resigns as Trustee.
- (c) <u>Removal</u>. The Registrar may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Registrar, with copies thereof mailed to the Authority, the Trustee, the Paying Agents and Authenticating Agents, and signed by or on behalf of the Holders of not less than a majority in Aggregate Principal Amount of the Bonds then Outstanding (excluding Bonds then owned or held by the Authority).

The Registrant may be removed by the Authority at its discretion at any time by an instrument or document in writing delivered to the Registrar, with copies thereof mailed to the Trustee, the Paying Agents and Authenticating Agents.

The Registrar also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Registrar by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding under this CFC Master Trust Agreement.

(d) Appointment of Successors. If (i) a Registrar shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (ii) a Registrar shall be taken under the control of any public officer or officers, (iii) a receiver shall be appointed for a Registrar by a court, or (iv) a Registrar shall have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws or commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, then a

successor Registrar shall be appointed by an Authorized Officer, with the written consent of the Trustee; provided that if a successor Registrar is not so appointed within twenty (20) Business Days after (A) a notice of resignation or an instrument or document of removal is delivered or received by the Authority, as provided above, or (B) the Registrar is dissolved, taken under control, becomes otherwise incapable of acting, a receiver is appointed or any of the circumstances described in clause (iv) occur, in each case, as provided above, then, if an Authorized Officer shall not have appointed a successor Registrar, the Trustee or the Holders of a majority in Aggregate Principal Amount of Bonds then Outstanding (excluding Bonds then owned by the Authority) may designate a successor Registrar by an instrument or document or concurrent instruments or documents in writing signed by the Trustee, or in the case of the Holders, by or on behalf of those Holders.

Every successor Registrar appointed hereunder shall sign and acknowledge, and shall deliver to its predecessor, the Authority and the Trustee, an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the powers, rights, duties, obligations, discretions and privileges of its predecessor. Upon the written request of its successor or the Authority, a predecessor Registrar (i) shall sign and deliver an instrument or document transferring to its successor all of the powers, rights, duties, obligations, discretions and privileges of it as predecessor Registrar hereunder, and (ii) shall take any other action necessary to duly assign, transfer and deliver to its successor all property and records (including without limitation, the Register and any canceled Bonds) held by it as Registrar. Should any instrument or document in writing from the Authority be requested by any successor Registrar for vesting and conveying more fully and certainly in and to that successor the powers, rights, duties, obligations, discretions and privileges, vested or conveyed or intended to be vested or conveyed hereby in or to a predecessor Registrar, the Authority shall sign, acknowledge and deliver that instrument or document.

Section 6.11 <u>Designation and Succession of Paying Agents</u>. The Trustee and any other Paying Agents designated in the Bond Legislation for a series of Bonds shall be Paying Agents for that series of Bonds. With the consent of the Authority, the Trustee may appoint, and upon the request of the Authority the Trustee shall appoint, a Paying Agent or Agents with power to act on its behalf and subject to its direction in the payment of Debt Service Charges on any series of Bonds. It is the responsibility of the Trustee to establish the duties and responsibilities of any Paying Agent for the purposes of this CFC Master Trust Agreement to the extent not specified herein but subject to the terms of an agreement between the Authority and the Trustee.

Any agreement between the Trustee and a Paying Agent shall provide, without limitation, that such Paying Agent will (a) hold all amounts held by it for the payment of principal of or interest or any premium on Bonds in trust for the benefit of the Holders entitled thereto until such amounts shall be paid to such Holders or otherwise disposed of as herein provided, and at any time during the continuance of an Event of Default, upon the written request of the Trustee, forthwith pay to the Trustee all amounts so held in trust by such Paying Agent.

Any corporation or association with or into which any Paying Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or conversion to which any Paying Agent shall be a party, or any corporation or association succeeding to the trust business of any Paying Agent, shall be the

successor of that Paying Agent hereunder, if that successor corporation or association is otherwise eligible hereunder, without the signing or filing of any paper or any further act on the part of the parties hereto or the Paying Agent or that successor corporation or association.

Any Paying Agent may resign at any time by giving 90 days written notice of resignation to the Trustee, to the Registrar and to the Authority. The Trustee may terminate the agency of any Paying Agent at any time by giving written notice of termination to such Paying Agent, to the Registrar, and to the Authority. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Paying Agent shall cease to be eligible under this Section, the Trustee, with the approval of the Authority which shall not be unreasonably withheld, may appoint a successor Paying Agent. The Trustee shall give written notice of appointment of a successor Paying Agent to the Authority and the Registrar and shall mail notice thereof, within ten days after that appointment, to all Holders as their names and addresses appear on the Register on the date of that appointment. Except with the consent of the Authority, the Trustee may not resign as a Paying Agent unless it also resigns as Trustee.

The Paying Agent also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Paying Agent by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding under this CFC Master Trust Agreement.

The Trustee shall pay to any Paying Agent from time to time reasonable compensation as authorized in Section 6.03 hereof and subject to the agreement provided for therein for its services, and the Trustee shall be entitled to be reimbursed for such payments, subject to Section 6.03 hereof and that agreement.

The provisions of Section 2.07(a) and Section 6.02(d) hereof shall be applicable to any Paying Agent.

Section 6.12 <u>Designation and Succession of Authenticating Agents</u>. With the consent of the Authority, the Trustee may appoint, and upon the request of the Authority the Trustee shall appoint, an Authenticating Agent or Agents, in addition to the Registrar, with power to act on its behalf and subject to its direction in the authentication and delivery of Bonds in connection with transfers and exchanges under Sections 2.07 and 3.02 hereof. For all purposes of this CFC Master Trust Agreement, the authentication and delivery of Bonds by an Authenticating Agent pursuant to this Section shall be deemed to be authentication and delivery of those Bonds by the Trustee.

Any corporation or association with or into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be a party, or any corporation or association succeeding to the trust business of any Authenticating Agent, shall be the successor of that Authenticating Agent hereunder if that successor corporation or association is otherwise eligible hereunder, without the signing or filing

of any paper or any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may resign at any time by giving 90 days written notice of resignation to the Trustee, to the Registrar and to the Authority. The Trustee may terminate the agency of any Authenticating Agent at any time by giving written notice of termination to such Authenticating Agent, to the Registrar and to the Authority. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee may appoint a successor Authenticating Agent. The Trustee shall give written notice of appointment of a successor Authenticating Agent to the Authority and the Registrar and shall mail notice thereof, within ten days after that appointment, to all Holders as their names and addresses appear on the Register on the date of that appointment. Except with the consent of the Authority, the Trustee may not resign as Authenticating Agent unless it also resigns as Trustee.

The Authenticating Agent also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Authenticating Agent by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then outstanding under this CFC Master Trust Agreement.

The Trustee shall pay to any Authenticating Agent from time to time reasonable compensation for its services, and the Trustee shall be entitled to be reimbursed for such payments, subject to Section 6.03 hereof and the agreement provided for therein.

The provisions of Sections 2.07(b) and paragraphs (b), (c), (d), (h) and (i) of Section 6.02 shall be applicable to any Authenticating Agent.

Section 6.13 <u>Dealing in Bonds</u>. The Trustee, any Registrar, any Paying Agent and any Authenticating Agent, their affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owners of Bonds secured hereby with the same rights that it or they would have hereunder if the Trustee, the Registrar, Paying Agents or Authenticating Agents did not serve in those capacities.

Section 6.14 Representations and Covenants of the Trustee. The Trustee hereby represents that it is a national banking association duly organized and validly existing under and by virtue of the laws of the United States of America and duly authorized and qualified to exercise corporate trust powers in the State of Ohio, and with an unimpaired reported capital and surplus of not less than \$75,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise corporate trust powers in the State and that it will maintain an unimpaired reported capital and surplus of not less than \$75,000,000. The Trustee accepts and agrees to observe and perform the duties and obligations of the Trustee to which reference is made in this CFC Master Trust Agreement.

Section 6.15 <u>Right of Trustee to Pay Taxes and Other Charges</u>. The Trustee is authorized, but not obligated, after prior written notice to any Credit Support Provider, to

advance moneys on hand whenever necessary and advisable to do so because of the failure of the Authority to observe or perform any covenant or agreement under this CFC Master Trust Agreement. The making by the Trustee of those advances shall not constitute a waiver of, and shall not prejudice, any rights of the Trustee or holders against the Authority for failure of the Authority to do so.

Any amount so paid at any time, with interest thereon at a rate that is the rate announced by the Trustee in its lending capacity as a bank as its "prime rate" or "base rate" on the date of such payment, (i) shall be an additional obligation secured by this CFC Master Trust Agreement, (ii) shall be given a preference in payment over any Debt Service Charges, and (iii) shall be paid by the Authority out of the Pledged Revenues. The Trustee shall make the advance if it shall have been requested to do so by the holders of at least 25% of the Aggregate Outstanding Principal Amount of Bonds then outstanding and shall have been provided with adequate moneys for the purpose of making the advance.

Whenever the Trustee shall have received a written notice from the holders of not less than 25% in Aggregate Outstanding Principal Amount of the Bonds requesting it to take any action, including the making of advances or expenditures, authorized by the provisions of this CFC Master Trust Agreement, and shall have been offered indemnity as provided in Section 6.02, and shall have refused to take, or for a period of 60 days shall not have taken, that action, then the holders making the request may take that action and shall be entitled to the same rights and remedies as the Trustee would have been entitled if that action had been taken by the Trustee.

(End of Article VI)

#### ARTICLE VII

## DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

#### Section 7.01 Events of Default.

- (a) The occurrence of any of the following events, subject to the provisions of Sections 4.02(c), 7.03 and 7.07, is declared to be and to constitute an Event of Default under this CFC Master Trust Agreement:
  - (i) Failure of the Authority to pay any interest on any Bond, when and as the same shall have become due and payable.
  - (ii) Failure of the Authority to pay the principal of or any redemption premium on any Bond, when and as the same shall have become due and payable, whether at maturity or by call for redemption.
  - (iii) Failure by the Authority to perform or observe duly or punctually any other covenant, condition or agreement contained in the Bonds or this CFC Master Trust Agreement and to be performed by the Authority, which failure shall have continued for a period of 60 days after written notice of it to the Authority given by the Trustee or the holders of not less than 25% in Aggregate Outstanding Principal Amount of affected Bonds or any Credit Support Provider. If the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, then that failure shall not constitute an Event of Default so long as the Authority institutes curative action within the applicable period and diligently pursues that action to completion and provides the Trustee with a certification to that effect.
  - (iv) The Authority shall commence a proceeding under any federal bankruptcy, insolvency, reorganization or similar law, or have a receiver or trustee appointed for it or for the whole or any substantial part of its property.
- (b) The term "default" or "failure" as used in this Article means a default or failure by the Authority in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in this CFC Master Trust Agreement or in the Bonds, exclusive of any period of grace or notice required to constitute a default or failure or an Event of Default, as provided in Subsection (a) above.
- (c) Notwithstanding the foregoing, if, by reason of *force majeure*, the Authority is unable to observe or perform any covenant, agreement or obligation that would give rise to an Event of Default under Section 7.01(a)(iii), the Authority shall not be deemed in default during the continuance of such inability. However, the Authority promptly shall give notice to the Trustee of the existence of an event of *force majeure* and shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other such disturbances shall be entirely within its discretion. The term *force majeure* shall mean, without limitation, the following: acts of God; strikes, lockouts or other such disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their

departments, agencies, political subdivisions or officials, except the Authority or its officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage; malfunction or accident to facilities, machinery, or transmission pipes; partial or entire failure of utilities serving the Airport; shortages of labor, materials, supplies or transportation; or any cause, circumstance or event not reasonably within the control of the Authority.

- (d) The declaration of an Event of Default under this Section and the exercise of remedies upon any such declaration shall be subject to any applicable limitations of bankruptcy laws affecting or precluding such declaration or exercise during the pendency of or immediately following any insolvency, bankruptcy, liquidation or reorganization proceedings.
- (e) The Trustee shall not be required to take notice, and shall not be deemed to have notice or knowledge, of any Event of Default described in Subsections (a)(iii) or (iv) above, unless a Responsible Officer of the Trustee is notified specifically of the Event of Default in a written instrument delivered to it by the Authority, by the holders of at least 10% of the Aggregate Outstanding Principal Amount of Bonds or by a Credit Support Provider. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default as described in Subsections (a)(iii) or (iv) above.

Section 7.02 <u>Notices of Events of Default</u>. If an Event of Default occurs the Trustee, within five days after having knowledge of that Event of Default, shall give written notice of that Event of Default to the Authority.

The Trustee shall give to the Bondholders, and to any other Paying Agents and Authenticating Agents, and to any Credit Support Provider, written notice by mail of each Event of Default known to the Trustee within 90 days after having knowledge of its occurrence, unless the Event of Default has been remedied or cured before the giving of that notice. Except in the case of an Event of Default described in subparagraph (a) or (b) of Section 7.01, the Trustee shall be protected in withholding that notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers, of the Trustee in good faith determines that the withholding of that notice is in the interests of the Bondholders.

Notice to the Bondholders shall be given by mailing or otherwise sending notice to all holders of Registered Bonds, as their names and addresses appear on the Register at the close of business 15 days prior to the mailing of that notice.

#### Section 7.03 Remedies.

(a) If an Event of Default as described in Subsections 7.01(a)(i) or (ii) has occurred and is continuing, the Trustee shall, and if an Event of Default as described in Subsections 7.01(a)(iii) or (iv) has occurred and is continuing, the Trustee may and upon the written request of the holders of not less than 25% in Aggregate Outstanding Principal Amount of Bonds shall, subject to the provisions of Article VI, proceed in its own name to protect and enforce its rights and the rights of the Bondholders under this CFC Master Trust Agreement by such of the

following remedies as the Trustee, being advised by legal counsel, shall deem most effective to protect and enforce those rights:

- (i) By mandamus or other suit, action or proceeding at law or in equity enforce all the rights of the Bondholders, including the compelling of the performance of all duties of the Authority under the Bond Proceedings and the enforcement of the payment of Debt Service Charges;
  - (ii) Bring suit upon the Bonds;
- (iii) Enjoin unlawful activities or activities in violation of the rights of the Bondholders under the Agreement;
- (iv) In the case of an Event of Default described in Subsections 7.01(a)(i) or (ii), apply to a court having jurisdiction of the cause to appoint a receiver (which may be the Trustee) to receive and administer the Pledged Revenues, with full power to pay and to provide for payment of Debt Service Charges, and with such powers, subject to the discretion of the court, as are accorded receivers in general equity cases, excluding any power (A) to pledge additional revenues or receipts or other income or moneys of the Authority to the payment of those Debt Service Charges or (B) to take possession of, mortgage or cause the sale or otherwise dispose of any CFC Facilities;
- Supplementing Subsection 7.03(a)(iv) above, if an Event of Default shall have occurred and be continuing, the Trustee shall be entitled, as a matter of right and to the extent permitted by applicable law, to the appointment of a receiver for all or any part of the CFC Facilities and all of the Pledged Revenues, and the Authority hereby consents to the appointment of such a receiver and covenants not to oppose any such appointment. Whenever there shall have been commenced or shall be pending any litigation in any court having jurisdiction thereof, to which the Authority shall be a party, involving the operation or administration of the CFC Facilities or the wrongful performance or failure to perform any of the terms and conditions of this CFC Master Trust Agreement or if an Event of Default shall occur or shall have occurred and be continuing, the court having jurisdiction of the cause may appoint a receiver to administer and operate the CFC Facilities on behalf of the Authority with full power to pay and to provide for the payment of Debt Service Charges, and to apply the income and revenue derived from that operation, including the Funds in the custody of the Authority, in accordance with the provisions of this CFC Master Trust Agreement and of the Bonds, and with such other powers, subject to the direction of the court, as are accorded to receivers in general equity cases; provided that the power of the receiver to make such provision for the payment of Debt Service Charges shall not be construed as including power to pledge the general credit of the Authority, including but not limited to the Revenues, or its taxing power (if any) to the payment of those Debt Service Charges.
- (c) No series of Bonds issued under this CFC Master Trust Agreement shall be subject to acceleration. Upon the occurrence and continuation of an Event of Default, no optional redemption of the Bonds pursuant to Article III shall occur unless all of the Bonds of the Series where an Event of Default has occurred will be redeemed or 100% of the Holders of the Outstanding Bonds of such Series of Bonds shall have agreed to such redemption.

## Section 7.04 Enforcement of Rights Under Agreement.

- (a) In the enforcement of any remedy under this CFC Master Trust Agreement the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming due and at any time remaining unpaid on account of principal, interest or otherwise under any of the provisions of this CFC Master Trust Agreement or of the Bonds, with interest on overdue payments at the rate or rates of interest specified or provided for in those Bonds or the applicable Bond Proceedings, together with any and all costs and expenses of collection and of all proceedings under this CFC Master Trust Agreement and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Authority, but solely as provided in this CFC Master Trust Agreement and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the Pledged Revenues and the Pledged Funds from which the Bonds are payable) in any manner provided by law, the moneys adjudged or decreed to be payable.
- (b) The holders of not less than a majority in Aggregate Outstanding Principal Amount of the Bonds shall have the right at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any and all remedial proceedings under this CFC Master Trust Agreement. However, (i) that direction shall not be otherwise than in accordance with the provisions of law or of this CFC Master Trust Agreement, (ii) the Trustee shall be indemnified as provided in Article VI, and (iii) the Trustee shall have the right to decline to follow any such direction which in its opinion would be unjustly prejudicial to Bondholders not parties to that direction.
- (c) No remedy by the terms of this CFC Master Trust Agreement conferred upon or reserved to the Trustee (or to the holders of the Bonds) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and in addition to any other remedy given to the Trustee or to the holders of the Bonds under this CFC Master Trust Agreement or now or hereafter existing.
- (d) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of or acquiescence in that default or Event of Default. Every such right and power may be exercised from time to time and as often as may be deemed expedient.
- (e) On the occurrence of an Event of Default, neither the Authority nor anyone claiming through or under it shall set up, claim, or seek to take advantage of any laws now or hereafter in force, in order to prevent or hinder the enforcement of this CFC Master Trust Agreement, but the Authority, for itself and all who claim through or under it, hereby waives, to the extent it may lawfully do so, the benefit of all such laws to which it may be entitled.
- Section 7.05 <u>Effect of Abandonment of or Adverse Decision in Any Proceeding or Recovery of Judgment</u>. If any proceeding taken by the Trustee on account of any Event of Default is discontinued or abandoned for any reason, or is determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former

respective positions and rights under this CFC Master Trust Agreement, and all right, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

No recovery of any judgment by the Trustee, and no levy of any execution under any judgment under this CFC Master Trust Agreement, shall affect in any manner or to any extent the rights and duties provided for in this CFC Master Trust Agreement, or any rights, powers or remedies of the Trustee under this CFC Master Trust Agreement, or any rights, powers or remedies of the holders of the Bonds, but those rights, powers and remedies of the Trustee and of the holders of the Bonds shall continue unimpaired as before.

Section 7.06 Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this CFC Master Trust Agreement and under any of the Bonds may be enforced by the Trustee without possession of any of the Bonds and without production of any of the Bonds at any trial or other proceedings relative thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds. Any recovery of judgment shall be for the benefit of the holders of the Bonds then outstanding, subject to the provisions of this CFC Master Trust Agreement.

Section 7.07 Waivers of Events of Default. At any time the Trustee may in its discretion waive any Event of Default and its consequences, and shall do so upon the written request of the holders of (a) at least a majority in Aggregate Outstanding Principal Amount of all the Bonds in respect of which an Event of Default in the payment of Debt Service Charges has occurred, or (b) at least 25% in Aggregate Outstanding Principal Amount of all Bonds in case of any other Event of Default. In case of any such waiver or rescission, the Authority, the Trustee, and the Bondholders shall be restored to their common respective positions and rights under this CFC Master Trust Agreement. No such waiver or rescission shall extend to or impair any rights consequent on any subsequent or other Event of Default.

Section 7.08 <u>Limitations on Remedial Action by Bondholders</u>. No holder of any Bond shall have the right to institute any suit, action or proceeding for the enforcement of or for the execution of any trust of this CFC Master Trust Agreement or for the appointment of a receiver or any other remedy under this CFC Master Trust Agreement unless (a) an Event of Default has occurred, (b) that holder or another holder has previously given to the Trustee written notice of that Event of Default, (c) the holders of at least 25% in Aggregate Outstanding Principal Amount of Bonds have made written request to the Trustee and afforded the Trustee reasonable opportunity to proceed to exercise the powers granted above in this Article, or to institute such action, suit or proceeding in its own name and have also offered to the Trustee indemnity as provided in Article VI and (d) the Trustee shall thereafter have failed or refused to exercise the powers granted above in this Article, or to institute such action, suit or proceeding in its own name, within a reasonable time. That notification, request and offer of indemnity are in every case to be, at the option of the Trustee, conditions precedent to the execution of the powers and trusts of this CFC Master Trust Agreement, and to any action or cause of action for the enforcement of this CFC Master Trust Agreement or for the appointment of a receiver or for any other remedy under this CFC Master Trust Agreement.

It is understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the benefit of this CFC Master Trust Agreement by its or their action or to enforce any right under this CFC Master Trust Agreement except in the manner provided in this CFC Master Trust Agreement, and that the proceedings shall be instituted, had and maintained in the manner provided in this CFC Master Trust Agreement and for the benefit of the holders of all Bonds then outstanding. Subject to the foregoing, each Bondholder shall have a right of action to enforce the payment of the principal of and interest on any Bond owned by that holder at and after the due date thereof at the place, from the sources and in manner stated in that Bond.

## Section 7.09 Application of Moneys.

(a) All moneys received by the Trustee or a receiver pursuant to any right given or action taken under the provisions of this Article, subject to any provisions made pursuant to the General Bond Resolution or Sections 2.11 or 3.04, and after payment of the costs, expenses, liabilities and advances incurred or made by the Trustee or receiver and the creation of a reasonable reserve for anticipated fees, costs and expenses, shall be applied as follows:

<u>First</u>: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the due dates of the installments of that interest and beginning with the earliest due date, and if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the persons entitled thereto, without any discrimination or privilege except as to any difference in the respective rates of interest specified in the Bonds; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of this CFC Master Trust Agreement), whether at stated maturity, by redemption or pursuant to any Mandatory Sinking Fund Requirements, in order of their due dates and beginning with the earliest due date, with interest on the Bonds from the respective dates upon which they became due, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with all such interest, then to the payment of the Bonds ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, those moneys shall be applied as provided in this Section at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon that date interest on the amounts of principal to be paid on that date, and for which moneys are available, shall cease to accrue. Unless otherwise provided in a CFC Supplemental Trust Agreement, the Trustee shall give such notice as it may deem appropriate of the deposit of any such moneys and of fixing of any such date, and the Trustee shall not be required to direct payment to the holder of any unpaid Bond until that Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

- (c) Whenever all Bonds and interest thereon have been paid under the provisions of this Section, and all expenses and charges of the Trustee, Authenticating Agents, Bond Registrars and Paying Agents and all other expenses payable under this CFC Master Trust Agreement have been paid, any balance remaining in the CFC Debt Service Fund or other Special Funds or Accounts shall be paid to the CFC Revenue Fund.
- (d) The provisions of this Section are in all respects subject to the provisions of Article VI.

Section 7.10 No Claims Against Trustee. Nothing contained in this CFC Master Trust Agreement shall constitute any request by the Trustee, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the CFC Facilities or any part thereof, or be construed to give the Authority any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would provide the basis for any claim either against the Trustee or that any lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the lien of this CFC Master Trust Agreement.

Section 7.11 <u>Provisions Subject to Applicable Law</u>. All rights, powers and remedies provided in this Article may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this CFC Master Trust Agreement invalid, unenforceable or, if ever applicable, not entitled to be recorded, registered or filed under any applicable law.

(End of Article VII)

#### ARTICLE VIII

#### CFC SUPPLEMENTAL TRUST AGREEMENTS

Section 8.01 <u>CFC Supplemental Trust Agreements Not Requiring Consent of Holders.</u> The Authority and the Trustee may enter into agreements supplemental to this CFC Master Trust Agreement without the consent of or notice to any of the holders, but with notice to any Credit Support Provider, for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in this CFC Master Trust Agreement.
- (b) To grant to or confer upon the Trustee for the benefit of the holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the holders or the Trustee
- (c) To submit additional revenues to the lien and pledge of this CFC Master Trust Agreement.
- (d) To add to the Authority's covenants and agreements under this CFC Master Trust Agreement other covenants and agreements thereafter to be observed for the protection of all or particular holders, or to surrender or limit any right, power or authority herein reserved to or conferred upon the Authority in this CFC Master Trust Agreement, including the limitation of rights of redemption so that in certain instances Bonds of different series will be redeemed in some prescribed relation to one another.
- (e) To evidence any succession to the Authority and the assumption by that successor of the Authority's covenants and agreements in the Bonds and this CFC Master Trust Agreement.
- (f) To permit the use of a book entry system to identify the owner of an interest in a Bond issued by the Authority under this CFC Master Trust Agreement, whether that obligation was formerly, or could be, evidenced by a physical security and to facilitate (i) the transfer of Bonds from one Depository to another, (ii) the succession of Depositories, or (iii) the withdrawal of Bonds issued to a Depository for use in a book entry system and the issuance of replacement Bonds in fully registered form to others than a Depository.
  - (g) To permit the Trustee to comply with any obligations imposed upon it by law.
- (h) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Bond Registrar and any Authenticating Agents or Paying Agents.
- (i) To permit compliance with any applicable federal securities or tax law or regulations.

- (j) To adopt or amend procedures or agreements for the disclosure of information to holders and others with respect to the Bonds and the Authority in accordance with any applicable State or federal regulations.
- (k) To accept additional security and instruments and documents of further assurance with respect to the CFC Facilities.
- (l) In connection with the issuance of Additional Bonds as referred to in Section 2.05, including any provision for a Credit Support Provider and bond insurance and other security provisions consistent with the General Bond Resolution.
- (m) To limit the Eligible Investments of moneys in the CFC Debt Service Fund, CFC Debt Service Reserve Fund or CFC Debt Service Coverage Fund, or to add to that list other Eligible Investments. If there be such a Rating Service at the time, the addition of Eligible Investments must be approved for the purpose by each Rating Service that has at the Authority's request assigned a rating to, and at the time maintains a rating on, outstanding Bonds.
- (n) Any other amendment which is not to the prejudice of the Trustee and will not materially adversely affect the interest of the Bondholders.

The provisions of paragraphs (g) and (i) above shall not be deemed to constitute a waiver by the Trustee, the Bond Registrar, the Authority or any holder of any right that it may have in the absence of those provisions to contest the application of any change in law to this CFC Master Trust Agreement or the Bonds.

## Section 8.02 <u>CFC Supplemental Trust Agreements Requiring Consent of Holders.</u>

- (a) Exclusive of Supplemental Agreements referred to in Section 8.01, and subject to the terms, provisions and limitations contained in this Section and not otherwise, with the consent of the holders of not less than a majority in Aggregate Outstanding Principal Amount of the Bonds evidenced as provided in this CFC Master Trust Agreement, and the prior written consent of any Credit Support Provider, the Authority and the Trustee may execute and deliver CFC Supplemental Trust Agreements adding any provisions to, changing in any manner or eliminating any of the provisions of this CFC Master Trust Agreement or any CFC Supplemental Trust Agreement or restricting in any manner the rights of the holders. Nothing in this Section or Section 8.01, however, shall permit or be construed as permitting any of the following:
  - (i) Without the consent of the holder of each Bond so affected, and the prior written consent of any Credit Support Provider, an extension of the maturity of the principal of or the interest on any Bond, or a reduction in the principal amount of any Bond or the rate of interest or premium thereon, or the creation of a right in the Authority to call any Bond for redemption prior to its maturity, or the advancement of the time or reduction of the redemption price at which any existing right of the Authority to call Bonds for redemption may be exercised, or a reduction in the amount or extension of the time of payment of any Mandatory Sinking Fund Requirements or Mandatory Redemption Obligations, or

- (ii) Without the consent of the holders of all Bonds then outstanding, and the prior written consent of any Credit Support Provider, the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or a reduction in the aggregate principal amount of the Bonds required for consent to a CFC Supplemental Trust Agreement.
- (b) Bonds owned or held by or for the account of the Authority shall not be deemed outstanding for the purpose of consent or other action or any calculation of outstanding Bonds provided for in this Section, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Section. At the time of any consent or other action taken under this Section, the Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.
- (c) If at any time the Authority requests the Trustee to enter into a CFC Supplemental Trust Agreement for any of the purposes of this Section, the Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause written notice of the proposed execution of that CFC Supplemental Trust Agreement to be sent to all holders of Bonds then outstanding at their addresses as they appear in the Register, and to any Credit Support Provider. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to send, or the failure of the Bondholder to receive, the notice required by this Section, and any such failure shall not affect the validity of that CFC Supplemental Trust Agreement when consented to and approved as provided in this Section. The notice shall be prepared by the Authority, shall briefly set forth the nature of the proposed CFC Supplemental Trust Agreement and shall state that copies of it are on file at the office of the Trustee for inspection by all Bondholders.

If within such period as shall be prescribed by the Authority, not exceeding 12 months, following the sending of that notice the Trustee receives instruments purporting to be executed by the holders of not less than a majority in Aggregate Outstanding Principal Amount of the Bonds and any Credit Support Provider and which instruments refer to the proposed CFC Supplemental Trust Agreement described in the notice and specifically consent to and approve the execution of it in substantially the form of the copy referred to in the notice as on file with the Trustee, thereupon, but not otherwise, the Trustee shall execute that CFC Supplemental Trust Agreement in substantially that form, without liability or responsibility to any holder of any Bond, whether or not that holder shall have consented thereto.

That consent shall be binding upon any Credit Support Provider as the holder of the Bond giving that consent and, anything in Section 8.01 to the contrary notwithstanding, upon any subsequent holder of that Bond and of any Bond issued in exchange for it, whether or not that subsequent holder has notice of the consent. However, the consent may be revoked by the holder of the Bond who gave the consent if still the holder, or by a subsequent holder of that Bond, by filing a written revocation with the Trustee prior to the date of execution by the Trustee of the CFC Supplemental Trust Agreement. Promptly after the holders of the required percentage of Bonds have filed their consents to the CFC Supplemental Trust Agreement, the Trustee shall make and file with the Authority a written statement to that effect. That written statement shall be conclusive evidence that those consents have been so filed.

(d) If the holders of the required percentage in Aggregate Outstanding Principal Amount of the Bonds have consented to and approved the execution of the CFC Supplemental Trust Agreement as provided in this Section, no holder of any Bond shall have any right to object to the execution of that CFC Supplemental Trust Agreement, or to object to any of the terms and provisions contained in or the operation of that CFC Supplemental Trust Agreement, or in any manner to question the propriety of the execution of that CFC Supplemental Trust Agreement or to enjoin or restrain the Trustee or the Authority from executing it or from taking any action pursuant to its provisions.

#### Section 8.03 <u>Authorization to Trustee; Effect of Supplement.</u>

- (a) The Trustee is authorized to join with the Authority in the execution and delivery of any CFC Supplemental Trust Agreement provided for in this Article and to make the further agreements and stipulations that may be contained in that CFC Supplemental Trust Agreement.
- (b) Any CFC Supplemental Trust Agreement executed in accordance with the provisions of this Article shall thereafter form a part of this CFC Master Trust Agreement and all the terms and conditions contained in it as to any provision authorized to be contained in it shall be and shall be deemed to be part of the terms and conditions of this CFC Master Trust Agreement for any and all purposes; this CFC Master Trust Agreement shall be and shall be deemed to be modified and amended in accordance therewith; and the respective rights, limitations of rights, duties, immunities and obligations under this CFC Master Trust Agreement of the Authority, the Trustee, Authenticating Agents, Bond Registrars, Paying Agents and all holders of Bonds then outstanding shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modifications and amendments.

Express reference to an executed CFC Supplemental Trust Agreement may be made in the text of any Bonds thereafter issued if deemed necessary or desirable by the Trustee or the Authority.

- (c) A copy of any CFC Supplemental Trust Agreement provided for in this Article shall be mailed by the Trustee to any Credit Support Provider, and to each Rating Service that the Authority advices the Trustee has at the Authority's request assigned a rating to each series of Bonds affected by it.
- (d) The execution and delivery of each CFC Supplemental Trust Agreement in which a Series Bond Resolution is set forth shall constitute certification and conclusive evidence that the Series Bond Resolution as set forth in it is a true and exact copy of that legislation as passed or authorized by the Authority and in effect at the time of execution and delivery of that CFC Supplemental Trust Agreement.

Section 8.04 <u>Opinion of Counsel</u>. The Trustee shall be provided with, and shall be fully protected in relying upon, the opinion of any legal counsel approved by it, who may be counsel for or designated by the Authority, as conclusive evidence that any proposed CFC Supplemental Trust Agreement complies with the provisions of this CFC Master Trust Agreement, and that it is proper for the Trustee, under the provisions of this Article, to join in its execution.

Section 8.05 <u>Modification by Unanimous Consent.</u> Notwithstanding anything contained elsewhere in this CFC Master Trust Agreement, the rights and obligations of the Authority and of the holders of the Bonds, and the terms and provisions of the Bonds and this CFC Master Trust Agreement or any CFC Supplemental Trust Agreement, may be modified or altered in any respect with the consents of the Authority and of the holders of all of the Bonds then outstanding affected, as determined by the Authority, by the modification or alteration, and any Credit Support Provider if required by the Credit Support Instrument. The Trustee shall not be required to sign any such CFC Supplemental Trust Agreement containing provisions adverse to the Trustee or increasing the duties or obligations of the Trustee.

(End of Article VIII)

#### **ARTICLE IX**

#### **DEFEASANCE**

Section 9.01 Release of CFC Master Trust Agreement. If (a) the Authority shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Debt Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other amounts payable hereunder, then the Trust Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of Section 9.03 hereof), and the covenants, agreements and obligations of the Authority hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of Section 9.02 if applicable,

- (a) The Trustee shall release the CFC Master Trust Agreement (except for those provisions surviving by reason of Section 9.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 9.02 hereof) and shall sign and deliver to the Authority any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Authority but shall not be responsible for preparation of such documents, and
- (b) The Trustee and any other Paying Agents shall assign and deliver to the Authority any property then subject to the lien of the CFC Master Trust Agreement and which then may be in their possession, except amounts in the CFC Debt Service Fund required to be held by the Trustee and the Paying Agents under Section 5.01 hereof or otherwise for the payment of Debt Service Charges.
- Section 9.02 <u>Payment and Discharge of Bonds</u>. All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this CFC Master Trust Agreement, including without limitation Section 9.01, if:
- (a) the Trustee as paying agent and any Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient money, or
- (b) the Trustee shall have received, in trust for and irrevocably committed thereto, cash and Direct Obligations that are certified by an independent public accounting firm of national reputation selected by the Authority to be of such amounts, maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in paragraph (a) of this Section, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein),

for the payment of all Debt Service Charges on those Bonds, at their maturity or redemption dates, as the case may be, or if a default in payment shall have occurred on any maturity or redemption date, then for the payment of all Debt Service Charges thereon to the date of the tender of payment; provided that if any of those Bonds are to be redeemed prior to the maturity

thereof, notice of that redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of that notice.

Any money held by the Trustee in accordance with the provisions of this Section may be held in cash or invested by the Trustee only in Direct Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this Section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination to the Authority free of any trust or lien.

If any Bonds shall be deemed paid and discharged pursuant to this Section, the Trustee shall cause a written notice to be given within 15 days after such Bonds are so deemed paid and discharged to each Holder of such Bonds as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds of a particular series are deemed paid and discharged, set forth a description of the obligations held pursuant to paragraph (b) of this Section and specify any date or dates on which any of the Bonds are to be called for redemption pursuant to notice of redemption given or irrevocable provisions made for such notice pursuant to the first paragraph of this Section.

Section 9.03 <u>Survival of Certain Provisions</u>. The provisions of this Trust Agreement that relate to the (a) maturity of the Bonds, (b) interest payments and Interest Payment Dates, (c) optional and mandatory redemption provisions, (d) credit against Mandatory Sinking Fund Requirements, (e) exchange, transfer and registration of Bonds, (f) replacement of mutilated, destroyed, lost or wrongfully taken Bonds, (g) safekeeping and cancellation of Bonds, (h) non-presentment of Bonds and unclaimed moneys, (i) holding of moneys in trust, (j) payment or reimbursement of fees, charges and expenses of the Trustee, the Bond Registrar and any Paying Agents and Authenticating Agents, (k) repayments to the Authority from the CFC Debt Service Fund, the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund, and (l) the duties of the Trustee, the Authority, the Paying Agents or the Authenticating Agents in connection with the foregoing, shall remain in effect and be binding upon the Trustee, the Authority, the Authenticating Agents, the Paying Agents and the holders notwithstanding release and discharge of this CFC Master Trust Agreement under Section 9.01, or as to Bonds or series of Bonds affected under Section 9.03. The provisions of this Article shall survive any release, discharge and satisfaction of this CFC Master Trust Agreement.

Section 9.04 <u>Variation of Defeasance Provisions</u>. The provisions of this Article may be varied as to any series of Bonds or as to certain of the Bonds of that series by the Bond Proceedings providing for that series.

(End of Article IX)

#### ARTICLE X

#### **MEETINGS OF HOLDERS**

Section 10.01 <u>Purposes of Meetings</u>. Subject to the provisions of Section 7.08 which limits the ability of holders of Bonds to take certain actions or to direct certain actions to be taken, a meeting of holders, or of the holders of any series of Bonds, may be called at any time and from time to time pursuant to the provisions of this Article, to the extent relevant to the holders of all of the Bonds or of Bonds of that series, as the case may be, to take any action authorized to be taken by or on behalf of the holders of any specified Aggregate Outstanding Principal Amount of the Bonds, or of that series, or under any provision of this CFC Master Trust Agreement or authorized or permitted by law.

## Section 10.02 <u>Call of Meetings</u>.

- (a) The Trustee may call at any time a meeting of holders pursuant to Section 10.01 to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed not fewer than 15 or more than 90 days prior to the date of the meeting to any Credit Support Provider and to the holders at their addresses as they appear on the Register on the fifteenth day preceding such mailing, which fifteenth day preceding the mailing shall be the record date for the meeting.
- (b) If at any time the Board, the holders of at least 25% in Aggregate Outstanding Principal Amount of the Bonds or, if applicable, of the affected series of Bonds, then outstanding, or any Credit Support Provider, shall have requested the Trustee to call a meeting of holders, by written request setting forth the purpose of the meeting, and the Trustee shall not have mailed the notice of the meeting within 20 days after receipt of the request, then the Authority, the holders of Bonds in the amount above specified or the Credit Support Provider, whichever made the request, may determine the time and the place of the meeting and may call the meeting to take any action authorized in Section 10.01, by mailing notice thereof.
- (c) Any meetings of holders, or the holders of any series of Bonds affected by a particular matter, shall be valid without notice, if the holders of all Bonds, or if applicable, of the affected series of Bonds, then outstanding are present in person or by proxy, or if notice is waived before or after the meeting by the holders of all Bonds, or if applicable, the affected series of Bonds, outstanding who were not so present at the meeting, and if the Authority, the Trustee and any Credit Support Provider was entitled to notice thereof, are either present by duly authorized representatives or have waived notice, before or after the meeting.

Section 10.03 <u>Voting</u>. To be entitled to vote at any meeting of holders, a person shall be either (a) a holder of one or more outstanding Bonds, or if applicable, of the affected series of Bonds, as of the record date for the meeting as determined above, or (b) a person appointed by an instrument or document in writing as proxy by a person who is a holder as of the record date for the meeting, of one or more outstanding Bonds or, if applicable, of the affected series of Bonds. Each holder or proxy shall be entitled to one vote for each \$5,000 Aggregate Outstanding Principal Amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of holders shall be by written ballots on which shall be subscribed the signatures of the holders of Bonds or of their representatives by proxy and the identifying number or numbers of the Bonds held or represented by them.

Section 10.04 <u>Meetings</u>. Notwithstanding any other provisions of this CFC Master Trust Agreement, the Trustee may make any reasonable rules that it may deem to be advisable for meetings of holders, with regard to any of the following: proof of the holding of Bonds and of the appointment of proxies, or the appointment and duties of inspectors of votes, or recordation of the proceedings of those meetings, the signing, submission and examination of proxies and other evidence of the right to vote, or any other matters concerning the conduct, adjournment or reconvening of meetings that it may think fit.

The Trustee shall appoint a temporary chair of the meeting by an instrument in writing, unless the meeting shall have been called by the Authority, by the Credit Support Provider or by the holders as provided in Section 10.02, in which case the Authority, the Credit Support Provider or the holders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the holders of a majority in Aggregate Outstanding Principal Amount of the Bonds represented at the meeting and entitled to vote.

The only persons who shall be entitled to be present or to speak at any meeting of holders shall be the persons entitled to vote at the meeting, any representatives of the Trustee or Bond Registrar or of the Authority or of any Credit Support Provider, and its or their respective legal counsel

Section 10.05 <u>Miscellaneous</u>. Nothing contained in this Article shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee, a Credit Support Provider or the holders under any of the provisions of this CFC Master Trust Agreement or of the Bonds by reason of any call of a meeting of holders or any rights conferred expressly or impliedly hereunder to make a call.

(End of Article X)

#### ARTICLE XI

#### **MISCELLANEOUS**

Section 11.01 <u>Limitation of Rights; Credit Support Provider Third Party Beneficiary</u>. With the exception of rights conferred or referred to expressly in this CFC Master Trust Agreement, nothing expressed or mentioned in or to be implied from this CFC Master Trust Agreement or the Bonds is intended or shall be construed to give to any Person other than the Authority and Trustee, any Credit Support Provider and the holders of the Bonds, any legal or equitable right, remedy, power or claim under or with respect to this CFC Master Trust Agreement or any covenants, agreements, conditions and provisions contained in it. This CFC Master Trust Agreement and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties to it, any applicable Credit Support Provider, and the holders of the Bonds, as provided in this CFC Master Trust Agreement.

To the extent that this CFC Master Trust Agreement confers upon or gives or grants to any Credit Support Provider any right, remedy or claim by reason of this CFC Master Trust Agreement, that Credit Support Provider is hereby explicitly recognized as being a third-party beneficiary under this CFC Master Trust Agreement and may enforce any such right, remedy or claim conferred, given or granted under it. Notwithstanding anything to the contrary in any provision of this CFC Master Trust Agreement, any provision of this CFC Master Trust Agreement expressly recognizing or granting rights in or to a Credit Support Provider may not be amended in any manner that affects the rights of that Credit Support Provider under this CFC Master Trust Agreement without the prior written consent of that Credit Support Provider.

Section 11.02 <u>Severability</u>. In case any section or provision of this CFC Master Trust Agreement, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this CFC Master Trust Agreement, or any application thereof, is for any reason held to be illegal or invalid, that illegality or invalidity shall not affect the remainder thereof or any other section or provision of this CFC Master Trust Agreement or any other covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this CFC Master Trust Agreement, which shall be construed and enforced as if the illegal or invalid portion were not contained in it.

Any such illegality, invalidity or inoperability or any application thereof shall not affect any legal and valid application thereof, and each such section, provision, covenant, agreement, stipulation, obligation, act or action, or part thereof, shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent from time to time permitted by law.

#### Section 11.03 Notices.

(a) Except as provided in Section 7.02 and as otherwise provided in this Section, it shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document if it is mailed, postage prepaid, addressed to the appropriate Notice Address of the particular Person.

- (b) A copy of any notice, including without limitation notice of any redemption of or payment or provision for payment of Bonds, given to holders by either the Authority or the Trustee or of any notice, request, complaint, demand or other instrument or document given by the Trustee to the Authority or by the Authority to the Trustee, and any certificate rendered pursuant to this CFC Master Trust Agreement relating to the security for the Bonds, shall be given to the applicable Credit Support Provider. The foregoing parties may designate, by notice given under this Section, any particular, further or different addresses to which any notice, request, complaint, demand or other instrument or document shall be sent. The Trustee shall designate, by notice to the Authority and to any Credit Support Provider, the addresses to which notices or copies thereof shall be sent to the Bond Registrar, the Authenticating Agents and the Paying Agents.
- (c) In connection with any notice sent pursuant to the provisions of this CFC Master Trust Agreement, a certificate of the Trustee, the Authority, an Original Purchaser, the Bond Registrar, any Credit Support Provider, the Authenticating Agents or the holders of the Bonds, whichever or whoever sent that notice, that the notice was so sent shall be conclusive evidence of the proper sending of the notice.
- any Person shall be unable to mail by the required class of mail any notice required to be mailed or sent by the provisions of this CFC Master Trust Agreement, or if in the judgment of the sender sending by other means is desirable or preferable, then that notice shall be sent in such other manner as in the judgment of the person giving it most effectively approximates mailing of that notice, and the sending of that notice in that manner for all purposes of this CFC Master Trust Agreement shall be deemed to be in compliance with the requirements for sending of that notice. Except as otherwise provided in this CFC Master Trust Agreement, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail, and the sending of any notice by any other means of physical delivery shall be deemed complete upon receipt of the notice by the delivery service and by means of electronic transmission shall be deemed complete upon receipt of the notice at the receiver of the intended recipient (with an automatic "read receipt" or similar notice not constituting an acknowledgement of an email receipt for purposes of this subsection).

Section 11.04 Payments Due on Saturdays, Sundays and Holidays. If any Interest Payment Date, date of maturity of the principal of any Bonds, or date fixed for redemption of any Bonds, is not a Business Day (a) for the Trustee, then payment of interest, principal and any redemption premium need not be made by the Trustee or any Paying Agent on that date, but that payment may be made on the next succeeding Business Day for the Trustee and Paying Agent with the same force and effect as if that payment were made on the applicable date, and no interest shall accrue for the period after that date, or (b) for a Paying Agent other than the Trustee, then payment of interest, principal and any redemption premium need not be made by that Paying Agent on that date, but that payment may be made on the next succeeding Business Day with the same force and effect as if that payment were made on the applicable date, and no interest shall accrue for the period after that date.

If, however, the Trustee is open for business on the applicable date, it shall make any payment with respect to interest on Outstanding Bonds and principal of and premium on Bonds

presented to it for payment, regardless of whether any other Paying Agent is open for business or closed on that date.

Section 11.05 <u>Instruments of Bondholders</u>. Any consent, request, direction, approval, objection or other instrument required under this CFC Master Trust Agreement to be signed by any holder may be in any number of concurrent writings of similar tenor and may be signed by that holder in person or by an agent or attorney appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent or attorney, and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this CFC Master Trust Agreement, and shall be conclusive in favor of the Trustee with regard to any action taken under such instrument, namely:

- (a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within that jurisdiction that the person signing that writing acknowledged before him the execution thereof, or by affidavit of any witness to that execution.
  - (b) The fact of ownership of Registered Bonds shall be proved by the Register.

Nothing contained in this Section shall be construed as limiting the Trustee to such proof. It is intended that the Trustee may accept any other or additional evidence which it deems to be sufficient. Any consent or request of the Holder of any Predecessor Bond shall bind every future Holder of the same Bond with respect to anything done or suffered to be done by the Authority, the Trustee, the Bond Registrar or any Paying Agent or Authenticating Agent pursuant to that request or consent.

Section 11.06 <u>Priority of Agreement</u>. This CFC Master Trust Agreement shall be superior to any liens that may be placed upon the Pledged Revenues or any Pledged Funds.

Section 11.07 Extent of Covenants; No Personal Liability. All of the covenants, stipulations, obligations and agreements of the Authority contained in this CFC Master Trust Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized and permitted by the Act. No such covenant, stipulation, obligation or agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Authority or the Board in an individual capacity, or in any other than an official capacity. Neither the members of the Board nor any official signing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of their issuance.

Section 11.08 <u>Binding Effect</u>. This CFC Master Trust Agreement shall inure to the benefit of and shall be binding upon the Authority and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this CFC Master Trust Agreement.

Section 11.09 <u>Counterparts</u>. This CFC Master Trust Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 11.10 <u>Governing Law</u>. This CFC Master Trust Agreement and the Bonds shall be deemed to be contracts made under the laws of the State of Ohio and for all purposes shall be governed by and construed in accordance with the laws of that State.

(End of Article XI)

IN WITNESS WHEREOF, the Authority has caused this CFC Master Trust Agreement to be signed for it and in its name and on its behalf by its Authorized Officers; and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this CFC Master Trust Agreement to be signed for it and in its name and on its behalf by its duly authorized officer.

COLUMBUS REGIONAL AIRPORT AUTHORITY

STREET OF THE ST

President and CEO

Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

Bv:

Title: VICE PRESIDENT

#### CHIEF FINANCIAL OFFICER'S CERTIFICATE

I, the Chief Financial Officer of the Columbus Regional Airport Authority, certify that the money required to meet the obligations of the Authority under this CFC Master Trust Agreement for Fiscal Year 2019 has been lawfully appropriated by the Board of Directors of the Authority for that purpose and is in the Treasury of the Authority or is in the process of collection to the credit of an appropriate fund, free from any previous encumbrances, and is not appropriated for any other purpose. This certificate is given consistently with Sections 5705.41 and 5705.44 of the Ohio Revised Code.

Dated: May 2, 2019

Chief Financial Officer

Columbus Regional Airport Authority

# CUSTOMER FACILITY CHARGE FIRST SUPPLEMENTAL TRUST AGREEMENT

By and Between

## COLUMBUS REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Securing

· ·

\$94,325,000 Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019

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Dated

May 2, 2019

Squire Patton Boggs (US) LLP Bond Counsel

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(This Index is not a part of the CFC First Supplemental Trust Agreement but rather is for convenience of reference only.)

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## CUSTOMER FACILITY CHARGE FIRST SUPPLEMENTAL TRUST AGREEMENT

## Pertaining to

\$94,325,000 Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019

THIS CUSTOMER FACILITY CHARGE FIRST SUPPLEMENTAL TRUST AGREEMENT (this "CFC First Supplemental Trust Agreement") dated May 2, 2019, is made by and between the COLUMBUS REGIONAL AIRPORT AUTHORITY (the "Authority"), a port authority, a political subdivision and a body corporate and politic, duly created and validly existing under and by virtue of the laws of the State of Ohio (the "State"), and U.S. BANK NATIONAL ASSOCIATION (the "Trustee"), a national banking association duly organized and validly existing under the laws of the United States of America and duly authorized and qualified to exercise corporate trust powers in the State, with its designated corporate trust office located in Columbus, Ohio, as trustee hereunder and under the CFC Master Trust Agreement hereinafter mentioned, under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses being used therein as defined in Article I hereof):

- A. By virtue of the Act and the General Bond Resolution, the Authority heretofore has entered into the CFC Master Trust Agreement with the Trustee providing for the issuance from time to time of Bonds, with each series of Bonds to be authorized by a Series Bond Resolution, which Series Bond Resolution shall authorize a Supplemental Trust Agreement, supplementing the CFC Master Trust Agreement, pertaining to that issue of Bonds; and
- B. The Authority has, for the purpose of paying the cost of Improvements of the Authority's ConRAC, determined to sell the Series 2019 Bonds and to enter into this CFC First Supplemental Trust Agreement to secure the Series 2019 Bonds; and
- C. The Authority, pursuant to the Series 2019 Resolution, has provided for the issuance of the Series 2019 Bonds and the execution and delivery of this CFC First Supplemental Trust Agreement; and
- D. All conditions, acts and things required to exist, happen and be performed precedent to and in the issuance of the Series 2019 Bonds and the execution and delivery of this CFC First Supplemental Trust Agreement exist and have happened and been performed and will have been met to make the Series 2019 Bonds, when issued, delivered and authenticated, valid special obligations of the Authority in accordance with the terms thereof and hereof, and in order to make the CFC Trust Agreement a valid, binding and legal trust agreement for the security of the Series 2019 Bonds in accordance with its terms; and
- E. The Trustee has accepted the trusts created by this CFC First Supplemental Trust Agreement, and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS CFC FIRST SUPPLEMENTAL TRUST AGREEMENT, WITNESSETH, that to secure the payment of the Debt Service Charges on the Series 2019 Bonds according to their true intent and meaning, and to secure the performance and observance of all the covenants, agreements, obligations and conditions contained in the CFC Trust Agreement, and to declare the terms and conditions upon and subject to which the Series 2019 Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Series 2019 Bonds by the holders, and for other good and valuable consideration, the receipt of which is acknowledged, the Authority has signed and delivered this CFC First Supplemental Trust Agreement and does hereby affirm its pledge and assignment to the Trustee and to its successors in trust, and its and their assigns, and its granting a lien upon the Pledged Revenues and Pledged Funds, to the extent and with the exceptions provided in the CFC Trust Agreement;

PROVIDED, HOWEVER, that any pledge or assignment of, or lien on, any fund, account, receivables, revenues, money or other intangible property not in the custody of the Trustee shall be valid and enforceable only to the extent permitted by law.

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions of the CFC Trust Agreement,

- (a) except as provided otherwise in the CFC Trust Agreement, for the equal and proportionate benefit, security and protection of all present and future Bondholders,
- (b) for the enforcement of the payment of the Debt Service Charges when payable, according to the true intent and meaning of the Bonds and of the CFC Trust Agreement, and
- (c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of the CFC Trust Agreement,

in each case, except as authorized or provided otherwise in the CFC Trust Agreement, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of series designation, number, date of Bond authorization, issuance, sale, execution, authentication, delivery or maturity, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under the CFC Trust Agreement, and shall be secured equally and ratably hereby, it being intended that the lien and security of the CFC Trust Agreement shall take effect from its date, without regard to the actual date of issue, sale or delivery of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value;

#### PROVIDED FURTHER, HOWEVER, that if

(i) the Debt Service Charges on the Series 2019 Bonds shall be well and truly paid at the times and in the manner to which reference is made in the Series 2019 Bonds,

according to the true intent and meaning thereof, or the Series 2019 Bonds shall have been paid and discharged or deemed paid and discharged in accordance with Article IX of the CFC Master Trust Agreement, and

(ii) all of the covenants, agreements, obligations, terms and conditions of the Authority under the CFC Trust Agreement with respect to the Series 2019 Bonds shall have been kept, performed and observed, and there shall have been paid to the Trustee, the Bond Registrar, the Paying Agents and the Authenticating Agents all sums of money due or to become due to them in accordance with the terms and provisions hereof,

then this CFC First Supplemental Trust Agreement and the rights assigned hereby shall cease, determine and be void, except as provided in Article IX of the CFC Master Trust Agreement with respect to the survival of certain provisions hereof; otherwise, this CFC First Supplemental Trust Agreement shall be and remain in full force and effect.

It is expressly declared that all Series 2019 Bonds issued and secured hereunder are to be issued, authenticated and delivered, and that all Pledged Revenues and the Pledged Funds are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in the CFC Trust Agreement, and the Authority has agreed and covenanted, and does hereby further agree and covenant with the Trustee and with the respective holders from time to time of the Series 2019 Bonds, as follows in this CFC First Supplemental Trust Agreement.

(End of Recitals and Granting Clauses)

#### ARTICLE I

#### **DEFINITIONS**

Section 1.01 <u>Definitions</u>. Except when the context indicates otherwise or unless otherwise defined herein, the terms used but not defined herein shall have the meaning ascribed to them in the CFC Master Trust Agreement. In addition thereto, and in addition to words and terms elsewhere defined in this CFC First Supplemental Trust Agreement, unless the context or use clearly indicates another or different meaning or intent, the following terms shall have the following meanings:

"Authority" means the Columbus Regional Airport Authority.

"Authorized Denominations" means, with respect to the Series 2019 Bonds, \$5,000 or any integral multiple thereof.

"Board" means the Board of Directors of the Authority.

"Bond Legislation" means when used with respect to the Series 2019 Bonds, the General Bond Resolution and the Series 2019 Resolution.

"Bond Registrar" or "Registrar" means initially the Trustee who shall be the keeper of the Register, and any successor to the Trustee.

"Certificate of Award" means, with respect to the Series 2019 Bonds, the certificate authorized by the Series 2019 Resolution, dated April 17, 2019, executed by the Chief Financial Officer, setting forth and determining those terms or other matters pertaining to the Series 2019 Bonds and their issuance, sale and delivery as the Series 2019 Resolution provides may or shall be set forth or determined therein.

"CFC First Supplemental Trust Agreement" means this Customer Facility Charge First Supplemental Trust Agreement, dated May 2, 2019, by and between the Authority and the Trustee, as amended and supplemented from time to time, supplementing and amending the CFC Master Trust Agreement.

"CFC Master Trust Agreement" means the Customer Facility Charge Master Trust Agreement dated May 2, 2019, by and between the Authority and the Trustee, as may be amended or supplemented from time to time.

"Deposit Date" means, with respect to the Series 2019 Bonds, the first Business Day of each calendar month.

"Feasibility Report" means the Financial Feasibility Report dated April 8, 2019, prepared for the Authority by Unison Consulting.

"General Bond Resolution" means Resolution No. 22-19 as adopted by the Board on March 26, 2019.

- "Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Insured Bonds when due.
- "Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.
- "Insured Bonds" means the Series 2019 Bonds maturing on December 15 in the years 2030 through 2032.
  - "Insured Bondholders" means the registered owners of the Insured Bonds.
- "Interest Payment Dates" means each June 15 and December 15, commencing June 15, 2019, in the years the Series 2019 Bonds are outstanding.
- *"Issuance Costs"* means, with respect to the Series 2019 Bonds, any financial, legal, administrative and other fees or costs incurred in connection with the issuance of the Series 2019 Bonds, including any underwriting compensation withheld from the Issue Price.
  - "Issuance Date" means, with respect to the Series 2019 Bonds, May 2, 2019.
- "Mandatory Sinking Fund Requirements" means the deposits required to be made with respect to the Mandatory Redemption Obligations indicated in Section 2.03(b).
- "Principal Payment Date" means December 15 in each of the years from and including 2021 to and including 2048.
- "Regular Record Date" means, with respect to the Series 2019 Bonds, the 15<sup>th</sup> day next preceding an Interest Payment Date.
- "Series 2019 Bonds" means the \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019.
- *"Series 2019 Construction Account"* means the Series 2019 Construction Account maintained within the CFC Construction Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.
- *"Series 2019 Cost of Issuance Subaccount"* means the Series 2019 Cost of Issuance Subaccount maintained within the Series 2019 Construction Account and created by Section 3.01 of this CFC First Supplemental Trust Agreement.
- "Series 2019 Debt Service Coverage Account" means the Series 2019 Debt Service Coverage Account maintained within the CFC Debt Service Coverage Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.
- "Series 2019 Debt Service Coverage Account Required Reserve" means, with respect to the Series 2019 Bonds as of the date of any calculation, an amount equal to 25% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds in the then current or any succeeding Fiscal Year. In connection with the issuance of any series of

Additional Bonds which are also to be secured by the Series 2019 Debt Service Coverage Account, such amount shall be increased to an amount that is equal to 25% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds and any such Additional Bonds in the then current or any succeeding Fiscal Year.

"Series 2019 Debt Service Reserve Account" means the Series 2019 Debt Service Reserve Account maintained within the CFC Debt Service Reserve Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement. To the extent that the Authority issues any Additional Bonds which are also to be secured by this Account, the Authority may rename this Account to more accurately describe its intended use.

"Series 2019 Debt Service Reserve Account Required Reserve" means initially, with respect to the Series 2019 Bonds, an amount equal to \$5,693,398.10. Upon the date that any Series 2019 Bonds shall be defeased in accordance with Article IX of the CFC Master Trust Agreement, the Series 2019 Debt Service Reserve Account Required Reserve shall be recomputed as of the date of such defeasance to be an amount that does not exceed the least of (a) 10% of the issue price or principal amount, as applicable, of the Series 2019 Bonds and any Additional Bonds then Outstanding and determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, (b) 125% of the average amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any Additional Bonds then Outstanding, or (c) 100% of the maximum amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any Additional Bonds then Outstanding.

In connection with the issuance of any series of Additional Bonds which are also to be secured by the Series 2019 Debt Service Reserve Account, the amount held in the Series 2019 Debt Service Reserve Account may be increased to an amount that does not exceed the least of (a) 10% of the issue price or principal amount, as applicable, of the Series 2019 Bonds and any such Additional Bonds determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, (b) 125% of the average amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any such Additional Bonds, or (c) 100% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds and any such Additional Bonds in the then current or any succeeding Fiscal Year; provided that in no event in connection with the sale of Additional Bonds which are also secured by the Series 2019 Debt Service Reserve Account shall (a) the amount deposited in the Series 2019 Debt Service Reserve Account from the proceeds of the sale of such series of Additional Bonds exceed 10% of the proceeds or principal amount, as applicable, from that sale of Additional Bonds, as determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, and (b) the portion of the Series 2019 Debt Service Reserve Account allocated to a series of Bonds that is invested in higher yielding investments (as defined in Section 148(b) of the Code) exceed 10% of the proceeds or principal amount, as applicable, of such Bonds determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, unless, as to the immediately preceding clause (b), the Authority and the Trustee receive the written opinion of nationally recognized bond counsel that exceeding the 10% limit will not cause interest on such Bonds to be included in gross income for federal income tax purposes.

"Series 2019 Interest Payment Subaccount" means the Series 2019 Interest Payment Subaccount maintained within the Interest Payment Account in the CFC Debt Service Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.

"Series 2019 Principal Payment Subaccount" means the Series 2019 Principal Payment Subaccount maintained within the Principal Payment Account in the CFC Debt Service Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.

"Series 2019 Project" means the construction of a consolidated rental car facility, including access roadway and utility infrastructure improvements, as further described in the Feasibility Report.

*"Series 2019 Resolution"* means Resolution No. 23-19 adopted by the Board on March 26, 2019, authorizing the issuance of the Series 2019 Bonds, including upon its execution the Certificate of Award which is deemed to be incorporated therein and made a part thereof, being a Series Bond Resolution under the CFC Trust Agreement.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available not more than 45 days and not less than four Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2019 Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Section 1.02 <u>Interpretation; Section and Article References; Captions</u>. Any reference in this CFC First Supplemental Trust Agreement to the Authority, or to the Board or officers or to other employees of the Authority, shall include those that succeed to their functions, duties or responsibilities pursuant to or by operation of law or otherwise are lawfully performing their functions.

Any reference in this CFC First Supplemental Trust Agreement to a section or provision of the Ohio Revised Code or to the Act or to the laws of Ohio or Authority resolutions shall include that section or provision and the Act and those laws and ordinances as from time to time amended, modified, revised, supplemented or superseded. No amendment, modification, revision, supplement or superseding section or provision shall be applicable solely by reason of this provision, if it constitutes in any way an impairment of the rights or obligations of the Authority, the holders, the Trustee or the Bond Registrar, under the CFC Trust Agreement, the Bond Legislation, the Bonds or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Debt Service Charges in the amount and manner, at the times and from the sources provided in the Bond Proceedings and the Bonds, except as permitted in the CFC Trust Agreement.

Unless the context otherwise indicates, words in this CFC First Supplemental Trust Agreement importing the singular number include the plural number and vice versa.

References in this CFC First Supplemental Trust Agreement to a Section, unless otherwise stated, are to a Section of this CFC First Supplemental Trust Agreement. The terms "hereof", "herein", "hereby", "hereto", and "hereunder", and similar terms, mean and refer to this CFC First Supplemental Trust Agreement.

(End of Article I)

#### ARTICLE II

#### AUTHORIZATION, TERMS AND DELIVERY OF SERIES 2019 BONDS

Section 2.01 <u>Authorization and Purposes of Series 2019 Bonds</u>. The issuance, sale and delivery of the Series 2019 Bonds is authorized by the Act and laws of the State (particularly the Act), the CFC Master Trust Agreement, the Bond Legislation, and this CFC First Supplemental Trust Agreement. The Series 2019 Bonds are being issued to (a) pay a portion of the costs of the Series 2019 Project, (b) to fund the Series 2019 Debt Service Reserve Account and the Series 2019 Debt Service Coverage Account, and (c) to pay the Issuance Costs of the Series 2019 Bonds.

#### Section 2.02 Terms and Provisions Applicable to Series 2019 Bonds.

- (a) <u>Form, Numbering, Transfer and Exchange</u>. The Series 2019 Bonds shall be issued only in fully registered form substantially as set forth as Exhibit A. The Series 2019 Bonds shall be initially numbered as determined by the Chief Financial Officer, and shall be executed, authenticated, delivered, transferred and exchanged (except as provided in clause (b) below) as provided herein, the Series 2019 Resolution and the CFC Master Trust Agreement.
- (b) <u>Denominations and Depository</u>. The Series 2019 Bonds shall be dated May 2, 2019, and shall be issued only in Authorized Denominations. Initially the Series 2019 Bonds shall be issuable only in Book Entry Form and registered to the Depository or its nominee; and initially so long as the Series 2019 Bonds are in a Book Entry System, there shall be a single Bond certificate for each maturity of Series 2019 Bonds in the aggregate principal amount for each maturity of such Series 2019 Bonds.

The Depository shall be considered to be the holder of the Series 2019 Bonds for all purposes of the CFC Trust Agreement, including, without limitation, payment of Debt Service Charges thereon, and receipt of notices and exercises of rights of holders of the Series 2019 Bonds. So long as the Series 2019 Bonds are in a Book Entry System, they shall not be transferable of exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Authority.

(c) Payment, Place of Payment, and Paying Agent. Principal of and any redemption premium on Series 2019 Bonds, at maturity or upon redemption, shall be payable to the holders thereof, upon presentation and surrender of such Bonds at the principal corporate office of the Trustee. Interest on the Series 2019 Bonds when due shall be payable, except as otherwise provided in Section 3.04 of the CFC Master Trust Agreement, by check or draft mailed by the Trustee on each Interest Payment Date to the holders thereof as of the close of business on the Regular Record Date applicable to that Interest Payment Date at the holder's address as it appears on the Register, provided that such payment of interest to a Depository may be made by the Trustee by wire transfer of federal funds.

## Section 2.03 Series 2019 Bonds.

(a) <u>Maturities and Interest of Series 2019 Bonds</u>. The Series 2019 Bonds shall mature on the Principal Payment Date in the years and in the principal amounts, and shall bear interest to be paid on the Interest Payment Dates at the rates per annum (calculated on the basis of a 360-day year of twelve 30-day months), as set forth below:

<u>Year</u>	Principal <u>Amount</u>	Interest Rate
2021	\$2,020,000	2.675%
2022	2,075,000	2.798
2023	2,135,000	2.948
2024	2,195,000	3.091
2025	2,265,000	3.191
2026	2,335,000	3.269
2027	2,415,000	3.369
2028	2,495,000	3.539
2029	2,585,000	3.639
2030*	2,675,000	3.639
2031*	2,775,000	3.689
2032*	2,875,000	3.739
2033	2,985,000	3.889
2034	3,100,000	3.919
2039	17,465,000	4.059
2048	41,930,000	4.199
* Insured Bonds	, -,	

(b) <u>Mandatory Redemption</u>. The Series 2019 Bonds maturing on December 15, 2039 (the "2039 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2035 through 2038 (with the balance of \$3,775,000 to be paid at stated maturity on December 15, 2039), at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Type</u>	<u>Total</u>
2035	Mandatory Redemption	\$3,220,000
2036	Mandatory Redemption	3,350,000
2037	Mandatory Redemption	3,490,000
2038	Mandatory Redemption	3,630,000

The Series 2019 Bonds maturing on December 15, 2048 (the "2048 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2040 through 2047 (with the balance of \$5,460,000 to be

paid at stated maturity on December 15, 2048), at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Type</u>	<u>Total</u>
2040	Mandatory Redemption	\$3,930,000
2041	Mandatory Redemption	4,095,000
2042	Mandatory Redemption	4,265,000
2043	Mandatory Redemption	4,445,000
2044	Mandatory Redemption	4,635,000
2045	Mandatory Redemption	4,830,000
2046	Mandatory Redemption	5,030,000
2047	Mandatory Redemption	5,240,000

(c) <u>Optional Redemption</u>. The Series 2019 Bonds maturing on or after December 15, 2030, are also subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 2029 at par, plus in each case accrued interest to the redemption date.

Section 2.04 <u>Change of Depository.</u> If any Depository determines not to continue to act as a Depository for the Series 2019 Bonds in a Book Entry System, the Authority may attempt to have established a Securities Depository/Book Entry System relationship with another Depository. If the Authority does not or is unable to establish such a relationship, the Authority and the Trustee, after the Trustee has made provision for notification to the owners of beneficial interests in writing or by means of a facsimile transmission by the then Depository and any other arrangements the Authority deems necessary, shall permit withdrawal of the Series 2019 Bonds from the Depository, and authenticate and deliver Series 2019 Bond certificates, in fully registered form, in Authorized Denominations, to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Series 2019 Bonds), of the persons requesting such authentication and delivery unless Authority action or inaction shall have been the cause of the termination of the Bonds in a Book Entry System, in which event such cost and expense shall be borne by the Authority.

Section 2.05 <u>Provisions Relating to the Insurance Policy for the Insured Bonds.</u> Provided that the Insurance Policy is in full force and effect and the Insurer has made and is continuing to make all payments and meet all obligations under the Insurance Policy and is not in liquidation proceedings, the provisions of this Section shall be in full force and effect, anything in the CFC Trust Agreement to the contrary notwithstanding; provided that to the extent the Insurer has paid any principal or interest on the Insured Bonds it shall retain its rights of subrogation.

(a) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the CFC Debt Service Reserve Fund. Notwithstanding anything to the contrary set forth in the CFC Trust Agreement, amounts on deposit in the CFC Debt Service Reserve Fund shall be applied solely to the payment of Debt Service Charges due on the Bonds.

- The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Insured Bondholders are entitled to take pursuant to the CFC Trust Agreement pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the CFC Trust Agreement and each Insured Bond, the Trustee and each Insured Bondholder appoint the Insurer as their agent and attorneyin-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Authority under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedes or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Bondholder of an Insured Bond delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Insured Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Bondholders of Insured Bonds shall expressly include mandamus. The agreements of the Trustee under this paragraph are made subject to the rights of the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding (with the Insurer deemed to be the sole holder of the Insured Bonds under this paragraph (a)) to direct proceedings under Section 7.04 of the CFC Master Trust Agreement.
- (c) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.
  - (d) The Insurer is a third party beneficiary to the CFC Trust Agreement.
- (e) Any amendment, supplement, modification to, or waiver of, the CFC Trust Agreement or any other transaction document, including any underlying security agreement (each a "*Related Document*"), that requires the consent of Bondholders or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.
- (f) The rights granted to the Insurer under the CFC Trust Agreement or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders, and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondholders or any other person is required in addition to the consent of the Insurer.
- (g) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and

individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Insured Bonds unless the Insurer otherwise approves.

To accomplish defeasance of Insured Bonds, the Authority shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Insured Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Insured Bonds are no longer "Outstanding" under the CFC Trust Agreement and (iv) a certificate of discharge of the Trustee with respect to the Insured Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, Trustee and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Insured Bonds shall be deemed "Outstanding" under the CFC Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

- (h) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the CFC Trust Agreement, and the Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the CFC Trust Agreement. The CFC Trust Agreement shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.
- (i) Each of the Authority and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate (i.e., the Pledged Revenues and the Pledged Funds) under applicable law.
  - (i) Claims Upon the Insurance Policy and Payments by and to the Insurer:

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the CFC Trust Agreement, moneys sufficient to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to

pay interest on the Insured Bonds and the amount required to pay principal of the Insured Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on Insured Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Authority on any Insured Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders of Insured Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of such Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to such Bondholders in the same manner as principal and interest payments are to be made with respect to the Insured Bonds under the sections hereof regarding payment of Insured Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Authority agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) to the extent permitted by law, interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Pledged Revenues and payable from such Pledged Revenues on a parity with debt service due on the Insured Bonds and the Authority shall not be obligated to pay such amounts from any source other than Pledged Revenues.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

- (k) The Insurer shall, to the extent it makes any payment of principal of or interest on the Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Authority to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.
- (I) The Authority shall, to the extent permitted by law and subject to the appropriation of funds, pay or reimburse the Insurer any and all charges, fees, out-of-pocket costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the CFC Trust Agreement or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the CFC Trust Agreement or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the CFC Trust Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the CFC Trust Agreement or any other Related Document.
- (m) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Authority or rebate only after the payment of past due and current debt service on the Insured Bonds.
- (n) The Insurer shall be entitled to pay principal or interest on the Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy) and any amounts due on the Insured Bonds as a result of acceleration of the maturity thereof in accordance with the CFC Trust Agreement, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.
- (o) The notice address of the Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director Surveillance, Re: Policy No. 219365-N, Telephone: (212) 974-0100; Telecopier: (212) 339-3556; email: <a href="munidisclosure@agltd.com">munidisclosure@agltd.com</a>. In each case in which notice or other communication refers to an Event of Default, then a paper copy of such notice or other communication shall also be sent to the mailing address shown above to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."
- (p) The Insurer shall be provided with the following information by the Authority or Trustee, as the case may be:

- (i) By the Authority, annual audited financial statements as soon as such financial statements are filed in accordance with the Continuing Disclosure Agreement (together with a certification of the Authority that it is not aware of any default or Event of Default under the CFC Trust Agreement), and the Authority's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;
- (ii) By the Trustee, notice of any draw upon the CFC Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the CFC Debt Service Reserve Fund Requirement and (ii) withdrawals in connection with a refunding of Bonds;
- (iii) By the Authority or the Trustee, as applicable, notice of any default known to the Trustee or Authority within five Business Days after knowledge thereof;
- (iv) By the Authority prior notice of the advance refunding or redemption of any of the Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof;
- (v) By the Trustee, notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
- (vi) By the Authority, notice of the commencement of any proceeding by or against the Authority commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");
- (vii) By the Authority, notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;
- (viii) By the Authority, a full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and
- (ix) By the Authority or the Trustee, as applicable, all reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

In addition, to the extent that the Authority has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Bonds, all information furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information. If the Authority has posted on the EMMA (Electronic Municipal Market Access) website any information that it is required by this Section to provide to the Insurer, then the Insurer agrees that the Authority's giving the Insurer notice of such posting shall fulfill the Authority's obligation under this Section with respect to such information.

- (q) The Insurer shall have the right to receive such additional information as it may reasonably request.
- (r) The Authority will permit the Insurer to discuss the affairs, finances and accounts of the Authority or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Authority and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Authority on any business day upon reasonable prior notice.
- (s) The Trustee, to the extent the Trustee has actual knowledge, shall notify the Insurer of any failure of the Authority to provide notices, certificates and other information under the transaction documents.
- (t) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the CFC Trust Agreement, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the CFC Debt Service Reserve Fund is fully funded at the amount then required by the CFC Trust Agreement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless (A) otherwise permitted by the Insurer or (B) following such issuance, all of the Insured Bonds and Additional Bonds insured by the Insurer have been paid or legally defeased.
- (u) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the CFC Trust Agreement would adversely affect the security for the Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.
- (v) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer (such consent not to be unreasonably withheld).

(End of Article II)

#### ARTICLE III

#### APPLICATION OF PROCEEDS OF SERIES 2019 BONDS AND PAYMENTS

Section 3.01 <u>Establishment of Accounts and Subaccounts for Series 2019 Bonds.</u> Pursuant to Section 5.01 of the CFC Master Trust Agreement:

- (a) <u>Series 2019 Principal Payment Subaccount</u>. There is established in the custody of the Trustee a subaccount within the Principal Payment Account of the CFC Debt Service Fund to be designated "Series 2019 Principal Payment Subaccount". Subject to Section 7.09 of the CFC Master Trust Agreement, amounts on deposit in the Series 2019 Principal Payment Subaccount will be used to pay the principal of the Series 2019 Bonds.
- (b) <u>Series 2019 Interest Payment Subaccount</u>. There is established in the custody of the Trustee a subaccount within the Interest Payment Account of the CFC Debt Service Fund to be designated "Series 2019 Interest Payment Subaccount". Subject to Section 7.09 of the CFC Master Trust Agreement, amounts on deposit in the Series 2019 Interest Payment Subaccount will be used to pay the interest on the Series 2019 Bonds.
- (c) <u>Series 2019 Debt Service Reserve Account</u>. There is established in the custody of the Trustee an account within the CFC Debt Service Reserve Fund to be designated "Series 2019 Debt Service Reserve Account". Amounts on deposit in the Series 2019 Debt Service Reserve Account shall be used as otherwise required or permitted by the CFC Trust Agreement. To the extent that any Additional Bonds shall also be secured by the Series 2019 Debt Service Reserve Account, the name of such Account may be modified to appropriately reflect the Bonds which it secures.
- (d) <u>Series 2019 Debt Service Coverage Account</u>. There is established in the custody of the Trustee an account within the CFC Debt Service Coverage Fund to be designated "Series 2019 Debt Service Coverage Account". Amounts on deposit in the Series 2019 Debt Service Coverage Account shall be used as otherwise required or permitted by the CFC Trust Agreement. To the extent that any Additional Bonds shall also be secured by the Series 2019 Debt Service Coverage Account, the name of such Account may be modified to appropriately reflect the Bonds which it secures
- (e) <u>Series 2019 Construction Account</u>. There is established in the custody of the Authority an account within the CFC Construction Fund to be designated "Series 2019 Construction Account". Amounts on deposit in the Series 2019 Construction Account shall be used as otherwise required or permitted by Section 5.02 of the CFC Trust Agreement.
- (f) <u>Series 2019 Cost of Issuance Subaccount</u>. There is established in the custody of the Authority a subaccount within the Series 2019 Construction Account to be designated "Series 2019 Cost of Issuance Subaccount." Amounts on deposit in the Series 2019 Cost of Issuance Subaccount shall be used to pay any Issuance Costs, and thereafter shall be used as required or permitted by Section 5.02 of the CFC Master Trust Agreement.
- Section 3.02 <u>Allocation of Proceeds of the Series 2019 Bonds and Other Authority Moneys</u>. The proceeds from the sale of the Series 2019 Bonds received by the Authority and any

other available monies of the Authority as determined by the Chief Financial Officer in the Certificate of Award shall be allocated and deposited as follows:

- (a) *First*, from Series 2019 Bond proceeds, \$601,025.00 into the Series 2019 Cost of Issuance Subaccount. The Original Purchasers, at the request of the Authority, have agreed to withhold \$27,476.92 from the proceeds of Series 2019 Bonds and to wire transfer that amount directly to the Bond Insurer to pay the premium for the municipal bond insurance policy that will insure the Insured Bonds.
- (b) **Second**, from Series 2019 Bond proceeds, \$5,693,398.10 into the Series 2019 Debt Service Reserve Account, which is equal to the Series 2019 Debt Service Reserve Account Required Reserve;
- (c) *Third*, from Series 2019 Bond proceeds, \$1,423,349.53 into the Series 2019 Debt Service Coverage Account, which is equal to the Series 2019 Debt Service Coverage Account Required Reserve;
- (d) *Fourth*, from Series 2019 Bond proceeds, \$86,337,358.77 into the Series 2019 Construction Account; and
- (e) *Fifth*, from previously collected CFC Revenues, \$4,000,000 into the CFC Supplemental Reserve Account in the CFC Revenue Fund.

# Section 3.03 Required Deposits into the CFC Debt Service Fund.

- (a) Into the Series 2019 Interest Payment Subaccount, beginning on June 3, 2019 and on each Deposit Date thereafter, after giving effect to any amounts on deposit in the Series 2019 Interest Payment Subaccount, an amount such that, if the same amount were paid on each Deposit Date preceding the next Interest Payment Date, the aggregate of the amounts so paid would be sufficient to pay the interest due and payable on the outstanding Series 2019 Bonds on that next Interest Payment Date;
- (b) Into the Series 2019 Principal Payment Subaccount, beginning on June 3, 2019 and on each Deposit Date thereafter, after giving effect to any amounts on deposit in the Series 2019 Principal Payment Subaccount, an amount such that, if the same amount were paid on each Deposit Date preceding the next Principal Payment Date, the aggregate of the amounts so paid would be sufficient to pay the principal due and payable on the outstanding Series 2019 Bonds on that next Principal Payment Date.
- Section 3.04 <u>Series 2019 Debt Service Reserve Account</u>. The Series 2019 Debt Service Reserve Account is pledged to and shall be used solely for the payment of Debt Service Charges on the Series 2019 Bonds. Amounts in excess of the Series 2019 Debt Service Reserve Account Required Reserve in the Series 2019 Debt Service Account, calculated in accordance with Section 5.05 of the CFC Master Trust Agreement, shall be transferred to the Series 2019 Interest Payment Subaccount for payment of Debt Service Charges on the Series 2019 Bonds.
- Section 3.05 <u>Series 2019 Debt Service Coverage Account.</u> The Series 2019 Debt Service Coverage Account is pledged to and shall be used solely for the payment of Debt Service

Charges on the Series 2019 Bonds. Amounts in excess of the Series 2019 Debt Service Coverage Account Required Reserve in the Series 2019 Debt Service Coverage Account, calculated in accordance with Section 5.05 of the CFC Master Trust Agreement, shall be transferred to the Series 2019 Interest Payment Subaccount for payment of Debt Service Charges on the Series 2019 Bonds.

Section 3.06 Use of Credit Support Instruments. So long as no Event of Default exists under the CFC Trust Agreement, the Authority may deposit in lieu of or substitute for funds on deposit in the Series 2019 Debt Service Reserve Account and/or the Series 2019 Debt Service Coverage Account a Credit Support Instrument provided that the following criteria are satisfied: (a) the Credit Support Instrument has a term of at least one year, (b) the issuer of the Credit Support Instrument does not have a security interest, securing reimbursement to such issuer, in the assets of the Authority, (c) 30 days prior to the expiration of such Credit Support Instrument, the Authority will fund, or cause to be fully funded, the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account in the amount of the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds or deliver to the Trustee a substitute Credit Support Instrument as provided below, (d) if the rating assigned by a Rating Service to the organization issuing the Credit Support Instrument falls below the rating required for a Credit Support Instrument, the Authority, within 120 days after the rating falls, will either fully fund, or cause to be fully funded, the Series 2019 Debt Service Reserve Account and/or the Series 2019 Debt Service Coverage Account to the extent that the affected Credit Support Instrument was on deposit in that Account in the amount of the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds or deliver to the Trustee a substitute Credit Support Instrument. In the event that such a Credit Support Instrument is delivered to the Trustee and will expire before the Series 2019 Debt Service Reserve Account and/or the Series 2019 Debt Service Coverage Account will be released in accordance with the terms of the CFC Trust Agreement, the replacement therefor, whether in the form of cash, Eligible Investments, or Credit Support Instrument, shall be delivered to the Trustee and, if applicable, be effective at least 30 days before the stated expiration of the prior Credit Support Instrument, in which case the prior Credit Support Instrument shall immediately thereupon be canceled and returned to the issuer of the Credit Support Instrument.

The Credit Support Instrument shall permit the Trustee to draw an amount up to the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds for deposit into the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account, respectively, on any Interest Payment Date for any deficiency in the CFC Debt Service Fund on that date with respect to the Series 2019 Bonds. Upon a draw by the Trustee on the Credit Support Instrument, the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account, as applicable, shall be restored to the then applicable Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Bonds, unless the Credit Support Instrument is fully reinstated to the amount of the applicable Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds. If on any Interest Payment Date there shall

exist a deficiency in the Series 2019 Interest Payment Subaccount or the Series 2019 Principal Payment Subaccount, the Trustee shall (a) draw upon the Credit Support Instrument, if any, and deposit in the CFC Debt Service Fund an amount equal to the deficiency pursuant to the Credit Support Instrument or (b) transfer from the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account, as applicable, or the extent of any money therein, to the CFC Debt Service Fund an amount equal to any remaining deficiency.

(End of Article III)

## ARTICLE IV

#### **MISCELLANEOUS**

Section 4.01 <u>Concerning the Trustee</u>. The Trustee accepts the trust herein declared and provided and agrees to perform the same upon the terms and conditions in the CFC Master Trust Agreement and herein.

Section 4.02 <u>Copies and Notices to be Provided</u>. So long as the Series 2019 Bonds are outstanding, copies of any amendments to the CFC Trust Agreement shall be provided by the Authority to the Rating Services at the following Notice Addresses:

Fitch: 33 Whitehall Street

New York, NY 10004

Attention:

Kroll: 805 Third Avenue, 29<sup>th</sup> Floor

New York, NY 10022

Attention: Public Finance Surveillance

Moody's: 7 World Trade Center

250 Greenwich Street New York, NY 10007

Attention: Public Finance Department - Analyst

Section 4.03 <u>Binding Effect</u>. This CFC First Supplemental Trust Agreement shall inure to the benefit of and shall be binding upon the Authority and the Trustee and their respective successors and assigns, subject to the limitations contained in the CFC Trust Agreement.

Section 4.04 <u>Limitation of Rights</u>. With the exception of rights conferred expressly in this CFC First Supplemental Trust Agreement, nothing expressed or mentioned in or to be implied from the CFC First Supplemental Trust Agreement or the Series 2019 Bonds is intended or shall be construed to give any Person other than the parties hereto, the Registrar, the Authenticating Agents, the Paying Agents and the holders of Series 2019 Bonds any legal or equitable right, remedy, power or claim under or with respect to this CFC First Supplemental Trust Agreement or any covenants, agreements, conditions and provisions contained therein. The CFC First Supplemental Trust Agreement and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto and the holders of Series 2019 Bonds, as provided herein.

Section 4.05 <u>Counterparts</u>. This CFC First Supplemental Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(End of Article IV)

IN WITNESS WHEREOF, the Authority has caused this CFC First Supplemental Trust Agreement to be signed for it and in its name and on its behalf by its Authorized Officers; and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this CFC First Supplemental Trust Agreement to be signed for it and in its name and on its behalf by its duly authorized officer.

COLUMBUS REGIONAL AIRPORT AUTHORITY

SOUTH AREA OF THE SOUTH AND TH

President and CEO

By: Xana State Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

sy: fath

Title: VICE PRESIDENT

## FISCAL OFFICER'S CERTIFICATE

I, the fiscal officer of the Columbus Regional Airport Authority, certify that the money required to meet the obligations of the Authority under this CFC First Supplemental Trust Agreement for Fiscal Year 2019 has been lawfully appropriated by the Board of the Authority for that purpose and is in the Treasury of the Authority or is in the process of collection to the credit of an appropriate fund, free from any previous encumbrances, and is not appropriated for any other purpose. This certificate is given consistently with Sections 5705.41 and 5705.44 of the Ohio Revised Code.

Dated: May 2, 2019

Chief Financial Officer

Columbus Regional Airport Authority

#### EXHIBIT A

## FORM OF SERIES 2019 BOND

REGISTERED REGISTERED \$

## UNITED STATES OF AMERICA STATE OF OHIO COUNTY OF FRANKLIN

# COLUMBUS REGIONAL AIRPORT AUTHORITY CUSTOMER FACILITY CHARGE REVENUE BOND, SERIES 2019

INTEREST RATE:% per year	MATURITY DATE: December 15, 20	DATED: May 2, 2019	CUSIP:
REGISTERED OWNER:	CEDE & CO.		
PRINCIPAL AMOUNT:			DOLLARS

The Columbus Regional Airport Authority (the "Authority"), for value received, promises to pay to the Registered Owner named above, or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount on the Maturity Date, each as stated above, unless this Series 2019 Bond is called for earlier redemption, and to pay from those sources interest thereon at the Interest Rate stated above on June 15 and December 15 of each year, commencing June 15, 2019 (the "Interest Payment Dates") until the Principal Amount is paid or duly provided for. This Series 2019 Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date.

The principal of this Series 2019 Bond is payable when due upon presentation and surrender hereof at the designated corporate trust office of U.S. Bank National Association, in Columbus, Ohio, as trustee (the "Trustee"). Interest is payable on each Interest Payment Date by check mailed to the person in whose name this Series 2019 Bond (or one or more predecessor bonds) is registered (the "holder") at the close of business on the 15<sup>th</sup> day next preceding that Interest Payment Date (the "Regular Record Date") on the registration books for this issue (the "Register") maintained by the Trustee, as registrar, at the address appearing therein; provided, that a holder of Series 2019 Bonds may enter into an agreement with the Trustee, with the approval of the Authority, providing for making all payments to that holder of principal of and interest on this Series 2019 Bond at a place and in a manner (including wire transfer of federal funds) other than as provided in this Series 2019 Bond. Interest on this Series 2019 Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Any interest that is not timely paid or duly provided for shall cease to be payable to the holder hereof (or of one or more predecessor bonds) as of the Regular Record Date and shall be payable to the holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to

be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to holders not fewer than 10 days prior thereto. The principal of and interest on this Series 2019 Bond are payable in lawful money of the United States of America, without deduction for the services of the Trustee or any other paying agent subsequently designated.

The Series 2019 Bonds are special obligations of the Authority and do not constitute general obligations or pledge the faith and credit of the Authority but are payable solely from the sources hereinafter described. This Series 2019 Bond is one of a series of a duly authorized issue of Customer Facility Charge Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), issued under the Customer Facility Charge Master Trust Agreement dated May 2, 2019 (the "CFC Master Trust Agreement") as supplemented by the Customer Facility Charge First Supplemental Trust Agreement dated May 2, 2019 (the "CFC First Supplemental Trust Agreement" and together with the CFC Master Trust Agreement, the "CFC Trust Agreement"), each by and between the Authority and the Trustee, aggregating in the principal amount of \$94,325,000 and issued for the purpose to pay "costs" of "port authority facilities" as those terms are defined in Sections 4582.21 through 4582.99 of the Ohio Revised Code (the "Act"), including, to (i) pay a portion of the costs of constructing the Series 2019 Project, (ii) fund a debt service reserve fund and a debt service coverage fund, and (iii) pay costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds, together with debt service on any other obligations issued and outstanding on a parity with the Series 2019 Bonds as provided in the CFC Trust Agreement (collectively with the Series 2019 Bonds, the "Bonds"), are special obligations of the Authority, issued or to be issued under, and to be secured and entitled equally and ratably to the protection given by, the CFC Trust Agreement. The Series 2019 Bonds are issued pursuant to the Constitution of the State of Ohio, the Act, resolutions duly adopted by the Authority, including the Certificate of Award executed by the Authority (collectively, the "Bond Legislation"), and the CFC Trust Agreement.

Reference is made to the Bond Legislation and the CFC Trust Agreement and the proceedings authorized therein (as defined in the Bond Legislation), for a more complete description of the Series 2019 Project, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Authority, the Trustee and the holders or beneficial owners of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each holder and beneficial owner assents, by its acceptance hereof, to all of the provisions of the Bond Legislation, the CFC Trust Agreement and those proceedings. A copy of the CFC Trust Agreement is on file at the designated corporate trust office of the Trustee.

The principal of and interest on the Bonds (collectively, "Debt Service Charges") are payable equally and ratably solely from the Pledged Revenues, the CFC Revenue Fund, and the Special Funds (being the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account), all as defined and as provided in the CFC Trust Agreement, and are not otherwise an obligation of the Authority. The payment of Debt Service Charges is secured (a) by the CFC Master Trust Agreement, and (b) by a pledge and assignment of and a lien on (i) the Pledged Revenues and (ii) the Special Funds, which are required to be maintained in the custody of the Trustee; provided, however, that any pledge or assignment of or lien on any fund, account, receivables, revenues, money or other

intangible property not in the custody of the Trustee is valid and enforceable only to the extent permitted by law.

NOTHING IN THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT SHALL CONSTITUTE A GENERAL OBLIGATION, DEBT OR BONDED INDEBTEDNESS OF THE AUTHORITY; NEITHER THE GENERAL RESOURCES OF THE AUTHORITY SHALL BE REQUIRED TO BE USED, NOR THE GENERAL CREDIT OR TAXING POWER OF THE AUTHORITY PLEDGED, FOR THE PERFORMANCE OF ANY DUTY UNDER THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT; AND FURTHER, NOTHING IN THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT GIVES THE HOLDERS OF BONDS, AND THEY DO NOT HAVE, THE RIGHT TO HAVE EXCISES OR TAXES LEVIED BY THE AUTHORITY, FOR THE PAYMENT OF DEBT SERVICE CHARGES.

The Bonds are not secured by a mortgage or mortgage lien upon property of the Authority.

The Series 2019 Bonds are issuable only as fully registered bonds and initially registered in the name of CEDE & CO., as nominee of The Depository Trust Company, New York, New York (DTC), a Depository (as defined in the CFC Trust Agreement), which shall be considered to be the holder of the Series 2019 Bonds for all purposes of the CFC Trust Agreement, including, without limitation, payment of Debt Service Charges thereon, and receipt of notices and exercise of rights of holders of the Series 2019 Bonds. There shall be a single Series 2019 Bond certificate for each maturity of Series 2019 Bonds. As long as the Series 2019 Bonds are in a Book Entry System (as defined in the CFC Trust Agreement), the Series 2019 Bonds shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository without further action by the Authority.

If any Depository determines not to continue to act as a Depository for the Series 2019 Bonds for use in a book entry system, the Authority may attempt to have established a securities depository/book entry system relationship with another Depository. If the Authority does not or is unable to do so, the Authority and the Trustee, after the Trustee has made provision for notification of the beneficial owners by notice in writing or by means of facsimile transmission to the then Depository, shall permit withdrawal of the Series 2019 Bonds from the Depository, and authenticate and deliver Series 2019 Bond certificates in fully registered form (in denominations of \$5,000 or any integral multiple thereof) to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Series 2019 Bonds), of those persons requesting such authentication and delivery unless Authority action or inaction shall have been the cause of the termination of the Bonds in a Book Entry System.

The Series 2019 Bonds maturing on December 15, 2039 (the "2039 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2035 through 2038 (with the balance of \$3,775,000 to be paid at stated maturity on December 15, 2039), at a redemption price equal to 100% of the

principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Type</u>	<u>Total</u>
2035	Mandatory Redemption	\$3,220,000
2036	Mandatory Redemption	3,350,000
2037	Mandatory Redemption	3,490,000
2038	Mandatory Redemption	3,630,000

The Series 2019 Bonds maturing on December 15, 2048 (the "2048 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2040 through 2047 (with the balance of \$5,460,000 to be paid at stated maturity on December 15, 2048), at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Type</u>	<u>Total</u>
2040	Mandatory Redemption	\$3,930,000
2041	Mandatory Redemption	4,095,000
2042	Mandatory Redemption	4,265,000
2043	Mandatory Redemption	4,445,000
2044	Mandatory Redemption	4,635,000
2045	Mandatory Redemption	4,830,000
2046	Mandatory Redemption	5,030,000
2047	Mandatory Redemption	5,240,000

Term Bonds redeemed by other than Mandatory Redemption, or purchased for cancellation, may be credited against the applicable Mandatory Redemption Requirement.

The Series 2019 Bonds maturing on or after December 15, 2030, are subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 2029 at par, plus in each case accrued interest to the redemption date.

Notice of redemption shall be given to the holder of this Series 2019 Bond to be redeemed by mailing notice of redemption by first-class mail, postage prepaid, to such holder at least 30 days prior to the redemption date at the address of such holder appearing on the Register on the fifteenth day preceding that mailing.

If fewer than all of the outstanding Series 2019 Bonds are to be redeemed, the selection of Bonds to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiples thereof, shall be made by the Trustee by lot in a manner determined by the Trustee. If Series 2019 Bonds or portions thereof are called for redemption and if on the redemption date money for the redemption thereof is held by the Trustee, including any interest accrued thereon to the

redemption date, thereafter those Series 2019 Bonds or portions thereof to be redeemed shall cease to bear interest and shall cease to be secured by, and shall not be deemed to be outstanding under, the CFC Trust Agreement.

The CFC Trust Agreement permits certain amendments or supplements to the CFC Trust Agreement not prejudicial to the holders to be made without the consent of or notice to the holders, and other amendments or supplements thereto to be made with the consent of the holders of not less than a majority in Aggregate Outstanding Principal Amount (as defined in the CFC Trust Agreement) of the Bonds then outstanding.

[FOR INSURED BONDS - Payment of principal of and interest on this Series 2019 Bond when due is insured by a municipal bond insurance policy issued by Assured Guaranty Municipal Corp. (the "Insurer"), as described more fully in the "Statement of Insurance" hereinafter set forth. The CFC First Supplemental Trust Agreement provides that the Insurer is entitled, subject to certain conditions, to exercise certain rights on behalf of the holders of the insured Series 2019 Bonds with respect to the declaration of an Event of Default, the exercise of remedies upon the occurrence of an Event of Default, the approval of amendments to the CFC Trust Agreement, the appointment of a successor Trustee, and the making or giving of other consents, directions or approvals permitted or required under the CFC Trust Agreement to be made or given by the holders of Bonds.]

The holder of this Series 2019 Bond has only those remedies provided in the CFC Trust Agreement. The Series 2019 Bonds do not and shall not constitute the personal obligation, either jointly or severally, of the members of the Board of Directors or of any other officer of the Authority. This Series 2019 Bond shall not be entitled to any security or benefit under the CFC Trust Agreement or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee or by any authenticating agent on behalf of the Trustee.

It is certified and recited that there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by the Authority or to have happened precedent to and in the issuing of the Series 2019 Bonds in order to make them legal, valid and binding special obligations of the Authority, and precedent to and in the execution and delivery of the CFC Trust Agreement; that payment in full for the Series 2019 Bonds has been received; and that the Series 2019 Bonds do not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Authority has caused this Series 2019 Bond to be executed by the facsimile signatures of the President and CEO and the Chief Financial Officer of the Authority as of the date stated above.

President and CEO	
Chief Financial Officer	

## **CERTIFICATE OF AUTHENTICATION**

This Series 2019 Bond is the only one of the Series 2019 Bonds issued under the provisions of the within-mentioned CFC Trust Agreement.

Date of Registration and Authentication: May 2, 2019
U.S. Bank National Association, as Trustee
By:Authorized Signer
Registrable and Payable at the designated corporate trust office of U.S. Bank National Association, in Columbus, Ohio
[FOR INSURED BONDS —
STATEMENT OF INSURANCE
Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on the Series 2019 Bonds maturing on December 15 of the years 2030 through 2032, inclusive (the "Insured Bonds"), to U.S. Bank National Association, Columbus, Ohio, or its successor, as paying agent for the Insured Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Insured Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.]
ASSIGNMENT
For value received, the undersigned hereby sells, assigns, and transfers this Series 2019  Bond to (print or type name, address, zip code and social security number or other identification number of transferee) and does hereby irrevocably constitute and appoint as attorney to transfer this Series 2019 Bond on the books kept for registration of this Series 2019 Bond, with full power of substitution in the premises.  Dated:

Notice: (a) The assignor's signature on this
assignment must correspond exactly with the
name as it appears upon the face of this Series
2019 Bond. (b) Transfer of this Series 2019
Bond is subject to the provisions stated in this
Series 2019 Bond.

Signature Guaranteed:

#### \$94,325,000

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

#### **CERTIFICATE OF AWARD**

The undersigned, Chief Financial Officer of the Columbus Regional Airport Authority (the "Authority"), as authorized by Resolutions No. 22-19 (the "General Bond Resolution") and No. 23-19 (the "Series 2019 Resolution" and, together with the General Bond Resolution, the "Bond Legislation"), both adopted by the Board of Directors of the Authority on March 26, 2019, authorizing the issuance and sale of bonds in the maximum principal amount of \$110,000,000 (the "Series 2019 Bonds"), hereby certifies that (with each capitalized term used in this Certificate of Award and not defined herein having the meaning assigned to it in the Bond Legislation):

- 1. **Issuance of the Series 2019 Bonds**. The aggregate principal amount of the Series 2019 Bonds shall be \$94,325,000.
- **2.** Sale of the Series 2019 Bonds. The Series 2019 Bonds are sold to Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of Raymond James & Associates, Inc., Loop Capital Markets LLC and RBC Capital Markets, LLC (collectively, with the Representative, the "Original Purchasers"), at an aggregate purchase price of \$94,082,608.32 (the "Purchase Price"), which is not less than 97% of the aggregate principal amount of the Series 2019 Bonds, calculated as follows:

 Principal amount
 \$ 94,325,000.00

 Less Original Purchasers' Discount
 (242,391.68)

 Purchase Price
 \$ 94,082,608.32

# 3. Dated Date, Principal Payments Dates, Interest Rates and Dates, and Numbering.

- (a) The Series 2019 Bonds shall be dated as of their date of delivery (May 2, 2019).
- (b) The Series 2019 Bonds shall mature on December 15 in the years and in the principal amounts and bear interest at the rates, as set forth in <u>Schedule A</u> attached hereto. The first maturity of the Series 2019 Bonds (December 15, 2021) and the final maturity of the Series 2019 Bonds (December 15, 2048) satisfy the requirements set forth in the Series 2019 Resolution.
- (c) Interest on the Series 2019 Bonds shall be payable semiannually on each June 15 and December 15, commencing June 15, 2019. The true interest rate for the Series 2019 Bonds is 4.0497%, being the rate computed on a semiannual basis necessary to discount all payments of

principal and interest on the Series 2019 Bonds to the aggregate original purchase price of the Series 2019 Bonds, exclusive of any accrued interest.

- (d) The Series 2019 Bonds shall be numbered consecutively from R-1 upwards in order of maturity beginning with the earliest maturity.
- **4. Mandatory Sinking Fund Redemption**. The Series 2019 Bonds maturing on December 15, 2039 and on December 15, 2048 are subject to mandatory sinking fund redemption pursuant to the terms of the mandatory sinking fund redemption requirements of the CFC Trust Agreement on December 15 of each of the years and in the respective principal amounts shown on <u>Schedule B</u> attached hereto.
- **5. Optional Redemption**. The Series 2019 Bonds maturing on or after December 15, 2030 are subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 2029 at par, plus in each case accrued interest to the redemption date.
- 6. Series 2019 Debt Service Reserve Account Required Reserve. Proceeds of the Series 2019 Bonds in the amount of \$5,693,398.10 shall be deposited as the Series 2019 Debt Service Reserve Account Required Reserve into the Series 2019 Debt Service Reserve Account within the CFC Debt Service Reserve Fund, which shall satisfy the CFC Debt Service Reserve Fund Requirement.
- 7. Series 2019 Debt Service Coverage Account Required Reserve. Proceeds of the Series 2019 Bonds in the amount of \$1,423,349.53 shall be deposited as the Series 2019 Debt Service Coverage Account Required Reserve into the Series 2019 Debt Service Coverage Account within the CFC Debt Service Coverage Fund, which shall satisfy the CFC Debt Service Coverage Fund Requirement.
- **8.** Costs of Issuance. Proceeds of the Series 2019 Bonds in the amount of \$601,025.00 shall be deposited into the Series 2019 Cost of Issuance Subaccount within the Series 2019 Construction Account within the CFC Construction Fund to pay costs of issuing the Series 2019 Bonds. The Original Purchasers, at the request of the Authority, have agreed to withhold \$27,476.92 from the proceeds of Series 2019 Bonds and to wire transfer that amount directly to the Bond Insurer (as defined below) to pay the premium for the municipal bond insurance policy that will insure the Insured Bonds (as defined below).
- **9. Construction Account**. All remaining proceeds of the Series 2019 Bonds shall be deposited into the Series 2019 Construction Account within the CFC Construction Fund to pay costs of the Series 2019 Project.
- 10. Bond Insurance. It is hereby determined to be necessary and desirable and in the best interest and financially advantageous to the Authority and will be beneficial in the marketing the Series 2019 Bonds for the Authority to purchase a municipal bond insurance policy for the benefit of the registered owners of the Series 2019 Bonds insuring the timely payment of the principal of and interest on the Series 2019 Bonds maturing on December 15 in the years 2030 through 2032 (the "Insured Bonds"). That policy shall be purchased from, and

issued by, Assured Guaranty Municipal Corp. (the "Bond Insurer"), an insurance company that is nationally recognized for the purpose of insuring the timely payment of the principal of and interest on obligations issued by states and political subdivisions thereof and which is hereby designated for such purpose on the basis of economy and merit and that has been approved by the Original Purchasers.

11. Determination of Best Interest. All of the terms of the Series 2019 Bonds as set forth in the foregoing paragraphs of this Certificate of Award have been determined having due regard to the best interests of the Authority and are determined to be consistent with the Series 2019 Resolution.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK - SIGNATURE FOLLOWS)

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this  $17^{\text{th}}$  day of April, 2019.

Chief Financial Officer
Columbus Regional Airport Authority

# SCHEDULE A

Maturities, Principal Amounts and Interest Rates

\$94,325,000 Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

# \$34,930,000 Serial Bonds

Maturity		Interest
(December 15)	Amount	Rate
2021	\$2,020,000	2.675%
2022	2,075,000	2.798
2023	2,135,000	2.948
2024	2,195,000	3.091
2025	2,265,000	3.191
2026	2,335,000	3.269
2027	2,415,000	3.369
2028	2,495,000	3.539
2029	2,585,000	3.639
2030*	2,675,000	3.639
2031*	2,775,000	3.689
2032*	2,875,000	3.739
2033	2,985,000	3.889
2034	3,100,000	3.919

\$17,465,000, 4.059% Term Bonds Due December 15, 2039 \$41,930,000, 4.199% Term Bonds Due December 15, 2048

<sup>\*</sup> Insured Bonds

## SCHEDULE B

# **Mandatory Sinking Fund Redemption Requirements for Term Bonds**

The Series 2019 Bonds maturing on December 15, 2039 are subject to mandatory sinking fund redemption prior to maturity from mandatory sinking fund installments which are required to be made in the amounts specified for each of the dates shown below:

<u>Year</u>	<b>Principal</b>
(December 15)	<u>Amount</u>
2035	\$3,220,000
2036	3,350,000
2037	3,490,000
2038	3,630,000
2039*	3,775,000
*Stated maturity	

<sup>\*</sup>Stated maturity

The Series 2019 Bonds maturing on December 15, 2048 are subject to mandatory sinking fund redemption prior to maturity from mandatory sinking fund installments which are required to be made in the amounts specified for each of the dates shown below:

<u>Year</u>	<u>Principal</u>
(December 15)	<u>Amount</u>
2040	\$3,930,000
2041	4,095,000
2042	4,265,000
2043	4,445,000
2044	4,635,000
2045	4,830,000
2046	5,030,000
2047	5,240,000
2048*	5,460,000
*Stated maturity	

## \$94,325,000

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

#### **BOND PURCHASE AGREEMENT**

April 17, 2019

Columbus Regional Airport Authority John Glenn Columbus International Airport 4600 International Gateway Columbus, Ohio 43219

Ladies and Gentlemen:

MERRILL LYNCH, PIERCE, FENNER & SMITH, INCORPORATED, on behalf of itself and as representative (the "Representative") of RAYMOND JAMES & ASSOCIATES, INC., LOOP CAPITAL MARKETS LLC and RBC CAPITAL MARKETS, LLC (collectively, with the Representative, the "Underwriters") hereby offer to enter into this Bond Purchase Agreement (the "Purchase Agreement") with COLUMBUS REGIONAL AIRPORT AUTHORITY, a port authority and political subdivision, duly organized and validly existing under and pursuant to the laws of the State of Ohio (the "Issuer"), whereby the Underwriters will purchase and the Issuer will sell the Series 2019 Bonds (as defined and described below). The Underwriters are making this offer subject to the acceptance by the Issuer at or before 5:00 P.M., Eastern Time, on the date hereof. If the Issuer accepts this Purchase Agreement, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind both the Issuer and the Underwriters. The Underwriters may withdraw this Purchase Agreement upon written notice delivered by the Representative to the Chief Financial Officer of the Issuer at any time before the Issuer accepts this Purchase Agreement. Terms used but not defined in this Purchase Agreement are defined in the CFC Trust Agreement (as defined below).

1. Purchase AND Sale. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the following bonds: \$94,325,000.00 Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 Bonds"), at the purchase price of \$94,082,608.32, representing the aggregate principal amount of the Series 2019 Bonds less an Underwriter's discount of \$242,391.68. The Underwriters intend to make an initial bona fide public offering of the Series 2019 Bonds at a price or prices described in Schedule I hereto; provided, however, the Underwriters reserve the right to change such initial public offering prices as the Underwriters deem necessary or desirable, in their sole discretion, in connection with the marketing of the Series 2019 Bonds and may offer and sell the Series 2019 Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by one or more of the

Underwriters at prices lower than the public offering prices or yields greater than the yields set forth therein.

The Issuer acknowledges and agrees that: (i) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Issuer and the Underwriters and the Underwriters have financial and other interests that differ from those of the Issuer; (iii) the Underwriters are acting solely as principals and are not acting as a municipal advisor, financial advisor or fiduciary to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

#### 2. RESERVED.

3. <u>Description and Purpose of the Series 2019 Bonds</u>. The Series 2019 Bonds have been authorized pursuant to the provisions of the Constitution of the State of Ohio, Ohio Revised Code Sections 4582.21 through 4582.99 (collectively, the "<u>Act</u>"), certain resolutions adopted by the Board of Directors of the Issuer on March 26, 2019 (collectively, the "<u>Authorizing Resolution</u>") and the Certificate of Award attached hereto as <u>Schedule I</u>. The Series 2019 Bonds shall be dated the date of delivery. The Series 2019 Bonds shall be issued and secured under and pursuant to the Customer Facility Charge Master Trust Agreement, dated May 2, 2019 (the "<u>CFC Master Trust Agreement</u>") and the Customer Facility Charge First Supplemental Trust Agreement, dated May 2, 2019 (the "<u>CFC First Supplemental Trust Agreement</u>"), by and between the Issuer and U.S. Bank National Association, as trustee (the "<u>Trustee</u>").

The proceeds of the sale of the Series 2019 Bonds will be used to (a) finance a portion of the costs of the development and construction of the Series 2019 Project, (b) fund deposits to the Debt Service Reserve Fund and the Debt Service Coverage Fund for the Series 2019 Bonds, and (c) pay certain costs of issuance of the Series 2019 Bonds.

The Series 2019 Project will generally consist of (i) a consolidated rental car facility (the "ConRAC") to be located at John Glenn Columbus International Airport, which will include a customer service building, ready/return, "quick turnaround" and staging/storage areas, and fueling, car wash and light maintenance facilities, (ii) access roadway improvements, and (iii) utility infrastructure improvements that will serve the ConRAC (collectively, the "Series 2019 Project").

The Series 2019 Bonds will be secured under the provisions of the CFC Trust Agreement by the Pledged Revenues and the Pledged Funds. The Series 2019 Bonds shall mature in the years, bear interest, be purchased at the prices and be subject to optional and mandatory

redemption at the times and in the amounts, all as set forth in the Certificate of Award attached hereto as <u>Schedule I</u>. The Authorized Denominations, Regular Record Dates, Interest Payment Dates, Principal Payment Dates, and other details and particulars of the Series 2019 Bonds shall be as described in the CFC Trust Agreement and the Official Statement (as defined below) of the Issuer.

## 4. DELIVERY OF THE OFFICIAL STATEMENT AND OTHER DOCUMENTS.

- (a) The Issuer has approved and delivered or caused to be delivered to the Underwriters copies of the Preliminary Official Statement dated April 9, 2019, which, including the cover page and all appendices thereto, is herein referred to as the "Preliminary Official Statement." It is acknowledged by the Issuer that the Underwriters may deliver the Preliminary Official Statement and a final Official Statement (as hereinafter defined) electronically over the internet and in printed paper form. The Issuer deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12.
- (b) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing Date, the Issuer shall deliver to the Underwriters a final Official Statement relating to the Series 2019 Bonds dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the Issuer, Bond Counsel, counsel to the Issuer and the Representative, is referred to herein as the "Official Statement") and such additional conformed copies thereof as the Representative may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the MSRB and to meet potential customer requests for copies of the Official Statement. The Underwriters agree to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the Issuer, with the MSRB on its Electronic Municipal Markets Access ("EMMA") system. The Official Statement shall be executed by and on behalf of the Issuer by an authorized officer of the Issuer. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Issuer shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative. The Issuer hereby agrees to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission ("SEC") including in a word-searchable pdf format including any amendments thereto. The Issuer hereby ratifies, confirms and consents to and approves the use and distribution by the Underwriters before the date hereof of the Preliminary Official Statement and hereby authorizes and consents to the use by the Underwriters of the Official Statement and the CFC Trust Agreement in connection with the public offering and sale of the Series 2019 Bonds.
- (c) In order to assist the Underwriters in complying with Rule 15c2-12, the Issuer will undertake, pursuant to the Continuing Disclosure Agreement, dated as of May 2, 2019 (the "Disclosure Agreement"), by the Issuer to provide annual financial information and notices

of the occurrence of specified events. A description of the Disclosure Agreement is set forth in, and a form of such agreement is attached as an appendix to, the Preliminary Official Statement and the Official Statement.

## 5. *RESERVED*.

- 6. <u>REPRESENTATIONS</u>. The Issuer represents to and agrees with the Underwriters that:
- (a) The Issuer is duly organized and validly existing, with full legal right, power and authority to issue, sell and deliver the Series 2019 Bonds to the Underwriters pursuant to the CFC Trust Agreement, and execute, deliver and perform its obligations, as the case may be, under this Purchase Agreement, the CFC Trust Agreement, the Series 2019 Bonds, and the Disclosure Agreement (collectively, the "Legal Documents") and to perform and consummate all obligations and transactions required or contemplated by each of the Legal Documents and the Official Statement.
- (b) The Authorizing Resolution approving and authorizing the execution and delivery by the Issuer of the Legal Documents and the offering, issuance and sale of the Series 2019 Bonds upon the terms set forth herein and in the Official Statement, was duly adopted at a meeting of the Board of Directors of the Issuer called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.
- (c) The CFC Trust Agreement and the Series 2019 Bonds conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement and the Series 2019 Bonds, when duly issued and authenticated in accordance with the CFC Trust Agreement and delivered to the Underwriters as provided herein, will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the CFC Trust Agreement and payable from the sources therein specified.
- (d) The Issuer has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Legal Documents. Each of the Legal Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally, to the application of equitable principles, whether considered in a proceeding at law or in equity, to the exercise of judicial discretion, and to limitations on legal remedies against public entities. Each of the Legal Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.
- (e) The Issuer is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), and no event has occurred and is continuing which

with the passage of time or the giving of notice, or both, would constitute a default or event of default under any Material Judgment or Agreement; and the adoption of the Authorizing Resolution, the issuance, delivery and sale of the Series 2019 Bonds and the execution and delivery of the Legal Documents and compliance with and performance of the Issuer's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any such constitutional provision, law, administrative regulation or any Material Judgment or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer (except as described in or contemplated by the Legal Documents and the Official Statement) or under the terms of any such law, administrative regulation or Material Judgment or Agreement. To the Issuer's best knowledge, the other parties to any Material Judgment or Agreement are not in default, or with the passage of time or the giving of notice, or both, would be in default. As used herein, the term "Material Judgment or Agreement" means any judgment or decree or any loan agreement, indenture, bond, note or resolution, agreement for the operation of a rental car concession or any other material agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject (including, without limitation, the Act, the Authorizing Resolution and the Legal Documents).

- (f) All approvals, consents and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to the performance by the Issuer of its obligations hereunder and under the Legal Documents have been obtained; provided, that the Issuer makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Series 2019 Bonds for offer and sale under Blue Sky or other state securities laws or regulations.
- (g) Any certificates executed by any officer of the Issuer and delivered to the Underwriters pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Issuer as to the accuracy of the statements therein made.
- (h) Between the date hereof and the time of the Closing, the Issuer shall not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the Issuer.
- (i) The financial statements of the Issuer as of December 31, 2018 and 2017 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the Issuer or in its operations since December 31, 2018 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.
- (j) Except for information which is permitted to be omitted pursuant to Rule 15c2-12(b)(1), the Preliminary Official Statement (excluding therefrom the information under the caption "UNDERWRITING" (except the first paragraph) and in Appendix F Book-

Entry Only System; DTC, as to which no representations or warranties are made), as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

- (k) The Official Statement (including any amendments or supplements thereto prepared pursuant to Section 11, and when referring herein to the date of the Official Statement, such references shall include the date of such amendments or supplements, as context requires) is, as of its date and at all times after the date of the Official Statement (excluding therefrom the information referred to in Section 6(j) above, as to which no representations or warranties are made) up to and including the date that is 25 days from the "end of the underwriting period" (as that term is used in Section 11) will be, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
  - (1) Reserved.
  - (m) Reserved.
- Except as described in the Preliminary Official Statement and Official Statement, to the knowledge of the Issuer after due inquiry, no litigation, proceeding or official investigation of any governmental or judicial body is pending or threatened against the Issuer or any other party: (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Series 2019 Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Series 2019 Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Series 2019 Bonds or the validity or binding effect of any of the Legal Documents, (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Issuer or the validity or effect of the CFC Trust Agreement or the Act or any provision thereof or the application of the proceeds of the Series 2019 Bonds, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or (v) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement and Official Statement or any of the Legal Documents. The Issuer shall advise the Representative promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Series 2019 Bonds.
- (o) During the last five years, the Issuer has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.
- (p) The Issuer, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has

it been in default with respect to, any bonds, notes, or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

All representations, warranties and agreements of the Issuer shall remain operative and in full force and effect, regardless of any investigations made by any Underwriter or on the Underwriters' behalf, and shall survive the delivery of the Series 2019 Bonds.

- CLOSING. At 11 A.M., Eastern Time, on May 2, 2019, or at such other time or 7. date as the Representative and the Issuer may mutually agree upon as the date and time of the Closing (the "Closing Date"), the Issuer will deliver or cause to be delivered to the Underwriters, at the Columbus, Ohio offices of Squire Patton Boggs (US) LLP ("Bond Counsel"), or at such other place as the Representative and the Issuer may mutually agree upon, the Series 2019 Bonds, through the facilities of The Depository Trust Company, New York, New York ("DTC"), duly executed and authenticated, and the other documents specified in Section 8. At the Closing, (a) upon satisfaction of the conditions herein specified, the Underwriters shall accept the delivery of the Series 2019 Bonds, and pay the purchase price therefor in federal funds payable to the order of the Trustee for the account of the Issuer and (b) the Issuer shall deliver or cause to be delivered the Series 2019 Bonds to the Underwriters through the facilities of DTC in definitive or temporary form, duly executed by the Issuer and in the authorized denominations as specified by the Representative at the Closing and the Issuer shall deliver the other documents hereinafter mentioned. The Series 2019 Bonds shall be made available to the Underwriters at least one (1) business day before the Closing Date for purposes of inspection.
- 8. <u>CONDITIONS PRECEDENT</u>. The Underwriters have entered into this Purchase Agreement in reliance upon the representations and agreements of the Issuer contained herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriters' obligations under this Purchase Agreement are and shall be subject to the following further conditions:
- (a) The representations of the Issuer contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.
- (b) At the time of the Closing, the Official Statement, the Authorizing Resolution and the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative.
- (c) The Issuer shall perform or have performed all of its obligations required under or specified in the Authorizing Resolution, the Legal Documents and the Official Statement to be performed at or prior to the Closing.
- (d) The Issuer shall have delivered to the Underwriters final Official Statements by the time, and in the numbers, required by Section 4 of this Purchase Agreement.
- (e) As of the date hereof and at the time of Closing, all necessary official action of the Issuer relating to the Legal Documents and the Official Statement shall have been

taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

- (f) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the Issuer, the Act, the Authorizing Resolution, the Legal Documents or the Pledged Revenues as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Representative materially impairs the investment quality of the Series 2019 Bonds.
- (g) At or prior to the Closing, the Representative shall receive the following documents (in each case with only such changes as the Representative shall approve):
  - i. The approving opinion(s) of Bond Counsel relating to the Series 2019 Bonds, dated the Closing Date, substantially in the form attached as Appendix E to the Official Statement, and, if not otherwise directly addressed to the Underwriters, a reliance letter with respect thereto addressed to the Underwriters:
  - ii. The supplemental opinion of Bond Counsel, addressed to the Underwriters and dated the Closing Date, to the effect that:
    - 1. This Purchase Agreement has been duly executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally, to the application of equitable principles, whether considered in a proceeding at law or in equity, to the exercise of judicial discretion, and to limitations on legal remedies against public entities;
    - 2. The statements contained in the Preliminary Official Statement, as of its date and as of the date of the Purchase Agreement, and the Official Statement, as of its date and as of the Closing Date, under the captions "INTRODUCTION - Security for the Series 2019 "INTRODUCTION \_ Series 2019 Bonds." "DESCRIPTION OF THE SERIES 2019 BONDS," (other than the information concerning DTC and the book-entry system) "SECURITY FOR THE SERIES 2019 BONDS," and "THE CFC TRUST AGREEMENT - FLOW OF FUNDS" insofar as those statements describe certain provisions of the CFC Trust Agreement and the Series 2019 Bonds, and the statements under the captions "TAX MATTERS" and "ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEYS SECURITY," are accurate in all material respects and fairly present the information purported to be shown;

- 3. The Series 2019 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the CFC Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act");
- A letter of Bond Counsel, addressed to the Underwriters, dated the iii. Closing Date, to the effect that based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, nothing has come to their attention which would lead them to believe that the Preliminary Official Statement, as of its date and as of the date hereof, did not and does not, and the Official Statement as of its date and all times subsequent thereto during the period up to and including the Closing Date, does not and will not, contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; provided, however, they will not express any belief with respect to (a) information under the captions "INTRODUCTION -Feasibility Report," "INTRODUCTION – Forward-Looking Statements," "FINANCIAL REPORT," "FINANCIAL **FEASIBILITY** STATEMENTS," "UNDERWRITING" and "MUNICIPAL ADVISOR," (b) any other financial, technical, statistical, accounting or demographic data or forecasts included or incorporated by reference in the Preliminary Official Statement or the Official Statement or the Appendices thereto; (c) any information about the book-entry system and The Depository Trust Company; and (d) the information in APPENDICES A and F to the Preliminary Official Statement or the Official Statement;
- iv. An opinion of the counsel to the Issuer, dated the date of the Closing and addressed to the Underwriters, to the effect that:
  - 1. The Issuer has been duly organized and is validly existing under the Constitution and laws of the State of Ohio, and has all requisite power and authority thereunder: (a) to adopt the Authorizing Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents; (b) to approve and authorize the use, execution and distribution of the Preliminary Official Statement and the Official Statement; (c) to issue, sell, execute and deliver the Series 2019 Bonds; (d) to pledge the Pledged Revenues and Pledged Funds as contemplated by the Legal Documents; and (e) to carry on its activities as currently conducted;

- 2. The Issuer has taken all actions required to be taken by it before the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (a) above, and the Issuer has duly authorized the execution and delivery of, and the due performance of its obligations under, the Legal Documents;
- 3. The Authorizing Resolution was duly adopted by the Board of Directors of the Issuer at a meeting of the governing body of the Issuer which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Authorizing Resolution;
- 4. The adoption of the Authorizing Resolution, the execution and delivery by the Issuer of the Legal Documents and the compliance with the provisions of the Legal Documents, do not and will not conflict with or violate in any material respect any Ohio constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the Issuer a material breach of or default under any agreement or instrument to which the Issuer is a party or by which it is bound;
- 5. The Legal Documents constitute legal, valid and binding obligations of the Issuer and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally, to the application of equitable principles, whether considered in a proceeding at law or in equity, to the exercise of judicial discretion, and to limitations on legal remedies against public entities;
- 6. To the best of such counsel's knowledge after due inquiry, no litigation is pending or threatened against the Issuer in any court in any way affecting the titles of the officials of the Issuer to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Series 2019 Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Series 2019 Bonds, or in any way contesting or affecting the validity or enforceability of the Authorizing Resolution or the Legal Documents, or contesting in any way the completeness or accuracy of the Official Statement, or contesting the powers of the Issuer or its authority with respect to the Authorizing Resolution or the Legal Documents;

- 7. The information contained in the Preliminary Official Statement, as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date under the captions "INTRODUCTION - Authority," "INTRODUCTION - Airport and Airport System," "INTRODUCTION - Concessionaire Agreements; Rental Car Concession Agreements," "THE AUTHORITY." "PLAN OF FINANCE." "CONCESSIONAIRE AGREEMENTS," "THE **AIRPORT** SYSTEM." "RISK MANAGEMENT AND INSURANCE," and "LITIGATION," are accurate in all material respects and fairly present the information purported to be shown;
- 8. Based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and any responsibility for the accuracy, without assuming completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, nothing has come to their attention which would lead them to believe that the Preliminary Official Statement, as of its date and as of the date hereof, did not and does not, and the Official Statement as of its date and all times subsequent thereto during the period up to and including the Closing Date, does not and will not, contain an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; provided, however, they will not express any belief with respect to (a) information under the captions "INTRODUCTION - Feasibility Report," "INTRODUCTION -Forward-Looking Statements," "FINANCIAL FEASIBILITY REPORT," "FINANCIAL STATEMENTS," "UNDERWRITING" and "MUNICIPAL ADVISOR," (b) any other financial, technical, statistical, accounting or demographic data or forecasts included or incorporated by reference in the Preliminary Official Statement or the Official Statement or the Appendices thereto; (c) any information about the book-entry system and The Depository Trust Company; and (d) the information in Appendices A and F to the Preliminary Official Statement or the Official Statement;
- 9. To the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Issuer of the Legal Documents and the authorization and distribution of the Preliminary Official Statement and the Official Statement

- (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Series 2019 Bonds by the Underwriters); and
- 10. To the best of such counsel's knowledge after due inquiry, the Issuer is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement for the operation of a rental car concession or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents;
- v. The opinion of Dinsmore & Shohl LLP, counsel to the Underwriters, dated the date of the Closing and addressed to the Underwriters, and covering such matters as the Representative may reasonably request;
- A certificate, dated the Closing Date, signed by the Chief Financial vi. Officer of the Issuer to the effect that: (a) the representations and agreements of the Issuer contained herein are true and correct in all material respects as of the date of the Closing; (b) the Legal Documents have been duly authorized and executed and are in full force and effect; (c) except as described in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement, to his or her knowledge after due inquiry, no litigation is pending or threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Series 2019 Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Series 2019 Bonds or the validity of the Series 2019 Bonds, the Authorizing Resolution or any Legal Document, (iii) in any way contesting the creation, existence or powers of the Issuer or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Series 2019 Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date or any Legal Document; and (d) the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except no review has been made of information in the Official

- Statement under the captions "UNDERWRITING" (except the first paragraph) and APPENDIX F Book-Entry-Only System; DTC;
- vii. A certificate, dated the Closing Date, signed by the Chief Financial Officer of the Issuer, in form and substance satisfactory to the Underwriter, to the effect that (i) the financial statements of the Issuer as of December 31, 2018 and 2017 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth and (ii) except as disclosed in the Preliminary Official Statement and the Official Statement, since December 31, 2018, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the Issuer and the Issuer has not incurred since December 31, 2018, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement;
- viii. Executed or certified copies of the CFC Trust Agreement;
- ix. Executed or certified copies of each other Legal Document;
- x. A certified copy of the Authorizing Resolution;
- xi. Evidence satisfactory to the Representatives of the assignment of unenhanced long-term ratings assigned to the Series 2019 Bonds of "A-" (outlook stable), "A+" (outlook stable), and "A3" (outlook stable), by Fitch Ratings, Kroll Bond Rating Agency, Inc., and Moody's Investors Service, Inc., respectively;
- xii. Copy of the Bond Insurance Policy (defined herein);
- xiii. Copy of the Financial Feasibility Report of Unison Consulting and consent to include such report in the Official Statement;
- xiv. A certificate of an authorized officer of the Trustee, as trustee, dated as of the Closing Date, to the effect that: (a) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the CFC Trust Agreement and to authenticate and deliver the Series 2019 Bonds to the Underwriters; (b) the Trustee is duly authorized to enter into the CFC Trust Agreement and to authenticate and deliver the Series 2019 Bonds to the Underwriters pursuant to the CFC Trust Agreement; (c) when delivered to and paid for by the Underwriters at the Closing, the Series 2019 Bonds will have been duly authenticated and delivered by the Trustee; (d) the execution and delivery of the CFC Trust Agreement and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default

under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the CFC Trust Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the CFC Trust Agreement under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the CFC Trust Agreement; and (e) to the best of the knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Series 2019 Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Series 2019 Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the CFC Trust Agreement, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the CFC Trust Agreement or the power and authority of the Trustee to enter into and perform its duties under the CFC Trust Agreement and to authenticate and deliver the Series 2019 Bonds to or upon the order of the Underwriters;

- xv. A copy of the Blue Sky Survey with respect to the Series 2019 Bonds;
- xvi. A copy of the Issuer's executed Blanket Letter of Representation to The Depository Trust Company;
- xvii. A certificate from the Issuer's construction manager at risk to the effect that, as such relates to the construction manager at risk and the construction contract for the ConRAC (a) it consents to the inclusion of such information contained in the Preliminary Official Statement and the Official Statement and (b) such information is true and correct as set forth in the Preliminary Official Statement, as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date;
- xviii. A certificate from Assured Guaranty Municipal Corp. (the "Bond Insurer") to the effect that, as such relates to the Bond Insurer and the municipal

bond insurance policy (the "Bond Insurance Policy") provided by the Bond Insurer with respect to the insured maturities identified in the Certificate of Award, (a) it consents to the inclusion of such information contained in the Official Statement and (b) such information is true and correct as set forth in the Official Statement as of its date and as of the Closing Date;

- xix. An opinion of counsel to the Bond Insurer to the effect that Bond Insurance Policy has been authorized, executed and delivered by the Bond Insurer, the Bond Insurance Policy constitutes a valid and binding obligation of the Bond Insurer, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights and that such counsel reviewed the information in the Official Statement concerning the Bond Insurer and the Bond Insurance Policy and that nothing came to such counsel's attention that would cause such counsel to believe that such information within the Official Statement as of its date and the Closing Date contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and
- xx. Such additional legal opinions, certificates, proceedings, instruments, consents and other documents as the Representative, counsel for the Underwriters or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and all conditions precedent to the issuance of additional Series 2019 Bonds pursuant to the CFC Trust Agreement shall have been fulfilled.
- 9. <u>Termination</u>. If the Issuer shall be unable to satisfy the conditions of the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Representative at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Representative to the Issuer in writing, or by telephone confirmed in writing. The performance by the Issuer of any and all conditions contained in this Purchase Agreement for the benefit of the Underwriters may be waived, but only in writing, by the Representative.
- (a) The Underwriters shall also have the right, before the time of Closing, to cancel their obligations to purchase the Series 2019 Bonds, by written notice by the Representative to the Issuer, if between the date hereof and the time of Closing:

- i. Any event or circumstance occurs or information becomes known, which, in the reasonable professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or
- ii. The market for the Series 2019 Bonds or the market prices of the Series 2019 Bonds or the ability of the Underwriters to enforce contracts for the sale of the Series 2019 Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Representative, by:
  - 1. An amendment to either the Constitution of the United States or the Constitution of the State of Ohio shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation (whether or not then introduced) shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed (whether or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of Ohio or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of Ohio authority, with respect to federal or State of Ohio taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Series 2019 Bonds which, in the judgment of the Representative,

may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Series 2019 Bonds) or the interest thereon, or any tax exemption granted or authorized by State of Ohio legislation, recognizing that it is the intention of the parties that the interest on the Series 2019 Bonds is federally taxable; or

- 2. The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or
- 3. The declaration of a general banking moratorium by federal, New York or Ohio authorities; or
- 4. The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or
- 5. Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or
- 6. The general suspension of trading on any national securities exchange; or
- iii. Legislation enacted, introduced in the Congress or recommended for passage (whether or not then introduced) by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Series 2019 Bonds, other securities of the Issuer or obligations of the general character of the Series 2019 Bonds are not exempt from registration under the 1933 Act, or that the CFC Trust Agreement is not exempt from qualification under the Trust Indenture Act; or
- iv. Any change in or particularly affecting the Issuer, the Act, the Authorizing Resolution, the Legal Documents, the Concessionaire Agreements or the Pledged Revenues as the foregoing matters are described in the Preliminary Official Statement or the Official Statement, which in the

- reasonable professional judgment of the Representative materially impairs the investment quality of the Series 2019 Bonds; or
- v. An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 2019 Bonds, or the issuance, offering or sale of the Series 2019 Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or
- vi. A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Series 2019 Bonds, or the execution and delivery of any Legal Documents, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Trust Indenture Act, each as amended and as then in effect; or
- vii. Any change or any development involving a prospective change in or affecting the business, properties or financial condition of the Issuer, except for changes which the Preliminary Official Statement and Official Statement discloses are expected to occur.
- viii. Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Series 2019 Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Authorizing Resolution, the Legal Documents or the existence or powers of the Issuer with respect to its obligations under the Legal Documents; or
- ix. A reduction or withdrawal in any of the following assigned ratings, or, as of the Closing Date, the failure by any of the following rating agencies to assign the following ratings, to the Series 2019 Bonds: the long-term ratings assigned of "A-" (outlook stable), "A+" (outlook stable), and "A3" (outlook stable), by Fitch Ratings, Kroll Bond Rating Agency, Inc., and Moody's Investors Service, Inc., respectively.

### 10. RESERVED.

11. <u>AMENDMENTS AND SUPPLEMENTS TO OFFICIAL STATEMENT</u>. During the period commencing on the Closing Date and ending twenty-five (25) days from the "end of the

underwriting period," the Issuer shall advise the Representative if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary or appropriate to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or "potential customer" (as defined for purposes of Rule 15c2-12). If, in the reasonable professional judgment of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall promptly prepare and furnish (at the expense of the Issuer) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Representative.

As used herein "end of the underwriting period" shall have the meaning set forth in Rule 15c2-12; provided, however, unless otherwise advised in writing by the Representative prior to the Closing Date, or otherwise agreed to by the Issuer and the Representative, the Issuer may assume that the "end of the underwriting period" is the Closing Date, and in no event shall the "end of the underwriting period" occur later than sixty days following the Closing Date. If the Representative does notify the Issuer as required by the preceding sentence, then after the date of such notification, once the Representative, based upon representations made to it by the other Underwriters, for purposes of Rule 15c2-12, determines that no Underwriter retains for sale to the public any unsold balance of Series 2019 Bonds originally sold pursuant to this Purchase Agreement, then the Representative shall promptly notify the Issuer in writing that the "end of the underwriting period" for the Series 2019 Bonds has occurred and the date on which it occurred.

- EXPENSES. All expenses and costs of the Issuer incident to the performance of its obligations in connection with the authorization, issuance and sale of the Series 2019 Bonds to the Underwriters, including the costs of printing or reproduction of the Series 2019 Bonds, the Legal Documents and the Official Statement in reasonable quantities, fees of consultants, fees of rating agencies, advertising expenses, fees and expenses of the Trustee and its counsel, fees and expenses of counsel to the Issuer, fees and expenses of Bond Counsel and fees and expenses of the Issuer's municipal advisor, shall be paid by the Issuer from the proceeds of the Series 2019 Bonds or other revenues of the Issuer. The Issuer shall be solely responsible for and shall pay for any expenses incurred by the Underwriters on behalf of the Issuer's employees and representatives which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees and representatives. All other expenses and costs of the Underwriters incurred under or pursuant to this Purchase Agreement, including, without limitation, the cost of preparing this Purchase Agreement and other Underwriter documents, travel expenses and the fees and expenses of counsel to the Underwriters, shall be paid by the Underwriters (which may be included as an expense component of the Underwriter's discount).
- 13. <u>USE OF DOCUMENTS</u>. The Issuer hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Series 2019 Bonds, this Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

- 14. QUALIFICATION OF SECURITIES. The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to qualify the Series 2019 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and to provide for the continuance of such qualification; *provided*, *however*, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.
- 15. NOTICES. Any notice or other communication to be given to the Issuer under this Purchase Agreement may be given by delivering the same in writing to Columbus Regional Airport Authority, John Glenn International Airport, 4600 International Gateway, Columbus, Ohio 43219, Attention: Randy Bush, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to Merrill Lynch, Pierce, Fenner & Smith, Incorporated, Bank of America, N.A., 540 West Madison Street, Suite 2800, Mail Code IL4-540-28-27, Chicago, Illinois 60601, Attention: Nancy J. Clawson.
- 16. <u>Benefit</u>. This Purchase Agreement is made solely for the benefit of the Issuer and the Underwriters (including their successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Issuer contained in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (i) any investigation made by or on behalf of the Underwriters; (ii) delivery of and payment for the Series 2019 Bonds hereunder; or (iii) any termination of this Purchase Agreement, other than pursuant to Section 9 (and in all events the agreements of the Issuer pursuant to Section 12 hereof shall remain in full force and effect notwithstanding the termination of this Purchase Agreement under Section 9 hereof).
- 17. <u>GOVERNING LAW</u>. This Purchase Agreement shall be deemed to be a contract under, and for all purposes shall be governed by, and construed and interpreted in accordance with, the laws of the State of Ohio without regard to choice of law rules.

### 18. Reserved.

### 19. MISCELLANEOUS.

- (a) This Purchase Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.
- (b) This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

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MERRILL LYNCH, PIERCE, FENNER & SMITH, INCORPORATED, as
Representative
By: 1 Muy Claus
Printed: Nancy J. Clawson
Title: Managing Director
Approved and Agreed to: April 17, 201
COLUMBUS REGIONAL AIRPORT AUTHORITY
By:
Printed: T. Randall Bush

Chief Financial Officer

Very truly yours,

13038768

Very truly	yours,
	LYNCH, PIERCE, FENNER & ICORPORATED, as tive
Ву:	
Printed:	Nancy J. Clawson
Title:	Managing Director
Approved a	and Agreed to: April 17, 2019
COLUMB <sup>1</sup> AUTHORI	US REGIONAL AIRPORT TY
Ву:	tung July
Printed:	T. Randall Bush
Title:	Chief Financial Officer

13038768

# SCHEDULE I

Certificate of Award

#### \$94,325,000

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

#### **CERTIFICATE OF AWARD**

The undersigned, Chief Financial Officer of the Columbus Regional Airport Authority (the "Authority"), as authorized by Resolutions No. 22-19 (the "General Bond Resolution") and No. 23-19 (the "Series 2019 Resolution" and, together with the General Bond Resolution, the "Bond Legislation"), both adopted by the Board of Directors of the Authority on March 26, 2019, authorizing the issuance and sale of bonds in the maximum principal amount of \$110,000,000 (the "Series 2019 Bonds"), hereby certifies that (with each capitalized term used in this Certificate of Award and not defined herein having the meaning assigned to it in the Bond Legislation):

- 1. **Issuance of the Series 2019 Bonds**. The aggregate principal amount of the Series 2019 Bonds shall be \$94,325,000.
- **2.** Sale of the Series 2019 Bonds. The Series 2019 Bonds are sold to Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of Raymond James & Associates, Inc., Loop Capital Markets LLC and RBC Capital Markets, LLC (collectively, with the Representative, the "Original Purchasers"), at an aggregate purchase price of \$94,082,608.32 (the "Purchase Price"), which is not less than 97% of the aggregate principal amount of the Series 2019 Bonds, calculated as follows:

 Principal amount
 \$ 94,325,000.00

 Less Original Purchasers' Discount
 (242,391.68)

 Purchase Price
 \$ 94,082,608.32

# 3. Dated Date, Principal Payments Dates, Interest Rates and Dates, and Numbering.

- (a) The Series 2019 Bonds shall be dated as of their date of delivery (May 2, 2019).
- (b) The Series 2019 Bonds shall mature on December 15 in the years and in the principal amounts and bear interest at the rates, as set forth in <u>Schedule A</u> attached hereto. The first maturity of the Series 2019 Bonds (December 15, 2021) and the final maturity of the Series 2019 Bonds (December 15, 2048) satisfy the requirements set forth in the Series 2019 Resolution.
- (c) Interest on the Series 2019 Bonds shall be payable semiannually on each June 15 and December 15, commencing June 15, 2019. The true interest rate for the Series 2019 Bonds is 4.0497%, being the rate computed on a semiannual basis necessary to discount all payments of

principal and interest on the Series 2019 Bonds to the aggregate original purchase price of the Series 2019 Bonds, exclusive of any accrued interest.

- (d) The Series 2019 Bonds shall be numbered consecutively from R-1 upwards in order of maturity beginning with the earliest maturity.
- **4. Mandatory Sinking Fund Redemption**. The Series 2019 Bonds maturing on December 15, 2039 and on December 15, 2048 are subject to mandatory sinking fund redemption pursuant to the terms of the mandatory sinking fund redemption requirements of the CFC Trust Agreement on December 15 of each of the years and in the respective principal amounts shown on <u>Schedule B</u> attached hereto.
- **5. Optional Redemption**. The Series 2019 Bonds maturing on or after December 15, 2030 are subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 2029 at par, plus in each case accrued interest to the redemption date.
- **6.** Series 2019 Debt Service Reserve Account Required Reserve. Proceeds of the Series 2019 Bonds in the amount of \$5,693,398.10 shall be deposited as the Series 2019 Debt Service Reserve Account Required Reserve into the Series 2019 Debt Service Reserve Account within the CFC Debt Service Reserve Fund, which shall satisfy the CFC Debt Service Reserve Fund Requirement.
- 7. Series 2019 Debt Service Coverage Account Required Reserve. Proceeds of the Series 2019 Bonds in the amount of \$1,423,349.53 shall be deposited as the Series 2019 Debt Service Coverage Account Required Reserve into the Series 2019 Debt Service Coverage Account within the CFC Debt Service Coverage Fund, which shall satisfy the CFC Debt Service Coverage Fund Requirement.
- **8.** Costs of Issuance. Proceeds of the Series 2019 Bonds in the amount of \$601,025.00 shall be deposited into the Series 2019 Cost of Issuance Subaccount within the Series 2019 Construction Account within the CFC Construction Fund to pay costs of issuing the Series 2019 Bonds. The Original Purchasers, at the request of the Authority, have agreed to withhold \$27,476.92 from the proceeds of Series 2019 Bonds and to wire transfer that amount directly to the Bond Insurer (as defined below) to pay the premium for the municipal bond insurance policy that will insure the Insured Bonds (as defined below).
- **9. Construction Account**. All remaining proceeds of the Series 2019 Bonds shall be deposited into the Series 2019 Construction Account within the CFC Construction Fund to pay costs of the Series 2019 Project.
- 10. Bond Insurance. It is hereby determined to be necessary and desirable and in the best interest and financially advantageous to the Authority and will be beneficial in the marketing the Series 2019 Bonds for the Authority to purchase a municipal bond insurance policy for the benefit of the registered owners of the Series 2019 Bonds insuring the timely payment of the principal of and interest on the Series 2019 Bonds maturing on December 15 in the years 2030 through 2032 (the "Insured Bonds"). That policy shall be purchased from, and

issued by, Assured Guaranty Municipal Corp. (the "Bond Insurer"), an insurance company that is nationally recognized for the purpose of insuring the timely payment of the principal of and interest on obligations issued by states and political subdivisions thereof and which is hereby designated for such purpose on the basis of economy and merit and that has been approved by the Original Purchasers.

11. Determination of Best Interest. All of the terms of the Series 2019 Bonds as set forth in the foregoing paragraphs of this Certificate of Award have been determined having due regard to the best interests of the Authority and are determined to be consistent with the Series 2019 Resolution.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand this  $17^{\text{th}}$  day of April, 2019.

Chief Financial Officer
Columbus Regional Airport Authority

# SCHEDULE A

Maturities, Principal Amounts and Interest Rates

\$94,325,000 Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

# \$34,930,000 Serial Bonds

Maturity		Interest
(December 15)	Amount	Rate
2021	\$2,020,000	2.675%
2022	2,075,000	2.798
2023	2,135,000	2.948
2024	2,195,000	3.091
2025	2,265,000	3.191
2026	2,335,000	3.269
2027	2,415,000	3.369
2028	2,495,000	3.539
2029	2,585,000	3.639
2030*	2,675,000	3.639
2031*	2,775,000	3.689
2032*	2,875,000	3.739
2033	2,985,000	3.889
2034	3,100,000	3.919

\$17,465,000, 4.059% Term Bonds Due December 15, 2039 \$41,930,000, 4.199% Term Bonds Due December 15, 2048

<sup>\*</sup> Insured Bonds

# SCHEDULE B

# **Mandatory Sinking Fund Redemption Requirements for Term Bonds**

The Series 2019 Bonds maturing on December 15, 2039 are subject to mandatory sinking fund redemption prior to maturity from mandatory sinking fund installments which are required to be made in the amounts specified for each of the dates shown below:

<u>Year</u>	<b>Principal</b>
(December 15)	<u>Amount</u>
2035	\$3,220,000
2036	3,350,000
2037	3,490,000
2038	3,630,000
2039*	3,775,000
*Stated maturity	

<sup>\*</sup>Stated maturity

The Series 2019 Bonds maturing on December 15, 2048 are subject to mandatory sinking fund redemption prior to maturity from mandatory sinking fund installments which are required to be made in the amounts specified for each of the dates shown below:

<u>Year</u>	<u>Principal</u>
(December 15)	<u>Amount</u>
2040	\$3,930,000
2041	4,095,000
2042	4,265,000
2043	4,445,000
2044	4,635,000
2045	4,830,000
2046	5,030,000
2047	5,240,000
2048*	5,460,000
*Stated maturity	

# \$94,325,000

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

#### CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT, dated May 2, 2019 (the "Agreement"), is made, signed and delivered by the Columbus Regional Airport Authority (the "Authority"), a port authority and political subdivision duly organized and existing under the Constitution and laws of the State of Ohio, for the benefit of the Holders and Beneficial Owners (as defined herein) from time to time of the Authority's \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019 (the "Bonds"), authorized by Resolution No. 23-19 adopted by the Board of Directors of the Authority on March 26, 2019 (the "Bond Resolution").

#### RECITAL

The Authority, by adoption of the Bond Resolution, has determined to issue the Bonds to provide funds for Authority purposes, and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of Raymond James & Associates, Inc., Loop Capital Markets LLC, and RBC Capital Markets, LLC (collectively, with the Representative, the "Participating Underwriter") has agreed to provide those funds to the Authority by purchasing the Bonds. As a condition to the purchase of the Bonds from the Authority and the sale of Bonds to Holders and Beneficial Owners, the Participating Underwriter is required to reasonably determine that the Authority has undertaken, in a written agreement for the benefit of Holders and Beneficial Owners of the Bonds, to provide certain information in accordance with the Rule (as defined herein).

NOW, THEREFORE, in accordance with the Bond Resolution, the Authority covenants and agrees as set forth in this Continuing Disclosure Agreement.

- **Section 1.** Purpose of Continuing Disclosure Agreement. This Agreement is being entered into, signed and delivered for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter of the Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (SEC) pursuant to the Securities Exchange Act of 1934, as may be amended from time to time (the "Rule").
- **Section 2.** <u>Definitions</u>. In addition to the definitions set forth above, the following capitalized terms shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Reference to "Sections" shall mean sections of this Agreement.
- "Annual Filing" means any Annual Information Filing provided by the Authority pursuant to, and as described in, Sections 3 and 4.
  - "Audited Financial Statements" means the audited basic financial statements of the Authority, prepared in conformity with generally accepted accounting principles.

"Beneficial Owner" means any person that (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.

*"EMMA"* means the Electronic Municipal Market Access system of the MSRB; information regarding submissions to EMMA is available at <a href="http://emma.msrb.org">http://emma.msrb.org</a>.

"Filing Date" means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding business day if that day is not a business day), beginning September 30, 2019.

"Financial Obligation" means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of an obligation or instrument described in either clause (a) or (b). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the 12-month period beginning on January 1 of each year or such other 12-month period as the Authority shall adopt as its fiscal year.

"Holder" means, with respect to the Bonds, the person in whose name a Bond is registered in accordance with the Bond Resolution.

"MSRB" means the Municipal Securities Rulemaking Board.

"Obligated Person" means (a) the Authority and (b) each rental car company or other entity (each, a "Concessionaire") using the Authority's consolidated rental car facility (the "ConRAC") under an Agreement for the Operation of a Rental Car Concession or other agreement (a "Concessionaire Agreement") extending for more than one year from the date in question, which includes debt service payable on the Bonds as part of the calculation of rental payments or other payments thereunder and under which Concessionaire Agreement such Concessionaire has paid amounts in the form of Concessionaire's Deficiency Payments or similar payments equal to at least 20% of the debt service payable on the Bonds for each of the then immediately preceding two Fiscal Years of the Authority. At the time of issuance of the Bonds, the Authority is the only Obligated Person with respect to the Bonds.

"Official Statement" means the Official Statement for the Bonds dated April 17, 2019.

"Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Policy*" means the policy of bond insurance issued by Assured Guaranty Municipal Corp. pertaining to the Bonds maturing in the years 2030 through 2032, inclusive.

"SEC Reports" means reports and other information required to be filed pursuant to Sections 13(a), 14 or 15(d) of the Rule.

"Specified Events" means any of the events with respect to the Bonds as set forth in Section 5(a).

"State" means the State of Ohio.

### Section 3. Provision of Annual Information.

The Authority shall provide (or cause to be provided) not later than the Filing Date to the MSRB an Annual Filing, which is consistent with the requirements of Section 4. The Annual Filing shall be submitted in an electronic format through EMMA, or as otherwise prescribed by the MSRB, and contain such identifying information as is prescribed by the MSRB, and 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; provided that the Audited Financial Statements of the Authority may be submitted separately from the balance of the Annual Filing and later than the Filing Date if they are not available by that date. If the Authority's Fiscal Year changes, it shall give notice of such change in the same manner as for a Specified Event under Section 5.

If the Authority is unable to provide to the MSRB an Annual Filing by the Filing Date, the Authority shall, in a timely manner, send a notice to the MSRB in an electronic format through EMMA, or as otherwise prescribed by the MSRB.

**Section 4.** <u>Content of Annual Filing</u>. The Authority's Annual Filing shall contain or include by reference the following: Financial information and operating data of the type included in the Official Statement in the table entitled "HISTORICAL AIRLINE MARKET SHARE" under the caption "THE AIRPORT SYSTEM – Enplanements and Deplanements," in the table entitled "HISTORICAL ANNUAL TRANSACTIONS, TRANSACTION DAYS, AND CFC COLLECTIONS" under the caption "RENTAL CAR OPERATIONS – CFC Collections," and annual financial information (historical only, no projected information) of the type included in "Table 21 Columbus Regional Airport Authority, Projected Debt Service Coverage on the Series 2019 Bonds" in the Financial Feasibility Report of the Feasibility Consultant.

With respect to each Obligated Person other than the Authority, the Authority will include in its Annual Filing the identity of such Obligated Person and a statement that such entity is an Obligated Person as of the year of filing with respect to this Agreement (Note: As of the date of this Agreement, there are no Obligated Persons, other than the Authority). With respect to any Obligated Person other than the Authority, if such Obligated Person files SEC Reports, the Authority will include in its Annual Filing a statement that such SEC Reports may be viewed on the SEC's website or replacement website.

The Audited Financial Statements of the Authority utilizing generally accepted accounting principles applicable to governmental units as described in the Official Statement, except as may be modified from time to time and described in such financial statements.

The foregoing shall not obligate the Authority to prepare or update projections of any financial information or operating data.

Any or all of the items listed above may be included by specific reference to other documents, including annual informational statements of the Authority or official statements of debt issues of the Authority or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. The Authority shall clearly identify each such other document so included by reference.

## Section 5. Reporting Specified Events.

The Authority shall provide to the MSRB, in an electronic format through EMMA, or as otherwise prescribed by the MSRB, and containing such identifying information as is prescribed by the MSRB and in a timely manner but not later than <u>ten business days</u> after the occurrence of the event, notice of any of the following events with respect to the Bonds, as specified by the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)
- (5) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (6) (Issuance of) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other <u>material</u> notices or determinations with respect to the tax status of the security (*i.e.*, the Bonds), or other <u>material</u> events affecting the tax status of the security;
- (7) Modifications to rights of security holders, <u>if material</u>;
- (8) Bond calls, if material, and tender offers; (b)
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material; (c)
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person; Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of

the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Obligated Person, <u>if material</u>, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, <u>if material</u>; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

#### *Note:*

- (a) The Authority has not obtained or provided, and does not expect to obtain or provide, any credit enhancements or credit or liquidity providers (except for the Policy) for the Bonds.
- (b) Any scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a specified event within the meaning of the Rule.
- (c) Repayment of the Bonds is not secured by a lien on any property capable of release or sale or for which other property may be substituted.

For the Specified Events described in Section 5(a) (2), (6, as applicable), (7), (8, as applicable), (10), (13), (14) and (15), the Authority acknowledges that it must make a determination whether such Specified Event is material under applicable federal securities laws in order to determine whether a filing is required.

**Section 6.** <u>Amendments</u>. The Authority reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity,

nature or status of the Authority or type of business conducted by the Authority. Any such amendment or waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Authority shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the Authority that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners or (ii) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Bonds then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (A) the Authority shall provide notice of such change in the same manner as for a Specified Event under Section 5 and (B) the Annual Filing 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 or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. <u>Additional Information</u>. Nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Agreement or providing any other means of communication, or including any other information in any Annual Filing or providing notice of the occurrence of an event, in addition to that which is required by this Agreement. If the Authority chooses to include any information in any document or notice of occurrence of an event in addition to that which is specifically required by this Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Filing or notice of occurrence of a Specified Event.

Section 8. Remedy for Breach. This Agreement shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of this Agreement by the Authority shall be limited, to the extent permitted by law, to a right of Holders and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the Authority of its obligations under this Agreement in a court in Franklin County, Ohio. Any such proceedings shall be instituted and maintained only in accordance with Section 133.25(B)(4)(b) or (C)(1) of the Revised Code (or any like or comparable successor provisions); provided that any Holder or Beneficial Owner may exercise individually any such right to require the Authority to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any Beneficial Owner seeking to require the Authority to comply with this Agreement shall first provide at least 30 days' prior written notice to the Authority of the Authority's failure, giving reasonable detail of such failure, following which notice the Authority shall have 30 days to comply. A default under this Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure of the Authority to comply with this Agreement shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Agreement.

- **Section 9.** <u>Appropriation</u>. The performance by the Authority of its obligations under this Agreement shall be subject to the availability of funds and their annual appropriation to meet costs that the Authority would be required to incur to perform those obligations. The Authority shall provide notice to the MSRB in the same manner as for a Specified Event under Section 5 of the failure to appropriate funds to meet costs to perform the obligations under this Agreement.
- **Section 10.** <u>Termination</u>. The obligations of the Authority under this Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the Authority remains an Obligated Person with respect to the Bonds within the meaning of the Rule. The obligation of the Authority to provide the information and notices of the events described above shall terminate, if and when the Authority no longer remains such an Obligated Person. If any person, other than the Authority, becomes an Obligated Person relating to the Bonds, the Authority shall engage in reasonable efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.
- **Section 11.** <u>Dissemination Agent</u>. The Authority may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent.
- **Section 12.** <u>Beneficiaries</u>. This Agreement shall inure solely to the benefit of the Authority, any dissemination agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.
- **Section 13. Recordkeeping**. The Authority shall maintain records of all Annual Filings and notices of Specified Events and other events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.
- **Section 14.** Other Obligated Persons. If any person, other than the Authority, becomes an Obligated Person relating to the Bonds, the Authority shall engage in reasonable efforts to require such Obligated Person to comply with Sections 4 and 5 applicable to such Obligated Person. The Authority has no obligation to file or disseminate any SEC Reports of an Obligated Person and has no responsibility for the accuracy, completeness or, except as provided in the preceding sentence, the timeliness of an Obligated Person's compliance with Sections 4 or 5. The Authority need not engage in any litigation to compel such Obligated Person to comply with the disclosure obligations under Sections 4 or 5.

Section 15. Governing Law. This Agreement shall be governed by the laws of the State.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW)

IN WITNESS WHEREOF, the Authority has caused this Continuing Disclosure Agreement to be duly signed and delivered to the Participating Underwriter, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Participating Underwriter, on its behalf by its officials signing below, all as of the date set forth above, and the Holders and Beneficial Owners from time to time of the Bonds shall be deemed to have accepted this Agreement made in accordance with the Rule.

COLUMBUS REGIONAL AIRPORT AUTHORITY

ARPO LEGIS

Title: President & CEO

Title: Chief Financial Officer

### FISCAL OFFICER'S CERTIFICATE - CONTINUING DISCLOSURE AGREEMENT

As fiscal officer of the Columbus Regional Airport Authority, I certify that the money required to meet the obligations of the Authority under the foregoing Continuing Disclosure Agreement made by the Authority in accordance with the Rule, as set forth in the Bond Resolution and the attached Continuing Disclosure Agreement, during Fiscal Year 2019, has been lawfully appropriated by the Authority for those purposes and is in the Authority treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This Certificate is given in compliance with Sections 5705.41 and 5705.44 of the Revised Code.

Dated: May 2, 2019

Chief Financial Officer

Columbus Regional Airport Authority



Date Filed: 30 April 2019

12:51:50

# **UCC FINANCING STATEMENT**

FOR FILING OFFICE USE ONLY

NAME OF CONTACT AT FILER: Anthony E. Core
PHONE NUMBER: 614-365-2796

**EMAIL CONTACT AT FILER:** anthony.core@squirepb.com

SEND ACKNOWLEDGEMENT TO: Anthony Core

41 S. High Street, 2000 Huntington Center

Columbus OHIO 43215

**United States** 

#### **DEBTOR INFORMATION**

ORGANIZATION'S NAME: Columbus Regional Airport Authority

MAILING ADDRESS: 4600 International Gateway

CITY: Columbus STATE: OHIO POSTAL 43219 COUNTRY: United States

CODE:

#### **SECURED PARTY INFORMATION**

ORGANIZATION'S NAME: U.S. Bank National Association

MAILING ADDRESS: 10 West Broad Street, 12th Floor

CITY: Columbus STATE: OHIO POSTAL 43215 COUNTRY: United States

CODE:

#### **COLLATERAL INFORMATION**

## This financing statement covers the following collateral:

The Pledged Revenues and Pledged Funds, each as defined in the Customer Facility Charge Master Trust Agreement, as supplemented by the Customer Facility Charge First Supplemental Trust Agreement, both dated May 2, 2019, by and between the Debtor and the Secured Party, as trustee.

#### **FILING TYPE**

Transmitting Utility: No

Public Finance: Yes

Manufactured Home: No

Agriculture Lien: No

Non-Ucc Filling: No

# **ALTERNATIVE DESIGNATION**



#### \$94,325,000

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

#### GENERAL CERTIFICATE

The undersigned, Secretary of the Columbus Regional Airport Authority (the "*Authority*"), hereby certifies with respect to the authorization and issuance by the Authority of \$94,325,000 Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (the "*Series 2019 Bonds*"), as follows:

- 1. That he is the duly appointed, qualified and acting Secretary of the Authority, and that as such officer he is familiar with the minutes and proceedings of the Authority.
- 2. That the following persons were the regularly appointed and qualified members of the Board of Directors of the Authority (the "*Board*") during the period covered by the transcript of proceedings for the Series 2019 Bonds (March 26, 2019 through the date of this General Certificate):

Frederic Bertley, Ph.D.
Don M. Casto, III
Paul Chodak III
William R. Heifner
Elizabeth Kessler
Jordan A. Miller, Jr.
Karen J. Morrison
Susan Tomasky
Terrance Williams

3. That the following persons were the duly elected officers of the Board during the period covered by the transcript of proceedings for the Series 2019 Bonds (March 26, 2019 through the date of this General Certificate):

William R. Heifner – Chair Jordan A. Miller, Jr. – Vice-Chair

4. That the following persons were the regularly appointed officers of the Authority during the period covered by the transcript of proceedings for the Series 2019 Bonds (March 26, 2019 through the date of this General Certificate):

Joseph R. Nardone, President & CEO T. Randal Bush, Chief Financial Officer

- 5. That the meeting at which the resolutions pertaining to the Series 2019 Bonds were adopted was a regular meeting of the Board held pursuant to the requirements in the By-Laws of the Authority in effect at the present time and at the time of such meeting and at which meeting a quorum was present and acting throughout.
- 6. That on March 26, 2019, there was filed with me forms of (a) the Customer Facility Charge Master Trust Agreement (the "CFC Master Trust Agreement") by and between the Authority and U.S. Bank National Association (the "Trustee"), as authorized by Resolution No. 22-19 attached hereto and (b)(i) the Customer Facility Charge First Supplemental Trust Agreement (the "CFC First Supplemental Trust Agreement") by and between the Authority and the Trustee, (ii) the Bond Purchase Agreement (the "Bond Purchase Agreement") by and between the Authority and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative of Raymond James & Associates, Inc., Loop Capital Markets LLC and RBC Capital Markets, LLC and (iii) the Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") by the Authority for the benefit of the holders of the Series 2019 Bonds, each as authorized by Resolution No. 23-19 attached hereto.
- 7. The CFC Master Trust Agreement, CFC First Supplemental Trust Agreement, the Bond Purchase Agreement and the Continuing Disclosure Agreement, included in the transcript of proceedings for the Series 2019 Bonds and executed and delivered by officers of the Authority, are each substantially in the form of such as were on file with me on March 26, 2019.
- 8. With respect to the proceedings pertaining to the authorization, issuance and sale of the Series 2019 Bonds:
  - (a) Included in the transcript of proceedings for the Series 2019 Bonds are extracts from minutes of all meetings of the Board pertaining or relating to the formal actions contained in said transcript or to deliberations that resulted in such formal actions; no committee of the Board conducted any deliberations that resulted in such formal actions.
  - (b) All meetings of the Board at which the formal actions contained in said transcript were taken, or at which deliberations that resulted in such formal actions were held, were open meetings, and such formal actions were taken and any such deliberations took place while such meetings were open to the public, in compliance with all legal requirements including Section 121.22, Ohio Revised Code.
  - (c) All requirements and procedures for giving notice and notification of the meetings referred to in paragraph (b) above were complied with.
- 9. (a) The transcript of proceedings for the Series 2019 Bonds includes a complete and accurate transcript of all the proceedings of the Authority taken with regard to the authorization and issuance of the Series 2019 Bonds, (b) the copies of all the Authority's agreements, documents, instruments, proceedings, minutes of meetings, certifications and resolutions contained in the transcript are true, complete and correct as of this date, (c) none of the resolutions therein has been rescinded, repealed or further amended except as shown in the

transcript, and each of said resolutions is as of this date in full force and effect, and (d) all such proceedings were held in compliance with existing law.

- 10. That attached hereto and marked as indicated are true and exact copies of the following:
  - (a) By-Laws of the Authority (Exhibit A).
  - (b) Resolution No. 22-19 adopted the Board on March 26, 2019 (Exhibit B).
  - (c) Resolution No. 23-19 adopted by the Board on March 26, 2019 (Exhibit C).
  - (d) Excerpts from the minutes of the meetings of the Board of Directors of the Authority held on March 26, 2019 (Exhibit D).

Dated: May 2, 2019

Joseph R. Nardone, Secretary

Columbus Regional Airport Authority

# **EXHIBIT A**



### **RESOLUTION 45-18**

# A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY REPEALING AND REPLACING THE BYLAWS OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY.

**RESOLVED,** To repeal and replace the Bylaws of the Columbus Regional Airport Authority, City of Columbus, Franklin County, Ohio. Prior resolution 67-17, and all resolutions or parts of such resolutions of the Airport Authority in conflict with the provisions contained in this Resolution are, to the extent of such conflict, superseded and repealed.

**Background:** The Authority's bylaws have been amended a number of times over the past several years. This resolution incorporates all of the referenced changes through prior resolutions into the full set of bylaws, a copy of which is attached as part of this resolution. Additionally, this resolution clarifies that the President & CEO may, during periods of his or her absence, delegate general control and management over the affairs, or certain portions of the affairs, of the Airport Authority, subject to the instructions and policies expressed by the Board of Directors, to either officers of the Airport Authority or members of the executive team as identified by the Airport Authority.

CRAA staff has reviewed the attached Bylaws and recommends adoption by the Board.

ADOPTED BY THE BOARD OF DIRECTORS OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY BY RESOLUTION NO. 45-18 ON THE  $26^{TH}$  DAY OF JUNE, 2018.

By

**Board Chair** 

Attest

Secretary to the Board

#### BY-LAWS OF

#### **COLUMBUS REGIONAL AIRPORT AUTHORITY**

#### **ARTICLE I - NAME AND OFFICES**

- 1. The Columbus Regional Airport Authority is a port authority formed under the provisions of Chapter 4582, Ohio Revised Code, as a body corporate and politic.
- 2. The Columbus Regional Airport Authority (the "Airport Authority") shall maintain its Principal Office at John Glenn Columbus International Airport and may establish subsidiary offices at such other locations as may be determined from time to time by the Board of Directors.

#### ARTICLE 11 - BOARD OF DIRECTORS

- 1. The Airport Authority shall be governed by a Board of Directors consisting of nine (9) members; four (4) of whom shall be appointed by the Mayor of the City of Columbus, Ohio ( the "Mayor") with the advice and consent of the City Council, four (4) of whom shall be appointed by the Board of County Commissioners of Franklin County, Ohio, ( the "County Commissioners") and one (1) of whom shall be appointed jointly by the Mayor and the County Commissioners. The Board of Directors shall have, and shall exercise on behalf of the Airport Authority, all of the powers provided in Chapter 4582 of the Ohio Revised Code, as from time to time amended, and as otherwise vested in a port authority and its board of directors by the laws of Ohio, as limited by any agreements by and among the Airport Authority and the City of Columbus ( the "City") and Franklin County ( the "County"), or both.
- 2. The combined membership of the Board of Directors shall meet the following qualifications:
  - a. A majority of the Directors shall have been qualified electors of, or shall have had their businesses or places of employment within, the City or the County for a period of at least three (3) years next preceding her or his appointment.
  - b. The Directors first appointed shall serve staggered terms. Thereafter, each successor shall serve for a term of four (4) years, except that any person appointed to fill a vacancy shall be appointed to serve only the un-expired term. Any Director shall be eligible for reappointment.

- 3. Any vacancy occurring by reason of incapacity, resignation or death of a Director shall be filled, pursuant to Article II, Section (1), by either the Mayor, with the advice and consent of the City Council, the County Commissioners, or jointly, by the same appointing entity or entities that appointed the Director that created the vacancy on the Board of Directors.
- 4. The term of a Director will, if necessary, continue beyond its nominal expiration date until her or his successor in office shall have been appointed and qualified.
- 5. A Director appointed by the Mayor may be removed by the Mayor, acting with consent of the City Council, for any of the reasons or grounds provided in Chapter 4582 or in any other provision of the Ohio Revised Code, or by case law. A Director appointed by the County Commissioners may be removed by the County Commissioners for any of the reasons or grounds provided in Chapter 4582 or in any other provision of the Ohio Revised Code, or by case law. A Director jointly appointed by the Mayor and the County Commissioners may be removed jointly by the Mayor and the County Commissioners for any of the reasons or grounds provided in Chapter 4582 or in any other provision of the Ohio Revised Code, or by case law.
- 6. Directors shall serve without compensation for serving as members of the Board of Directors, but shall, at their request and upon proper documentation of expenses incurred, be reimbursed for travel, communications and other expenses incurred in connection with their service on behalf of the Airport Authority.
- 7. The Airport Authority may, to the extent permitted by Chapter 4582 or any other provision of the Ohio Revised Code, purchase a policy of insurance for civil liability to cover each Director or indemnify each Director from all liability incurred in the performance of her or his duties as a Director. To the greatest extent provided by Chapter 4582 or by any other provision of the Ohio Revised Code, each Director shall be immune from liability in any civil action that arises from her or his service as a Director.

#### **ARTICLE III - GOVERNANCE**

1. The Board of Directors shall elect one (1) of their members as Chairperson, and another of their membership as Vice-Chairperson. The Chairperson and the Vice-Chairperson shall be elected biennially with their terms commencing on the first day of December and expiring two (2) years later on November 30. A member may serve up to two (2) terms as Chairperson with a simple majority vote of those Board members present at the meeting where such election occurs. A member may hold a third term as Chairperson provided the election of that third term is passed by a three-fourths (3/4) vote of the full

Board of Directors. In no event shall a member be eligible for more than three (3) terms as Chairperson.

- 2. The Chairperson of the Board of Directors, and in her or his absence, the Vice-Chairperson, shall:
  - a. preside at all regular and special meetings of the Board of Directors;
  - b. sign all resolutions adopted by the Board of Directors;
  - c. appoint from among the members of the Board of Directors such committees, both standing and special, as may be needed to investigate, evaluate and recommend matters of policy and matters involving specific courses of action to the Board of Directors, when appropriate in conducting the business of the Airport Authority;
  - d. maintain close liaison with the appropriate officials of the City and the County, or both, in matters which are of common interest to the Airport Authority and the City or County, or both; and
  - e. call special meetings of the Board of Directors.

#### ARTICLE IV - MEETINGS OF BOARD OF DIRECTORS

- 1. All public meetings of the Board of Directors shall be conducted in accordance with the requirements of Ohio Revised Code Section 121.22, as amended from time to time, including, but not limited to, the requirement that public meetings be open to the public, except for such closed meetings or executive sessions as are expressly authorized from time to time pursuant to Section 121.22 or otherwise by law. To the extent any provision of these By-Laws conflicts with Section 121.22 or any other provision of the Ohio Revised Code regulating the conduct of this Board, the provision(s) contained in the Ohio Revised Code, including Section 121.22, are hereby incorporated into these By-Laws by this reference and shall govern the conduct of this Board rather than the conflicting provision contained in these By-Laws.
- 2. Regular public meetings of the Board of Directors shall be scheduled monthly, or as needed, on the fourth Tuesday of each month, at 4:00 p.m. Whenever a regular meeting is cancelled or scheduled for a time or day other than that specified above, notice of such cancelled or rescheduled meeting shall be provided in such manner as from time to time is required by the Ohio Revised Code or these By-Laws, and notice shall be provided to the Directors as provided in Section 6 of this Article. In addition, special meetings of the

Board of Directors may be called by the Chairperson or the Vice-Chairperson, or by any two members of the Board of Directors.

- 3. The Board of Directors shall go into executive session to consider any matter permitted by law to be considered in executive session only after a majority of a quorum of the Board of Directors determines, by a roll call vote at a regular or special public meeting, to go from the regular or special public meeting directly into an executive session.
- 4. Public meetings of the Board of Directors shall be held at the Principal Office of the Airport Authority, or at such other public buildings as the Board of Directors may from time to time determine.
- 5. Notice of any regular or special public meeting of the Board of Directors shall be given in accordance with the requirements of Ohio Revised Code Section 121.22 including as follows:
  - a. The Secretary, or the Secretary's designee, shall periodically provide an advance schedule identifying the time and place of all regular public meetings to the news media that have requested notification.
  - b. The Secretary, or the Secretary's designee, shall except in the event of an emergency requiring immediate official action, give at least twenty-four (24) hours' advance notice to the news media that have requested notification of the time, place and purpose of a special public meeting.
  - c. In the event of an emergency, the Secretary, or the Secretary's designee, on behalf of the Director or Directors calling the public meeting shall notify the news media that have requested notification immediately of the time, place, and purpose of the public meeting.
  - d. The Secretary, or the Secretary's designee, shall provide reasonable advance notification to any person who has requested advance notification of all public meetings at which any specific type of public business is to be discussed.

Advance notification may be given by any reasonable method including, but not limited to, delivery by mail, facsimile or electronic mail of the scheduled public meetings to the media and all additional persons requesting notice.

6. Notice of any public meeting of the Board of Directors shall be given to each Director at least two (2) business days in advance if given in person, or by electronic mail, telephone, telegram or facsimile, or at least five (5) business days in advance if given by mail, and if given by mail, the date on which the letter is deposited in the United States mails, postage

prepaid, shall constitute the date upon which given. If notice is given other than in person or by electronic mail, facsimile or telephone, it shall be sent to the current address of the Director as shown on the records of the Airport Authority. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or any written waiver of notice of such meeting. Notice of an adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken and if the period of adjournment does not exceed thirty (30) days in any one adjournment. Whenever any notice is required to be given to a Director under the provisions of the Ohio Revised Code or these By-Laws, a waiver thereof in writing, signed by the Director entitled to said notice, whether before or after the time stated therein, shall have the full legal effect of notice properly given.

- 7. Five (5) or more members of the Board of Directors present at any meeting shall constitute a quorum for purposes of holding a meeting of the Board. The affirmative vote of a majority of a quorum shall be necessary for any action taken by the Airport Authority unless the Board of Directors determines by rule to require a greater number of affirmative votes for particular actions taken by the Airport Authority. No vacancy in the membership of the Board shall impair the rights of a quorum to act on behalf of the Airport Authority. A member of the Board of Directors must be present in person at a meeting of the Board of Directors to be considered present or to vote at the meeting.
- 8. Each committee appointed by the Chairperson shall include two (2) or more members of the Board of Directors, and the majority of such Directors shall constitute a quorum of each Committee. The President & CEO, or the President & CEO's designee, which designee must be either an officer of the Airport Authority or a member of the executive team as identified by the Airport Authority ("appropriate designee"), shall be a non-voting member of each standing committee appointed by the Chairperson.
- 9. Members of a committee, whether standing or special, may remotely attend a meeting of the committee by interactive video conference or teleconference, or by a combination thereof, in lieu of attending the meeting in person, and will be considered present for quorum purposes and permitted to vote at that committee meeting, subject to the following conditions:
  - a. At least one committee member shall be physically present in person at the primary meeting location.

- b. For meetings held by teleconference or video conference, no more than one committee member may be physically present at the same remote location.
- c. Any committee member attending remotely shall be physically located one (1) mile or more from the primary meeting location.
- d. Prior to any committee meeting held by interactive video conference or teleconference, the Secretary, or the Secretary's designee, shall send any available meeting-related materials to each member of the committee by facsimile, hand-delivery, United States mail, electronic mail, Board Portal, or other electronic means, so that each committee member may review the materials in advance of the meeting. When appropriate, the committee will make the materials available for public inspection in accordance with Ohio Revised Code Sections 121.22 and 149.43.
- e. Prior to any committee meeting held by teleconference, the Secretary, or the Secretary's designee, shall send each committee member a password that will permit the member to remotely attend.
- f. If additional meeting-related materials become available during a committee meeting held by interactive video conference or teleconference, the Secretary, or the Secretary's designee, shall promptly send the materials by facsimile, hand-delivery, United States mail, electronic mail, Board Portal, or other electronic means, to each member of the committee attending remotely for review during the meeting. Committee members must be able to receive materials via electronic mail during the meeting. When appropriate, the committee will make the materials available for public inspection, in accordance with Ohio Revised Code Sections 121.22 and 149.43.
- g. If a committee meeting is conducted by interactive video conference, the committee must ensure that a clear video and audio connection is established that enables all meeting participants at the primary meeting location to see and hear each committee member.
- h. If a committee meeting is conducted by teleconference, the committee must ensure that a clear audio connection is established that enables all meeting participants at the primary meeting location to hear each committee member. Any committee member attending remotely by teleconference must state his or her full name and the relevant password, if any, at the beginning of the meeting, or promptly upon joining a meeting in progress. The committee member(s) attending the meeting at the primary meeting location shall verify the identity of any members attending remotely by teleconference based on the information provided.
- i. Each vote taken during a meeting held by interactive video conference or teleconference must be recorded by roll call voice vote.

- j. The minutes of any committee meeting held by interactive video conference or teleconference shall identify which committee members attended the meeting by interactive video conference or teleconference.
- k. All committee meetings held by interactive video conference or teleconference, or by a combination thereof, shall be conducted in accordance with the requirements of Ohio Revised Code Section 4582.60, as amended from time to time. To the extent that any provision of these By-Laws conflicts with Section 4582.60, the provision(s) contained in Section 4582.60 are hereby incorporated into these By-Laws and shall govern the conduct of the committee rather than any conflicting provision in these By-Laws.

The provisions of these By-Laws concerning the conducting of meetings by interactive video conference and teleconference apply only to meetings of committees and do not apply to meetings of the Board of Directors.

- 10. Parliamentary procedures for the conduct of meetings of the Board of Directors shall be governed by the current edition of Robert's Rules of Order, unless otherwise directed by provision of the Ohio Revised Code.
- 11. Minutes of any regular or special meeting of the Board of Directors shall be prepared, filed and maintained by the Secretary, or the Assistant Secretary if one has been designated, and shall be open to public inspection, in accordance with Ohio Revised Code Section 121.22 and 149.43.

#### **ARTICLE V OFFICERS**

- The officers of the Airport Authority shall consist of a President & CEO, who shall also be the Secretary of the Board of Directors, a Treasurer, who shall also be the fiscal officer of the Airport Authority, and such other officers as the Board of Directors may deem necessary. The Treasurer may, but need not, be a member of the Board of Directors, but no other officer shall concurrently serve as a member of the Board of Directors.
- 2. The President & CEO, the Treasurer, and any other officers of the Airport Authority shall be nominated by the Chairperson and elected by the Board of Directors. The terms of each officer elected pursuant to this Article V, Section 2 shall continue until a new election for such officer is held by the Board of Directors or until the end of a term of office as provided in Article V, Section 3.
- 3. The Board of Directors may enter into a written employment contract with any of its officers covering the terms of their employment as officers of the Airport Authority Board of Directors, including establishing the salary of such officer, if any, and term of office.

- 4. The salaries of officers of the Airport Authority shall be reviewed by the Board of Directors annually to establish compensation and other benefits as the Board of Directors deem necessary and proper. All officers shall be exempt from the Civil Service System, but shall be fully eligible for the Airport Authority's retirement, group insurance, hospitalization, holidays, vacation and other benefits.
- 5. Officers of the Airport Authority shall be reimbursed for their actual necessary and documented expenses incurred in the performance of their official duties, and shall receive such compensation as provided in their contracts of employment. Any officer of the Airport Authority may be removed from that office by the Board of Directors for cause or without cause whenever the best interests of the Airport Authority will be served thereby, and if such removal is without cause, it shall be without prejudice to the contract rights, if any, of the officer so removed.
- 6. The President & CEO shall attend all meetings of the Board of Directors unless illness shall prevent such attendance, or the Chairperson shall have excused attendance. The President & CEO shall be the chief executive and administrative officer of the Airport Authority, and shall have general control and management over the affairs of the Airport Authority, subject to the instructions and policies expressed by the Board of Directors, including but not limited to:
  - a. Unless otherwise specified by resolution of the Board of Directors, the President & CEO, or the President & CEO's appropriate designee, shall sign on behalf of the Airport Authority all instruments, including but not limited to bonds, leases, deeds, contracts, or other written instruments to which the Airport Authority shall be a party as provided in this Article V(6)(a), provided that all such instruments shall first have been approved as to legal sufficiency and as to authorization by the Airport Authority by its legal counsel:
    - i. contracts that do not obligate the Airport Authority to expend amounts in excess of \$150,000, the competitive bidding threshold as set forth in R.C. 4582.31(A)(18)(b)(i);
    - ii. contract modifications in excess of \$150,000 that do not exceed, in the aggregate, five percent (5%) of the approved contract value;
    - iii. notwithstanding (i) above, contracts involving expenditure of amounts in excess of \$150,000 in payment of regular, recurring expenses which are included in the approved budget;
    - iv. notwithstanding (i) above, settlement agreements, provided that if the proposed settlement amount is in excess of \$150,000 execution of the proposed settlement is subject to the review and approval of the

- Chairperson and the chairperson of the applicable committee with oversight over the subject matter of the proposed settlement;
- v. lease, concession or revenue agreements or extensions of existing lease, concession or revenue agreements which have terms of five (5) years or less and guaranteed rental income of \$150,000 per year or less;
- vi. amendments to an existing approved lease that increase or decrease airport terminal space at the prevailing terminal building space rate provided no other terms and conditions of the lease are amended in any way that is materially less favorable to the Authority;
- vii. amendments to an existing approved lease or revenue agreement that increase or decrease the area leased or used by not more than ten percent (10 %) of the originally leased or used area;
- viii. easements to utility companies and similar service providers in circumstances where the easement is necessary to provide a utility or service to Authority facilities;
- ix. grant agreements upon receipt of Federal Aviation Administration (FAA) Grant Offers;
- x. grant agreements, other than FAA grant offers, that do not require the Airport Authority to provide in excess of \$150,000 in matching funds; and
- xi. declarations of a state of emergency, and take any and all appropriate actions to respond to and recover from any state of emergency, in response to any accident, incident, situation or condition which poses a substantial threat to the safety of persons or property or which has the potential to substantially impact the operations or financial condition of the Airport Authority. A state of emergency includes, but is not limited to, accidents involving aircraft or other vehicles and potential serious injury or loss of live; acts of war, terrorism or civil unrest; natural or manmade disasters; epidemic or pandemic diseases; labor strikes or any other circumstances deemed to be an emergency under local, state or federal law.
- b. The President & CEO or the President & CEO's appropriate designee, shall be responsible to prepare and submit budgets for operating revenues and expenses and for capital improvements to the Board of Directors for approval at least thirty (30) days prior to the beginning of each fiscal year.
- c. The President & CEO, or the President & CEO's appropriate designee, shall prepare and submit such other periodic or special financial reports as the Board of Directors may direct.

- d. The President & CEO may, during periods of her or his absence, delegate to one or more of the President & CEO's appropriate designees, general control and management over the affairs, or certain portions of the affairs, of the Airport Authority, subject to the instructions and policies expressed by the Board of Directors.
- e. The President & CEO shall, in addition, perform all other duties as may from time to time be assigned by the Board of Directors.
- 7. The Secretary, or the Assistant Secretary, if one has been elected, shall attend all meetings of the Board, and shall record all votes and the minutes of all proceedings in a book to be kept for that purpose. The Secretary or Assistant Secretary shall give or cause to be given all notices necessary or proper under these By-Laws, and shall attest the signature of the Airport Authority whenever it is requisite or appropriate to do so, and shall perform all other duties that may be prescribed by the Board of Directors or the Chairperson.
- 8. The Treasurer shall have custody of the Airport Authority's funds and securities, shall keep full and accurate account of the same, and of all receipts and disbursements in books belonging to the Airport Authority, and shall promptly deposit all monies and valuables in the name of and to the credit of the Airport Authority in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Airport Authority as authorized by the Board of Directors, and shall see to the taking of proper vouchers for all disbursements. The Treasurer shall render to the Chairperson and to the Board of Directors, whenever required, an account of all of her or his transactions as Treasurer, and of the financial condition of the Airport Authority. The Treasurer shall give the Airport Authority a fidelity bond, with good and sufficient surety, for the faithful performance of the duties of office, as required by the Board of Directors, but the cost of such bond shall be paid by the Airport Authority.
- 9. All other officers of the Airport Authority shall perform such duties as may be prescribed by the Board of Directors or by the President & CEO, under whose supervision they shall be.
- 10. In case of the absence of any officer of the Airport Authority or for any reason it deems sufficient, the Board of Directors may delegate all or any powers of such officer, for the time being, to any other officer, except where otherwise provided by law.

#### ARTICLE VI - INSPECTION OF BOOKS AND RECORDS

To the extent required by law, all of the books and records of the Airport Authority shall be open to inspection by any interested person, or her or his agent, for any purpose at any reasonable time. To the extent reasonable, all of the books and records of the Airport Authority shall be maintained either in its Principal Office, or in a subsidiary office established pursuant to Article I, Section 2.

#### ARTICLE VII - FISCAL YEAR

The fiscal year of the Airport Authority shall commence on January 1 of each year, and end on December 31 of such year.

#### **ARTICLE VIII - AMENDMENTS TO BY-LAWS**

These By-Laws may be amended at any regular or special meeting of the Board of Directors upon an affirmative vote of three-fourths (3/4) of the full Board of Directors.

THESE BY-LAWS WERE ADOPTED BY THE BOARD OF DIRECTORS OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY BY RESOLUTION NO. 45-18 ON THE 26th DAY OF JUNE 2018.

Chairperson

Susan Tomasky

Secretary

Joseph R. Nardone

The foregoing represents a true and accurate copy of the By-Laws duly adopted on the 26<sup>th</sup> day of June 2018, pursuant to Resolution No. 45-18.

[Supersedes and Replaces: Resolution No 67-17 and all resolutions or parts of such resolutions of the Airport Authority in conflict with the provisions contained in

Resolution No. 45-18 are, to the extent of such conflict, superseded and repealed.]

ATTEST:

Tracy Henson

**Assistant Secretary** 



### A RESOLUTION OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY REPEALING AND REPLACING THE BYLAWS OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY.

**RESOLVED,** To repeal and replace the bylaws of the Columbus Regional Airport Authority, City of Columbus, Franklin County, Ohio. Prior resolution 45-18, and all resolutions or parts of such resolutions of CRAA in conflict with the provisions contained in this resolution are, to the extent of such conflict, superseded and repealed.

**Background:** CRAA's bylaws have been amended a number of times over the past several years. This current resolution incorporates the following changes to the bylaws:

- Extends the ability to attend meetings remotely to specially called meetings of the Board of Directors pursuant to Ohio Revised Code Section 4582.27;
- Updates the meeting schedule and notice provisions in Article IV;
- Clarifies the scope of general control and management authority given by the Board to the President & CEO by increasing the value of contracts that the President & CEO can enter into; and
- · Makes miscellaneous grammatical and style revisions.

CRAA staff has reviewed the attached bylaws and recommends adoption by the Board.

ADOPTED BY THE BOARD OF DIRECTORS OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY BY RESOLUTION NO. 32-19 ON THE  $23^{RD}$  DAY OF APRIL, 2019.

Ву

Boald Chair

Attest

Secretary to the Board

## BY-LAWS OF COLUMBUS REGIONAL AIRPORT AUTHORITY

#### ARTICLE I - NAME AND OFFICES

- 1. The Columbus Regional Airport Authority (the "Airport Authority") is a port authority formed under the provisions of Chapter 4582, Ohio Revised Code, as a body corporate and politic.
- 2. The Airport Authority shall maintain its Principal Office at John Glenn Columbus International Airport and may establish subsidiary offices at such other locations as may be determined from time to time by the Board of Directors.

#### ARTICLE II - BOARD OF DIRECTORS

- 1. The Airport Authority shall be governed by a Board of Directors consisting of nine (9) members; four (4) of whom shall be appointed by the Mayor of the City of Columbus, Ohio (the "Mayor") with the advice and consent of the City Council, four (4) of whom shall be appointed by the Board of County Commissioners of Franklin County, Ohio, (the "County Commissioners") and one (1) of whom shall be appointed jointly by the Mayor and the County Commissioners. The Board of Directors shall have, and shall exercise on behalf of the Airport Authority, all of the powers provided in Chapter 4582 of the Ohio Revised Code, as from time to time amended, and as otherwise vested in a port authority and its board of directors by the laws of Ohio, as limited by any agreements by and among the Airport Authority and the City of Columbus, Ohio (the "City") and Franklin County, Ohio (the "County"), or both.
- 2. The combined membership of the Board of Directors shall meet the following qualifications:
  - a. A majority of the Directors shall have been qualified electors of, or shall have had their businesses or places of employment within, the City or the County for a period of at least three (3) years next preceding her or his appointment.
  - b. The Directors first appointed shall serve staggered terms. Thereafter, each successor shall serve for a term of four (4) years, except that any person appointed to fill a vacancy shall be appointed to serve only the un-expired term. Any Director shall be eligible for reappointment.

- 3. Any vacancy occurring by reason of incapacity, resignation or death of a Director shall be filled, pursuant to Article II, Section 1, by the same appointing entity or entities that appointed the Director that created the vacancy on the Board of Directors.
- 4. The term of a Director will, if necessary, continue beyond its nominal expiration date until her or his successor in office shall have been appointed and qualified.
- 5. A Director appointed by the Mayor may be removed by the Mayor, acting with consent of the City Council, for any of the reasons or grounds provided in Chapter 4582 or in any other provision of the Ohio Revised Code, or by case law. A Director appointed by the County Commissioners may be removed by the County Commissioners for any of the reasons or grounds provided in Chapter 4582 or in any other provision of the Ohio Revised Code, or by case law. A Director jointly appointed by the Mayor and the County Commissioners may be removed jointly by the Mayor and the County Commissioners for any of the reasons or grounds provided in Chapter 4582 or in any other provision of the Ohio Revised Code, or by case law.
- 6. Directors shall serve without compensation for serving as members of the Board of Directors, but shall, at their request and upon proper documentation of expenses incurred, be reimbursed for travel, communications and other expenses incurred in connection with their service on behalf of the Airport Authority.
- 7. The Airport Authority may, to the extent permitted by Chapter 4582 or any other provision of the Ohio Revised Code, purchase a policy of insurance for civil liability to cover each Director or indemnify each Director from all liability incurred in the performance of her or his duties as a Director. To the greatest extent provided by Chapter 4582 or by any other provision of the Ohio Revised Code, each Director shall be immune from liability in any civil action that arises from her or his service as a Director.

#### **ARTICLE III - GOVERNANCE**

1. The Board of Directors shall elect one (1) of their members as Chairperson, and another of their members as Vice-Chairperson. The Chairperson and the Vice-Chairperson shall be elected biennially with their terms commencing on the first day of December and expiring two (2) years later on November 30. A member may serve up to two (2) terms as Chairperson with a simple majority vote of those Board members present at the meeting where such election occurs. A member may hold a third term as Chairperson provided the election of that third term is passed by a three-fourths (3/4) vote of the full Board of Directors. In no event shall a member be eligible for more than three (3) terms as Chairperson.

- 2. The Chairperson of the Board of Directors, and in her or his absence, the Vice-Chairperson, shall:
  - a. preside at all regular and special meetings of the Board of Directors;
  - b. sign all resolutions adopted by the Board of Directors;
  - c. appoint from among the members of the Board of Directors such committees, both standing and special, as may be needed to investigate, evaluate and recommend matters of policy and matters involving specific courses of action to the Board of Directors, when appropriate in conducting the business of the Airport Authority;
  - d. maintain close liaison with the appropriate officials of the City and the County, or both, in matters which are of common interest to the Airport Authority and the City or County, or both; and
  - e. call special meetings of the Board of Directors.

#### ARTICLE IV - MEETINGS OF BOARD OF DIRECTORS

- 1. All public meetings of the Board of Directors shall be conducted in accordance with the requirements of Ohio Revised Code Section 121.22, as amended from time to time, including, but not limited to, the requirement that public meetings be open to the public, except for such executive sessions as are expressly authorized from time to time pursuant to Section 121.22 or otherwise by law. To the extent any provision of these By-Laws conflicts with Section 121.22 or any other provision of the Ohio Revised Code regulating the conduct of the Board of Directors, the provision(s) contained in the Ohio Revised Code, including Section 121.22, are hereby incorporated into these By-Laws by this reference and shall govern the conduct of the Board of Directors rather than the conflicting provision contained in these By-Laws.
- 2. Regular meetings of the Board of Directors shall be scheduled (typically to be held monthly, but not less than seven times a year) and such meeting schedule, including the time and place of all regular meetings, shall be posted on the Airport Authority's website. Whenever a regular meeting is cancelled, notice of such cancellation shall be provided to the public and the news media that have requested notification in the same manner notices of special meetings, and notice of such cancellation shall be provided to the Directors as provided in Section 6 of this Article. , Any meeting scheduled for a day, time, or location other than that specified above shall be considered a special meeting, and notice of such special meeting shall be given in the manner provided in Section 3 of this

Article. Special meetings of the Board of Directors may be called by the Chairperson or the Vice-Chairperson, or by any two members of the Board of Directors.

- 3. Notice of any special meeting of the Board of Directors shall be given in accordance with the requirements of Ohio Revised Code Section 121.22 including as follows:
  - a. The Secretary, or the Secretary's designee, shall post the notice of the date, time place and purpose(s) of the special meeting on the Airport Authority's website.
  - b. The Secretary, or the Secretary's designee, shall give at least twenty-four (24) hours' advance notice of the date, time, place, and purpose(s) of the special meeting to the news media that have requested notification,
  - c. In the event of an emergency, requiring immediate official action, the Secretary, or the Secretary's designee, on behalf of the Director or Directors calling the emergency special meeting shall notify the news media that have requested notification immediately of the date, time, place, and purpose(s) of the emergency special meeting.
- 4. The Secretary, or the Secretary's designee, shall provide reasonable advance notification in the manner described in Sections 3(b), 3(c) and 4 of this Article to any person who has requested advance notification of all public meetings, irrespective of whether such meetings are regular meetings or special meetings, at which any specific type of public business is to be discussed.
- 5. Advance notification described in Sections 3(b), 3(c) and 4 of this Article may be given by any reasonable method including, but not limited to, delivery by mail, facsimile or electronic mail.
- 6. Notice of any regular or special meeting (except for an emergency special meeting) of the Board of Directors shall be given to each Director at least two (2) business days in advance if given in person, or by electronic mail, telephone, telegram or facsimile, or at least five (5) business days in advance if given by mail, and if given by mail, the date on which the letter is deposited in the United States mail, postage prepaid, shall constitute the date upon which given. Notice of any emergency special meeting of the Board of Directors shall be given to each Director by the most efficient method reasonably anticipated to result in each Director receiving such notice at the earliest reasonable opportunity. If notice is given other than in person or by electronic mail, facsimile or telephone, it shall be sent to the current address of the Director as shown on the records of the Airport Authority. Attendance of a Director at a meeting (whether attending in person or, when authorized, by interactive video conference or teleconference) shall constitute a waiver of notice of

such meeting, except where a Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice given to each Director or any written waiver of notice of such meeting. Notice of an adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken and if the period of adjournment does not exceed thirty (30) days in any one adjournment. Whenever any notice is required to be given to a Director under the provisions of the Ohio Revised Code or these By-Laws, a waiver thereof in writing, signed by the Director entitled to said notice, whether before or after the time stated therein, shall have the full legal effect of notice properly given.

- 7. The Board of Directors shall go into executive session to consider any matter permitted by law to be considered in executive session only after a majority of a quorum of the Board of Directors determines, by a roll call vote at a regular or special public meeting, to go from the regular or special public meeting directly into an executive session.
- 8. Five (5) or more members of the Board of Directors present (whether attending in person or, when authorized, by interactive video conference or teleconference) at any meeting shall constitute a quorum for purposes of holding a meeting of the Board. The affirmative vote of a majority of a quorum shall be necessary for any action taken by the Airport Authority unless the Board of Directors determines by rule to require a greater number of affirmative votes for particular actions taken by the Airport Authority. No vacancy in the membership of the Board shall impair the rights of a quorum to act on behalf of the Airport Authority. A member of the Board of Directors must be present (whether attending in person or, when authorized, by interactive video conference or teleconference) at a meeting of the Board of Directors to be considered present or to vote at the meeting.
- 9. Each committee appointed by the Chairperson shall include two (2) or more members of the Board of Directors, and the majority of such Directors shall constitute a quorum of each Committee. The President & CEO, or the President & CEO's designee, which designee must be either an officer of the Airport Authority or a member of the executive team as identified by the Airport Authority ("appropriate designee"), shall be a non-voting member of each standing committee appointed by the Chairperson.
- 10. Members of the Board of Directors may remotely attend a special meeting of the Board of Directors, and members of a committee, whether standing or special, may remotely attend a meeting of the committee, by interactive video conference or teleconference, or by a combination thereof, in lieu of attending the meeting in person, and will be

considered present for quorum purposes and permitted to vote at that Board of Directors' special meeting or committee meeting, subject to the following conditions:

- a. At least one Board member or committee member shall be physically present in person at the primary meeting location.
- b. For meetings held by teleconference or video conference, no more than one Board member or committee member may be physically present at the same remote location.
- c. Any Board member or committee member attending remotely shall be physically located one (1) mile or more from the primary meeting location.
- d. Prior to any Board of Directors' special meeting or committee meeting held by interactive video conference or teleconference, the Secretary, or the Secretary's designee, shall send any available meeting-related materials to each Board member or committee member by facsimile, hand-delivery, United States mail, electronic mail, Board Portal, or other electronic means, so that each Board member or committee member may review the materials in advance of the meeting. When appropriate, the Board of Directors or the committee will make the materials available for public inspection in accordance with Ohio Revised Code Sections 121.22 and 149.43.
- e. Prior to any Board of Directors' special meeting or committee meeting held by teleconference, the Secretary, or the Secretary's designee, shall send each Board member or committee member a password that will permit the member to remotely attend.
- f. If additional meeting-related materials become available during a Board of Directors' special meeting or committee meeting held by interactive video conference or teleconference, the Secretary, or the Secretary's designee, shall promptly send the materials by facsimile, hand-delivery, United States mail, electronic mail, Board Portal, or other electronic means, to each Board member or committee member attending remotely for review during the meeting. Board members or committee members must be able to receive materials via electronic mail during the meeting. When appropriate, the Board of Directors or the committee will make the materials available for public inspection, in accordance with Ohio Revised Code Sections 121.22 and 149.43.
- g. If a Board of Directors' special meeting or committee meeting is conducted by interactive video conference, the Board of Directors or the committee must ensure that a clear video and audio connection is established that enables all meeting participants at the primary meeting location to see and hear each Board member or committee member.
- h. If a Board of Directors' special meeting or committee meeting is conducted by teleconference, the Board of Directors or committee must ensure that a clear audio connection is established that enables all meeting

participants at the primary meeting location to hear each Board member or committee member. Any Board member or committee member attending remotely by teleconference must state her or his full name and the relevant password, if any, at the beginning of the meeting, or promptly upon joining a meeting in progress. The Board member(s) or committee member(s) attending the meeting at the primary meeting location shall verify the identity of any members attending remotely by teleconference based on the information provided.

- i. Each vote taken during a meeting held by interactive video conference or teleconference must be recorded by roll call voice vote.
- j. The minutes of any Board of Directors' special meeting or committee meeting held by interactive video conference or teleconference shall identify which Board members or committee members attended the meeting by interactive video conference or teleconference, and the physical location of those Board members or committee members.
- k. All Board of Directors' special meetings or committee meetings held by interactive video conference or teleconference, or by a combination thereof, shall be conducted in accordance with the requirements of Ohio Revised Code Section 4582.60, as amended from time to time. To the extent that any provision of these By-Laws conflicts with Section 4582.60, the provision(s) contained in Section 4582.60 are hereby incorporated into these By-Laws and shall govern the conduct of the Board of Directors or committee rather than any conflicting provision in these By-Laws.

The provisions of these By-Laws concerning the conducting of meetings by interactive video conference and teleconference do not apply to regular meetings of the Board of Directors.

- 11. Parliamentary procedures for the conduct of meetings of the Board of Directors shall be governed by the current edition of Robert's Rules of Order, unless otherwise directed by provision of the Ohio Revised Code.
- 12. Minutes of any regular or special meeting of the Board of Directors shall be prepared, filed and maintained by the Secretary, or the Assistant Secretary if one has been designated, and shall be open to public inspection, in accordance with Ohio Revised Code Section 121.22 and 149.43.

#### **ARTICLE V - OFFICERS**

1. The officers of the Airport Authority shall consist of a President & CEO, who shall also be the Secretary of the Board of Directors, a Treasurer, who shall also be the fiscal officer of the Airport Authority, and such other officers as the Board of Directors may deem

necessary. The Treasurer may, but need not, be a member of the Board of Directors, but no other officer shall concurrently serve as a member of the Board of Directors.

- 2. The President & CEO, the Treasurer, and any other officers of the Airport Authority shall be nominated by the Chairperson and elected by the Board of Directors. The terms of each officer elected pursuant to this Article V, Section 2 shall continue until a new election for such officer is held by the Board of Directors or until the end of a term of office as provided in Article V, Section 3.
- 3. The Board of Directors may enter into a written employment contract with any of its officers covering the terms of their employment as officers of the Airport Authority Board of Directors, including establishing the salary of such officer, if any, and term of office.
- 4. The salaries of officers of the Airport Authority shall be reviewed by the Board of Directors annually to establish compensation and other benefits as the Board of Directors deem necessary and proper. All officers shall be exempt from the Civil Service System, but shall be fully eligible for the Airport Authority's retirement, group insurance, hospitalization, holidays, vacation and other benefits.
- 5. Officers of the Airport Authority shall be reimbursed for their actual necessary and documented expenses incurred in the performance of their official duties, and shall receive such compensation as provided in their contracts of employment. Any officer of the Airport Authority may be removed from that office by the Board of Directors for cause or without cause whenever the best interests of the Airport Authority will be served thereby, and if such removal is without cause, it shall be without prejudice to the contract rights, if any, of the officer so removed.
- 6. The President & CEO shall attend all meetings of the Board of Directors unless illness shall prevent such attendance, or the Chairperson shall have excused attendance. The President & CEO shall be the chief executive and administrative officer of the Airport Authority, and shall have general control and management over the affairs of the Airport Authority, subject to the instructions and policies expressed by the Board of Directors, including but not limited to:
  - a. Unless otherwise specified by resolution of the Board of Directors, the President & CEO, or the President & CEO's appropriate designee, is authorized and directed to and shall sign on behalf of the Airport Authority all instruments, including but not limited to bonds, leases, deeds, contracts, or other written instruments to which the Airport Authority shall be a party as provided in this Article V, Section 6(a), provided that all such instruments shall first have been approved as to legal sufficiency and as to authorization by the Airport Authority by its legal counsel:

- construction contracts that do not obligate the Airport Authority to expend amounts in excess of the competitive bidding threshold as set forth in Ohio Revised Code Section 4582.31;
- ii. non-construction contracts that do not obligate the Airport Authority to expend amounts in excess of \$250,000;
- iii. contract modifications (whether construction or non-construction contracts) in excess of \$150,000 that do not exceed, in the aggregate, five percent (5%) of the approved contract value;
- iv. contracts involving expenditure of amounts in excess of \$250,000 in payment of regular or recurring expenses which are included in the approved appropriations budget;
- v. settlement agreements, provided that if the proposed settlement amount is in excess of \$250,000 execution of the proposed settlement is subject to the review and approval of the Chairperson and the chairperson of the applicable committee with oversight over the subject matter of the proposed settlement;
- vi. lease, concession or revenue agreements or extensions of existing lease, concession or revenue agreements which have terms of five (5) years or less and guaranteed rental income of \$250,000 per year or less;
- vii. amendments to an existing approved lease that increase or decrease airport terminal space at the prevailing terminal building space rate, provided no other terms and conditions of the lease are amended in any way that is materially less favorable to the Airport Authority;
- viii. amendments to an existing approved lease or revenue agreement that increase or decrease the area leased or used by not more than twenty percent (20 %) of the originally leased or used area;
- ix. easements to utility companies and similar service providers in circumstances where the easement is necessary to provide a utility or service to Airport Authority facilities;
- x. grant agreements upon receipt of Federal Aviation Administration (FAA) grant offers;
- xi. grant agreements, other than FAA grant offers, that do not require the Airport Authority to provide in excess of \$250,000 in matching funds;
- xii. declarations of a state of emergency, and take any and all appropriate actions to respond to and recover from any state of emergency, in response to any accident, incident, situation or condition which poses a substantial threat to the safety of persons or property or which has the potential to substantially impact the operations or financial condition of the Airport Authority. A state of emergency includes, but is not limited to, accidents involving aircraft or other vehicles and potential serious injury or loss of live; acts of war, terrorism or civil unrest; natural

or manmade disasters; epidemic or pandemic diseases; labor strikes or any other circumstances deemed to be an emergency under local, state or federal law; and

- b. The President & CEO or the President & CEO's appropriate designee, shall be responsible to prepare and submit budgets for operating revenues and expenses and for capital improvements to the Board of Directors for approval at least thirty (30) days prior to the beginning of each fiscal year.
- c. The President & CEO, or the President & CEO's appropriate designee, shall prepare and submit such other periodic or special financial reports as the Board of Directors may direct.
- d. The President & CEO may, during periods of her or his absence, delegate to one or more of the President & CEO's appropriate designees, general control and management over the affairs, or certain portions of the affairs, of the Airport Authority, subject to the instructions and policies expressed by the Board of Directors.
- e. The President & CEO shall, in addition, perform all other duties as may from time to time be assigned by the Board of Directors.
- 7. The Secretary, or the Assistant Secretary, if one has been elected, shall attend all meetings of the Board, and shall record all votes and the minutes of all proceedings in a book to be kept for that purpose. The Secretary or Assistant Secretary shall give or cause to be given all notices necessary or proper under these By-Laws, and shall attest the signature of the Airport Authority whenever it is requisite or appropriate to do so, and shall perform all other duties that may be prescribed by the Board of Directors or the Chairperson.
- 8. The Treasurer shall have custody of the Airport Authority's funds and securities, shall keep full and accurate account of the same, and of all receipts and disbursements in books belonging to the Airport Authority, and shall promptly deposit all monies and valuables in the name of and to the credit of the Airport Authority in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Airport Authority as authorized by the Board of Directors, and shall see to the taking of proper vouchers for all disbursements. The Treasurer shall render to the Chairperson and to the Board of Directors, whenever required, an account of all of her or his transactions as Treasurer, and of the financial condition of the Airport Authority. The Treasurer shall give the Airport Authority a fidelity bond, with good and sufficient surety, for the faithful performance of the duties of office, as required by the Board of Directors, but the cost of such bond shall be paid by the Airport Authority.

- 9. All other officers of the Airport Authority shall perform such duties as may be prescribed by the Board of Directors or by the President & CEO, under whose supervision they shall be.
- 10. In case of the absence of any officer of the Airport Authority or for any reason it deems sufficient, the Board of Directors may delegate all or any powers of such officer, for the time being, to any other officer, except where otherwise provided by law.

#### ARTICLE VI - INSPECTION OF BOOKS AND RECORDS

To the extent required by law, all of the books and records of the Airport Authority shall be open to inspection by any interested person, or her or his agent, for any purpose at any reasonable time. To the extent reasonable, all of the books and records of the Airport Authority shall be maintained either in its Principal Office, or in a subsidiary office established pursuant to Article I, Section 2.

#### **ARTICLE VII - FISCAL YEAR**

The fiscal year of the Airport Authority shall commence on January 1 of each year, and end on December 31 of such year.

#### ARTICLE VIII - AMENDMENTS TO BY-LAWS

These By-Laws may be amended at any regular or special meeting of the Board of Directors upon an affirmative vote of three-fourths (3/4) of the full Board of Directors.

THESE BY-LAWS WERE ADOPTED BY THE BOARD OF DIRECTORS OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY BY RESOLUTION NO. XX-19 ON THE 23th DAY OF April 2019.

**Chairperson** 

William Heifne

Secretary

Joseph R. Nardone

The foregoing represents a true and accurate copy of the By-Laws duly adopted on the 23<sup>th</sup> day of April 2019, pursuant to Resolution No. 32-19.

[Supersedes and Replaces: Resolution No. 45-18 and all resolutions or parts of such resolutions of the Airport Authority in conflict with the provisions contained in Resolution No. 32-19 are, to the extent of such conflict, superseded and repealed.]

ATTEST

Tracy Henson

**Assistant Secretary** 

#### **EXHIBIT B**



#### **RESOLUTION 22-19**

A RESOLUTION AUTHORIZING THE ISSUANCE OF CUSTOMER FACILITY CHARGE REVENUE BONDS FROM TIME TO TIME FOR THE PURPOSE OF PAYING THE COSTS OF PORT AUTHORITY FACILITIES IN ORDER TO CREATE OR PRESERVE JOBS AND EMPLOYMENT OPPORTUNITIES AND IMPROVE THE ECONOMIC WELFARE OF THE PEOPLE OF THE STATE OF OHIO, TO REFUND CUSTOMER FACILITY CHARGE REVENUE BONDS OR FOR ANY OTHER LAWFUL PURPOSE AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CUSTOMER FACILITY CHARGE MASTER TRUST AGREEMENT PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE CUSTOMER FACILITY CHARGE REVENUE BONDS AND PLEDGING CERTAIN REVENUES AND FUNDS OF THE AUTHORITY TO SECURE THOSE CUSTOMER FACILITY CHARGE REVENUE BONDS.

WHEREAS, the Columbus Regional Airport Authority (the "Authority") is authorized and empowered, by virtue of the Constitution of the State of Ohio (the "State"), particularly Section 13 of Article VIII thereof, and the laws of the State, including, without limitation, Sections 4582.21 to 4582.99, both inclusive, Ohio Revised Code (the "Act") to: (a) issue revenue bonds (the "CFC Bonds") for the purpose of providing funds to pay the "costs" of "port authority facilities," each as defined in the Act, in order to enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture or research, or create or preserve jobs and employment opportunities and improve the economic welfare of the people of the State, (b) refund any or all of the CFC Bonds, (c) enter into a master trust agreement and supplemental trust agreements to secure the CFC Bonds and (d) provide for the pledge or assignment of revenues sufficient to pay the principal of and interest and any redemption premium on the CFC Bonds; and

**WHEREAS**, this Board has, by adoption of Resolution 03-07, as such Resolution has been and may hereafter be amended from time to time (collectively, the "CFC Resolution"), heretofore authorized the implementation and collection of a customer facility charge (the "CFC") which CFC has been and will continue to be collected and used to provide funding for Authority-authorized rental car-related needs including financing, planning, design, construction, operation, and maintenance of a consolidated rental car facility (the "ConRAC") and acquisition and operation of common-use transportation equipment and facilities (collectively, the "CFC Facilities"), and not for general revenue raising purposes; and

#### -Continued-

ADOPTED BY THE BOARD OF DIRECTORS OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY BY RESOLUTION NO. 22-19 ON THE 26<sup>th</sup> DAY OF MARCH, 2019.

Ву

**Board Chair** 

Attest

Secretary to the Board



WHEREAS, this Board has heretofore entered into a Master Trust Indenture, dated as of July 15, 1994, which has heretofore and may hereafter be amended and supplemented from time to time (collectively, the "Master Trust Indenture"), which Master Trust Indenture generally authorizes the issuance from time to time of general airport revenue bonds (the "GARB Bonds") and further provides therein for the issuance of Special Facility Revenue Bonds (as defined in the Master Trust Indenture) for the purpose of paying the costs of Special Facilities (as defined in the Master Trust Indenture) and excludes from the definition of Revenues (as defined in the Master Trust Indenture) pledged to pay the debt service charges on the GARB Bonds any revenue or income from any present or future Special Facility to the extent that such revenue or income is pledged by the Authority to pay principal, interest and redemption premiums, if any, for Special Facility Revenue Bonds, or to the extent that such revenue or income is for the use of the Authority to pay or reimburse the Authority for the costs of operation or maintenance required to be paid by the user pursuant to a Special Facilities Agreement (as defined in the Master Trust Indenture) (other than reimbursement for any of the Authority's administrative costs relating to any Special Facility); and

**WHEREAS**, this Board intends and hereby determines that (i) the receipts from the imposition and collection of the CFC shall not constitute Revenues, (ii) the CFC Facilities, including the ConRAC, contemplated by the CFC Resolution constitute Special Facilities and (iii) the CFC Bonds authorized hereby constitute Special Facility Revenue Bonds;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Columbus Regional Airport Authority:

#### Section 1. Determinations, Findings and Covenants by the Board.

- (a) This Board hereby finds and determines that it will be necessary from time to time to acquire, purchase, finance, construct, reconstruct, enlarge, furnish, equip, maintain, repair, sell, exchange, lease or rent to, lease or rent from or operate the CFC Facilities (which include the ConRAC), and which CFC Facilities shall constitute "port authority facilities," as defined in the Act, in order to create or preserve jobs and economic opportunities and improve the economic welfare of the people of the State of Ohio.
- (b) This Board hereby finds and determines that it is necessary and in the best interest of the Authority to issue CFC Bonds (which shall constitute Special Facility Revenue Bonds) from time to time to provide moneys (i) to pay the costs of CFC Facilities, (ii) to refund any or all of the CFC Bonds, (iii) to fund a debt service reserve fund and a debt service coverage fund (if either is required by the applicable proceedings), (iv) to pay the costs of issuance of the CFC Bonds and (v) to pay any other related costs.
- (c) This Board hereby finds and determines that, pursuant to the Constitution and laws of the State, the Authority as necessary shall have the right to issue CFC Bonds pursuant to the terms and conditions of the Customer Facility Charge Master Trust Agreement (the "CFC Master Trust Agreement") to be dated as of the date of delivery of the first series of CFC Bonds and by and between the Authority and the Trustee (as defined in Section 2), which provides that each series of CFC Bonds shall be authorized by a resolution of this Board and any related supplemental trust agreement.

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- (d) This Board hereby finds and determines that the CFC Revenues shall be determined and fixed in amounts sufficient to provide an amount of revenues adequate to pay debt service charges on the CFC Bonds and comply with the covenants contained in the CFC Master Trust Agreement.
- (e) This Board hereby covenants that the Authority will observe and perform all of its agreements and obligations provided for by the CFC Bonds, the CFC Master Trust Agreement and this Resolution, and that all of the obligations under this Resolution, the CFC Trust Agreement and the CFC Bonds are hereby established as duties specifically enjoined by law and resulting from an office, trust or station upon the Authority within the meaning of Section 2731.01, Ohio Revised Code.

<u>Section 2</u>. <u>Trustee</u>; <u>Security for the CFC Bonds</u>; <u>CFC Master Trust Agreement</u>. U.S. Bank National Association, Columbus, Ohio, is hereby appointed to act as the initial trustee (the "*Trustee*") under the CFC Master Trust Agreement.

The CFC Bonds shall be special obligations of the Authority. To the extent provided in and except as otherwise permitted by the CFC Master Trust Agreement, the Debt Service Charges (as defined in the CFC Master Trust Agreement) shall be payable equally and ratably solely from the Pledged Revenues and the Pledged Funds (each as defined in the CFC Master Trust Agreement), and the payment of Debt Service Charges on the CFC Bonds shall be secured by (a) the CFC Master Trust Agreement (as such CFC Master Trust Agreement may be amended and supplemented from time to time in accordance with its terms) and (b) a pledge and assignment of and a lien on the Pledged Revenues and the Pledged Funds. However, any pledge or assignment of or lien on any fund, account, receivables, revenues, money or other intangible property not in the custody of the Trustee shall be valid and enforceable only to the extent permitted by law.

The Authority covenants that it will promptly pay from such sources the Debt Service Charges on every CFC Bond issued under the CFC Master Trust Agreement at the places, on the dates and in the manner provided in the applicable resolution authorizing each series of CFC Bonds, the applicable supplemental trust agreement relating to each series of CFC Bonds, the CFC Master Trust Agreement and the CFC Bonds, according to the true intent and meaning thereof.

Nothing in this Resolution, the CFC Bonds or the CFC Master Trust Agreement shall constitute a debt, or a pledge of the faith and credit, of the Authority, the State or any other political subdivision of the State, and the holders or owners of the CFC Bonds have no right to have taxes levied by the General Assembly of Ohio or the taxing authority of any political subdivision of the State to pay Debt Service Charges on the CFC Bonds, and each CFC Bond shall contain a statement to that effect; provided, however, that nothing shall be deemed to prohibit the Authority, of its own volition, from using to the extent it is lawfully authorized to do so, any other resources or revenues for the fulfillment of any of the terms, conditions or obligations of the CFC Master Trust Agreement, this Resolution or the CFC Bonds.

In the name of and on behalf of the Authority, the CFC Master Trust Agreement shall be signed by the President and CEO (the "Chief Executive Officer") and the Chief Financial Officer (the "Chief Financial Officer") of the Authority in substantially the form now on file with the Secretary of the Authority. The CFC Master Trust Agreement is approved, together with any changes or amendments that are not inconsistent with this Resolution and not substantially adverse to the Authority and that

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are approved by those officers on behalf of the Authority, all of which shall be conclusively evidenced by the signing of the CFC Master Trust Agreement or any amendments thereto.

Section 3. Creation of Funds. The CFC Construction Fund, the CFC Revenue Fund, including the CFC Supplemental Reserve Account to the extent it is maintained therein, the CFC Debt Service Fund, including the Interest Payment Account, Principal Payment Account and the Redemption Account each created therein, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund, including the CFC Rebate Account, the CFC Administration Account and the CFC Insurance Account each created therein, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund, including the CFC Supplemental Reserve Account to the extent it is maintained therein, each as defined and described in the CFC Master Trust Agreement, are hereby created as of the date of the CFC Master Trust Agreement. Moneys in those Funds shall be applied as provided in the CFC Master Trust Agreement. The Chief Financial Officer is hereby authorized to maintain, or permit the maintenance of, such separate accounts in any of those Funds, and such separate subaccounts in any account, as is determined to be in the best interest of the Authority.

<u>Section 4.</u> Further Authorization. The Chair of this Board, the Chief Executive Officer, the Chief Financial Officer, the General Counsel & Chief Administrative Officer, and other Authority officials, as appropriate, and any person serving in an interim or acting capacity for any such official, are each hereby authorized to execute any agreements, certifications, financing statements, documents or other instruments, and to take such other actions which are necessary or appropriate in the judgment of such officers to consummate the transactions contemplated herein and in the CFC Master Trust Agreement, or to protect the rights and interests of the Authority, the Trustee or the holders of CFC Bonds.

Section 5. Compliance with Open Meeting Law. This Board finds and determines that all formal actions of this Board concerning and relating to the adoption of this Resolution were taken in an open meeting of this Board, and that all deliberations of this Board and of any committees that resulted in those formal actions were in meetings open to the public, in compliance with the law, including Section 121.22 of the Ohio Revised Code.

Section 6. Effective Date. This Resolution shall be in full force and effect upon its adoption.

# COLUMBUS REGIONAL AIRPORT AUTHORITY

#### **EXHIBIT C**

#### **RESOLUTION 23-19**

A RESOLUTION AUTHORIZING THE ISSUANCE OF CUSTOMER FACILITY CHARGE REVENUE BONDS, SERIES 2019, IN A MAXIMUM PRINCIPAL AMOUNT OF \$110,000,000, FOR THE PURPOSE OF PAYING THE COSTS OF CERTAIN PORT AUTHORITY FACILITIES, AUTHORIZING THE EXECUTION AND DELIVERY OF A CUSTOMER FACILITY CHARGE FIRST SUPPLEMENTAL TRUST AGREEMENT, A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE AGREEMENT, AUTHORIZING THE USE, DISTRIBUTION AND EXECUTION OF AN OFFICIAL STATEMENT, AND AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER INSTRUMENTS, DOCUMENTS OR AGREEMENTS APPROPRIATE TO THE FOREGOING AND RELATED MATTERS.

**WHEREAS**, the Columbus Regional Airport Authority (the "Authority") is authorized and empowered, by virtue of the Constitution of the State of Ohio (the "State"), particularly Section 13 of Article VIII thereof, and the laws of the State, including, without limitation, Sections 4582.21 to 4582.99, both inclusive, Ohio Revised Code (the "Act") to: (a) issue revenue bonds (the "CFC Bonds") for the purpose of providing funds to pay the "costs" of "port authority facilities", each as defined in the Act, in order to enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture or research, or create or preserve jobs and employment opportunities and improve the economic welfare of the people of the State, (b) refund any or all of the CFC Bonds, (c) enter into a master trust agreement and supplemental trust agreements to secure the CFC Bonds and (d) provide for the pledge or assignment of revenues sufficient to pay the principal of and interest and any redemption premium on the CFC Bonds; and

WHEREAS, this Board previously determined, pursuant to Resolution No. 22-19 adopted on March 26, 2019 (the "General Bond Resolution"), that it is necessary and in the best interest of the Authority to (i) acquire, purchase, finance, construct, reconstruct, enlarge, furnish, equip, maintain, repair, sell, exchange, lease or rent to, lease or rent from or operate CFC Facilities (which includes the ConRAC), and which CFC Facilities shall constitute "port authority facilities" in order to create or preserve jobs and economic opportunities and improve the economic welfare of the people of the State of Ohio, (ii) issue CFC Bonds (which shall constitute Special Facility Revenue Bonds under the Master Trust Indenture) from time to time to provide moneys (a) to pay the costs of CFC Facilities (which shall constitute port authority facilities), (b) to refund any or all of the CFC Bonds,

-Continued-

ADOPTED BY THE BOARD OF DIRECTORS OF THE COLUMBUS REGIONAL AIRPORT AUTHORITY BY RESOLUTION NO. 23-19 ON THE  $26^{th}$  DAY OF MARCH, 2019.

Ву

**Board Chair** 

Attest

Secretary to the Board



(c) to fund a Debt Service Reserve Fund and a Debt Service Coverage Fund (if either is required by the applicable proceedings), (d) to pay the costs of issuance of the CFC Bonds and (e) to pay any other related costs and (iii) to execute and deliver a Customer Facility Charge Master Trust Agreement (the "CFC Master Trust Agreement") to secure the payment of Debt Service Charges on those CFC Bonds; and

WHEREAS, this Board finds and determines that it is necessary and in the best interest of the Authority to issue Customer Facility Charge Revenue Bonds, Series 2019, to provide moneys to (i) pay the costs of "port authority facilities", (ii) fund a Debt Service Reserve Fund and a Debt Service Coverage Fund, and (iii) to pay the costs of issuance of the Series 2019 Bonds; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Columbus Regional Airport Authority:

<u>Section 1</u>. <u>Definitions</u>. Except when the context indicates otherwise or unless otherwise defined herein, the terms used but not defined herein shall have the meaning ascribed to them in the CFC Master Trust Agreement and the Customer Facility Charge First Supplemental Trust Agreement (the "CFC First Supplemental Trust Agreement", and together with the CFC Master Trust Agreement, the "CFC Trust Agreement").

Section 2. Authorization of Series 2019 Bonds. This Board finds and determines that it is in the best interests of the Authority and necessary to issue, sell and deliver, as provided and authorized herein, the CFC First Supplemental Trust Agreement and the Certificate of Award, and pursuant to the Constitution and laws of the State, its Series 2019 Bonds in an aggregate principal amount not to exceed \$110,000,000 for the purpose of paying the "costs" of certain "port authority facilities", both as defined in the Act and as more specifically described in the CFC First Supplemental Trust Agreement.

<u>Section 3. Determinations by the Board.</u> This Board has heretofore determined and hereby confirms, or hereby determines, that:

- (a) The Series 2019 Project constitutes a "port authority facility" within the meaning of the Act and a CFC Facility within the meaning of both the General Bond Resolution and the CFC Master Trust Agreement.
- (b) The Series 2019 Project and the financing thereof by the Authority are consistent with the purposes of the Authority, with the Act and with Section 13, Article VIII of the Ohio Constitution and will create or preserve jobs and employment opportunities and improve the economic welfare of the people of the State and of the people within the jurisdiction of the Authority.

#### Section 4. Terms and Provisions of the Series 2019 Bonds.

(a) <u>General</u>. The Series 2019 Bonds shall be issued and secured under the terms of the CFC Trust Agreement. The Series 2019 Bonds shall be (i) designated "Customer Facility Charge Revenue Bonds, Series 2019", (ii) issued only in fully registered form, substantially as set forth in Exhibit A to the CFC First Supplemental Trust Agreement, (iii) numbered in such manner as determined by the Chief Financial Officer to distinguish each Series 2019 Bond from any other Series

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2019 Bond, (iv) dated as of the date of the issuance and delivery of the Series 2019 Bonds, (v) bear interest payable semi-annually on June 15 and December 15, commencing on the date designated in the Certificate of Award, (vi) signed by the Chair or the Chief Executive Officer and by the Chief Financial Officer, provided that one or both of such signatures may be a facsimile and (vii) in the denominations of \$5,000 or any integral multiple thereof.

- (b) Principal Maturities and Interest Rates. The Series 2019 Bonds shall mature on December 15 in the years and in the principal amounts to be determined by the Chief Financial Officer in the Certificate of Award; provided that the first principal payment date shall not be earlier than December 15, 2019 and that the last principal payment date shall not be later than December 15, 2048. The Series 2019 Bonds shall bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from their dated date, at the rates per annum to be determined by the Chief Financial Officer in the Certificate of Award; provided the true interest rate for the Series 2019 Bonds shall not exceed seven percent (7.00%). "True interest rate" as used in this paragraph means the rate, computed on a semiannual basis necessary to discount all payments of principal and interest on the Series 2019 Bonds to the aggregate original purchase price of the Series 2019 Bonds, exclusive of any accrued interest.
- (c) <u>Mandatory Sinking Fund Redemption</u>. The Series 2019 Bonds of one or more maturities may be subject to mandatory redemption prior to maturity, in accordance with the mandatory sinking fund requirements of the CFC Trust Agreement, on the date or dates and in the amounts to be determined by the Chief Financial Officer in the Certificate of Award.
- (d) Optional Redemption. The Series 2019 Bonds shall be subject to optional redemption prior to maturity, in accordance with the provisions of the CFC Trust Agreement, on the dates, in the years and at the redemption prices plus accrued interest to the redemption date, all of which shall be determined by the Chief Financial Officer in the Certificate of Award.
- (e) <u>Book Entry</u>. The Series 2019 Bonds shall be initially issued in the name of The Depository Trust Company ("*DTC*") or its nominee, as registered owner, immobilized in the custody of DTC or its designated agent, and shall be transferable or exchangeable in accordance with the CFC Trust Agreement.

<u>Section 5</u>. <u>Sale of the Series 2019 Bonds</u>. The Series 2019 Bonds are awarded and sold to Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of Raymond James & Associates, Inc., Loop Capital Markets LLC, and RBC Capital Markets, LLC (collectively, with the Representative, the "Original Purchasers") in accordance with the terms of this Resolution, the CFC Trust Agreement, the Bond Purchase Agreement and the Certificate of Award at a purchase price of not less than 97% of the aggregate principal amount of the Series 2019 Bonds.

The Chief Financial Officer is authorized and directed to determine the terms and provisions of the Series 2019 Bonds and the sale of the Series 2019 Bonds in accordance with the provisions of this Resolution in the Certificate of Award. Those determinations shall include the aggregate principal amount of the Series 2019 Bonds, the purchase price for the Series 2019 Bonds, the interest rates to be borne by the Series 2019 Bonds and the redemption provisions applicable to the Series 2019 Bonds. The Chief Financial Officer in the Certificate of Award may determine such other matters

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regarding the Series 2019 Bonds as permitted by this Resolution, the CFC Master Trust Agreement and the Act.

The Chief Financial Officer is also hereby authorized and directed to execute and deliver on behalf of the Authority the Bond Purchase Agreement between the Authority and the Original Purchasers, or the Representative on their behalf, in substantially the form now on file with the Secretary. That form of the Bond Purchase Agreement is hereby approved with such changes therein not materially adverse to the Authority as may be permitted by the CFC Trust Agreement and the Act and approved by the Chief Financial Officer on behalf of the Authority. The approval of any changes, and that such changes are not materially adverse to the Authority, shall be conclusively evidenced by the execution of the Bond Purchase Agreement by the Chief Financial Officer.

The Chief Executive Officer and the Chief Financial Officer are authorized to make the necessary arrangements on behalf of the Authority to establish the date, location, procedure and conditions for the delivery of the Series 2019 Bonds to the Original Purchasers. Those officers are further authorized to take all actions necessary to effect due execution, authentication and delivery of the Series 2019 Bonds under the terms of this Resolution, the Certificate of Award, the Bond Purchase Agreement and the CFC Trust Agreement.

It is determined by this Board that the purchase price for and the terms of the Series 2019 Bonds, and the sale thereof, all as provided in this Resolution, the Certificate of Award, the Bond Purchase Agreement and the CFC First Supplemental Trust Agreement, are in the best interest of the Authority and are in compliance with all legal requirements.

Section 6. Application of Proceeds of Series 2019 Bonds and Other Authority Moneys; Creation of Accounts. The Proceeds of the sale of the Series 2019 Bonds, together with other CFC Revenues previously collected by the Authority, shall be allocated and deposited as provided in the CFC First Supplemental Trust Agreement.

The Series 2019 Cost of Issuance Account (within the CFC Construction Fund), Series 2019 Interest Payment Subaccount (within the CFC Interest Payment Account of the CFC Debt Service Fund) and the Series 2019 Principal Payment Subaccount (within the CFC Principal Payment Account of the CFC Debt Service Fund), the Series 2019 Debt Service Reserve Account (within the CFC Debt Service Reserve Fund), and the Series 2019 Debt Service Coverage Account (within the CFC Debt Service Coverage Fund), each as defined in the CFC First Supplemental Trust Agreement, are hereby created and monies in those accounts and subaccounts shall be applied as provided in the CFC Trust Agreement.

Section 7. Security for the Series 2019 Bonds. The Series 2019 Bonds shall be special obligations of the Authority and shall be secured and payable solely from the revenues and funds as provided by or permitted in the CFC Trust Agreement. The Series 2019 Bonds do not constitute a debt, or a pledge of the faith and credit, of the Authority, the State or any other political subdivision of the State, and holders or owners of the Series 2019 Bonds have no right to have taxes levied by the General Assembly of Ohio or the taxing authority of any political subdivision of the State to pay Debt Service Charges on the Series 2019 Bonds. Each Series 2019 Bond shall contain a statement to that effect; provided, however, that nothing herein or in the Series 2019 Bonds or in the CFC Trust Agreement shall be deemed to prohibit the Authority, of its own volition, from using to the extent it

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is lawfully authorized to do so, any other resources or revenues for the fulfillment of any of the terms, conditions or obligations of the CFC Trust Agreement or the Series 2019 Bonds.

<u>Section 8</u>. <u>Covenants of Authority</u>. In addition to the other covenants and agreements of the Authority in the General Bond Resolution, this Resolution, the Certificate of Award and the CFC Trust Agreement, the Authority, by issuance of the Series 2019 Bonds, covenants and agrees with the owners thereof that:

- (a) The Authority will use the proceeds of the Series 2019 Bonds, (i) to acquire, construct and improve the Series 2019 Project, (ii) to the extent permitted by law and the CFC Trust Agreement, to pay costs of issuance (including the Original Purchasers' discount) of the Series 2019 Bonds and (iii) to fund the Series 2019 Debt Service Reserve Account and Series 2019 Debt Service Coverage Account to the extent required by the CFC First Supplemental Trust Agreement;
- (b) The Authority will immediately commence and will diligently undertake the acquisition and construction of the Series 2019 Project;
- (c) The Authority will segregate, for accounting purposes, the Pledged Revenues and the Funds established under the CFC Trust Agreement from all other revenues and funds of the Authority;
- (d) During the period commencing on the date of issuance of the Series 2019 Bonds and continuing as long as Series 2019 Bonds are Outstanding under the CFC Trust Agreement, the CFC will be determined and fixed in amounts sufficient to pay, together with other available monies, the Debt Service Charges on the Series 2019 Bonds and comply with the covenants contained in the CFC Trust Agreement;
- (e) The Secretary, or other appropriate officer of the Authority, will furnish to the Original Purchaser and to the Trustee a true transcript of proceedings, certified by the Secretary or other officer, of all proceedings had with reference to the issuance of the Series 2019 Bonds together with such information from the Authority's records as is necessary to determine the regularity and validity of such issuance;
- (f) The Authority will, at any and all times, cause to be done all such further acts and things and cause to be executed and delivered all such further instruments as may be necessary to carry out the purposes of the Series 2019 Bonds and the CFC Trust Agreement or as may be required by the Act and will comply with all requirements of law applicable to the Authority, to the Airport and the operation thereof, and to the Series 2019 Bonds;
- (g) The Authority will observe and perform all of its agreements and obligations provided for by the Series 2019 Bonds, and all of the obligations under this Resolution, the CFC First Supplemental Trust Agreement and the Series 2019 Bonds are hereby established as duties specifically enjoined by law and resulting from an office, trust or station upon the Authority within the meaning of Section 2731.01, Ohio Revised Code;
- <u>Section 9. Primary Offering Disclosure Official Statement.</u> The Chief Executive Officer and the Chief Financial Officer are each authorized and directed, on behalf of the Authority and in their official capacities, to (a) prepare or cause to be prepared, and make or authorize modifications,



completions or changes of or supplements to, a disclosure document in the form of an official statement relating to the original issuance of the Series 2019 Bonds in substantially the form as is now on file with the Secretary, (b) determine, and to certify or otherwise represent, when the official statement is to be "deemed final" (except for permitted omissions) by the Authority as of its date or is a final official statement for purposes of paragraph (b) of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), (c) use and distribute, or authorize the use and distribution of those official statements and any supplements thereto in connection with the original issuance of the Series 2019 Bonds, and (d) complete and sign those official statements and any supplements thereto as so approved, together with such certificates, statements or other documents in connection with the finality, accuracy and completeness of those official statements and any supplements, as they may deem necessary or appropriate.

Section 10. Application for Rating or Bond Insurance. If, in the judgment of the Chief Financial Officer, the filing of an application for (a) a rating on the Bonds by one or more nationally recognized rating agencies, or (b) a policy of insurance from a company or companies to better assure the payment of principal of and interest on the Series 2019 Bonds, is in the best interest of and financially advantageous to this Authority, the Chief Financial Officer is authorized to prepare and submit those applications, to provide to each such agency or company such information as may be required for the purpose, and to provide further for the payment of the cost of obtaining each such rating or policy from the proceeds of the Bonds to the extent available and otherwise from any other funds lawfully available and that are appropriated or shall be appropriated for that purpose. The Chief Financial Officer is hereby authorized, to the extent necessary or required, to enter into any agreements, in the name of and on behalf of the Authority, which the Chief Financial Officer determines to be necessary in connection with the obtaining of that bond insurance.

Section 11. Agreement to Provide Continuing Disclosure. For the benefit of the holders and beneficial owners from time to time of the Series 2019 Bonds, the Authority agrees to provide or cause to be provided such financial information and operating data, audited financial statements and notices of the occurrence of certain events, in such manner as may be required for purposes of the Rule. The Chief Executive Officer and the Chief Financial Officer are each authorized and directed to complete, sign and deliver the Continuing Disclosure Agreement, in the name and on behalf of the Authority, in substantially the form as is now on file with the Secretary. The Continuing Disclosure Agreement is approved, together with any changes or amendments that are not inconsistent with this Ordinance and not substantially adverse to the Authority and that are approved by the Chief Executive Officer and the Chief Financial Officer on behalf of the Authority, all of which shall be conclusively evidenced by the signing of the Continuing Disclosure Agreement or amendments thereto.

The Chief Financial Officer is further authorized and directed to establish procedures in order to ensure compliance by the Authority with its Continuing Disclosure Agreement, including timely provision of information and notices as described above. Prior to making any filing required under the Rule, the Chief Financial Officer shall consult with and obtain legal advice from, as appropriate, legal counsel to the Authority and bond or other qualified independent special counsel selected by the Authority. The Chief Financial Officer, acting in the name and on behalf of the Authority, shall be entitled to rely upon any such legal advice in determining whether a filing should be made. The performance by the Authority of its Continuing Disclosure Agreement shall be subject to the annual appropriation of any funds that may be necessary to perform it.

Resolution 23-19 Page 6 of 8



Section 12. CFC First Supplemental Trust Agreement. The Chief Executive Officer and the Chief Financial Officer are hereby authorized, in the name of and on behalf of the Authority, to execute and deliver to the Trustee the CFC First Supplemental Trust Agreement, substantially in the form now on file with the Secretary. That form of the CFC First Supplemental Trust Agreement is hereby approved with such changes therein as are not inconsistent with the Bond Legislation and not materially adverse to the Authority and which are permitted by the Act and shall be approved by the officers executing the CFC First Supplemental Trust Agreement. The approval of any changes, and that such changes are not materially adverse to the Authority, shall be conclusively evidenced by the execution of the CFC First Supplemental Trust Agreement by the Chief Executive Officer and the Chief Financial Officer.

Section 13. Bond Counsel. The legal services of the law firm of Squire Patton Boggs (US) LLP are hereby retained. Those legal services shall be in the nature of legal advice and recommendations as to the documents and the proceedings in connection with the authorization, sale and issuance of the Series 2019 Bonds and rendering at delivery related legal opinions. In providing those legal services, as an independent contractor and in an attorney-client relationship, that firm shall not exercise any administrative discretion on behalf of this Authority in the formulation of public policy, expenditure of public funds, enforcement of laws, rules and regulations of the State, the Authority or any other political subdivision, or the execution of public trusts. For those legal services that firm shall be paid just and reasonable compensation and shall be reimbursed for actual out-of-pocket expenses incurred in providing those legal services. The Chief Financial Officer is authorized and directed to make appropriate certification as to the availability of funds for those fees and any reimbursement and to issue an appropriate order for their timely payment as written statements are submitted by that firm.

Section 14. Municipal Advisor. The services of PFM Financial Advisors LLC, as municipal advisor, are hereby retained. The municipal advisory services shall be in the nature of financial advice and recommendations in connection with the issuance and sale of the Series 2019 Bonds. In rendering those municipal advisory services, as an independent contractor, that firm shall not exercise any administrative discretion on behalf of the Authority in the formulation of public policy, expenditure of public funds, enforcement of laws, rules and regulations of the State, the Authority or any other political subdivision, or the execution of public trusts. That firm shall be paid just and reasonable compensation for those municipal advisory services and shall be reimbursed for the actual out-of-pocket expenses it incurs in rendering those municipal advisory services. The Chief Financial Officer is authorized and directed to make appropriate certification as to the availability of funds for those fees and any reimbursement and to issue an appropriate order for their timely payment as written statements are submitted by that firm.

Section 15. Financing Costs. The expenditure of the amounts necessary to pay any financing costs in connection with the issuance of the Series 2019 Bonds is authorized and approved, and the Chief Financial Officer is authorized to provide for the payment of any such amounts and costs from the proceeds of the Series 2019 Bonds to the extent available and otherwise from any other funds lawfully available that are appropriated or shall be appropriated for that purpose.

<u>Section 16</u>. <u>Further Authorization</u>. The Chair of this Board, the Chief Executive Officer, the Chief Financial Officer, the General Counsel & Chief Administrative Officer, and other Authority officials, as appropriate, and any person serving in an interim or acting capacity for any such official,

Resolution 23-19 | Page 7 of 8



### **RESOLUTION 23-19**

are each hereby further authorized and directed to take such further actions and to execute and deliver any agreements, certificates, financing statements, documents or other instruments, as are consistent with the Master Trust Indenture, and as are necessary or appropriate in the judgment of such officers to perfect the transactions contemplated herein and the CFC Trust Agreement, or to protect the rights and interests of the Authority, the Trustee or the holders of the Series 2019 Bonds.

Section 17. Compliance with Open Meeting Law. It is found and determined that all formal actions of this Board concerning and relating to the passage of this Resolution were taken in an open meeting of this Board, and that all deliberations of this Board and of any of its committees that resulted in such formal actions, were in meetings open to the public, in compliance with the law.

Section 18. Effective Date. This Resolution shall be in full force and effect upon its adoption.

Resolution 23-19 | Page 8 of 8

### **EXHIBIT D**



# **BOARD OF DIRECTORS | MEETING MINUTES OF MARCH 26, 2019**

Present: William R. Heifner, Chair

Jordan A. Miller Jr., Vice Chair

Don M. Casto III Elizabeth P. Kessler Karen J. Morrison Susan Tomasky

Absent: Frederic Bertley

Paul Chodak III Terrance Williams

CRAA Executive Staff: Joseph R. Nardone, C.M., President & Chief Executive Officer

Randy Bush, Chief Financial Officer

Amanda Wickline, General Counsel & Chief Administrative Officer

Casey Denny, Chief Asset Officer

Shannetta Griffin, Chief Development Officer David Whitaker, Chief Commercial Officer

CRAA Staff: A. Beaver, J. Gardner, E. Gribble, C. Goodwin, R. Gray, T. Henson, J. Lizotte, J. Pemberton, B.

Sarkis, K. Shirer, A. Tabor

Others Present: Tom Core, Squire Patten Boggs

Amy Rosepiler, Burgess & Niple

Jim Thompson, Port Columbus Historical Society

#### **CALL TO ORDER**

Chair Heifner called the meeting of the Columbus Regional Airport Authority Board of Directors to order at 4:03 p.m. Tuesday, March 26, 2019.

#### **MINUTES**

Chair Heifner asked if there were any additions or corrections to the minutes of Feb. 26, 2019, meeting. Hearing none, Tomasky moved for approval; Kessler seconded. Motion passed.

### **COMMITTEE REPORTS**

### Air Service and Customer Experience Committee:

Kessler reported the committee had not met since the last Board meeting and that the committee's next meeting is May 28, 2019.

# Business Development and Logistics Committee:

Kessler reported the committee had not met since the last Board meeting and that the committee's next meeting is April 29, 2019.

#### Facilities and Services Committee:

Heifner reported the committee met on March 20, 2019 and discussed the following:

- Update to major capital projects report: CONRAC, utility corridor, escalators, LCK MOS, de-ice pad and Residence Inn.
- Capital spend updates-2018 delays pushed to 2019.
- Bush provided a recap of the rating agency visits and bond issuance process.
- Reviewed and discussed resolutions 20-19, 21-19, and 24-19 to come before the Board.
- The next Facilities and Services Committee meeting is April 17, 2019.

#### Finance and Audit Committee:

Miller reported the committee met prior to the Board meeting and discussed the following:

- Cyber security report.
- Bush provided an overview of the February financial statements.
- Reviewed resolutions 20-19, 22-19, and 23-19; the committee recommends approval.
- Bush provided a recap of the rating agency visits and bond issuance process.

### Human Resources Committee:

Casto reported the committee met prior to the Board meeting and discussed the following:

- 2019-2020 Health Benefits.
- Pay-for-Performance Programs.
- Next meeting is June 25, 2019.

#### President & CEO Report

Nardone provided brief remarks on the March President's Report as documented in the agenda, which may be obtained online:

https://columbusairports.com/about-us/leadership-team/craa-board-of-directors/craa-board-meetings-and-minutes

Nardone recognized Marla Rose, Columbus Dispatch; this is Marla's last week before moving to Nationwide Realty. Her knowledge of the aviation industry is unrivaled among her peers. Nardone wished her great success at Nationwide Realty.

Nardone shared *How to improve America's airports without a dime of taxpayer dollars* article, which features John Glenn Columbus International Airport. The article pertains to Passenger Facility Charges (PFC) 20 year-old cap and the Congressional support needed to increase PFCs to support major infrastructure improvements at airports nationwide.

#### **RESOLUTIONS VOTE**

**RESOLUTION #20-19** of the Columbus Regional Airport Authority authorizing purchases in the amount of \$190,456 under the Cooperative State of Ohio State Term Schedule (STS) contract #534550 with Sogeti USA, for professional services to migrate email accounts and mailboxes of the Columbus Regional Airport Authority to Microsoft Exchange Online / Office 365.

MOVED: J. Miller;	SECONDED: D. Casto
YEA: 6 NAY:	ABSTAIN:

**RESOLUTION #21-19** of the Columbus Regional Airport Authority authorizing a contract with B&B Sealing, LLC., dba Dura-Seal in the amount of \$648,141.95 for the Employee Lot and Green Lot Improvements at John Glenn Columbus International Airport.

MOVED:	D. Casto;	SECONDED: E. Kessler
YEA: 6	NAY:	ABSTAIN:

**RESOLUTION #22-19** authorizing the issuance of Customer Facility Charge revenue bonds from time to time for the purpose of paying the costs of port authority facilities in order to create or preserve jobs and employment opportunities and improve the economic welfare of the people of the state of Ohio, to refund customer facility charge revenue bonds or for any other lawful purpose and authorizing the execution and delivery of a Customer Facility Charge Master Trust

Agreement providing for the rights of the holders of the customer facility charge revenue bonds and pledging certain revenues and funds of the authority to secure those Customer Facility Charge revenue bonds.

MOVED: S. Tomasky; SECONDED: J. Miller YEA: 6 NAY: \_\_\_\_ ABSTAIN: \_\_\_\_

**RESOLUTION #23-19** authorizing the issuance of Customer Facility Charge revenue bonds, series 2019, in a maximum principal amount of \$110,000,000, for the purpose of paying the costs of certain port authority facilities, authorizing the execution and delivery of a customer facility charge first supplemental trust agreement, a bond purchase agreement and a continuing disclosure agreement, authorizing the use, distribution and execution of an official statement, and authorizing the execution and delivery of other instruments, documents or agreements appropriate to the foregoing and related matters.

MOVED: J. Miller; SECONDED: K. Morrison YEA: 6 NAY: \_\_\_\_ ABSTAIN: \_\_\_\_

**RESOLUTION #24-19** of the Columbus Regional Airport Authority ratifying the execution of a contingent real estate purchase and sale agreement for the sale of approximately 13.356 acres of land located at the southeast corner of Shook Road and London-Groveport Road near Rickenbacker International Airport.

MOVED: E. Kessler; SECONDED: K. Morrison YEA: 6 NAY: \_\_\_\_ ABSTAIN: \_\_\_\_

**RESOLUTION #25-19** the Columbus Regional Airport Authority authorizing the transfer of assets and the termination of Matrix Trust Company as the trustee of the Veba Trust in accordance with the amended and restated health plan effective May 1, 2019.

MOVED: D. Casto; SECONDED: J. Miller YEA: 6 NAY: \_\_\_\_ ABSTAIN: \_\_\_\_

#### **OTHER BUSINESS**

Heifner mentioned several topics for which he recommended reports to the full Board including the following: cyber security, enterprise risk, procurement, ethics and the basics of airport finance. Heifner stated that the reports on cyber security and enterprise risk may occur next month. With no further business brought before the Board, Casto motioned to adjourn; Miller seconded; Chair Heifner adjourned the meeting at 4:39 p.m. Tuesday, March 26, 2019.

Respectfully submitted,

osch R. Nardone

Joseph R. Nardone, C.M.

Secretary

JRN | tlh

# \$94,325,000

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

# REQUEST AND AUTHORIZATION FOR AUTHENTICATION AND DELIVERY OF BONDS

The Columbus Regional Airport Authority (the "Authority"), by its undersigned officer, requests and authorizes U.S. Bank National Association, in Columbus, Ohio, as Trustee under the Customer Facility Charge Master Trust Agreement between the Authority and the Trustee dated May 2, 2019 (the "CFC Master Trust Agreement"), as supplemented by the Customer Facility Charge First Supplemental Trust Agreement between the Authority and the Trustee dated May 2, 2019 (the "CFC First Supplemental Trust Agreement" and together with the CFC Master Trust Agreement, the "CFC Trust Agreement") and pertaining to the Series 2019 Bonds identified in the caption (the "Series 2019 Bonds"), to complete and to authenticate or cause to be authenticated, and to deliver on this date, the initial Series 2019 Bonds as authorized by Resolutions No. 22-19 and No. 23-19, each adopted by the Board of Directors of the Authority on March 26, 2019, and awarded to Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of Raymond James & Associates, Inc., Loop Capital Markets LLC and RBC Capital Markets, LLC (collectively, with the Representative, the "Original Purchasers"), by a Certificate of Award dated April 17, 2019 (collectively, the "Bond Legislation").

To the best knowledge of the undersigned officer, the Authority is not on the date hereof, and by issuance of the Series 2019 Bonds will not be, in default in the performance of any of its covenants, agreements or obligations provided for in the Bond Legislation, the Series 2019 Bonds, the CFC Master Trust Agreement or the CFC First Supplemental Trust Agreement.

The Series 2019 Bonds shall be delivered to or on the order of the Original Purchasers upon payment in federal funds of \$94,055,131.40, which amount reflects the purchase price of the Series 2019 Bonds (\$94,082,608.32) less the payment by the Original Purchasers to Assured Guaranty Municipal Corp. of \$27,476.92, all in accordance with the Bond Legislation.

The Series 2019 Bonds to be initially authenticated and delivered will be dated May 2, 2019, and will bear interest and mature on the dates and in the principal amounts all as provided in the Certificate of Award.

The Series 2019 Bonds shall be fully registered, one for each maturity of the Series 2019 Bonds, numbered as determined by in the Certificate of Award, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as designated by the Original Purchasers.

# COLUMBUS REGIONAL AIRPORT AUTHORITY

By:

Dated: May 2, 2019

T. Randal Bush

Chief Financial Officer

### \$94,325,000

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

# SIGNATURE AND NO-LITIGATION CERTIFICATE

# 1. We certify that:

- (A) We have caused our signatures to be affixed to the Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 Bonds"), issued by the Columbus Regional Airport Authority (the "Authority"), as more particularly described in the Customer Facility Charge Master Trust Agreement between the Authority and U.S. Bank National Association (the "Trustee") dated May 2, 2019 (the "CFC Master Trust Agreement"), as supplemented by the Customer Facility Charge First Supplemental Trust Agreement between the Authority and the Trustee dated May 2, 2019 (the "CFC First Supplemental Trust Agreement"); and together with the CFC Master Trust Agreement, the "CFC Trust Agreement");
- (B) The facsimiles of our signatures on the Series 2019 Bonds are our duly authorized facsimile signatures; and
- (C) We were, on the date of the Series 2019 Bonds and on the date of the authentication of the Series 2019 Bonds, and we are now, the duly chosen, qualified and acting officials indicated on the Series 2019 Bonds and herein and are authorized to execute the same in the manner appearing thereon.
  - 2. We further certify, as of the date hereof, that:
- To our knowledge, after due inquiry, no litigation is pending or threatened in any way (i) affecting the corporate existence of the Authority, (ii) seeking to restrain or enjoin the issuance, sale or delivery of the Series 2019 Bonds or the execution and delivery of the CFC Master Trust Agreement or the CFC First Supplemental Trust Agreement, (iii) contesting or questioning the proceedings and authority under which the Series 2019 Bonds and the CFC Master Trust Agreement and the CFC First Supplemental Trust Agreement have been authorized, executed or delivered, (iv) contesting or questioning the validity of the Series 2019 Bonds or the CFC Master Trust Agreement and the CFC First Supplemental Trust Agreement, or (v) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Authority or the transactions contemplated by the Preliminary Official Statement as of its date and as of the date of the Bond Purchase Agreement, the Official Statement as of its date and as of the date of this certificate, or the Bond Purchase Agreement, the CFC Trust Agreement, the Series 2019 Bonds, and the Disclosure Agreement (capitalized terms in this paragraph not otherwise defined in this certificate are used as defined in the Bond Purchase Agreement dated April 17, 2019 (the "Bond Purchase Agreement"), between the Authority and the Underwriters identified therein, relating to the Series 2019 Bonds);

- (B) No authority or proceedings for the issuance of the Series 2019 Bonds or for the payment or security of the Series 2019 Bonds or for the execution and delivery of the CFC Master Trust Agreement or the CFC First Supplemental Trust Agreement has or have been repealed, amended, revoked or rescinded; and
- (C) William R. Heifner is the duly appointed, qualified and acting Chairperson of the Board of Directors of the Authority and the signature set forth below is his true and genuine signature.

The date of this certificate is May 2, 2019.

Signatures

Titles

President & CEO

Chief Financial Officer

The undersigned, William R. Heifner, Chairperson of the Board of Directors of the Authority, hereby certifies that Joseph R. Nardone and T. Randal Bush are President & CEO and Chief Financial Officer, respectively, for the Authority, on the date set forth above, and that their foregoing signatures are true and genuine.

Dated: May 2, 2019

Chairperson, Board of Directors of the Columbus Regional Airport Authority

### \$94,325,000

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

# CERTIFICATE OF THE AUTHORITY PURSUANT TO SECTION 8(g)(vi) OF THE BOND PURCHASE AGREEMENT

This certificate is given pursuant to Section 8(g)(vi) of the Bond Purchase Agreement dated April 17, 2019 (the "Bond Purchase Agreement"), between the Columbus Regional Airport Authority (the "Authority") and the Underwriters identified therein, relating to the above-captioned bond issue (the "Series 2019 Bonds"). Capitalized terms not otherwise defined in this certificate are used as defined in the Bond Purchase Agreement.

In our official capacities with the Authority as identified below, we certify on behalf of the Authority that:

- 1. The representations and agreements of the Authority contained in the Bond Purchase Agreement are true and correct in all material respects as of the date of this certificate.
- 2. The Legal Documents have been duly authorized and executed and are in full force and effect.
- 3. Based on our review of the Preliminary Official Statement dated April 9, 2019 (the "Preliminary Official Statement"), and the Official Statement dated April 17, 2019 (the "Official Statement"), each prepared by the Authority and relating to the Series 2019 Bonds, and such investigation and inquiries of our staffs as we deemed necessary in the circumstances in order to make this certification, except as to any information contained therein under the caption "UNDERWRITING" (except the first paragraph thereof), information on the cover or inside cover thereof as to CUSIP numbers for or the yield or offering prices of the Series 2019 Bonds and in APPENDIX F— Book-Entry-Only System; DTC, as to which no representation is made, on the respective dates of the Preliminary Official Statement and the Official Statement and on the date of delivery of the Series 2019 Bonds to the original purchasers thereof (being the date of this certificate), the Preliminary Official Statement and the Official Statement did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.
- 4. Since the respective dates of the Preliminary Official Statement and the Official Statement nothing has occurred that has caused, or that might reasonably be expected to cause, a material adverse change in the condition or prospects of the Authority.
- 5. The Preliminary Official Statement was "deemed final" (except for permitted omissions) by the Authority as of its date for purposes of SEC Rule 15c2-12.
- 6. The Official Statement delivered to Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Representative on behalf of the Underwriters, subsequent to the sale of the

Series 2019 Bonds is a "final Official Statement" in the judgment of the Authority for purposes of SEC Rule 15c2-12.

Dated: May 2, 2019

COLUMBUS REGIONAL AIRPORT AUTHORITY

President and CEO

Chief Financial Officer

# \$94,325,000

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

# CERTIFICATE OF THE AUTHORITY PURSUANT TO SECTION 8(g)(vii) OF THE BOND PURCHASE AGREEMENT

The undersigned, the Chief Financial Officer of the Columbus Regional Airport Authority (the "Authority"), in connection with the Preliminary Official Statement dated April 9, 2019 (the "Preliminary Official Statement"), and the Official Statement dated April 17, 2019 (the "Official Statement"), each prepared by the Authority and relating to the above-captioned bond issue (the "Series 2019 Bonds"), certifies on behalf of the Authority that (i) the financial statements of the Authority as of December 31, 2018 and 2017 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Authority as of the dates and for the periods therein set forth, and (ii) except as disclosed in the Preliminary Official Statement and the Official Statement, since December 31, 2018, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the Authority and the Authority has not incurred since December 31, 2018, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement.

Dated: May 2, 2019

COLUMBUS REGIONAL AIRPORT AUTHORITY

By: Vand Officer

### \$94,325,000

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

# CERTIFICATE OF EXECUTION, INCUMBENCY AND AUTHORITY

The undersigned does hereby certify the following:

- 1. I am a duly elected, qualified and acting Vice President of U.S. Bank National Association (the "Bank"), a national banking association organized and existing under the laws of the United States of America, am familiar with the corporate records and officers of the Bank, and am duly authorized to execute this Certificate;
- 2. The Bank has duly accepted its appointments as Trustee under the Customer Facility Charge Master Trust Agreement (the "CFC Master Trust Agreement") and the Customer Facility Charge First Supplemental Trust Agreement (the "CFC First Supplemental Trust Agreement"), both dated May 2, 2019, by and between the Columbus Regional Airport Authority (the "Authority") and the Bank, as Trustee, relating to the issuance of the above captioned Bonds (the "Series 2019 Bonds");
- 3. The CFC Master Trust Agreement and the CFC First Supplemental Trust Agreement have been duly executed and delivered in several counterparts in the name and on behalf of the Bank, as Trustee, by me, a duly elected, qualified and acting Vice President of the Bank and the executed CFC Master Trust Agreement and CFC First Supplemental Trust Agreement have been delivered to the Authority by the Bank;
- 4. The persons listed on Exhibit "A" attached hereto and made a part hereof are duly elected, qualified and acting officers of the Bank; hold the offices set forth opposite their respective names and such officers have each been duly authorized to execute and deliver the Series 2019 Bonds;
- 5. Also included as Exhibit "B" and made a part hereof is a true and correct copy of Article VI of the Bylaws of the Bank (the "Bylaws") authorizing the officers of the Bank listed on Exhibit "B" to execute the CFC Master Trust Agreement and the CFC First Supplemental Trust Agreement and other instruments, documents and certificates in connection therewith; the Bank duly adopted said Bylaws, and said Article VI of the Bylaws has not been rescinded or modified and is in full force and effect as of this date; and
- 6. The Bank has full authority to exercise corporate trust powers in the State of Ohio as granted by the Comptroller of the Currency under the provisions of 12 United States Code Section 92a, as evidenced by the certificate of the Comptroller of the Currency, a copy of which is attached hereto as Exhibit "C" and made a part hereof.

[Remainder of this page intentionally left blank; signature page to follow]

Name: Katherine Esber

Title: Vice President

The undersigned does hereby certify that the undersigned is a duly elected, qualified and acting Vice President of the Bank and does further certify that Katherine Esber is an Vice President of the Bank and that such officer's signature set forth above is such officer's true and genuine signature.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 2<sup>nd</sup> day of May, 2019.

Title: Vice President

# Exhibit A

Name Office Signature



# U.S. BANK NATIONAL ASSOCIATION ASSISTANT SECRETARY CERTIFICATE

I, Linda E. Bidon, an Assistant Secretary of U.S. Bank National Association, hereby certify that the following is a true and exact extract from the Bylaws of U.S. Bank National Association, a national banking association organized under the laws of the United States (the "Association").

# ARTICLE VI. CONVEYANCES, CONTRACTS, ETC.

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

I further certify the following individuals are duly appointed and qualified officers of the Association authorized to act under Article VI of the Bylaws of the Association and that such authority is in full force and effect as of the date hereof and have not been modified, amended or revoked.

D : 1 1 D	*** *** .	5 11 0111 1	***
Daniel A. Boyers	Vice President	David A. Schlabach	Vice President
Michael J. Dockman	Vice President	William E. Sicking	Vice President
Katherine A. Esber	Vice President	Elizabeth A. Thuning	Vice President
Carla D. Hofmann	Vice President	Brian D. True	Vice President
Keith A. Maurmeier	Vice President	Michelle D. Lemon	Asst. Vice President
Christopher M. McKim	Vice President	Margaret A. Gerbus	Trust Officer
Scott R. Miller	Vice President	Monica L. Slater	Trust Officer
Holly H. Pattison	Vice President		

IN WITNESS WHEREOF, I have set my hand this 15th day of April, 2019.

(No corporate seal)

Linda E. Bidon, Assistant Secretary

gurda E. Bida

# Exhibit B

**Bylaws** 

# AMENDED AND RESTATED BYLAWS OF U.S. BANK NATIONAL ASSOCIATION

# ARTICLE I. MEETINGS OF SHAREHOLDERS

# Section 1. Annual Meeting

The annual meeting of the shareholders, for the election of directors and the transaction of other business, shall be held at a time and place as the Chairman or President may designate.

# Section 2. <u>Special Meetings</u>

Special meetings of shareholders may be called and held at such times and upon such notice as is specified in the Articles of Association.

# Section 3. Quorum

A majority of the outstanding capital stock represented in person or by proxy shall constitute a quorum of any meeting of the shareholders, unless otherwise provided by law, but less than a quorum may adjourn any meeting, from time to time, and the meeting may be held as adjourned without further notice.

# Section 4. Inspectors

The Board of Directors may, and in the event of its failure so to do, the Chairman of the Board may appoint Inspectors of Election who shall determine the presence of quorum, the validity of proxies, and the results of all elections and all other matters voted upon by shareholders at all annual and special meetings of shareholders.

# Section 5. Voting

In deciding on questions at meetings of shareholders, except in the election of directors, each shareholder shall be entitled to one vote for each share of stock held. A majority of votes cast shall decide each matter submitted to the shareholders, except where by law a larger vote is required. In all elections of directors, each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares equal, or to distribute them on the same principle among as many candidates as he shall think fit.

#### Section 6. Waiver and Consent

The shareholders may act without notice or a meeting by a unanimous written consent by all shareholders.

# ARTICLE II. BOARD OF DIRECTORS

# Section 1. Term of Office

The directors of this Association shall hold office for one year and until their successors are duly elected and qualified.

### Section 2. Number

As provided in the Articles of Association, the Board of this Association shall consist of not less than five nor more than twenty-five members. At any meeting of the shareholders held for the purpose of electing directors, or changing the number thereof, the number of directors may be determined by a majority of the votes cast by the shareholders in person or by proxy. Any vacancy occurring in the Board shall be filled by the remaining directors. Between meetings of the shareholders held for the purpose of electing directors, the Board by a majority vote of the full Board may increase the size of the Board by not more than four directors in any one but not to more than a total of twenty-five directors, and fill any vacancy so created in the Board. All directors shall hold office until their successors are elected and qualified.

# Section 3. Regular Meetings

The organizational meeting of the Board of Directors shall be held as soon as practicable following the annual meeting of shareholders at such time and place as the Chairman or President may designate. Other regular meetings of the Board of Directors shall be held quarterly at such time and place as may be designated in the notice of the meeting. When any regular meeting of the Board falls on a holiday, the meeting shall be held on the next banking business day, unless the Board shall designate some other day.

### Section 4. Special Meetings

Special meetings of the Board of Directors may be called by the Chairman of the Board of the Association, or at the request of three or more Directors. Notice of the time, place and purposes of such meetings shall be given by letter, by telephone, in person, by facsimile, by electronic mail or other reasonable manner to every Director.

### Section 5. Quorum

A majority of the entire membership of the Board shall constitute a quorum of any meeting of the Board.

# Section 6. <u>Necessary Vote</u>

A majority of those Directors present and voting at any meeting of the Board of Directors shall decide each matter considered, except where otherwise required by law or the Articles or Bylaws of this Association.

# Section 7. Compensation

Directors, excluding full-time employees of the Bank, shall receive such reasonable compensation as may be fixed from time to time by the Board of Directors.

# ARTICLE III. OFFICERS

# Section 1. Who Shall Constitute

The Officers of the Association shall be a Chairman of the Board, Chief Executive Officer, a President, a Secretary, and other officers such as Vice Chairman of the Board, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, Assistant Secretaries, Trust Officers, Assistant Trust Officers, Controller, and Assistant Controller, as the Board may appoint from time to time. The Board may choose to delegate authority to elect officers other than the Chairman, Chief Executive Officer, President, Secretary, Vice Chairman and Executive Vice Presidents, to the Chief Executive Officer or President. Any person may hold two offices. The Chief Executive Officer and the President shall at all times be members of the Board of Directors.

### Section 2. Term of Office

All officers shall be elected for and shall hold office until their respective successors are elected and qualified or until their earlier death, resignation, retirement, disqualification or removal from office, subject to the right of the Board of Directors in its sole discretion to discharge any officer at any time.

# Section 3. Chairman of the Board

The Chairman of the Board shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors. He shall, when present, preside at all meetings of the shareholders and directors and shall be ex officio a member of all committees of the Board.

### Section 4. Chief Executive Officer

The Chief Executive Officer, who may also be the Chairman or the President, shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors.

### Section 5. President

The President shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the board of Directors. In addition, if designated by the Board of Directors, the President shall be the Chief Executive Officer and shall have all the powers and duties of the Chief Executive Officer, including the same power to name temporarily a Chief Executive Officer to serve in the absence of the President if there is a vacancy in the position of the chairman or in the event of the absence or incapacity of the Chairman.

### Section 6. Vice Chairmen of the Board

The Board of Directors shall have the power to elect one or more Vice Chairmen of the Board of Directors. Any such Vice Chairman of the Board shall participate in the formation of the policies of the Association and shall have such other duties as may be assigned to him from time to time by the Chairman of the Board or by the Board of Directors.

### Section 7. Other Officers

The Secretary and all other officers appointed by the Board of Directors shall have such duties as defined by law and as may from time to time be assigned to them by the Chief Executive Officer or the Board of Directors.

# ARTICLE IV. COMMITTEES

# Section 1. <u>Compensation Committee</u>

The duties of the Compensation Committee of the Association shall be carried out by the Compensation Committee of the financial holding company that is the parent of this Association.

# Section 2. Committee on Audit

The duties of the Audit Committee of the Association shall be carried out by the Audit Committee of the financial holding company that is the parent of this Association.

# Section 3. Trust Risk Management Committee

The Board of Directors of this Association shall appoint a Trust Risk Management Committee to provide oversight of the fiduciary activities of the Association. The Trust Risk Management Committee shall determine policies governing fiduciary activities. The Trust Risk Management Committee or such sub-committees, officers or others as may be duly designated by the Trust Risk Management Committee shall oversee the processes related to fiduciary activities to assure conformity with fiduciary policies it establishes, including ratifying the acceptance and the closing out or relinquishment of all trusts. All actions of the Trust Risk Committee shall be reported to the Board of Directors.

### Section 4. Other Committees

The Board of Directors may appoint, from time to time, other committees for such purposes and with such powers as the Board may direct.

# ARTICLE V. MINUTE BOOK

The organization papers of this Association, the Bylaws as revised or amended from time to time and the proceedings of all regular and special meetings of the shareholders and the directors shall be recorded in a minute book or books. All reports of committees required to be made to the Board shall be recorded in a minute book or shall be filed by the recording officer. The minutes of each meeting of the shareholders and the Board shall be signed by the recording officer.

# ARTICLE VI. CONVEYANCES, CONTRACTS, ETC.

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

# ARTICLE VII. SEAL

The Association shall have no corporate seal.

# ARTICLE VIII. INDEMNIFICATION OF DIRECTORS, OFFICERS, AND EMPLOYEES

Section 1. General.

The Association shall indemnify to the full extent permitted by and in the manner permissible under the Delaware General Corporation Law, as amended from time to time (but, in the case of any such amendment, only to the extent that such amendment permits the Association to provide broader indemnification rights than said law permitted the Association to provide

prior to such amendment), any person made, or threatened to be made, a party to any action, suit, or proceeding, whether criminal, civil, administrative, or investigative, by reason of the fact that such person (i) is or was a director, advisory director, or officer of the Association or any predecessor of the Association, or (ii) is or was a director, advisory director or officer of the Association or any predecessor of the Association and served any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, advisory director, officer, partner, trustee, employee or agent at the request of the Association or any predecessor of the Association; provided, however, that the Association shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person, except for a proceeding contemplated by Section 4 of this Article VIII, only if such proceeding (or part thereof) was authorized by the Board of Directors.

# Section 2. Advancement of Expenses.

The right to indemnification conferred in this Article VIII shall be a contract right and shall include the right to be paid by the Association the expenses incurred in defending any such proceeding or threatened proceeding in advance of its final disposition, such advances to be paid by the Association within 20 days after the receipt by the Association of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director, advisory director or officer in his or her capacity as a director, advisory director or officer (and not in any other capacity in which service was or is rendered by such person while a director, advisory director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Association of an undertaking by or on behalf of such director, advisory director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director, advisory director or officer is not entitled to be indemnified under this Article VIII or otherwise.

# Section 3. Procedure for Indemnification.

To obtain indemnification under this Article VIII, a claimant shall submit to the Association a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this Section 3, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by a majority vote of the Disinterested Directors (as hereinafter defined), even though less than a quorum, or by a majority vote of a committee of Disinterested Directors designated by a majority vote of Disinterested Directors, even though less than a quorum, or (ii) if there are no Disinterested Directors or if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 10 days after such determination.

### Section 4. Certain Remedies.

If a claim under Section 1 of this Article VIII is not paid in full by the Association within thirty days after a written claim pursuant to Section 3 of this Article VIII has been received by the Association, or if a claim under Section 2 of this Article VIII is not paid in full by the Association within twenty days after a written claim pursuant to Section 2 of this Article VIII has been received by the Association, the claimant may at any time thereafter bring suit against the Association to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Association) that the claimant has not met the standard of conduct which makes it permissible under the General Corporation Law of the State of Delaware for the Association to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Association. Neither the failure of the Association (including its Board of Directors or Independent Counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Association (including its Board of Directors or Independent Counsel) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

# Section 5. Binding Effect.

If a determination shall have been made pursuant to Section 3 of this Article VIII that the claimant is entitled to indemnification, the Association shall be bound by such determination in any judicial proceeding commenced pursuant to Section 4 of this Article VIII.

# Section 6. Validity of this Article VIII.

The Association shall be precluded from asserting in any judicial proceeding commenced pursuant to Section 4 of this Article VIII that the procedures and presumptions of this Article VIII are not valid, binding and enforceable and shall stipulate in such proceeding that the Association is bound by all the provisions of this Article VIII.

# Section 7. Nonexclusivity, etc.

The right to indemnification and the payment of expenses incurred in defending a proceeding or threatened proceeding in advance of its final disposition conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Association, Bylaws, agreement, vote of shareholders or Disinterested Directors or otherwise. No repeal or modification of this Article VIII, or adoption of any provision inconsistent herewithshall in any way diminish or adversely affect the rights of any present or former director, advisory director, officer, employee or agent of the Association or any predecessor thereof hereunder in respect of any occurrence or matter

arising, or of any claim involving allegations of acts or omissions occurring or arising, prior to any such repeal or modification.

# Section 8. Insurance.

The Association may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Association or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware. To the extent that the Association maintains any policy or policies providing such insurance, each such director or officer, and each such agent or employee to whom rights to indemnification have been granted as provided in Section 9 of this Article VIII, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such director, officer, employee or agent.

### Section 9. Indemnification of Other Persons.

The Association may grant rights to indemnification, and rights to be paid by the Association the expenses incurred in defending any proceeding in advance of its final disposition, to any present or former employee or agent of the Association or any predecessor of the Association to the fullest extent of the provisions of this Article VIII with respect to the indemnification and advancement of expenses of directors, advisory directors and officers of the Association.

# Section 10. Severability.

If any provision or provisions of this Article VIII shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Article VIII (including, without limitation, each portion of any paragraph of this Article VIII containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Article VIII (including, without limitation, each such portion of any paragraph of this Article VIII containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

# Section 11. Certain Definitions.

For purposes of this Article VI:

- (I) "Disinterested Director" means a director of the Association who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.
- (2) "Independent Counsel" means a law firm, a member of a law firm, or an independent practitioner that is experienced in matters of corporation law and shall

include any such person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Association or the claimant in an action to determine the claimant's rights under this Article VIII.

# Section 12. Notices.

Any notice, request or other communication required or permitted to be given to the Association under this Article VIII shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Association and shall be effective only upon receipt by the Secretary.

# Section 13. Payments

Notwithstanding any other provision of this Article VIII, however, (a) any indemnification payments to an institution-affiliated party, as defined at 12 USC 1813(u), for an administrative proceeding or civil action initiated by a federal banking agency, shall be reasonable and consistent with the requirements of 12 USC 1828(k) and the associated regulations; and (b) any indemnification payments and advancement of costs and expenses to an institution-affiliated party, as defined at 12 USC 1813(u), in cases involving an administrative proceeding or civil action not initiated by a federal banking agency, shall be consistent with safe and sound banking practices.

# ARTICLE IX. AMENDMENTS

These Bylaws, or any of them, may be added to, altered, amended or repealed by the Board at any regular or special meeting of the Board.

# ARTICLE X. GOVERNING LAW

This Association designates the Delaware General Corporation Law, as amended from time to time, as the governing law for its corporate governance procedures, to the extent not inconsistent with Federal banking statutes and regulations.

March 4, 2009

# Exhibit C

# Comptroller Certificate

Washington, DC 20219

#### CERTIFICATION OF FIDUCIARY POWERS

- I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:
- The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.
- 2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today,

January 21, 2015, I have hereunto
subscribed my name and caused my seal of
office to be affixed to these presents at the
U.S. Department of the Treasury, in the City
of Washington, District of Columbia.



Comptroller of the Currency

# \$94,325,000

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

# CERTIFICATE OF EXECUTION, AUTHENTICATION, DELIVERY, PAYMENT AND RECEIPT

The undersigned duly authorized representative of U.S. Bank National Association, as Trustee (the "*Trustee*") under the under the Customer Facility Charge Master Trust Agreement by and between the Columbus Regional Airport Authority (the "*Authority*") and the Trustee dated May 2, 2019 (the "*CFC Master Trust Agreement*"), as supplemented by the Customer Facility Charge First Supplemental Trust Agreement by and between the Issuer and the Trustee dated May 2, 2019 (the "*CFC First Supplemental Trust Agreement*" and together with the CFC Master Trust Agreement, the "*CFC Trust Agreement*"), hereby certifies with respect to the above-captioned Series 2019 Bonds (the "*Series 2019 Bonds*") that (unless otherwise defined herein, capitalized words and terms used herein are used or defined as provided in the CFC Trust Agreement):

- 1. The Series 2019 Bonds have been delivered to, or upon the order of, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of Raymond James & Associates, Inc., Loop Capital Markets LLC and RBC Capital Markets, LLC (collectively, with the Representative, the "Underwriters"), in respect of payment to the Authority of the amount of \$94,055,131.40, which represents the purchase price of the Series 2019 Bonds (\$94,082,608.32) less the payment by the Underwriters to Assured Guaranty Municipal Corp. of \$27,476.92.
- 2. The CFC Master Trust Agreement and the CFC First Supplemental Trust Agreement were duly executed, acknowledged and delivered for and in the name and on behalf of the Trustee and such CFC Master Trust Agreement and the CFC First Supplemental Trust Agreement are in full force and effect on the date hereof and have not been amended, modified or supplemented.
- 3. Pursuant to the provisions of the CFC Trust Agreement, the Trustee has duly authenticated the Series 2019 Bonds by causing the Trustee's Certificate of Authentication on each of the Series 2019 Bonds to be executed in its name and on its behalf by a duly authorized signer of the Trustee.
  - 4. The Trustee has received the following:
    - a. A certified copy of Resolution No. 22-19 adopted by the Board of Directors of the Authority on March 26, 2019, authorizing the execution and delivery of the CFC Master Trust Agreement (the "General Bond Resolution").

- b. A certified copy of Resolution No. 23-19 adopted by the Board of Directors of the Authority on March 26, 2019, authorizing the execution and delivery of the CFC First Supplemental Trust Agreement and authorizing the issuance and delivery of the Series 2019 Bonds (the "Series 2019 Resolution").
- c. A certificate of an Authorized Officer provided for in Section 2.04(b)(ii) of the CFC Master Trust Agreement.
- d. An original executed counterpart of the CFC Master Trust Agreement.
- e. An original executed counterpart of the CFC First Supplemental Trust Agreement.
- f. A request and authorization to the Trustee on behalf of the Authority, signed by an Authorized Officer, to authenticate and deliver the Series 2019 Bonds to, or on the order of, the Original Purchasers, upon payment of the sum specified in that request and authorization.
- g. The written opinion of counsel required by Section 2.04(b)(vi) of the CFC Master Trust Agreement.
- 5. The lowest numbered Bond authenticated is executed Bond No. R-1.
- 6. The Trustee has no Bonds in fully registered form which are not authenticated and are blank as to registered owner, amount and maturity.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated: May 2, 2019

Title: VILE PRESIDENT

# \$94,325,000 Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

### CROSS RECEIPT

The undersigned, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of Raymond James & Associates, Inc., Loop Capital Markets LLC and RBC Capital Markets, LLC (collectively, with the Representative, the "Underwriters") hereby acknowledges receipt from the Columbus Regional Airport Authority (the "Authority") of the aggregate principal amount of the above-captioned issue of Bonds (the "Series 2019 Bonds") which have been delivered to the Underwriters pursuant to the request and authorization of the Authority contained in Resolution No. 23-19 adopted by the Board of Directors of the Authority on March 26, 2019 (the "Bond Resolution") and the Certificate of Award executed pursuant thereto.

As payment in full of the agreed purchase price for the Series 2019 Bonds, the Underwriters have paid in immediately available funds of the United States of America to (i) U.S. Bank National Association, as Trustee under the CFC Master Trust Agreement, as supplemented by the CFC First Supplemental Trust Agreement, both dated May 2, 2019 (collectively, the "CFC Trust Agreement"), each by and between the Authority and the Trustee, the amount of \$93,454,106.40, (ii) the Authority, the amount of \$601,025.00, and (iii) Assured Guaranty Municipal Corp., as the provider of a municipal bond insurance policy insuring the payment of the payment of principal of and interest on the Series 2019 Bonds maturing in the years 2030 through 2032, the amount of \$27,476.92, which payments in the aggregate represent the principal amount of the Series 2019 Bonds (\$94,325,000) less an underwriter's discount of \$242,391.68, there being no accrued interest on the Series 2019 Bonds.

MERRILL LYNCH, PIERCE, FENNER & SMITH, INCORPORATED, as Representative

Dated: May 2, 2019

Title:

Receipt is hereby acknowledged as Trustee and on behalf of the Authority of \$93,454,106.40, representing the principal amount of the Series 2019 Bonds (\$94,325,000), less an underwriter's discount of \$242,391.68, less the payment to the Authority of \$601,025.00, and less the payment to Assured Guaranty Municipal Corp. of \$27,476.92, there being no accrued interest on the Series 2019 Bonds.

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

Dated: May 2, 2019

Receipt is hereby acknowledged by the Authority of \$601,025.00, representing the principal amount of the Series 2019 Bonds (\$94,325,000), less an underwriter's discount of \$242,391.68, less the payment to the Trustee on behalf of the Authority of \$93,454,106.40, and less the payment to Assured Guaranty Municipal Corp. of \$27,476.92, there being no accrued interest on the Series 2019 Bonds.

> COLUMBUS REGIONAL AIRPORT **AUTHORITY**

Dated: May 2, 2019

Chief Financial Officer



Squire Patton Boggs (US) LLP 2000 Huntington Center 41 South High Street Columbus, OH 43215

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May 2, 2019

To: Columbus Regional Airport Authority Columbus, Ohio

> Merrill Lynch, Pierce, Fenner & Smith Incorporated As Representative on behalf of the Underwriters Chicago, Illinois

We have served as bond counsel to our client the Columbus Regional Airport Authority (the "Authority") in connection with the issuance by the Authority of its \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 Bonds"), dated the date of this letter.

The Series 2019 Bonds are issued and secured pursuant to the Constitution of the State of Ohio, Sections 4582.21 through 4582.99 of the Revised Code, Resolutions No. 22-19 and No. 23-19, both duly adopted by the Board of Directors of the Authority on March 26, 2019, and the Certificate of Award executed by the Authority (collectively, the "Bond Legislation") and the Customer Facility Charge Master Trust Agreement (the "CFC Master Trust Agreement") and the Customer Facility Charge First Supplemental Trust Agreement (the "CFC First Supplemental Trust Agreement"), both dated May 2, 2019 (collectively, the "CFC Trust Agreement"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined in this letter are used as defined in the CFC Trust Agreement.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2019 Bonds, a conformed copy of the signed and authenticated Series 2019 Bond of the first maturity, the Bond Legislation, the CFC Trust Agreement, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

- 1. The Series 2019 Bonds and the CFC Trust Agreement are valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
- 2. The Series 2019 Bonds constitute special obligations of the Authority, and the principal of and interest on (collectively, "debt service") the Series 2019 Bonds are payable from and secured solely by the Pledged Revenues and the Pledged Funds. The payment of debt service on the Series 2019 Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Series 2019

Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of Ohio, or any of its political subdivisions.

3. Interest on, and any profit made on the sale, exchange or other disposition of, the Series 2019 Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Series 2019 Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Authority.

The rights of the owners of the Series 2019 Bonds and the enforceability of the Series 2019 Bonds and the CFC Trust Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

We express no opinion as to the Statement of Insurance on certain of the Series 2019 Bonds or as to the insurance referred to in that statement.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2019 Bonds is concluded upon delivery of this letter.

Respectfully submitted,

Squin Pathe Boggs (US) LLP



Squire Patton Boggs (US) LLP 2000 Huntington Center 41 South High Street Columbus, OH 43215

O +1 614 365 2700 F +1 614 365 2499 squirepattonboggs.com

May 2, 2019

To: Columbus Regional Airport Authority Columbus, Ohio

Merrill Lynch, Pierce, Fenner & Smith Incorporated
As Representative on behalf of the Underwriters
Chicago, Illinois

### Ladies and Gentlemen:

We have served as bond counsel to our client the Columbus Regional Airport Authority (the "Authority") in connection with the issuance by the Authority of its \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 Bonds"), dated the date of this letter.

We have delivered on this date our opinion letter as bond counsel in connection with the original issuance of the Series 2019 Bonds. This supplemental opinion letter is rendered pursuant to Section 8(g)(ii) of the Bond Purchase Agreement, dated April 17, 2019 (the "Purchase Agreement"), between the Authority and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative of the Underwriters identified in the Purchase Agreement (collectively, the "Underwriters"). Capitalized terms not otherwise defined in this letter are used as defined in the Purchase Agreement.

In accordance with the terms of our engagement as bond counsel, we reviewed (a) the Preliminary Official Statement dated April 9, 2019 (the "Preliminary Official Statement") and (b) the Official Statement dated April 17, 2019 (the "Official Statement"), each relating to the Series 2019 Bonds. We confirm to you that we believe the statements in (1) the Preliminary Official Statement, as of its date and as of the date of the Purchase Agreement, and (2) the Official Statement, as of its date and as of this date, under the captions "INTRODUCTION – Security for the Series 2019 Bonds", "INTRODUCTION – Series 2019 Bonds", "DESCRIPTION OF THE SERIES 2019 BONDS" (other than the information concerning DTC and the book-entry system), "SECURITY FOR THE SERIES 2019 BONDS", and "THE CFC TRUST AGREEMENT – FLOW OF FUNDS", insofar as those statements describe certain provisions of the CFC Trust Agreement and the Series 2019 Bonds, and the statements under the captions "TAX MATTERS" and "ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEYS SECURITY", are accurate and fairly present the information purported to be shown.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2019 Bonds, the Authorizing Resolution, the CFC Trust Agreement

and such other documents, matters and law as we deem necessary to render the opinions set forth below.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

- The Purchase Agreement has been duly authorized, executed and delivered by the Authority and is a valid and binding obligation of the Authority.
- The Series 2019 Bonds are exempt from registration under the Securities Act of 1933, as amended, and the CFC Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.

The legal opinions stated immediately above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon: (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Authority.

The rights of the Underwriters under the Purchase Agreement and the enforceability of the Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

This letter is being furnished only to you for your use solely in connection with the transaction described herein and may not be relied upon by anyone else or for any other purpose without our prior written consent. No statements of belief or opinions other than those expressly stated herein shall be implied or inferred as a result of anything contained in or omitted from this letter. The statements of belief and opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2019 Bonds is concluded upon delivery of this letter.

Squalate By (US) LLP



May 2, 2019

#### **Board of Directors**

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Jordan A. Miller, Jr. Vice Chair

Dr. Frederic Bertley, Ph.D. Don M, Casto, III Paul Chodak, III Elizabeth P. Kessler, Esq. Karen Morrison Susan Tomasky Terrance Williams

Joseph R. Nardone President & CEO

To: Merrill Lynch, Pierce, Fenner & Smith Incorporated As Representative on behalf of the Underwriters Chicago, Illinois

#### Ladies and Gentlemen:

This opinion is being rendered pursuant to Section 8(g)(iv) of the Bond Purchase Agreement dated April 17, 2019 (the "Bond Purchase Agreement") between the Columbus Regional Airport Authority (the "Authority") and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative of the Underwriters identified in the Bond Purchase Agreement (collectively, the "Underwriters"), relating to the issuance and sale by the Authority of \$94,325,000 Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Bonds"), which are being issued under a Customer Facility Charge Master Trust Agreement (the "CFC Master Trust Agreement") and the Customer Facility Charge First Supplemental Trust Agreement (the "CFC First Supplemental Trust Agreement"), both dated as of May 2, 2019 (collectively, the "CFC Trust Agreement") between the Authority and U.S. Bank National Association, Columbus, Ohio, as Trustee. Capitalized words and terms used in this opinion and not otherwise defined therein shall have the meanings assigned to them in the Bond Purchase Agreement.

I have examined originals or photocopies of the signed Legal Documents to which the Authority is a party or a signer and such other documents, matters and law as I deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, I am of the opinion that under existing law:

- 1. The Authority has all requisite power and authority under the Constitution and laws of the State of Ohio to carry on its official activities as currently conducted at John Glenn Columbus International Airport.
- 2. The adoption of the Authorizing Resolution, the execution and delivery by the Authority of the Legal Documents and the compliance with the provisions of the Legal Documents,

to the best of my knowledge after due inquiry, do not and will not conflict with or constitute on the part of the Authority a material breach of or default under any agreement or instrument to which the Authority is a party or by which it is bound.

- 3. To the best of my knowledge after due inquiry, no litigation is pending or threatened against the Authority in any court in any way affecting the titles of the officials of the Authority to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of Pledged Revenues to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Authorizing Resolution or the Legal Documents, or contesting in any way the completeness or accuracy of the Official Statement, or contesting the powers of the Authority or its authority with respect to the Authorizing Resolution or the Legal Documents.
- 4. The information contained in the Preliminary Official Statement, as of its date and as of the Bond Purchase Agreement, and the Official Statement, as of its date and as of the Closing Date, under the captions "INTRODUCTION Authority", "INTRODUCTION Airport and Airport System", "INTRODUCTION Concessionaire Agreements; Rental Car Concession Agreements", "THE AUTHORITY", "PLAN OF FINANCE", "CONCESSIONAIRE AGREEMENTS", "THE AIRPORT SYSTEM", "RISK MANAGEMENT AND INSURANCE" and "LITIGATION" does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- 5. The statements contained in the Preliminary Official Statement and the Official Statement under the caption "CONCESSIONAIRE AGREEMENTS", insofar as such statements expressly summarize certain provisions of the Concessionaire Agreements, are accurate in all material respects.
- Based upon the information made available to me in the course of my participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, nothing has come to my attention which would lead me to believe that the Preliminary Official Statement, as of its date and as of the date hereof, did not and does not, and the Official Statement as of its date and all times subsequent thereto during the period up to and including the Closing Date, does not and will not, contain an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; provided, however, I do not express any belief with respect to (a) information under the captions "INTRODUCTION - Feasibility Report", "INTRODUCTION - Forward-Looking Statements", "FINANCIAL FEASIBILITY REPORT", "FINANCIAL STATEMENTS", "UNDERWRITING" and "MUNICIPAL ADVISOR", (b) any other financial, technical, statistical, accounting or demographic data or forecasts included or incorporated by reference in the Preliminary Official Statement or the Official Statement or the Appendices thereto, (c) any information about the book-entry system and

The Depository Trust Company, and (d) the information in APPENDICES A and F to the Preliminary Official Statement or the Official Statement.

7. To the best of my knowledge after due inquiry, the Authority is not in breach of or default under any applicable law or administrative regulation of the State of Ohio or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement for the operation of a rental car concession or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to enter into or perform its obligations under the Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Authority's ability to enter into or perform its obligations under the Legal Documents.

This opinion is solely for the benefit of the addressees hereof. It may not be relied upon by anyone else or for any other purpose without my prior written consent. This opinion covers matters herein expressed as of the date hereof.

Respectfully submitted,

Amanda Wickline

General Counsel & Chief Administrative Officer

Columbus Regional Airport Authority



Squire Patton Boggs (US) LLP 2000 Huntington Center 41 South High Street Columbus, OH 43215

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May 2, 2019

To: Merrill Lynch, Pierce, Fenner & Smith Incorporated
As Representative on behalf of the Underwriters
Chicago, Illinois

### Ladies and Gentlemen:

We have acted as special counsel to the Columbus Regional Airport Authority (the "Authority") in connection with the issuance by the Authority of its \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), dated the date of this letter, and the subject of our legal opinion as bond counsel of even date hereof and addressed to you. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Bond Purchase Agreement dated April 17, 2019 (the "Purchase Agreement") between the Authority and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative of the Underwriters identified in the Purchase Agreement (collectively, the "Underwriters"), relating to the issuance and sale by the Authority of the Series 2019 Bonds.

In rendering the opinions hereinafter set forth, we have assumed, without independent investigation: (i) the legal capacity of all natural persons executing documents, (ii) the genuineness of all signatures and (iii) the authenticity of original and certified documents and the conformity to original or certified copies of all copies submitted to us as conformed or reproduction copies.

To the extent it may be relevant to the opinions expressed herein, we have assumed that each of the parties to the Legal Documents (except for the Authority): (i) is duly chartered, incorporated or organized and existing under the applicable laws of its respective jurisdiction of charter, incorporation or organization, (ii) is in good standing under the laws of such jurisdiction and (if required) is qualified to do business and in good standing under the laws of the State of Ohio, (iii) has the requisite power, authority and legal rights under such laws and its organizational documents to execute, deliver and perform its obligations under the Legal Documents to which it is a party, (iv) has duly authorized, executed and delivered the Legal Documents to which it is a party, (v) the execution and delivery of the Legal Documents to which it is a party by such party, and the performance of such Legal Documents by such party, does not violate such party's organizational documents, any material agreements of such party or any applicable laws or orders, writs or injunctions applicable to such party, and (vi) the Legal Documents constitute the valid and binding obligations of such other party.

Based upon our examination of (a) the Authorizing Resolution, (b) the Legal Documents, (c) the Preliminary Official Statement, (d) the Official Statement, and (e) such other documents and matters as we have deemed necessary or appropriate, we are of the opinion that, under the law existing on the date of this opinion:

- 1. The Authority has been duly organized and is validly existing under the Constitution and laws of the State of Ohio, and has all requisite power and authority thereunder: (a) to adopt the Authorizing Resolution, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents; (b) to approve and authorize the use, execution and distribution of the Preliminary Official Statement and the Official Statement; (c) to issue, sell, execute and deliver the Series 2019 Bonds; and (d) to pledge the Pledged Revenues and Pledged Funds as contemplated by the Legal Documents. The adoption of the Authorizing Resolution, the execution and delivery by the Authority of the Legal Documents and the compliance with the provisions of the Legal Documents, do not and will not conflict with or violate in any material respect any Ohio constitutional, statutory or regulatory provision.
- 2. The Authority has taken all actions required to be taken by it before the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (1) above, and the Authority has duly authorized the execution and delivery of, and the due performance of its obligations under, the Legal Documents.
- 3. The Authorizing Resolution was duly adopted by the Board of Directors of the Authority at a meeting which was called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Authorizing Resolution.
- 4. The Legal Documents constitute legal, valid and binding obligations of the Authority and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.
- 5. To the best of our knowledge after due inquiry, no authorization, approval, consent or other order of the State of Ohio or any local agency of the State of Ohio, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Authority of the Legal Documents and the authorization and distribution of the Preliminary Official Statement and the Official Statement.

This letter is being furnished only to you for your use solely in connection with the transaction described herein and may not be relied upon by anyone else or for any other purpose without our prior written consent. We express no opinion as to matters governed by any laws other than the laws of the State of Ohio. No statements of belief or opinions other than those expressly stated herein shall be implied or inferred as a result of anything contained in or omitted from this letter. The statements of belief and opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2019 Bonds is concluded upon delivery of this letter.

Respectfully submitted,

Squim Patta Boggs (US) LLP



# May 2, 2019

Merrill Lynch, Pierce, Fenner & Smith Incorporated, an Underwriter and as Representative of the other Underwriters New York, New York

Subject: \$94,325,000 Columbus Regional Airport Authority Customer Facility Charge

Revenue Bonds, Series 2019 (Federally Taxable)

# Ladies and Gentlemen:

We have acted as counsel to the Underwriters in connection with the purchase of the above referenced bonds (the "Bonds") pursuant to the Bond Purchase Agreement dated April 17, 2019 (the "Agreement") between the Columbus Regional Airport Authority (the "Issuer") and the Underwriters. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Agreement.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments and opinions as we have deemed necessary or advisable for purposes of this letter. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine. To the extent that the opinions expressed herein relate to or are dependent upon a determination that the proceedings and actions relating to the authorization, issuance and sale of the Bonds are lawful and valid under the Constitution and statutes of the State and under the CFC Trust Agreement and that the Bonds, the CFC Trust Agreement or other agreements and documents relating to the Bonds and delivered by the Issuer are valid and legally binding obligations of the Issuer under such laws and instruments, we are relying upon the opinions delivered on the date hereof by Squire Patton Boggs (US) LLP, Bond Counsel, and the in-house general counsel of the Issuer.

We have reviewed the Disclosure Agreement which will be made by the Issuer for the benefit of the beneficial owners of the Bonds and are of the opinion that the Disclosure Agreement satisfies the requirements set forth in Section (b)(5) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

We are of the opinion that the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the CFC Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We are not passing on, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in our capacity as counsel to the Underwriters to assist in your

Merrill Lynch, Pierce, Fenner & Smith Incorporated, an Underwriter and as Representative of the other Underwriters May 2, 2019 Page 2

investigations concerning the Official Statement, we have reviewed certain documents and participated in conferences during which the contents of the Official Statement and related matters were discussed. During the course of our work on this matter, no information has come to our attention that causes us to believe that the Official Statement as of the date of this letter (except for any financial or statistical data or forecasts, numbers, estimates, assumptions or expressions of opinion included in the Official Statement or in the Appendices thereto and information concerning The Depository Trust Company or Assured Guaranty Municipal Corp., as to which we express no belief) contains as of the date hereof any untrue statement of a material fact or omits to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

This letter is furnished by us solely for your benefit and may not be relied upon by any other person or entity. We disclaim any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur.

Very truly yours,
DINSMORE & SHOW WP



Squire Patton Boggs (US) LLP 2000 Huntington Center 41 South High Street Columbus, OH 43215

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May 2, 2019

To: Columbus Regional Airport Authority Columbus, Ohio

Merrill Lynch, Pierce, Fenner & Smith Incorporated
As Representative on behalf of the Underwriters
Chicago, Illinois

### Ladies and Gentlemen:

We have served as bond counsel to our client the Columbus Regional Airport Authority (the "Authority") in connection with the issuance by the Authority of its \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 Bonds"), dated the date of this letter. The Series 2019 Bonds are being sold pursuant to the Bond Purchase Agreement dated April 17, 2019 (the "Purchase Agreement"), between the Authority and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative of the Underwriters identified in the Purchase Agreement (collectively, the "Underwriters"). This letter is provided pursuant to Section 8(g)(iii) of the Purchase Agreement.

In accordance with the terms of our engagement, certain of our lawyers reviewed (a) the Preliminary Official Statement dated April 9, 2019 (the "Preliminary Official Statement"), and (b) the Official Statement dated April 17, 2019 (the "Official Statement") relating to the Series 2019 Bonds, and participated in discussions with representatives of the Authority, the Underwriters and their counsel, and others, regarding the Preliminary Official Statement and the Official Statement, the information contained therein, and related matters.

In our capacity as Bond Counsel to the Authority in connection with the issuance of the Series 2019 Bonds we have delivered on this date our supplemental opinion letter as bond counsel, pursuant to Section 8(g)(ii) of the Purchase Agreement, in which we confirm our belief as to certain of the statements in the Preliminary Official Statement and the Official Statement. No statement herein expands, limits, or otherwise modifies any statements in our supplemental opinion letter as bond counsel.

The purpose of our professional engagement as bond counsel was not to establish or to confirm factual matters set forth in the Preliminary Official Statement or the Official Statement, and we have not undertaken to verify independently any of those factual matters. Many of the determinations required to be made in the preparation of the Preliminary Official Statement and the Official Statement involve matters of a non-legal nature.

Subject to the foregoing, on the basis of the information gained by our lawyers involved in the review and discussions referred to above, we confirm to you that nothing came to the attention of those lawyers that caused them to believe that (1) the Preliminary Official Statement, as of its date and as of the date of the Purchase Agreement, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (2) the Official Statement, as of its date and as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, and we do not express any belief with respect to (a) information under the captions "INTRODUCTION -Feasibility Report", "INTRODUCTION - Forward-Looking Statements", "FINANCIAL FEASIBILITY REPORT", "FINANCIAL STATEMENTS", "UNDERWRITING" "MUNICIPAL ADVISOR", (b) any other financial, technical, statistical, accounting or demographic data or forecasts included or incorporated by reference in the Preliminary Official Statement or the Official Statement or the Appendices thereto; (c) any information about the bookentry system and The Depository Trust Company; and (d) the information in APPENDICES A and F to the Preliminary Official Statement or the Official Statement.

This letter is being furnished only to you for your use solely in connection with the transaction described herein and may not be relied upon by anyone else or for any other purpose without our prior written consent. No statements of belief or opinions other than those expressly stated herein shall be implied or inferred as a result of anything contained in or omitted from this letter. The statements of belief and opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2019 Bonds is concluded upon delivery of this letter.

Respectfully submitted,

Squi Ratton Bops (US) LLP



Squire Patton Boggs (US) LLP 2000 Huntington Center 41 South High Street Columbus, OH 43215

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May 2, 2019

To: U.S. Bank National Association Columbus, Ohio

This opinion is furnished to you pursuant to Section 2.04(b)(vi) of the Customer Facility Charge Master Trust Agreement dated as of May 2, 2019 (the "CFC Master Trust Agreement"), as supplemented by the Customer Facility Charge First Supplemental Trust Agreement dated as of May 2, 2019 (the "CFC First Supplemental Trust Agreement" and, together with the CFC Master Trust Agreement, the "CFC Trust Agreement"), each by and between the Columbus Regional Airport Authority (the "Authority") and you as Trustee, in connection with the issuance by the Authority of its \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 Bonds"). Capitalized terms not otherwise defined in this letter are used as defined in the CFC Trust Agreement.

We have examined the transcript of proceedings (the "Transcript") relating to the issuance of the Series 2019 Bonds. The Transcript contains evidence of the submission to you, as Trustee, of the documents required by the CFC Trust Agreement to be submitted to you in connection with the Authority's issuance of the Series 2019 Bonds.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

- The documents submitted to you, as Trustee, in connection with the request to
  you from the Authority to authenticate the Series 2019 Bonds comply with the
  requirements of the CFC Trust Agreement; the issuance of the Series 2019 Bonds
  has been duly authorized; and all conditions precedent to the delivery of the
  Series 2019 Bonds as provided in the CFC Trust Agreement have been fulfilled.
- When executed for and in the name and on behalf of the Authority and when authenticated and delivered by you as Trustee, the Series 2019 Bonds will be legal, valid and binding special obligations of the Authority, enforceable against the Authority in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

This letter is being furnished only to you for your use solely in connection with the transaction described herein and may not be relied upon by anyone else or for any other purpose without our prior written consent. No statements of belief or opinions other than those expressly stated herein shall be implied or inferred as a result of anything contained in or omitted from this letter. The statements of belief and opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2019 Bonds is concluded upon delivery of this letter.

Respectfully submitted,

Squim Pathe Bygs (US) LLP



May 2, 2019

Municipal Bond Insurance Policy No. 219356-N With Respect to
\$8,325,000 In Aggregate Principal Amount of
Columbus Regional Airport Authority, Ohio
Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)
maturing on December 15 in the years 2030 through 2032, inclusive

#### Ladies and Gentlemen:

I am Counsel of Assured Guaranty Municipal Corp., a New York stock insurance company ("AGM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by AGM of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

- 1. AGM is a stock insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
- 2. The Policy has been duly authorized, executed and delivered by AGM.
- 3. The Policy constitutes the valid and binding obligation of AGM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of AGM and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE – Bond Insurance Policy" in the official statement relating to the above-referenced Bonds dated April 17, 2019 (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, or omitted from, the caption "BOND INSURANCE – Assured Guaranty Municipal Corp.".

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

Very truly yours,

Counsel

Columbus Regional Airport Authority, Ohio, 4600 International Gateway, Columbus, Ohio 43219.

Bank of America Merrill Lynch, 540 West Madison Street, Chicago, Illinois 60661.



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May 2, 2019

To: Assured Guaranty Municipal Corp. New York, New York

We have served as bond counsel to our client the Columbus Regional Airport Authority (the "Authority") in connection with the issuance by the Authority of its \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 Bonds"), dated the date of this letter.

We have on this date delivered our opinion letter as bond counsel in connection with the original issuance of the Bonds (the "Bond Opinion").

You may rely on the Bond Opinion as if addressed to you in your capacity as issuer of bond insurance in connection with the original delivery of the Bonds.

Respectfully submitted,

Squin Pette Bogs (15) LLP

#### PRELIMINARY OFFICIAL STATEMENT DATED APRIL 9, 2019

NEW ISSUE Ratings: See "RATINGS" herein

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2019 Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. INTEREST ON THE SERIES 2019 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.



#### \$95,345,000\*

#### **COLUMBUS REGIONAL AIRPORT AUTHORITY**

# Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

**Dated:** Date of Delivery

**Due:** December 15 as shown on the inside cover

The Columbus Regional Airport Authority (the "Authority") is issuing its Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) in the principal amount of \$95,345,000\* (the "Series 2019 Bonds"). The Series 2019 Bonds are being issued under the CFC Trust Agreement. Proceeds from the Series 2019 Bonds, together with other lawfully available funds, will be used for the purpose of (i) financing the costs of the development and construction of the Series 2019 Project, including a consolidated rental car facility and related improvements at John Glenn Columbus International Airport, (ii) funding deposits into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account, and (iii) paying certain costs of issuance incurred in connection with the issuance of the Series 2019 Bonds. See "ESTIMATED SOURCES AND USES FOR THE SERIES 2019 PROJECT – Application of Series 2019 Bond Proceeds."

The Series 2019 Bonds are special obligations of the Authority payable solely from and secured by a pledge of the Pledged Revenues and the Pledged Funds, as more particularly described in the CFC Trust Agreement. See "APPENDIX C – Form of CFC Master Trust Agreement and CFC First Supplemental Trust Agreement." No revenues of the Authority, other than the Pledged Revenues, are pledged to the payment of the Series 2019 Bonds. The Series 2019 Bonds will not constitute a debt, or a pledge of the faith and credit, of the Authority, the State or any other political subdivision of the State, and the holders or owners of the Series 2019 Bonds have no right to have taxes levied by the General Assembly of Ohio or the taxing authority of any political subdivision of the State to pay Debt Service Charges on the Series 2019 Bonds.

The Series 2019 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases and sales of the Series 2019 Bonds may be made in book-entry-form only in denominations of \$5,000 and integral multiplies thereof. Interest on the Series 2019 Bonds will be payable on June 15 and December 15, commencing on June 15, 2019. So long as the Series 2019 Bonds are held by DTC, the principal and redemption price of and interest on the Series 2019 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal, redemption price and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2019 Bonds, as more fully described herein. See "APPENDIX F - Book-Entry-Only System; DTC."

## **Principal Maturity Schedule**

(see inside cover)

The Series 2019 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as more fully described herein. See "DESCRIPTION OF THE SERIES 2019 BONDS—Redemption Provisions."

The purchase and ownership of Series 2019 Bonds involve investment risk and may not be suitable for all investors. This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2019 Bonds. Investors are advised to read the entire Official Statement, including any portion hereof included by reference, to obtain information essential to the making of an informed decision, giving particular attention to the matters discussed under "INVESTMENT CONSIDERATIONS." Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Series 2019 Bonds are offered when, as and if issued and accepted by Underwriters, subject to the opinion on certain legal matters relating to their issuance of Squire Patton Boggs (US) LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its General Counsel, and for the Underwriters by Dinsmore & Shohl LLP, Columbus, Ohio. PFM Financial Advisors LLC has acted as Municipal Advisor to the Authority in connection with the issuance of the Series 2019 Bonds. The Series 2019 Bonds are expected to be available for delivery to DTC or its agent on May 2, 2019.

**BofA Merrill Lynch** 

# **Raymond James**

**RBC Capital Markets** 

**Loop Capital Markets** 

The date of this Official Statement is April \_\_\_\_, 2019 and the information herein speaks only as of that date.

<sup>\*</sup> Preliminary, subject to change.

# PRINCIPAL MATURITY SCHEDULE\* ON DECEMBER 15

	\$	Serial	Bonds	
Year	<u>Amount</u>	Interest Rate	<u>Price</u>	CUSIP© <sup>(a)</sup> <u>No.</u>
		%		
\$ % To	erm Bonds Due D	December 15,	, Price	_ CUSIP(a) No
\$ % T	erm Bonds Due D	ecember 15.	. Price	_ CUSIP(a) No

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<sup>\*</sup> Preliminary, subject to change.

## COLUMBUS REGIONAL AIRPORT AUTHORITY

### **BOARD OF DIRECTORS**

William R. Heifner, Chair
Jordan A. Miller, Jr., Vice-Chair
Frederic Bertley, Ph.D.
Don M. Casto, III
Paul Chodak III
Elizabeth Kessler
Karen J. Morrison
Susan Tomasky
Terrance Williams

### **AIRPORT OFFICIALS**

Joseph R. Nardone, CM
Randy Bush, CPA
Casey Denny, A.A.E.
Classic Chief Asset Officer
Classic Chief Asset Officer
Chief Asset Officer
Chief Asset Officer

David Whitaker

Amanda Wickline

Shannetta Griffin, P.E. Chief Development Officer Tory Richardson, A.A.E. Executive Vice President &

Chief Operating Officer
Chief Commercial Officer

General Counsel &

Chief Administrative Officer

# PROFESSIONAL SERVICES

Squire Patton Boggs (US) LLP, Bond Counsel and General Counsel

PFM Financial Advisors LLC, Municipal Advisor

Unison Consulting, Inc., Feasibility Consultant

Bank of America Merrill Lynch, as Representative of the Underwriters

Dinsmore & Shohl LLP, Underwriters' Counsel

#### REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2019 Bonds identified on the cover page. No dealer, broker, sales person or other person has been authorized by the Authority to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been given or authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2019 Bonds by any person, in any jurisdiction in which it is unlawful to make that offer, solicitation or sale.

The information in this Official Statement is provided by the Authority in connection with the original offering of the Series 2019 Bonds. Reliance should not be placed on any other information publicly provided, in any format including electronic, by the Authority for other purposes, including general information provided to the public or to portions of the public. The information in this Official Statement is subject to change without notice. Neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Authority since its date.

THE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE CFC 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 SERIES 2019 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2019 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

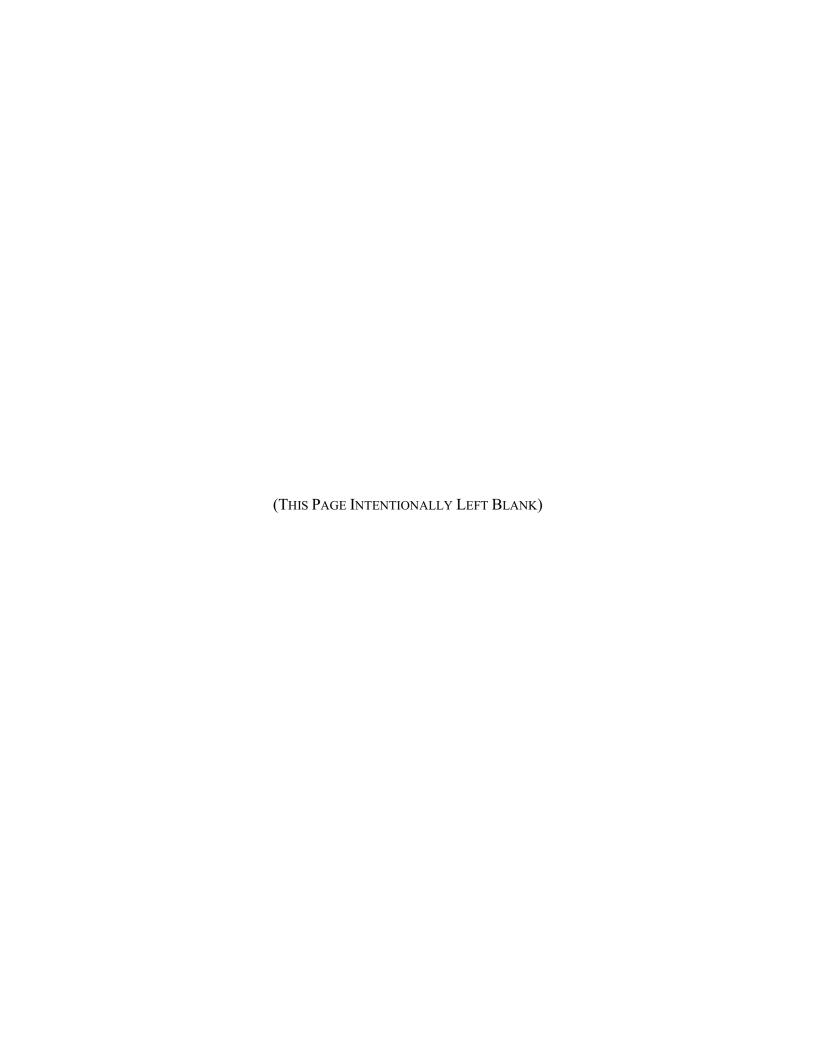
IN MAKING INVESTMENT DECISIONS INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2019 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

In connection with this offering, the Underwriters may overallot or effect transactions that stabilize or maintain the market price of the Series 2019 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 Underwriters may offer and sell the Series 2019 Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page, which public offering prices may be changed from time to time by the Underwriters.

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 respective 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.

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#### **OFFICIAL STATEMENT**

# COLUMBUS REGIONAL AIRPORT AUTHORITY \$95,345,000\*

Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

#### INTRODUCTION

*General*. This Official Statement, including the cover page, inside cover pages, table of contents and the appendices hereto, is furnished in connection with the offering and issuance by the Columbus Regional Airport Authority (the "Authority") of \$95,345,000\* Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 Bonds"). Unless otherwise indicated, capitalized terms used in this Official Statement are defined in "APPENDIX C – Form of CFC Master Trust Agreement and CFC First Supplemental Trust Agreement."

*Authority*. The Authority is a port authority and political subdivision of the State of Ohio (the "State"). See "THE AUTHORITY."

**Plan of Finance**. Proceeds of the Series 2019 Bonds, along with certain other available moneys, will be used to (a) finance the costs of the development and construction of the Series 2019 Project, (b) fund deposits to the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account, and (c) pay certain costs of issuance of the Series 2019 Bonds.

The Series 2019 Project will generally consist of (i) a consolidated rental car facility (the "ConRAC") to be located at John Glenn Columbus International Airport (the "Airport" or "CMH"), which will include a customer service building, ready/return, "quick turnaround" and staging/storage areas, and fueling, car wash and light maintenance facilities, (ii) access roadway improvements, and (iii) utility infrastructure improvements that will serve the ConRAC (collectively, the "Series 2019 Project"). See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES FOR THE SERIES 2019 PROJECT - Application of Series 2019 Bond Proceeds."

Series 2019 Bonds. The Series 2019 Bonds are being issued pursuant to the provisions of Sections 4582.21 through 4582.99 of the Ohio Revised Code, Section 13 of Article VIII of the Ohio Constitution, the Customer Facility Charge Master Trust Agreement, dated May 2, 2019 (the "CFC Master Trust Agreement") and the Customer Facility Charge First Supplemental Trust Agreement, dated May 2, 2019 (the "CFC First Supplemental Trust Agreement" and together with the CFC Master Trust Agreement, the "CFC Trust Agreement") and resolutions of the Authority adopted on March 26, 2019 (collectively, the "Series 2019 Resolution"). Upon their issuance, the Series 2019 Bonds will be the only Bonds issued and outstanding under the CFC Trust Agreement. See "DESCRIPTION OF THE SERIES 2019 BONDS."

*Security for the Series 2019 Bonds*. The Series 2019 Bonds are special obligations of the Authority payable equally and ratably solely from the Pledged Revenues and the Pledged Funds

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<sup>\*</sup> Preliminary, subject to change.

(each as defined herein) and the payment of Debt Service Charges shall be secured by the CFC Trust Agreement and a pledge and assignment of and a lien on the Pledged Revenues and the Pledged Funds (which Pledged Funds include the CFC Revenue Fund and the CFC Supplemental Reserve Account (each held by the Authority) and the CFC Debt Service Fund, the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund (each held by the Trustee)). See "SECURITY FOR THE SERIES 2019 BONDS." No revenues of the Authority, other than the Pledged Revenues, are pledged to the payment of the Series 2019 Bonds. Neither the ConRAC nor any other real property of the Authority are subject to any mortgage or other lien for the benefit of the owners of the Series 2019 Bonds. The Series 2019 Bonds will not constitute a debt, or a pledge of the faith and credit, of the Authority, the State or any other political subdivision of the State, and the holders or owners of the Series 2019 Bonds have no right to have taxes levied by the General Assembly of Ohio or the taxing authority of any political subdivision of the State to pay Debt Service Charges on the Series 2019 Bonds.

General Airport Revenue Bonds. The Authority has heretofore entered into a Master Trust Indenture, dated as of July 15, 1994, which has heretofore and may hereafter be amended and supplemented from time to time (collectively, the "Master Trust Indenture"), which Master Trust Indenture generally authorizes the issuance from time to time of the Authority's general airport revenue bonds (the "GARB Bonds") and further provides therein for the issuance of Special Facility Revenue Bonds (as defined in the Master Trust Indenture) for the purpose of paying the costs of Special Facilities (as defined in the Master Trust Indenture) and excludes from the definition of Revenues (as defined in the Master Trust Indenture) pledged to pay the debt service charges on the GARB Bonds any revenue or income from any present or future Special Facility to the extent that such revenue or income is pledged by the Authority to pay principal, interest and redemption premiums, if any, for Special Facility Revenue Bonds, or to the extent that such revenue or income is for the use of the Authority to pay or reimburse the Authority for the costs of operation or maintenance required to be paid by the user pursuant to a Special Facilities Agreement (as defined in the Master Trust Indenture) (other than reimbursement for any of the Authority's administrative costs relating to any Special Facility). The Authority has determined that the (i) Pledged Revenues shall not constitute Revenues, (ii) CFC Facilities, including the ConRAC, contemplated by the CFC Resolution constitute Special Facilities, (iii) CFC Bonds authorized thereby constitute Special Facility Revenue Bonds and (iv) Concessionaire Agreements shall each constitute a Special Facility Agreement.

Airport and Airport System. John Glenn Columbus International Airport (the "Airport") is the principal air carrier airport serving central Ohio. The Airport is owned and operated by the Authority. The Airport is classified as a "Medium Hub" commercial service airport by the Federal Aviation Administration (the "FAA"). A "Medium Hub" is defined as a community enplaning 0.25% to 1.00% of the U.S. enplanements. The "Catchment Area" is the primary air service area for the Airport, and is comprised of a significant portion of Ohio, and even parts of some adjacent states. See "THE AIRPORT SYSTEM" and "THE AIRPORT SYSTEM – The Catchment Area."

According to Airports Council International – North America ("ACI-NA") statistics, for the calendar year ended December 31, 2017 (the latest available information from ACI-NA), the Airport was ranked as the 49<sup>th</sup> busiest airport in the country as measured by total number of enplaned and deplaned passengers, representing a 0.39% share of the total passengers. For the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the Airport (a) enplaned approximately

4.08 million passengers, which represented an approximately 7.7% increase in enplaned passengers from Fiscal Year 2017, and (b) deplaned approximately 4.06 million passengers, which represented an approximately 6.8% increase in deplaned passengers from Fiscal Year 2017. For Fiscal Year 2018, approximately 99% of the passengers using the Airport were origination and destination ("O&D") passengers (passengers beginning or ending their trips at the Airport, as opposed to passengers connecting through the Airport to other cities).

Additionally, for Fiscal Year 2018, vehicles were rented at the Airport for approximately 1.69 million rental car transaction days (each 24-hour period during which a car is rented), which represented an approximately 5.2% increase in rental car transaction days from Fiscal Year 2017. As described herein, the Series 2019 Bonds will be secured by, among other things, Customer Facility Charges ("CFC" or "CFCs") collected from customers renting cars from the rental car companies operating from the ConRAC. See "SECURITY FOR THE SERIES 2019 BONDS," "PLAN OF FINANCE," "THE AUTHORITY" and "THE AIRPORT SYSTEM."

Concessionaire Agreements; Rental Car Concession Agreements. As of January 1, 2018, the Authority entered into an Agreement for the Operation of a Rental Car Concession (each a "Concessionaire Agreement" and, collectively, the "Concessionaire Agreements") with each of five rental car companies (representing eight brands, including Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty) (collectively, with any additional rental car companies that may enter into a Concessionaire Agreement, the "Concessionaires") in connection with the construction of, leasing of space in and operating the ConRAC. Pursuant to the Concessionaire Agreements, the Authority has agreed to construct the Series 2019 Project and the Concessionaires have agreed to collect the CFCs and to remit the CFCs to the Authority. Each Concessionaire has also agreed that upon the opening of the ConRAC, it will pay Concessionaire Deficiency Payments to the Authority in the event CFCs collected by the Concessionaires are not sufficient to pay debt service on the Series 2019 Bonds and to make certain other deposits under the CFC Trust Agreement. See "CONCESSIONAIRE AGREEMENTS" and "APPENDIX D - Form of Concessionaire Agreements."

Prior to the opening of the ConRAC, each of the rental car companies operating at the Airport will continue to operate at the Airport pursuant to an Agreement for the Operation of a Rental Car Concession (the "2016 Agreements") that expire on the earlier of (i) December 31, 2021, (ii) the date the ConRAC is opened for operation, or (iii) any time after December 31, 2019 if the premises are needed for public parking. Pursuant to the 2016 Agreements, the rental car companies are required to collect CFCs and to remit the CFCs to the Authority. The rental car companies are not required to pay Concessionaire Deficiency Payments under the 2016 Agreements. Upon the opening of the ConRAC, the Concessionaires will be subject to the terms of the Concessionaire Agreements and the 2016 Agreements will terminate.

Feasibility Report. Included as "APPENDIX A" to this Official Statement is a Financial Feasibility Report dated April 8, 2019 (the "Financial Feasibility Report"), prepared by Unison Consulting, Inc. (the "Feasibility Consultant"), in conjunction with the issuance of the Series 2019 Bonds. The Financial Feasibility Report includes, among other things: a description of the Series 2019 Project; a description of the underlying economic base of the Airport's catchment area; a description of historical air traffic activity at the Airport; the Feasibility Consultant's projections for air traffic activity at the Airport through Fiscal Year 2029 and a description of the assumptions

on which such projections were based; a description of car rental activity at the Airport; the Feasibility Consultant's projections for car rental activity at the Airport through Fiscal Year 2029 and a description of the assumptions on which such projections were based; and the Feasibility Consultant's projections of debt service coverage through Fiscal Year 2029 and a description of the assumptions upon which such projections were based. Inevitably, some assumptions used to develop the projections in the Financial Feasibility Report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between those projections and actual results, and those differences may be material. The projections contained in the Financial Feasibility Report are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Authority assume any responsibility for the failure to meet such projections. The Financial Feasibility Report is an integral part of this Official Statement and should be read in its entirety. The Financial Feasibility Report has not been revised subsequent to its date of publication (April 8, 2019) to reflect the final terms of the Series 2019 Bonds. See "Forward-Looking Statements" below, "FINANCIAL FEASIBILITY REPORT" and "APPENDIX A - Financial Feasibility Report."

Continuing Disclosure. The Authority will covenant for the benefit of the owners and beneficial owners of the Series 2019 Bonds to annually provide, or cause to be provided, certain financial information and operating data concerning the Authority, the Airport System, including rental car activity at the Airport, and to provide, or cause to be provided, notices of certain enumerated events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System (the "EMMA System") or any successor method designated by the MSRB, pursuant to the requirements of Rule 15c2-12 of the Securities Exchange Commission. See "CONTINUING DISCLOSURE AGREEMENT" and "APPENDIX G - Proposed Form of Continuing Disclosure Agreement."

*Investment Considerations*. The purchase and ownership of the Series 2019 Bonds involve investment risks. Prospective purchasers of the Series 2019 Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Series 2019 Bonds, see "INVESTMENT CONSIDERATIONS."

Forward-Looking Statements. The statements contained in this Official Statement that are not purely historical are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "forecast," "will likely result," "are expected to," "will continue," "is anticipated," "intend" or other similar words. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the Authority's actual financial and operating results likely will differ, and could differ materially, from those in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances

and conditions and actions taken or omitted to be taken by third parties, including rental car companies, airlines, customers, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Additional Information. Brief descriptions of the Series 2019 Bonds, the CFC Trust Agreement, the Concessionaire Agreements and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, laws, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, law, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this 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. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2019 Bonds. The Authority maintains a website, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2019 Bonds.

#### THE AUTHORITY

The Authority is a port authority and political subdivision of the State. The Authority was originally created in 1991 as a body corporate and politic by the City of Columbus, Ohio (the "City") pursuant to the provisions of Ohio Revised Code Sections 4582.21 through 4582.99 (the "Act") and given responsibility for the operation of the Airport and Bolton Field. Effective January 1, 2003, the Authority was reconstituted as a body corporate and politic by the City and the County of Franklin, Ohio (the "County") pursuant to the provisions of the Act and given responsibility for the operation the Airport, Bolton Field and Rickenbacker International Airport.

The Act provides that the Authority is empowered, among other things, to issue revenue bonds for the purpose of acquiring or constructing any port authority facility. The Act defines a port authority facility as any real or personal property, or any combination thereof owned, leased, or otherwise controlled or financed by a port authority and related to, useful for, or in furtherance of, one or more authorized purposes. The Act defines an authorized purpose as either (i) activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within the jurisdiction of the port authority or (ii) activities authorized by Sections 13 and 16 of Article VIII, Ohio Constitution. The Authority may acquire, purchase, construct, reconstruct, enlarge, furnish, equip, maintain or repair, sell, exchange, lease or rent to, lease or rent from, or operate port authority facilities.

The Series 2019 Bonds are being issued in compliance with the Act. The Authority is authorized to enter into the CFC Trust Agreement, to issue the Series 2019 Bonds, to use the proceeds of the Series 2019 Bonds to finance a portion of the costs of the Series 2019 Project, and to secure the Series 2019 Bonds by a pledge of the Pledged Revenues and Pledged Funds.

#### PLAN OF FINANCE

### General

In 2005 the Authority began updating its Airport Master Plan. One of the objectives was to review and evaluate the Authority's rental car facilities. Following an extensive study, it was concluded that the current rental car operations are a major contributor to congestion and capacity constraints within the terminal, curbsides and roadways, the current rental car facilities are at capacity, and the rental car companies would be able to rent additional cars if they had additional space for those rental cars. Currently, the rental car companies operating at the Airport have customer and operating facilities within an Authority-owned parking garage located adjacent to the main terminal. In order to alleviate congestion in that existing parking garage and provide additional public parking, as well as coordinate with the Authority's mid-field redevelopment plan, the Authority has determined to consolidate the operations of the rental car companies into an alternate location and to construct a consolidated rental car facility (the "ConRAC"). The ConRAC will be located between the incoming and outgoing lanes of International Gateway, adjacent to a potential site for a future terminal, less than a mile from the present terminal, and designed to allow for flexible space usage should car rental and public parking demands change in the future.

The ConRAC will consist of: a single-story customer service building, containing approximately 34 customer counter positions and the Concessionaires' back offices; a three-level (plus an uncovered top level) ready/return garage, providing approximately 812 ready stalls, 636 return stalls, and 1,058 storage parking spaces; a three-level "quick turnaround" garage, containing approximately 204 vehicle stacking positions, 54 fuel positions, nine car wash bays, and six light maintenance bays; and bridges and helices to connect the different structures. The ConRAC will be located on approximately ten acres located west of the current terminal at the Airport. In addition to the ConRAC, the plan of finance includes construction of certain roadway improvements that will be used to access the ConRAC and utility infrastructure improvements that will serve the ConRAC (collectively, the "Related Improvements").

# **Bond Validation Proceedings**

During the course of negotiating the Concessionaire Agreements, the Authority and the Concessionaires discussed the pendency of certain litigation in the State of Arizona which related to the permitted use under the Arizona Constitution of receipts generated by the imposition of a sales tax on rental car transactions. In that case, the sales tax receipts were being used to finance the costs of a professional sports stadium. In relevant part, the Arizona Constitution provides that "[n]o moneys derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on the public highways or streets or to fuels or any other energy source used for the propulsion of vehicles on the public highways or streets, shall be expended for other than highway and street purposes . . . ." At the time of those negotiations, the Superior Court of Arizona (Maricopa County) had found that the referenced use of receipts from the imposition of a sales tax on rental car transactions did violate the referenced provision in the Arizona Constitution. Given the pendency of the Arizona litigation, and the fact that the Ohio Constitution included a provision very similar to that in the Arizona Constitution, the Concessionaires expressed concern about the lawful use of the CFCs to pay the costs of the ConRAC.

In response to those concerns, the Authority determined to follow a statutory procedure (prescribed by Ohio Revised Code Section 133.70) to adjudicate various issues related to the Authority's imposition and use of the CFCs. On March 15, 2018, the Court of Commons Pleas, Franklin County, Ohio generally ordered that the Authority had the authority to (i) construct and operate the ConRAC, (ii) issue the Series 2019 Bonds for the purpose of paying the cost of constructing the ConRAC and (iii) undertake the proceedings taken and proposed to be taken in the connection with the Series 2019 Bonds, including but not limited to implementation, collection and use of the CFC to pay the cost of constructing the ConRAC and as a source of payment of debt charges on the Series 2019 Bonds. In accordance with Ohio Revised Code section 133.70(M), the Common Pleas Court further ordered that the order was forever binding and conclusive as to all matters adjudicated against the Authority, any obligor, and all other parties to the action, and those in privity with them, whether named in the action or included in the description of the Court's general order and notice, and constituted a permanent injunction against contesting the validity of the Series 2019 Bonds, and the validity of the CFCs as a lien to secure the payment of the debt charges, by any person in any action or proceeding, provided that all procedural steps required to be taken for the completion of the authorization, issuance, sale, and delivery of the Series 2019 Bonds have been properly taken in accordance with the provisions of Ohio Revised Code Chapter 4582 and the terms of the order. The period during which the order may have been appealed has expired, and no appeal was filed during that period.

# Construction Manager at Risk Agreement for the Series 2019 Project

The Authority entered into a Construction Manager at Risk Agreement on July 14, 2017 with Turner Construction Company ("Turner"), one of the largest commercial building contractors in the United States. A leader in the construction industry for over 100 years, Turner has worked for 50 years in the Columbus area, completing approximately \$250 million in construction projects annually. Turner's experience includes consolidated rental car facilities built in San Antonio, Seattle, and Miami. Based upon that experience, Turner has developed an understanding of the challenges of building a ConRAC, as well as a strong local subcontractor network.

The Authority has approved and executed guaranteed maximum price ("GMP") contracts in the approximate aggregate amount of \$73.5 million for early site work, foundations and utility corridor work as part of the Series 2019 Project, and work is underway on that portion of the Series 2019 Project. Following commencement of construction of that portion of the Series 2019 Project, design of the remainder of the Series 2019 Project was completed. In March 2019, Turner provided, and the Authority accepted but will not execute until the Series 2019 Bonds are delivered, a GMP contract in the approximate amount of \$62.7 million for additional costs relating to the construction of the Series 2019 Project. Upon delivery of the Series 2019 Bonds, the Authority will have executed GMP contracts to provide for the entire cost of constructing the ConRAC.

The total estimated cost of the Series 2019 Project is \$152.7 million and of that amount, approximately (i) \$136.2 million has either been paid or committed to be paid from CFCs heretofore collected and/or proceeds from the Series 2019 Bonds, all pursuant to GMP contracts heretofore executed by Turner and other construction companies, (ii) \$8.6 million is expected to be paid by the Authority from CFCs heretofore collected and/or proceeds from the Series 2019

Bonds and (iii) \$7.9 million has been reserved for contingencies and will be paid by the Authority from CFCs heretofore collected and/or proceeds from the Series 2019 Bonds.

Change orders or amendments may be issued for Authority-requested changes, unanticipated costs due to impact from other unforeseen project work items, and additional tenant improvements. Turner will provide a payment and performance bond and the Authority has the right to assess liquidated damages if the Series 2019 Project does not achieve final completion deadline.

# **Operation of the ConRAC**

The Concessionaire Agreements provide for forming a consortium by the Concessionaires, with Authority input, to choose a third party ConRAC Facility Manager to operate the ConRAC. The ConRAC Facility Manager may also manage the common fuel system or that particular function may be provided by another company as determined by the consortium. The Concessionaires, through the ConRAC Facility Manager, will be responsible for maintaining common Concessionaire areas and each Concessionaire's exclusive premises areas. See "CONCESSIONAIRE AGREEMENTS" and "APPENDIX D – Form of Concessionaire Agreements."

## **Estimated Sources and Uses for the Series 2019 Project**

The Authority estimates that the development, construction, equipping and improvement of the Series 2019 Project will cost approximately \$152.7 million (approximately \$136.9 million for the ConRAC and approximately \$15.8 million for the Related Improvements), and will be financed with the following sources:

# **Series 2019 Project Funding Sources\***

Net Proceeds of Series 2019 Bonds and Projected Interest Earnings thereon Previously Collected CFCs Total

\$ 87,515,120.00 <u>65,184,880.00</u> \$152,700,000.00

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<sup>\*</sup> Preliminary estimates, subject to change.

# **Application of Series 2019 Bond Proceeds**

The proceeds of the Series 2019 Bonds will be used for the purpose of (a) financing a portion of the costs of the Series 2019 Project, (b) funding deposits into the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund, and (c) paying certain costs of issuance of the Series 2019 Bonds. The following table sets forth the estimated application of the proceeds of the Series 2019 Bonds:

	Series 2019 Bonds
Sources	
Principal Amount	
Original Issue Premium	
Total Sources	
Uses	
Deposit to the Series 2019 Construction Account	
Deposit to the Series 2019 Debt Service Reserve	
Account	
Deposit to the Series 2019 Debt Service Coverage	
Account	
Costs of Issuance <sup>1</sup>	
Total Uses	

#### **DESCRIPTION OF THE SERIES 2019 BONDS**

# General

The Series 2019 Bonds will bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360day year consisting of twelve 30-day months. The Series 2019 Bonds will be dated their date of delivery, and will bear interest from that date, payable semi-annually on June 15 and December 15 of each year (each an "Interest Payment Date"), commencing on June 15, 2019. Interest due and payable on the Series 2019 Bonds on any Interest Payment Date will be paid to the registered owner as of the Regular Record Date (Cede & Co., so long as the book-entry system with The Depository Trust Company ("DTC") is in effect). Each Series 2019 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2019 Bond will bear interest from such date of authentication, or unless such date of authentication is after a Regular Record Date and before the next succeeding Interest Payment Date, in which event such Series 2019 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before June 15, 2019, in which event such Series 2019 Bond will bear interest from its date of delivery. If interest on the Series 2019 Bonds is in default, Series 2019 Bonds issued in exchange for Series 2019 Bonds surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2019 Bonds surrendered.

<sup>&</sup>lt;sup>1</sup> Includes Underwriters' discount, legal and other costs of issuance.

The Series 2019 Bonds will be issued in denominations of \$5,000 or integral multiples thereof. The Series 2019 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2019 Bonds. Individual purchases may be made in book-entry-form only. Purchasers will not receive certificates representing their interest in the Series 2019 Bonds purchased. So long as Cede & Co., as a nominee of DTC, is the registered owner of the Series 2019 Bonds, references herein to the Holders or registered owners means Cede & Co., and does not mean the Beneficial Owners of the Series 2019 Bonds.

So long as Cede & Co. is the registered owner of the Series 2019 Bonds, principal and redemption price of and interest on the Series 2019 Bonds will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants, for subsequent disbursement to the Beneficial Owners. See "APPENDIX F - Book-Entry-Only System; DTC."

# **Redemption Provisions**\*

Optional Redemption. The Series 2019 Bonds maturing on or after December 15, 202 are subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 202 at par, plus in each case accrued interest to the redemption date.
Mandatory Sinking Fund Redemption. The Series 2019 Bonds maturing on December 15 shall be subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the CFC Trust Agreement. Tha mandatory redemption is to occur on December 15 in each of the years through (with the balance of \$ to be paid at stated maturity on December 15,) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Principal Amount

Year

ķ	Preliminary	subject to change	

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The Series 2019 Bonds maturing on December 15, shall be subject to a	mandatory
sinking fund redemption in part by lot pursuant to the terms of the mandatory sin	king fund
redemption requirements of the CFC Trust Agreement. That mandatory redemption is t	o occur on
December 15 in each of the years through (with the balance of \$	to be paid
at stated maturity on December 15,) at a redemption price equal to 100% of the	e principal
amount redeemed, plus accrued interest to the redemption date, according to the	following
schedule:	

Year Principal Amount

The Authority shall have the option to deliver to the Trustee for cancellation any Term Bonds subject to Mandatory Sinking Fund Requirements in any aggregate principal amount and to receive a credit against any applicable Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) of the Authority for such Series 2019 Bonds. That option shall be exercised by the Authority, on or before the 45<sup>th</sup> day preceding the applicable mandatory redemption date, by furnishing the Trustee a certificate setting forth the extent of the credit to be applied and the Mandatory Sinking Fund Requirement to be credited.

Selection of Series 2019 Bonds for Redemption. If fewer than all the Outstanding Series 2019 Bonds are to be redeemed at the option of the Authority, the Trustee, upon written instruction from the Authority, shall select the Series 2019 Bonds to be redeemed from the maturities selected by the Authority; provided, that the portion of any Series 2019 Bond to be redeemed in part is to be in the principal amount of \$5,000 or any integral multiple thereof. So long as Series 2019 Bonds are registered to DTC or its nominee, selection of a portion of Series 2019 Bonds to be redeemed within a maturity shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures; provided that, so long as the Series 2019 Bonds are held in book-entry form, the selection for redemption of the Series 2019 Bonds will be made in accordance with the operational arrangements of DTC then in effect, and if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, all Series 2019 Bonds will be selected for redemption in accordance with DTC procedures by lot; provided further that any such redemption must be performed such that all Series 2019 Bonds remaining outstanding will be in the principal amount of \$5,000 or any integral multiple thereof. See "APPENDIX F - Book-Entry-Only System; DTC."

In connection with any repayment of principal of the Series 2019 Bonds, including payments of scheduled mandatory sinking fund redemptions, the Trustee will direct DTC to make a pass-through distribution of principal to the owners of the Series 2019 Bonds. A form of Pro Rata Pass-Through Distribution of Principal Notice will be provided to the Trustee that includes a table of factors reflecting the relevant scheduled redemption payments, based on the current schedule of mandatory sinking fund redemptions, which is subject to change upon certain optional redemptions, and DTC's currently applicable procedures, which are subject to change.

For purposes of calculating pro rata pass-through distributions of principal, "pro rata" means, for any amount of principal or interest to be paid, the application of a fraction to such amounts where: (a) the numerator is equal to the amount due to the owners of the Series 2019 Bonds on a payment date and (b) the denominator is equal to the total original par amount of the Series 2019 Bonds.

It is the Authority's intent that redemption allocations made by DTC with respect to the Series 2019 Bonds be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Authority nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants, or any other intermediary will allocate the redemption of these Series 2019 Bonds on such basis.

If the Series 2019 Bonds are not registered in book-entry form and if fewer than all of the Series 2019 Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2019 Bonds of such maturity and bearing such interest rate to be redeemed will be selected on a pro rata basis provided that any such redemption must be performed such that all Series 2019 Bonds remaining outstanding will be in the principal amount of \$5,000 or any integral multiple thereof.

Notice of Redemption. Notice of any such redemption, either in whole or in part, shall be mailed, by first-class mail, postage prepaid, to all registered owners of the Series 2019 Bonds or portions of the Series 2019 Bonds to be redeemed at least thirty (30) days prior to the redemption date at the address of such owners appearing on the registration books on the fifteenth day preceding that mailing; provided, however, that failure so to mail or deliver any such notice, or any defects, therein, shall not affect the validity of the proceedings for such redemption with respect to which no such failure or defect occurred. Pursuant to the Continuing Disclosure Agreement, the Authority shall also endeavor to post notice of the redemption on the EMMA System or its successor or similar nationally recognized electronic municipal information repository, but failure to do so will not affect the validity of the proceedings for such redemption. The Series 2019 Bonds so duly called for redemption shall become and be due and payable at the redemption price provided for such Series 2019 Bonds or portions thereof on the dates designated for redemption, and when the necessary moneys shall have been deposited with, or shall be held by, the Trustee or Paying Agents, interest on such Series 2019 Bonds called for redemption shall cease to accrue on the dates designated for redemption, and the holders or registered owners of said Series 2019 Bonds called for redemption shall not have any lien, rights, benefits or security under the CFC Trust Agreement, except to receive payment of the redemption price on the designated date of redemption from moneys deposited with or held by the Trustee or Paying Agents for such redemption of such Series 2019 Bonds. Any notice mailed or delivered 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 or whether or not notice was actually, timely or correctly posted on EMMA.

Conditional Notice. Any notice of redemption may state that the redemption contemplated therein is conditioned upon the occurrence of certain events or circumstances described therein as contemplated in the CFC Trust Agreement in which case the Authority will not be obligated to redeem such Series 2019 Bonds unless the events therein described have occurred.

# **DEBT SERVICE REQUIREMENTS OF SERIES 2019 BONDS\***

The following table sets forth the debt service funding requirements for the Series 2019 Bonds.

# Columbus Regional Airport Authority Debt Service Funding Requirements Series 2019 Bonds<sup>1,2</sup>

Fiscal Year Ended December 31	Principal Requirements	Interest Requirements	Total
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			

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Numbers may not total due to rounding to nearest dollar.

Numbers may not total due to rounding to nearest dollar.

Represents the Authority's debt service funding requirements for each Fiscal Year for the Series 2019 Bonds.

<sup>\*</sup> Preliminary, subject to change.

#### **SECURITY FOR THE SERIES 2019 BONDS**

# **Pledged Revenues**

The Series 2019 Bonds are payable solely from and secured by a lien on Pledged Revenues and Pledged Funds. See "APPENDIX C - Form of CFC Master Trust Agreement and CFC First Supplemental Trust Agreement." "Pledged Revenues" means, collectively, (a) all CFC Revenues, (b) any Concessionaire Deficiency Payments received by or on behalf of the Authority, (c) any investment income realized from any investment made from any money credited to the CFC Revenue Fund, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and (d) any other money pledged in a CFC Supplemental Trust Agreement to secure the Bonds issued under the CFC Trust Agreement. "CONCESSIONAIRE AGREEMENTS" and the discussion below under "Concessionaire Deficiency Payments" for more information regarding the Concessionaire Deficiency Payments. "Pledged Funds" includes, collectively, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account, together with any accounts within those Funds, and the CFC Revenue Fund to the extent that money in that Fund constitutes Pledged Revenues. "Pledged Funds" does not include the CFC Construction Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund, the CFC Surplus Fund (except for the CFC Supplemental Reserve Account), or any accounts (other than the CFC Supplemental Reserve Account) created in those Funds.

Customer Facility Charges. On January 30, 2007, the Board adopted Resolution No. 03-07 implementing the collection of CFCs by rental car companies at the Airport (which resolution was subsequently amended by Board resolutions adopted in 2008, 2011, 2015 and 2016, which resolutions are collectively referred to as the "CFC Resolution"). The CFC Resolution authorized the implementation and collection of the CFC by the rental car companies operating at the Airport. The CFC was originally established at a rate of \$2.00 per rental transaction day and was effective as of July 1, 2007. Thereafter, the CFC has been increased as follows:

\$3.85 effective as of November 1, 2008,

\$4.50 effective as of June 1, 2011,

\$5.50 effective as of September 1, 2015,

\$6.00 effective as of September 1, 2016, and

\$6.50 effective as of January 1, 2017.

The CFC is currently collected at a rate of \$6.50 per rental transaction day, up to a maximum of seven days. The Authority's ability to increase the rate of the CFC and the maximum rental transaction days is not limited by the Concessionaire Agreements or by state or federal law.

Concessionaires will be required to pay CFCs to the Authority (regardless of whether such amounts are charged to or collected from the Concessionaires' customers) in accordance with the terms and provisions of the Concessionaire Agreements. A Concessionaire's election to not charge

or collect CFCs will not relieve a Concessionaire from its responsibility to pay the full amount or such CFCs due and payable to the Authority.

Concessionaire Deficiency Payments. Concessionaire Deficiency Payments are the payments, if any, made by Concessionaires pursuant to their respective Concessionaire Agreements (or any successor provisions thereof) as contingent payments to cover, in each contract year under the Concessionaire Agreements, deficiencies, if any, in the amount of CFCs needed to fund the Annual Obligation Requirement, as defined in the Concessionaire Agreements (the "Concessionaire Deficiency Payments"). The rental car companies' obligation to make Concessionaire Deficiency Payments does not commence until the ConRAC is open. Also, the rental car companies are not required to pay Concessionaire Deficiency Payments under the 2016 Agreements. Upon the opening of the ConRAC, the Concessionaires will be subject to the terms of the Concessionaire Agreements and the 2016 Agreements will terminate. See "CONCESSIONAIRE AGREEMENTS — Concessionaire's Deficiency Payments" and "APPENDIX D - Form of Concessionaire Agreements."

Other than the CFCs and Concessionaire Deficiency Payments, no other charges, fees or amounts due and payable by the Concessionaires under the Concessionaire Agreements are pledged to the payment of the Series 2019 Bonds.

See "CONCESSIONAIRE AGREEMENTS" and "APPENDIX D – Form of Concessionaire Agreements" for a description of the termination rights and circumstances under which the Concessionaires would no longer be obligated to pay CFCs or make Concessionaire Deficiency Payments.

# **Limited Liability of Series 2019 Bonds**

The Series 2019 Bonds shall be special obligations of the Authority secured and payable solely as provided in and permitted by the CFC Trust Agreement. The Series 2019 Bonds do not constitute a debt, or a pledge of the faith and credit, of the Authority, the State or any other political subdivision of the State, and holders or owners of the Series 2019 Bonds have no right to have taxes levied by the General Assembly of Ohio or the taxing authority of any political subdivision of the State to pay Debt Service Charges on the Series 2019 Bonds.

### **Rate Covenant**

The Authority covenants, subject to all applicable requirements and restrictions imposed by law, that at all times it will prescribe, charge, revise from time to time when necessary, maintain, collect, and remit to the Trustee, as assignee of the Authority, a CFC in accordance with the CFC Resolution and the Concessionaire Agreements that will, together with any Concessionaire Deficiency Payments and any amounts the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund, produce monies sufficient in amount to pay in each Fiscal Year, in accordance with the provisions of this CFC Master Trust Agreement, the greater of:

(i) One hundred percent (100%) of the amounts required to be deposited into the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and

Replacement Fund, in such Fiscal Year as contemplated in Section 5.03 of the CFC Master Trust Agreement; or

(ii) One hundred twenty-five percent (125%) of the amount required to be paid as Debt Service Charges for such Fiscal Year.

Notwithstanding the actual amount which the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund in any Fiscal Year, the amount of such transfer which may be included in the preceding computations shall be limited to the lesser of (a) the actual amount transferred or (b) twenty-five percent (25%) of the Debt Service Charges payable in the Fiscal Year in which the computation is determined.

# **Covenants with Respect to Pledged Revenues**

The Authority covenants that so long as Bonds are outstanding under the CFC Trust Agreement, it will not take any action or omit to take any action with respect to the Pledged Revenues if such action or omission would jeopardize the validity or enforceability of the imposition of CFCs or the Concessionaire Deficiency Payments, as the case may be, or impede the Authority's ability to impose and collect CFCs or Concessionaire Deficiency Payments in the amounts contemplated in the CFC Trust Agreement.

# Pursuit of Rights and Remedies under Concession Agreement

The Authority covenants that so long as Bonds are outstanding under the CFC Master Trust Agreement, it will act in good faith to enforce its rights and pursue any remedies reasonably available to it in connection with a material breach of a Concession Agreement by any Concessionaire.

#### **Additional Bonds**

The CFC Trust Agreement permits the Authority to issue Additional Bonds, including Long Term Bonds and Interim Indebtedness (as those terms are defined in the CFC Master Trust Agreement), for the purposes only of (i) providing moneys to finance Improvements (defined in the CFC Trust Agreement as, collectively, any design, construction, expansion, addition, improvement, extension, equipping, furnishing, or installation of any CFC Facility and facilities ancillary and/or necessary and appurtenant thereto), (ii) providing additional moneys, if necessary, to complete any Improvement for which Bonds have been issued, (iii) refunding and advance refunding for any lawful purpose any Outstanding Bonds or Subordinated Obligations, or (iv) any combination of (i), (ii) or (iii). For Additional Bonds to be issued, either of the following is required:

A certificate of a Consultant to the effect that the CFC Revenues expected to be collected by the Authority during the Period of Review, adjusted to reflect, if necessary, rates of CFCs approved by the Authority before the issuance of those Additional Bonds, will aggregate in an amount not less than the sum of (A) One hundred percent (100%) of the amounts required to be deposited into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund, in each Fiscal Year of the Period of Review, plus (B) One hundred

twenty-five percent (125%) of the maximum amount required to be paid as Debt Service Charges in each Fiscal Year of the Period of Review on account of all Bonds then Outstanding, including the Additional Bonds proposed to be issued,

or

A certificate of the Chief Financial Officer to the effect that the CFC Revenues, during the Most Recent Audit Year (which is the first Fiscal Year immediately preceding the Fiscal Year in which Additional Bonds are issued and in respect of which the Authority's financial statements have been audited by either the Ohio Auditor of State or an independent firm of certified public accountants), adjusted to reflect, if necessary, rates of CFCs approved by the Authority before the issuance of those Additional Bonds, will aggregate in an amount not less than the sum of (A) One hundred percent (100%) of the amounts required to be deposited into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund, during such Most Recent Audit Year, plus (B) One hundred twenty-five percent (125%) of the maximum amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on account of all Bonds then Outstanding, including the Additional Bonds proposed to be issued.

However, notwithstanding the foregoing, Additional Bonds may be issued to provide for the completion of any Improvement if the principal amount of the Additional Bonds for the purpose does not exceed 10% of the total cost of that Improvement, or to refund or advance refund Bonds if the Debt Service Charge requirements for the Additional Bonds do not exceed by more than 5% in any Fiscal Year the Debt Service Charge requirements in the same Fiscal Year on the Bonds being refunded, in each case without the necessity of the written statement by the Consultant or certification by the Chief Financial Officer as otherwise required above.

If the Additional Bonds are in whole or in part to refund or advance refund any Outstanding Bonds or Subordinated Obligations, evidence satisfactory to the Trustee shall be submitted that either:

Provision has been made to assure that moneys sufficient to retire the Bonds or the Subordinated Obligations to be refunded will be available in the possession of the Trustee, in accordance with the CFC Master Trust Agreement at the time provided for retirement thereof under the plan for refunding, and are committed to that purpose,

or

If the Additional Bonds are in whole or in part to refund Outstanding Bonds or Subordinated Obligations which at the time of issuance of the Additional Bonds will not be deemed to have been paid and discharged under the CFC Master Trust Agreement, or an applicable Subordinated Obligations Trust Agreement, money sufficient to pay interest accrued and to accrue and any principal payable on such Additional Bonds prior to the retirement of the refunded Bonds or Subordinated Obligations has been deposited in the CFC Debt Service Fund or the Subordinated Obligations Debt Service Account, respectively, without impairment of any provision or covenant of the CFC Master Trust

Agreement or of the Bond Legislation or CFC Supplemental Trust Agreement authorizing the issuance of Additional Bonds, or the Subordinated Obligations Trust Agreement authorizing the issuance of the Subordinated Obligations, and from appropriate sources other than the CFC Revenue Fund and the CFC Debt Service Reserve Fund, or the Subordinated Obligations Debt Service Account in the case of any Subordinated Obligations, except to the extent of any money in those funds in excess of the balances required to be maintained in them under the provisions of the CFC Master Trust Agreement (the transfer of which excess money for such purpose is hereby authorized) or an applicable Subordinated Obligations Trust Agreement or will be deposited directly in the CFC Debt Service Fund or the Subordinated Obligations Debt Service Account, respectively, from appropriate portions of the proceeds from the sale of such Additional Bonds pursuant to the related Bond Legislation and CFC Supplemental Trust Agreement.

In making the calculation for purposes of the written statements of the Consultant or the certificate of the Chief Financial Officer of the Authority described above, in the case of the issuance of Additional Bonds to refund or advance refund any Outstanding Bonds, payments into the CFC Debt Service Fund on account of Debt Service Charge requirements on the Additional Bonds will be used in lieu of such payments on account of Debt Service Charge requirements on the Bonds being refunded.

#### THE CFC TRUST AGREEMENT — FLOW OF FUNDS

#### **Creation of Funds and Accounts**

The following special funds and accounts have been created under the CFC Trust Agreement and designated as follows: (i) the CFC Revenue Fund, including the CFC Supplemental Reserve Account which will be created therein and maintained therein until Substantial Completion, each to be held and administered by the Authority; (ii) the CFC Debt Service Fund, and separate accounts therein to be known as the CFC Interest Payment Account, the CFC Principal Payment Account and the CFC Redemption Account, each to be held and administered by the Trustee; (iii) the CFC Debt Service Reserve Fund and separate accounts therein for any series of Bonds to be created at the direction of the Authority, each to be held and administered by the Trustee; (iv) the CFC Debt Service Coverage Fund to be held and administered by the Trustee; (v) the CFC Administrative Costs Fund, to be held and administered by the Authority; (vii) the CFC Renewal and Replacement Fund to be held and administered by the Authority; (viii) the CFC Common Use Busing Fund to be held and administered by the Authority; and (viii) the CFC Surplus Fund, including the CFC Supplemental Reserve Account which will be maintained therein following Substantial Completion, each to be held and administered by the Authority.

# **Deposit of Pledged Revenues**

All Pledged Revenues shall be deposited with the Authority in the CFC Revenue Fund upon receipt, except as otherwise expressly provided in the CFC Trust Agreement. On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund.

Disposition of Pledged Revenues <u>before</u> Substantial Completion.

Before Substantial Completion, all CFC Revenues held in the CFC Revenue Fund (except for the CFC Supplemental Reserve Account) shall be disbursed and applied by the Authority to satisfy the deposit requirements in the amounts and manner contemplated in subsections (A) through (E) below under "Disposition of CFC Revenues after Substantial Completion" and to pay cost overruns or shortfalls in the cost of constructing the Series 2019 Project to the extent the Authority anticipates deficiencies in the funds set aside for such purpose in the CFC Construction Fund established for the Series 2019 Project. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. Prior to Substantial Completion, Pledged Revenues not needed for the purposes described in the preceding sentences shall remain in the CFC Revenue Fund. See "ESTIMATED SOURCES AND USES FOR THE SERIES 2019 PROJECT."

Disposition of Pledged Revenues after Substantial Completion.

After Substantial Completion, the CFC Supplemental Reserve Account shall be transferred to and maintained as a separate account in the CFC Surplus Fund. Moneys in the CFC Supplemental Reserve Account shall continue to be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. All other moneys in the CFC Revenue Fund shall be disbursed and applied by the Authority in the following manner and order of priority:

- (A) <u>CFC Debt Service Fund Interest Payment Account.</u> On or before each Deposit Date (defined in the CFC Master Trust Agreement as the first Business Day of each calendar month or such other day designated as such in the Bond Legislation or CFC Supplemental Trust Agreement relating to the issuance of any Bonds, and in the case of the Series 2019 Bonds, the first Business Day of each calendar month), into the Interest Payment Account not less than the amount provided in any CFC Supplemental Trust Agreement sufficient to pay interest due on the Outstanding Bonds. The CFC First Supplemental Trust Agreement provides that after giving effect to any amounts on deposit in the Series 2019 Interest Payment Subaccount, the amount deposited therein on each Deposit Date shall be an amount such that, if the same amount were paid on each Deposit Date preceding the next Interest Payment Date, the aggregate of the amounts so paid would be sufficient to pay the interest due and payable on the outstanding Series 2019 Bonds on that next Interest Payment Date.
- (B) <u>CFC Debt Service Fund Principal Payment Account</u>. On or before each Deposit Date, into the Principal Payment Account not less than the amount provided in any CFC Supplemental Trust Agreement sufficient to pay principal due on the Outstanding Bonds. The CFC First Supplemental Trust Agreement provides that after giving effect to any amounts on deposit in the Series 2019 Principal Payment Subaccount, an amount such that, if the same amount were paid on each Deposit Date preceding the next Principal Payment Date, the aggregate of the amounts so paid would be sufficient to pay the principal due and payable on the outstanding Series 2019 Bonds on that next Principal Payment Date.

- CFC Debt Service Reserve Fund. On or before each Deposit Date, into the accounts created or designated in the CFC Debt Service Reserve Fund, the amounts (if any) as provided for in any CFC Supplemental Trust Agreement. The CFC First Supplemental Trust Agreement for the Series 2019 Bonds provides that such amount (the "Series 2019 Debt Service Reserve Account Required Reserve") for the Series 2019 Bonds shall initially be equal to \$ amount is equal to the lesser of (a) 10% of the issue price or principal amount, as applicable, of the Series 2019 Bonds and determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, (b) 125% of the average amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds, and (c) 100% of the maximum amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds. Upon the date that any Series 2019 Bonds shall be defeased, the Series 2019 Debt Service Reserve Account Required Reserve shall be recomputed as of the date of such defeasance to be an amount equal to the least of (a) 10% of the issue price or principal amount, as applicable, of the Series 2019 Bonds and any Additional Bonds then outstanding, (b) 125% of the average amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any Additional Bonds then outstanding, or (c) 100% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any Additional Bonds then outstanding. On or before each Deposit Date, beginning whenever it is determined on a date of valuation of the CFC Debt Service Reserve Fund as provided for in the CFC Master Trust Agreement that the balance in any account of the CFC Debt Service Reserve Fund is less than the CFC Debt Service Reserve Fund Requirement for the applicable series of Bonds, into that account of the CFC Debt Service Reserve Fund an amount available in the CFC Revenue Fund for deposit into that account of the CFC Debt Service Reserve Fund necessary to restore the CFC Debt Service Reserve Fund Requirement for the applicable series of Bonds, and provided that in any event any deficiency in any account of the CFC Debt Service Reserve Fund shall be restored within one year of its occurrence.
- (D) <u>CFC Debt Service Coverage Fund</u>. On or before each Deposit Date, into the accounts created or designated in the CFC Debt Service Coverage Fund, the amounts (if any) as provided for in any CFC Supplemental Trust Agreement. The CFC First Supplemental Trust Agreement for the Series 2019 Bonds provides that such amount (the "Series 2019 Debt Service Coverage Account Required Reserve") for the Series 2019 Bonds shall be equal to 25% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds in the then current or any succeeding Fiscal Year. On or before each Deposit Date, beginning whenever it is determined on a date of valuation of the CFC Debt Service Coverage Fund as provided for in the CFC Master Trust Agreement that the balance in the CFC Debt Service Coverage Fund is less than the CFC Debt Service Coverage Fund Requirement, into the CFC Debt Service Coverage Fund an amount available in the CFC Revenue Fund for deposit into the CFC Debt Service Coverage Fund provided that in any event any deficiency in the CFC Debt Service Coverage Fund shall be restored within one year of its occurrence.
- (E) <u>CFC Administrative Costs Fund.</u>\* On or before each Deposit Date, into the CFC Administrative Costs Fund such amount that the Authority determines is reasonably necessary to be deposited therein to provide for the purposes of that Fund as described in Section 5.01 of the CFC Master Trust Agreement.

- (F) <u>CFC Renewal and Replacement Fund</u>.\* On or before each Deposit Date, into the CFC Renewal and Replacement Fund approximately equal monthly deposits in an amount sufficient to aggregate in total \$1,400,000 per calendar year (or the pro rata portion of such amount for any partial year) for each of the first five years once deposits into the CFC Renewal and Replacement Fund begin, and \$315,455 per year (or the pro rata portion of such amount for any partial year) for each succeeding year the Bonds are outstanding until the cumulative balance of deposits made (not counting any withdrawals therefrom) is equal to the CFC Renewal and Replacement Fund Requirement. If the required annual amount is not deposited into the CFC Renewal and Replacement Fund in any year, the monthly deposits in the following year shall be increased in amount such that the required balance to be deposited therein shall be restored within one year.
- CFC Common Use Busing Fund.\* On or before each Deposit Date, into the CFC (G) Common Use Busing Fund such amount that the Authority determines is reasonably necessary to be deposited therein to provide for the purposes of that Fund. Moneys in the CFC Common Use Busing Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Common Use Busing Fund shall be used by the Authority for any lawful purpose, including, but not limited to, funding the operation and maintenance of a common use shuttle busing system between the ConRAC and the existing Airport terminal for use by all customers of the Concessionaires. Subject to the availability of CFC Revenues, the Authority will make available the amounts described below to pay for costs of operation of the common busing system, with the Concessionaires being responsible for any remaining additional costs of such operation (the Concessionaires' portion of such costs being defined in the Concessionaire Agreements as the "Common Busing Cost Deficiency Payments"). In the first year following commencement of operations at the ConRAC, the Authority will make available a maximum of \$1,872,000 for operation of the common busing system, and such maximum will increase by 4% each year thereafter. In addition, as described in the CFC Master Trust Agreement, moneys in the CFC Common Use Busing Fund, together with moneys in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and other moneys made available by the Authority, may be used to retire by purchase for cancellation or by call for redemption, all or part of the Bonds from time to time outstanding.
- (H) <u>CFC Surplus Fund</u>.\* On or before each Deposit Date, into the CFC Surplus Fund the Pledged Revenues remaining in the CFC Revenue Fund after making all the payments required by the preceding paragraphs.

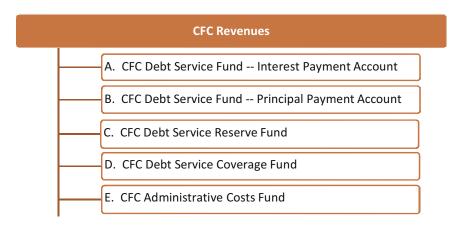
Moneys in the CFC Supplemental Reserve Account shall continue to be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. The Authority in its sole discretion may,

<sup>\*</sup> Not included as a Pledged Fund to secure the Series 2019 Bonds (except for the CFC Supplemental Reserve Account).

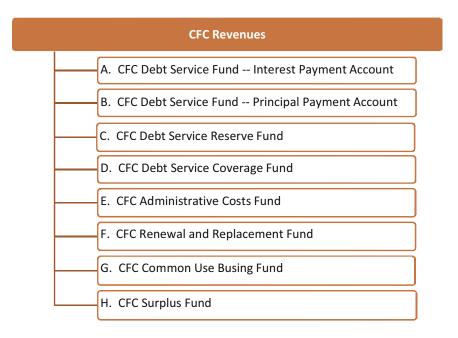
but shall not be obligated to, replenish the CFC Supplemental Reserve Account from available moneys in the CFC Surplus Fund.

All other moneys in the CFC Surplus Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Surplus Fund shall be used by the Authority for any lawful purpose, including, but not limited to, the purposes described in the Concessionaire Agreements. See "APPENDIX D – Form of Concessionaire Agreements."

# Available CFC Revenues – Before Substantial Completion<sup>1</sup>



# Available CFC Revenues – After Substantial Completion<sup>1</sup>



<sup>&</sup>lt;sup>1</sup> Before Substantial Completion, the CFC Supplemental Reserve Account shall be maintained as a separate account in the CFC Revenue Fund. After Substantial Completion, it shall be transferred to and maintained as a separate account in the CFC Surplus Fund.

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#### **CONCESSIONAIRE AGREEMENTS**

#### General

For further information regarding the Concessionaire Agreements and the definition of capitalized terms not otherwise defined herein, see "APPENDIX D - Form of Concessionaire Agreements."

The Authority began negotiations with the Concessionaires in early 2016 for an on-Airport vehicle rental business to operate from a new ConRAC. On January 23, 2018, the Board approved the Agreements for the Operation of a Rental Car Concession (the "Concessionaire Agreements"), the form of which is included as "APPENDIX D" hereto, with five rental car companies (the "Concessionaires") representing eight brands, including:

- Avis Budget Car Rental, LLC d/b/a Avis Rent A Car/Budget Rent A Car
- DTG Operations Inc. d/b/a Dollar Rent A Car/Thrifty Car Rental
- EAN Holdings, LLC d/b/a Enterprise
- Byers Car Rental LLC d/b/a Hertz
- Midwest Car Corporation. Assigned to EAN Holdings, LLC effective 4/17/18 d/b/a National Car Rental, Alamo Rent A Car

Prior to the opening of the ConRAC, each of the rental car companies operating at the Airport will continue to operate at the Airport pursuant to Rental Car Concession Agreements (the "2016 Agreements") that expire on the earlier of December 31, 2021, the date the ConRAC is opened for operation, or any time after December 31, 2019 if the premises are needed for public parking. Pursuant to the 2016 Agreements, the rental car companies are required to collect CFCs and to remit the CFCs to the Authority. **The rental car companies are not required to pay Concessionaire Deficiency Payments under the 2016 Agreements.** Upon the opening of the ConRAC, the Concessionaires will be subject to the terms of the Concessionaire Agreements and the 2016 Agreements will terminate.

The term of the Concessionaire Agreements will commence upon the opening of the ConRAC to the public (estimated to be July of 2021) and terminate thirty (30) years after the opening, but in no event will the termination date be earlier than thirty (30) years from the date of issuance of the Series 2019 Bonds. The Authority has retained the option to renegotiate terms of the Concessionaire Agreements one (1) year prior to the expected occupancy of a possible new terminal, and then every five (5) years thereafter.

The ConRAC includes the following elements: (1) office, check-in counter space, and identified lobby space (collectively, the "Customer Service Building"), (2) lobbies and restrooms on each level of the Customer Service Building and parking facility (collectively, the "Common Areas"), (3) covered parking space on the first, second, and third levels of the parking structure (the "Ready/Return Areas"), (4) uncovered parking space to be used for vehicle storage only on the fourth level of the parking structure (the "Storage Area"), (5) uncovered parking space identified for surface level vehicle storage, and (6) a multi-level connected structure immediately adjacent to the Ready-Return Areas for stacking, light maintenance, fueling, vacuuming, and

washing vehicles, and maneuvering and queuing vehicles for the same (the "Quick Turnaround Areas"). Pursuant to the Concessionaire Agreements, portions of the Customer Service Building, Ready/Return Areas, Storage Area and Quick Turnaround Areas will be allocated to each of the Concessionaires on an exclusive basis ("Exclusive Premises"), and other non-public areas of the ConRAC designed for the non-exclusive use in common by the Concessionaires, including, but not limited to, roadways, ramps, or other facilities within the ConRAC, and the ground upon which the ConRAC will be located, will be used in common by all of the Concessionaires (the "Common Concessionaire Areas"). The entire ConRAC will be operated, managed and maintained by the ConRAC Facility Manager, a third party facility manager selected, subject to Authority approval, by the Concessionaires as a group.

# **Concessionaire Deficiency Payments**

As discussed previously herein, the rental car companies are not required to pay Concessionaire Deficiency Payments under the 2016 Agreements. Upon the opening of the ConRAC, the Concessionaires will be subject to the terms of the Concessionaire Agreements and the 2016 Agreements will terminate.

Pursuant to the Concessionaire Agreements, the Authority will provide each Concessionaire annually an Annual Bond Year Report and/or other related documentation. Upon delivery of such reports, the Authority will meet with the Concessionaires to review the CFC revenues in relation to the Annual Obligation Requirement (as defined in the Concessionaire Agreements) statement of the estimated amounts of Concessionaire Deficiency Payments which will be due for the remainder of a Contract Year under the Concessionaire Agreement, as the case may be (the "Concessionaire Deficiency Payment Estimate"). If after consultation with the Concessionaires, the Authority reasonably determines that there is a deficiency between the CFC revenues necessary to meet the Annual Obligation Requirement and the actual CFC revenues collected during a current Agreement Year, or forecasted to be collected for any upcoming Agreement Year, during the Term the Authority will initiate the following actions listed in the order of priority:

- 1. The Authority acting promptly and with good faith, but at its sole discretion will determine if an increase in the CFC rate is reasonably appropriate to cover all or a portion of the CFC Deficiency for the applicable Agreement Year and/or subsequent Agreement Years of the Term.
- 2. The Authority at its sole discretion will determine if there are available CFC funds held in any CFC reserve account not required for the Bonds for which all or a portion thereof could be used to offset or partially offset the CFC Deficiency for any applicable Agreement Year.
- 3. The Authority at its sole discretion will identify if anticipated expenditures not funded with Bonds can be deferred or reduced in scope, to further offset or partially offset the CFC Deficiency for any applicable Agreement Year.

The Concessionaire Deficiency Payment Estimate will be based on, among other things, the Authority's estimate or forecast of the number of Contract Days for such Contract Year, and will be the estimated amount necessary to offset the CFC Deficiency in such Contract Year.

The Concessionaire Deficiency Payment will commence upon the first day of the month following thirty (30) days' prior written notice from Authority to the Concessionaires. In the event that a Concessionaire Deficiency Payment was imposed during the Term, and subsequently thereto CFC revenues in any Agreement Year exceed or are forecasted to exceed the Annual Obligation Requirement, the Authority shall promptly notify the Concessionaires in writing of the date of the termination of the Concessionaire Deficiency Payment obligation.

"CFC Deficiency" means the amount, if any, computed on an annual basis, by which available CFC revenues paid to the Authority for any Agreement Year are not sufficient to pay Debt Service on the Bonds, to maintain the coverage requirements defined in the documentation relating to or authorizing the Bonds ("Minimum Annual Requirement"), reserve funds, as well as other costs covered by the CFCs. Each Concessionaire will pay their proportionate share of the total CFC Deficiency using the Market Share Percentage. Concessionaire Deficiency Payments will be paid by each Concessionaire as and when required, and in all events without set-off, deduction, credit, or discount, except for such credits for overpayments as are expressly permitted under the Concessionaire Agreement.

# **Concessionaire Termination Rights**

The Concessionaire Agreement provides that the Concessionaire may only terminate the Concessionaire Agreement if the Authority is in default of the Concessionaire Agreement, which would occur if, after reasonable notice from Concessionaire, the Authority fails without excuse to remedy any of the following occurrences:

- 1. The permanent abandonment of the Airport for scheduled certificated airlines service;
- 2. The issuance by any court of competent jurisdiction of any injunction preventing or restraining the use of the Airport for sixty (60) calendar days or more in a manner that substantially prevents the Concessionaire from conducting the operations authorized by the Concessionaire Agreement;
- 3. The exercise by an agency of the United States government for ninety (90) calendar days or more of control over the Airport and its facilities in a manner that substantially prevents the Concessionaire from conducting the operations authorized by the Concessionaire Agreement; or
- 4. The Authority's failure to substantially comply with a material provision of the Concessionaire Agreement for more than sixty (60) calendar days after written notice of the failure from the Concessionaire.

Additionally, if the Authority exercises its option to renegotiate terms of the Concessionaire Agreements one (1) year prior to the expected occupancy of a possible new

terminal, and then every five (5) years thereafter, and, after good faith negotiations the Authority and a Concessionaire are unable to agree on new terms, the Concessionaire will vacate the ConRAC and terminate the Concessionaire Agreement.

#### **Concessionaire Default**

A Concessionaire will be deemed to be in default of the Concessionaire Agreement upon the occurrence of any of the following:

- 1. The Concessionaire's failure to comply with a material provision of the Concessionaire Agreement, including, but not limited to, a failure to pay any fee or other amount due under the Concessionaire Agreement within ten (10) calendar days after it is due, or any different period expressly provided by the Concessionaire Agreement or by applicable law.
- 2. To the extent permitted by the United States Bankruptcy Code:
  - a. The Concessionaire's insolvency;
  - b. An assignment by the Concessionaire for the benefit of creditors;
  - c. The Concessionaire's filing of a voluntary petition in bankruptcy;
  - d. An adjudication that the Concessionaire is bankrupt;
  - e. The appointment of a receiver with respect to the Concessionaire's property, and the receiver is not discharged within thirty (30) calendar days;
  - f. The filing of an involuntary petition of bankruptcy and the Concessionaire's failure to secure a dismissal of the petition within thirty (30) calendar days after filing;
  - g. Attachment of or the levying of execution on any interest in the Concessionaire Agreement and the Concessionaire's failure to secure discharge of the attachment or release of the levy of execution within ten (10) calendar days; or
  - h. The Concessionaire becomes a corporation in dissolution or voluntarily or involuntarily forfeits its corporate charter.
- 3. The Concessionaire's failure to comply with all applicable federal, state, and local laws and rules, including but not limited to Authority resolutions and reasonable rules established by the Authority for more than thirty (30) calendar days after the Concessionaire's receipt of written notice of the failure, or a reasonable longer period if the Concessionaire promptly undertakes and works diligently toward effecting a cure of the breach.

- 4. The Concessionaire's failure to timely commence operating a rental car concession in the portion of the ConRAC occupied by the Concessionaire.
- 5. The Concessionaire's abandonment of rental car concession operations in all or any part of the portion of the ConRAC occupied by the Concessionaire.
- 6. The Concessionaire's default under its separate service facility lease with the Authority.

If the Concessionaire Agreement is terminated because of the default of the Concessionaire, the Concessionaire shall remain liable, in addition to accrued liabilities, to the extent legally permissible for the amounts that the Concessionaire would have been required to pay to the Authority under the Concessionaire Agreement had the Concessionaire Agreement not been terminated.

Additionally, if a Concessionaire Agreement is terminated, the remaining Concessionaires will continue to be responsible, whether through CFC revenues or Concessionaire Deficiency Payments, or both, for the full amount of the Minimum Annual Requirement.

# **Authority Remedies**

In the event of any of the foregoing events of default of a Concessionaire, and following thirty (30) days' written notice by the Authority and the Concessionaire's failure to cure, the Authority, at its election, may exercise any one or more of the following options or remedies, the exercise of any of which will not be deemed to preclude the exercise of any other remedy listed in the Concessionaire Agreement or otherwise provided by statute or general law:

- (1) Terminate a Concessionaire's rights under the Concessionaire Agreement and, in accordance with law, take possession of the portion of the ConRAC occupied by that Concessionaire. In doing so, the Authority will not be deemed to have thereby accepted a surrender of the portion of the ConRAC occupied by the Concessionaire, and the Concessionaire will remain liable for all payments or other sums due under the Concessionaire Agreement and for all damages suffered by the Authority because of the Concessionaire's breach of any of the covenants of the Concessionaire Agreement; or
- (2) Treat the Concessionaire Agreement as remaining in existence, and cure the Concessionaire's default by performing or paying the obligation which the Concessionaire has breached. In such event all sums paid or expenses incurred by the Authority directly or indirectly in curing the Concessionaire's default will become immediately due and payable, as well as interest thereon, from the date such fees or charges became due to the date of payment, at the Default Rate; or
- (3) Declare the Concessionaire Agreement to be terminated, ended, null and void, and reclaim possession of the portion of the ConRAC occupied by the Concessionaire, whereupon all rights and interest of the Concessionaire in the portion of the ConRAC occupied by the Concessionaire will immediately end.

# **Repeat Default**

Notwithstanding the remedies described above, in the event that a Concessionaire has defaulted three (3) times within one (1) Fiscal Year in the performance of or breached any of the terms, covenants and conditions required of the Concessionaire Agreement, as determined solely by the Authority, and regardless of whether the Concessionaire has cured each individual condition of breach or default, the Concessionaire may be determined by the Authority to be a "repeat violator." At the time that such determination is made, the Authority will issue to the Concessionaire a written notice advising of such determination and citing the circumstances therefore. Such notice will also advise the Concessionaire that there will be no further notice or grace periods to correct any subsequent breaches or defaults and that any subsequent breaches or defaults of whatever nature, taken with all previous breaches and defaults, will be considered cumulative and collectively, will constitute a condition of non-curable default and grounds for immediate termination of the Concessionaire Agreement. In the event of any such subsequent breach or default, the Authority may terminate the Concessionaire Agreement upon the giving of written notice of termination to the Concessionaire, such termination to be effective upon delivery of the notice to the Concessionaire.

#### THE AIRPORT SYSTEM

#### General

The Airport System includes the Airport, Bolton Field and Rickenbacker International Airport.

**The Airport.** The Airport was dedicated in 1929 and serves as the City's and central Ohio's primary commercial airport. The Airport is located approximately six miles east of the central business district of the City. The City is located in Franklin County and is the capital of the State. The Airport is adjacent to the intersections of Interstate 670 and Interstate 270 on the northeast side of the City, providing easy access to the regional and national highway systems. The Series 2019 Project is located at the Airport.

**Bolton Field.** Bolton Field opened in 1970 as a general aviation airport and serves primarily as a reliever to the Airport with approximately 18,000 operations in 2017. Bolton Field is situated on a 1,307 acre site eight miles southwest of the City's central business district. Airfield facilities at Bolton Field include a single 5,500 foot runway (4/22) with an Instrument Landing System approach and a parallel taxiway. Bolton Field has a 7,600 square foot terminal building, a 4-story control tower, two conventional hangars, 90 T-hangars, an airfield maintenance garage and a vehicle storage building, and automobile parking. Bolton Field, as a general aviation airport, does not serve commercial air carriers. The Series 2019 Project will not serve Bolton Field.

**Rickenbacker International Airport**. Rickenbacker International Airport, located in Franklin County approximately 15 miles from the City's central business district, is a major cargo facility and is utilized by the Ohio Air National Guard. It also offers commercial passenger service by Allegiant Air, which flies to various leisure destinations year-round and seasonally. As this passenger service serves a different and small segment of the local air travel market, it is not seen as competition for the Airport's origin and destination passengers. Rickenbacker International Airport's primary role is to provide the Columbus MSA with air freight, logistics and

warehouse/distribution services. The Series 2019 Project will not serve Rickenbacker International Airport.

#### **Authority Board**

The Act provides that all of the powers of the Authority are vested in a Board of Directors. The Act requires that each Director be a qualified elector or have had his or her business or place of employment in the area of jurisdiction of the Authority for a period of at least three years preceding his or her appointment to the Board. Each Director serves a term of four years.

Four of the nine members of the Board of Directors are appointed by the Mayor of the City with the advice and consent of City Council of the City. Four members are appointed by the Board of Commissioners of the County. The remaining member is appointed jointly by the Mayor of the City and the Board of Commissioners of the County. The members of the Board of Directors are:

*William R. Heifner* (County appointment) Mr. Heifner is Chair of the Board of Directors and also sits on the Facilities & Services Committee, the Finance & Audit Committee and the Human Resources Committee. His appointment expires December 31, 2022. Mr. Heifner is President of Renier Construction Corporation.

*Jordan A. Miller, Jr.* (City appointment) Mr. Miller is the Vice-Chair of the Board of Directors, chairs the Finance & Audit Committee, and sits on the Human Resources Committee. His appointment expires December 31, 2020. Mr. Miller is retired President & CEO of Fifth Third Bank (Central Ohio).

**Don M. Casto, III** (City appointment) Mr. Casto also chairs the Human Resources Committee, and sits on the Business Development & Logistics Committee and the Air Service and Customer Experience Committee. His appointment expires December 31, 2019. Mr. Casto is President/Owner of CASTO.

*Frederic Bertley, Ph.D.* (City appointment) Dr. Bertley also sits on the Air Service and Customer Experience Committee and the Finance & Audit Committee. His appointment expires December 31, 2021. Dr. Bertley is President & CEO of the Center of Science and Industry (COSI).

*Karen J. Morrison* (City appointment) Ms. Morrison also sits on the Finance & Audit Committee. Her appointment expires December 31, 2022. Ms. Morrison is President of OhioHealth Foundation.

**Paul Chodak III** (County appointment) Mr. Chodak also chairs the Facilities & Services Committee and sits on the Business Development & Logistics Committee. His appointment expires January 31, 2021. Mr. Chodak is Executive Vice President, Utilities, of American Electric Power.

*Elizabeth Kessler* (County appointment) Ms. Kessler also chairs the Business Development & Logistics Committee, and sits on the Air Service and Customer Experience Committee. Her appointment expires December 31, 2020. Ms. Kessler is Partner-in-Charge of the Columbus office of the Jones Day law firm.

**Susan Tomasky** (County appointment) Ms. Tomasky sits on the Business Development & Logistics Committee and the Human Resources Committee. Her appointment expires December 31, 2019. Ms. Tomasky is the former President of AEP Transmission and currently serves as a Director of Andeavor Corp., Public Service Enterprise Group and Summit Midstream, LLC.

*Terrance Williams* (Joint appointment) Mr. Williams also chairs the Air Service and Customer Experience Committee, and sits on the Facilities & Services Committee. His appointment expires December 31, 2022. Mr. Williams is Executive Vice President, Chief Marketing Officer & President, Emerging Businesses, Nationwide Mutual Insurance Company.

#### **Authority Management**

Principal Authority staff members responsible for the operation and management of the Authority include:

*Joseph R. Nardone, CM.* Mr. Nardone has served as the President & CEO of the Authority since January 2018.

As President & CEO, Mr. Nardone oversees the strategic operation and management of CRAA's three airports and is tasked with advancing air service development and creating strong partnerships to benefit the Columbus region.

Mr. Nardone most recently served as CEO of Wayne County Airport Authority ("WCAA"), an independent governmental entity that manages and operates the Detroit Metropolitan Wayne County Airport and Willow Run Airport, Michigan's busiest airport system and one of the world's leading air transportation hubs.

Mr. Nardone previously served as Vice President of Business Development & Real Estate for WCAA. In that role, he was responsible for leading the Real Estate, Concessions and Air Service Development departments as well as handling permits, managing economic development activities and cultivating relationships with airline representatives and other tenants. He joined WCAA in 2012 as Director of Development.

Mr. Nardone previously worked in Europe and the U.S. while Vice President of Huron Valley Steel Corporation and Fritz Enterprises, served as Director of Southgate Properties, a nonprofit corporation with multi-million dollar real estate holdings, and served as the economic development director for the city of Taylor, Michigan.

Mr. Nardone earned a Bachelor of Arts from Michigan State University and is a certified member of the American Association of Airport Executives.

**Randy Bush, CPA.** Mr. Bush has served as the Chief Financial Officer since October 2013. Mr. Bush has worked in a number of capacities since joining the Authority in 1992, including Audit, Finance, Facilities and Parking & Ground Transportation. Previously he spent over six years in public accounting as an audit supervisor working with clients in a variety of public and private sectors. Mr. Bush is involved in various professional and community capacities.

He received his undergraduate degree in accounting from the University of Akron and holds a number of licenses, including Certified Public Accountant and Certified Internal Auditor.

Casey Denny, A.A.E. Mr. Denny has served as Chief Asset Officer since May 2015 and brings over 20 years of airport experience. Mr. Denny provides strategic direction for the use and maintenance of CRAA-owned and operated assets, including facilities, grounds, pavement and equipment. Additionally, he also oversees the Real Estate department and all land and airside development at all three Authority airports. Mr. Denny received a Bachelor of Science in Aeronautical Technology: Airway Science Management from Arizona State University. Previously, he was Deputy Director of the Phoenix-Mesa Gateway Airport, a former Air Force Base that now provides commercial passenger service. He has also worked at San Francisco International Airport, and started his career at the Arizona Department of Transportation.

**Shannetta Griffin, P.E.** Ms. Griffin has served as Chief Development Officer since June 2017. Ms. Griffin oversees the Development division which manages the planning, design and construction of all facilities at all three Authority airports.

Ms. Griffin has more than 30 years of industry experience in planning, designing, constructing, managing budgets and coordinating with stakeholders on various airport projects including inline baggage systems, on-airport hotels, hangars, terminals, runways and much more. Ms. Griffin received her degree from the University of Toledo and was the first African-American woman to graduate from the College of Engineering. She has been a member of the Airport Minority Advisory Council since 1986, has served three terms on their board and has served on several committees. She has received the Outstanding Alumni Civil Engineer for the University of Toledo, the 2016 Airport Minority Advisory Council Women of Influence Award and the 2017 Center for Leadership Development Achievement in Business and Industry Award. She currently chairs the Business Diversity Committee for Airports Council International-North America.

*Tory Richardson, A.A.E.* Mr. Richardson has served as Executive Vice President & Chief Operating Officer since April 2018. In this role he provides leadership and strategic oversight of the following areas and departments: executive staff operational oversight, asset management, operations, development, public safety, emergency preparedness, government and external affairs, strategy and innovation, marketing and communications.

Mr. Richardson first joined the Authority in 2012, bringing with him more than two decades of aviation experience. He previously served as the Executive Director of Airports for the Fort Wayne-Allen County Airport Authority for more than eight years. Before that he was the Airport Executive Director of Rapid City Regional Airport in Rapid City, South Dakota, and was an Airport Operations Officer at the Dubuque Regional Airport in Iowa. Mr. Richardson earned a Bachelor of Science degree in Aviation Management from the University of Dubuque.

**David Whitaker.** Mr. Whitaker has served as Chief Commercial Officer since January 2017. Besides business development which involves close collaboration with key public and private stakeholders, Mr. Whitaker oversees customer service, marketing, parking and ground transportation and concessions management. Prior to joining the Authority in 1997, Mr. Whitaker spent 13 years with America West Airlines where he was the station manager for operations in San Jose, California, and Tucson, Arizona. He later became Director of Customer Service for the

America West Columbus hub located at the Airport. Mr. Whitaker graduated from the University of Wisconsin, Eau Claire with a Bachelor of Science in psychology and secondary education.

Amanda Wickline. Ms. Wickline has served as General Counsel & Chief Administrative Officer since August 2018. She provides legal counsel and strategic guidance. In addition to traditional general counsel responsibilities, she also oversees the Authority's procurement, human resources, diversity and inclusion, and risk management functions.

Ms. Wickline joined the Authority in 2012 after 9 years of private practice as a labor and employment attorney. In 2014, she became the Authority's Director of Human Resources & Employment Counsel. Ms. Wickline graduated cum laude from Denison University with a Bachelor of Arts degree in English Literature and Psychology. She earned her Juris Doctorate from Wake Forest University School of Law.

#### The Catchment Area

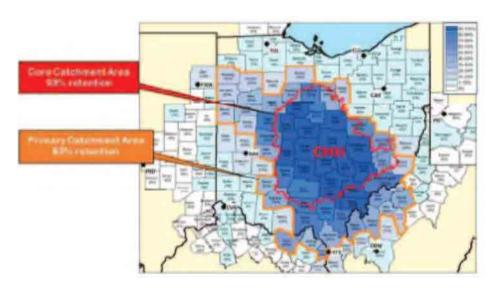
A 2017 study conducted for the Authority by Campbell-Hill Aviation Group, LLC showed that the Airport's catchment area includes not only Columbus, the fourth fastest growing big city in the U.S. in terms of percentage growth, but also a large geographical area throughout the state of Ohio. This study identified two catchment areas to determine the Airport's true market size: the Core Catchment Area and the Primary Catchment Area.

The Core Catchment Area, identified below in the red boundary line, identifies the population that has John Glenn Columbus International Airport as the closest airport option based on drive time. The Airport retains 93% of passengers in this Core Catchment Area housing a population of 2.6 million.

The Primary Catchment Area is shown below with the orange boundary line. This larger area represents counties within a 3-hour drive that the Airport gets at least a 20% share of passengers when there is a nonstop option. Within this Primary Catchment Area the population totals 4.1 million with a household income of \$102 billion.

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# **CMH Core and Primary Catchment Areas**



## **Facilities at the Airport**

The Airport, which has expanded from its original 768 acre site to its current 2,271 acre site, is located in Franklin County. The Airport is approximately six miles east of the City's central business district. Primary access to the Airport is provided via Interstate 270, Interstate 670, Stelzer Road and Hamilton Road.

Airfield and Aircraft Parking Aprons. The Airport has two parallel east/west runways and a related taxiway system. Runway 10R/28L is the primary air carrier runway. Runway 10L/28R currently serves as a secondary commercial service runway. General aviation tie-down space currently consists of 41 local ramp apron positions, and 83 itinerant ramp positions which encompass an apron tie-down area of approximately 42,500 square yards.

Terminal Facilities. The original airline terminal at the Airport was replaced in 1958 by the existing terminal, which was constructed to contain 140,000 square feet and 12 gates. Following numerous expansions, including the Concourse C expansion in 1996, the North and South matrix additions in 2010, and the Terminal Modernization Project in 2016, the terminal's size has increased to 898,893 square feet and 31 passenger boarding bridges. The current commercial passenger terminal facilities include a two-level main terminal and two, two-level pier concourses with second level boarding. The second level boarding concourses provide a total of 31 gates. The FAA's Air Traffic Control Tower and Terminal Radar Approach Control Facility (TRACON) are located on Airport property.

**Roadways and Parking.** The Airport's entrance road currently splits into two levels: an upper level roadway for departing passengers and a lower level for arriving passengers. Automobile parking consists of short-term hourly parking, long-term parking in the garage adjacent to the terminal, and long-term parking in four remote surface lots.

Other Facilities. There are approximately twenty-one other buildings located at the Airport. These include two air cargo buildings, an in-flight kitchen facility, fixed based operator hangars, private corporate hangars, NetJets corporate headquarters, a flight safety training facility, three flex-warehouses, lodging facilities (Hilton Garden Inn, Hampton Inn, and Fairfield Inn), T-Hangar buildings and rental car facilities currently located within an Authority-owned parking garage located adjacent to the main terminal, and two restaurants (94th Aero Squadron and McDonald's).

# **Historical Airport Aviation Activity**

Enplanements. The Airport's total enplanements increased 13.05% from 2002 (3.348 million) to 2017 (3.785 million), compared with a 43.87% increase in enplanements throughout the U.S. Following the end of the Great Recession in 2009, enplanement levels at the Airport remained flat through 2014 because airlines continued to limit their seat capacities. After 2014, airlines began adding to their fleet of aircraft and adding back seat capacity to smaller airports. The Airport experienced increases in seat capacity amid recovering air travel demand. In the past two years, the Airport realized a resurgence in Frontier Airlines' service as well as new service by Spirit Airlines. Enplanements at the Airport also increased in the most recent four year period at an average annual rate of 6.5%, compared to 4.4% experienced nationwide.

**Connecting Activity.** The percentage of total Airport enplanements attributable to connecting traffic in 2018 was approximately 1.00%.

The following table shows enplanements at the Airport and in the United States, and the Airport's share of total United States enplanements.

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# **HISTORICAL ENPLANEMENTS**

# **2002-2018**

	Enpla	nements (1,000s)	СМН
Year	СМН	U.S.	Share
2002	3,348	670,604	0.50%
2003	3,157	700,864	0.45%
2004	3,113	763,710	0.41%
2005	3,307	800,850	0.41%
2006	3,363	808,103	0.42%
2007	3,865	835,510	0.46%
2008	3,459	809,822	0.43%
2009	3,123	767,817	0.41%
2010	3,184	787,478	0.40%
2011	3,190	802,135	0.40%
2012	3,175	813,123	0.39%
2013	3,115	825,322	0.38%
2014	3,173	851,850	0.37%
2015	3,394	896,632	0.38%
2016	3,659	931,989	0.39%
2017	3,785	964,765	0.39%
2018	4,076	Not Available	N.A.
Jan-Sep 2017	2,808	724,303	0.39%
Jan-Sep 2018	3,013	760,911	0.40%
CAGR, 2002-2017	0.8%	2.5%	
YOYGR, Jan-Sep 2018	7.3%	5.1%	
CAGR, 2002-2018	1.4%	N.A.	
YOYGR, 2017-2018	7.7%	N.A.	

CAGR - Compound annual growth rate

YOYGR - Year-over-year growth rate

Sources: CRAA for CMH enplanements and U.S. Department of Transportation T-100 Market Data for U.S. system enplanements.

# **Airlines Serving the Airport**

The Airport is served by seven major/national airlines, one foreign flag carrier, and one scheduled charter airline.

# Major/National Airlines<sup>1</sup>

Alaska Airlines American Airlines Delta Air Lines Frontier Airlines Southwest Airlines Spirit Airlines United Airlines

# Foreign Flag Carriers

Air Canada

# Scheduled Charter Airline

Vacation Express

<sup>1</sup> All major/national airlines are Signatory Airlines. See "- Agreements with the Airlines" below.

#### **Agreements with the Airlines**

The Authority has in effect Airline Lease Agreements at CMH with American Airlines, Delta Airlines, Frontier Airlines, Southwest Airlines, Spirit Airlines, United Airlines, and Air Canada (the "Signatory Airlines") relating to the use of the Airport. The Airline Lease Agreements for the Signatory Airlines each have a term extending to December 31, 2019. Each of the Signatory Airlines leases certain designated space in the terminal for its preferential use and shared airlines areas that can be used on a per turn basis. Rates for rentals, fees, and charges for the Signatory Airlines are calculated on an annual basis for both the airfield landing fee, apron parking fees, and terminal rental fees. The airfield landing fee is a residual formula based on requirements of the airfield, less airfield nonairline and nonsignatory revenues, divided by Signatory Airline landed weight. The apron parking fee is also a residual formula based on the requirements of the apron areas next to the terminal. The terminal rental rate is a commercial compensatory formula (leasable square footage) based on requirements of the terminal. The airlines pay various rates based on the location and the amount of square footage leased.

The Airline Lease Agreements with the Signatory Airlines are substantially similar, differing primarily with respect to the amount and areas of square footage leased. At the expiration of the term of the existing Airline Lease Agreements, the Authority will either negotiate new agreements with the Signatory Airlines or will establish airline rates and charges pursuant to a resolution of the Authority.

Under the Airline Lease Agreements, approval of a Majority-in-Interest (as defined therein) of the airlines is required for certain airfield area or apron projects affecting the calculation of landing and apron fees. If the airlines choose to defer a project, they may do so for one year, at which time the Authority may move forward with the project and include the cost in the airline rates and charges. Because none of the Series 2019 Project affects the calculation of landing or apron fees during the remaining term of the Airline Lease Agreements, the Authority has determined that Majority-in-Interest approval is not required for any of the Series 2019 Project.

# **Enplanements and Deplanements**

Southwest Airlines had the largest number of passengers at the Airport in 2018, with 2.891 million enplanements and deplanements, representing 35.5% of total passengers at the Airport. American Airlines, Delta and United had market shares of 23.0%, 21.4% and 12.3%, respectively, in 2018. Total historical passenger counts and airline market shares for the Airport for 2014 through 2018 are shown on the following table.

HISTORICAL AIRLINE MARKET SHARE 2014-2018

		Total P	assengers	(1,000s)		Share of Total Passengers						
Airline	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018		
Air Canada	44	53	65	69	73	0.7%	0.8%	0.9%	0.9%	0.9%		
American <sup>1</sup>	1,872	1,854	1,860	1,845	1,873	29.4%	27.3%	25.4%	24.3%	23.0%		
Mainline	617	581	571	572	615	9.7%	8.6%	7.8%	7.6%	7.6%		
Regional	1,255	1,272	1,289	1,273	1,258	19.7%	18.7%	17.6%	16.8%	15.5%		
Delta	1,471	1,558	1,606	1,633	1,744	23.1%	22.9%	21.9%	21.5%	21.4%		
Mainline	818	889	918	907	961	12.9%	13.1%	12.5%	12.0%	11.8%		
Regional	653	668	688	725	783	10.3%	9.8%	9.4%	9.6%	9.6%		
Frontier	0.5		151	289	162	0.0%	0.0%	2.1%	3.8%	2.0%		
OneJet				0.6	1.6				0.01%	0.02%		
Southwest <sup>2</sup>	2,111	2,377	2,645	2,753	2,891	33.2%	35.0%	36.1%	36.3%	35.5%		
Spirit					353					4.4%		
United	835	917	961	947	1,004	13.1%	13.5%	13.1%	12.5%	12.3%		
Mainline	80	175	253	229	220	1.3%	2.6%	3.5%	3.0%	2.7%		
Regional	755	742	707	718	784	11.9%	10.9%	9.7%	9.5%	9.6%		
Subtotal												
Scheduled	6,333	6,758	7,288	7,536	8,102	99.6%	99.4%	99.5%	99.5%	99.5%		
Mainline	3,627	4,023	4,537	4,750	5,202	57.1%	59.2%	61.9%	62.7%	63.9%		
Regional	2,706	2,735	2,751	2,786	2,900	42.6%	40.2%	37.6%	36.8%	35.6%		
Others	23	38	36	41	40	0.4%	0.6%	0.5%	0.5%	0.5%		
Total	6,356	6,796	7,324	7,577	8,142	100.0%	100.0%	100.0%	100.0%	100.0%		

<sup>&</sup>lt;sup>1</sup> Including US Airways through 2016.

Source: Columbus Regional Airport Authority.

<sup>&</sup>lt;sup>2</sup> Including Air Tran through 2014.

#### RENTAL CAR OPERATIONS

#### **CFC Collections**

The Concessionaires have operated at the Airport since the CFC collection commenced on July 1, 2007. Annual transactions, transaction days, and amounts of CFCs collected are shown in the table below.

# HISTORICAL ANNUAL TRANSACTIONS, TRANSACTION DAYS, AND CFC COLLECTIONS 2007-2018

		Transaction	<b>CFCs</b>	Notes on CFC Level (Rate per
Year	<b>Transactions</b>	Days	Collected	transaction day)
2007	322,585	916,801	\$1,839,098	Implemented at \$2.00 effective 7/1/2007
2008	504,384	1,375,125	\$3,035,210	Increased to \$3.85 effective 11/1/2008
2009	418,457	1,200,549	\$4,622,113	
2010	434,385	1,209,325	\$4,679,495	
2011	461,280	1,277,272	\$5,337,245	Increased to \$4.50 effective 6/1/2011
2012	480,513	1,351,060	\$6,072,282	
2013	492,522	1,439,416	\$6,445,487	
2014	493,842	1,399,421	\$6,285,421	
2015	530,864	1,557,016	\$7,373,512	Increased to \$5.50 effective 9/1/2015
2016	535,403	1,674,560	\$9,204,524	Increased to \$6.00 effective 9/1/2016
2017	508,647	1,610,476	\$10,034,519	Increased to \$6.50 effective 1/1/2017
2018	522,894	1,694,319	\$10,444,759	

Source: Columbus Regional Airport Authority.

#### **Car Rental Operations**

The Authority has entered into Rental Car Concession Agreements (the "2016 Agreements") with the Concessionaires, which provide the non-exclusive right to operate a vehicle rental concession on the Airport for the eight brands of rental car companies. Those agreements will terminate on the earlier of December 31, 2021, the date the ConRAC is opened for operation, or any time after December 31, 2019 if the premises are needed for public parking. Upon the opening of the ConRAC, the 2016 Agreements will then be replaced by the Concessionaire Agreements. While it is expected that the ConRAC will be open for operation by July of 2021, in the event that the ConRAC is not opened by that date, the rental car companies that have executed the 2016 Agreements would continue to charge and collect CFCs, currently at the rate of \$6.50 per rental transaction day, up to a maximum of seven days. Such rental car companies are not required to pay Concessionaire Deficiency Payments under the 2016 Agreements, but will pay such Concessionaire Deficiency Payments under the Concessionaire Agreements after the opening of

the ConRAC. See "CONCESSIONAIRE AGREEMENTS" and "APPENDIX D - Form of Concessionaire Agreements."

## **Publicly Available Information for the Concessionaires**

Certain of the Concessionaires or their parent corporations are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, as such are required to file periodic reports, including financial and operational data, with the Securities and Exchange Commission (the "SEC"). All such reports and statements can be inspected and copies obtained at prescribed rates in the Public Reference Room of the SEC at 100 F Street, NE, Room 1580, Washington, DC 20549. The SEC maintains a website at <a href="http://www.sec.gov">http://www.sec.gov</a> containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

The Authority undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of information available from the SEC as discussed in the preceding paragraph, including, but not limited to, updates of such information on the SEC's website or links to other Internet sites accessed through the SEC's website.

See also "INVESTMENT CONSIDERATIONS" for discussions regarding the financial condition of the Concessionaires and the effects of bankruptcies of the Concessionaires on the ability of the Authority to pay principal of and interest on the Series 2019 Bonds.

#### FINANCIAL FEASIBILITY REPORT

#### General

The Authority has retained Unison Consulting, Inc. (the "Feasibility Consultant"), to prepare a report in connection with the issuance of the Series 2019 Bonds. The Financial Feasibility Report is included as "APPENDIX A" hereto. The information regarding the analyses and conclusions contained in the Financial Feasibility Report is included in the Official Statement in reliance upon the expertise of the Feasibility Consultant. The Financial Feasibility Report has not been revised subsequent to its date of publication (April 8, 2019) to reflect the final terms of the Series 2019 Bonds.

The financial projections and forecasts in the Financial Feasibility Report are based on certain information and assumptions that were provided by, or reviewed and agreed to by, the Authority's management. In the opinion of the Feasibility Consultant, these assumptions provide a reasonable basis for the projections and forecasts.

The Financial Feasibility Report should be read in its entirety regarding all of the assumptions used to prepare the projections and forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Financial Feasibility Report will occur. As noted in the Financial Feasibility Report, any projection or forecast is subject to uncertainties. Inevitably, some assumptions used to develop the projections and forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also "INTRODUCTION — Forward-Looking Statements."

# **Projected CFC Collections and Debt Service Coverage**

The following table sets forth the projected CFC collections, balance in the Debt Service Coverage Fund, debt service requirements for the Series 2019 Bonds and the debt service coverage of the Series 2019 Bonds, as forecasted by the Feasibility Consultant, for the Fiscal Years 2019 through 2029. The projected CFC collections are based on the current CFC rate, and do not assume any increase in the CFC rate throughout the forecasted period.

Columbus Regional Airport Authority Projected Debt Service Coverage on the Series 2019 Bonds

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2026	2029
Pledged Revenues											
CFC Revenues	\$7,782,578	511,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	513,661,766
Concessionaire Deficiency Payments	0	0	0	0	0	. 0	0	0	0	0	0
Total Pledged Revenues	\$7,782,578	511,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	512,699,521	\$12,929,467	\$13,165,038	513,418,174	513,661,766
Deposits to:											
CFC Debt Service Fund	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	5,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
CFC Debt Service Reserve Fund	.0	0	0	0	0	.0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Renewal & Replacement Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
Total Required Deposits	2,918,462	4,690,385	7,155,385	7,855,327	7,852,343	7,855,049	7,852,923	7,313,851	6,772,203	6,771,832	6,770,065
Rate Covenant											
CFC Revenues must be the greater of at least:											
(I) 100% (1.00) of Deposits to Funds	2.67	2.35	1.59	1.50	1.55	1.58	1.62	1.77	1.94	1.98	2.02
(ii) 125% (1.25) of Debt Service	2.67	2.35	1.77	1.83	1.88	1.93	1.97	2,00	2,04	2.08	2.12
Including Debt Service Coverage 1											
Pledged Revenues	\$7,782,578	511,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	512,699,521	\$12,929,467	\$13,165,038	513,418,174	513,661,766
Add: Debt Service Coverage Fund	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312
Total Available for Debt Service	\$9,396,890	512,625,026	513,016,269	\$13,435,093	\$13,757,153	\$14,063,200	\$14,313,833	\$14,543,779	\$14,779,350	\$15,032,486	515,276,078
Debt Service	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
Ratio with Debt Service Coverage Fund	3.22	2.69	2.02	2.08	2.13	2.18	2.22	2,25	2.29	2,33	2.37

<sup>1</sup>The Rate Covenant calculation presentation in the middle of the table is pursuant to the Rate Covenant definition in the CFC Master Trust Agreement. The debt service coverage calculation including the balance in the Debt Service Coverage Fund (presented at the bottom of the table) is not part of the Rate Covenant. It is included in this table to demonstrate the coverage if all available funds are considered.

The figures in the Table reflect the assumptions included in the Financial Feasibility Report, and have not been updated to reflect the final terms of the Series 2019 Bonds.

The forecasted financial information in the preceding table was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forecasted financial information, but, in the view of the Authority's management, was prepared on a reasonable basis, to reflect the best currently available estimates and judgments and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the rental car business at the Airport. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the forecasted financial information.

Neither the Authority's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted financial information contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted financial information.

The assumptions and estimates underlying the forecasted financial information are inherently uncertain and, though considered reasonable by the management of the Authority as of the date of this Official Statement, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the forecasted financial information, including, among others, the risks and uncertainties described under "INVESTMENT CONSIDERATIONS." Accordingly, there can be no assurance that the forecasted results are indicative of the future performance of the rental car business at the Airport or that actual results will not be materially higher or lower than those contained in the forecasted financial information. Inclusion of the forecasted financial information in this Official Statement should not be regarded as a representation by any person that the results contained in the forecasted financial information will be achieved.

#### INVESTMENT CONSIDERATIONS

The following section describes certain risk factors affecting the payment of and security for the Series 2019 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with investing in the Series 2019 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 Series 2019 Bonds. There can be no assurances that such circumstances would not materially adversely affect the amount of Pledged Revenues available to pay debt service on the Series 2019 Bonds.

# **Factors Affecting the Series 2019 Project**

Construction Risks. The Authority's ability to complete the construction of the Series 2019 Project within budget and on schedule may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) material and/or labor shortages; (d) unforeseen site conditions; (e) cost increases; (f) contractor defaults; (g) labor disputes; (h) environmental issues; (i) unavailability of other funding sources; (j) discovery of archaeological artifacts; (k) changes in law; (l) delays in obtaining or renewing required permits; (m) revocation of such permits and approvals; and (n) litigation, among other things. Turner provided, and the Authority approved, a GMP for early site work, foundations and utility corridor work for the Series 2019 Project in January, 2019, and has begun work on that portion of the project. The entire design of the Series 2019 Project has been completed, and in March 2019, Turner provided, and the Authority accepted but will not execute until the Series 2019 Bonds are delivered, a GMP contract for additional costs relating to the construction of the Series 2019 Project. Upon delivery of the Series 2019 Bonds, the Authority will have executed GMP contracts to provide for the entire cost of constructing the ConRAC. See "PLAN OF FINANCE — Construction Manager at Risk Agreement for Series 2019 Project." The budget for the Series 2019 Project also has contingencies built in. In addition, CFCs at the rate of \$6.50 per rental transaction day, up to a maximum of seven days, will accumulate during the construction period for the Series 2019 Project. In the event that there are schedule delays or cost increases beyond the budgeted amount, the Authority may need to issue Additional Bonds to complete the Series 2019 Project. In the event of such a schedule delay, the Concessionaires will continue to operate under the 2016 Agreements, which do not require the Concessionaires to make Concessionaire Deficiency Payments. In the event that any sources of funding are less than projected and the Authority is not able to issue or sell Additional Bonds, the completion of the Series 2019 Project could be substantially delayed and financing costs could be higher than projected.

**Events of Force Majeure and Other Delays**. In addition to construction risks, operation of the Series 2019 Project is at risk from events of force majeure, such as hurricanes or other natural disasters, war, riots, acts of sabotage, terrorism or civil commotion, and spills of hazardous materials, among other events.

Damage and Destruction. The Authority will maintain insurance in the amount and against such risks as are customarily insured against on Airport property. See "RISK MANAGEMENT AND INSURANCE" herein. However, there can be no assurance that the Series 2019 Project will not suffer extraordinary and unanticipated losses, for which insurance cannot be or has not been obtained, or that the amount of any such loss for the period during which the Series 2019 Project is not available for use will not exceed the coverage of such insurance policies. Notwithstanding the foregoing, pursuant to the Concessionaire Agreement the Concessionaires are required to maintain their own insurance. See "APPENDIX D - Form of Concessionaire Agreements." In the event of the complete destruction of the ConRAC for which the Authority elects not to repair, replace or reconstruct, the Authority will not be required to provide alternative operating areas to the Concessionaires and the Concessionaire Agreement and the obligations of the Concessionaires thereunder will terminate.

# Factors Affecting Collection of CFC Revenues and Concessionaire Deficiency Payments

General. The payment of the Series 2019 Bonds is dependent on the generation of sufficient Pledged Revenues in each Fiscal Year. CFC Revenues are contingent upon, and the amount generated will be impacted by, a variety of factors, including: aviation activity and the rental of motor vehicles at the Airport; the airlines' service and route networks; the financial health and viability of the airline and rental car industries; levels of disposable income; national and international economic and political conditions, including disruptions caused by airline incidents, acts of war and terrorism; the availability and price of aviation fuel and gasoline; levels of air fares and car rental rates at the Airport; the capacity of the national air traffic control system; the capacity at the Airport and the ConRAC; and the financial health and viability of the Concessionaires. See the discussion of factors affecting aviation demand at the Airport under "- Factors Affecting the Airline Industry" below. The amount of and the collection of Concessionaire Deficiency Payments is also contingent upon a variety of factors, including car rental rates at the Airport, the rate of the CFC and the total amount of CFC Revenues received as compared to the Annual Obligation Requirement, viability of the rental car industry in general, and the financial health of the Concessionaires in particular. The Authority has concluded that the current rental car facilities cannot accommodate the growth projections of the Airport. Accordingly, any delay in the completion of the Series 2019 Project could affect Airport customer growth and concurrently reduce receipt of CFC Revenues. In addition, delay in the construction of the ConRAC could restrict customer growth needed for the Series 2019 Project.

**Rental Car Activity.** As described in the Financial Feasibility Report, rental car demand at the Airport, and therefore the number of rental car transaction days to which the CFC applies, is highly correlated to passenger demand. The Feasibility Consultant also concludes, based on historical rental car data and based on the assumptions set forth in the Financial Feasibility Report,

that the number of rental car transaction days at the Airport is primarily a function of the number of visiting origin and destination deplaned passengers. Other factors found by the Feasibility Consultant to affect rental car demand at the Airport include: the price of renting a car, as measured by the average daily rental rate; market segmentation (business/leisure); rental car costs as a component of total travel costs; convenience; the availability of alternative forms of ground transportation; and certain extraordinary events, such as the terrorist attacks of September 11, 2001. For a full discussion of these and other factors affecting rental car activity, see "APPENDIX A - Financial Feasibility Report."

Competition and Technological Innovations in Ground Transportation. various alternative forms of ground transportation available at and near the Airport, which could reduce the demand for renting motor vehicles at the ConRAC and, thus, the collection of CFCs by the Concessionaires. These alternative forms that compete with on-airport rental cars include taxis, buses, shuttle services, public transportation and limousines. Various forms of car-sharing and ondemand vehicle services, also known as transportation network companies ("TNCs"), such as Uber Technologies Inc. and Lyft, Inc., are also becoming increasingly prevalent and popular with the public, and may offer competition that could reduce the demand for car rentals at the Airport. While passenger levels are increasing, the relative market share of these alternative forms of ground transportation is shifting. As one example, the popularity of TNCs has increased because of the increasing number of cities where TNCs operate, the other technological innovations in ground transportation, convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing. In addition, the digital revolution has also spawned peer-to-peer car-sharing services such as Turo and Getaround Inc., presenting another competition to traditional rental cars. Turo and Getaround Inc. allow individual car owners to rent their cars via apps. Customers use an app to rent another person's car and set a spot to pick up the car. They can rent cars for an hourly or a daily fee - Turo customers pay an average of \$45 per day. There are now nearly 3 million users of peer-to-peer car-sharing services in North America, according to the Transportation Sustainability Research Center at the University of California, Berkeley. For a further description of these alternate modes of transportation and their impact on rental car demand, see "APPENDIX A - Financial Feasibility Report – U.S. Rental Car Industry."

New technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation may continue to occur and may result in further changes in Airport passengers' choice of ground transportation mode. In such event, CFC Revenues from Concessionaires' car rentals at the ConRAC may be lower than expected. The Authority cannot predict with certainty what impact these innovations in ground transportation will have over time on the rental of Concessionaires' rental cars.

Concessionaires. The projections of the revenues derived from CFCs are dependent on the ability of the Concessionaires or any new entrants as Concessionaires to provide a competitive product to potential customers at the Airport over the life of the Series 2019 Bonds. Such ability is affected by factors beyond their control, including the cost and resale value of cars. Competitive factors have limited the profitability of rental car companies in the past several years and some companies and franchises have ceased operations or been acquired by other companies. Prospective purchasers should consider the potential effects of the rental car industry as a whole upon the availability of the CFCs to pay debt service on the Series 2019 Bonds.

Concentration of Rental Car Companies. Concessionaire Agreements have been entered into with five Concessionaires representing eight rental car brands. These Concessionaires represent three major national rental car companies that control approximately 95% of the U.S. rental car market. The concentration of the actual and projected rental car activity at the Airport in a small number of corporate entities increases the risk from factors that may impact the operations and activities of the ConRAC.

Consideration under Bankruptcy Code. In the event a bankruptcy case is filed with respect to a Concessionaire, a bankruptcy court could reject its Concessionaire Agreement, in which event the Concessionaire would not be required to remit CFCs or Concessionaire Deficiency Payments or other payments required under the Concessionaire Agreement to be paid to the Authority. In such event, the Concessionaire would be in default under its Concessionaire Agreement, permitting the Authority to cancel such Agreement and remove the Concessionaire from possession and occupancy of the ConRAC.

For more information on rental car companies operating at the Airport, see "RENTAL CAR OPERATIONS – Publicly Available Information for Concessionaires."

# **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 amount of CFC Revenues available for payment of the Series 2019 Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; natural disasters; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; airline bankruptcies; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of the Airport; 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 CFC 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 terrorist attacks of September 11, 2001 and the economic recession that occurred between 2008 and 2009. Business decisions by airlines, such as the reduction, or elimination, of service to unprofitable markets, increasing the use of smaller, regional jets and changing hubbing strategies have also affected air traffic at the Airport and could have a more pronounced effect in the future.

Following are just a few of the factors affecting the airline industry including, regional and national economic conditions, costs of aviation fuel, international conflicts and threats of terrorism and structural changes in the travel market. See also "- Aviation Security and Public Health Concerns" below for additional discussion on the costs of security.

*Economic Conditions*. Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. Between 2008 and 2009, the U.S. economy experienced a recession, which was followed by slow economic growth. It is not known at this time whether the current relatively low national unemployment rate, or the rate of national and global economic growth will persist beyond 2019 and what effect, if any, they will have on the air transportation industry.

For more information concerning the local and national economy, see "APPENDIX A - Financial Feasibility Report – Economic Base."

Cost of Aviation Fuel. Airline profitability is significantly affected by the price of aviation fuel. According to Airlines for America, an airline advocacy organization, fuel is the largest single cost component for most airline operations, and therefore an important and uncertain determinant of an air carrier's operating economics. Any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries' policy, increased demand for fuel caused by rapid growth of economies such as China and India, the levels of fuel inventory maintained by certain industries, the amounts of reserves maintained by governments, currency fluctuations, disruptions to production and refining facilities and weather. The cost of aviation fuel has fluctuated in the past in response to changes in demand for and supply of oil worldwide. Significant fluctuations and prolonged increases in the cost of aviation fuel historically have had an adverse impact on air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel as well as to increase airfares and institute fuel, checked baggage and other extra surcharges, all of which may decrease demand for air travel.

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 terrorist attacks of September 11, 2001, 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. Capacity reductions by the Airlines which improve airline profitability have reduced seat availability resulting in higher 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.

Southwest Airlines — Airport's Largest Carrier. For Fiscal Years 2017 and 2018, Southwest Airlines accounted for approximately 36.3% and 35.5%, respectively, of the total enplaned passengers at the Airport. Where an airport has a sizable market share accounted for by a single airline, there is risk associated with the potential for that airline to reduce or discontinue service. However, in the case of Southwest Airlines at the Airport, this risk is mitigated by the following factors: (a) Southwest Airlines has consistently reported profitable operations; and (b) the development of service by Southwest Airlines at the Airport has demonstrated a large O&D passenger demand that could be served by other airlines at the Airport in the unlikely event Southwest Airlines were to reduce service at the Airport. Nevertheless, the Authority cannot predict what effect a reduction or discontinuation of service by Southwest Airlines would have on the Authority or ultimately on CFC Revenues, or whether another airline would absorb the service provided by Southwest.

#### **Aviation and Airport Security and Public Health 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 Severe Acute Respiratory Syndrome ("SARS") outbreak in 2003 and the H1N1 influenza ("swine flu") outbreak in 2009 and 2010, 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.

Computer networks and data transmission and collection are vital to the safe and efficient operation of the Airport, the airlines that serve the Airport and other tenants of the Airport. Notwithstanding security measures, information technology and infrastructure of the Airport, any of the airlines serving the Airport or any other tenants at the Airport may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence or malfeasance. Any such breach or attack could compromise systems and the information stored thereon. Any such disruption or other loss of information could result in a disruption in the efficiency of the operations of the Airport and/or the airlines serving the Airport and the services provided at the Airport, thereby adversely affecting the ability of the Airport to generate revenue.

# **Uncertainties of Projections, Forecasts and Assumptions**

The Financial Feasibility Report included as "APPENDIX A" to this Official Statement contains certain projections, forecasts and assumptions. Such Financial Feasibility Report should be read in its entirety for a discussion of historical and forecasted results of air traffic activity at the Airport, car rental activity at the Airport and debt service coverage and the assumptions and rationale underlying the projections and forecasts. As noted in the Financial Feasibility Report, any projection or forecast is subject to uncertainties. Inevitably, some assumptions used to develop the projections and forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between projected and actual results, and those differences may be material.

Accordingly, the projections or forecasts contained in the Financial Feasibility Report or that may be contained in any future certificate of the Authority or a consultant are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Authority assumes any responsibility for the failure to meet such projections or forecasts. In addition, certain assumptions with respect to future business and financing decisions of the Authority are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective investors in the Series 2019 Bonds are cautioned not to place undue reliance upon the Financial Feasibility Report or upon any projections or forecasts or requirements for those projections or forecasts. If actual results are less favorable than the results projected or forecasted, or if the assumptions used in preparing such projections or forecasts prove to be incorrect, the amount of CFC Revenues may be materially less than expected and, consequently, the ability of the Authority to make timely payment of the principal of and interest on the Series 2019 Bonds may be materially adversely affected. However, the Authority has the ability to pay deficiencies and/or increase the CFC rate if necessary.

Neither the Authority's independent auditors, nor any other independent accountants have compiled, examined or performed any procedures with respect to the Financial Feasibility Report's projections or forecasts, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Financial Feasibility Report's projections or forecasts, nor have they expressed any opinion or any form of assurance on such information or its achievability.

#### RISK MANAGEMENT AND INSURANCE

The Authority has in place comprehensive airport liability insurance with ACE Property & Casualty Insurance Company, which provides combined policy limits of \$750 million. The policy structure through ACE is a primary policy taking on the first \$100 million in limit and then an excess policy with an additional \$650 million in limit. Both policies remain in force having been renewed for the November 1, 2018 to November 1, 2019 term. This liability insurance includes \$100 million for extended coverage including war, hijacking and other perils. In addition, all airline operators and Airport tenants are required by contract to name the Authority as an additional insured on liability policies. The Authority has \$913.9 million in assets insured with XL Insurance America, Inc. The current policy period is December 1, 2018 to December 1, 2019. Named storm coverage is an insured peril and included in the coverage terms. The coverage also includes sublimits of \$200 million for certified act(s) of terrorism, \$500 million for non-certified act(s) of terrorism, and \$50 million of flood coverage. This property insurance is subject to a \$250,000 deductible. Further, the Authority purchases builders risk policies for key building projects (such as the Hotel and ConRAC facilities) for amounts that reflect pre-determined values at risk during various construction phases. The Authority is self-insured for the first \$1 million of workers' compensation insurance, with excess workers' compensation coverage to statutory limits provided by Arch Insurance Company. The current policy period is November 1, 2018 to November 1, 2019. Health insurance is self-insured (effective May 1, 2017) and managed by United Healthcare.

# FINANCIAL STATEMENTS

The financial statements of the Authority as of and for the years ended December 31, 2017 and 2018, included in "APPENDIX B" of this Official Statement, have been audited by Plante &

Moran, PLLC 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 consent from the auditors was not requested. The auditors have not performed any services related to, and therefore are not associated with, the preparation of this Official Statement.

#### **LITIGATION**

The Authority is involved in numerous judicial and administrative proceedings arising in the normal course of operations of the Airport. The dispositions of these proceedings are unknown but are expected to be resolved with no material adverse effect on the Series 2019 Bonds, the security for the Series 2019 Bonds or the financial condition or operations of the Airport.

To the knowledge of the Authority, 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, threatened against or affecting the Authority or the Airport, or any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Official Statement, or the validity of the Series 2019 Bonds, the CFC Trust 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.

#### **RATINGS**

The Series 2019 Bonds have been rated "A-" (stable outlook) by Fitch Ratings, "A+" (stable outlook) by Kroll Bond Rating Agency, Inc., and "A3" (stable outlook) by Moody's Investors Service, Inc. No application for a rating has been made by the Authority to any other rating service.

The ratings reflect only the respective views of the rating services, and any explanation of the meaning or significance of the ratings may only be obtained from the respective rating service. The Authority furnished to each rating service certain information and materials, some of which may not have been included in this Official Statement, relating to the Series 2019 Bonds and the Authority. Generally, rating services base their ratings on such information and materials and on their own investigation, studies and assumptions.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market value of the Series 2019 Bonds.

The Authority expects to furnish the rating services with information and materials that may be requested. The Authority, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2019 Bonds.

## CONTINUING DISCLOSURE AGREEMENT

The Authority has agreed, for the benefit of the holders and Beneficial Owners from time to time of the Series 2019 Bonds, in accordance with SEC Rule 15c2-12 (the "Rule"), to provide

or cause to be provided to the Municipal Securities Rulemaking Board such annual financial information and operating data, audited financial statements and notices of the occurrence of certain events in such manner as may be required for purposes of paragraph (b)(5)(i) of the Rule (the "Continuing Disclosure Agreement"). See "APPENDIX G" for the proposed form of the Continuing Disclosure Agreement. The foregoing information, data and notices can be obtained from Randy Bush, Chief Financial Officer, Columbus Regional Airport Authority (telephone (614) 239-4043 and electronic mail at <a href="mailto:rbush@columbusairports.com">rbush@columbusairports.com</a>).

The performance by the Authority of the Continuing Disclosure Agreement will be subject to the annual appropriation by the Authority of any funds that may be necessary to perform it. The Continuing Disclosure Agreement will remain in effect only for such period that the Series 2019 Bonds are outstanding in accordance with their terms and the Authority remains an obligated person with respect to the Series 2019 Bonds within the meaning of the Rule.

Within the last five years, the Authority believes that it has complied in all material respects with prior continuing disclosure agreements entered into pursuant to the Rule.

The information in the immediately preceding paragraph is included in this Official Statement out of an abundance of caution in light of the uncertainty that exists in the municipal market concerning what constitutes a failure to comply with a prior continuing disclosure agreement and whether a particular instance of noncompliance constitutes material noncompliance, and also in keeping with the spirit of the Rule to improve disclosure in the municipal securities market. By providing that information, the Authority does not intend to make, and is not making, any statement or suggestion regarding its materiality to any investor.

#### **UNDERWRITING**

Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of Raymond James & Associates, Inc., Loop Capital Markets LLC, and RBC Capital Markets, LLC (collectively, with the Representative, the "Underwriters"), has agreed, pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Authority dated April \_\_\_\_, 2019, and subject to certain conditions contained in the Bond Purchase Agreement, to purchase all, but not less than all, of the Series 2019 Bonds at a purchase price of \$\_\_\_\_\_ (the "Purchase Price"), which is equal to the par amount of the Series 2019 Bonds (\$\_\_\_\_\_\_), plus original issue premium (\$\_\_\_\_\_\_), less Underwriters' discount (\$\_\_\_\_\_\_). The Underwriters have agreed to purchase all of the Series 2019 Bonds if any are purchased.

The Series 2019 Bonds are being offered for sale to the public at the prices shown on the inside cover page hereof. The Underwriters reserve the right to lower such initial offering prices as they deem necessary in connection with the marketing of the Series 2019 Bonds. The Underwriters may offer and sell the Series 2019 Bonds to certain dealers (including dealers depositing the Series 2019 Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth in the Official Statement. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2019 Bonds to the public. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 2019 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective 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 this information.

#### **MUNICIPAL ADVISOR**

The Authority has engaged PFM Financial Advisors LLC as Municipal Advisor (the "Municipal Advisor"), in connection with the authorization, issuance and sale of the Series 2019 Bonds. Under the terms of its engagement, the Municipal 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.

#### TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2019 Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2019 Bonds. INTEREST ON THE SERIES 2019 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE SERIES 2019 BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE SERIES 2019 BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE SERIES 2019 BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE SERIES 2019 BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2019 BONDS.

The following discussion is generally limited to "U.S. owners," meaning beneficial owners of Series 2019 Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. Partnerships holding Series 2019 Bonds, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of an investment in the Series 2019 Bonds (including their status as U.S. owners).

Prospective purchasers of the Series 2019 Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Series 2019 Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

# **Payment of Interest**

In general, interest paid or accrued on the Series 2019 Bonds, including qualified stated interest on Discount Bonds (as defined below), if any, will be treated as ordinary income to U.S. owners. A U.S. owner using the accrual method of accounting for U.S. federal income tax purposes must include interest paid or accrued on the Series 2019 Bonds in ordinary income as the interest accrues, while a U.S. owner using the cash receipts and disbursements method of accounting for U.S. federal income tax purposes must include interest in ordinary income when payments are received or constructively received by the owner, except as described below under the section entitled "Original Issue Discount and Original Issue Premium."

## Original Issue Discount and Original Issue Premium

Certain of the Series 2019 Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond, provided that excess equals or exceeds a statutory de minimis amount (one-quarter of one percent of the Discount Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, if required by applicable Treasury Regulations, to an earlier call date)). The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the time a U.S. owner owns a Discount Bond (i) is interest includable in the U.S. owner's gross income for federal income tax purposes, and (ii) is added to the U.S. owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale, or other disposition of the Discount Bond. The effect of OID is to accelerate the recognition of taxable income for a U.S. owner using the cash method of accounting during the term of the Discount Bond.

Certain of the Series 2019 Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). If a U.S. owner purchases a Premium Bond, that owner will be considered to have purchased such Premium Bond with "amortizable bond premium" equal in amount to such excess. The U.S. owner may elect (which election shall apply to all securities purchased at a premium by such U.S. owner), in accordance with the applicable provisions of Section 171 of the Code, to amortize that premium as an offset to the interest payments on the Premium Bond using a constant yield to maturity method over the remaining term of the Premium Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Premium Bond pursuant to Section 1016(a)(5) of the Code.

Owners of Discount and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

# Sale, Exchange, Retirement or Other Taxable Disposition of Series 2019 Bonds

Upon the sale, exchange, retirement or other taxable disposition of a Series 2019 Bond, a U.S. owner will recognize gain or loss equal to the difference between the amount realized from the sale, exchange, retirement or other disposition and the owner's adjusted basis in the Series 2019 Bond or applicable portion of the adjusted basis. The owner's adjusted basis generally will equal the cost of the Series 2019 Bond to the owner, increased by any OID includible in the owner's ordinary income for the Series 2019 Bond and reduced by any principal payments on the Bond previously received by the owner (including any other payments on the Series 2019 Bond that are not qualified stated interest payments) and by any amortizable bond premium allowed as a deduction as described above under the section entitled "Original Issue Discount and Original Issue Premium." Any gain or loss recognized upon a sale, exchange, retirement or other disposition of a Series 2019 Bond (excluding amounts attributable to accrued interest or OID) will generally be capital gain or loss and will be long-term capital gain or loss if the U.S. owner's holding period in the Series 2019 Bond exceeds one year. Long-term capital gains of individuals are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

## Information Reporting and Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on Series 2019 Bonds and the proceeds of the sale of Series 2019 Bonds to non-corporate holders of the Series 2019 Bonds, and "backup withholding," currently at a rate of 24%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of Series 2019 Bonds that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

# Medicare Tax Affecting U.S. Owners

A U.S. owner that is an individual or estate, or a trust not included in a special class of trusts that is exempt from such tax, is subject to a 3.8% Medicare tax on the lesser of (1) the U.S. owner's "net investment income" for the taxable year and (2) the excess of the U.S. owner's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. owner's net investment income generally includes interest income on, and net gains from the disposition of, Series 2019 Bonds, unless such interest income or net gains are derived in the ordinary course of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. owner that is an individual, estate, or trust, should consult its tax advisor regarding the applicability of the Medicare tax.

#### Non-U.S. Owners

Under the Code, interest and OID on any Series 2019 Bond whose beneficial owner is not a U.S. owner is generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Series 2019 Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest or OID on the Series 2019 Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. *Non-U.S. owners should consult their tax advisors regarding the tax consequences of an investment in the Series 2019 Bonds*.

## Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") generally imposes a 30% withholding tax on interest payments to (i) certain foreign financial institutions (including certain investment funds) that fail to certify their FATCA status and (ii) non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders are not satisfied. Proposed Treasury Regulations, which may be relied upon until final Treasury Regulations are promulgated, suspend the requirement to apply the 30% withholding tax to gross proceeds from the sale or other disposition of Series 2019 Bonds. This requirement otherwise would have applied to a sale or other disposition of Series 2019 Bonds made on or after January 1, 2019.

In the case of payments made to a "foreign financial institution" (generally including an investment fund), as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a "FATCA Agreement") or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an "IGA"), in either case to, among other things, collect and provide to the U.S. or other relevant tax authorities certain information regarding U.S. account holders of such institution. In the case of

payments made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity either provides the withholding agent with a certification that it does not have any "substantial" U.S. owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity) or identifies its "substantial" U.S. owners.

If Series 2019 Bonds are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold the 30% FATCA tax on payments of dividends or the items described above made to (i) a person (including an individual) that fails to comply with certain information requests or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may limit duplicative withholding in cases where the withholding described above in "Non-U.S. Owners" or "Information Reporting and Backup Withholding" also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments on Series 2019 Bonds as a result of a failure by an investor (or by an institution through which an investor holds the Series 2019 Bonds) to comply with FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms of the Series 2019 Bonds, be required to pay additional amounts with respect to any Series 2019 Bond as a result of the deduction or withholding of such tax. *Non-U.S. owners should consult their tax advisors regarding the application of FATCA to the ownership and disposition of Series 2019 Bonds*.

#### **LEGAL MATTERS**

Legal matters incident to the issuance of the Series 2019 Bonds and with regard to the tax status of the interest on the Series 2019 Bonds (see "TAX MATTERS") are subject to the approving legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel. The form of the approving opinion of Bond Counsel, dated and speaking only as of the date of original delivery of the Series 2019 Bonds, will be printed on each Bond, and the proposed text of such opinion is included in this Official Statement as "APPENDIX E." The legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of the original delivery of the Series 2019 Bonds. Subsequent distributions of the opinion by recirculation of the Official Statement or a supplement thereto or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any matters referred to in the opinion subsequent to its date. Certain legal matters will be passed upon for the Authority by its General Counsel, and for the Underwriters by Dinsmore & Shohl LLP, Columbus, Ohio.

#### ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEYS SECURITY

To the extent that the matter as to the particular investor is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Series 2019 Bonds are lawful investments for banks, societies for savings, trust companies, savings and loan associations, deposit guaranty associations, trustees, fiduciaries, insurance companies, including domestic life and domestic not for life, trustees or other officers having charge of sinking and bond retirement funds of port authorities, political subdivisions and taxing districts of the State, the

Commissioners of the Sinking Funds, the Administrator of Workers' Compensation, and State retirement systems (Teachers, Public Employees, School Employees, and Police and Firemen's).

The Series 2019 Bonds are acceptable under Ohio law as security for the deposit of public moneys.

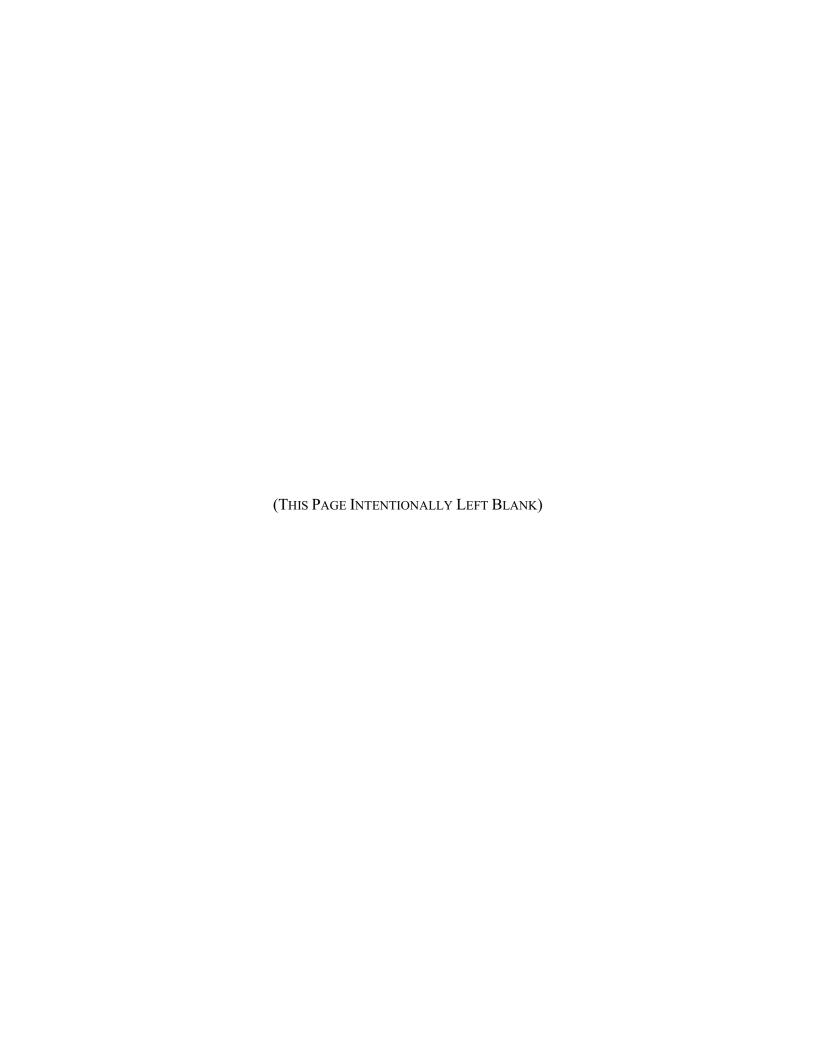
## **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

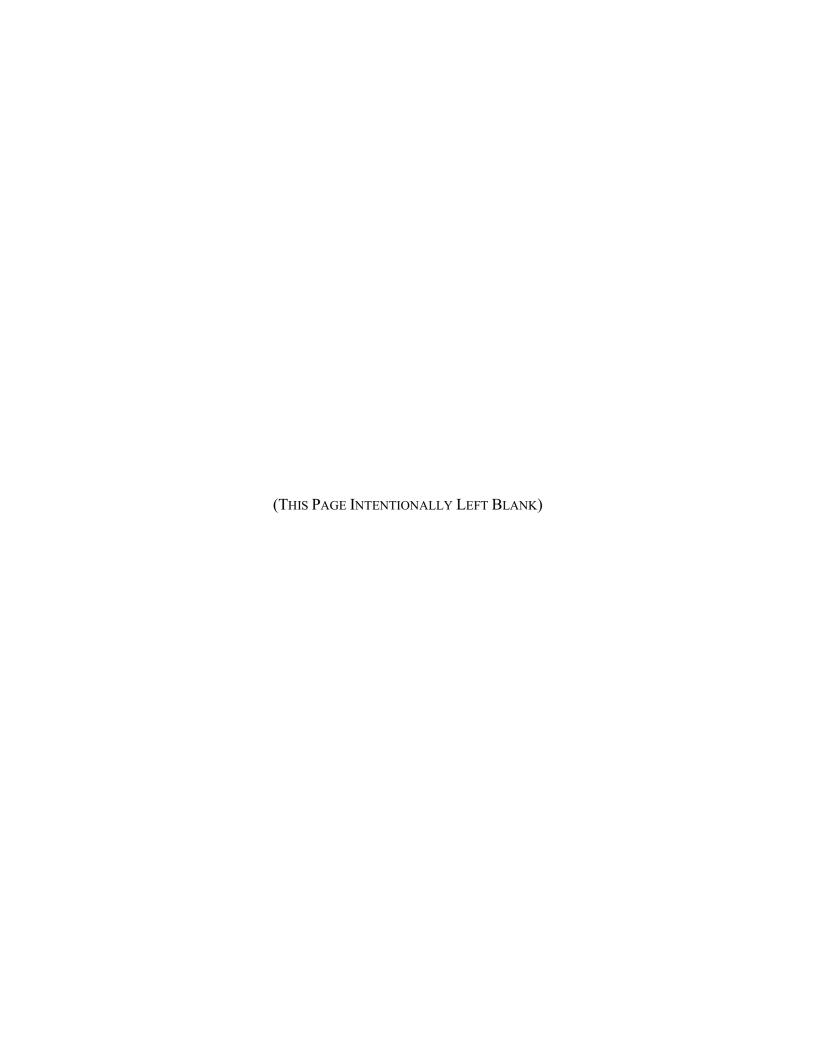
## COLUMBUS REGIONAL AIRPORT AUTHORITY

By:	
	President & CEO
By:	
-	Chief Financial Officer



## APPENDIX A

## Financial Feasibility Report





Chicago, IL St. Louis, MO Orange County, CA 409 W. Huron, Ste. 400 Chicago, IL 60654 p. 312.988.3360 f. 312.988.3370

April 8, 2019

Mr. Joseph Nardone President and Chief Executive Officer Columbus Regional Airport Authority John Glenn Columbus International Airport 4600 International Gateway Columbus, Ohio 43219

**Subject:** 

Columbus Regional Airport Authority
Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

Dear Mr. Nardone:

Unison Consulting, Inc. (Unison) is pleased to submit this Financial Feasibility Report in support of the issuance of the Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (the Series 2019 Bonds). The Columbus Regional Airport Authority (CRAA, or the Authority) is issuing the Series 2019 Bonds in the principal amount of \$95.345 million under the CFC Master Trust Agreement. Proceeds from the Series 2019 Bonds, together with other lawfully available funds, will be used to:

- Finance a portion of the costs of the development and construction of a consolidated rental
  car facility (ConRAC) at John Glenn Columbus International Airport (CMH or the Airport),
  and certain enabling projects (collectively defined as the Series 2019 Project).
- Fund deposits into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Supplemental Reserve Account.
- Pay certain costs of issuance of the Series 2019 Bonds.

The Authority implemented a rental car CFC effective July 1, 2007. The CFC, which is collected by the rental car companies (RACs), was originally implemented at a rate of \$2.00 per rental car transaction day. The CFC rate has since been increased, and it is currently \$6.50 per transaction day.

#### Columbus Regional Airport Authority

The Authority owns and operates CMH. It is responsible for operating the Columbus Regional Airport System, which also includes Rickenbacker International Airport and Bolton Field. The Authority is a port authority and political subdivision of the State of Ohio (the State). It was originally created in 1991 as a body corporate and politic by the City of Columbus (the City) pursuant to the provisions of the Ohio Revised Code Sections 4582.21 through 4582.99 (the Act)

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and given responsibility for the operation of the Airport and Bolton Field. Effective January 1, 2003, the Authority was reconstituted as a body corporate and politic by the City and the County of Franklin, Ohio, pursuant to the provisions of the Act and given responsibility for the operation of the Airport, Bolton Field, and Rickenbacker International Airport.

The Ohio Revised Code empowers CRAA to issue revenue bonds for the purpose of acquiring or constructing any port authority facility. CRAA is authorized to enter into the CFC Master Trust Agreement, issue the Series 2019 Bonds, use the proceeds of the Series 2019 Bonds to finance the costs of the Series 2019 Project, and secure the Series 2019 Bonds by a pledge of the Pledged Revenues.

## John Glenn Columbus International Airport

CMH is the primary commercial service airport serving Central Ohio. Encompassing 2,271 acres, the Airport is located in Franklin County approximately six miles east of the Columbus central business district. Primary access to the Airport is provided via Interstate 270, Interstate 670, Stelzer Road, and Hamilton Road. CMH is classified as a medium hub commercial service airport by the Federal Aviation Administration (FAA). A medium hub is defined as a community enplaning 0.25 percent to 1 percent of total U.S. enplanements. In 2018, the Airport enplaned approximately 4.08 million passengers.

## The Series 2019 Project

The Series 2019 Project consists of the ConRAC and certain enabling projects. The ConRAC includes a customer service building, ready/return, quick turnaround (QTA) and staging/storage areas, and fueling, car wash and light maintenance facilities. The enabling projects consist of (a) providing the ConRAC with utilities and (b) relocating the FAA's Remote Transmitter and Receiver (RTR) Site.

The ConRAC will replace the existing rental car facilities in the garage adjacent to the terminal. It will contain approximately 968,500 square feet and will be built on a 10-acre parcel of land less than one mile from the terminal. The plans for the Series 2019 Project include a single, common busing operation to transport rental car customers between the passenger terminal and the ConRAC. The ConRAC will relieve space constraints in both rental car and public parking operations in the terminal garage. Once the ConRAC is completed, all rental car operations at the Airport will move to the ConRAC, increasing the public parking supply in the garage by approximately 40 percent. Rental car customers will be able to drop off and pick up rental cars from the ConRAC, alleviating congestion on the terminal roadway and in the public parking garage.

#### CFC Resolution

On January 30, 2007, the Board adopted Resolution No. 03-07 which was amended by subsequent resolutions adopted in 2008, 2011, 2015, and 2016 (collectively referred to as the "CFC Resolution"). The CFC Resolution authorized the implementation of the collection of CFCs by the rental car companies operating at the Airport. The Authority implemented the CFC, effective July 1, 2007 at a rate of \$2.00 per transaction day. The CFC Resolution and the CFC rate may be amended from time to time by the Board. The CFC rate has been increased as follows, since its implementation at \$2.00: \$3.85 effective November 1, 2008; \$4.50 effective June 1, 2011; \$5.50

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effective September 1, 2015; \$6.00 effective September 1, 2016; \$6.50 effective January 1, 2017. The current CFC rate remains at \$6.50 per transaction day, up to a maximum of seven days.

## Customer Facility Charge First Supplemental Trust Agreement

The Customer Facility Charge First Supplemental Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated May 2, 2019 (the CFC First Supplemental Trust Agreement) sets forth the terms relating specifically to the issuance of the Series 2019 Bonds.

## Customer Facility Charge Master Trust Agreement

The Customer Facility Charge Master Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated May 2, 2019 (the CFC Master Trust Agreement) defines the obligations of the Authority to the Trustee and the bondholders related to the Series 2019 Bonds and any subsequent bonds issued pursuant to the CFC Master Trust Agreement.

The Series 2019 Bonds are payable solely from and secured by a lien on Pledged Revenues and Pledged Funds, which include all CFC Revenues and certain other amounts and funds on deposit pursuant to the terms and conditions of the CFC Master Trust Agreement. The full definitions of Pledged Revenues and Pledged Funds as specified in the CFC Master Trust Agreement are presented in the attached Report. No revenues or funds of the Authority, other than the Pledged Revenues and Pledged Funds, are pledged to the payment of the Series 2019 Bonds.

Under the provisions of the CFC Master Trust Agreement, the Authority covenants that it will maintain, collect and remit to the Trustee a CFC in accordance with the CFC Resolution and the Concessionaire Agreements to produce sufficient CFC Revenues, together with any Concessionaire Deficiency Payments and any amounts the Authority transfers from the CFC Surplus Fund to the CFC Revenue Fund, to equal the greater of:

- 100 percent of the amounts required to be deposited into the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund, and the CFC Renewal and Replacement Fund, or
- 125 percent of the amount of Debt Service for the Fiscal Year.

#### Rental Car Concessionaire Agreements

As of January 1, 2018, the Authority entered into an Agreement for the Operation of a Rental Car Concession (Concessionaire Agreements) with each of five rental car companies (the Concessionaires), which represent the following eight brands: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty.

The term of the Concessionaire Agreements will begin effective with the opening of the ConRAC to the public (currently estimated to occur in mid-2021) and will terminate thirty years after the date of issuance of the Series 2019 Bonds. The Authority has the option to renegotiate the terms of the Concessionaire Agreements one year prior to the expected occupancy of the proposed new

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passenger terminal, and every five years thereafter. Under the provisions of the Concessionaire Agreements, the Authority has agreed to construct the Series 2019 Project, and the Concessionaires have agreed to collect the CFC and to remit CFC collections to the Authority on a monthly basis, by no later than the 20th day of the month following collection. The Concessionaires have also agreed to pay any amounts referred to as Concessionaire Deficiency Payments. The calculations and conditions related to Concessionaire Deficiency Payments are described in the attached Report.

Each Concessionaire will be allocated a portion of the Customer Service Building, Ready/Return Areas, Storage Area, and QTA Areas, to be used on an exclusive basis. Other areas of the ConRAC, such as roadways, ramps, other non-public areas of the ConRAC, and the ground upon which the ConRAC will be located, will be used in common by all of the Concessionaires. The entire ConRAC will be operated, managed, and maintained by a third party facility manager selected by the Concessionaires as a group, subject to Authority approval.

In addition to remitting to the Authority the CFCs collected each month, the Concessionaires are required to pay to the Authority a Land Use Fee for the underlying land upon which the ConRAC will be located. For each Agreement Year, the Concessionaires are also obligated to pay a Privilege Fee, which is defined as the greater of 10 percent of a Concessionaire's Gross Revenue (as defined in the Concessionaire Agreements) for the applicable Agreement Year or the Concessionaire's Minimum Annual Guarantee. Neither the Land Use Fee payments nor the Privilege Fee payments remitted to the Authority pursuant to the Concessionaire Agreements are pledged as security for the payment of the Series 2019 Bonds.

## Report Organization

Unison has prepared the attached Report to evaluate the ability of the Authority to meet the financial requirements established by the CFC Master Trust Agreement and the other relevant documents. The following summary of the components of the Report provides an overview of the comprehensive analysis performed:

- Section 1 Introduction: An overview of the CRAA and the Airport; a description of the Series 2019 Project; and a summary of the estimated capital costs and funding sources.
- Section 2 Economic Base: An assessment of the Airport's air service area and discussion of the economic base supporting air traffic demand and rental car demand at the Airport.
- Section 3 Aviation Activity: An analysis of the historical aviation activity at the Airport and forecasts of future aviation activity.
- Section 4 U.S. Rental Car Industry: An overview of the U.S. rental car industry and the rental car companies operating at the Airport.
- Section 5 Airport Rental Car Activity: An analysis of the recent trends in rental car activity at the Airport and a presentation of the forecast of annual rental car demand (in terms of transaction days).
- Section 6 Financial Analysis: A description of the legal framework for the financing and operation of the ConRAC; a discussion of the funding plan; and projections of important

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financial indicators, including CFC Revenues and certain financial requirements pursuant to the CFC Master Trust Indenture.

#### **Assumptions**

The analysis and forecasts of rental car demand at the Airport contained in the attached Report are based upon certain data, estimates, and assumptions that were provided by the Airport and the rental car companies, and certain data and projections from other independent sources. The attached Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions. In our opinion, the data, estimates, and assumptions used in the report are reliable, and provide a reasonable basis for our forecast given the information available and circumstances as of the date of this report. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from the forecasts, and the variations could be material.

The forecast of enplanements at the Airport were developed using a hybrid forecast framework. For 2019, enplanements were forecast based on the planned aircraft seats reported in the air carriers' 2019 schedules. For the years beyond 2019, a multivariate regression model was developed that relates enplanements to the key growth drivers, including regional economic trends and passenger yield trends. Forecast risk analysis was performed using Monte Carlo simulation. The 25-percentile result from Monte Carlo Simulation was designated as the low enplanement forecast.

The forecast of rental car demand was developed also using multivariate regression analysis that quantified the contributions to trends in transaction days of relevant explanatory variables, including Airport enplanements, economic trends, the price of renting a car, and the impact of TNCs. Base and low forecasts of transaction days were prepared based on the base and low forecasts of enplanements and the other explanatory variables.

The key assumptions underlying the financial analysis and projections are summarized below:

- The per-transaction day CFC rate will be maintained at the current level of \$6.50 throughout the forecast period.
- The Series 2019 Project will be completed in mid-2021.
- The capital cost of the Series 2019 Project will total approximately \$157.2 million.
- The Series 2019 Project costs will be funded with a combination of CFCs collected prior to the issuance of the Series 2019 Bonds, and a portion of the proceeds of the Series 2019 Bonds.
- The Series 2019 Bonds will be issued at a par amount of \$95.3 million, with a 30-year bond amortization schedule and an estimated true interest cost (TIC) of approximately 5.08 percent.

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## Summary of Findings

The key findings are summarized below:

- Enplanements are forecast to increase at a compound annual growth rate (CAGR) of 1.7 percent from 2019 through 2029, to 5.02 million enplanements in 2029. Under the low forecast, enplanements are forecast to grow at a CAGR of 1.2 percent, to 4.79 million in 2029.
- Transaction days are forecast to increase at a CAGR of 2.4 percent from 2019 through 2029, to approximately 2.2 million in 2029. Under the low forecast, transaction days are forecast to grow at a CAGR of 1.2 percent, to 1.9 million in 2029.
- CFC Revenues are projected to increase to approximately \$13.7 million in 2029. Under the low transaction day forecast, CFC Revenues are projected to increase to \$11.8 million in 2029.
- The CFC Surplus Fund is projected to increase to approximately \$44.1 million in 2029. Under the low transaction day forecast, the CFC Surplus Fund is projected to increase to \$30.8 million in 2029.
- Debt service coverage is projected to remain well above the 1.25 minimum requirement specified in the Rate Covenant.

Based on the analysis contained in the attached Report, we conclude that the issuance of the Series 2019 Bonds is financially feasible.

Sincerely,

UNISON CONSULTING, INC.

Unison Consulting, Inc.

## JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT

# COLUMBUS REGIONAL AIRPORT AUTHORITY CUSTOMER FACILITY CHARGE REVENUE BONDS SERIES 2019

## **FINANCIAL FEASIBILITY REPORT**

April 8, 2019

Prepared by:



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## SECTION 1 | INTRODUCTION

The Columbus Regional Airport Authority (CRAA, or the Authority) is issuing Customer Facility Charge (CFC) Revenue Bonds, Series 2019 (Federally Taxable) in the approximate principal amount of \$95.345 million (Series 2019 Bonds), under the CFC Master Trust Agreement. Proceeds from the Series 2019 Bonds, together with other lawfully available funds, will be used to:

- Finance a portion of the costs of the development and construction of a consolidated rental
  car facility (ConRAC) at John Glenn Columbus International Airport (CMH or the Airport),
  and certain enabling projects (collectively defined as the Series 2019 Project).
- Fund deposits into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Supplemental Reserve Account.
- Pay certain costs of issuance of the Series 2019 Bonds.

The Authority implemented a rental car CFC effective July 1, 2007. The CFC, which is collected by the rental car companies (RACs), was originally implemented at a rate of \$2.00 per rental car transaction day. The CFC rate has since been increased, and it is currently \$6.50 per rental car transaction day.

The Series 2019 Bonds are payable solely from and secured by a lien on Pledged Revenues and Pledged Funds, which are defined in the CFC Master Trust Agreement as follows<sup>1</sup>:

"Pledged Revenues" means collectively, (a) all CFC Revenues, (b) any Concessionaire Deficiency Payments received by or on behalf of the Authority, (c) any investment income realized from any investment made from any money credited to the CFC Revenue Fund, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and (d) any other money pledged in a CFC Supplemental Trust Agreement to secure the Bonds issued under the CFC Master Trust Agreement. Pledged Revenues do not include (a) any income resulting from investment of money on deposit in the CFC Construction Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund or the CFC Surplus Fund, (b) proceeds of Bonds, (c) proceeds of the sale of any portion of the Airport (including CFC Facilities) or the profit or loss from the sale or other disposition, not in the ordinary course of business, of any fixed or capital assets of the Airport (including CFC Facilities), (d) proceeds of insurance (other than insurance that provides for lost CFC Revenues when the Airport is unable to function) or eminent domain proceedings, or (e) any receipts of the Authority which are characterized as Revenues.

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 $<sup>^{1}</sup>$  The capitalized terms are defined terms in the CFC Trust Agreement, and they are further explained in Section 6 of this Report.

"Pledged Funds" means, collectively, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Supplemental Reserve Fund, together with any accounts within those Funds, and the CFC Revenue Fund to the extent that money in that Fund constitutes Pledged Revenues. Pledged Funds do not include the CFC Construction Fund, the CFC Administrative Costs Fund, which includes the CFC Rebate Account, the CFC Administration Account and the CFC Insurance Account, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund (except for the CFC Supplemental Reserve Account), or any accounts (except the CFC Supplemental Reserve Account) created in those Funds

No revenues of the Authority, other than the Pledged Revenues, are pledged to the payment of the Series 2019 Bonds.

The remainder of this section describes the Authority, the Airport, the Series 2019 Project, and the sources and uses of funds. The remainder of the report presents detailed information about the Airport's air service area (Section 2), passenger traffic trends (Section 3), the rental car industry as whole (Section 4), trends in the Airport's rental car market in particular (Section 5), and the financial analysis of the Series 2019 Project (Section 6).

## **Columbus Regional Airport Authority**

The Authority owns and operates CMH. It is responsible for operating the Columbus Regional Airport System, which also includes Rickenbacker International Airport and Bolton Field. The Authority is a port authority and political subdivision of the State of Ohio (the State). It was originally created in 1991 as a body corporate and politic by the City of Columbus (the City) pursuant to the provisions of the Ohio Revised Code Sections 4582.21 through 4582.99 (the Act) and given responsibility for the operation of the Airport and Bolton Field. Effective January 1, 2003, the Authority was reconstituted as a body corporate and politic by the City and the County of Franklin, Ohio, pursuant to the provisions of the Act and given responsibility for the operation of the Airport, Bolton Field, and Rickenbacker International Airport.

The Ohio Revised Code empowers CRAA to issue revenue bonds for the purpose of acquiring or constructing any port authority facility. CRAA is authorized to enter into the CFC Master Trust Agreement, issue the Series 2019 Bonds, use the proceeds of the Series 2019 Bonds to finance the costs of the Series 2019 Project, and secure the Series 2019 Bonds by a pledge of the Pledged Revenues.

## John Glenn Columbus International Airport

CMH is the primary commercial service airport serving Central Ohio. Figure 1 shows the aerial view of the Airport. Encompassing 2,271 acres, the Airport is located in Franklin County approximately six miles east of the Columbus central business district. Primary access to the Airport is provided via Interstate 270, Interstate 670, Stelzer Road, and Hamilton Road.

CMH is classified as a medium hub commercial service airport by the Federal Aviation Administration (FAA). A medium hub is defined as a community enplaning 0.25 percent to 1

percent of total U.S. enplanements. In 2018, the Airport enplaned approximately 4.08 million passengers.





The Airport's largest passenger carrier is Southwest Airlines, the second largest scheduled domestic market U.S. passenger carrier based on its share (18.2 percent) of U.S. system revenue passenger miles in 2017. Southwest Airlines holds the record among U.S. airlines for consistently earning profits through changes in the business cycle. In 2018 Southwest reported its  $46^{th}$  consecutive annual profit in 47 years of operations.

CMH is the 49th largest airport in the United States by total passenger traffic, according to 2017 airport traffic data compiled by the Airports Council International-North America (ACI-NA) – the most recent year for which those statistics are available. CMH is also the second largest airport in Ohio, following Cleveland Hopkins International Airport.

CMH's primary service area is the Columbus, OH, Metropolitan Statistical Area (Columbus MSA), Ohio's second largest MSA both by population and by the size of the economy measured by gross domestic product (GDP).

The Airport's major facilities are described below.

- Airfield and Aircraft Parking Aprons The Airport has two parallel east/west runways
  and related taxiways. The two parallel runways are Runway 10R/28L, the primary air
  carrier runway, and Runway 10L/28R, which serves as a secondary commercial service
  runway. The Airport also has general aviation (GA) tie-down space with 41 local ramp
  apron positions and 83 itinerant ramp positions, encompassing approximately 42,500
  square yards.
- *Terminal Facilities* The terminal contains 898,890 square feet. It is configured with a two-level main terminal and three, two-level pier concourses with second level boarding. The second level boarding concourses provide 32 gates, including one international customs gate.
- Roadways and Parking The Airport's entrance road splits into two levels: an upper level roadway for departing passengers and a lower level for arriving passengers. The Airport provides short- and long-term public parking in the garage adjacent to the terminal, and long-term parking in four remote surface lots.
- Other Facilities There are 21 other buildings located at the Airport. These include two
  air cargo buildings, an in-flight kitchen facility, fixed based operator hangars, private
  corporate hangars, NetJets corporate headquarters, Flight Safety training facility, three
  flex-warehouses, three hotels, rental car facilities currently in the parking garage
  adjacent to the terminal, and two restaurants. The FAA's Air Traffic Control Tower and
  Terminal Radar Approach Control Facility (TRACON) are also located on Airport
  property.

## The Series 2019 Project

The Series 2019 Project consists of the ConRAC and certain enabling projects. The ConRAC includes a customer service building, ready/return, quick turnaround (QTA) and staging/storage areas, and fueling, car wash and light maintenance facilities. The enabling projects consist of (a) providing the ConRAC with utilities and (b) relocating the FAA's Remote Transmitter and Receiver (RTR) Site.

The ConRAC will replace the existing rental car facilities in the garage adjacent to the terminal. It will contain approximately 968,500 square feet and will be built on a 10-acre parcel of land less than one mile from the terminal. The plans for the Series 2019 Project include a single, common busing operation to transport rental car customers between the passenger terminal and the ConRAC.

The ConRAC will contain the following facilities:

- *Customer service building* A single-story building encompassing almost 12,000 square feet. This building will contain 34 customer counter positions and rental car company back offices (shell spaces to be finished by the tenants).
- *Ready/Return garage* A three-level garage with top deck storage parking. The ready/return areas will encompass approximately 637,000 square feet, providing 812 ready stalls, 636 return stalls, 1,058 storage parking spaces, escalators and elevators, and public restrooms.
- *QTA garage* A three-level garage, plus an uncovered top deck. The QTA garage will contain 204 vehicle stacking positions, 54 fuel positions, nine car wash bays, six light maintenance bays, support office facilities (shell spaces to be finished by the tenants), and office space for the third-party operator.
- *Bridges and helices* Bridges and helices connect the different ConRAC facilities and make up approximately 72,000 square feet.

The ConRAC will relieve space constraints in both rental car and public parking operations in the terminal garage.

Currently, the RACs occupy the first two levels of the six-level terminal garage, and the top four levels are used for public parking. The RACs have asked for more spaces, but the Authority is unable to accommodate this request because more spaces are also needed to accommodate growing demand for public parking. Keeping rental car operations in the terminal garage presents the following three main disadvantages:

- It limits public parking supply in the garage.
- It limits the space available for rental car operations.
- The support equipment and fueling system for the rental car operations in the parking garage are nearing the end of their useful lives, requiring frequent and costly maintenance.

The garage continues to experience weekly closure of its long-term parking area during peak hours on Tuesdays and Wednesdays despite the opening of a new surface lot to relieve the parking supply constraint. In early 2017, the Authority opened a parking lot between the parking garage and the hotels located adjacent to the garage. The new lot, named the "walking lot," is a short walk to the passenger terminal. In 2017, the Authority also relocated the valet parking operations out of the parking garage to increase public parking capacity in the parking garage.

Once the ConRAC is completed, all rental car operations at the Airport will move to the ConRAC, increasing the public parking supply in the garage by approximately 40 percent. Rental car customers will be able to drop off and pick up rental cars from the ConRAC, alleviating congestion on the terminal roadway and in the public parking garage. A future passenger terminal building

could be located near the ConRAC; however, the potential new terminal is still in the preliminary concept stage.

Figure 2 provides a schematic of the location of the ConRAC and the existing passenger terminal. The shuttle bus route is approximately 1.7 miles round trip with an estimated headway of less than five minutes.

The ConRAC will relieve space constraints in both rental car and public parking operations in the terminal garage. Table 1 shows the major components of the ConRAC and Figure 3 presents an artist's rendering of the ConRAC.

## Construction Manager at Risk Agreement for ConRAC

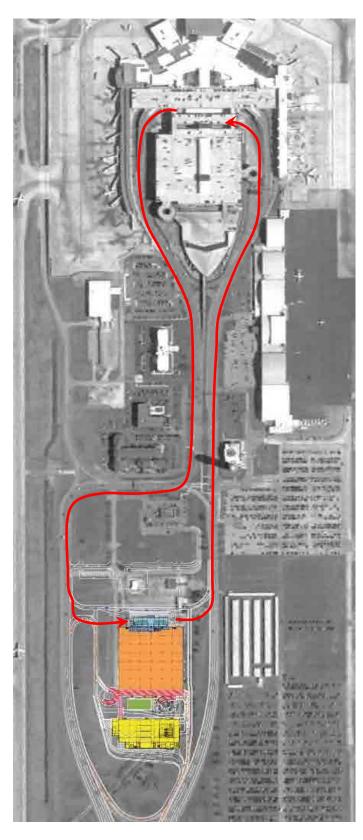
On July 14, 2017, CRAA entered into a Construction Manager at Risk Agreement with Turner Construction Company (Turner), one of the largest construction management companies in North America. Turner has worked for 50 years in the Columbus area, completing approximately \$250 million in construction projects annually. The company is known for undertaking large, complex projects, fostering innovation, and using emerging technologies. Turner has a staff of 5,200 employees, each year completing 1,500 construction projects worth \$10 billion.<sup>2</sup> Turner's experience includes consolidated rental car facilities built in San Antonio, Seattle, and Miami. Based upon that experience, Turner has developed an understanding of the challenges of building a ConRAC, as well as a strong local subcontractor network.

Turner has heretofore provided and the Authority has approved and executed guaranteed maximum price (GMP) contracts in the approximate aggregate amount of \$73.5 million for early site work, foundations and utility corridor work as part of the Series 2019 Project. Following commencement of that part of the Series 2019 Project, design of the remainder of the Series 2019 Project was completed. In March 2019 Turner provided, and the Authority accepted but will not execute until the Series 2019 Bonds are delivered, a GMP contract in the approximate amount of \$62.7 million for additional costs relating to the construction of the Series 2019 Project. Upon delivery of the Series 2019 Bonds, the Autority will have executed GMP contracts to provide for the entire cost of constructing the ConRAC.

The total estimated cost of the Series 2019 Project is \$152.7 million and of that amount, approximately (i) \$136.2 million has either been paid or committed to be paid from CFCs heretofore collected and/or proceeds from the Series 2019 Bonds, all pursuant to GMP contracts heretofore executed by Turner and other construction companies, (ii) \$8.6 million is expected to be paid by the Authority from CFCs heretofore collected and/or proceeds for the Series 2019 Bonds and (iii) \$7.9 million has been reserved for contingencies and will be paid by the Authority from CFCs heretofore collected and/or proceeds for the Series 2019 Bonds.

<sup>&</sup>lt;sup>2</sup> Turner Construction Company website (http://www.turnerconstruction.com/about-us).

Figure 2 | Location of the ConRAC and the Existing Passenger Terminal



Source: The Authority.

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Table 1| ConRAC Major Components

QTA Garage	Ready/Return Garage	Customer Service Building
247,000 sq.ft. garage with 3 covered levels plus an uncovered top level	637,000 sq. ft. garage with 3 covered levels plus an uncovered top level	12,000 sq. ft.
200+ vehicle stacking station	1,400 Ready/Return stalls	34 counter positions
54 fuel positions	1,000+ storage parking spaces	Back offices
Top level storage	Top level storage	

Source: The Authority.

Figure 3 | Artist Rendering of ConRAC



## Series 2019 Project Budget

As of the date of this Report, CRAA estimates that the development, construction, equipping and improvement of the Series 2019 Project will cost approximately \$152.7 million, as summarized on Table 2.

Table 2 | Series 2019 Project Budget

Project Component	Amount
ConRAC	
Design	\$9,867,343
Construction	
Customer Service Building	10,621,212
Ready/Return Garage	43,383,363
QTA	47,009,244
Total Construction	\$101,013,819
Testing and Inspections	1,835,186
CM Pre-construction Services	874,047
Cell Phone Lot Relocation	895,006
Environmental Costs	2,000,000
Soft Costs <sup>1</sup>	10,526,510
Tenant Fit-out Allowance	2,000,000
Project Contingency	7,888,089
ConRAC Total	\$136,900,000
Enabling Projects	15,800,000
PROJECT TOTAL	\$152,700,000

 $<sup>^{\</sup>rm 1}\,\rm Soft$  Costs include planning studies, insurance, project management, etc. Source: The Authority.

## **SECTION 2 | ECONOMIC BASE**

Demographic and economic trends influence the demand for air travel and rental car services at the Airport. Local trends are just as important a factor in drawing visitors flying through the Airport and renting cars, as they are in determining residents' demand for air travel. Local demographic attributes, economic conditions and tourist attractions contribute to the attractiveness of the local area as a business and leisure destination. National trends determine air travel demand nationwide. They also affect local economic trends in an airport's air service area. The Airport serves primarily the Columbus MSA,<sup>3</sup> which consists of the adjacent counties of Delaware, Fairfield, Franklin, Hocking, Licking, Madison, Morrow, Perry, Pickaway and Union (Figure 4).

The Columbus MSA has one other commercial service airport, Rickenbacker International Airport (LCK), which is also owned and operated by the Authority. LCK is located in Franklin County approximately 15 miles from downtown Columbus. It is a major cargo facility and is utilized by the Ohio Air National Guard. It also offers commercial passenger service by Allegiant Air, which flies to various leisure destinations year-round and seasonally. LCK's primary role is to provide the Columbus MSA with air freight, logistics and warehouse/distribution services. It does not compete with CMH for passengers. Its passenger service by Allegiant Air serves a different and small segment of the local air travel market.

Within a two-hour drive of CMH, Columbus MSA residents have access to commercial passenger service at Cleveland Hopkins International Airport (CLE), Cincinnati/Northern Kentucky International Airport (CVG), Dayton James M. Cox International Airport (DAY), and Akron/Canton Regional Airport (CAK). CLE and CVG are the most comparable to CMH in scheduled passenger air service offered.

Figure 5 shows the area within a one-hour drive from CMH. The Airport, however, serves a much larger catchment area extending beyond the one-hour drive area, shown in Figure 6, according to a "true" market study conducted for CRAA in 2017. CMH retains 93 percent of passengers originating in its core catchment area covering a population of 2.6 million. Beyond the core service area, within a three-hour drive, CMH attracts 20 percent of passenger demand when it offers a nonstop option. The entire area within a three-hour drive, including the core catchment area, contains a total population of 4.1 million.

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<sup>&</sup>lt;sup>3</sup> Metropolitan Statistical Areas are county-based geographical divisions with a high degree of social and economic integration, developed by the U.S. Office of Management and Budget (OMB) for federal data collection and analysis purposes.

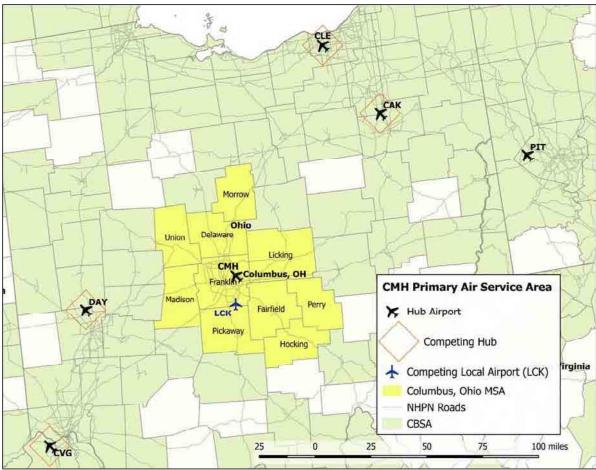


Figure 4 | CMH Primary Air Service Area – Columbus, OH, MSA

		L 1 /	A A	11 41	1/1
	Scheduled Pas	ssenger Servic	e for CY2018		
			Nonstop	Driving	
	Scheduled	Scheduled	Destinations	Distance to	Driving Time
Airport	Flights	Seats	(>1 flight/yr)	СМН	to CMH
Cleveland Hopkins International (CLE)	53,678	5,855,038	58	132 miles	1 h 54 min
Cincinnati Northern Kentucky (CVG)	53,929	5,483,670	58	126 miles	1 h 51 min
Columbus John Glenn International (CMH)	49,980	5,090,402	41		
Dayton James M. Cox International (DAY)	17,571	1,192,708	17	76 miles	1 h 06 min
Akron/Canton Regional (CAK)	8,708	588,489	13	134 miles	1h 58 min
Columbus Rickenbacker International (LCK)	1,086	186,739	10	19 miles	24 min

Source: Unison Consulting, Inc., OAG Analyzer for airline schedules, and Google Maps for driving distances and times based on the fastest route and usual traffic.

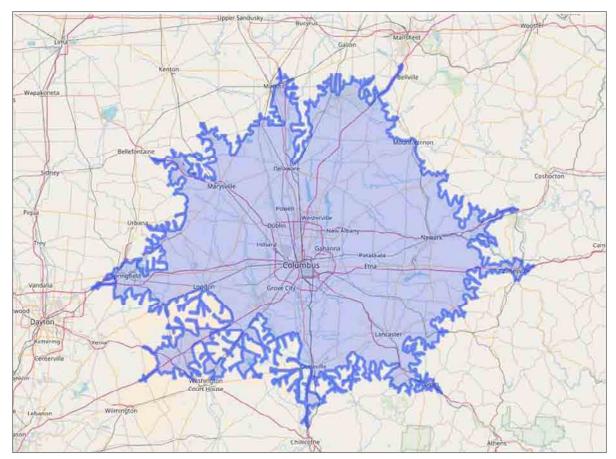


Figure 5 | CMH's One-Hour Drive Service Area

Source: Unison Consulting, Inc., using R, OpenStreetMap, and openrouteservice APIs.

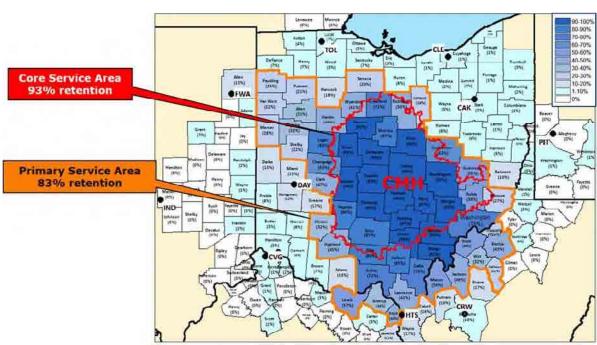


Figure 6 | CMH's Broad Catchment Area

Source: Columbus Regional Airport Authority, CMH Catchment Area, 2017.

## **Population**

The Columbus MSA is the 2<sup>nd</sup> largest MSA in Ohio with a share of approximately 18 percent of the State's population. The metropolitan areas of the Cincinnati MSA and the Cleveland MSA are the largest and 3<sup>rd</sup> largest MSAs in the State, respectively. The three MSAs make up over 50 percent of the Ohio state population (Table 3).

Figure 7 compares the population growth rates in the Columbus MSA with those in Ohio and the United States. From 2006 to 2017, the population of the Columbus MSA grew an average of 1.2 percent annually, 1.5 times the national population growth rate (0.8 percent) and nine times the Ohio state population growth rate (0.1 percent). The relatively high population growth rate in Columbus can be attributed to growing levels of high-skilled employment offered in the region, particularly since 2010.

Table 3 | Ohio State and MSA Populations

MSA	Population as of July 1, 2017	Share of State Population	Rank by Population	Population Change from 2007
State of Ohio Total	11,658,609	100%	-	1.4%
Cincinnati, OH-KY-IN	2,179,082	19%	1	4.6%
Columbus, OH	2,078,725	18%	2	12.9%
Cleveland-Elyria, OH	2,058,844	18%	3	-1.6%
Dayton, OH	803,416	7%	4	0.2%
Akron, OH	703,505	6%	5	0.0%
Toledo, OH	603,668	5%	6	-1.6%
Youngstown-Warren-Boardman, OH-PA	541,926	5%	7	-5.8%
Canton-Massillon, OH	399,927	3%	8	-1.5%
Huntington-Ashland, WV-KY-OH	356,474	3%	9	-1.9%
Wheeling, WV-OH	141,254	1%	10	-5.0%
Springfield, OH	134,557	1%	11	-3.8%
Mansfield, OH	120,589	1%	12	-5.0%
Weirton-Steubenville, WV-OH	118,250	1%	13	-5.6%
Lima, OH	103,198	1%	14	-3.3%

Source: U.S. Census Bureau mid-year population estimates.

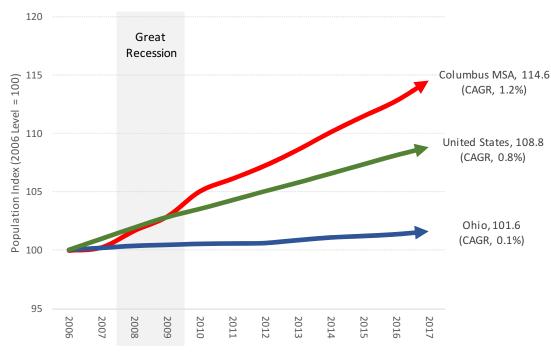


Figure 7 | Population Growth

Note: Beginning in 2010, the delineation of the Columbus MSA changed to include Hocking and Perry counties. For the years prior to 2010, the populations of these two counties were added to the population estimates for the previous, smaller delineation of the Columbus MSA for a consistent evaluation of population trends.

Source: U.S. Census Bureau mid-year population estimates.

## **Population Education Attainment**

An educated population is important for long-term economic growth for many reasons. Places with a more educated workforce add jobs and population faster because they are more attractive to businesses seeking highly skilled workers. They are also more resilient to economic recessions and transformations because their educated workforce can adapt better to changes in skills required by businesses. Workers with higher education levels typically earn higher wages and receive larger wage increases than less educated workers. In the Columbus MSA, the economy continues to diversify toward knowledge-based industries that require more education.

Population education attainment in the Columbus MSA continues to exceed the State and national benchmarks (Figure 8). In 2017, Columbus had 8 percentage points more people 25 years and older with a bachelor's degree or higher than the State and 4 percentage points more than the nation. In Columbus, the proportion of people 25 years of age or older attaining a bachelor's degree or higher increased by 7 percentage points from 2010 to 2017.

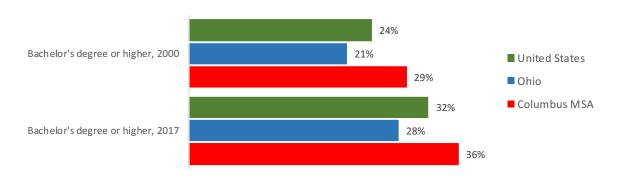


Figure 8 | Proportion of the Population 25 Years and Older Holding a Bachelor's Degree or Higher

Source: U.S. Census Bureau, Decennial Census 2000 and American Community Survey 2017.

#### Labor Market

Trends in the labor market reflect business conditions and overall economic well-being—factors that influence the demand for air travel. Job growth reflects the pace of economic growth in an area, which is important for raising living standards, boosting consumer confidence and increasing consumer spending.

As Ohio's 2<sup>nd</sup> largest MSA by population, Columbus is a large employment center with a diversified distribution of industries. In 2018, the Columbus MSA provided approximately 1.1 million full-time and part-time nonfarm jobs.<sup>4</sup> Job creation is important for raising living standards, boosting consumer confidence, and increasing consumer spending. Figure 9 shows that the Columbus MSA outperformed Ohio and the United States in nonfarm job growth from 2006 through 2018. Nonfarm jobs increased 15.6 percent in Columbus, compared with 3.3 percent in Ohio and 9.2 percent in the United States.

The Great Recession was the worst economic downturn to face the nation since the Great Depression of the 1930s. The Columbus MSA suffered significant employment losses, 4.2 percent from the pre-recession peak in 2007 to the lowest level in 2010. But these losses were relatively small compared with the losses experienced by the entire state of Ohio (7.2 percent) and the entire nation (5.5 percent). The pace of job creation in Columbus accelerated since 2010, accompanied by an acceleration in population and real GDP growth rates. Nonfarm employment surpassed the pre-recession peak in 2012 in Columbus, compared with 2016 in Ohio and 2014 in the entire nation.

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<sup>&</sup>lt;sup>4</sup> The U.S. Bureau of Labor Statistics measures nonfarm jobs as the number of full-time and part-time positions on company payrolls, including civilian government agencies. This definition excludes self-employed, unpaid, and household workers.

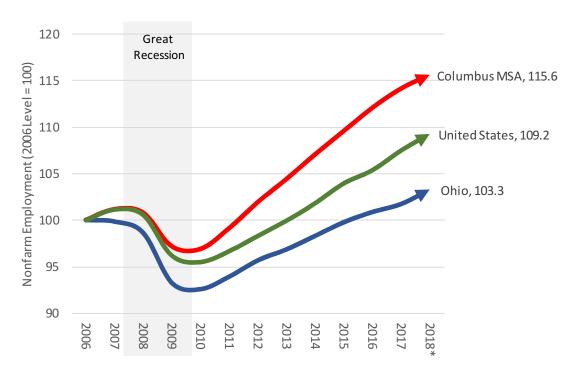


Figure 9 | Nonfarm Employment Trends

The Columbus MSA's civilian labor force expanded by 11.2 percent from 2006 to 2018, outpacing labor force growth in Ohio (-2.9 percent) and in the United States (7.0 percent) (Figure 10). Within the Columbus MSA's labor force, the number of those employed increased 12.5 percent from 2006 to 2018, and the unemployment rate decreased from 4.8 percent in 2006 to 3.7 percent in 2018 (Figure 11).

<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

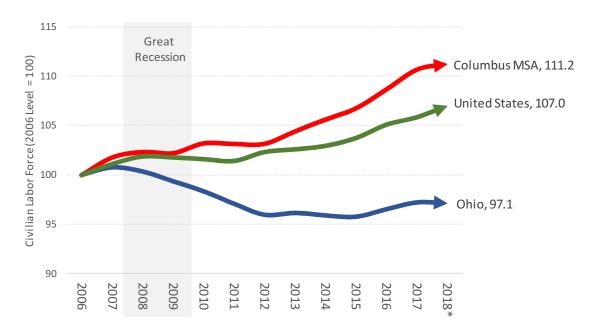
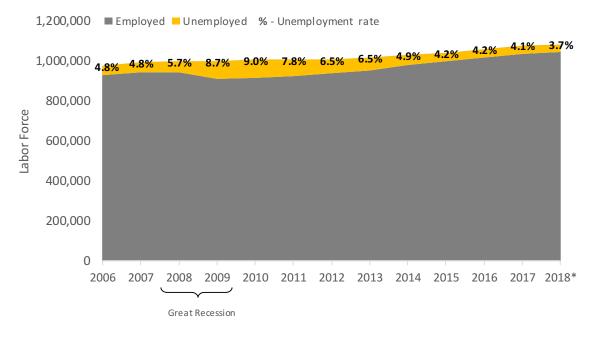


Figure 10 | Trends in the Civilian Labor Force

<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.





<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

The unemployment rates in the Columbus MSA and the state of Ohio rose with the national unemployment rate during the last U.S. economic recession (Figure 12). The Columbus MSA's unemployment rate rose to a peak of 9 percent in 2010, lower than the peak unemployment rates for Ohio (9.6 percent) and the nation (10.2 percent). Unemployment rates have since fallen all over the country, and the Columbus MSA has maintained unemployment rates lower than the averages for the entire state and the nation. In 2018, the unemployment rate in the Columbus MSA was 3.7 percent, lower than the Ohio state unemployment rate (4.5 percent) and the national unemployment rate (3.9 percent).

Between 2015 and 2017, the unemployment rates in the Columbus MSA and in Ohio remained flat because of a decrease in manufacturing jobs, particularly in the auto industry.<sup>5</sup>

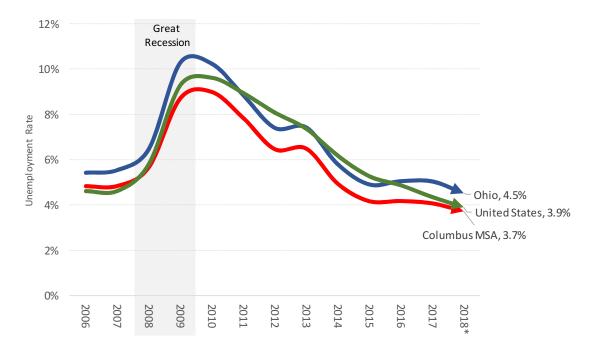


Figure 12 | Unemployment Trends

## **Employment by Industry**

The Columbus MSA has a diversified employment base, with no industry supersector<sup>6</sup> accounting for more than 20 percent of nonfarm jobs in 2017 (Figure 13). Economic diversification reduces Columbus' vulnerability to a downturn in any particular industry, such as the downturns in the oil

<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

<sup>&</sup>lt;sup>5</sup> "Ohio's Unemployment Rate Rises in July," *The Blade*, August 2017.

<sup>&</sup>lt;sup>6</sup> The U.S. Bureau of Labor Statistics uses the term "supersector" to refer to a high-level aggregation of related industries.

industry and in the manufacturing industry that affected other parts of the country. The three largest industry supersectors in Columbus are:

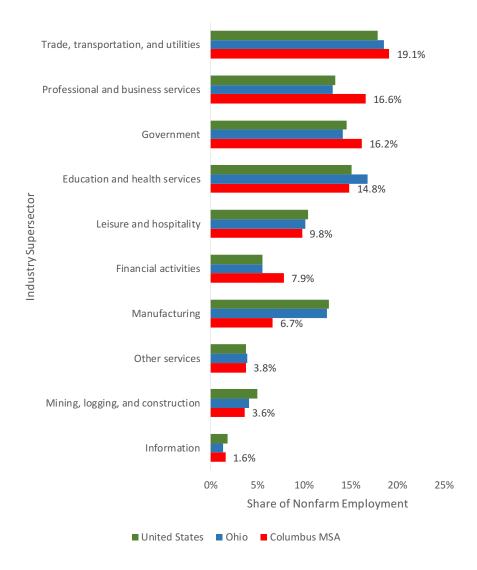
- Trade, transportation and utilities (19.1 percent).
- Professional and business services (16.6 percent).
- Government (16.2 percent).

In 2017, the distribution of nonfarm jobs by industry in the Columbus MSA compared to those in Ohio and the United States, except in manufacturing. Columbus has only one-half (6.7 percent) of the proportions of jobs in the manufacturing sector in Ohio (12.4 percent) and the United States (12.6 percent).

Columbus once had a sizeable manufacturing sector, 13.5 percent of the MSA's total nonfarm jobs in 1990. That year, Ohio had 21.7 percent of the state total nonfarm employment in the manufacturing sector. Like other former manufacturing centers, Columbus and the entire state had lost jobs to Southeast Asia and the Indian sub-continent which boast significantly lower costs for the production of durable goods. The reduction in the size of its manufacturing sector limited Columbus' exposure to the continuing decline in employment in this sector, especially following the Great Recession when the demand for durable goods decreased.

From 2006 to 2017, the fastest growing industry supersectors in the Columbus MSA were education and health services, growing 47 percent, followed by professional and business services, which grew 25 percent (Figure 14). Jobs in knowledge-based industries have been gaining ground in Columbus especially since 2009. Employers are drawn to the large educated workforce associated with The Ohio State University. Young professionals and families are drawn to the metropolitan area's well-known arts, sporting events and vibrant scene.

Figure 13 | 2017 Industry Distribution of Nonfarm Jobs



Source: U.S Bureau of Labor Statistics, Current Employment Statistics Survey.

Education and health services 47% 25% Professional and business services Leisure and hospitality 18% Financial activities Trade, transportation, and utilities Other services Government Mining, logging, and construction Information Manufacturing -20% 0% -10% 10% 20% 30% 40% 50% 60%

Figure 14 | Columbus MSA Change in Employment by Industry, 2006-2017

 $Source: U.S.\ Bureau\ of\ Labor\ Statistics,\ Current\ Employment\ Statistics\ Survey.$ 

Table 2 lists Columbus' largest employers, with The Ohio State University at the top of the list.

Table 4 | Columbus MSA's Largest Employers in 2017

Employer	Sector	No. of Employees
The Ohio State University*	Education	29,685
The State of Ohio*	Government	22,030
JPMorgan Chase	Financial Activities	16,975
OhioHealth*	Health Care	16,000
Nationwide*	Financial Activities	11,235
United States Government	Government	10,800
City of Columbus*	Government	8,653
Columbus Public Schools*	Education	8,611
Mount Carmel Health System*	Health Care	8,448
Honda of America Manufacturing, Inc.	Manufacturing	7,400
Franklin County*	Government	6,048
Nationwide Children's Hospital*	Health Care	5,762
Kroger Company	Retail Trade	5,417
Limited Brands*	Retail Trade	5,200
Huntington Bancshares Inc.*	Financial Activities	4,170
Cardinal Health*	Health Care	4,030
Medco Health Solutions	Health Care	3,831
American Electric Power*	Utilities	3,527
Battelle Memorial Institute*	Professional Services	2,618
Southwestern City Schools*	Education	2,500
Abbott Nutrition	Manufacturing	2,055
Alliance Data	Information	2,030
Emerson Network/Liebert Corporation*	Control Systems	2,000
State Farm Insurance	Financial Activities	1,894
Dublin City Schools*	Education	1,750
TS Tech	Manufacturing	1,720
Hilliard City Schools*	Education	1,700
Olentangy Local Schools*	Education	1,700
Teleperformance	Information	1,620
DHL Supply Chain*	Logistic	1,600
Giant Eagle	Retail Trade	1,600
Ashland, Inc.	Chemicals/Technology	1,500
McGraw-Hill	Publishing	1,495
Big Lots, Inc.*	Retail Trade	1,310
Chemical Abstracts*	Information	1,300
Worthington Industries*	Manufacturing	1,229
Anchor-Hocking	Manufacturing	1,200
Aetna Health	Health Care	1,180
Anthem Blue Cross	Manufacturing	1,129
Boehringer Roxane	Pharmaceuticals	1,110
Time-Warner	Cable TV/Internet/Telephone	1,084

<sup>(\*) -</sup> Company based in Columbus MSA

Source: City of Columbus.

#### **Tourism**

According to the 2017 Annual Report of Experience Columbus, the Columbus MSA receives 39.9 million visitors each year. These visitors spend \$6.4 billion in the metropolitan area, generating an overall economic impact of \$9.7 billion each year.

Columbus is home to world-class museums:

- The Columbus Museum of Art features a collection of art and hosts interesting exhibits.
- The National Veterans Memorial and Museum connects visitors with the story of veterans through an interactive journey supported by a collection of exhibits.
- Perkins Observatory hosts public programs and serves as the home to the Columbus Astronomical Society.
- Ohio Railway Museum features a large collection of both static and operational railway equipment.
- Early Television Museum features a large collection of televisions from the 1920s, '30s and '40s.
- Motorcycle Hall of Fame Museum features classic cycles as well as its surrounding culture.
- Mid-Ohio Historical Museum features collections of antique and modern children's toys.
- Motts Military Museum features historical memorabilia.

Columbus is also known for its performing arts institutions:

- Opera Columbus
- BalletMet
- The Columbus Symphony Orchestra
- Contemporary American Theatre Company
- Shadowbox Cabaret
- Columbus Jazz Orchestra
- Actors' Theatre

Many fairs and festivals are held in the Greater Columbus area throughout the year:

- Ohio State Fair, one of the largest state fairs in the country
- Little Brown Jug, a world-famous harness racing event

- The Community Festival, one of the largest free urban music and arts festival in the country
- Dublin Irish Festival
- The Franklin County Fair
- The Columbus Arts Festival
- Lancaster Festival, a 10-day celebration of music and the arts
- Circleville Pumpkin Show, Ohio's largest town festival
- Arnold Sports Festival, a multi-sport event competition consisting of professional bodybuilding, strongman, fitness, figure and bikini expo
- All American Quarter Horse Congress, known as the largest single breed horse show in the world

The Ohio State Buckeyes are the largest sports attraction in the Columbus MSA with a large local fan-base for their football and men's basketball teams. Local fans also follow the university's baseball, women's basketball and men's hockey teams. Columbus has two major league professional sports teams: the National Hockey League's Columbus Blue Jackets and the Major League Soccer team Columbus Crew. Columbus is also home to the Minor League Baseball team Columbus Clippers, the "AAA" affiliate of Major League Baseball team Cleveland Indians.

## **Economic Output**

Economic trends at both regional and national levels drive Airport passenger traffic, especially at an airport like CMH that serves predominantly O&D traffic.<sup>7</sup> An economic expansion increases employment and income, boosts consumer confidence and increases the demand for air travel. In contrast, an economic recession dampens business activity, causes job losses, reduces income, diminishes consumer confidence and weakens the demand for air travel.

Figure 15 compares the overall economic trends in the Columbus MSA with those in the entire state of Ohio and in the United States by tracking relative growth in gross domestic product (GDP) from 2006. GDP measures the value of all goods and services produced within a geographic area. Growth in inflation-adjusted (real) GDP indicates overall economic growth and steady growth in GDP over a number of years indicates an economic expansion.

From 2006 to 2017, the Columbus MSA's real GDP increased 21.5 percent, outpacing growth in the entire state (9.1 percent) and in the United States (17.7 percent) (Figure 15). The growth in the MSA's economic output is consistent with the growth trends in its population, nonfarm jobs, and labor force.

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<sup>&</sup>lt;sup>7</sup> 0&D traffic consists of passengers who begin and end their air travel at CMH, as contrasted to connecting passengers.

Figure 16 shows the trends in the Columbus MSA's real GDP from 2006 to 2017. The Columbus MSA's real GDP has grown steadily since 2010.

125 Great Columbus MSA, 121.5 Recession Real Gross Domestic Product (2006 Level = 100) 120 United States, 117.7 115 Ohio, 109.1 110 105 100 95 90 2007 2010 2011 2006 2012 2014

Figure 15 | Growth in Real Gross Domestic Product

Source: U.S. Bureau of Economic Analysis.



Figure 16 | Columbus MSA Real Gross Domestic Product

Source: U.S. Bureau of Economic Analysis.

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## Personal Income

Personal income, a component of GDP, is another key economic indicator measuring consumers' ability to spend and build wealth. Growth in personal income boosts demand for air travel.

Per capita personal income in the Columbus MSA (\$49,644 in 2017) is higher than the Ohio state average but lower than the national average, as shown in Figure 14. From 2006 to 2017, per capita personal income increased slightly faster in Columbus (37 percent) than in Ohio (36 percent) and in the United States (35 percent).

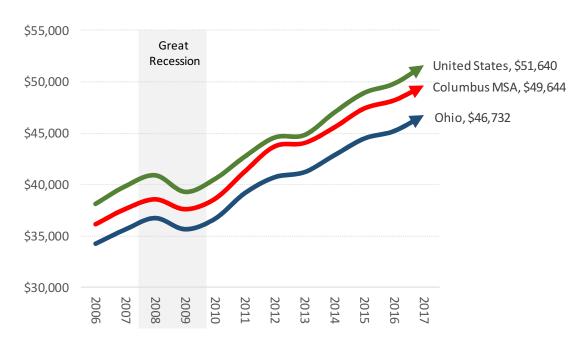


Figure 17 | Per Capita Personal Income

Source: U.S. Bureau of Economic Analysis.

#### Outlook for the Columbus MSA

Throughout the current economic expansion, the Columbus MSA has enjoyed strong growth. The outlook for the Columbus MSA remains positive, based on forecast growth in key socioeconomic indicators for the metro area by Moody's Analytics, an independent economic forecasting firm (Figure 18). The Columbus MSA's economic output, measured by gross metro product, and total personal income are forecast to grow at average annual rates<sup>8</sup> of 2.6 percent and 2.5 percent, respectively, over the next 10 years. Population and nonfarm employment are forecast to grow at the same average annual rate of 0.9 percent. The economic forecasts for the Columbus MSA anticipate slower growth rates in 2020 and 2021, particularly for the MSA's gross metro product and nonfarm employment. The Columbus MSA is projected to outperform the nation in growth in all four economic indicators (Figure 19).

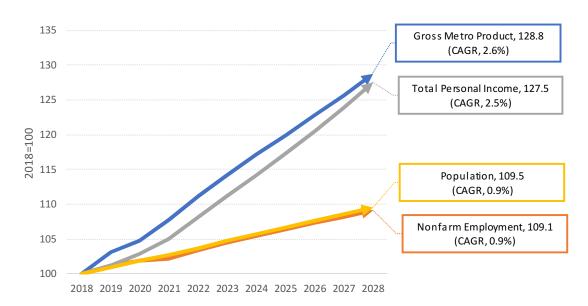


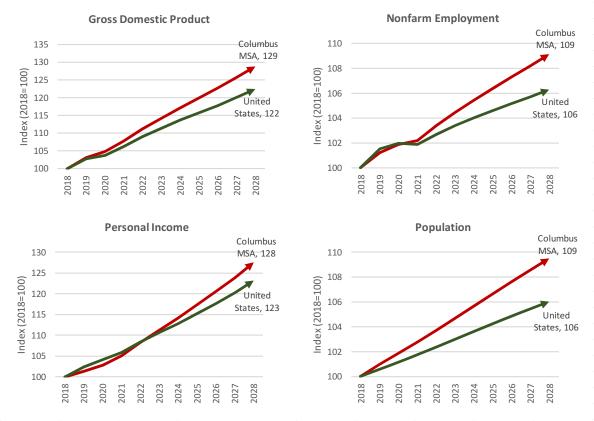
Figure 18 | Forecast Growth in Key Socioeconomic Indicators for the Columbus MSA

 $Source: Moody's \ Analytics' for ecasts for the \ Columbus \ MSA, as \ of \ January \ 20, \ 2019.$ 

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<sup>&</sup>lt;sup>8</sup> When referring to growth rates throughout this report, "average annual" is used interchangeably with "compound average annual."

Figure 19 | Comparison of Forecast Growth in Key Socioeconomic Indicators in the Columbus MSA and the United States



Source: Moody's Analytics' forecasts, as of January 20, 2019.

# Outlook for the National Economy

The national economy is a major driver of the Columbus MSA's economy and visitor traffic at CMH. Continued growth in the U.S. economy would bring continued growth in the MSA's economy. In the same way, risks facing the national economy would also hamper growth in the MSA's economy.

The U.S. economy grew strongly in 2018, after years of slow and uneven recovery from the Great Recession. The current U.S. economic expansion is now on its 10th year; it has the potential to outlast the 1990s' record 10-year economic expansion, barring major economic shocks. The pace of economic growth, however, is expected to slow in 2019, in part because the fiscal stimulus from tax cuts is set to wane. And the recent 35-day shutdown of the federal government reduced production and weakened consumer and business confidences.

Figure 20 shows quarterly changes in U.S. economic output, measured by the U.S. real GDP, from the first quarter of 2007 to the third quarter of 2018. Quarterly real GDP growth has averaged 2.2 percent since the beginning of the current economic expansion in the third quarter of 2009.

Through the third quarter of 2018, the U.S. economy had grown steadily for 18 consecutive quarters.

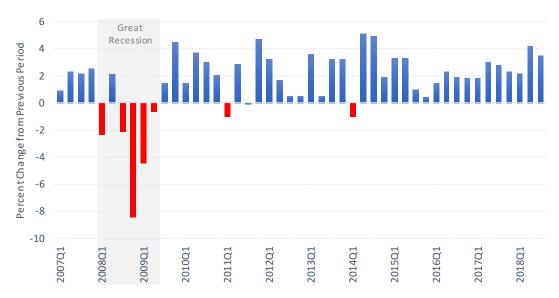


Figure 20 | U.S. Real GDP Growth Trends, First Quarter 2007 through Third Quarter 2018

Source: U.S. Bureau of Economic Analysis.

In 2018, the U.S. economy grew 2.2 percent in the first quarter, 4.1 percent in the second quarter, and 3.5 percent in the third quarter, boosted by a strong labor market, low unemployment, modest inflation, relatively low levels of consumer debt, strong corporate balance sheets, improving corporate profits, and global economic expansion. It is expected to continue growing at least through 2019. The Wall Street Journal February 2019 economic forecasting survey provided median predictions for U.S. real GDP growth of 2.5 percent for the fourth quarter of 2018, 3.1 percent for the entire year in 2018, 2.2 percent in 2019, 1.8 percent in 2020, and 1.7 percent in 2021. Figure 21 shows the full ranges of forecast U.S. real GDP annual growth rates through 2021.

In the same survey, estimates for the probability of the U.S. economy going into a recession over the next 12 months range from zero to 60 percent, with a median of 25 percent. The sources of economic risks are numerous: political and economic policy uncertainty, international trade tensions, tightening monetary policy, the high level of U.S. government and private debt, tightening labor market, stock market volatility, slowing global economy, and continuing political tensions abroad.

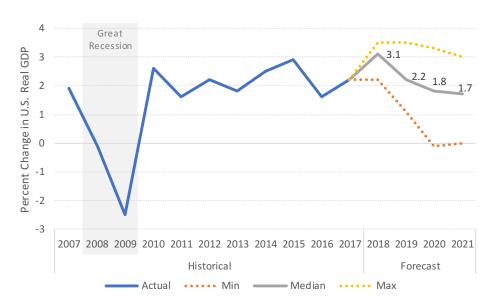


Figure 21 | U.S. Real GDP Growth Forecasts

Sources: U.S. Bureau of Economic Analysis for historical data and the Wall Street Journal February 2019 Economic Forecasting Survey.

## Summary

CMH is the largest airport in Columbus, the second largest MSA in Ohio. Demographic and economic trends determine the Columbus MSA's attractiveness as a business and leisure destination and the ability of its residents to travel. Since 2010, Columbus has shown a strong recovery from the Great Recession, strong employment growth, a steady rise of per capita personal income, and strong real GDP growth. Columbus has a well-diversified industry distribution of nonfarm jobs, reducing its vulnerability to a downturn in any particular industry. It has also proven resilient to a broader economic downturn such as the Great Recession. The outlook for the Columbus MSA economy is positive. The Columbus MSA is expected to outperform the nation in growth in GDP, employment, personal income, and population over the next 10 years, based on independent economic forecasts.

The current U.S. economic expansion, now on its 10th year, is on track to set a new record for the longest U.S. economic expansion, barring any major economic shock. As the U.S. economic expansion continues, however, recession fears are also growing. The probability of the U.S. economy going into a recession over the next 12 months remains low, although the sources of economic risks abound: political and economic policy uncertainty, international trade tensions, tightening monetary policy, the high level of U.S. government and private debt, tightening labor market, stock market volatility, slowing global economy, and continuing political tensions abroad.

# **SECTION 3 | AVIATION ACTIVITY**

This section reviews the historical trends in commercial passenger aviation activity at John Glenn Columbus International Airport and presents forecasts of enplanements, which serve as a key driver of rental car demand and forecast transaction days at the Airport. The section is organized into three parts:

- The first part examines how the Airport's passenger traffic has performed over time, what market factors and industry developments explain observed trends in the Airport's passenger traffic, and how the trends at the Airport compare with national trends and trends at comparable airports.
- The second part discusses forecast development for commercial passenger traffic, including the methodology, assumptions, and results. It presents a range of forecast scenarios for the years 2019-2029.
- The third part discusses broader factors affecting the aviation industry and the Airport that can bring risk and uncertainty into the forecasts.

# Historical Passenger Traffic Trends

CMH is classified as a medium hub commercial service airport by the Federal Aviation Administration (FAA). A medium hub is defined as a community enplaning .25 percent to 1 percent of total U.S. enplanements. In 2017, the Airport enplaned approximately 3.78 million passengers, representing 0.39 percent of total U.S. enplanements in 2017 (the most recent year for which U.S. enplanements are available). In 2017, CMH was the 49th largest airport in the United States by total passenger traffic, according to 2017 airport traffic data compiled by the ACI-NA – the most recent year for which those statistics are available. The Airport's enplanements increased to 4.08 million in 2018. CMH is the second largest airport in Ohio, following Cleveland Hopkins International Airport.

Airline schedules show six U.S. passenger carriers (with their regional affiliates) and one foreign flag passenger carrier providing scheduled air service at CMH as of January 2019 (Table 5). These carriers fly nonstop from CMH to 46 airport destinations, including two abroad (Toronto, Canada, and Cancun, Mexico).

Table 5 | Commercial Passenger Airlines Providing Scheduled Service at CMH

Published Carrier	Regional Affiliate(s)
Air Canada	Air Georgian dba Air Alliance
American Airlines	Envoy Air, Piedmont Airlines, PSA Airlines, Republic Airline, SkyWest Airlines, and Trans States Airlines
Delta Air Lines	Endeavor Air, GoJet Airlines, Republic Airline, and SkyWest Airlines
Frontier Airlines	
Southwest Airlines	
Spirit Airlines	
United Airlines	Air Wisconsin, CommutAir, ExpressJet Airline, GoJet Airlines, Mesa Airlines, Republic Airline, SkyWest
	Airlines, and Trans States Airlines

Source: OAG Schedules Analyzer (accessed January 2019).

#### Long-Term Enplanement Trends

Events of the last 20 years have had significant and lasting impacts on the U.S aviation industry and the Airport:

- The long-running U.S. economic expansion from the early 1990s ended with the brief recession, which lasted from March to November 2001. While the U.S. economy was in recession, the U.S. aviation industry faced terrorist attacks on September 11, 2001.
- The terrorist attacks caused an already weak air travel demand to fall sharply. They also prompted stringent airport security measures, changes in travel behavior, and business restructuring in the airline industry.
- Meanwhile, jet fuel cost per gallon quadrupled from 2000 to 2008, reaching a peak of \$3.82 per gallon in July 2008. It decreased sharply in 2009 but returned to record high levels in 2011-2014. In late 2014, jet fuel cost began falling along with world oil prices and reached a low of \$1.21 per gallon in February 2016, but it has since increased above \$2 per gallon.
- Amid record fuel prices, the U.S. economy entered the Great Recession from December 2007
  to June 2009. The Great Recession was the longest and deepest recession since the Great
  Depression. The recovery from this recession was also the slowest of all recoveries from
  previous recessions since the Great Depression. The Great Recession spread globally and
  weakened demand for domestic and international passenger and cargo air services.
- Airlines responded to weak air travel demand and high fuel prices with cuts in domestic seat capacity, increases in load factors, retirement of old aircraft, fleet reconfiguration, route transfers between mainline and regional service, route network changes, pricing changes, and various other cost-cutting measures. Mounting financial difficulties led to bankruptcies, mergers, business restructuring, and network consolidations.
- The cuts in domestic seat capacity fell disproportionately on smaller airports—nonhubs, small hubs, and medium hubs like CMH.
- The aviation industry was also affected by bad weather, natural disasters, disease outbreaks, wars, and civil unrest in different parts of the world.

The U.S. airline industry began to earn net profits in 2010, helped by business restructuring, capacity discipline, and decreases in fuel cost. U.S. airlines continue to enjoy relatively low fuel costs and earn net profits. Markedly improved financial performance has allowed U.S. airlines to renew their fleets and increase scheduled flights and seats while maintaining capacity discipline.

These developments had significant and lasting effects on the U.S. aviation industry and the Airport; they warrant a look at a much longer history of passenger traffic trends at CMH, as shown in Figure 22, than just the last 10 years. CMH experienced fluctuations in passenger traffic coinciding with adverse events, although over the long term its passenger enplanements grew from 3.2 million in 1998 to 4.1 million in 2018—a new enplanement record for CMH. The average annual growth rate in CMH enplanements was 1.2 percent over the 20 years between 1998 and 2018. From 2014 through 2018, CMH enplanements grew strongly at an average annual growth rate of 6.5 percent. In 2018, they grew 7.7 percent. The strong growth in the last four years was broad-based, with all the major airlines—led by Southwest—posting traffic gains. In 2018, the expansion of ULCC service with the entry of Spirit helped sustain the strong growth in enplanements.

The Airport's previous enplanement record was reached at 3.9 million in 2007 as a result of the introduction of service by low-cost carriers Skybus and JetBlue. These airlines' service at CMH, however, lasted only a brief period—through January 2008 for JetBlue and through April 2008 for Skybus. With these two airlines ending service at CMH and the widespread decrease in air travel during the Great Recession, enplanements at CMH decreased to 3.1 million in 2009, eliminating much of the traffic gains of the previous four years.

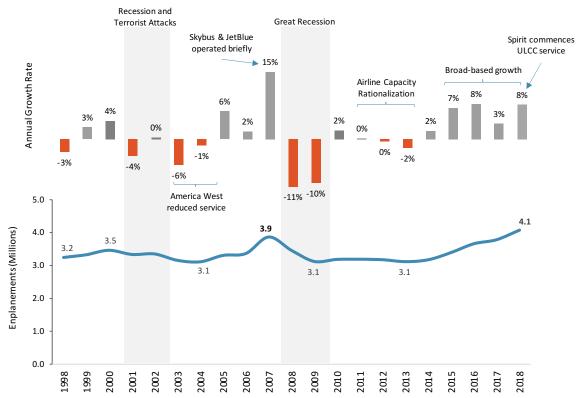


Figure 22 | CMH Annual Enplanement Trends, 1997-2018

 $Sources: U.S.\ Department\ of\ Transportation\ T-100\ Market\ for\ 1998-2006\ and\ CRAA\ for\ 2007-2018.$ 

Unlike JetBlue, Skybus stopped serving CMH because it went out of business. Skybus was a privately held ultra low-cost airline start-up founded in Columbus, Ohio. It operated for less than a year—from May 22, 2007, to April 5, 2008—before shutting down, citing the then "lagging economy and rising fuel costs" as the causes of its business failure. After the Great Recession ended in 2009, CMH's enplanement levels remained flat through 2014 because airlines continued to limit their seat capacities. After 2014, airlines began adding to their fleet of aircraft and adding back seat capacity to smaller airports. CHM enjoyed increases in seat capacity amid recovering air travel demand. CMH also saw a resurgence in Frontier Airlines' flights and the brief introduction of service by OneJet. OneJet, now a defunct carrier, terminated its flights at CMH in June 2018. Most recently, CMH welcomed its first ultra low-cost carrier, Spirit Airlines. Since February 2018, Spirit has added substantial service across seven destinations from CMH.

CMH enplanements grew in five consecutive years, at 5.6 percent per year on average, reaching 4.1 million in 2018.

<sup>&</sup>lt;sup>9</sup> "Low-cost carrier Skybus calls it quits," MSNBC, April 4, 2008.

# Airport and U.S. System Enplanements

Table 6 and Figure 23 compare enplanement growth trends at CMH and in the entire U.S. system from 2002 to 2017:

- Total enplanements at the Airport increased 13 percent from 3.3 million in 2002 to approximately 3.8 million in 2017, compared with a 44 percent increase in U.S. system enplanements.
- Over the period, annual enplanement growth at CMH averaged 0.8 percent, slower than the U.S. system average annual enplanement growth rate of 2.5 percent.
- CMH maintained an annual share of U.S. system enplanements between 0.37 and 0.50 percent—0.39 percent in 2016 and 2017, and 0.40 percent through September 2018.

National events such as the economic recession in 2001, the terrorist attacks in 2001, and the Great Recession in 2008-2009 decreased the Airport's enplanements, as they did the U.S. system enplanements. In addition, the Airport faced significant changes in air service, mostly with adverse effects on the Airport's enplanement levels:

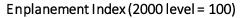
- Just when air travel demand was beginning to recover from the 2001 recession and terrorist attacks, America West, the Airport's largest passenger carrier at the time, reduced its service at CMH, causing a significant decrease in CMH enplanements in 2003. America West eventually merged into US Airways in September 2005.
- In 2007, Skybus and JetBlue began service at CMH, causing a significant increase in the Airport's total enplanements. Skybus was a Columbus-based, start-up that marketed itself as an ultra-low-cost carrier offering point-to-point service from CMH to major markets. Skybus lasted less than a year, beginning service in May 2007 and ending service in April 2008 when the airline went out of business. JetBlue's service at CMH was also short-lived, beginning in October 2006 and ending in January 2008. The cessation of Skybus' and JetBlue's service in 2008 aggravated the decrease in the Airport's enplanements during the Great Recession.
- When the Great Recession ended, traffic recovery at CMH—as in other medium hub and smaller airports—lagged U.S. system recovery, because airlines continued to restrain growth in capacity at medium hub and smaller airports. Enplanement levels at CMH remained essentially flat from 2010 through 2014, while U.S. system enplanements began a slow but steady recovery.
- Aided by a strong economic recovery and an increase in airline capacity, CMH has been catching up with systemwide traffic growth. Between 2014 and 2017, the Airport's enplanements grew 6.1 percent per year on average, while U.S. system enplanements grew 4.2 percent per year. With the introduction of service from an ultra low-cost carrier (Spirit) in 2018, enplanements at CMH grew 7.3 percent through September (year-over-year), while U.S. system enplanements grew 5.1 percent over the same period.

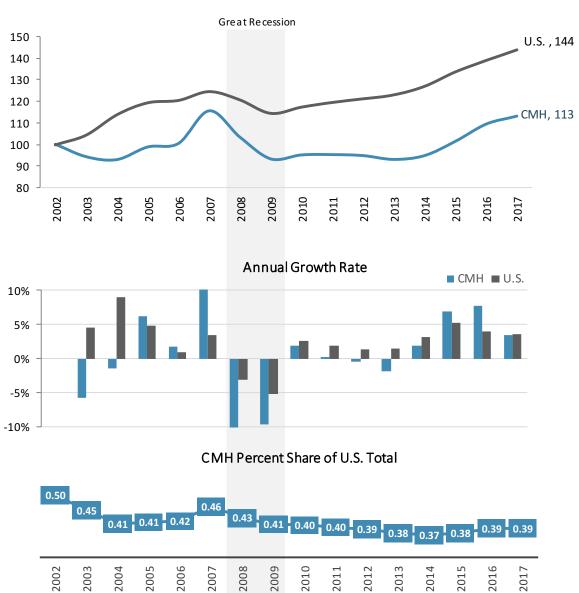
Table 6 | CMH and U.S. System Enplanements

	Enplanem	ents (1,000s)	СМН
Year	СМН	U.S.	Share
2002	3,348	670,604	0.50%
2003	3,157	700,864	0.45%
2004	3,113	763,710	0.41%
2005	3,307	800,850	0.41%
2006	3,363	808,103	0.42%
2007	3,865	835,510	0.46%
2008	3,459	809,822	0.43%
2009	3,123	767,817	0.41%
2010	3,184	787,478	0.40%
2011	3,190	802,135	0.40%
2012	3,175	813,123	0.39%
2013	3,115	825,322	0.38%
2014	3,173	851,850	0.37%
2015	3,394	896,632	0.38%
2016	3,659	931,989	0.39%
2017	3,785	964,765	0.39%
Jan-Sep 2017	2,808	724,303	0.39%
Jan-Sep 2018	3,013	760,911	0.40%
	Compound Anı	nual Growth Rate	
2002-2017	0.8%	2.5%	
Jan-Sep 2017-2018	7.3%	5.1%	

Sources: CRAA for CMH enplanements for 2007-2018 (through September), and U.S. Department of Transportation T-100 Market Data for CMH enplanements for 2002-2006 and U.S. system enplanements for 2002-2018 (through September).

Figure 23 | CMH and U.S. System Enplanement Growth Trends





Sources: CRAA for CMH enplanements for 2007-2017, and U.S. Department of Transportation T-100 Market for CMH enplanements for 2002-2006 and U.S. system enplanements for 2002-2017.

# Composition of Passenger Traffic

CMH serves predominately domestic origin-and-destination (O&D) traffic—passengers who begin and end their air travel at the Airport. Domestic O&D traffic accounts for at least 99 percent of annual passengers.

Having predominantly O&D traffic reduces an airport's vulnerability to changes in airline route networks. Unlike connecting traffic which is brought by an airline and can go away with changes in airline routing, O&D traffic is generated by an airport's service area. As long as O&D traffic is strong, airlines will come to serve an airport.

Residents make up approximately three-fifths of CMH passengers and visitors make up the remaining two-fifths (Figure 24). This distribution has changed little since 2012, with the visitor share increasing slightly.

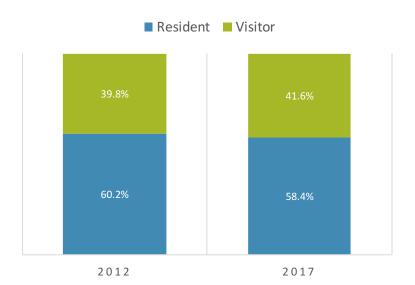


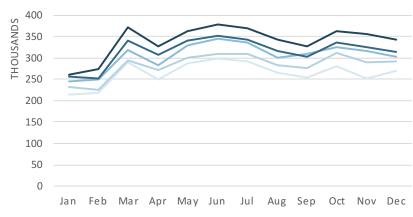
Figure 24 | CMH Passenger Traffic Split Between Residents and Visitors

Source: Estimates by Unison Consulting, Inc., based on U.S. Department of Transportation DB1B coupon data.

### Seasonality in Enplanements

As shown in Figure 25, monthly enplanement levels at CMH tend to increase in early spring and continue to rise through the summer months. They begin to decrease in August and reach their lowest levels in January and February. The seasonal traffic patterns at CMH are consistent with those observed at most other U.S. airports.

Average Share by Month Jan 6.7% Feb 6.7% Mar 8.9% Apr 8.0% 9.0% May 9.3% Jun Jul 9.1% 8.3% Aug Sep 8.1% Oct 8.9% Nov 8.5% Dec 8.4%



2016

**-** 2017 **-**

Figure 25 | CMH Monthly Enplanements

Source: CRAA.

#### Airline Market Shares

The recent wave of airline consolidation left the industry with four major airlines controlling the large majority of U.S. passenger traffic. The same four major airlines accounted for 92 percent of CMH passenger traffic in 2018, with Southwest Airlines holding the largest share (36 percent), followed by American (23 percent), Delta (21 percent), and United (12 percent). The remaining 8 percent of CMH passenger traffic was shared by Frontier, Air Canada, Spirit, OneJet, and nonscheduled service. The traffic distribution by airline at CHM is diversified with no single airline controlling a majority share.

2014

2015

Table 7 shows total passengers by airline, and Figure 26 contains charts to show the trends by airline more clearly. The overall increase in CMH total passengers from 2010 to 2017 was 1.8 million. Forty-four percent of this increase was due to Southwest Airlines, with Spirit, Delta, and American as the next three largest contributors.

Southwest Airlines has maintained its position as the market leader at CMH, increasing its share of CMH total passengers slightly from 33 percent in 2010 to 36 percent in the last three years. Together the smaller airlines—Spirit, Frontier, Air Canada, OneJet—and all other nonscheduled service also increased their share from 2 percent in 2010 to 7 percent in 2018, helping improve airline diversification at CMH.

Table 7 | CMH Passengers by Airline

		F	cland lea	bac boa	Doncland	Total England and Denjaned Barrengers (1 000c)	000 (1 000	7		Change 2010,2019	010.000		10	or of To	tol Ennlan	of page	d boardao	Character of Total England and Douland Daggerer		
A irling	2010	1100	2012	2012	2017	201E	2016	7017	2010	Lovol	Dorcon*	2010	2011	2017	2012	2017	2015	3016	2017	2010
Air Canada	33	36	34	39	44	53	65	69	73	41	125%	0.5%	0.6%	0.5%	0.6%	0.7%	0.8%	0.9%	0.9%	0.9%
American <sup>1</sup>	1,698	1,734	1,731	1,760	1,872	1,854	1,860	1,845	1,873	174	10%	26.7%	27.2%	27.3%	28.2%	29.4%	27.3%	25.4%	24.3%	23.0%
Mainline	437	462	488	525	617	581	571	572	615			%6.9	7.2%	7.7%	8.4%	9.7%	8.6%	7.8%	7.6%	7.6%
Regional	1,261	1,272	1,243	1,235	1,255	1,272	1,289	1,273	1,258			19.8%	19.9%	19.6%	19.8%	19.7%	18.7%	17.6%	16.8%	15.5%
Delta	1,431	1,452	1,483	1,426	1,471	1,558	1,606	1,633	1,744	314	22%	22.5%	22.8%	23.3%	22.9%	23.1%	22.9%	21.9%	21.5%	21.4%
Mainline	585	634	703	765	818	688	918	206	961			9.5%	86.6	11.1%	12.3%	12.9%	13.1%	12.5%	12.0%	11.8%
Regional	846	818	780	661	653	899	889	725	783			13.3%	12.8%	12.3%	10.6%	10.3%	8.6	9.4%	%9.6	%9.6
Frontier	66	81	15	19	0.5		151	289	162	63	64%	1.5%	1.3%	0.2%	0.3%	0.01%		2.1%	3.8%	2.0%
OneJet								9.0	1.6	1.6									0.01%	0.02%
Southwest <sup>2</sup>	2,108	2,177	2,166	2,075	2,111	2,377	2,645	2,753	2,891	783	37%	33.1%	34.1%	34.1%	33.3%	33.2%	35.0%	36.1%	36.3%	35.5%
Spirit									353	353		%0:0	%0:0	%0:0	%0.0	%0:0	%0:0	%0:0	%0:0	4.3%
United <sup>3</sup>	716	883	905	868	835	917	961	947	1,004	27	3%	15.4%	13.8%	14.2%	14.4%	13.1%	13.5%	13.1%	12.5%	12.3%
Mainline	302	216	192	111	80	175	253	229	220			4.8%	3.4%	3.0%	1.8%	1.3%	7.6%	3.5%	3.0%	2.7%
Regional	675	899	712	787	755	742	707	718	784			10.6%	10.5%	11.2%	12.6%	11.9%	10.9%	9.7%	9.5%	%9.6
Subtotal Scheduled	6,348	6,362	6,332	6,218	6,333	6,758	7,288	7,536	8,102	1,754	28%	99.7%	99.7%	%2'66	99.7%	%9.66	99.4%	99.5%	99.5%	99.5%
Mainline	3,534	3,569	3,563	3,496	3,627	4,023	4,537	4,750	5,202		47%	22.5%	25.9%	56.1%	26.0%	57.1%	59.2%	61.9%	62.7%	63.9%
Regional	2,815	2,794	2,769	2,722	2,706	2,735	2,751	2,786	2,900		3%	44.2%	43.8%	43.6%	43.7%	42.6%	40.2%	37.6%	36.8%	35.6%
Others	18	16	19	18	23	38	36	41	40	22	120%	0.3%	0.3%	0.3%	0.3%	0.4%	%9:0	0.5%	0.5%	0.5%
Total	998'9	6,379	6,350	6,237	6,356	6,796	7,324	7,577	8,142	1,775	28%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
			7 700																	

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<sup>&</sup>lt;sup>1</sup> Including US Airways through 2016. <sup>2</sup> Including Air Tran through 2014. <sup>3</sup> Including Continental through 2011. Source: CRAA.

■ All Others

■ United (inc. Continental)

American (inc. US Airways)Southwest (inc. AirTran

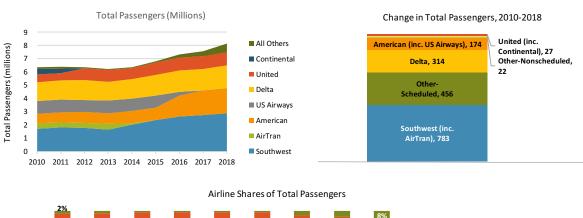


Figure 26 | CMH Passenger Traffic Trends by Airline

Source: CRAA.

2011

2012

2013

2014

2015

2016

2017

2018

Figure 27 shows another noteworthy trend: a decrease in the share of passenger traffic carried by regional aircraft operators from 44 percent in the early 2010s to 37 percent in 2017. Mainline service increased in share of CMH passenger traffic from 56 percent to 63 percent, a trend consistent with aircraft upgauging, a strategy to reduce cost and increase revenue on each flight.

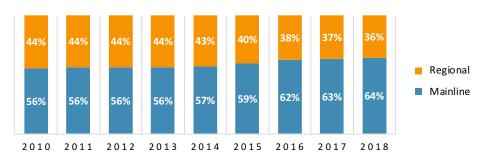


Figure 27 | Distribution of CMH Scheduled Passenger Traffic, Mainline and Regional Service

Mainline service represents flights operated by an airline's main operating unit. Regional service represents flights operated by the airlines' subsidiaries or affiliates.

Source: CRAA.

## Top Ten O&D Markets

Figure 28 show the Airport's top 10 domestic O&D markets in the four quarters ending third quarter 2018, ranked by average number of passengers daily each way (PDEW). These 10 markets accounted for more than 50 percent of passengers at CMH

#### Scheduled Passenger Airline Service

Figure 29 shows the trends in scheduled passenger airline service. According to flight schedule records for 2018, the Airport has scheduled nonstop passenger service to 46 other airports—44 in the United States and 2 abroad. The two airport destinations abroad are in Toronto, Canada, and Cancun, Mexico. In the previous four years, the number of nonstop airport destinations from CHM varied from 36 to 42.

In 2018 the average number of flight departures per day was 137; it ranged from 129 to 134 in the previous four years. American Airlines accounted for the largest share (30 percent) of flights. The average number of departing seats per day was 13,946, with Southwest Airlines accounting for the largest share (36 percent). Seats increased steadily from an average of 11,471 per day in 2014. Reflecting the industry's switch toward using aircraft with more seats (aircraft upgauging), the average number of seats per flight departure increased steadily from 89 in 2014 to 102 in 2018.

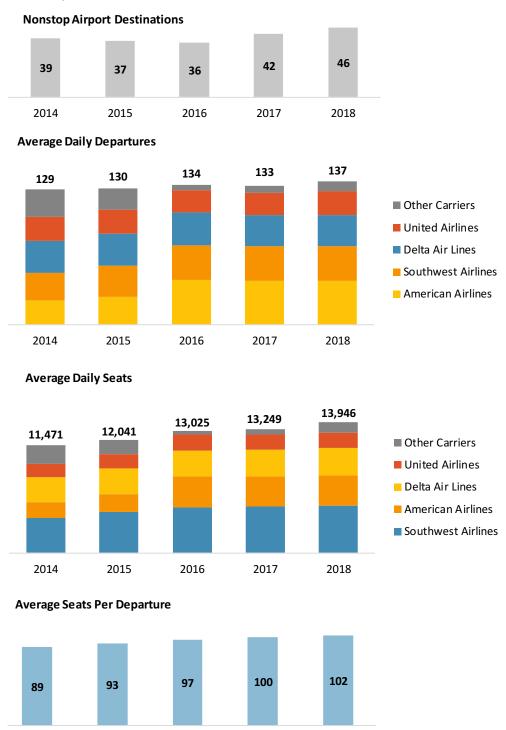
Figure 30 shows the nonstop destinations from CMH for the 12-month period ending January 2019. It includes the following new nonstop service: Alaska Airlines' service to Seattle beginning in March 2019, Delta Air Lines' service to Salt Lake City beginning in June 2019, and United Airlines' service to San Francisco beginning in June 2019.



Figure 28 | CMH's Top 10 O&D Markets in the Four Quarters Ending Third Quarter 2018

Source: U.S. Department of Transportation data accessed via Diio online portal, YE3Q2018.

Figure 29 | Trends in Scheduled Passenger Service at CMH



Source: OAG Schedules Analyzer.

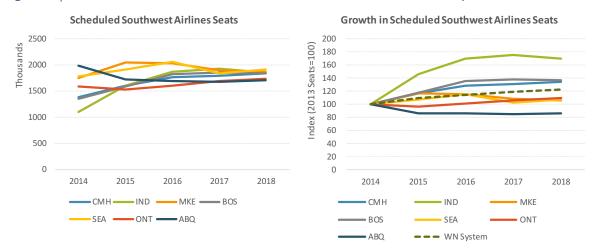
Figure 30 | Nonstop Destinations from CMH

# Over 150 peak day departures to 40 destinations



As shown in Figure 31, the trends in scheduled Southwest Airlines' seats departing from CMH compare favorably with trends at five of six comparison airports. They also compare favorably to systemwide growth in Southwest Airlines' scheduled seats. From 2014 to 2018, Southwest Airlines' scheduled seats at CMH increased 36 percent, compared with a 23 percent increase in Southwest's entire system.

Figure 31 | Southwest Airlines Scheduled Seats from CMH and Selected Other Airports<sup>1</sup>



These airports are closest to CMH in total scheduled seats by Southwest Airlines in 2018:

IND - Indianapolis International Airport

MKE - General Mitchell International Airport

BOS – Boston Logan International Airport

SEA - Seattle-Tacoma International Airport

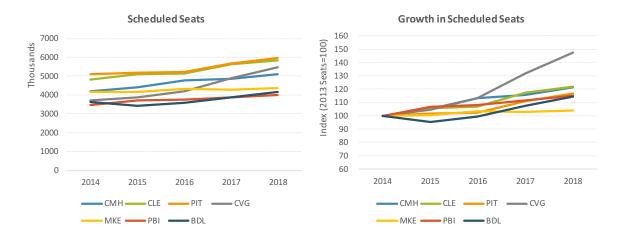
ONT - Ontario International Airport

ABQ - Albuquerque International Sunport

Source: Airline flight schedules accessed using OAG Schedules Analyzer.

Figure 32 shows that the growth in total scheduled seats at CMH also compares favorably with the trends at other medium hub airports closest to CMH by total passengers. From 2014 to 2018, the cumulative growth in total scheduled seats at CMH (22 percent) outpaced growth in scheduled seats at four of the six comparison airports.

Figure 32 | Trends in Scheduled Seats by All Airlines from CMH and Selected Medium Hubs<sup>1</sup>



These medium hub airports are closest to CMH in total passengers in 2018:

CLE - Cleveland Hopkins International Airport

PIT - Pittsburgh International Airport

CVG - Cincinnati/Northern Kentucky International Airport

MKE - General Mitchell International Airport

PBI - Palm Beach International Airport

BDL - Bradley International Airport

Source: Airline flight schedules accessed using OAG Schedules Analyzer.

### Passenger Yield

Lower airfares attract passengers. A common measure of airfares that controls for trip length is passenger yield—the average airline revenue per revenue passenger mile. Figure 33 show the domestic passenger yields at CMH and comparable medium hub airports, compared to the U.S. average. The trends in the average domestic passenger yield at CMH followed the trends in the systemwide average domestic passenger yield over the past 20 years, although the average domestic passenger yield at CMH has risen above the national average since 2010.

When passenger traffic began to recover after the Great Recession, airlines restrained growth in seat capacity and were able to increase air fares faster than general inflation. For the first time since 2009, U.S. domestic yields decreased in 2015 and continued to decrease in 2016 and 2017, likely due to the sharp decrease in jet fuel costs in 2015 and the growth of ultra-low-cost carriers. Yields at CMH also began to decrease in 2015, after steady increases in the preceding five years.

Neighboring Ohio airports CVG and CLE have seen their yields decrease in recent years more sharply than at CMH. Unlike CMH, these two airports experienced "dehubbing" by their dominant carriers. At CVG, Delta Air Lines cut seat capacity by 15 percent overall from 2013 to 2018. At CLE, United Airlines cut seat capacity by 60 percent over the same period. The dehubbing opened the door for other carriers, including ULCCs, to expand service at these airports. At CLE, however, the expansion of service by other airlines has not yet completely made up for the loss in service due to United's dehubbing. Total scheduled seats at CLE in 2018 are still slightly down from 2013. In comparison, scheduled seats are up 43 percent at CVG and up 20 percent at CMH.

Average Domestic Yield (Current \$ per revenue passenger mile) Domestic Yield Index (2013 = 100) 0.40 110 0.30 100 0.20 90 0.10 80 0.00 70 2013 2014 2015 2016 2017

PRI

Figure 33 | Domestic Passenger Yield at CMH and Comparable Medium Hubs

Source: U.S. Department of Transportation 10%-sample airline ticket survey. Note: One-way equivalent airline yields for trips beginning at CMH and other airports.

- U.S. Domestic

MKF

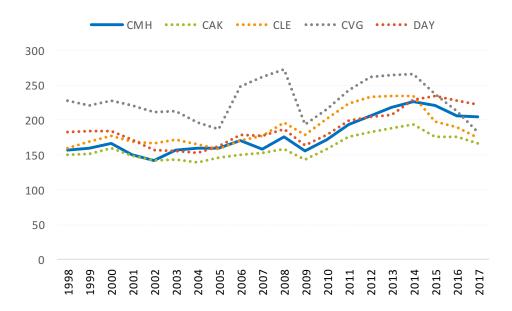
CVG

PIT

# Average Fare at CMH and Commercial Passenger Service Airports Within a Two-Hour Drive

Figure 34 compares the average fare at CMH with those at CAK, CLE, CVG, and DAY. As of 2017, the average air fare at CMH was the second highest, after DAY's. It has risen from being the lowest or second lowest before 2004.

Figure 34 | Passenger-Weighted Average Fares (Domestic, Current \$) at CMH and Commercial Passenger Service Airports Within a Two-Hour Drive



 $Source: U.S.\ Department\ of\ Transportation\ DB1B\ Market.$ 

# **Forecast Passenger Traffic**

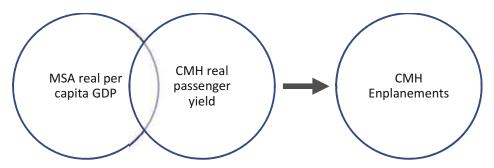
Passenger traffic growth drives growth in airport rental car demand. This section presents enplanement forecasts for the years 2019-2028, to be used developing forecasts of rental car transaction days in Section 5.

Unison's enplanement forecasting approach features a hybrid forecasting framework and multivariate time series regression analysis. The hybrid forecasting framework incorporates both air service supply and demand considerations, with the resulting forecasts largely capacity-driven in the near-term (2019) and demand-driven in the long run (beyond 2019). The near-term forecast is based on scheduled airline service through July 2019. Airlines publish scheduled flights and seats for up to nine months ahead based on passenger airline bookings. These published airline schedules reflect current market demand.

For the long-term forecasts, multivariate time series regression analysis links trends in enplanements to trends in key market demand drivers. A number of explanatory variables were evaluated, and Figure 35 shows the following two market demand drivers that proved the best in explaining growth trends in enplanements at the Airport:

- Columbus MSA real per capita GDP as an indicator of income.
- CMH average real passenger yield as an indicator of the price of air travel.

Figure 35 | Key Drivers of Enplanement Growth



Multivariate time series regression analysis quantifies the relationships between market demand drivers and the growth in enplanements. The regression model is specified with CMH's total enplanements as the dependent variable and the two market demand drivers as the key explanatory variables (independent variables):

Regional economic trends – The regression model uses real per capita GDP in the Columbus MSA to capture regional economic trends. After decreasing over 5 percent through Great Recession, the MSA's real per capita GDP increased 1.6 percent annually on average from 2010 to 2018, slightly outpacing increases in the U.S. real per capita GDP averaging 1.5 percent annually for the same period. The Columbus MSA's economic growth has outpaced

U.S. economic growth since 2010. Moody's Analytics' economic forecast for the Columbus MSA expects the Columbus MSA economy to continue outperforming the U.S. economy, projecting real per capita GDP for the MSA to continue increasing at an annual average rate of 1.6 percent through 2029, faster than the forecast average annual increase of 1.5 percent for the U.S. real per capita GDP. Moody's Analytics' economic forecasts anticipate a slowing of economic growth in some years, but no downturns.



Figure 36 | Columbus MSA Real Per Capita GDP

 $Sources: U.S.\ Bureau\ of\ Economic\ Analysis\ (BEA)\ for\ historical\ data\ and\ Moody's\ Analytics\ for\ forecast\ data.$ 

• Passenger yield trends – Consumer demand is inversely related to price. Demand increases when price decreases, and decreases when price increases, holding all other factors constant. The regression model uses the average real passenger yield at CMH as the indicator for the price of air travel. Passenger yield, which is the average airline revenue per passenger mile, is a better price indicator than the average fare, because it controls for trip distance. The average real passenger yield at CMH increased rapidly between 2009 and 2014 (6.8 percent compound annual rate of increase), before decreasing nearly 10 percent through 2017 (3.3 percent compound annual rate of decrease). For the CMH enplanement forecasts, the future trends in average real passenger yield at CMH are assumed to follow the FAA's projections for real domestic mainline passenger yields of continued decreases averaging around 0.3 percent annually in the latest FAA Aerospace Forecasts.

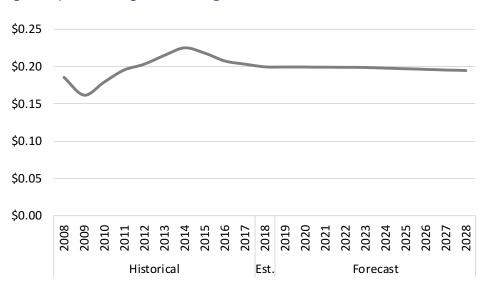


Figure 37 | CMH Average Real Passenger Yield

 $Sources: U.S.\ Bureau\ of\ Transportation\ Statistics\ (DB1B\ 10\%\ ticket\ survey)\ and\ Federal\ Aviation\ Administration.$ 

The regression model includes other variables to control for (1) structural changes that have unfolded in the airline industry and the U.S. air travel market since 2001, and (2) changes in airline service at CMH that caused significant fluctuations in enplanement levels, beyond those explained by economic and yield trends. The regression model also controls for seasonality in enplanement trends and serial correlation inherent in the time series data used for estimating the model.

Calibrated with the estimated coefficients measuring the contributions of market drivers to growth in CMH's enplanements, the regression model was used to project growth in enplanements beyond 2019, given the projected trends in the identified key market demand drivers shown in Figure 38.

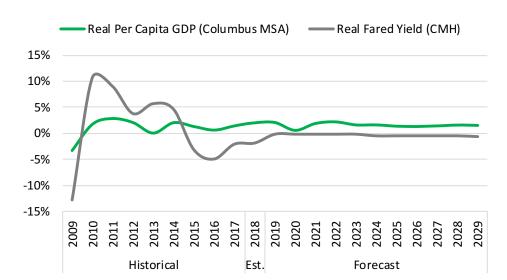


Figure 38 | Historical and Forecast Annual Change in the Key Explanatory Variables

Sources: U.S. Bureau of Transportation Statistics (DB1B 10% ticket survey) and Federal Aviation Administration for CMH real passenger yield projections; U.S. Bureau of Economic Analysis (BEA) and Moody's Analytics for real per-capita GDP in Columbus, Ohio MSA.

#### Results: Enplanement Forecast for CMH

The regression model coefficient estimates measuring the contributions of market drivers to growth in CMH's enplanements, along with the projections for the two key market demand drivers (Columbus MSA real per-capita GDP and passenger yield at CMH), produce the forecast growth in enplanements beyond 2019. The regression model also controls for seasonality in enplanement trends and serial correlation inherent in the time series data used for estimating the model.

The economic forecasts from Moody's Analytics serve as the basis for the base forecast of enplanements. They anticipate slowing of economic growth in some years, but no downturns.

Recognizing uncertainty in the future trends of key market drivers, alternative forecasts were developed using Monte Carlo simulation. A comprehensive approach to forecast risk analysis, Monte Carlo simulation uses probability distributions and random sampling techniques for assigning future values to the three key explanatory variables of the regression model. The simulation, involving 5,000 iterations, produced a wide range of possible scenarios for future enplanement growth and corresponding percentile rankings. Percentiles provide an indication of the likelihood of each of the forecast scenarios. 10

#### **Interpretation of Percentiles**

A percentile indicates the value at or below which a given percentage of results fall. For example, if we arrange 100 forecast results for one year from lowest to highest, 25 results (25 percent) will be at or below the 25-percentile, 75 results (75 percent) will be at or below the 75-percentile, and 50 results (50 percent) will be at or below the 50-percentile (also known as the median). A percentile gives the probability that actual outcome will be as forecast or lower.

The following examples illustrate how the percentile results can be used to indicate forecast probability:

- The 75-percentile results have a 25 percent probability that actual enplanements will
  exceed the forecast and an 75 percent probability that actual enplanements will be at or
  below the forecast.
- The 25-percentile results have an 75 percent probability that actual enplanements will
  exceed the forecast and a 25 percent probability that actual enplanements will be at or
  below the forecast.

The range of forecasts bounded by the 25-percentile and the 75-percentile is called the interquartile range—the middle 50 percent of results fall within this range.

 $<sup>^{10}</sup>$  The probability distributions for the input variables in the Monte Carlo simulation were specified based on their historical trends.

#### Base Forecast

The regression model coefficient estimates and the projections for the key market drivers described above produce the base enplanement forecast, where increase from 4.08 million in 2018 to 5.02 million by 2029 (Table 8). Based on airline scheduled seats through July 2019, enplanements are estimated to increase 4.0 percent in 2019. This estimate is based on a conservative assumption that the annual growth in traffic will reflect approximately half of the fast pace growth scheduled by airlines through July 2019. After 2019, enplanements grow by an average of approximately 1.7 percent annually through 2029.

### Low Forecast

A low forecast is designated for financial sensitivity analysis in Section 6 to anticipate less favorable market conditions. The low forecast takes the 25-percentile forecast levels resulting from Monte Carlo simulation. Enplanements decrease slightly from 2019 to 2020, before increasing each year to 4.79 million in 2029. The average annual growth rate from 2019 to 2029 is 1.2 percent.

Table 8 | CMH Enplanements Forecasts

		CMH Enplanements (Millions)				
	CY	Base	AGR	Low	AGR	
Historical	2008	3.46		3.46		
	2009	3.12	-9.7%	3.12	-9.7%	
	2010	3.18	1.9%	3.18	1.9%	
	2011	3.19	0.2%	3.19	0.2%	
	2012	3.17	-0.5%	3.17	-0.5%	
	2013	3.11	-1.9%	3.11	-1.9%	
	2014	3.17	1.9%	3.17	1.9%	
	2015	3.39	6.9%	3.39	6.9%	
	2016	3.66	7.8%	3.66	7.8%	
	2017	3.78	3.4%	3.78	3.4%	
	2018	4.08	7.7%	4.08	7.7%	
Estimate	2019	4.24	4.0%	4.24	4.0%	
Forecast	2020	4.27	0.7%	4.23	-0.3%	
	2021	4.36	2.1%	4.28	1.2%	
	2022	4.46	2.4%	4.34	1.4%	
	2023	4.54	1.8%	4.40	1.3%	
	2024	4.62	1.8%	4.46	1.4%	
	2025	4.70	1.6%	4.52	1.4%	
	2026	4.77	1.5%	4.59	1.5%	
	2027	4.85	1.6%	4.66	1.5%	
	2028	4.93	1.8%	4.72	1.3%	
	2029	5.02	1.7%	4.79	1.5%	
		Compound Annual Growth Rate				
	2008-2018	1.7%		1.7%		
	2019-2029	1.7%		1.2%		

Sources: CRAA and Unison Consulting, Inc.

The 2019 estimate is based on airline schedules for January through July 2019. After 2019, forecasts are based on growth rates predicted from the regression model.

# Comparison of Enplanement Forecasts with FAA Terminal Area Forecast (TAF)

The FAA develops annual airport forecasts for planning, budgeting, and staffing purposes (the Terminal Area Forecast, or TAF). Published in February 2019, the most recent TAF shows forecast enplanements for CMH that are very close to this study's base forecast (Table 9). The TAF includes only scheduled enplanements, which are forecast to grow to 4.92 million in 2029 at an average annual growth rate of 1.5 percent between 2019 and 2029.

Table 9 | Comparison Between the Base Forecast and the FAA TAF

		Enplanements (Millions)					
	CY	Unison Base	AGR	FAA TAF	AGR		
Estimate	2019	4.24	4.0%	4.24	6.8%		
Forecast	2020	4.27	0.7%	4.32	2.0%		
	2021	4.36	2.1%	4.40	1.8%		
	2022	4.46	2.4%	4.47	1.6%		
	2023	4.54	1.8%	4.54	1.5%		
	2024	4.62	1.8%	4.60	1.4%		
	2025	4.70	1.6%	4.66	1.4%		
	2026	4.77	1.5%	4.72	1.3%		
	2027	4.85	1.6%	4.79	1.4%		
	2028	4.93	1.8%	4.86	1.4%		
	2029	5.02	1.7%	4.92	1.4%		
Compound Annual Growth Rate							
	2008-2018	1.7%		1.6%			
	2019-2029	1.7%		1.5%			

Sources: Unison Consulting, Inc., and FAA TAF as of February 2019.

The FAA TAF includes only scheduled enplanements.

Figure 39 shows the FAA TAF forecast enplanements and this study's base and low forecast enplanements along with select Monte Carlo simulation results. The TAF enplanement figures have been adjusted to represent calendar year totals. The FAA TAF forecast grows with the base and median forecasts in 2019, and briefly rises above the base from 2020 to 2022. It dips slightly below the base and median forecasts through the remaining forecast period. The base enplanement forecast is close to the 50-percentile (median) during most of the forecast period. Following the low forecast trends, the base forecast enplanements slow down in 2020 before rising to catch up with the median by 2022.

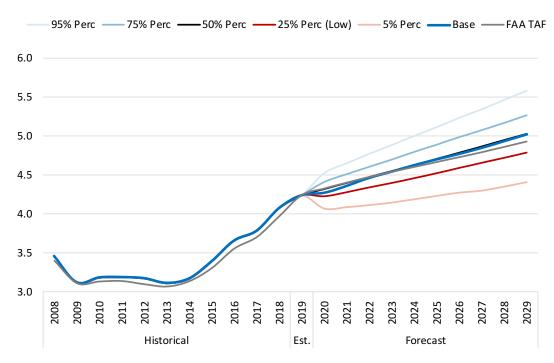


Figure 39 | Forecast CMH Enplanements (Millions)

Sources: CRAA, Unison Consulting, Inc., and Federal Aviation Administration.

The 2019 estimate is based on airline schedules for January through July 2019. After 2019, forecasts are based on growth rates predicted from the regression model.

### Forecast Uncertainty and Risk Factors

The forecasts of enplanements are based on information available at the time of analysis, measurable factors that drive air travel demand, and assumptions about the availability and characteristics of airline service at the Airport. These assumptions may not hold in the future, so that actual enplanements could differ from forecasts and the differences could be material. In addition, broader factors affect the aviation industry and the Airport and could bring risk and uncertainty into the forecasts. Several of these factors are discussed below.

# **Economic Conditions**

National and regional economic conditions affect airport traffic trends. The national economy is a major driver of the regional economy as a whole, and it is an important determinant of air travel demand. Economic expansions increase income, boost consumer confidence, stimulate business activity, and increase demand. In contrast, economic recessions reduce income, diminish consumer confidence, dampen business activity, and weaken demand. Generally, air travel demand declines during economic recessions and grows during economic recoveries and expansions. While the diversity of the regional economy helps temper the effects of business cycles, the regional economy can be vulnerable to a national economic recession as deep as the Great Recession in 2008-2009.

The U.S. economy is now on its tenth year of expansion after the Great Recession. Driven by growth in consumer spending and business investment, the U.S. economy is predicted to continue growing over the next few years, although the recession risk is also rising. The sources of economic risks include political and economic policy uncertainty, international trade tensions, tightening monetary policy, the high level of U.S. government and private debt, tightening labor market, stock market volatility, slowing global economy, and continuing political tensions abroad.

#### Trends in Oil Prices and Jet Fuel Prices

Oil prices affect one of the largest components of airline costs—jet fuel. The sharp increases in oil prices (Figure 40) in the past decade caused sharp increases in jet fuel costs (Figure 41). The U.S. airline industry suffered huge financial losses, pushing many airlines into bankruptcy and prompting significant changes in airlines' operations and business practices. In contrast, the sharp decrease in oil prices since June 2014 has brought airlines windfall profits, allowing them to renew their fleets and invest in other service improvements.

World oil prices slowly recovered after June 2017, raising the average spot price per barrel for 2017 to \$50.79. Prices continued to increase to nearly \$71 through October 2018, before dropping down to \$49.52 within two months in December 2018. According to the U.S. Energy Information Administration forecast, WTI spot prices could average around \$54 per barrel in 2019 and around \$61 per barrel in 2020.11

U.S. airlines yet again face increases in jet fuel prices, although this time with more fuel-efficient fleet, more cost-efficient business operations, and better financial conditions.

<sup>&</sup>lt;sup>11</sup> U.S. Energy Information Administration Short-Term Energy Outlook, May 8, 2018.

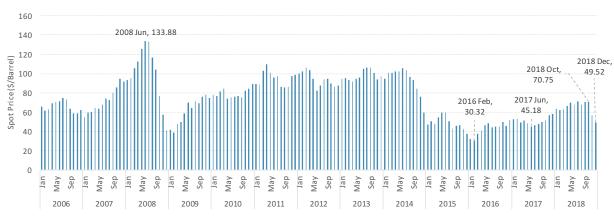


Figure 40 | Monthly Crude Oil Spot Prices (Cushing, OK WTI)

Source: U.S. Energy Information Administration.

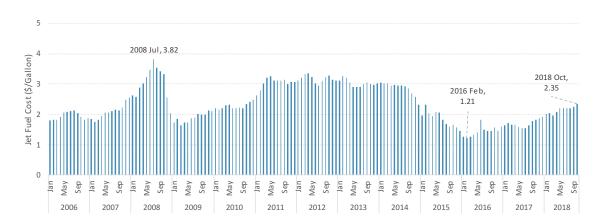


Figure 41 | U.S. Jet Fuel Cost

Source: U.S. Bureau of Transportation Statistics.

# Financial Health of the U.S. Airline Industry

Since 2000, the U.S. airline industry has incurred losses in seven years, totaling \$83.9 billion, and has made profits in more than 11 years, totaling \$125 billion (Figure 42). The period since 2010 has been one of the industry's most profitable periods.

The losses were incurred prior to 2010, when the demand for air travel declined following the September 2001 terrorist attacks and during the Great Recession, and when fuel prices increased to record levels. Jet fuel prices increased steadily from 2002 to 2008. The greatest increase in jet fuel prices—a 44 percent increase—occurred in 2005, and the airline industry also posted their greatest quarterly loss in 2005. Mounting financial difficulties forced many airlines into bankruptcy

and liquidation. Surviving airlines merged, cut costs, retired fuel-inefficient aircraft, scaled back networks, changed pricing of airline services, and took many other measures to improve financial results. Airlines began to see profits in 2006, but they were unable to sustain them through the Great Recession in 2008 and 2009.

The airline industry has been earning profits more steadily since 2010, reaping the benefits of lower fuel prices, capacity discipline, traffic recovery along with global and U.S. economic recovery. Amid strong air travel demand, airlines have been able to raise airfares and earn substantial revenues from ancillary services. Airports have benefitted with increases in airline service.

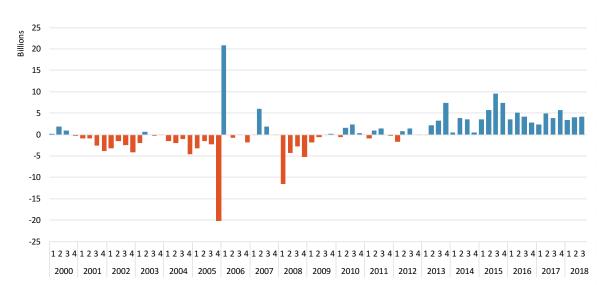


Figure 42 | U.S. Carrier Quarterly Net Profit, Q1 2000-Q3 2018

Source: U.S. Bureau of Transportation Statistics F41 Schedule P12 data.

# Performance of the Largest Airlines Serving the Airport

The market performance of major airlines can affect future Airport traffic. The four major airlines accounted for approximately 92 percent of the Airport's total passengers in 2018—Southwest (36 percent), American (23 percent), Delta (21 percent), and United (12 percent). Their combined share of CMH passenger traffic decreased slightly in recent years, as smaller carriers led by Spirit and Frontier Airlines increased market share.

In recent years, all four carriers have been earning profits, aided by the continuing economic expansion and relatively stable fuel prices. They have also been adding capacity as shown in Figure 43 for the U.S. domestic market.

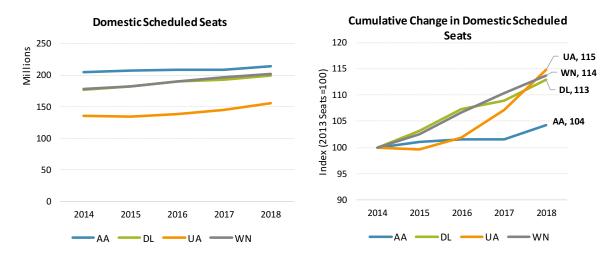


Figure 43 | Domestic Scheduled Seats by the Four Major U.S. Airlines

AA - American Airlines (includes US Airways in 2013-2015)

DL - Delta Air Lines

UA - United Airlines

WN - Southwest Airlines (includes AirTran Airways in 2013-2014)

Source: OAG Schedules Analyzer.

### **Southwest Airlines**

Southwest is the second largest scheduled domestic market U.S. carrier, based on its share of U.S. system revenue passenger miles (18.2 percent in 2017). In 2018, Southwest reported its 46<sup>th</sup> consecutive annual net income of \$2.5 billion, maintaining its record as the only major U.S. airline that has remained consistently profitable through all the downturns in the airline industry. Southwest's business strategy centers on cost discipline and profitably charging competitively low fares. Adjusted for stage length, Southwest has lower unit costs, on average, than the majority of major domestic carriers.

Southwest is able to keep its costs low by (1) using a single aircraft type, the Boeing 737, (2) operating an efficient point-to-point route structure, and (3) achieving high labor productivity. Southwest began flying Boeing's new 737 MAX 8 aircraft in October 2016, believed to be the best narrow-body airplane of comparable size in the world in terms of fuel efficiency and noise reduction. As of December 31, 2018, Southwest had 31 737 MAX 8 in its fleet of 750 Boeing 737 aircraft. Southwest expects to grow its fleet to 794 aircraft by the end of 2019.

Like other airlines, Southwest cut capacity during the last recession and the early years of economic recovery. Like other airlines, it began increasing capacity in recent years—2015 was the turning point for Southwest's domestic capacity as shown in Figure 43. Southwest's scheduled domestic

seats in 2018 were up 14 percent from 2014. Southwest expects to continue its strategic capacity increases in 2019.

### **American Airlines**

American is the largest scheduled domestic market U.S. passenger carrier, based on its 18.3 percent share of U.S. system revenue passenger miles in 2017. American earned a net income of \$1.41 billion in 2018. It has been profitable in every year since emerging from bankruptcy and merging with U.S. Airways in December 2013. As a result of the merger, US Airways Group became a subsidiary of AMR Corporation, which changed its name to American Airlines Group Inc. (AAG). US Airways operations were fully integrated into American Airlines in late 2015.

As of year-end 2018, American had 956 aircraft in its mainline fleet and 595 aircraft in its regional fleet. As of January 2019, American expects to expand its mainline fleet with 47 new Boeing 787s to replace retiring aircraft in its fleet.

As shown in Figure 43, American has steadily increased domestic seat capacity since 2014, albeit very slowly. American's scheduled domestic seats in 2018 were up 4 percent from 2014.<sup>13</sup>

#### **Delta Air Lines**

Delta is the third largest scheduled domestic market U.S. carrier, accounting for 16.8 percent of U.S. system revenue passenger miles in 2017. Delta earned a net income of \$5.1 billion in 2018, consistently earning an annual profit since 2010.<sup>14</sup> Delta merged with Northwest Airlines in October 2008 and completed the integration of the two airlines in 2010.

As of December 31, 2018, Delta has 1,025 aircraft in its fleet. Delta took delivery of 68 new aircraft in 2018, including five Airbus A350s and four Airbus A220s, toward meeting its target of 30 percent mainline fleet renewal by 2020.15

As shown in Figure 43, Delta has steadily increased domestic seat capacity since 2014, posting a cumulative increase of 13 percent from 2014. Delta plans to continue increasing seat capacity in 2019.

#### **United Airlines**

United is the fourth largest scheduled domestic market U.S. passenger carrier, as measured by its share of U.S. system revenue passenger miles (14.9 percent in 2017). United merged with Continental Airlines in October 2010 and began operating as a single airline in November 2011. United reported \$2.1 billion in net income for 2018. It has consistently earned a net annual profit since 2013.

<sup>&</sup>lt;sup>12</sup> Southwest Airlines Co. Fourth Quarter -Form 10K, February 5, 2019.

<sup>&</sup>lt;sup>13</sup> American Airlines Investor Relations Update, January 24, 2019.

<sup>&</sup>lt;sup>14</sup> Delta Air Lines Earnings Releases, various years.

<sup>&</sup>lt;sup>15</sup> Delta Air Lines Investor Day 2017, December 14, 2017.

In 2018, United added 21 new Boeing aircraft to its fleet, including four 777-300ER, four 787-9, three 787-10 and ten 737 MAX 9 aircraft. As of December 2018, United had 770 aircraft in its mainline fleet and 559 aircraft in its regional fleet. United plans to expand its mainline and regional fleets to 803 and 568, respectively, by the end of 2019. 16

As shown in Figure 43, United continued to cut its domestic seats through 2015, but has since turned around to increase its scheduled domestic seats in 2018 by 15 percent more than its 2014 schedules.

## Grounding of the Boeing 737 MAX

Following the Ethiopian Airlines 737 MAX crash on March 10, 2019, the FAA ordered the grounding of those airplanes. As of March 2019, there are 34 in Southwest Airlines' fleet, 24 Boeing 737 MAX in American Airlines' fleet, and 14 in United Airlines' fleet. The grounding of this aircraft over an extended period could limit the ability of these airlines to implement their planned capacity increases.

# **Airline Competition**

Competition within the airline industry is intense and highly unpredictable—one of the main reasons for the volatility of the airline industry. Airlines compete on various factors including (1) pricing and cost structure, (2) routes, frequent flyer programs, and schedules; and (3) customer service, operational reliability, and amenities. Airlines also face competition from other forms of transportation and alternatives to travel such as videoconferencing and the internet.

Pricing is a significant competitive factor in the airline industry because airfares are an important consideration for customers when choosing flights. The internet has made it easy for customers to compare fares and identify competitor promotions and discounts.

The significant growth of ultra-low-cost carriers (ULCCs) has made price competition even more fierce. ULCCs offer "a la carte" service offerings, promoting extremely low relative base fares while separately charging for related services and products. Certain major U.S. airlines have responded by introducing a new "Basic Economy" fare product, offering a lower base fare to compete with a ULCC base fare but with significant restrictions on related amenities and services. This price competition has led to lower fares across the industry.<sup>18</sup>

### **Airline Mergers**

Responding to competition, cost and regulatory pressures, the airline industry has been consolidating. The most recent examples of large mergers include Delta and Northwest in 2008,

<sup>&</sup>lt;sup>16</sup> United Airlines Reports on Full-Year and Fourth-Quarter 2018 Performance, and Investor Update, January 15, 2019.

<sup>&</sup>lt;sup>17</sup> Airlines' fleet details in Planespotters.net.

<sup>&</sup>lt;sup>18</sup> Southwest Airlines Co. 2017 Annual Report to Shareholders, April 3, 2018.

United and Continental in 2010, Southwest and AirTran in 2011, American and US Airways in 2013, and Alaska and Virgin America in 2016.

Airline mergers affect service and traffic at airports, when they consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports usually plays out within a few years—sometimes immediately—following the merger. The impact can be significant or trivial, depending upon whether the merging airlines have a large market share at an airport, whether they have overlapping routes from the airport, and whether they carry significant connecting traffic through the airport.

Since 2010, CMH has faced three large mergers—United-Continental, Southwest-AirTran, and American-US Airways—and experienced decreases in the combined passenger traffic of merging airlines following each merger (Figure 44). The decreases were relatively most significant for United following its merger with Continental, and they were relatively mildest for American following its merger with US Airways.

Cumulative Change in Combined Passengers of Merging Airlines at CMH 140 Index (PTotal Passengers at Year of 132.8 130 120 American-US Airways, 2013 Merger=100) 110 102.7 106.4 100 Southwest-AirTran, 2011 90 United-Continental, 2010 80 70 60 0 1 2 3 5 7 8 Year from Merger

Figure 44 | Airline Merger Impacts at CMH

Sources: Airport data and Unison's calculations.

By 2018, the total passengers of each surviving airline at CMH exceeded the combined traffic of merging airlines at the time of merger. United's enplanements at CMH in 2018, eight years after its merger with Continental, were around 3 percent more than the combined enplanements of United and Continental in 2010. In 2018, American had 6.4 percent more than its combined enplanements with US Airways in 2013.

Traffic rebounded soonest for Southwest following its merger with AirTran in 2011. Since the merger, Southwest's enplanements at CMH decreased to their lowest level two years later in 2013, about 5 percent lower than the combined enplanements of Southwest and AirTran in 2011. They

returned to the 2011 level in less than four years. In 2018, seven years after the merger, Southwest's enplanements at CMH were 33 percent higher than the combined total for Southwest and AirTran in 2011.

## Aviation Security, Health and Safety Concerns

Concerns about security, health, and safety influence consumer travel behavior. Even with tightened security measures implemented by the Department of Homeland Security, terrorism remains a serious threat to the aviation industry. Additionally, the stringent airport security screening and long waits at security screening lines discourage air travel particularly to destinations that can be reached by ground transportation within a reasonable amount of time. Health and safety concerns can also cause temporary dips in traffic in affected routes.

### Structural Changes in Travel Demand

Consumers alter their travel patterns in response to changes at airports, changes in airline business practices, and changes in technology. For example, the stringent airport security screening and long wait times at airports after the 2001 terrorist attacks decreased the demand for air travel for short-haul trips. Intense fare competition and the ease of comparison shopping allowed by the internet have made consumers more price-sensitive. The widespread use of tele- and videoconferencing has decreased the need for business travel.

### Summary

Trends in airport passenger traffic drive trends in airport rental car demand. This section reviews the historical trends in commercial passenger traffic at CMH and presents forecasts of enplanements, which serve as a key driver of forecast transaction days in Section 5.

The past 20 years were eventful for the U.S. aviation industry and the Airport. Significant events caused structural changes in the airline industry, the air travel market, and airline service at the Airport, many with lasting impacts on airline service and passenger traffic trends at the Airport. CMH experienced fluctuations in passenger traffic coinciding with adverse events, although over the long term its passenger enplanements grew from 3.24 million in 1998 to 4.08 million in 2018. The average annual growth rate in CMH enplanements was 1.2 percent over the 20 years between 1998 and 2018.

This section presents a range of forecasts of enplanements at CMH, designating the following base and low planning forecasts:

- Base forecast Enplanements are forecast to increase from 4.08 million in 2018 to 5.02 million by 2019, increasing 4.0 percent in 2019 and an average rate of 1.7 percent annually after 2019.
- Low forecast Enplanements decrease slightly from 2019 to 2020, before increasing to 4.79 million in 2029, resulting in an average annual growth rate of 1.2 percent from 2019 to 2029.

# SECTION 4 | U.S. RENTAL CAR INDUSTRY

This section describes the U.S. rental car industry, recent market and industry developments, and the rental car companies that serve the Airport's market. It sets the context for the detailed examination of the rental car market at the Airport in Section 5.

The U.S. rental car industry has two distinct market segments: (1) the airport market and (2) the local retail and insurance replacement market (local market). This report focuses on the airport market, which consists of business and leisure air travelers renting cars at airports for ground transportation at their destinations.

The early rental car companies in the United States operated in downtown areas, usually at hotels and train stations. The Hertz Corporation, the oldest rental car company, traces its history to 1918 with the opening of the first rental car operation in Chicago. In 1932, Hertz expanded into the airport market when it opened a location at Chicago Midway Airport. The post-World War II economic prosperity led to enormous growth in consumer demand for a variety of goods and services, including air travel. Warren Avis opened rental car locations at Detroit's Willow Run Airport and Miami International Airport in 1947 and at airports in Chicago, Dallas, Houston, Los Angeles, New York, and Washington, D.C. in 1948. Today the U.S. rental car industry is made up of a number of companies marketing several brands. Recognizing air travelers' need for a convenient mode of ground transportation at their destinations, rental car companies operate at most commercial service airports in the United States.

# Major Rental Car Companies

The U.S. rental car industry went through a wave of consolidation during the last decade. Now three companies, each selling multiple brands, control approximately 95 percent of the U.S. rental car market:

- Enterprise Holdings, Inc. which owns the Enterprise, National and Alamo brands. 19
- Hertz Global Holdings, Inc. which owns the Hertz, Dollar and Thrifty brands.<sup>20</sup>
- Avis Budget Group, Inc. which owns the Avis, Budget, Payless, and Zipcar brands.

Figure 45 shows the three companies along with the rental car brands they own. Table 10 shows rental car revenue and revenue share by company. Enterprise Holdings, Inc., has been the largest

<sup>&</sup>lt;sup>19</sup> At CMH, the National and Alamo brands are operated by a local franchisee, Midwest Car Corporation. Therefore, the three brands owned nationally by Enterprise Holdings, Inc. are operated at CMH pursuant to the following two separate Concessionaire Agreements: EAN Holdings (Enterprise) and Midwest Car Corporation (National and Alamo).

<sup>&</sup>lt;sup>20</sup> At CMH, the Hertz brand is operated by a local franchisee, Byers Car Rental LLC, and the Dollar and Thrifty brands are operated by another local franchisee, DTG Operations, Inc. Therefore, the three brands owned nationally by Hertz Global Holdings, Inc. are operated at CMH pursuant to the following two separate Concessionaire Agreements: Byers Car Rental LLC (Hertz) and DTG Operations, Inc. (Dollar and Thifty).

rental car parent company since 2008, with annual industry revenue shares ranging from 47.5 percent to 56.6 percent. Hertz Global, Inc., has historically accounted for the second largest share ranging from 20.9 percent to 27.7 percent, followed by Avis Budget Group, Inc., with the third largest share ranging from 17.3 percent to 21.9 percent.

Table 11 shows each company's revenue share. Figure 46 shows the gross revenue trends and the breakdown by company from 2008 to 2018.

Avis Budget Enterprise Hertz Global Holdings, Inc. Holdings, Inc. Group, Inc. Enterprise Hertz Avis Dollar Alamo **Budget** National Thrifty **Payless** Zipcar

Figure 45 | Ownership of Major Rental Car Brands

Table 10 | U.S. Rental Car Company Revenue (In Millions)

Year	Enterprise Holdings	Hertz Global <sup>124</sup>	Avis Budget	Subtotal - Enterprise, Hertz, and Avis	Others 4	Total
2008	\$10,400	\$5,510	\$4,800	\$20,710	\$1,169	\$21,879
2009	\$10,700	\$4,830	\$3,940	\$19,470	\$994	\$20,464
2010	\$9,800	\$5,698	\$3,850	\$19,348	\$1,203	\$20,551
2011	\$11,100	\$5,886	\$4,110	\$21,096	\$1,300	\$22,396
2012	\$11,500	\$6,223	\$4,510	\$22,233	\$1,395	\$23,628
2013	\$11,900	\$6,300	\$5,200	\$23,400	\$1,146	\$24,546
2014	\$12,850	\$6,400	\$5,500	\$24,750	\$1,377	\$26,127
2015	\$13,880	\$6,350	\$5,445	\$25,675	\$1,431	\$27,106
2016	\$15,314	\$6,114	\$5,550	\$26,978	\$1,461	\$28,439
2017	\$16,200	\$5,975	\$5,000	\$27,175	\$1,451	\$28,626
2018	\$16,900	\$6,430	\$5,200	\$28,530	\$1,498	\$30,028

 $<sup>^{\</sup>mbox{\tiny 1}}$  Includes Dollar Thrifty which Hertz acquired in 2012.

Source: Auto Rental News.

 $<sup>^{2}</sup>$  Includes Advantage from 2009 to 2012. Advantage was sold in 2012.

 $<sup>^{\</sup>scriptscriptstyle 3}$  Does not include Zipcar which Avis acquired in 2013.

 $<sup>^{\</sup>rm 4}$  Gross Revenues are estimated by Auto Rental News.

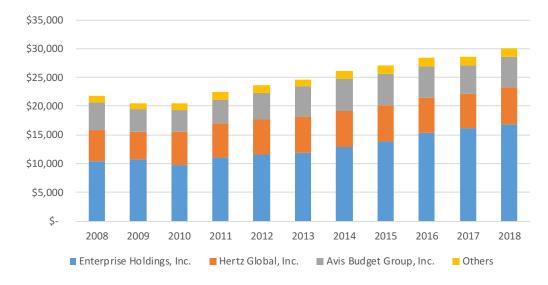
Table 11 | U.S. Rental Car Revenue Share by Company

Year	Enterprise Holdings	Hertz Global <sup>124</sup>	Avis Budget	Subtotal - Enterprise, Hertz, and Avis	Others <sup>4</sup>	Total
2008	47.5%	25.2%	21.9%	94.7%	5.3%	100.0%
2009	52.3%	23.6%	19.3%	95.1%	4.9%	100.0%
2010	47.7%	27.7%	18.7%	94.1%	5.9%	100.0%
2011	49.6%	26.3%	18.4%	94.2%	5.8%	100.0%
2012	48.7%	26.3%	19.1%	94.1%	5.9%	100.0%
2013	48.5%	25.7%	21.2%	95.3%	4.7%	100.0%
2014	49.2%	24.5%	21.1%	94.7%	5.3%	100.0%
2015	51.2%	23.4%	20.1%	94.7%	5.3%	100.0%
2016	53.8%	21.5%	19.5%	94.9%	5.1%	100.0%
2017	56.6%	20.9%	17.5%	94.9%	5.1%	100.0%
2018	56.3%	21.4%	17.3%	95.0%	5.0%	100.0%

<sup>&</sup>lt;sup>1</sup> Includes Dollar Thrifty which Hertz acquired in 2012.

Source: Auto Rental News.

Figure 46 | U.S. Rental Car Industry Gross Revenue (In Millions) and Share by Company



Source: Auto Rental News.

# Enterprise Holdings, Inc.

Enterprise Holdings owns the Enterprise, Alamo and National rental car brands. The privately held St. Louis-based company has the world's largest rental car fleet of 1.2 million in 2018. The company has 100,000 employees and more than 9,000 fully staffed neighborhood and airport locations. Collegegrad.com has ranked Enterprise as the leading entry-level employer for 2019. The

<sup>&</sup>lt;sup>2</sup> Includes Advantage from 2009 to 2012. Advantage was sold in 2012.

<sup>&</sup>lt;sup>3</sup> Does not include Zipcar which Avis acquired in 2013.

<sup>&</sup>lt;sup>4</sup> Gross Revenues are estimated by Auto Rental News.

company's annual revenues increased steadily in the last five years. A privately held corporation, Enterprise Holdings does not release financial information other than revenues.

Enterprise Holdings originated from a vehicle leasing company called Executive Leasing that Jack Taylor founded in St. Louis in 1957. Rent-a-car operation was launched in 1962, and in 1969, Executive Leasing changed its name to Enterprise Leasing Company and began expanding its operations outside St. Louis. Enterprise and its subsidiaries historically focused on customers who needed a replacement car because of a car accident, mechanical repair or theft. Several years ago, they expanded into the airport market, becoming one of the major airport rental car brands. In August 2007, Enterprise acquired Vanguard Car Rental USA Inc. which operates the Alamo and National brands.

Alamo serves primarily families and leisure travelers. The company began operations in 1974 at four Florida locations (Miami, Fort Lauderdale, Tampa and Orlando) serving the local replacement market. It expanded its operations nationwide, serving both airport and local markets. In December 1996, Alamo merged with Republic Industries, Inc., which later became known as AutoNation, Inc. In January 2000, AutoNation, Inc. spun off its rental car unit into a separate, publicly traded company, ANC Rental Corporation.

National Car Rental Systems, Inc. was incorporated in 1959, but the company was established by 24 independent rental car operators in 1947. National was based in St. Louis until 1961 when an investment group relocated the corporate headquarters to Minneapolis. National was acquired by General Motors in 1992, and by ANC Rental Corporation in January 2000.

ANC Rental Corporation implemented dual branding of Alamo and National at many airports—renting both brands from the same counter space under a single concession agreement. In 2003, ANC Rental Corporation filed for bankruptcy, was acquired by Cerberus Capital Management and became Vanguard Car Rental USA Inc. In August 2007, Vanguard Car Rental USA Inc. was acquired by Enterprise Holdings. As a subsidiary of Enterprise Holdings, Vanguard Car Rental USA Inc. continues to sell the Alamo and National brands.

### Hertz Global, Inc.

In 2018, Hertz Global Holdings had an average of 506,200 cars in service and operated 4,200 locations in the United States, generating more than one-half of its U.S. car rental revenues from airport locations. The company operates approximately 10,200 locations, including franchises, in North America, Europe, the Caribbean, South America, Central America, Africa, the Middle East, and Australia. Hertz Global Holdings employs more than 30,000 people worldwide. The company's financial performance has not been consistent in recent years, reporting net profits in 2013, 2015 and 2017 and net losses in 2014 and 2016. The company earned a positive net income in the third quarter of 2018 after posting net losses in the first and second quarters.

Hertz Global Holdings is the oldest rental car company in the industry, tracing its beginnings to 1918, when Walter L. Jacobs opened his first car rental operation in Chicago. The company took the name of Hertz in 1923 when it was sold to John Hertz. Hertz became a subsidiary of the Ford Motor Company (Ford) in 1994 and a publicly traded company in 1997. In 2001, Ford reacquired the

Hertz' outstanding shares, and in December 2005 sold all of its shares of Hertz common stock to an investor group of private equity firms (the Sponsors). Hertz completed an initial public offering in 2006 and a secondary public offering in 2007 which decreased the Sponsors' ownership percentage to approximately 55 percent. In April 2009, Hertz acquired Advantage Rent A Car. In November 2012, Hertz purchased Dollar Thrifty Automotive Group and, as required by the Federal Trade Commission, divested itself of Advantage Rent A Car.

The Dollar and Thrifty brands represent a value-priced rental vehicle targeted to leisure customers, small businesses, and independent business travelers. Dollar Rent A Car Systems, Inc., began operating in Los Angeles, California, in 1965 where its executive offices remained until relocating to Tulsa, Oklahoma, in 1994. In 1990 Dollar Rent A Car Systems, Inc., was acquired by Chrysler Corporation. Thrifty Rent-A-Car System, Inc., was incorporated in 1950 and began car rental operations at off-airport locations in Tulsa, Oklahoma. The company was acquired by Chrysler Corporation in 1989.

Chrysler created Pentastar Transportation Group, Inc. (PTG) to operate the rental car subsidiaries. In 1997 PTG merged all rental car subsidiaries into the Dollar Thrifty Automotive Group, Inc. (DTG) and completed an initial public offering of its common stock. DTG operated the Dollar and Thrifty brands under a brand-based corporate structure until January 1, 2003 when it adopted a functional corporate structure, combining the management of operations and administrative functions for both the Dollar and Thrifty brands.

In November 2012 DTG was acquired by Hertz Global Holdings and became a wholly-owned subsidiary of Hertz. At the time of the acquisition, DTG had a fleet of approximately 122,000 cars and operations in about 470 domestic locations.

### Avis Budget Group, Inc.

In 2018 Avis Budget Group operated a fleet of more than 365,000 vehicles from more than 3,000 domestic locations, employing 31,000 people. It derives 70 percent of its revenue from airport locations. Avis Budget Group emerged from the consolidation of two rental car companies, Avis Group Holdings and Budget Rent A Car System. The company has consistently reported net profits since 2012. It has not reported its financial results for 2018 but is anticipating an increase in net income.

Avis Group Holdings began operations in 1946 at Detroit's Willow Run Airport and at Miami Airport. By 1946, Avis had expanded to locations in Chicago, Dallas, Houston, New York, Los Angeles, and Washington, D.C. Over the years, the corporate ownership of Avis changed. In 1987 the company was purchased by its Employee Stock Ownership Plan, becoming one of the largest employee-owned companies in the United States. In 1989 General Motors Corporation acquired minority ownership interest in the company. Avis was purchased by Hospitality Franchise Systems (HFS) in 1996 and became a publicly traded company in 1997. In March 2001 Cendant Corporation, a successor in interest in HFS, acquired 100 percent ownership of Avis.

Budget Rent a Car System was founded in Los Angeles in 1958 as a rental car company for the value conscious renter. It expanded its leisure traveler segment of the airport market during the 1960s

and 1970s. Budget was acquired by Ford Motor Company and remained a subsidiary of Ford Motor Company until April 1997 when it was acquired by Team Rental Group, later renamed Budget Group, Inc. In November 2002, Cendant Corporation acquired Budget and merged its administrative functions with those of Avis. In 2006, Cendant Corporation separated into four publicly-traded companies; Avis and Budget became Avis Budget Group.

In 2013 Avis Budget Group acquired Zipcar, Inc. (Zipcar), the world's leading car sharing network, offering its members self-service vehicles available by the hour, day, or week. In 2017 Zipcar had more than one million members, more than 12,000 vehicles, and operations in over 500 cities, at more than 600 college campuses, and 50 airports in the United States, Canada and Europe.

In 2013, Avis Budget Group also acquired Payless Car Rental (Payless). Payless was founded in 1971 in Spokane Washington. In 2017 Payless operated approximately 116 rental locations in the United States, Canada, Europe and South America, including many in major airports. Payless targets price-conscious leisure and business travelers and generates approximately \$80 million in annual revenue.

### Rental Car Fleet

As of 2018, the U.S. rental car industry operated a fleet of more than 2.2 million cars, growing 22.1 percent from 2008 (Figure 47). Although the fleet grew 2.0 percent per year on average from 2008 to 2018, the trend has not been steady. The fleet size decreased in some years—in 2009 and in 2010 because of the economic recession, and in 2017. The recent decrease in industry fleet size reflects a conscious effort by rental car companies to keep their fleets in line with demand (fleet right-sizing). Car manufactures are also contributing to this trend by limiting rental fleet sales.<sup>21</sup> In addition to reducing fleet size, rental car companies are also changing the composition of their fleet to add more sports utility vehicles (SUVs) to respond to customer preferences. In 2018, the industry fleet size recovered slightly (1.2 percent) from the 5.5 percent dip in 2017.

<sup>&</sup>lt;sup>21</sup> Chris Brown, "Auto Focus - Market Forces Driving Car Rental in 2018," Auto Rental News, March 19, 2018.

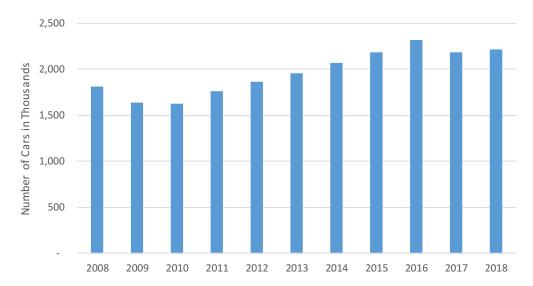


Figure 47 | U.S. Rental Car Industry Fleet (Number of Cars in Thousands)

Source: Auto Rental News.

# Rental Car Market Revenue

The U.S. rental car industry's market revenue show similar trends to the industry's fleet size (Figure 48), although the revenue decrease in 2009 (6.5 percent) due to the economic recession was relatively smaller compared with the decline in the size of the fleet in the same year (9.7 percent). In 2017, market revenue continued to grow, but the annual growth rate slowed to 0.7 percent from about 4 to 9 percent in the previous six years. Market revenue grew nearly 5 percent in 2018, eclipsing \$30 billion for the first time. From 2008 to 2018, annual revenue grew 37.2 percent, an annual average of 3.2 percent, from \$21.88 billion to \$30.03 billion.

Transportation network companies (TNCs) like Uber and Lyft have taken a share of the rental car market—especially from corporate travel and largely for short-distance trips—since expanding their services in the country in 2014. The growing use of TNCs has likely contributed to the slowing of growth in the U.S. rental car industry's revenue in the past year. The U.S. rental car industry, however, has found a new market niche in TNCs. Renting to TNC drivers is now a business segment and a profitable one. Rental car companies are dedicating an increasing portion of their fleet to this new business segment.<sup>22</sup>

<sup>&</sup>lt;sup>22</sup> Ibid.

\$35 \$30 Gross Rental Revenue in Billions \$25 \$20 \$15 \$10 \$5 \$-2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

Figure 48 | U.S. Rental Car Industry Revenue

Source: Auto Rental News.

The average revenue generated from each car in the fleet, which ranged between \$12,000 and \$12,800 in 2008-2016, surpassed \$13,000 for the first time in 2017 (Figure 49). The average revenue increased 6.5 percent in 2017 and 3.7 percent in 2018. This is evidence that the fleet right-sizing efforts are producing the desired result.

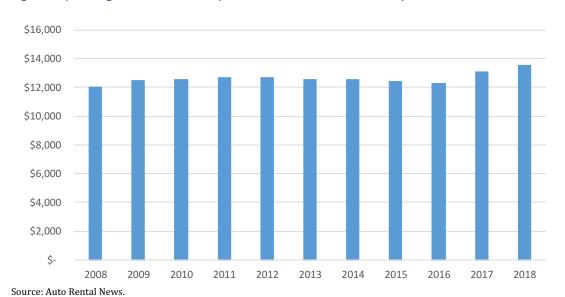


Figure 49 | Average Annual Revenue per Car in the Rental Car Industry Fleet

# Market Trends Affecting the U.S. Rental Car Industry

The U.S. rental car industry is evolving. Some of causes and consequences of this evolution are discussed below.

# **Digital Technology**

The use of smartphones is now widespread, prompting the rental car industry to adapt and incorporate this technology into their services. Rental car companies developed mobile based apps to make it easy for customers to book car rentals using their smartphones.

## Competition from TNCs

The widespread use of smartphones has also fueled the emergence of TNCs (also called ride-hailing services) as convenient, on-demand ground transportation alternative. TNCs have taken a share of the rental car market—especially from corporate travel<sup>23</sup> and largely for short-distance trips in urban areas.<sup>24</sup>

The SpendSmart Report prepared by the online travel and expense management provider, Certify, shows evidence of the growing market penetration of TNCs taking market share from rental cars and other ground transportation modes. Certify tracks data from business expense reports. From the first quarter of 2014, when Certify began tracking business expenses for ground transportation including TNCs, to the first quarter of 2018, TNCs' share increased from 8 percent to 71 percent. Over the same period, the rental car share decreased from 55 percent to 23 percent, and the taxi share decreased from 37 percent to 6 percent (Figure 50). TNCs are likely generating induced demand, effectively increasing the size of the market for "for-hire" modes of ground transportation.

TNCs have also penetrated the airport ground access market. As of 2017, Uber operated at over 140 airports and Lyft at over 300 airports across the country, including CMH, according to a study conducted under the Airport Cooperative Research Program (ACRP).<sup>25</sup> Since permitted TNC service at airports began only in 2014, there is yet no organized industry data collection on TNC activity at airports. Anecdotal evidence does show that TNCs are taking customers away from rental cars and other ground access modes at airports. A recent study by Moody's Investor Service finds that the average revenue per 0&D enplanement that airports generate from rental car concessions

<sup>&</sup>lt;sup>23</sup> Certify Spendsmart Reports.

<sup>&</sup>lt;sup>24</sup> Avis Budget Group, Inc., *Form 10-K for the fiscal year ended December 31, 2018*, filed on February 21, 2019, page 18; and Hertz Global Holdings, Inc., *Form 10-K for the fiscal year ended December 31, 2018*, filed on February 25, 2019, page 11.

<sup>&</sup>lt;sup>25</sup> Peter Mandle and Stephanie Box, "Transportation Network Companies: Challenges and Opportunities for Airport Operators," *ACRP Synthesis 84*, Airport Cooperative Research Program, Transportation Research Board, National Academies of Sciences, Engineering, and Medicine, 2017.

decreased from 2015 to 2017, although the observed decrease is still relatively small and the trend from 2016 to 2017 is essentially flat. $^{26}$  The earlier ACRP study found less definitive results. $^{27}$ 

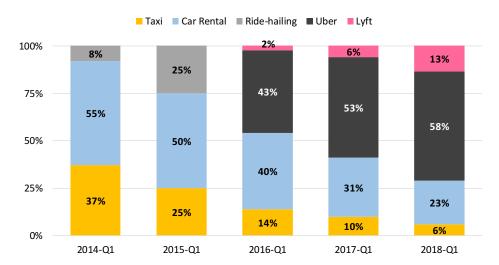


Figure 50 | Ground Transportation Modal Shifts in Business Travel

Source: Certify SpendSmart Report and Unison Consulting, Inc. Certify's data come from actual expenses reported in business expense reports.

# Rentals to TNC Drivers as a New Business Segment

While TNCs are taking away traditional rental car customers, they are also creating a new market for rental cars: TNC drivers. Rental car companies are renting cars to TNC drivers and now have dedicated fleet to this profitable new business segment.

For example, Hertz Global Holdings has partnered with certain U.S. TNC companies to offer vehicle rentals to their drivers. For Hertz, its TNC rental market has more than doubled in 2018, from 2017. Hertz offer rentals to TNC drivers in approximately 90 locations in select U.S. cities across 18 states and has a dedicated rental fleet of 30,000 average vehicles for use by its TNC partners.<sup>28</sup>

<sup>&</sup>lt;sup>26</sup> Moody's Investors Service, "Airports – US: Parking and CFC bonds face credit pressure from Uber, Lyft, but airports are protected," *Sector In-Depth*, April 16, 2018.

<sup>&</sup>lt;sup>27</sup> Peter Mandle and Stephanie Box, "Transportation Network Companies: Challenges and Opportunities for Airport Operators," *ACRP Synthesis 84*, Airport Cooperative Research Program, Transportation Research Board, National Academies of Sciences, Engineering, and Medicine, 2017.

<sup>&</sup>lt;sup>28</sup> Hertz Global Holdings, Inc., Form 10-K for the fiscal year ended December 31, 2018, filed on February 25, 2019, page 7.

In 2017, the Avis Budget Group also began a partnership with Lyft to allow Lyft drivers across North America to rent Avis vehicles on a monthly and weekly basis as an alternative to using their personal vehicles.<sup>29</sup>

## Peer-to-Peer Car-Sharing Platforms

The digital revolution has also spawned peer-to-peer car-sharing platforms such as Turo, and Getaround Inc., presenting another competition to traditional rental car companies. These peer-to-peer car-sharing platforms allow individual car owners to rent their cars via apps. Customers use an app to rent another person's car and set a spot to pick up the car. They can rent cars for an hourly or a daily fee—Turo customers pay an average of \$45 per day. There are now nearly 3 million users of peer-to-peer car-sharing services in North America, according to the Transportation Sustainability Research Center at the University of California, Berkeley.<sup>30</sup>

Another peer-to-peer car-sharing platform HyreCar competes with traditional rental car companies on rentals to TNC drivers. HyreCar offers a peer-to-peer marketplace in which private parties can rent out personal vehicles to TNC drivers. HyreCar vehicles rent for an average of 14 days.<sup>31</sup> Launched in 2015, HyreCar operates in 29 states as of February 2018.<sup>32</sup>

While these peer-to-peer car-sharing platforms compete with traditional rental car companies in serving end-customers, they are also presenting a new market segment for traditional rental car companies. HyreCar and Turo have begun tapping traditional rental car companies' fleets in sourcing cars to rent, allowing traditional rental car companies to reach new local markets using excess inventory without having to make traditional business expansion investments.<sup>33</sup>

### **Autonomous Fleet**

Autonomous vehicles are in advance stages of development and pilot testing, with General Motors, Waymo, and Uber expected to make significant additions to their fleets in 2019.<sup>34</sup> Rental car companies are well-positioned to offer fleet management services for autonomous vehicles. Avis, which has been the most public of its initiatives concerning autonomous vehicles, entered into contract in June 2017 to manage and maintain Waymo's growing fleet in Phoenix, Arizona.<sup>35</sup>

<sup>&</sup>lt;sup>29</sup> Avis Budget Group, Inc., Form 10-K for the fiscal year ended December 31, 2018, filed on February 21, 2019, page 7.

<sup>30</sup> Adrienne Roberts, "Want to Rent Out Your Car? You Might Be Regulated," Wall Street Journal, June 19, 2018.

<sup>31</sup> Chris Brown, "Renting Cars for the Ride-Hailing Revolution," Auto Rental News, September 9, 2016.

 $<sup>^{\</sup>rm 32}$  "HyreCar Launches in New York,"  $\it Auto\,Rental\,News,$  February 13, 2018.

<sup>&</sup>lt;sup>33</sup> Chris Brown, "How Technology is Addressing Car Rental Underutilization," Auto Rental News, June 29, 2018.

<sup>&</sup>lt;sup>34</sup> IHS Markit forecast cited in "Global Autonomous Vehicle Sales to Reach 33M by 2040," Auto Rental News, January 3, 2018.

<sup>35</sup> Avis Budget Group, Inc., Form 10-K for the fiscal year ended December 31, 2018, filed on February 21, 2019, page 7.

### Carsharing Business Model

Avis is the first U.S. rental car company to embrace carsharing as business model for the future. In 2013 Avis Budget Group acquired Zipcar, the world's leading car sharing network. Zipcar operates a membership-based car sharing network, providing members with on-demand, self-service vehicles in reserved parking spaces located in neighborhoods, business districts, office complexes, college campuses, and airports, as an alternative to car ownership. Members can reserve vehicles online, on a mobile device or over the phone, by the minute, hour or day.<sup>36</sup>

# **Business Strategies**

Rental car companies continually hone their business strategies:

- Fleet management Rental car companies are taking measures to contain fleet holding costs. Measures include fleet right-sizing, better alignment of fleet mix to consumer vehicle preferences, and fleet remarketing outside of auctions.
- Pricing Price has become even more competitive for rental car companies, facing
  competition not only from each other but also from TNCs. Rental car companies are
  implementing "big-data" systems to better manage demand, yields, and fleet.
- Efficiency Rental car companies are working to reduce the time it takes for a consumer to complete the rental process through the use of technology and streamlined membership services.
- Ancillary Revenue Rental car companies have restructured their websites and offered
  mobile apps to improve ancillary revenues. Hertz, in particular, has adopted the more
  customer-friendly term "value-added services" to shift the focus on customer benefits.

### Summary

This section described the U.S. rental car industry and recent market and industry developments, setting the context for the detailed examination of the rental car market at the Airport in Section 5. The U.S. rental car industry has two distinct market segments: (1) the airport market and (2) the local retail and insurance replacement market (local market).

In the last decade, the U.S. rental car industry went through a wave of consolidation leaving three companies, each selling multiple brands, with control of approximately 95 percent of the U.S. rental car market. These three companies are (1) Enterprise Holdings, Inc. which owns the Enterprise, National and Alamo brands; (2) Hertz Global Holdings, Inc. which owns the Hertz, Dollar and Thrifty brands; and (3) Avis Budget Group, Inc. which owns the Avis, Budget, Payless, and Zipcar brands.

<sup>36</sup> <i>Ibid</i> , page 11.	

The U.S. rental car industry continues to grow. As of 2018, the U.S. rental car industry operated a fleet of 2.2 million cars, growing 22.1 percent from 2008. From 2008 to 2018, annual revenue grew 37.2 percent, an annual average of 3.2 percent, from \$21.88 billion to \$30.03 billion.

The U.S. rental car industry is also evolving to adapt to changes in the marketplace and competition from within the rental car industry and from new modes of on-demand ground transportation such as TNCs. Rental car companies have been implementing strategies to better manage fleet, increase revenues, reduce costs, and develop new business segments.

# SECTION 5 | AIRPORT RENTAL CAR ACTIVITY

This section reviews the historical trends in rental car demand at CMH since 2014 and presents forecasts of rental car transaction days for calendar years 2019 through 2029. Forecast development also uses multivariate time series regression techniques to quantify the contributions of the key factors driving airport rental car demand—trends in passenger traffic, overall price of a rental car, and customer income—and the effect of competition from TNCs.

# Rental Car Activity at the Airport

In 2018 the RACs earned a total gross revenue of approximately \$91.1 million from operating eight brands at CMH. The eight rental car brands are operated at CMH pursuant to five Concessionaire Agreements. As described in Section 6, three Concessionaires operate two brands each (Avis/Budget, National/Alamo, and Dollar/Thrifty), while the Hertz and Enterprise brands are each operated by a separate Concessionaire. Figure 51 shows revenue shares by Concessionaire. Avis/Budget accounted for 28.3 percent, followed by National/Alamo (22.3 percent) Hertz (20.0 percent), Enterprise (18.4), and Dollar/Thrifty (11.0 percent). The largest share held by a single brand was 20.0 percent for Hertz.

DOLLAR/THRIFTY
Dollar, 5.0%
Thrifty, 6.0%

18.4%

ENTERPRISE

20.0%

HERTZ

NATIONAL/ALAMO
National, 16.7%
Alamo, 5.5%

AVIS/BUDGET
Avis, 16.7%
Budget, 11.6%

Figure 51 | Gross Rental Revenue Shares by Brand Ownership, 2018

Source: Gross revenue data from RACs.

We track rental car market activity using the following indicators: transaction days, transactions, contract duration, gross rental revenue, and average rental rate. Table 12 presents data on these indicators for calendar years 2008-2018 and the compound annual growth rates (CAGR) for three periods:

- 2008-2018, the entire period for which data are available, to show how the airport rental car market fared over a long period that includes business cycle changes.
- 2010-2018, the period excluding the recession years, to show how the airport rental car market performed during economic recovery and expansion.
- 2014-2018, the period from the first full year of TNC operations in Columbus to show how
  the rental car market has fared with competition from TNCs. Uber and Lyft launched in
  Columbus in October 2013 and February 2014, respectively. Lyft suspended operations
  from January 2015 to March 2016. Lyft and Uber signed agreements to operate at CMH on
  March 24, 2016, and July 5, 2016, respectively.

Table 12 | CMH Rental Car Activity, 2008-2018

	Demand Indicators			Revenue Indicators				
Calendar	Transaction	Rental	Avg. Contract	Gross	Avg. Nominal	Avg. Real		
Year	Days <sup>1</sup>	<b>Contracts</b> <sup>1</sup>	Duration (Days) <sup>2</sup>	Revenue <sup>1</sup>	Rental Rate <sup>3</sup>	Rental Rate <sup>4</sup>		
2008	1,375,125	504,384	2.73	\$78,951,885	\$57.41	\$57.23		
2009	1,200,549	418,457	2.87	\$72,121,452	\$60.07	\$60.07		
2010	1,209,325	434,385	2.78	\$79,419,722	\$65.67	\$64.62		
2011	1,277,272	461,280	2.77	\$82,490,934	\$64.58	\$61.61		
2012	1,351,060	480,513	2.81	\$83,267,985	\$61.63	\$57.60		
2013	1,439,416	492,522	2.92	\$83,501,495	\$58.01	\$53.43		
2014	1,399,421	493,842	2.83	\$88,988,529	\$63.59	\$57.64		
2015	1,557,016	530,864	2.93	\$92,264,444	\$59.26	\$53.65		
2016	1,674,560	535,403	3.13	\$92,033,407	\$54.96	\$49.13		
2017	1,610,476	508,647	3.17	\$87,119,712	\$54.10	\$47.35		
2018	1,694,319	522,894	3.24	\$91,146,224	\$53.80	\$45.97		
	Compound Annual Growth Rate							
2008-2018	2.1%	0.4%	1.7%	1.4%	-0.6%	-2.2%		
2010-2018 <sup>5</sup>	4.3%	2.3%	1.9%	1.7%	-2.5%	-4.2%		
2014-2018	4.9%	1.4%	3.4%	0.6%	-4.1%	-5.5%		

<sup>&</sup>lt;sup>1</sup> Data received from RACs.

The trends in each rental car market indicator are described below.

### **Transaction days**

A transaction day represents a 24-hour rental period and is the basis for assessing the CFC. Total transaction days—the total number of days vehicles are rented—are the basis for projecting CFC revenue and determining an appropriate CFC rate. Despite the recession in 2008 and 2009,

<sup>&</sup>lt;sup>2</sup> The average contract duration is calculated by dividing transaction days by rental contracts.

<sup>&</sup>lt;sup>3</sup> The average nominal rental rate is calculated by dividing gross rental revenues by transaction days. The nominal rate is expressed in current dollars.

<sup>&</sup>lt;sup>4</sup> The average real rental rate is expressed in constant 2009 dollars. It represents the price of renting a car per day, adjusted for inflation.

<sup>&</sup>lt;sup>5</sup> Excluding recession years 2008 and 2009.

transaction days increased from 1.38 million in 2008 and to 1.69 million in 2018, with a CAGR of 2.1 percent. They posted a much higher CAGR of 4.2 percent from 2010 and an even higher CAGR of 4.9 percent from 2014, driven by both the growth in rental contracts and the increase in contract durations. Over the period since 2008, transaction days posted their highest annual growth rate of 11.3 percent in 2015. That year, enplanements increased 7 percent, and one rental car brand recorded a significant increase in activity. Transaction days continued to increase through 2016. They decreased 3.8 percent in 2017 but rebounded in 2018, growing 5.2 percent. Two factors contributed to the decrease in transaction days in 2017: (1) TNCs increased operations after signing agreements to operate at CMH in 2016, and (2) rental car companies stopped accepting debit cards for payment.

#### Rental contracts

A rental contract represents one rental transaction or customer. Rental contracts increased from approximately 504,000 in 2008 to 523,000 in 2018. Compared with transaction days, rental contracts posted slower CAGRs of 0.4 percent from 2008, 2.3 percent from 2010, and 1.4 percent from 2014. The slowing of growth in rental contracts since 2014 likely reflects the impact of competition from TNCs, mitigated by the increase in the average contract duration. Rental contracts also posted their highest annual growth rate since 2008 of 7.5 percent in 2015. They continued to grow in 2016 before decreasing 5 percent in 2017, and then rebounded 2.8 percent in 2018.

#### Contract duration

Contract duration represents the number of rental days in one rental contract. Calculated by dividing the number of transaction days by the number of rental contracts, the average contract duration increased from 2.73 days in 2008 to 3.24 days in 2018. The average contract duration exceeded 3 days beginning in 2016. The long-term trend of increase in the average contract duration was likely driven by the economic expansion, and the competition from TNCs attracting customers who would have been short-term renters contributed to this trend in the last three years.

#### Gross revenues

Gross rental revenues include all revenues rental car companies earn at the Airport that are subject to a concession fee. Gross revenues increased from approximately \$79 million in 2008 to \$91 million in 2018, achieving a CAGR of 1.4 percent since 2008, 1.7 percent since 2010, and 0.6 percent since 2014. The growth in gross revenues lagged the growth in transaction days because of a decreasing trend in rental rates.

# Average daily rental rate

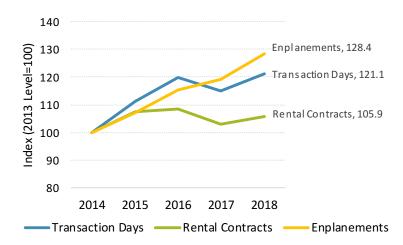
The average daily rental rate, calculated as the annual gross revenues divided by the annual transaction days, measures the average rental rate. Rental car companies adjust their rates in response to market conditions. Since 2014, the average daily rental rate has decreased steadily, reflecting in part new competition from TNCs. The rate of decrease, however, has slowed in the past two years. Between 2008 and 2018, the average rental rate decreased at an annual average rate of 0.6 percent in nominal terms and at 2.2 percent in real terms (after inflation). All other things being equal, a decrease in the average daily rental rate stimulates rental car demand and, conversely, an

increase in the average daily rental rate dampens rental car demand. The inverse relationship between price and quantity demanded is called the law of demand, and the responsiveness of demand to price changes is called price elasticity.

The decreases in transaction days and rental contracts in 2017 occurred despite continuing growth in enplanements (Figure 52), although enplanement growth slowed to 3.4 percent in 2017 from 7 to 8 percent in each of the previous two years. CMH saw a significant increase in TNC transactions, estimated to have more than doubled since 2016 and to have increased six-fold since 2015. Shown in Figure 52, from 2014 to 2018, transaction days increased a total of 21.1 percent, rental contracts increased 5.9 percent, and enplanements increased 28.4 percent. Shown in Figure 53, the ratios of transaction days and rental contracts to enplanements decreased:

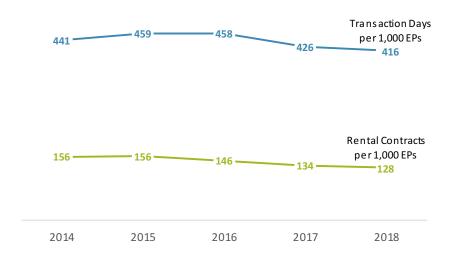
- For transactions days, from 441 to 416 per 1,000 enplanements
- For rental contracts, from 156 to 128 per 1,000 enplanements

Figure 52 | Comparison of Growth Trends in Transaction Days, Rental Contracts and Enplanements at CMH Since 2014



Sources: RACs, Airport records, and calculations by Unison Consulting, Inc.

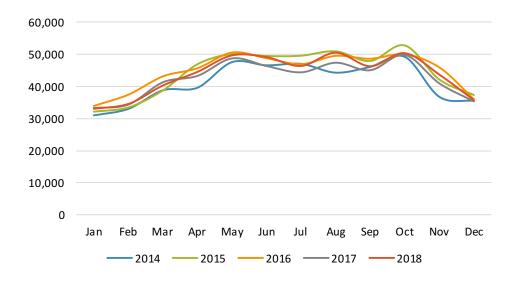
Figure 53 | Ratios of Transaction Days and Rental Contracts to Enplanements



Sources: RACs, Airport records, and calculations by Unison Consulting, Inc.

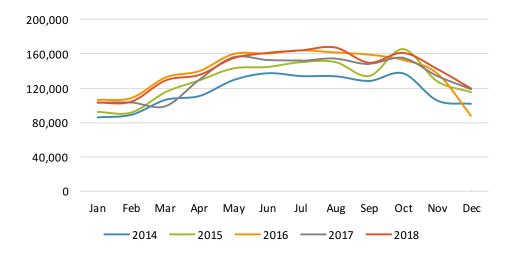
Figure 54 through Figure 58 show the monthly trends in the rental car demand and revenue indicators for January 2014 through December 2018. The seasonal trends in rental car demand at CMH are evident in these figures. Historically, transaction days and rental contracts have been higher in the summer months and in the month of October.

Figure 54 | Monthly Transactions, January 2014-December 2018



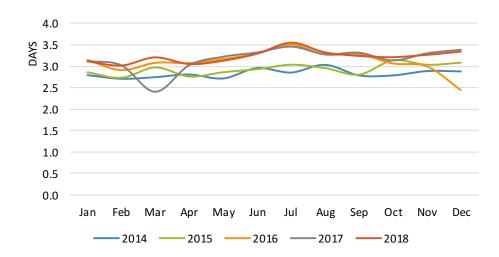
Source: RACs.

Figure 55 | Monthly Transaction Days, January 2014-December 2018



Source: RACs.

Figure 56 | Monthly Average Contract Duration, January 2014-December 2018



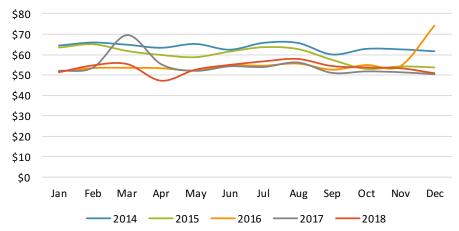
Sources: RACs and calculations by Unison Consulting, Inc.

\$10 MILLIONS \$8 \$6 \$4 \$2 \$-Oct Dec Jan Feb Jun Aug Nov 2018 2014 2015 2016 2017

Figure 57 | Monthly Gross Revenue, January 2014-December 2018

Source: RACs.



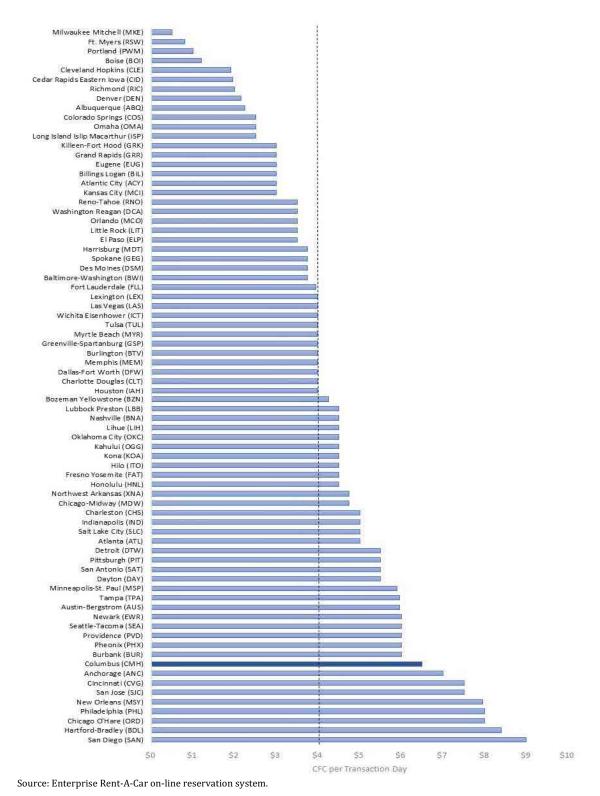


Sources: RACs and calculations by Unison Consulting, Inc.

# **Customer Facility Charge**

Effective July 1, 2007, the Authority implemented the CFC, which adds to the cost of a rental car. Rental car companies collect the CFC from rental car customers. The CFC was initially set at a rate of \$2.00 per transaction day, assessed on up to five transaction days per rental contract. This cap on the number of transaction days subject to the CFC per rental contract was raised to seven transaction days effective September 1, 2015. The CFC also increased five times to its current rate of \$6.50 per transaction day, which took effect on January 1, 2017. The current CFC of \$6.50 is above the \$4.00 median for the sample of airports shown in Figure 59.

Figure 59 | Comparison of CFCs at U.S. Airports



# **Forecast Transaction Days**

This section presents forecasts of rental car demand in terms of transaction days—the basis for calculating CFC revenues. To forecast transaction days, the relationship between transaction days and relevant explanatory variables are quantified using multivariate time-series regression analysis. Explanatory variables are identified based on the underlying economic theory of demand, analysis of historical car rental market trends at the Airport, factors that have contributed to those trends, and knowledge of the rental car and airport markets.

The demand for any product or service, including rental cars, is a function of price and income. At airports, the demand for rental cars is a derived demand—derived from the demand for air travel to a particular destination. Visitors who fly to CMH require ground transportation from the Airport to their destinations in the Columbus metro area. They constitute the market for the Airport rental cars.

# Multivariate Time Series Regression Analysis

Multivariate time series regression analysis links transaction days with measurable explanatory variables. It combines elements of multiple regression and time series regression methods, offering the ability to quantify the contribution of many explanatory variables while accounting for seasonality and any serial correlation in time series data.<sup>37</sup> This approach also facilitates forecast risk analysis. By design, regression analysis reduces subjective inputs, and the use of the least squares method minimizes forecast errors.

To generate forecasts of transaction days, we tested two alternative modeling approaches:

- One-equation model. Estimate a regression model with transaction days as the dependent variable and use the model to forecast transaction days directly.
- Three-equation model. Estimate regression models of the two components of transaction days—rental contracts and contract duration—and calculate transaction days from forecasts of rental contracts and contract duration.

For the rental car market at CMH, the first modeling approach, using a reduced-form equation with transaction days as the dependent variable, was selected since it provided improved goodness-of-fit and predictive performance compared with the second modeling approach.

The regression model specification is based on the underlying theory of consumer demand—particularly derived demand for airport ground transportation—and the dynamics in the Airport's rental car market. The regression coefficients that measure the contributions of market demand drivers (explanatory variables) to changes in transaction days at CMH are estimated using historical monthly data from June 2007. The estimated regression coefficients are then used to

<sup>&</sup>lt;sup>37</sup> Serial correlation refers to the relationship between present and past values, typically observed in time series data.

generate forecasts of transaction days based on projected trends for explanatory variables of the model.

For the regression model of rental car demand, transaction days serve as the dependent variable. The key explanatory variables (independent variables) are passenger enplanements, real U.S. GDP (an economic indicator), rental rate (an indicator for price), and a control for the impact of Transportation Network Companies (TNCs). The model coefficient estimates, measuring the contributions of enplanements and other market drivers to changes in transaction days at CMH, along with projected trends of the explanatory variables, are used to project growth in transaction days beyond the first year of the forecast period.

Figure 60 through Figure 62 show the historical and projected trends in the key explanatory variables (market demand factors).

### Airport passenger traffic

Arriving passengers (deplanements), particularly those ending their flights at CMH, constitute the market for airport rental cars. An increase in airport passenger traffic tends to increase the demand for rental cars. Enplanements are used as the measure of passenger traffic, which is generally evenly split between enplanements and deplanements. The positive coefficient estimate for enplanements confirm the positive contribution of passenger traffic growth to growth in transaction days and the negative contribution of a decrease in passenger traffic. Figure 60 shows the historical and forecast trends in enplanements at CMH. See Section 3 for details in forecast development for CMH enplanements. For the Base Forecast scenario, enplanements are projected to increase 4.0 percent in 2019 and continue increasing at an annual average rate of 1.7 percent through 2029.

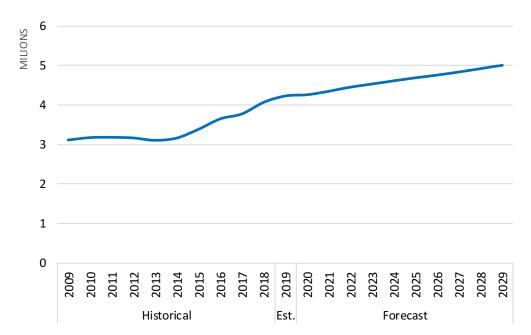


Figure 60 | Passenger Enplanements at CMH (Millions)

Sources: Airport statistics through 2018 and Unison's projections through 2029.

## Economic trends

Demand tends to increase with income. Customers are more likely to rent cars and rent them for longer durations when their disposable income increases. The U.S. real GDP (Figure 61), which reflects national economic trends, is an important determinant of consumer demand, including demand for airport rental cars. A national measure of economic growth was used, instead of a local measure, because rental car customers at the Airport typically come from outside the local area.

The positive regression coefficient estimate for this variable confirms its expected impact on the Airport's transaction days. Holding all other factors constant, increases in GDP, indicating overall national economic growth, promote growth in transaction days. Conversely, decreases in GDP dampens growth in transaction days.

Historical and forecast data on U.S. GDP were obtained from the U.S. Bureau of Economic Analysis and Moody's Analytics, Inc. U.S. real GDP is projected to grow 2.7 percent in 2019 and continue growing, on average, at 2.0 percent annually through 2029. The forecast from Moody's Analytics anticipates some cyclical variations but no deep downturns in the regional and national economies.

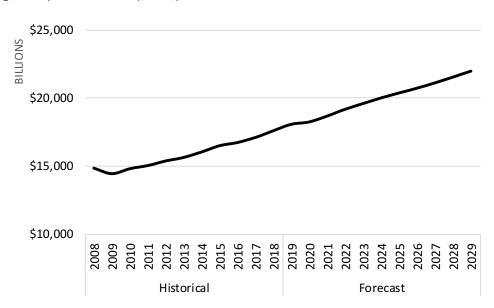


Figure 61 | U.S. Real GDP (2009\$)

Sources: U.S. Bureau of Economic Analysis and Moody's Analytics.

#### Price of renting a car

Demand is inversely related to price. Holding all other factors constant, an increase in price decreases demand, and a decrease in price increases demand. In the case of rental cars, an increase in price can decrease transaction days by decreasing either or both rental contracts and contract duration. In contrast, a decrease in price can increase transaction days increasing either or both rental contracts and contract duration. The negative coefficient estimate for the rental rate variable confirms the expected inverse relationship.

The average daily rental rate has been decreasing in recent years. In nominal terms, it is projected to continue its current decline for a few years, eventually taper, and then increase gradually so that its rate of increase would keep pace with inflation by the end of the forecast period (2029). Thus, in real terms, rental rates will gradually slow their decline to taper by 2029. The decline in both nominal and real rates over the early years of the forecast period will promote growth in transaction days, all other things equal.

The regression model uses a comprehensive measure of price that includes the daily rental rate, a CFC of \$6.50 per transaction day, and a sales tax of 7.5 percent. The CFC and the sales tax are assumed to remain at their current rates throughout the forecast period. Figure 62 shows the historical and projected trends in the average real daily rental rate, with fees and taxes included.

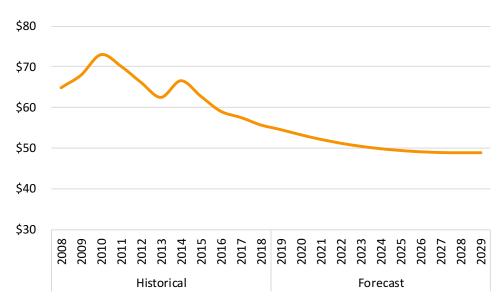


Figure 62 | Average Real Daily Rental Rate (2009\$)

Source: Airport statistics for historical series and Unison Consulting, Inc. projections through 2029.

#### Impact of Transportation Network Companies (TNCs)

Ride-hailing services are increasingly becoming available in urban areas across the country. Companies like Uber Technologies (Uber) and Lyft are growing their presence at various airport terminals, providing travelers ground transportation to-and-from airports. These ride-hailing services attract passengers away from rental cars and other ground transportation modes, as discussed in Section 4.

The regression model of transaction days includes a variable to model the effect of TNC operations on rental car demand at CMH. Lyft and Uber signed agreements to operate at CMH on March 24, 2016, and July 5, 2016, respectively. Prior to January 1, 2019, CRAA charged Lyft and Uber a fee of \$3 per pick up. Effective January 1, 2019, this fee was increased to \$4, assessed on both pick-ups and drop-offs. The Airport began collecting TNC activity and revenue data in April 2016, although TNCs likely began serving CMH passengers prior to April 2016. Figure 63 shows monthly TNC transactions at CMH through December 2018, including estimates for months prior to April 2016.

TNC transactions at CMH have doubled since 2016. The average number of TNC transactions per 100 enplanements increased from about 4.2 in 2016 to around 9 in 2018. We expect TNC use by CMH passengers to continue growing, although not at the same rate as it had grown over the past two years. TNCs are not perfect substitutes for rental cars. They may easily attract customers for one-day rentals, but not customers for multi-day rentals. The price advantage of TNCs over rental cars also diminishes with trip distance and number of trip destinations. For forecast development for transaction days at CMH, we assume that the rate of TNC use by CMH passengers will increase to 16 transactions per 100 enplanements by 2028, nearly doubling the current TNC use rate.

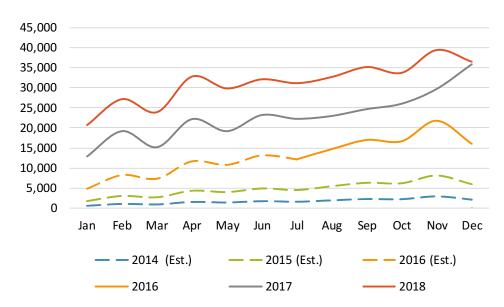


Figure 63 | TNC Monthly Transactions, January 2014-December 2018

Sources: Airport statistics and Unison Consulting, Inc.

#### **Forecast Transaction Days**

Table 13 provides forecast transaction days under two scenarios, base and low. To quantify the uncertainty in the future trends of key market drivers, Monte Carlo simulation was also used to produce a range of forecasts for transaction days. The simulations for forecast transaction days and forecast enplanements (see Section 3) were performed simultaneously. Figure 64 compares these base and low forecasts with select percentile results from Monte Carlo simulation. Percentiles provide an indication of the likelihood of each forecast.

#### **Base Forecast**

The regression analysis and assumptions for the explanatory variables described above produce the base forecast transaction days, where transaction days grow 3.3 percent in 2019 over 2018 levels. After 2019, transaction days grow at an annual average rate of 2.4 percent through 2029. This growth rate is faster than the growth rate projected for enplanements over the same period. Annual transaction days will exceed two million beginning in 2024 and will reach 2.21 million in 2029. The forecast slowdown in growth in rental car transaction days in 2020 is due largely to forecast trends in enplanements and real U.S. GDP.

 $<sup>^{38}</sup>$  Enplanements are projected to grow by an average of around 1.7 percent annually over the forecast period. Enplanements are forecast to reach 5.02 million by 2029.

Compared with the Monte Carlo simulation results, the base forecast transaction days remain between the projected 50-percentile (median) and 75-percentile ranges. They remain closest to the projected median levels through 2029.

#### **Low Forecast**

The low forecast transaction days reflect the impact of less favorable economic conditions and greater TNC substitution. They represent the 25-percentile of a second Monte Carlo simulation assuming the TNC activity at CMH reaches 24 transactions per 100 enplanements by 2029.<sup>39</sup>

Transaction days continue to grow under the low growth scenario, but at a much slower annual average rate, 1.2 percent from 2019 to 2029, one-half of the average annual growth rate of the base forecast transaction days (2.4 percent). Annual transaction days will remain under two million through 2029, reaching 1.92 million in 2029.

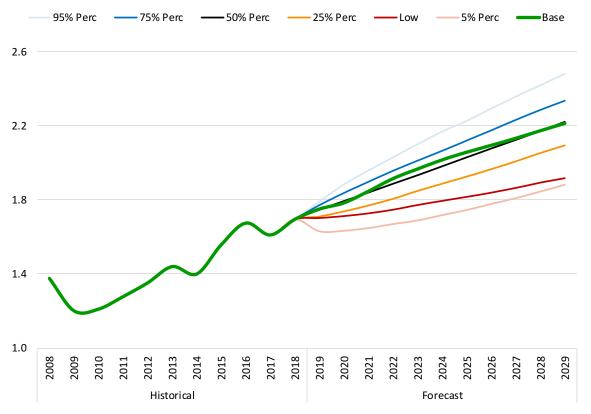
<sup>&</sup>lt;sup>39</sup> The base forecast assumes that TNC transactions per 100 enplanements increases to 16 by 2028.

Table 13 | Forecast Transaction Days

			Transactio	on Days	
	CY	Base	AGR	Low	AGR
	2008	1,375,125		1,375,125	
	2009	1,200,549	-12.7%	1,200,549	-12.7%
	2010	1,209,325	0.7%	1,209,325	0.7%
	2011	1,277,272	5.6%	1,277,272	5.6%
	2012	1,351,060	5.8%	1,351,060	5.8%
Historical	2013	1,439,416	6.5%	1,439,416	6.5%
	2014	1,399,421	-2.8%	1,399,421	-2.8%
	2015	1,557,016	11.3%	1,557,016	11.3%
	2016	1,674,560	7.5%	1,674,560	7.5%
	2017	1,610,476	-3.8%	1,610,476	-3.8%
	2018	1,694,319	5.2%	1,694,319	5.2%
	2019	1,750,467	3.3%	1,701,776	0.4%
	2020	1,783,112	1.9%	1,712,714	0.6%
	2021	1,846,471	3.6%	1,727,135	0.8%
	2022	1,914,297	3.7%	1,746,987	1.1%
	2023	1,966,452	2.7%	1,772,148	1.4%
Forecast	2024	2,016,014	2.5%	1,794,776	1.3%
	2025	2,056,603	2.0%	1,815,798	1.2%
	2026	2,093,841	1.8%	1,839,128	1.3%
	2027	2,131,990	1.8%	1,864,705	1.4%
	2028	2,172,984	1.9%	1,892,606	1.5%
	2029	2,212,432	1.8%	1,917,825	1.3%
		Compound	l Annual G	rowth Rate	
	2008-2018	2.1%		2.1%	
	2019-2029	2.4%		1.2%	

Sources: Airport statistics and Unison Consulting, Inc.

Figure 64 | Forecast Transaction Days (Millions)



Sources: Airport statistics and Unison Consulting, Inc.

Table 14 shows enplanements, transaction days, and corresponding rental contracts and average contract duration for the base growth scenario.

Table 14 | Base Forecasts of Enplanements, Transaction Days, Rental Contracts, and Contract Duration

						Rental		Rental			
		Enplanements		Transaction		Contracts		Contracts/		Avg. Contract	
	Year	(EPs) (000)	AGR	Days (000)	AGR	(000)	AGR	1,000 EPs	AGR	Duration	AGR
Historical	2008	3,459		1,375		504		145.8		2.73	
	2009	3,123	-9.7%	1,201	-12.7%	418	-17.0%	134.0	-8.1%	2.87	5.2%
	2010	3,184	1.9%	1,209	0.7%	434	3.8%	136.4	1.8%	2.78	-3.0%
	2011	3,190	0.2%	1,277	5.6%	461	6.2%	144.6	6.0%	2.77	-0.5%
	2012	3,175	-0.5%	1,351	5.8%	481	4.2%	151.4	4.7%	2.81	1.5%
	2013	3,115	-1.9%	1,439	6.5%	493	2.5%	158.1	4.5%	2.92	3.9%
	2014	3,173	1.9%	1,399	-2.8%	494	0.3%	155.6	-1.6%	2.83	-3.0%
	2015	3,394	6.9%	1,557	11.3%	531	7.5%	156.4	0.5%	2.93	3.5%
	2016	3,659	7.8%	1,675	7.5%	535	0.9%	146.3	-6.5%	3.13	6.6%
	2017	3,785	3.4%	1,610	-3.8%	509	-5.0%	134.4	-8.2%	3.17	1.2%
	2018	4,076	7.7%	1,694	5.2%	523	2.8%	128.3	-4.5%	3.24	2.3%
Forecast	2019	4,240	4.0%	1,750	3.3%	535	2.3%	126.2	-1.6%	3.27	0.9%
	2020	4,269	0.7%	1,783	1.9%	539	0.6%	126.2	0.0%	3.31	1.2%
	2021	4,357	2.1%	1,846	3.6%	557	3.4%	127.8	1.3%	3.32	0.2%
	2022	4,461	2.4%	1,914	3.7%	578	3.9%	129.6	1.5%	3.31	-0.2%
	2023	4,540	1.8%	1,966	2.7%	594	2.8%	130.9	1.0%	3.31	-0.1%
	2024	4,624	1.8%	2,016	2.5%	611	2.8%	132.1	0.9%	3.30	-0.2%
	2025	4,697	1.6%	2,057	2.0%	624	2.2%	133.0	0.6%	3.29	-0.2%
	2026	4,768	1.5%	2,094	1.8%	638	2.1%	133.8	0.6%	3.28	-0.3%
	2027	4,845	1.6%	2,132	1.8%	652	2.3%	134.6	0.7%	3.27	-0.5%
	2028	4,932	1.8%	2,173	1.9%	669	2.6%	135.7	0.8%	3.25	-0.6%
	2029	5,017	1.7%	2,212	1.8%	686	2.5%	136.7	0.7%	3.23	-0.7%

#### Forecast Risk Factors for Rental Car Demand

The forecasts of transaction days have been developed based on specific assumptions about the Airport rental car market, key measurable factors that drive demand, and information available at the time of the analysis. These assumptions may not hold in the future, and actual transaction days could differ materially from the forecasts. In addition, other broad factors could introduce risk and uncertainty into the forecasts.

#### Recent Trends in the U.S. Rental Car Industry

Section 4 of this report provides a comprehensive review of the U.S. rental car industry, including structural changes and financial challenges faced by the industry. Events, ownership changes, and the strategy of dual branding, and emerging trends in marketing are discussed. The central issue in all of the dynamic changes remains the financial viability of the RACs. The ability of the RACs to adjust in a timely manner to national economic and travel trends will be critical to the industry's sustained profitability over the forecast period.

#### **Alternative Modes of Ground Transportation**

Apart from renting a car or using private automobiles, arriving passengers may choose from several other modes of ground transportation available at the Airport. These alternative modes of

transportation differ in terms of convenience, service, price, and time requirements. The following modes of ground transportation are available at the Airport:<sup>40</sup>

- Bus System AirConnect's direct bus rides, operated by the Central Ohio Transit Authority, are
  available between CMH and downtown Columbus. Running every 30 minutes, the bus service
  provides inexpensive (\$2.75 per ride) access to the Greater Columbus Convention Center and
  hotels in the city's central business district. The transit authority also runs the "number 7,
  Mount Vernon" bus line for easy access to the Airport's International terminal.
- Taxicab, Car and Van Service Taxicabs are available at CMH throughout the day and provide rides to downtown Columbus for around \$25 per trip. Given that taxicabs are available on demand and provide exclusive door-to-door service, they are good substitutes for rental cars when travelers need to go to a single or limited number of destinations. In the case of multiple trips, taxicabs can become expensive and therefore cost prohibitive for the average air traveler. A number of limousine, private car, and shuttle services are also available at the CMH, providing door-to-door service to the Airport's passengers.
- Peer-to-Peer Car-Sharing Platforms Mobile apps have also allowed individual car owners to rent their cars for an hourly or a daily fee, spawning companies like Turo and Getaround Inc. that now compete with rental car companies for customers at airports. CRAA has received an application from Turo and similar services to operate at CMH.
- Transportation Network Companies (TNCs) As part of the broader sharing or on-demand economy, ride-hailing companies use websites and mobile applications to link passengers with drivers who provide transportation service in their non-commercial vehicle. Travelers value the convenience of ordering a ride-hailing service from their phone, compared with arranging taxi or car rental services. TNCs also charge lower fares—as much as 65 percent lower—than taxis, based on recent data on business travel expenses collected by Certify, Inc. National trends strongly suggest that ride hailing services are taking market shares from both taxis and rental car companies. At CMH, the regression analysis and forecast results in this section confirm that an increase in TNC adoption dampens growth in airport rental car demand, although rental car demand has continued to grow with passenger traffic growth.

#### Autonomous Vehicles (AVs)

Recent developments in the technology supporting self-driving cars has increased the likelihood that AVs will be deployed for commercial use. It is still unclear whether AVs would take a share of rental car demand or offer a new rental car product as part of rental car fleets. Rental car companies are paying close attention to developments in AV adoption. By partnering with startup companies specializing in self-driving cars, rental car companies are preemptively adjusting their business models to support and potentially include driverless vehicles.

 $<sup>^{40}</sup>$  Most of the information relating to ground transportation was obtained from the Columbus Regional Airport Authority's website.

Driverless vehicles, deployed as shared AVs or in commercial fleets, are currently being tested across various cities, where they would provide on-demand transportation, similar to TNCs. Although some companies leading the introduction of AVs, including major car manufacturers and TNCs, have suggested that AVs might be deployed for commercial use as early as 2021, technology experts in the field do not expect full AVs to be in service for at least 10 to 15 years.

Beyond the sensory and control technology onboard driverless cars, other infrastructure hurdles have to be overcome for widespread adoption of AVs. These challenges include the rollout of the latest standard for wireless data networks, "5G" or "fifth generation", needed to facilitate communications between vehicles, and between vehicles and surrounding infrastructure. While current capabilities have allowed for some AV deployments, they are limited to dense urban environments or dedicated areas and roads.

Similar to TNCs, AVs are raising public policy concerns related to mobility, reliability, and safety. The documented environmental and traffic impacts of TNCs largely apply to AVs, as they will likely divert users away from public transit and taxicab services. Given the additional safety concerns associated with driverless vehicles, AVs adoption is set to face more regulatory scrutiny than TNC adoption.

#### Summary

Section 5 presented an analysis of the historical trends in rental car market activity at CMH and developed forecasts of transaction days, the basis for calculating CFC revenues.

Although annual trends in transaction days have been unsteady over the past decade, they increased by 23 percent between 2008 and 2018, an average annual growth rate of 2.1 percent. Transaction days are forecast to grow by 3.3 percent in 2019 and continue growing at an average annual rate of 2.4 percent from 2019 through 2029, reaching 2.21 million in 2029. The low forecast assumes less favorable conditions for the drivers of rental car demand. Under this scenario, transaction days are forecast to grow at a slower annual average rate of 1.2 percent between 2019 and 2029, to reach 1.92 million in 2029.

The following factors drive future trends in transaction days:

- The projected growth in CMH enplanements averaging 1.7 percent per year beyond 2019, promotes growth in transaction days.
- The projected growth in U.S. real GDP, averaging 2.0 percent per year beyond 2019, promotes growth in transaction days.
- The projected trends in the overall price of renting a car, decreasing in real terms, promote growth in transaction days.
- The projected increase in TNC adoption dampens growth in transaction days.

# SECTION 6 | FINANCIAL ANALYSIS

This section discusses the financial aspects of the ConRAC, including the legal framework for the financing and operation of the ConRAC; the plan of finance; and projections of CFC collections and certain financial requirements pursuant to the CFC documents.

#### Legal Framework for the Financing and Operation of the ConRAC

The financing and operation of the ConRAC are governed by the following documents:

- The CFC Resolution
- Customer Facility Charge Master Trust Agreement
- Customer Facility Charge First Supplemental Trust Agreement
- Rental Car Concessionaire Agreements

#### **CFC** Resolution

On January 30, 2007, the Board adopted Resolution No. 03-07 which was amended by subsequent resolutions adopted in 2008, 2011, 2015, and 2016 (collectively referred to as the "CFC Resolution"). The CFC Resolution authorized the implementation of the collection of CFCs by the rental car companies operating at the Airport. The Authority implemented the CFC, effective July 1, 2007 at a rate of \$2.00 per transaction day. The CFC Resolution and the CFC rate may be amended from time to time by the Board. The CFC rate has been increased as follows, since its implementation at \$2.00:

- \$3.85 effective November 1, 2008
- \$4.50 effective June 1, 2011
- \$5.50 effective September 1, 2015
- \$6.00 effective September 1, 2016
- \$6.50 effective January 1, 2017

The current CFC rate remains at \$6.50 per transaction day, up to a maximum of seven days.

# Customer Facility Charge Master Trust Agreement

The Customer Facility Charge Master Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated May 2, 2019 (the CFC Master Trust Agreement) defines the obligations of the Authority to the Trustee and the bondholders related to the Series 2019 Bonds and any subsequent bonds issued pursuant to the CFC Master Trust Agreement.

The Series 2019 Bonds and any such subsequent bonds are special obligations of the Authority payable solely from and secured by a lien on Pledged Revenues and Pledged Funds, which are terms defined in the CFC Master Trust Agreement (see Section 1 of this Report for the definitions of those terms). No revenues or funds of the Authority, other than the Pledged Revenues and Pledged Funds, are pledged to the payment of the Series 2019 Bonds.

The CFC Master Trust Agreement defines the funds and accounts related to CFC funds, and the flow of CFC funds. All CFC Revenues are to be deposited with the Authority in the CFC Revenue Fund when received. The CFC Master Trust Agreement sets forth a flow of funds for the following two time periods:

- 1. Before Substantial Completion of the ConRAC41
- 2. After Substantial Completion of the ConRAC

During the time period after Substantial Completion, the moneys in the CFC Revenue Fund are to be disbursed and applied in the order of priority indicated in Figure 65. During the time period before Substantial Completion, all CFC Revenues held in the CFC Revenue Fund (except for the CFC Supplemental Reserve Account) are to be (i) disbursed and applied to satisfy the deposit requirements for the items labeled A through E indicated in Figure 65; and (ii) to pay cost overruns or shortfalls in the cost of constructing the Series 2019 Project, to the extent the Authority anticipates deficiencies in the CFC Construction Fund. If there are any Pledged Revenues not needed for items (i) or (ii) before Substantial Completion, such Pledged Revenues (except for the CFC Supplemental Reserve Account) are to remain in the CFC Revenue Fund. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds.

#### Customer Facility Charge First Supplemental Trust Agreement

The Customer Facility Charge First Supplemental Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated \_\_\_\_, 2019 (the CFC First Supplemental Trust Agreement) sets forth the terms relating specifically to the issuance of the Series 2019 Bonds.

<sup>&</sup>lt;sup>41</sup> "Substantial Completion" is defined in the CFC Master Trust Agreement as the point in time when (i) the Concessionaire is able to take possession of the premises in the ConRAC to be used exclusively by the Concessionaire (Exclusive Premises) and (ii) the Concessionaire has received a Certificate of Occupancy and /or a Temporary Certificate of Occupancy from the appropriate governmental agencies and is able to open for business.

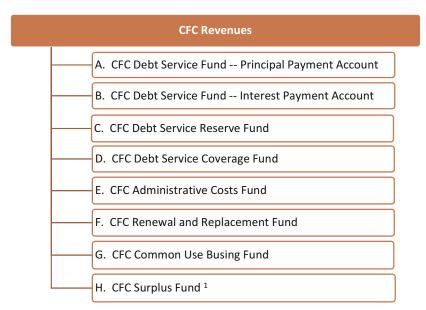


Figure 65 | Flow of CFC Funds After Substantial Completion of the ConRAC

## **Rental Car Concessionaire Agreements**

As of January 1, 2018, the Authority entered into an Agreement for the Operation of a Rental Car Concession (Concessionaire Agreements) with each of five rental car companies (the Concessionaires), which represent the following eight brands: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty. The five Concessionaires, and the brands operated by each, are the following:

- Avis Budget Car Rental, LLC (Avis and Budget)
- DTG Operations Inc. (Dollar and Thrifty)
- EAN Holdings, LLC (Enterprise)
- Byers Car Rental LLC (Hertz)
- Midwest Car Corporation (National and Alamo)

The term of the Concessionaire Agreements will begin effective with the opening of the ConRAC to the public (currently estimated to occur in mid-2021) and will terminate thirty years after the date of issuance of the Series 2019 Bonds. The Authority has the option to renegotiate the terms of the Concessionaire Agreements one year prior to the expected occupancy of the proposed new passenger terminal, and every five years thereafter.

Under the provisions of the Concessionaire Agreements, the Authority has agreed to construct the Series 2019 Project, and the Concessionaires have agreed to collect the CFC and to remit CFC

<sup>&</sup>lt;sup>1</sup> At Substantial Completion of the ConRAC, \$4.0 million will be set aside in the Supplemental CFC Reserve Account within the CFC Surplus Fund.

collections to the Authority on a monthly basis, by no later than the  $20^{\rm th}$  day of the month following collection.

The Concessionaires have also agreed to pay any amounts referred to as Concessionaire Deficiency Payments. Each year of the Concessionaire Agreements (Agreement Year), the Authority shall calculate whether there is a "CFC Deficiency" for that Agreement Year. The "CFC Deficiency" is defined in the Concessionaire Agreements as "the amount, if any, computed on an annual basis, by which available CFC revenues paid to the Authority for any Agreement Year are not sufficient to pay Debt Service on the Bonds, to maintain the coverage requirements defined in the documentation relating to or authorizing the Bonds (Minimum Annual Requirement), reserve funds, as well as other costs covered by the CFCs." If, after consultation with the Concessionaires, the Authority reasonably determines that there is a deficiency of CFC Revenues necessary to meet the required payment obligations (the Annual Obligation Requirements) during a current Agreement Year, or forecasted to be collected for any upcoming Agreement Year, the Authority will initiate the following actions, at the Authority's sole discretion, in the indicated order of priority:

- 1. Determine if an increase in the CFC rate is reasonably appropriate to cover all or a portion of the CFC Deficiency.
- 2. Determine if there are available CFC funds held in any CFC reserve accounts not required for the Bonds, which could be used to offset all or part of the CFC Deficiency for any applicable Agreement Year.
- 3. Identify if anticipated expenditures not funded with Bond proceeds can be deferred or reduced in scope, to offset in whole or in part the CFC Deficiency for any applicable Agreement Year.

The Concessionaire Deficiency Payment will commence on the first day of the month following thirty days' prior written notice from the Authority to the Concessionaires.

Each Concessionaire will be allocated a portion of the Customer Service Building, Ready/Return Areas, Storage Area, and QTA Areas, to be used on an exclusive basis. Other areas of the ConRAC, such as roadways, ramps, other non-public areas of the ConRAC, and the ground upon which the ConRAC will be located, will be used in common by all of the Concessionaires. The entire ConRAC will be operated, managed, and maintained by a third party facility manager selected by the Concessionaires as a group, subject to Authority approval.

In addition to remitting to the Authority the CFCs collected each month, the Concessionaires are required to pay to the Authority a Land Use Fee for the underlying land upon which the ConRAC will be located. The Land Use Fee will be due in 12 equal monthly installments each year, with the first monthly installment due on the Commencement Date, which is defined in the Concessionaire Agreements as the day the ConRAC opens and is available to the public. For each Agreement Year, the Concessionaires are also obligated to pay a Privilege Fee, which is defined as the greater of 10 percent of a Concessionaire's Gross Revenue (as defined in the Concessionaire Agreements) for the applicable Agreement Year or the Concessionaire's Minimum Annual Guarantee (MAG). The Privilege Fee for each Agreement Year is due in 12 monthly installments. Neither the Land Use Fee

payments nor the Privilege Fee payments remitted to the Authority pursuant to the Concessionaire Agreements are pledged as security for the payment of the Series 2019 Bonds.

#### Plan of Finance

The financial analysis assumes that a portion of the capital costs of the Series 2019 Project will be funded with CFCs collected prior to the issuance of the Series 2019 Bonds. The estimated sources and uses of funds for the Series 2019 Bond are presented on Table 15. The estimated costs and funding sources of the Series 2019 Project are summarized on Table 16.

Table 15 | Estimated Sources and Uses of Funds for the Series 2019 Bonds

Categories	Amount
Bond Par Amount	\$95,345,000
Total Sources	\$95,345,000
Deposit to Project Fund	\$86,330,834
Deposit to CFC Debt Service Reserve Fund	6,457,248
Deposit to CFC Debt Service Coverage Fund	1,614,312
Costs of Issuance	942,606
Total Uses	\$95,345,000

Source: PFM Financial Advisors LLC.

Table 16 | Estimated Costs and Funding Sources of the Series 2019 Project

Categories	Amount
Estimated Series 2019 Project Costs	\$152,700,000
Funding Sources:  Bond Proceeds Deposited to Series 2019 Project Fund and Interest Thereon	\$87,515,120
Accumulated CFC Collections Prior to Issuance of Series 2019 Bonds	65,184,880
Total Funding Sources	\$152,700,000

Source: The Authority and PFM Financial Advisors LLC.

#### **Debt Service**

The annual debt service schedule is presented on Table 17. The annual amounts are based on the timing of the required payments to the Trustee, which are estimated to equal approximately \$2.9 million in 2019, \$4.7 million in 2020, and then increase to \$6.5 million from 2021 and through maturity of the Series 2019 Bonds in 2048.

Table 17 | Estimated Annual Debt Service

Year	Principal	Interest	Total
2019	\$0	\$2,918,462	\$2,918,462
2020	0	4,690,385	4,690,385
2021	1,765,000	4,690,385	6,455,385
2022	1,830,000	4,625,327	6,455,327
2023	1,895,000	4,557,343	6,452,343
2024	1,970,000	4,485,049	6,455,049
2025	2,045,000	4,407,923	6,452,923
2026	2,130,000	4,326,123	6,456,123
2027	2,220,000	4,236,748	6,456,748
2028	2,315,000	4,141,377	6,456,377
2029	2,415,000	4,039,610	6,454,610
2030	2,525,000	3,931,031	6,456,031
2031	2,640,000	3,816,245	6,456,245
2032	2,760,000	3,694,910	6,454,910
2033	2,890,000	3,566,681	6,456,681
2034	3,025,000	3,430,967	6,455,967
2035	3,175,000	3,279,021	6,454,021
2036	3,335,000	3,118,588	6,453,588
2037	3,505,000	2,949,403	6,454,403
2038	3,685,000	2,770,894	6,455,894
2039	3,870,000	2,582,480	6,452,480
2040	4,075,000	2,380,737	6,455,737
2041	4,285,000	2,168,307	6,453,307
2042	4,510,000	1,944,930	6,454,930
2043	4,745,000	1,709,823	6,454,823
2044	4,990,000	1,462,466	6,452,466
2045	5,255,000	1,199,343	6,454,343
2046	5,535,000	922,247	6,457,247
2047	5,825,000	630,387	6,455,387
2048	6,130,000	323,235	6,453,235

Source: PFM Financial Advisors LLC., based on an assumed par amount of \$95.3 million, 30-year bond amortization period, and an estimated true interest cost (TIC) of approximately 5.08%. The annual amounts shown reflect the timing of the payments to the Trustee.

#### **Projected CFC Revenues**

Projected CFC Revenues under the base and low transaction day forecasts are shown on Table 18. It is assumed that the CFC rate will be maintained at the current level of \$6.50 per transaction day throughout the forecast period, up to a maximum of seven days per rental contract. CFC Revenues are projected to increase from approximately \$10.8 million in 2019 to \$13.7 million in 2029 under the base forecast, and from \$10.5 million in 2019 to \$11.8 million in 2029 under the low forecast.

Table 18 | Projected CFC Revenues Base and Low Transaction Day Forecasts

		Base Forecas	st		Low Forecas	st
	Transaction			Transaction		
Year	Days	CFC Rate	CFC Revenues	Days	CFC Rate	CFC Revenues
2019	1,750,467	\$6.50	\$10,809,137	1,701,776	\$6.50	\$10,508,467
2020	1,783,112	\$6.50	\$11,010,714	1,712,714	\$6.50	\$10,576,012
2021	1,846,471	\$6.50	\$11,401,957	1,727,135	\$6.50	\$10,665,060
2022	1,914,297	\$6.50	\$11,820,781	1,746,987	\$6.50	\$10,787,643
2023	1,966,452	\$6.50	\$12,142,841	1,772,148	\$6.50	\$10,943,014
2024	2,016,014	\$6.50	\$12,448,888	1,794,776	\$6.50	\$11,082,741
2025	2,056,603	\$6.50	\$12,699,521	1,815,798	\$6.50	\$11,212,551
2026	2,093,841	\$6.50	\$12,929,467	1,839,128	\$6.50	\$11,356,613
2027	2,131,990	\$6.50	\$13,165,038	1,864,705	\$6.50	\$11,514,553
2028	2,172,984	\$6.50	\$13,418,174	1,892,606	\$6.50	\$11,686,841
2029	2,212,432	\$6.50	\$13,661,766	1,917,825	\$6.50	\$11,842,570

#### **Application of CFC Revenues**

The application of CFC Revenues, pursuant to the flow of funds established in the Master CFC Master Trust Agreement, assuming the base and low forecasts of transaction days, is presented on Table 19 and Table 20, respectively. Projected CFC Revenues are shown for the period prior to issuance of the Series 2019 Bonds and for the period after the issuance of the Series 2019 Bonds.

CFCs collected prior to the issuance of the Series 2019 Bonds are deposited into the Authority's CFC Fund, which is not part of the flow of funds set forth in the CFC Master Trust Agreement (the conditions of which will become effective at the time of the issuance of the Series 2019 Bonds). The Authority plans to use a portion of the CFCs collected prior to Bond issuance for the costs of certain enabling projects, and certain preliminary costs of the Series 2019 Project. The Authority plans to transfer a portion of the CFCs collected prior to Bond issuance, and the moneys remaining in the Authority's CFC Fund as of the date of the issuance of the Series 2019 Bonds into the CFC Revenue Fund (which is defined in the CFC Master Trust Agreement).

On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. After Substantial Completion, the CFC Supplemental Reserve Account shall be transferred

Table 19 | Application of CFC Revenues Assuming Base Forecast of Transaction Days

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
CFC Fund											
Beginning Balance	\$59,060,429	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFCs prior to Bond Issuance	3,026,558	0	0	0	0	0	0	0	0	0	0
Less CFCs applied to:											
Construction Account <sup>1</sup>	(55,086,987)	0	0	0	0	0	0	0	0	0	0
Garage restoration costs	(3,000,000)	0	0	0	0	0	0	0	0	0	0
Transfer to CFC Revenue Fund	(4,000,000)	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFC Revenue Fund											
CFC Collections after Bond Issuance	\$7,782,578	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Transfer from CFC Fund <sup>2</sup>	4,000,000	0	0	0	0	0	0	0	0	0	0
Total Deposits to CFC Revenue Fund	\$11,782,578 \$1	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Application of CFC Revenues											
Deposits to CFC Revenue Fund	\$11,782,578	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Transfers to:											
CFC Debt Service Fund	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
<b>CFC Debt Service Reserve Fund</b>	0	0	0	0	0	0	0	0	0	0	0
<b>CFC Debt Service Coverage Fund</b>	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC R&R Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
<b>CFC Common Use Busing Fund</b>	0	0	936,000	1,909,440	1,985,818	2,065,250	2,147,860	2,233,775	2,323,126	2,439,737	2,537,327
CFC Revenue Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Surplus Fund	0	0	18,495,017	2,056,014	2,304,680	2,528,589	2,698,738	3,381,842	4,069,710	4,206,605	4,354,375
Total Application of CFC Revenues	\$2,918,462	\$4,690,385	\$26,586,402	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Increase (Decrease) in CFC Rev. Fund	8,864,116	6,320,329	(15,184,445)	0	0	0	0	0	0	0	0
Ending Balance in CFC Revenue Fund	\$8,864,116	\$15,184,445	0\$	0\$	\$0	\$0	0\$	\$0	\$0	\$0	\$0
CFC Surplus Fund		(	(								1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
beginning balance Denocite	04	04	18 495 017	7.056.017	220,551,032 2 304 680	7 578 589	7 698 738	3 381 842	531,464,880	735,534,590	539,/41,194 //35/375
Fording Balance 2	O V	Û\$	\$18 495 017	\$20,553,514	\$22,555,555	\$25,320	\$28.083.038	\$31.464.880	\$35,534,590	\$39 741 194	\$44.095.569
בומווס ממומים	Ω¢	Ω¢	/TO'66+'0T¢	250,155,03¢	21,660,77¢	553,364,300	950,000,02¢	000,404,1 C¢	066,466,666	402,141,104	COC,CCO,++¢

<sup>&</sup>lt;sup>2</sup> On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve <sup>1</sup> Amount to be deposited to the Construction Account in 2019 is in addition to approximately \$9.9 million in CFCs previously applied to the Series 2019 Project costs. Account in the CFC Revenue Fund. After Substantial Completion, the CFC Supplemental Reserve Account shall be transferred to the CFC Surplus Fund.

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Table 20 | Application of CFC Revenues Assuming Low Forecast of Transaction Days

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
CFC Fund											
Beginning Balance	\$59,060,429	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFCs prior to Bond Issuance Less CFCs applied to:	2,942,371	0	0	0	0	0	0	0	0	0	0
Construction Account 1	(55,002,800)	0	0	0	0	0	0	0	0	0	0
Garage restoration costs	(3,000,000)	0	0	0	0	0	0	0	0	0	0
Transfer to CFC Revenue Fund <sup>2</sup>	(4,000,000)	0	0	0	0	0	0	0	0	0	0
Ending Balance	0\$	0\$	0\$	0\$	0\$	0\$	0\$	0\$	0\$	0\$	0\$
CFC Revenue Fund											
CFC Collections after Bond Issuance	\$7,566,096	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Transfer from CFC Fund	4,000,000	0	0	0	0	0	0	0	0	0	0
Total Deposits to CFC Revenue Fund	\$11,566,096 \$10,576,012	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Application of CFC Revenues											
Deposits to CFC Revenue Fund	\$11,566,096	\$11,566,096 \$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014 \$11,082,741	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Transfers to:											
CFC Debt Service Fund	\$2,918,462	\$4,690,385	\$6,455,385	\$6,455,327	\$6,452,343	\$6,455,049	\$6,452,923	\$6,456,123	\$6,456,748	\$6,456,377	\$6,454,610
CFC Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC R&R Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
CFC Common Use Busing Fund	0	0	936,000	1,909,440	1,985,818	2,065,250	2,147,860	2,233,775	2,323,126	2,439,737	2,537,327
CFC Surplus Fund	0	0	17,106,936	1,022,876	1,104,853	1,162,442	1,211,768	1,808,988	2,419,225	2,475,272	2,535,178
Total Application of CFC Revenues	\$2,918,462	\$4,690,385	\$25,198,321	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Increase (Decrease) in CFC Rev. Fund	8,647,634	5,885,627	(14,533,261)	0	0	0	0	0	0	0	0
Ending Balance in CFC Revenue Fund	\$8,647,634	\$14,533,261	0\$	0\$	\$0	\$0	0\$	\$0	\$0	\$0	\$0
CFC Surplus Fund	Ç	ć	ç	700 000	0,000	7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	100000	770007	44.1000	000	
Deposite	ο <sub>τ</sub> (	Ď, O	17 106 936			1 162 472				27,777,777	7 535 178
Ending Balance 2	\$0\$	\$0\$			\$19.234.665	\$20,397.107	\$21,608,874		\$25,837,088	\$28,312,359	\$30,847,537
Ending Balance *	\$0	\$0	\$17,106,936	\$18,129,812	\$19,234,665	\$20,397,107	\$21,608,	874	874 \$23,417,863		\$23,417,863

<sup>1</sup> Amount to be deposited to the Construction Account in 2019 is in addition to approximately \$9.9 million in CFCs previously applied to the Series 2019 Project costs.

On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. After Substantial Completion, the CFC Supplemental Reserve Account shall be transferred to the CFC Surplus Fund.

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to and maintained as a separate account in the CFC Surplus Fund. Moneys in the CFC Supplemental Reserve Account shall continue to be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. All other moneys in the CFC Revenue Fund shall be disbursed and applied by the Authority in the manner and order of priority specified in the CFC Master Trust Agreement.

The amounts deposited into the CFC Revenue Fund are projected to be applied in the order specified in the CFC Master Trust Indenture, as follows:

- 1. Required deposits to the Debt Service Fund, to pay the annual Principal and Interest obligations on the Series 2019 Bonds. No deposits are projected to be required throughout the projection period for the next three (3) funds in the order of priority of the flow of funds: CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Administrative Costs Fund. Therefore, prior to Substantial Completion of the ConRAC (currently estimated to occur in mid-2021), all remaining CFC Revenues are projected to remain in the CFC Revenue Fund. Upon the Substantial Completion of the ConRAC, the balance remaining in the CFC Revenue Fund will be transferred to the Surplus Fund, as described below. After Substantial Completion of the ConRAC, the annual CFC Revenues in excess of the annual deposits into the Debt Service Fund will be applied to the remaining funds (depicted below), as specified in the flow of funds.
- 2. Deposits to the CFC Renewal and Replacement Fund are estimated by the Authority at an annual amount of \$1.4 million for the first five years of operation of the ConRAC (mid-2021 through mid-2026) and \$315,455 beginning in mid-2026 and throughout the remainder of the forecast period.
- 3. Deposits to the CFC Common Use Busing Fund, to cover all or a portion of the projected costs of the busing operation. The Concessionaire Agreements specify the maximum annual amounts to be paid from CFC Revenues each year. The maximum amounts, which are used in this financial analysis, are scheduled to begin at \$1.9 million in mid-2021 and increase each year thereafter, to approximately \$2.5 million in 2029. Any amounts incurred for the Common Use Busing fleet in excess of the maximum annual amounts specified in the Concessionaire Agreements will be the financial responsibility of the concessionaires.
- 4. All remaining moneys deposited into the CFC Revenue Fund after the above deposits have been completed (including the balance in the CFC Revenue Fund at Substantial Completion of the ConRAC) will be transferred into the CFC Surplus Fund. Moneys in the CFC Supplemental Reserve Account shall continue to be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. The Authority in its sole discretion may, but shall not be obligated to, replenish the CFC Supplemental Reserve Account from available moneys in the CFC Surplus Fund. The annual deposits to the CFC Surplus Fund from 2020 through 2029, assuming the base forecast of transaction days, are projected to increase

from approximately \$2.1 million in 2022 to \$4.4 million in 2029. Under the base forecast, the balance in the CFC Surplus Fund is projected to increase to approximately \$44.1 million in 2029. Assuming the low forecast of transaction days, the annual deposits to the CFC Surplus Fund are projected to increase from approximately \$1.0 million in 2021 to \$2.5 million in 2029. Under the low forecast, the balance in the CFC Surplus Fund is projected to increase to approximately \$30.8 million in 2029.

#### Rate Covenant

Pursuant to the CFC Master Trust Agreement, the Authority covenants that it will maintain, collect and remit to the Trustee a CFC in accordance with the CFC Resolution and the Concessionaire Agreements to produce sufficient CFC Revenues, together with any Concessionaire Deficiency Payments and any amounts the Authority transfers from the CFC Surplus Fund to the CFC Revenue Fund, to equal the greater of:

- 100 percent of the amounts required to be deposited into the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund, and the CFC Renewal and Replacement Fund, or
- ii. 125 percent of the amount of Debt Service for the Fiscal Year.

The Rate Covenant calculations for each year during the forecast period, assuming the base and low forecasts of transaction days, are presented on Table 21 and Table 22, respectively. Following are summaries of the calculations:

Base forecast of transaction days: The calculation specified in (i) above yields a projected debt service coverage of 2.67 in 2019 and 2.35 in 2020 before decreasing to 1.50 in 2022, and then increasing each year thereafter, to 2.02 in 2029. The calculation specified in (ii) above yields a debt service coverage of 2.67 in 2019 and 2.35 in 2020 before decreasing to 1.77 in 2021, and then increasing to 2.12 in 2029. Including the debt service coverage amount, debt service coverage is projected to increase from 2.02 in 2021 to 2.37 in 2029.

Low forecast of transaction days: The calculation specified in (i) above yields a projected debt service coverage of 2.59 in 2019 and 2.25 in 2020 before decreasing to 1.37 in 2022, and then increasing each year thereafter, to 1.75 in 2029. The calculation specified in (ii) above yields a debt service coverage of 2.59 in 2019 and 2.25 in 2020 before decreasing to 1.65 in 2021, and then increasing to 1.83 in 2029. Including the debt service coverage amount, debt service coverage is projected to increase from 1.91 in 2021 to 2.10 in 2029.

Table 21 | Debt Service Coverage Assuming Base Forecast of Transaction Days

:y Payments			T 707	7707	2023	7074	2025	2020	2021	2020	2023
cy Payments	\$7,782,578 \$	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$11,010,714 \$11,401,957 \$11,820,781 \$12,142,841 \$12,448,888 \$12,699,521 \$12,929,467 \$13,165,038 \$13,418,174 \$13,661,766	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
	0	0	0	0	0	0	0	0	0	0	0
Total Pledged Revenues \$7,	\$ 7,782,578 \$	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$11,010,714 \$11,401,957 \$11,820,781 \$12,142,841 \$12,448,888 \$12,699,521 \$12,929,467 \$13,165,038 \$13,418,174 \$13,661,766	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Deposits to:											
CFC Debt Service Fund 2,9	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
CFC Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Renewal & Replacement Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
Total Required Deposits 2,9	2,918,462	4,690,385	7,155,385	7,855,327	7,852,343	7,855,049	7,852,923	7,313,851	6,772,203	6,771,832	6,770,065
Rate Covenant											
CFC Revenues must be the greater of at least:											
(i) 100% (1.00) of Deposits to Funds	2.67	2.35	1.59	1.50	1.55	1.58	1.62	1.77	1.94	1.98	2.02
(ii) 125% (1.25) of Debt Service	2.67	2.35	1.77	1.83	1.88	1.93	1.97	2.00	2.04	2.08	2.12

# Including Debt Service Coverage <sup>1</sup>

Pledged Revenues	\$7,782,578	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$11,010,714   \$11,401,957   \$11,820,781   \$12,142,841   \$12,448,888   \$12,699,521   \$12,929,467   \$13,165,038   \$13,418,174   \$13,661,766	\$13,418,174	\$13,661,766
Add: Debt Service Coverage Fund	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	$1,614,312 \qquad 1,614,312 \qquad 1,61$	1,614,312	1,614,312
Total Available for Debt Service	\$9,396,890	\$12,625,026	\$13,016,269	\$13,435,093	\$13,757,153	\$14,063,200	\$14,313,833	\$14,543,779	312,625,026 \$13,016,269 \$13,435,093 \$13,757,153 \$14,063,200 \$14,313,833 \$14,543,779 \$14,779,350 \$15,032,486 \$15,276,078	\$15,032,486	\$15,276,078
Debt Service	2,918,462	4,690,385	6,455,385	6,455,327		6,452,343 6,455,049	6,452,923	6,456,123		6,456,748 6,456,377	6,454,610
Ratio with Debt Service Coverage Fund	3.22	2.69	2.02	2.08		2.18	2.22	2.25		2.33	

<sup>&</sup>lt;sup>1</sup>The Rate Covenant calculation presentation in the middle of the table is pursuant to the Rate Covenant definition in the CFC Master Trust Agreement. The debt service coverage calculation including the balance in the Debt Service Coverage Fund (presented at the bottom of the table) is not part of the Rate Covenant. It is included in this table to demonstrate the coverage if all available funds are considered.

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Table 22 | Debt Service Coverage Assuming Low Forecast of Transaction Days

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Pledged Revenues CFC Revenues Concessionaire Deficiency Payments	960'995'2\$	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$10,576,012 \$10,665,060 \$10,787,643 \$10,943,014 \$11,082,741 \$11,212,551 \$11,356,613 \$11,514,553 \$11,686,841 \$11,842,570 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Total Pledged Revenues	960'995'2\$	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$10,665,060 \$10,787,643 \$10,943,014 \$11,082,741 \$11,212,551 \$11,356,613	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841 \$11,842,570	\$11,842,570
Deposits to:											
CFC Debt Service Fund	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
CFC Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Renewal & Replacement Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
Total Required Deposits	2,918,462	4,690,385	7,155,385	7,855,327	7,852,343	7,855,049	7,852,923	7,313,851	6,772,203	6,771,832	6,770,065
Rate Covenant											
CFC Revenues must be the greater of at least:											
(i) 100% (1.00) of Deposits to Funds	2.59	2.25	1.49	1.37	1.39	1.41	1.43	1.55	1.70	1.73	1.75
(ii) 125% (1.25) of Debt Service	2.59	2.25	1.65	1.67	1.70	1.72	1.74	1.76	1.78	1.81	1.83

	000	011	1	9	2	1	1	9		1	2
(ii) 125% (1.25) of Debt Service	2.59	2.25	1.65	1.67	1.70	1.72	1.74	1.76	1.78	1.81	1.83
Including Debt Service Coverage <sup>1</sup>											•
Pledged Revenues	\$7,566,096	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$10,576,012 \$10,665,060 \$10,787,643 \$10,943,014 \$11,082,741 \$11,212,551 \$11,356,613 \$11,514,553 \$11,686,841 \$11,842,570	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Add: Debt Service Coverage Fund	1,694,848	1,694,848	1,694,848	1,694,848	1,694,848	$1,694,848 \qquad 1,694,848 \qquad 1,69$	1,694,848	1,694,848	1,694,848	1,694,848	1,694,848
Total Available for Debt Service	\$9,260,944	\$12,270,860	\$12,359,908	\$12,482,491	\$12,637,862	\$9,260,944 \$12,270,860 \$12,359,908 \$12,482,491 \$12,637,862 \$12,777,589 \$12,907,399 \$13,051,461 \$13,209,401 \$13,381,689 \$13,537,418	\$12,907,399	\$13,051,461	\$13,209,401	\$13,381,689	\$13,537,418
Debt Service	2,918,462	4,690,385		6,455,327	6,455,385 6,455,327 6,452,343	6,455,049	6,452,923	6,455,049 6,452,923 6,456,123	6,456,748	6,456,377	6,454,610
Ratio with Debt Service Coverage Fund	3.17	2.62	1.91	1.93	1.96	1.98	2.00	2.02	2.05	2.07	2.10

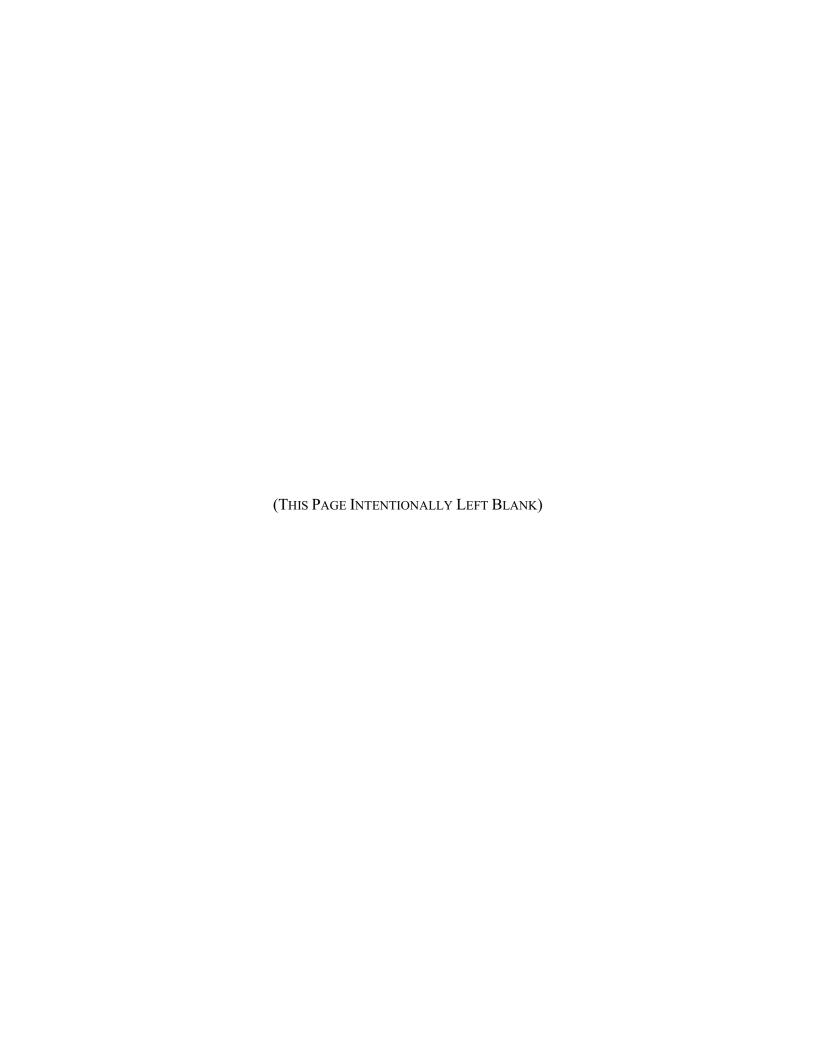
<sup>&</sup>lt;sup>1</sup>The Rate Covenant calculation presentation in the middle of the table is pursuant to the Rate Covenant definition in the CFC Master Trust Agreement. The debt service coverage calculation including the balance in the Debt Service Coverage Fund (presented at the bottom of the table) is not part of the Rate Covenant. It is included in this table to demonstrate the coverage if all available funds are considered.

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#### APPENDIX B

#### **Audited Financial Statements**

The following report in this APPENDIX B is subject to review and acceptance by the Ohio Auditor of State's office, and the requirements of Ohio Revised Code Section 117.25 are not met until the Ohio Auditor of State certifies this report. This process will be completed by the Ohio Auditor of State in a reasonable timeframe and reports are subject to change if the Ohio Auditor of State determines that modification of a report is necessary to comply with required accounting or auditing standards or Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.





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#### **Independent Auditor's Report**

To the Board of Directors
Columbus Regional Airport Authority

#### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of Columbus Regional Airport Authority (the "Authority") as of and for the years ended December 31, 2018 and 2017 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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 of America 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Columbus Regional Airport Authority as of December 31, 2018 and 2017 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter

As described in Note 17 to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which resulted in the Authority restating net position for the recognition of the Authority's other postemployment benefit-related activity incurred prior to January 1, 2018. Our opinion is not modified with respect to this matter.



To the Board of Directors
Columbus Regional Airport Authority

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Columbus Regional Airport Authority's basic financial statements. The supplemental schedule of revenue and expenses: budget vs. actual - budget basis, schedule of expenditures of federal awards, and schedule of expenditures of passenger facility charges, the introductory section, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance").

The supplemental schedule of revenue and expenses: budget vs. actual - budget basis, schedule of expenditures of federal awards, and schedule of expenditures of passenger facility charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of revenue and expenses: budget vs. actual - budget basis, schedule of expenditures of federal awards, and schedule of expenditures of passenger facility charges are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2019 on our consideration of Columbus Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering Columbus Regional Airport Authority's internal control over financial reporting and compliance.

Plante | Moran, PLLC

March 20, 2019

# **Management's Discussion**

# and Analysis

The following unaudited Management's Discussion and Analysis (MD&A) of the Columbus Regional Airport Authority's (the Authority) financial performance provides an introduction to the financial statements for the years ended December 31, 2018 and 2017. The information contained in this MD&A should be considered in conjunction with the information contained in the Authority's financial statements.

# Overview of the **Financial Statements**

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated (except land and construction in progress) over their estimated useful lives. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following this MD&A are the basic financial statements of the Authority together with the notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The **Statements of Net Position** present information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position.

The **Statements of Revenues, Expenses, and Changes in Net Position** present information showing how the Authority's net position changed during the most recent years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

The **Statements of Cash Flows** relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in these statements. A reconciliation is provided at the bottom of the Statements of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income or loss.

In addition to the basic financial statements and accompanying notes, this report also presents the Required Supplementary Information Schedule of the Authority's Proportionate Share of the Net Pension Liability, Required Supplementary Information Schedule of the Authority's Pension Contributions and Supplemental Schedule of Revenues and Expenses – Budget vs. Actual – Budget Basis.

In 2001, the County of Franklin, Ohio (the County) Board of Commissioners approached the Mayor and officials of the City of Columbus, Ohio (the City) with the idea of creating one port authority to oversee the airports managed by the Columbus Municipal Airport Authority (CMAA) and the Rickenbacker Port Authority (RPA). The County and the City formed a committee, the Regional Port Authority Study Committee that evaluated and concluded that there was the potential for achieving cost savings, operational efficiencies and other intangible synergies by creating a single

regional airport authority to oversee the operations of Port Columbus International (CMH), Rickenbacker International (LCK) and Bolton Field (TZR) airports. On December 12, 2002, the County, the City and the CMAA entered into the Port Authority Consolidation and Joinder Agreement (the 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 (the Authority). The assets of the RPA were recorded on the Authority's records at net book value. Additional information may be found in Note 1 of the accompanying notes.

# Significant **Events**

# John Glenn and Rickenbacker airports experience continued growth during 2018

John Glenn Columbus International Airport (CMH) and Rickenbacker International Airport (LCK) helped drive the growth of Columbus, the fastest-growing metropolitan area in the Midwest, with expanded flights for both passengers and cargo. Passengers at CMH and LCK totaled 8.4 million, with more than 8.1 million passengers traveling through CMH in 2018, up 7.5 percent from 2017 making it the airport's busiest year in history. While more than 300 million pounds of cargo flew through LCK in 2018, which represents a nearly 18 percent increase from 2017.

# John Glenn International Airport approves construction of new Rental-Car Facility

John Glenn Columbus International Airport announced the approval of a construction of \$140 million consolidated rental-car facility to alleviate unprecedented demand on garage parking. The construction which begins in 2019 will allow the Authority to reclaim 2 levels of the long term parking garage and add an additional 1,400 parking places for the public.

# \$12.9 billion economic impact from CRAA airports and Foreign Trade Zone 138

The airports and business segments operated by the Columbus Regional Airport Authority (CRAA) generate more than 58,730 jobs that create \$3.1 billion in annual payroll, driving \$12.9 billion in annual economic activity in the state of Ohio, according to an independent economic impact study findings. This reflects a significant growth since 2012 and touts the claim of one of the fastest growing metropolitan areas in the Midwest.

# Financial Highlights

The Authority's overall financial position improved during 2018 as evidenced by our continued growth in total net position and the reduction in outstanding debt as well as our continued strong liquidity position.

#### A summary of the Authority's financial highlights for the year 2018 is as follows:

The Authority's Total Assets increased \$22.4 million over 2017. Current Assets increased \$2.2 million as a result of increased short term investments. Non-Current Assets (Unrestricted and Restricted) increased \$20.3 million primarily due to increased restricted cash and equivalents.

Total Liabilities increased \$497,000 over 2017. The increase is primarily the result of \$1.7 million increase in current liabilities related to tenant prepayments offset by a \$1.2 million decrease in long-term liabilities related to long-term debt.

Total 2018 Operating Revenues were favorable to budget by \$4.4 million as a result of increased parking, concession and cargo revenues offset by a decrease in airline revenues. Compared to 2017, total Operating Revenues increased \$4.1 million. The increase is primarily a result of higher revenue received from parking, concession and cargo operations.

Total 2018 Operating Expenses were unfavorable to budget by \$5.0 million related to increased pension and OPEB expense and parking services. Compared to 2017, total Operating Expenses increased \$4.0 million. The increase is primarily a result of an increase associated with employee wages & benefits and purchased services.

# A summary of the Authority's financial highlights for the year 2017 is as follows:

The Authority's Total Assets increased \$10.6 million over 2016. Current Assets decreased \$4.5 million as a result of decreased cash and equivalents and short term investments. Non-Current Assets (Unrestricted and Restricted) increased \$15.0 million primarily due to increased restricted and unrestricted investments, and restricted cash and equivalents offset by a decrease in Capital Assets.

Total Liabilities decreased \$4.5 million over 2016. The decrease is primarily the result of a decrease in unearned rental income and long-term debt offset by an increase in net pension liability.

Total 2017 Operating Revenues were favorable to budget by \$305,374 as a result of increased airline, concession and cargo revenues offset by a decrease in parking revenues. Compared to 2016, total Operating Revenues increased \$8.4 million. The increase is primarily a result of higher revenue received from parking, airlines and cargo operations.

Total 2017 Operating Expenses were unfavorable to budget by \$4.5 million related to increased employee wages & benefits and purchase of services. Compared to 2016, total Operating Expenses increased \$8.0 million. The increase is primarily a result of an increase associated with employee wages & benefits and purchased services.

#### Financial Position

The following represents the Authority's financial position for the years ended December 31:

	Dollars in 000's						% Change		
		2018		2017		2016	2018	2017	
ASSETS									
Current Assets - Unrestricted	\$	73,726	\$	71,541	\$	75,994	3.1	-5.9	
Capital Assets		760,545		758,463		760,733	0.3	-0.3	
Other Non-Current Assets - Unrestricted		31,857		34,091		29,859	-6.6	14.2	
Other Non-Current Assets - Restricted		104,162		83,747		70,702	24.4	18.5	
Total Assets		970,290		947,842		937,288	2.4	1.1	
DEFERRED OUTFLOWS OF RESOURCES									
Pensions and OPEB		9,187		16,904		12,027	-45.7	40.6	
<b>Total Deferred Outflows of Resources</b>		9,187		16,904		12,027	-45.7	40.6	
LIABILITIES									
Current Liabilities - Unrestricted		28,687		26,994		28,321	6.3	-4.7	
Long-Term Liabilities - Restricted		21,144		20,151		19,388	4.9	3.9	
Long-Term Liabilities - Unrestricted		110,850		113,037		116,965	-1.9	-3.4	
Total Liabilities		160,681		160,182		164,674	0.3	-2.7	
DEFERRED INFLOWS OF RESOURCES									
Bond Refunding, Pensions, and OPEB		8,329		678		1,028	1128.5	-34.0	
Total Deferred Inflows of Resources		8,329		678		1,028	1128.5	-34.0	
NET POSITION									
Net Investment In Capital Assets		679,579		667,630		660,463	1.8	1.1	
Net Position - Restricted		102,829		83,063		70,192	23.8	18.3	
Net Position - Unrestricted		28,059		53,193		52,958	-47.3	0.4	
Total Net Position	\$	810,467	\$	803,886	\$	783,613	0.8	2.6	

# An analysis of significant changes in assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for the year 2018 is as follows:

The net pension liability (NPL) reported by the Authority at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding

approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service

2Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This

implementation also had the effect of restating net position at December 31, 2018, from \$803,885,797 to \$785,277,941.

The Authority's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows by \$810.5 million, a \$6.6 million increase over December 31, 2017. The largest portion of the Authority's net position each year (\$679.6 million or 83.85% at December 31, 2018) represents its investment in capital assets, less the related debt outstanding used to acquire those capital assets. The Authority uses these capital assets to provide services to its aviation partners, passengers and visitors to the airports; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net position (\$102.8 million or 12.7% at December 31, 2018) represents resources that are restricted for the funding of bond reserves and capital projects. These resources are not available for new spending because they have already been committed to fund bond reserves and capital projects.

The remaining unrestricted net position of \$28.1 million may be used to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future capital expenditures and to maintain adequate levels of working capital.

# An analysis of significant changes in assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for the year 2017 is as follows:

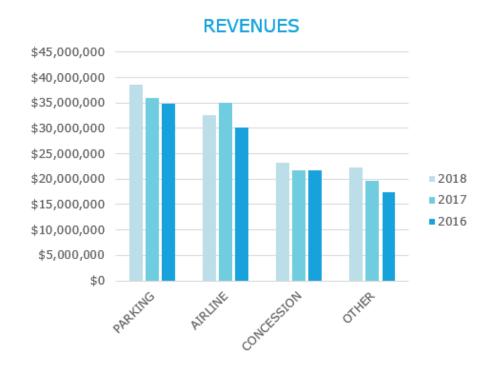
The Authority's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows by \$803.9 million, a \$20.3 million increase over December 31, 2016. The largest portion of the Authority's net position each year (\$667.6 million or 83.05% at December 31, 2017) represents its investment in capital assets, less the related debt outstanding used to acquire those capital assets. The Authority uses these capital assets to provide services to its aviation partners, passengers and visitors to the airports; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net position (\$83.1 million or 10.3% at December 31, 2017) represents resources that are restricted for the funding of bond reserves and capital projects. These resources are not available for new spending because they have already been committed to fund bond reserves and capital projects.

The remaining unrestricted net position of \$53.0 million may be used to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future capital expenditures and to maintain adequate levels of working capital.

The following represents the Authority's summary of operating revenues by source for the years ended December 31:

	Dollars in 000's							% Change	
		2018		2017		2016		2018	2017
Parking Revenue	\$	38,694	\$	36,006	\$	34,821		7.5	3.4
Airline Revenue		32,676		35,125		30,215		-7.0	16.3
Concession Revenue		23,152		21,800		21,791		6.2	0.0
Cargo Operations Revenue		7,791		6,488		5,338		20.1	21.5
Hotel Operations Revenue		4,615		4,492		4,605		2.7	-2.5
General Aviation Revenue		3,631		3,524		3,276		3.0	7.6
Foreign Trade Zone Fees		310		320		325		-3.1	-1.5
Other Revenue		5,869		4,820		3,846		21.8	25.3
<b>Total Operating Revenues</b>	\$	116,738	\$	112,575	\$	104,217		3.7	8.0



# An analysis of significant changes in revenues for the year 2018 is as follows:

- Parking Revenue increased \$2.7 million or 7.5%. This increase is related to an increase in enplaned passengers utilizing parking facilities over 2017.
- Cargo Operations Revenue increased \$1.3 million or 20.1%. This is the result of increased landing fees and fuel fees over 2017.

## An analysis of significant changes in revenues for the year 2017 is as follows:

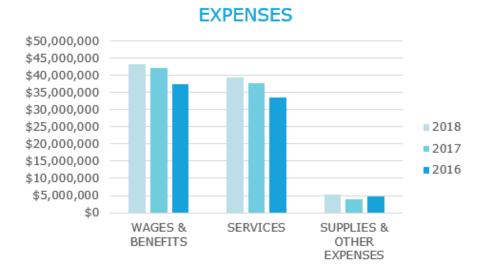
- Airline Revenue increased \$4.9 million or 16.3%. This increase is related to an increase in landing fees and rental rates offset by a decrease in airline credits over 2016.
- Cargo Operations Revenue increased \$1.2 million or 21.5%. This is the result of increased landing fees and fuel fees over 2016.

# The following represents the Authority's summary of operating expenses by source for the years ended December 31:

	Dollars in 000's							% Change	
		2018		2017		2016		2018	2017
Employee Wages & Benefits	\$	43,310	\$	42,287	\$	37,606		2.4	12.4
Purchase of Services		36,750		35,126		31,138		4.6	12.8
Materials & Supplies		5,293		3,964		4,607		33.5	-14.0
Hotel Services		2,576		2,487		2,437		3.6	2.1
Other Expenses		57		25		138		128.0	-81.9
<b>Total Operating Expenses</b>	\$	87,986	\$	83,889	\$	75,926		4.9	10.5

<sup>\*</sup> The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 and 2016 operating expenses still include OPEB expense of \$281,964 and \$488,880 computed under GASB 45, respectively. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$1,416,245. Consequently, in order to compare 2018 to 2017 total operating expense, the following adjustments are needed:

Total 2018 Operating Expenses under GASB 75	5	87,986,375
Less: OPEB Expense under GASB 75		(1,416,245)
Add: 2018 Contractually Required Contribution		
Adjusted 2018 Operating Expenses		86,570,130
Total 2017 Operating Expense under GASB 45		83,888,713
Increase in Operating Expenses Not Related to OPEB Expense	\$	2,681,417



## An analysis of significant changes in expenses for the year 2018 is as follows:

- Employee Wages & Benefits increased by \$1.0 million or 2.4% due to increased pension expense related to GASB 68 and GASB 75.
- Purchased Services increased by \$1.6 million or 4.6% due to increased contract labor related to ground handling services at Rickenbacker Inland Port and parking services as well as increased airport maintenance and professional services over 2017.

# An analysis of significant changes in expenses for the year 2017 is as follows:

- Employee Wages & Benefits increased by \$4.7 million or 12.4% due to increased pension expense related to GASB 68.
- Purchased Services increased by \$4.0 million or 12.8% due to increased contract labor related to ground handling services at Rickenbacker Inland Port and parking services as well as increased airport maintenance and professional services over 2016.

#### The following represents the Authority's summary of changes in net position for the years ended December 31:

	D	ollars in 000	% Change		
	2018	2017	2016	2018	2017
Total Operating Revenues	\$ 116,738	\$ 112,576	\$ 104,218	3.7	8.0
Total Operating Expenses	(87,986)	(83,888)	(75,926)	4.9	10.5
Operating Income before Depreciation	28,751	28,688	28,292	0.2	1.4
Depreciation	(47,232)	(46,107)	(44,160)	2.4	4.4
Operating Loss	(18,481)	(17,419)	(15,868)	6.1	9.8
Investment Income	1,493	986	662	51.4	48.9
Passenger Facility Charges	16,701	14,802	14,436	12.8	2.5
Rental Car Facility Charges	11,521	10,582	9,768	8.9	8.3
Interest Expense	(1,708)	(1,782)	(3,477)	-4.2	-48.7
Loss on Securities	(96)	(232)	(170)	-58.6	36.5
Amortization of Deferred Charges	58	58	(158)	0.0	-136.7
Gain on Disposal of Assets	7,111	1,303	7,767	445.7	-83.2
Other Non-Operating Revenue	155	640	394	-75.8	62.4
Income before Capital Contributions	16,754	8,938	13,354	87.4	-33.1
Capital Contributions	8,435	11,335	19,006	-25.6	-40.4
Increase in Net Position	25,189	20,273	32,360	24.2	-37.4
Net Position - Beginning of Year	803,886	783,613	751,251	2.6	4.3
Restatement for GASB 75	(18,608)	-	-	-	-
Net Position - End of Year	810,467	803,886	783,611	0.8	2.6

#### An analysis of significant changes in net position for the year 2018 is as follows:

- Passenger Facility Charges increased by \$1.9 million or 12.8% related to an increase in passenger traffic.
- Gain on Disposal of Assets increased by \$5.8 million or 445.7% due to land sales near Rickenbacker International Airport.
- Capital Contributions from federal and state funding sources decreased by \$2.9 million or 25.6% due to the completion of snow removal equipment and jetbridge related projects at John Glenn International.

# An analysis of significant changes in net position for the year 2017 is as follows:

- Interest Expense decreased by \$1.7 million or 48.7% related to the refunding of revenue bonds, series 2007 in late 2016.
- Capital Contributions from federal and state funding sources decreased by \$7.7 million or 40.4% due to the completion of north runway and jetbridge related projects at John Glenn International.

### Capital **Assets**

The Authority's capital assets as of December 31, 2018, totaled \$760.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings & building improvements, runways, taxiways & roads, construction in progress, furniture, and machinery & equipment. The total increase in the Authority's investment in capital assets before accumulated depreciation for 2018 was 3.48% or \$48.3 million.

#### Major capital projects in progress and expenditures incurred during 2018 included the following:

Twy Rehab & MOS Phase 1A & 1B
Rehab Terminal Apron & Txwy E Asphalt
Consolidated Rental Car Facility
Parking Access Revenue Control System
Intermodal Pkwy Extension Cul-de-sac

\$ 8,019,419
7,228,119
6,553,065
2,691,463
2,097,443

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. Acquisitions are funded using a variety of financing techniques, including federal and state grants, passenger facility charges, debt issuance, and the Authority revenues and reserves. Additional information on the Authority's capital assets can be found in Note 2 of the accompanying notes.

### **Debt Administration**

### Airport Refunding Revenue Bonds, Series 2013AB

On October 8, 2013, the Authority issued Airport Refunding Revenue Bonds, Series 2013AB in the principal amount of \$17,600,000. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2003AB. The bonds are due at maturity in monthly principal and interest installments of \$214,650 beginning February 2014 through April 2021.

The balance outstanding as of December 31, 2018 was \$5,912,451.

### Airport Refunding Revenue Bonds, Series 2015 (AMT)

On March 31, 2015, the Authority issued Airport Refunding Revenue Bonds, Series 2015(AMT) in the principal amount of \$40,000,000. The bond proceeds were used to partially refund the Authority's outstanding Credit Facility Bonds, Series 2012B. The bonds are due at maturity in monthly principal and interest installments of \$280,662 beginning January 2016 through January 2030.

The balance outstanding as of December 31, 2018 was \$32,608,201.

### Airport Refunding Revenue Bonds, Series 2016

On October 6, 2016, the Authority issued \$41,982,000 of Airport Refunding Revenue Bonds, Series 2016. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2007. The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of \$463,020 beginning February 2017 through November 2023.

The balance outstanding as of December 31, 2018 was \$32,495,965. Bond principal and interest are paid from the general revenues of the Authority. Additional details may be found in Note 8 of the accompanying notes.

### Passenger Facility Charge (PFC)

In October 1992, the Authority received approval from the Federal Aviation Administration (the FAA) to impose a PFC of \$3.00 per enplaned passenger. In January 2002, the FAA approved the Authority's request to increase the PFC level to \$4.50 on certain eligible projects. The new collection rate commenced on April 1, 2002. In 2007, the Authority received approval to collect on its application effective December 26, 2007, in the amount of \$71.1 million. The newest application, which was approved on January 28, 2011 adds an additional \$185.0 million to the collectible amount and will extend the collection date to June 1, 2020. Through December 31, 2018, the Authority has collected PFCs, including interest earnings thereon, totaling \$332.2 million.

### **Airline Rates and Charges**

The Authority and certain airlines negotiated an agreement effective from January 1, 2015, through December 31, 2019, which in part establishes how the airlines that sign the agreement (signatory airlines) will be assessed annual rates and charges for their use of CMH. Landing fees and terminal rental rates for non-signatory airlines are assessed at 150 percent of the signatory rates.

The rates and charges net of credits billed to the signatory airlines at CMH were as follows:

Landing Fees - Net of General Airline Credit (per 1,000 lbs)
Terminal Rental Rate (Average)
Apron Fee - Square Foot Rate Component
Apron Fee - Landed Weight Component (per 1,000 lbs)

				% Cha	inge
2018	2017		2016	2018	2017
¢ 1.01 ¢	2 27	÷	2.77	-19.4	-14.4
\$ 1.91 \$	2.37	\$	2.//	-19.4	-14.4
78.25	73.70		73.15	6.2	0.8
1.78	1.77		2.28	0.6	-22.4
0.37	0.36		0.47	2.8	-23.4

The Authority also charges a signatory landing fee to airlines for their use of LCK. Landing fees for non-signatory airlines are assessed at 150 percent of the signatory rate.

### LCK landing fees were as follows:

2018 2017 2016 % Change 2018 2017

Landing Fees - (per 1,000 lbs) \$ 3.18 \$ 3.03 \$ 2.83 5.0 7.1

### **Request for Information**

This report is designed to provide detailed information on the Authority's operations to all with an interest in the Authority's financial affairs and to demonstrate the Authority's accountability for the assets it controls and the funds it receives and expends. Questions concerning any of the information provided in this report or any request for additional information should be emailed to pstreitenberger@columbusairports.com or sent in writing to Paul Streitenberger, Director, Accounting and Finance, Columbus Regional Airport Authority, 4600 International Gateway, Columbus, Ohio 43219.

**Statements of Net Position**As of December 31, 2018 and 2017

	2018	2017
ASSETS		
Current Assets - Unrestricted		
Cash & Cash Equivalents	\$ 33,106,395	\$ 40,112,498
Other Investments	21,510,738	8,190,922
Accounts Receivable - Trade & Capital Grants, Net	13,883,408	18,114,244
Accounts Receivable - Other	1,683,896	1,966,700
Interest Receivable	317,025	216,582
Deposits, Prepaid Items, & Other	3,224,811	2,940,254
Total Current Assets	73,726,273	71,541,200
New Comment Assets - University of		
Non-Current Assets - Unrestricted	21 041 044	22 505 717
Other Investments	31,041,044	33,585,717
Accounts Receivable - Other	317,092	295,177
Net Pension Asset	497,888	210,007
Land	95,282,252	95,088,175
Construction in Progress	33,960,219	30,161,781
Depreciable Capital Assets - Net of Accumulated Depreciation	631,302,940	633,213,253
Total Non-Current Assets - Unrestricted	792,401,435	792,554,110
Non-Current Assets - Restricted		
Cash & Cash Equivalents	41,188,024	21,428,023
Other Investments	62,974,312	62,319,435
Total Non-Current Assets - Restricted	104,162,336	83,747,458
Total Non-Current Assets	896,563,771	876,301,568
Total Assets	970,290,044	947,842,768
DEFERRED OUTFLOWS OF RESOURCES		
OPEB:	1,472,235	-
Pensions:		
Ohio Public Employees Retirement System - Traditional Plan	3,624,040	12,830,896
Ohio Public Employees Retirement System - Combined Plan	53,259	103,996
Ohio Public Employees Retirement System - Member-Directed Plan	29,181	21,164
Ohio Public Employees Retirement System Contributions - All Plans	4,008,097	3,947,490
Total Pensions	7,714,577	16,903,546
Total Deferred Outflows of Resources	\$ 9,186,812	\$ 16,903,546

Statements of Net Position
As of December 31, 2018 and 2017 (continued)

LIABILITIES	2018	2017
Current Liabilities - Unrestricted		
Accounts Payable - Trade	\$ 8,684,408	\$ 8,511,878
Accrued Interest Payable	142,688	134,806
Accrued & Withheld Employee Benefits Unearned Rent	7,457,603 391,174	7,151,594 363,531
Customer Deposits & Other	434,784	429,592
Other Accrued Expenses	11,576,263	10,402,748
Total Current Liabilities	28,686,920	26,994,149
Long-Term Liabilities		
Payable from Restricted Assets - Due Within 1 Year	1 222 720	604.020
Retainages on Construction Contracts Current Portion of Long-Term Debt	1,332,729 10,152,352	684,939 9,966,491
Revolving Bank Loan	9,658,562	9,500,000
Total Payable from Restricted Assets - Due Within 1 Year	21,143,643	20,151,430
Payable from Unrestricted Assets - Due in more than 1 Year		
Compensated Absences	1,449,259	1,285,566
Unearned Rent	1,952,554	2,069,310
Net Pension Liability Net OPEB Liability	26,577,458 20,006,021	38,665,876
Long-Term Debt, Less Current Portion, Net	60,864,264	71,016,616
Total Payable from Restricted Assets - Due in More Than 1 Year	110,849,556	113,037,368
Total Long-Term Liabilites	131,993,199	133,188,798
Total Liabilities	160,680,119	160,182,947
DEFERRED INFLOWS OF RESOURCES		
DEFERRED INFLOWS OF RESOURCES Deferred Gain on Bond Refunding		
	291,412	349,695
Deferred Gain on Bond Refunding	291,412 1,490,315	349,695 -
Deferred Gain on Bond Refunding (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions:	1,490,315	· -
Deferred Gain on Bond Refunding (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan	1,490,315 6,319,644 222,239	349,695 - 217,326 108,042
Deferred Gain on Bond Refunding (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan	1,490,315 6,319,644	217,326
Deferred Gain on Bond Refunding (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan	1,490,315 6,319,644 222,239	217,326 108,042
Deferred Gain on Bond Refunding (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan	1,490,315 6,319,644 222,239 5,888	217,326 108,042 2,507
Deferred Gain on Bond Refunding (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan Total Pensions	1,490,315 6,319,644 222,239 5,888 6,547,771	217,326 108,042 2,507 327,875
Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan  Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets	1,490,315 6,319,644 222,239 5,888 6,547,771	217,326 108,042 2,507 327,875
Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan Total Pensions  Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets Restricted:	1,490,315 6,319,644 222,239 5,888 6,547,771 8,329,498	217,326 108,042 2,507 327,875 <b>677,570</b>
Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets Restricted: Passenger Facility Charges	1,490,315 6,319,644 222,239 5,888 6,547,771 8,329,498 679,578,821 30,184,924	217,326 108,042 2,507 327,875 <b>677,570</b> 667,630,407 15,593,206
Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan  Total Pensions  Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets Restricted: Passenger Facility Charges Customer Facility Charges (Rental Cars) Bond Reserves	1,490,315 6,319,644 222,239 5,888 6,547,771 8,329,498	217,326 108,042 2,507 327,875 <b>677,570</b>
Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan  Total Pensions  Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets Restricted: Passenger Facility Charges Customer Facility Charges (Rental Cars)	1,490,315 6,319,644 222,239 5,888 6,547,771 8,329,498 679,578,821 30,184,924 59,060,429	217,326 108,042 2,507 327,875 <b>677,570</b> 667,630,407 15,593,206 53,967,596
Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan  Total Pensions  Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets Restricted: Passenger Facility Charges Customer Facility Charges (Rental Cars) Bond Reserves	1,490,315 6,319,644 222,239 5,888 6,547,771 8,329,498 679,578,821 30,184,924 59,060,429 13,584,254	217,326 108,042 2,507 327,875 <b>677,570</b> 667,630,407 15,593,206 53,967,596 13,501,717

## Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES	20.404.222	24 225 245
Parking Revenue	38,694,330	36,005,865
Airline Revenue Concession Revenue	32,676,307	35,124,629
	23,151,139 7,790,597	21,800,112 6,487,800
Cargo Operations Revenue  Hotel Operations Revenue	4,614,937	4,492,392
General Aviation Revenue	3,631,307	3,523,886
Foreign Trade Zone Fees	310,000	320,000
Other Revenue	5,869,076	4,820,439
Total Operating Revenues	116,737,693	112,575,123
OPERATING EXPENSES		
Employee Wages & Benefits	43,310,190	42,287,061
Purchase of Services	36,749,704	35,124,298
Materials & Supplies	5,293,357	3,964,397
Hotel Services	2,575,793	2,487,491
Other Expenses	57,331	25,466
Total Operating Expenses	87,986,375	83,888,713
Oncusting Income Defeue Denusciation	20.751.210	20,000,410
Operating Income Before Depreciation	28,751,318	28,686,410
Less: Depreciation	47,231,773	46,106,597
	(40 400 400)	(4= 400 40=)
Operating Loss	(18,480,455)	(17,420,187)
· ·	(18,480,455)	(17,420,187)
NON-OPERATING REVENUES (EXPENSES) Investment Income	, , , , ,	
NON-OPERATING REVENUES (EXPENSES)	1,492,736	986,411
NON-OPERATING REVENUES (EXPENSES) Investment Income	, , , , ,	
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges	1,492,736 16,701,097 11,520,767	986,411 14,802,169
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges	1,492,736 16,701,097	986,411 14,802,169 10,582,265
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense	1,492,736 16,701,097 11,520,767 (1,707,767)	986,411 14,802,169 10,582,265 (1,781,678)
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093)	986,411 14,802,169 10,582,265 (1,781,678) (231,548)
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 <b>26,357,435</b>
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 <b>26,357,435</b>
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 <b>26,357,435</b>
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 <b>26,357,435</b>
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions Capital Contributions	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160  16,754,705 8,434,593	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 26,357,435  8,937,248 11,335,210 20,272,458
NON-OPERATING REVENUES (EXPENSES)  Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions Capital Contributions Increase in Net Position	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160  16,754,705 8,434,593 25,189,298	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 <b>26,357,435</b> <b>8,937,248</b> 11,335,210
NON-OPERATING REVENUES (EXPENSES)  Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions Capital Contributions Increase in Net Position  Total Net Position - Beginning of Year, Restated per Note 17	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160  16,754,705 8,434,593 25,189,298 803,885,797	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 26,357,435  8,937,248 11,335,210 20,272,458
NON-OPERATING REVENUES (EXPENSES)  Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions Capital Contributions Increase in Net Position  Total Net Position - Beginning of Year, Restated per Note 17 Cummulative Effect of Change in Accounting Principle	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160  16,754,705 8,434,593 25,189,298  803,885,797 (18,607,856)	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 26,357,435  8,937,248 11,335,210 20,272,458

**Statements of Cash Flows**For the Years Ended December 31, 2018 and 2017

		2010		
CACH FLOWIC FROM ORFRATING ACTIVITIES		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES		446 505 400		112 005 256
Cash Received from Customers	\$	116,595,488	\$	112,905,256
Cash Paid to Employees		(38,391,677)		(36,293,574)
Cash Paid to Suppliers		(43,552,174)		(43,563,222)
Other Payments		(57,331)		(25,466)
Net Cash Provided by Operating Activities		34,594,306		33,022,994
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from Federal, State, & Local Funded Operating Grants		155,146		638,952
Net Cash Provided by Noncapital Financing Activities		155,146		638,952
Net cash Frovided by Noneapital Financing Activities		155,140		030,332
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Property, Plant, & Equipment		(44,907,238)		(47,684,890)
Contributed Capital, Passenger Facility Charges, & Rental Car Facility Charges		41,290,387		36,347,094
Proceeds from Revolving Bank Loan		9,658,562		-
Payments on Revolving Bank Loan		(9,500,000)		_
Interest Paid on Bonds, Notes and Loan		(1,699,885)		(1,796,191)
Principal Payments on Bonds, Notes, & Loan		(9,966,491)		(9,378,367)
Proceeds from the Sale of Capital Assets		3,262,931		887,674
Net Cash Used in Capital and Related Financing Activities		(11,861,733)		(21,624,680)
		( , , ,		· / /
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments		(95,288,887)		(66,229,335)
Proceeds from the Sale of Investments		83,858,867		63,396,610
Income Received on Cash and Investments		1,296,199		738,790
Net Cash Used in Investing Activities		(10,133,821)		(2,093,935)
Net Increase in Cash & Cash Equivalents		12,753,898		9,943,331
Cash & Cash Equivalents - Beginning of Year		61,540,521		51,597,190
Cash & Cash Equivalents - End of Year	\$	74,294,419	\$	61,540,521
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY				
OPERATING ACTIVITIES				
Operating Loss	\$	(18,480,455)	\$	(17,420,187)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:				
Depreciation		47,231,773		46,106,597
Pension Expense Not Affecting Cash		3,032,565		5,556,231
OPEB Expense Not Affecting Cash		1,416,245		-
(Increase) Decrease in Assets:				
Accounts Receivable - Trade		(403,093)		1,604,653
Accounts Receivable - Other		260,889		(1,274,520)
Deposits, Prepaid Items, and Other		(284,557)		34,271
Increase (Decrease) in Liabilities:				
Accounts Payable		172,530		1,400,971
Accrued Liabilities		1,643,217		(2,967,886)
Customer Deposits		5,192		(17,136)
Net Cash Provided by Operating Activities	\$	34,594,306	\$	33,022,994
CURRIENTAL THEORYATTON				
SUPPLEMENTAL INFORMATION Noncash Related Activities:				
	¢	(06.002)	đ	(221 E40)
Change in Fair Value of Investments	\$	(96,093)	\$	(231,548)

### **Notes to Financial Statements** December 31, 2018

The accounting methods and procedures adopted by the Columbus Regional Airport Authority (the Authority) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The following notes are an integral part of the Authority's financial statements.

### Note 1 - Organization and Reporting Entity

### Organization

The Authority is an independent, special purpose political subdivision of the State of Ohio. As a political subdivision, the Authority is distinct from, and is not, an agency of the State of Ohio or any other local governmental unit. On December 12, 2002, the Columbus Municipal Airport Authority (CMAA), the City of Columbus, Ohio (the City) and the County of Franklin, Ohio (the County) entered into the Port Authority Consolidation and Joinder Agreement (Agreement) with an effective date of January 1, 2003, which created a single regional authority to oversee the airports formerly managed by the CMAA and the Rickenbacker Port Authority (RPA). Agreement the RPA was dissolved and the CMAA, the surviving entity, was renamed the Columbus Regional Airport Authority. The Agreement provided for the ultimate transfer of all of the RPA's rights, title and interests in all of the assets and liabilities to the Authority. The assets were recorded on the Authority's records at net book value. The newly created Authority merged the operations of the RPA and the CMAA. The Authority administers an airport system comprised of John Glenn Columbus International (CMH), Rickenbacker International (LCK) and a reliever airport, Bolton Field (TZR).

The governing board for the Authority is jointly appointed by the City and the County. Four members are appointed by the Mayor of Columbus with the advice and consent of the City Council, four members are appointed by the County Commissioners and one member is jointly appointed. The members first appointed serve staggered terms. Thereafter, each successor serves for a term of four years, except that any person appointed to fill a vacancy is to be appointed to serve only the unexpired term. Members of the Board are eligible for reappointment. The Board controls the employment of the President & CEO of the Authority who is responsible for staffing the respective departments and overseeing the day-to-day operations.

The CMAA was created on July 30, 1990, pursuant to the provisions of Chapter 4582, Ohio Revised Code (ORC), as a body corporate and politic. On November 10, 1991, the transfer date, the CMAA began operations under a use agreement with the City for the purpose of providing airport facilities to the general public. On this date, the City transferred the use of all assets and liabilities of the airport enterprise fund to the CMAA. This transfer was recorded at the net book value. In 2007, the Authority paid the remaining balance of the City bonds, which resulted in the termination of the use agreement and title to the airport property was transferred to the Authority.

The RPA was formed under ORC Chapter 4582 in 1979 by the County for the purpose of serving as a local reuse agency, which included, in part, acquiring and owning land (including improvements thereon) situated in Franklin and Pickaway counties and consisting of a part of the former Rickenbacker Air Force Base. This property was deemed to be surplus by the United States Government and was transferred to the RPA at no cost, other than certain costs associated with the transfer. Title to the land is subject to certain covenants, conditions and restrictions and reverts to the United States Government at the Government's option if any covenant is violated and not cured within 60 days. At December 31, 2018, the Authority owns approximately 3,820 acres of land contiguous to certain airfield property owned by the United States Government at LCK.

The Authority is not subject to federal, state, or local income taxes or sales tax.

### Reporting Entity

The Authority's financial reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 80,m "Blending Requirements for Certain Component Units" an amendment of GASB Statement No. 61 "The Reporting Entity: Omnibus" an amendment of GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 14, "The Reporting Entity." The financial statements include all departments and operations for which the Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability also may be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organizations other than the Authority itself are included in the financial reporting entity.

The Authority is a joint venture of the County.

### Note 2 - Summary of Significant Accounting Policies

### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Revenues from rent and turn fees, landing fees, parking revenue, hotel revenue and other miscellaneous revenue are reported as operating revenues. Transactions, which are capital, financing or investing related, are reported as non-operating revenues. Passenger Facility Charges and Rental Car Facility Charges are reported as non-operating revenues. Expenses from employee wages and benefits, purchases of services, materials and supplies, hotel services and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Pursuant to GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", the Authority follows the GASB guidance as applicable to enterprise funds.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Budgetary Data**

For budgetary purposes, the Authority recognizes gains or losses from investment securities at the time that the security has matured or is sold. This is different from the accrual basis which recognizes such gains and losses at the time the fair market value of the security changes. All other revenues and expenses are reported consistent with the accrual basis. State statute does not require a specific budgetary basis of accounting under ORC Chapter 4582. The Authority has adopted this basis of accounting to comply with certain airline agreements currently in effect.

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 & CEO is responsible to submit 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.

### Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

### **Investments**

The Authority follows Governmental Accounting Standards Board ("GASB") Statement No. 72 "Fair Value Measurement and Application." GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

### Capital Contributions

Certain expenditures for airport capital improvements are significantly federally funded through the Airport Improvement Program of the Federal Aviation Administration (FAA) with certain matching funds provided by the State of Ohio and the Authority, or from other various state, county or federal grant programs. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for the acquisition and construction of land, property and certain types of equipment are reported in the Statements of Revenues, Expenses and Changes in Net Position, under the classification of capital contributions. Contributed capital assets are valued at acquisition value.

#### Receivables

Receivables are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history, aviation industry trends and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected.

An estimated receivable amount has been recorded for services rendered but not yet billed as of December 31, 2018 and 2017. The receivable was arrived at primarily by taking the subsequent collection of commissions and real estate taxes, which are received after year-end, and recording the portions earned through year end.

### Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses) until then. The Authority recorded a deferred outflow of resources for OPEB and pensions, which are explained in Note 9 and 10.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the Authority these amounts consists of pension, which are explained in Note 10 and a deferred gain on bond refunding, which are explained in Note 8.

### **Restricted Assets**

Restricted assets consist of monies and other resources, which are restricted legally or by enabling legislation. These restrictions are described below:

**Restricted for Construction Retainages** - These assets are restricted for certain capital projects and cannot be expended on any other item.

**Restricted for Bond Reserves** - These assets are restricted for the retirement of the Airport Revenue Bonds, Series 2013A, 2013B, 2015, and 2016.

**Restricted for Passenger Facility Charges** - These assets represent Passenger Facility Charge (PFC) collections based on an approved FAA application to impose such charges on enplaned passengers at CMH and are restricted for designated capital projects.

**Restricted for Consolidated Rental Car Facility Charges** - These assets represent Customer Facility Charges (Rental Cars) collections based on a board approved resolution to impose such charges on customers of the rental car concessionaires and are restricted for designated capital projects.

### **Restricted Net Position**

At December 31, 2018, \$30,184,924 of the Authority's net position on the Statement of Net Position was restricted by enabling legislation for Passenger Facility Charges as defined by GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation." At December 31, 2017, \$15,593,206 of the Authority's net position on the Statement of Net Position was restricted by enabling legislation for Passenger Facility Charges.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

At December 31, 2018, \$59,060,429 of the Authority's net position on the Statement of Net Position was restricted by enabling legislation by means of the Authority's Board designation for specific use to construct a consolidated rental car facility as defined by GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation." At December 31, 2017, \$53,967,596 of the Authority's position on the Statement of Net Position was restricted by enabling legislation by means of the Authority's board designation for specific use to construct a consolidated rental car facility.

### Capital Assets

Capital assets are stated at historical cost or estimated historical cost and include expenditures, which substantially increase the useful lives of existing assets. The Authority's policy is to capitalize assets with a cost of \$10,000 or more, and with a useful life of more than 1 year. Routine maintenance and repairs are expensed as incurred. Certain net interest costs have been included as a component of the asset under construction rather than reported as an expense of the period.

	Total				Total
	12/31/2017	Additions	Deletions	Transfers	12/31/2018
DEPRECIABLE CAPITAL ASSETS:					
Buildings	\$ 474,260,689	\$ 357,438	\$ (3,500)	\$ 2,849,545	\$ 477,464,172
Runways & Other	694,787,246	66,296	(6,000)	31,150,140	725,997,682
Machinery	91,905,439	10,847,294	(1,080,918)	-	101,671,815
Furniture	2,669,074	139,902	(1,155)	-	2,807,821
Total Depreciable Capital Assets	1,263,622,448	11,410,930	(1,091,573)	33,999,685	1,307,941,490
LESS ACCUMULATED DEPRECIATION:					
Buildings	189,617,899	11,677,525	(525)	-	201,294,899
Runways & Other	381,449,164	27,918,588	(300)	-	409,367,452
Machinery	56,886,278	7,567,256	(1,000,437)	-	63,453,097
Furniture	2,455,854	68,403	(1,155)	-	2,523,102
Total Accumulated Depreciation	630,409,195	47,231,772	(1,002,417)	-	676,638,550
Depreciable Capital Assets, Net	\$ 633,213,253	\$ (35,820,842)	\$ (89,156)	\$ 33,999,685	\$ 631,302,940
NONDEPRECIABLE CAPITAL ASSETS:					
Land	\$ 95,088,175	\$ 319,353	\$ (125,276)	\$ -	\$ 95,282,252
Construction In Progress	30,161,781	37,798,121	-	(33,999,683)	33,960,219
<b>Total Nondepreciable Capital Assets</b>	\$ 125,249,956	\$ 38,117,474	\$ (125,276)	\$ (33,999,683)	\$ 129,242,471

Total				Total
12/31/2016	Additions	Deletions	Transfers	12/31/2017
\$ 471,422,977	\$ 534,994	\$ (47,213) \$	2,349,931	\$ 474,260,689
681,647,443	2,359,830	-	10,779,973	694,787,246
84,424,508	10,203,154	(2,722,223)	-	91,905,439
2,632,477	49,545	(12,948)	-	2,669,074
1,240,127,405	13,147,523	(2,782,384)	13,129,904	1,263,622,448
177,981,248	11,654,356	(17,705)	-	189,617,899
353,952,287	27,496,877	-	-	381,449,164
52,672,324	6,879,869	(2,665,915)	-	56,886,278
2,393,308	75,494	(12,948)	-	2,455,854
586,999,167	46,106,596	(2,696,568)	-	630,409,195
\$ 653,128,238	\$ (32,959,073)	\$ (85,816) \$	13,129,904	\$ 633,213,253
\$ 97.301.692	\$ 524,478	\$ (2.737.995) \$	_	\$ 95,088,175
		- (-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		30,161,781
	\$ 33,513,485	\$ (2,737,995) \$		\$ 125,249,956
	\$ 471,422,977 681,647,443 84,424,508 2,632,477 <b>1,240,127,405</b> 177,981,248 353,952,287 52,672,324 2,393,308 <b>586,999,167</b>	\$ 471,422,977 \$ 534,994 681,647,443 2,359,830 84,424,508 10,203,154 2,632,477 49,545 1240,127,405 13,147,523 177,981,248 11,654,356 353,952,287 27,496,877 52,672,324 6,879,869 2,393,308 75,494 586,999,167 46,106,596 \$ 653,128,238 \$ (32,959,073) \$ 97,301,692 \$ 524,478 10,302,678 32,989,007	\$ 471,422,977 \$ 534,994 \$ (47,213) \$ 681,647,443 2,359,830	12/31/2016     Additions     Deletions     Transfers       \$ 471,422,977     \$ 534,994     \$ (47,213)     \$ 2,349,931       681,647,443     2,359,830     -     10,779,973       84,424,508     10,203,154     (2,722,223)     -       2,632,477     49,545     (12,948)     -       1,240,127,405     13,147,523     (2,782,384)     13,129,904       177,981,248     11,654,356     (17,705)     -       353,952,287     27,496,877     -     -       52,672,324     6,879,869     (2,665,915)     -       2,393,308     75,494     (12,948)     -       586,999,167     46,106,596     (2,696,568)     -       \$ 653,128,238     \$ (32,959,073)     \$ (85,816)     \$ 13,129,904       \$ 97,301,692     \$ 524,478     \$ (2,737,995)     -       10,302,678     32,989,007     -     (13,129,904)

Depreciation of property and equipment is computed under the straight-line method at various rates considered adequate to allocate the cost over the estimated useful lives of such assets. The estimated useful lives by general classification are as follows:

	Years
Buildings and Building Improvements	5-40
Runways, Taxiways, and Other	20
Machinery and Equipment	5-10
Furniture and Fixtures	7

### Compensated Absences

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences," the Authority accrues vacation and sick pay benefits as earned by its employees utilizing the vesting method.

A summary of the changes in compensated absences for the year ended December 31, 2018 is summarized as follows:

	Total 12/31/2017	Additions	Payments	Total 12/31/2018	Current Portion
Compensated Absences	\$4,685,566	\$3,698,917	\$3,435,223	\$4,949,260	\$3,500,000

A summary of the changes in compensated absences for the year ended December 31, 2017 is summarized as follows:

	Total 12/31/2017	Additions	Payments	Total 12/31/2017	Current Portion
Compensated Absences	\$4,703,439	\$3,335,148	\$3,353,021	\$4,685,566	\$3,400,000

### Risk Management

It is the policy of the Authority to eliminate or transfer risk. Where possible, lease agreements contain insurance requirements and hold harmless clauses. Contractors are required to maintain appropriate amounts of insurance and bonding.

The Authority carries property insurance on airport property and equipment in the aggregate sum of approximately \$518 million and \$665 million as of December 31, 2018 and 2017, respectively. The Authority carries liability insurance coverage in the amount of approximately \$808 million and \$805 million as of December 31, 2018 and 2017, respectively.

The Authority self-insures cost associated with workers' compensation up to certain limits. Insurance reserves are established for estimates of the loss that will ultimately be incurred on reported claims, as well as estimates of claims that have been incurred but not yet reported. Recorded balances are based on reserve levels determined by outside actuaries, who incorporate historical loss experience and judgments about the present and expected levels of cost per claim.

### A summary of the changes in this accrual are as follows:

	2018		2017		2016
Beginning Balance	\$ 235,101	\$	298,114	\$	373,830
Payments	(318,654)		(302,104)		(271,596)
Claims	328,929		239,091		195,880
Ending Balance	\$ 245,376	\$	235,101	\$	298,114

There have been no significant changes in coverage or settlements in excess of insurance coverage during the past year.

The Authority began providing medical and dental coverage for its employees on a self-insurance basis up to a certain limit on May 1, 2016. Expenses for claims are recorded on an accrual basis based on the date claims are incurred and are shown on the Statements of Net Position under Other Accrued Expenses.

#### A summary of the changes in this accrual are as follows:

	2018	2017	2016
Beginning Balance	\$ 600,000	\$ 400,000	\$ -
Accruals Claims Paid	4,847,295 (4,847,295)	4,585,720 (4,385,720)	3,316,134 (2,916,134)
Ending Balance	\$ 600,000	\$ 600,000	\$ 400,000

Liability for claims is accrued based on estimates of the claims liabilities made by the Authority's third-party actuary. These estimates are based on past experience and current claims outstanding. Actual claims experience may differ from the estimate.

### Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System Pension Plan (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPERS report investments at fair value (see Note 10).

### Other Postemployment Benefits

For year ended December 31, 2018, the Authority has adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". For purposes of measuring the net other postemployment benefit (OPEB) liability in, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS pension plan and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For year ended December 31, 2017, the Authority adopted GASB Statement No. 45,

"Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions." OPERS provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under OPERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45 (see Note 9).

#### Revenue

Rental income is recorded from the majority of leases maintained by the Authority, which are accounted for as operating leases. Rental income is generally recognized as it is earned over the respective lease terms.

Other types of revenue are recognized when earned, as the underlying exchange transaction occurs.

Landing fees are based upon projections of operations and are recalculated annually.

### Passenger Facility Charges

Passenger Facility Charges (PFCs), along with related interest income, are recognized and recorded in the year the PFC is levied and collected by the air carrier, net of an allowance for estimated ticket refunds.

PFC monies are legally restricted for capital projects and related expenditures and cannot be used for any other purpose. The PFC monies will be used to assist in funding the Authority's capital improvement program involving runway, taxiway and apron improvements, the funding of debt service associated with these projects, and various other projects.

### Customer Facility Charges (Rental Cars)

The Authority collects a Customer Facility Charge (CFC) from all rental car concessionaires that operate facilities on the airport. Under an adopting resolution, CFC's may be pledged or dedicated for the benefit of the rental car concessionaires. The Authority has identified a need for a consolidated rental car facility, and the CFC monies will be used to assist in funding the construction of a garage.

### **Upcoming Accounting Pronouncements**

In November 2016, the GASB issued Statement No. 83, "Certain Asset Retirement Obligations", which addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This ARO statement will require the Authority to recognize a liability associated with legal obligations to perform future asset retirement activities related to its tangible capital assets and disclosure of information about the nature of the Authority's ARO's, the methods and assumptions used for estimates of liabilities, and the estimated remaining useful life of the associate tangible capital assets. The Authority is currently evaluating the impact

this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2019.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2020.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period", which simplifies accounting for interest cost incurred before the end of construction requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2021.

### Note 3 - Cash and Cash Equivalents

The Authority follows the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", and GASB Statement No. 79 "Certain External Investment Pools and Pool Participants." The Authority records all investments at their fair value.

The investment and deposit of Authority monies is governed by the provisions of the ORC. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool and obligations of the United States government or certain agencies thereof. The Authority may also

enter into repurchase agreements with any eligible depository for a period not exceeding 30 days. The Authority has an investment policy consistent with Ohio Senate Bill 81.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but has adopted GASB Statement No. 79, "Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants." Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2018 and 2017. STAR Ohio maintains a stable net asset value per share by using the amortized cost method of portfolio valuation. STAR Ohio has established procedures to stabilize the net asset value per share, as computed for the purpose of purchase and redemption, at a single value of \$1.00. For the years ended December 31, 2018 and 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Public depositories must give security for all public funds on deposit. In 2017, the Treasurer of State created the Ohio Pooled Collateral Program (OPCP) under ORC 135.182 which requires institutions designated as a public depository to pledge to the Treasurer of State a single pool of eligible securities for the benefit of all public depositors at the public depository to secure the repayment of all uninsured public deposits at the public depository. The market value of the pledged securities is to be at least equal 102% of total amount of the uninsured public deposits or an amount determined by the rules of the Treasurer of State for determining the aggregate market value of the pool of eligible securities pledged by a public depository. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Authority's name.

### Deposits with Financial Institutions

At December 31, 2018, the carrying amount of the Authority's deposits with financial institutions was \$25,562,359 and the bank balance was \$26,087,895. Based upon criteria described in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements," \$750,000 of the bank balance was covered by deposit insurance provided by the FDIC; and \$25,337,895 was uncollateralized as defined by the GASB. These uncollateralized deposits were, however, covered by a pledged collateral pool in accordance with the ORC as discussed above.

At December 31, 2017, the carrying amount of the Authority's deposits with financial institutions was \$28,621,803 and the bank balance was \$16,749,073. Based upon criteria described in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements," \$750,000 of the bank balance was covered by deposit insurance

provided by the FDIC; and \$15,999,073 was uncollateralized as defined by the GASB. These uncollateralized deposits were, however, covered by a pledged collateral pool in accordance with the ORC as discussed above.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in possession of an outside party. For depository accounts, the Authority has chosen to require deposits to be secured by collateral less the amount of the FDIC insurance based on the daily available bank balances which was 102% under the OPCP program for 2018 and 102% for 2017 to limit its exposure to custodial credit risk.

In addition, the Authority had \$20,100 and \$16,900 in cash on hand at December 31, 2018 and 2017 respectively.

### Investments

The Authority follows GASB Statement No. 72, "Fair Value Measurement and Application", which requires the Authority to categorize its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

As of December 31, 2018, the Authority has the following recurring fair value measurements.

- U.S. Agencies of \$88,781,761 are valued using other observable inputs including active markets (Level 2 inputs).
- U.S. Treasuries of \$5,938,410 are valued using observable standard inputs including active markets and interdealer brokers (Level 1 inputs).
- Commercial papers of \$20,805,923 are valued using other observable inputs including active markets (Level 2 inputs).

#### As of December 31, 2018, the Authority had the following investments and maturities:

Type of Investment	Fair Value	Rating	Weighted Average Days to Maturity
Federal Agency Obligations & Notes	\$ 94,720,171	Aaa	642
Commerical Paper	20,805,923	P-1	144
Total	\$ 115,526,094		

As of December 31, 2017, the Authority has the following recurring fair value measurements.

- U.S. Agencies of \$70,914,503 are valued using other observable inputs including active markets (Level 2 inputs).
- U.S. Treasuries of \$4,744,974 are valued using observable standard inputs including active markets and interdealer brokers (Level 1 inputs).
- Commercial papers of \$28,436,597 are valued using other observable inputs including active markets (Level 2 inputs).

#### As of December 31, 2017, the Authority had the following investments and maturities:

Type of Investment	Fair Value	Rating	Weighted Average Days to Maturity
Federal Agency Obligations & Notes	\$ 75,659,477	Aaa	642
Commerical Paper	28,436,597	P-1	144
Total	\$ 104,096,074		

The Authority's unrestricted and restricted cash and cash equivalents included \$12,885,098 of money market funds, and \$35,760,314 of STAR Ohio funds as of December 31, 2018. The Authority's unrestricted and restricted cash and cash equivalents included \$20,851,717 of money market funds, and \$25,195,291 of STAR Ohio funds as of December 31, 2017. Standard & Poor's rating for the STAR Ohio fund is AAAm.

The Authority's investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements.

Interest Rate Risk - The market value of securities in the portfolio will increase or

decrease based upon changes in the general level of interest rates. Investments with longer maturity dates are subject to greater degrees of increases or decreases in market value as interest rates change. The Authority's written investment policy addresses the effects of market value fluctuations. The Authority mitigates interest rate risk by maintaining adequate liquidity so that current obligations can be met without a sale of securities and by diversifying both maturities and assets in the portfolio.

**Credit Risk** – Credit risk is the risk of loss due to the failure of a security issuer to pay principal or interest, or the failure of the issuer to make timely payments of principal or interest. Eligible investments, pursuant to Section 135.14 ORC, affected by credit risk include certificates of deposit, commercial paper, bankers' acceptances and counterparties involved in repurchase agreements. The Authority's written investment policy does not consider U.S. Treasury obligations, obligations guaranteed by the U.S. Treasury and federal agency securities as having credit risk. Credit risk is minimized by diversifying assets by issuer; ensuring that required, minimum credit quality ratings as described by nationally recognized rating organizations and agencies exist prior to the purchase of commercial paper and bankers' acceptances; and maintaining adequate collateralization of certificates of deposits.

**Custodial Credit Risk** –The Authority's unrestricted and restricted investments at December 31, 2018 and 2017, are insured, registered, or are held by the Authority or its agent in the Authority's name. The Authority's investment policy is silent on custodial credit risk.

**Concentration of Risk** – A risk of concentration refers to an exposure with the potential to produce losses large enough to threaten the Authority's financial health or ability to maintain its core operations. Risk concentrations can arise through a combination of exposures across broad categories. The potential for loss reflects the size of position and the extent of any losses given a particular adverse circumstance. The Concentration of Risk category excludes U.S. Treasury issues, issues guaranteed by the U.S. Treasury, federal agency issues, eligible money market mutual funds and the Ohio Treasurer's investment pool, STAR Ohio. The Authority's written investment policy states that the portfolio shall contain less than 5 percent, based upon purchase cost, in any one issuer with credit risk as a percentage of the portfolio's book value at the time of purchase. Additionally, the Authority's written investment policy establishes maximum percentages allowed for callable and variable rate investments issued by federal agencies, commercial paper, bankers' acceptances, repurchase agreements and certificate of deposits.

### Note 4 - Restricted Cash and Investments

The following amounts represent restricted cash and investments as of December 31, 2018 and 2017:

	2018	2017
CASH AND INVESTMENTS:		
Restricted for Customer Facility Charge	\$ 59,060,429	\$ 53,967,596
Restricted for Passenger Facility Charge	30,184,924	15,593,206
Restricted for Debt Service	13,584,254	13,501,717
Retainages on Construction Contracts	1,332,729	684,939
Total Restricted Cash & Investments	\$ 104,162,336	\$ 83,747,458

### Note 5 - Receivables

The following amounts represent receivables due to the Authority at December 31, 2018 and 2017.:

	2018	2017
UNRESTRICTED		
Current:		
Accounts Receivable - Trade	\$ 10,439,818	\$ 10,007,734
Accounts Receivable - Capital Grants	3,523,318	8,157,249
Less Allowance for Uncollectables	(79,729)	(50,739)
<b>Total Current Unrestricted Trade Receivables</b>	13,883,407	18,114,244
Accounts Receivable - Other	1,683,896	1,966,700
Non-Current:		
Accounts Receivable - Other	317,092	295,177
Total Unrestricted Receivables	\$ 15,884,395	\$ 20,376,121

### Note 6 - Revolving Bank Loan & Credit Facility

The Authority defeased Subordinated Obligations Trust Indenture and Credit Facility Agreement dated June 14, 2012 with PNC Bank with the issuance of the Subordinated Obligation Trust Indenture dated December 12, 2018 with Bank of America NA. The Authority is authorized via a revolving loan in the form of Credit Facility Bonds to borrow up to \$75 million from the 2018 Credit Facility Provider. Under the 2012 Agreement, the authorized maximum commitment was \$40 million beginning January 1, 2017 until maturity of the agreement on December 12, 2018. Both facility agreements are subordinated to the Authority's senior revenue bonds (See Note 8) and payable on a subordinated basis from the Authority's Net Revenues and investment income.

The borrowings in the form of three series credit facility bonds (Series 2018A-Tax-

exempt, Non-AMT; Series 2018B-Tax-exempt, AMT; and Series 2018C-Taxable) may be used to finance authorized capital and construction projects.

The outstanding principal on the 2018 Series tax-exempt, non-bank qualified credit facility bears interest at a variable rate equal to the sum of the LIBOR RATE for that One-Month LIBOR Period multiplied by 0.80 plus 45 basis points (0.45%). The taxable rate equivalent would be 1 month LIBOR plus 55 basis points (0.55%). If more than 50% of the available facility remains unused, the Authority incurs a commitment fee of 25 basis points (0.25%) on the unused portion of the facility. The outstanding principal on the 2012 Series tax-exempt, non-bank qualified credit facility bears interest at a variable rate equal to the sum of the LIBOR RATE for that One-Month LIBOR Period multiplied by 0.72 plus 85 basis points (0.85%). The taxable rate equivalent would be 1 month LIBOR plus 120 basis points (1.2%). The Authority incurs a commitment fee of 10 basis points (0.1%) on the unused portion of the facility.

The Authority had tax-exempt outstanding borrowings of \$9,658,562 at a rate of approximately 2.47% at December 31, 2018 and \$9,500,000 at a rate of approximately 1.20% as of December 31, 2017.

#### Credit Facility Agreement information and activity as of and for the year ended December 31, 2018 is presented below:

	Total 12/31/2017	Additions	Payments	Total 12/31/2018	Current Portion
Series 2018A	\$ -	\$ 125,000	\$ -	\$ 125,000	\$ 125,000
Series 2018B	-	9,533,562	-	\$ 9,533,562	9,533,562
Series 2012A	-	-	-	\$ -	-
Series 2012B	9,500,000	-	9,500,000	-	-
Total	\$ 9,500,000	\$ 9,658,562	\$ 9,500,000	\$ 9,658,562	\$ 9,658,562

### Credit Facility Agreement information and activity as of and for the year ended December 31, 2017 is presented below:

	Total 12/31/2016	A	dditions	Payments	Total 12/31/2017	Current Portion
Series 2012A	\$ -	\$	-	\$ -	\$ -	\$ -
Series 2012B	9,500,000		-	-	9,500,000	9,500,000
Total	\$ 9,500,000	\$	-	\$ -	\$ 9,500,000	\$ 9,500,000

## Note 7 - Unearned Income

#### Unearned income activity for the year ended December 31, 2018 is summarized as follows:

	1	Total 2/31/2017	Additions	P	ayments	1	Total 12/31/2018	Current Portion
Unearned Rent -								
Net Discount	\$	2,114,598	\$ 92,947	\$	209,704	\$	1,997,841	\$ 45,289
Advance Grants & Other		318,243	21,916		(5,728)		345,887	345,885
Total	\$	2,432,841	\$ 114,863	\$	203,976	\$	2,343,728	\$ 391,174

#### Unearned income activity for the year ended December 31, 2017 is summarized as follows:

Unearned Rent -	1	Total 12/31/2016	Additions	Payments	Total 12/31/2017	Current Portion
Net Discount	\$	6,582,714	\$ 82,299	\$ 4,550,415	\$ 2,114,598	\$ 45,289
Advance Grants & Other		287,673	7,759	(22,811)	318,243	318,242
Total	\$	6,870,387	\$ 90,058	\$ 4,527,604	\$ 2,432,841	\$ 363,531

### Note 8 - Long-Term Debt

### Revenue bonds

On October 8, 2013, the Authority issued \$13,805,000 of Airport Refunding Revenue Bonds, Series 2013A. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2003A. The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of \$169,250 beginning February 2014 through April 2021. Interest rate is fixed at 1.663%. Revenue bonds payable at December 31, 2018 are \$4,582,492. Revenue bonds payable at December 31, 2017, were \$6,519,790. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On October 8, 2013, the Authority issued \$3,795,000 of Airport Refunding Revenue Bonds, Series 2013B. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2003B. The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of \$45,400 beginning February 2014 through April 2021. The interest rate is fixed at 1.663%. Revenue bonds payable at December 31, 2018 are \$1,329,959. Revenue bonds payable at December 31, 2017 were \$1,847,981. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On March 31, 2015, the Authority issued \$40,000,000 of Airport Refunding Revenue

Bonds, Series 2015 (AMT). The bond proceeds were used to partially refund the Authority's outstanding Credit Facility Bonds, Series 2012B (See Note 6). The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of \$280,662 beginning January 2016 through January 2030. The interest rate is fixed at 2.48%. Revenue bonds payable at December 31, 2018 are \$32,608,201. Revenue bonds payable at December 31, 2017 were \$35,133,422. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On October 6, 2016, the Authority issued \$41,982,000 of Airport Refunding Revenue Bonds, Series 2016. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2007. The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of \$463,020 beginning February 2017 through November 2023. The interest rate is fixed at 1.62%. Revenue bonds payable at December 31, 2018 are \$32,495,965. Revenue bonds payable at December 31, 2017 were \$37,481,915. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

Net revenue of the John Glenn International Airport is pledged toward the repayment of the Airport Revenue Bonds. Net revenue consists of operating revenue, investment income, other non-operating revenues, gain (loss) on securities, and gain (loss) on disposal of assets reduced by operating expenses not including depreciation. For December 31, 2018, the net revenue was \$28.7 million compared to the net debt service (principal and interest) of \$11.8 million.

#### Revenue bond and loan activity for the year ended December 31, 2018 is summarized as follows:

	Beginning Balance	New Net Principal Debt Repayment		Ending Balance
BONDS:				
2013A	\$ 6,519,790	\$	- \$ (1,937,298)	\$ 4,582,492
2013B	1,847,980		- (518,021)	1,329,959
2015	35,133,422		- (2,525,221)	32,608,201
2016	37,481,915		- (4,985,950)	32,495,965
	80,983,107	\$	- (\$9,966,490)	71,016,617
Less: Current Portion	9,966,491			10,152,352
	\$ 71,016,616			\$ 60,864,265

Revenue bond and loan activity for the year ended December 31, 2017 is summarized as follows:

	Beginning Balance	New Debt	Net Principal Repayment	Ending Balance
BONDS:				
2013A	\$ 8,425,159	\$	- \$ (1,905,369)	\$ 6,519,790
2013B	2,357,464		- (509,484)	1,847,980
2015	37,596,851		(2,463,429)	35,133,422
2016	41,982,000		- (4,500,085)	37,481,915
	90,361,474	\$	- \$ (9,378,367)	80,983,107
Less: Current Portion	9,378,367			9,966,491
	\$ 80,983,107			\$ 71,016,616

Maturities and interest on bonds payable for the next five years and in subsequent five-year periods as of December 31, 2018 are as follows:

	Principal	Interest
2019	\$ 10,152,352	\$ 1,252,659
2020	10,341,821	1,047,344
2021	10,594,986	824,480
2022	10,675,306	623,955
2023	10,252,571	503,823
2024-2028	15,403,204	1,404,738
2029-2031	3,596,376	44,810
	\$ 71,016,616	\$ 5,701,809

### Note 9 - Other Post Retirement Benefits

### Plan Description

OPERS administers the 115 Health Care Trust, a cost-sharing, multiple-employer defined benefit post-employment health care trust. OPERS health care program includes medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Currently, Medicare eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Although participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional and Combined plans, a portion of employer contributions is allocated to a retiree medical account. Upon retirement or separation, participants may be reimbursed for qualified medical expenses from these accounts.

All benefits of the System, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145. OPERS Board has elected

to maintain funds to provide health care coverage to eligible Traditional Pension Plan and Combined Plan retirees and survivors of members. Health care coverage does not vest and is not required. As a result, coverage may be reduced or eliminated at the discretion of OPERS. To qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must be at least age 60 with 20 or more years of qualifying Ohio service. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

OPERS issues a publicly available financial report that includes financial statements, required supplementary information, information about the OPEB plan's fiduciary net position, and the Plan Statement with OPEB plan details. The reports may be obtained by contacting:

Ohio Public Employees 277 East Town Street (800) 222-7377 Retirement System Columbus, Ohio 53215 <u>www.opers.org</u>

### **Funding Policy**

The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 0% in 2018 and 1.0% in 2017. Employer contributions as a percent of covered payroll deposited for the Member-Directed Plan participants' health care accounts for both 2018 and 2017 was 4.0%. Based upon the portion of each employer's contribution to OPERS set aside for funding OPEB as described above, the Authority's contribution allocated to OPEB for the 12 months ended December 31, 2018 and 2017, was approximately \$0 and \$281,963, respectively.

### Net OPEB Liability

At December 31, 2018, the Authority reported a liability for its proportionate share of the net OPEB liability of OPERS. For December 31, 2018, the net OPEB liability was measured as of December 31, 2017 for the OPERS plan. The proportionate share of the net OPEB liability of earlier years has been reported as a restatement of beginning net position in the Statements of Revenues, Expenses and Changes in Net Position. The total net OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. The Authority's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating units, actuarially determined.

	Measurement	Net OPEB Liability	Proportionate Share
Plan	Date	2018	2018
OPERS	December 31	\$ 20,006,021	0.184230%

# OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Authority recognized OPEB expense of \$1,416,245. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Difference Between Expected and Actual Experience Net Difference Between Expected and Actual Investment Earnings Changes in Assumptions

Total

		2018	
De	eferred		Deferred
Out	flows of		Inflows of
Re	sources		Resources
\$	15,585	\$	-
	-		1,490,315
	1,456,650		-
\$	1,472,235	\$	1,490,315

Amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEN expense):

Years Ending	
December, 31	Amount
2019	\$ 331,301
2020	331,301
2021	(308, 103)
2022	(372,579)
2023	-
Thereafter	-
Total	\$ (18,080)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2019).

### **Actuarial Assumptions**

The total OPEB liability in the December 31, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods in the measurement:

		forma	

Actuarial Valuation Date
Rolled-Forward Measurement Date

Experience Study

Actuarial Cost Method

Actuarial Assumptions
Single Discount Rate
Investment Rate of Return
Municipal Bond Rate
Wage Inflation

Projected Salary Increases

Health Care Cost Trend Rate

#### OPEB

December 31, 2016 December 31, 2017 5 Year Period Ended December 31, 2015

Individual entry age normal

3.85% 6.50% 3.31% 3.25%

3.25% - 10.75% (includes wage inflation at 3.25%)

7.5% initial, 3.25% ultimate in 2028

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The actuarial assumptions used in the December 31, 2017 valuations were based on the results of an actuarial experience study for the 2-year periods ended December 31, 2015. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

The long-term expected rate of return on the health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long term expected best estimates of arithmetical rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The table below displays the OPERS Board approved asset allocation policy for December 2017 and the expected real rates of return.

	OPERS - As of 12/31/17					
		Weighted Average Long-Term				
		Expected Rate of Return				
Asset Clas	Target Allocation	(Arthmetic)				
Fixed Income	34.00%	1.88%				
Domestic Equities	21.00	6.37				
REITs	6.00	5.91				
International Equities	22.00	7.88				
Other Investments	17.00	5.39				
Total	100.00%	4.98%				

#### Discount Rate

A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through expense and inflation) are developed for each major asset class. 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

### Sensitivity to Changes in the Discount Rate

For 2018, the following Authority's proportionate share of the net OPEB liability calculated using the discount rate of 3.85%, as well as what the Authority's proportionate share of the net OPEB liability would be if calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

Authority's Proportionate Share of the Net OPEB Liability/(Asset)

OPEB

\$26,578,862

2017

Current Discount Rate

3.85%

4.85%

4.85%

\$20,006,021

\$14,688,658

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate:

		Current Heatlh Care	
Authority's Proportionate Share		Cost Trend Rate	
of the Net OPEB Liability/(Asset)	1% Decrease	Assumption	1% Increase
OPEB	\$19,141,497	\$20,006,021	\$20,899,051

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

## Note 10 - Pension and Retirement Plans

### Plan Description

The Authority's employees participate in OPERS, a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: the Traditional Pension Plan, a cost-sharing multiple-employer defined benefit pension plan; the Combined Plan, a retirement plan with both a defined benefit and a defined contribution component; and the Member-Directed Plan, a defined contribution plan.

OPERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code (ORC Chapter 145). In 2000, legislation required OPERS to establish one or more defined contribution plans to be offered to members in addition to the existing Traditional Pension Plan. OPERS began offering three retirement plans to its members on January 1, 2003. The plans include the Traditional Pension Plan, the Member-Directed Plan, and the Combined Plan.

In 2011, the employer was required to contribute 14.0% of active member payroll. For full-time employees hired on April 1, 2011 and thereafter, the portion of an

employee's contribution is equal to 10.0% to be paid by the employee. For full-time employees hired prior to April 1, 2011, the portion of an employee's contribution is equal to a maximum of 1.0% to be picked up (assumed and paid) on behalf of the employee, and in lieu of payment by the employee, by the Authority and a minimum of 9.0% to be paid by the employee as of 12/31/18. This amendment was accepted by OPERS and acknowledged as in compliance with IRS guidelines.

The portion of the employee's contribution made to PERS-LE equal to a maximum of 2.0% of the Police Officer employee's earned compensation shall be picked up (assumed and paid) on behalf of the Police Officer employee, and in lieu of payment by the Police Officer employee, by the Authority.

### Funding Policy

The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for State and Local employer units and 18.1% for the Law Enforcement divisions. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10% of covered payroll. The 2018 and 2017 member contribution rate for State and Local members was 10.0% of covered payroll. The 2018 member contribution rate for the Law Enforcement division is 13.0% of covered payroll.

The contribution rate for State and Local employers in 2018 and 2017 was 14.0%. The contribution rate for Law Enforcement divisions in 2018 and 2017 was 18.1%. The portion of the employer's contribution used to fund pension benefits is net of postemployment health care benefits. Employer contribution rates are actuarially determined.

The Authority's contractually required contribution to OPERS was \$3,533,193 for fiscal year 2018, which is reported as a deferred outflow of resources. The Authority's contractually required contribution to OPERS was \$3,947,490 for fiscal year 2017, which is reported as a deferred outflow of resources.

#### Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

# Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

At December 31, 2018 the Authority reported the following information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan		OPERS Combined Plan		OPERS Member-Directed Plan		Total All Plans
Proportionate Share of the Net Pension Liability		0.169412%	0.356141%		0.374346%		
Proportion of the Net Liability (Asset)	\$	26,577,458	\$ (484,823)	\$	(13,065)		\$ 26,079,570
Pension Expense	\$	3,533,193	\$ 228,094	\$	246,811		\$ 4,008,098

At December 31, 2017 the Authority reported the following information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan		OPERS Combined Plan		OPERS nber-Directed Plan	Total All Plans
Proportionate Share of the Net Pension Liability		0.170272%	0.374223%		0.414349%	
Proportion of the Net Liability (Asset)	\$	38,665,876	\$ (208,281)	\$	(1,726)	\$ 38,455,869
Pension Expense	\$	3,439,735	\$ 227,639	\$	280,116	\$ 3,947,490

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		OPERS	OPERS	OPERS	
Deferred Outflows of Resources	Traditiona	l Pension Plan	Combined Plan	Member-Directed	Total
Difference Between Expected and Actual Experience	\$	27,142	\$ -	\$ 25,412	\$ 52,554
Changes in Assumptions		3,176,184	42,368	1,549	3,220,101
Change in Proportionate Share		420,714	10,891	2,220	433,825
		3,624,040	53,259	29,181	3,706,480
Authority's Contribution Subsequent					
to the Measure Date - All Plans		3,533,192	228,094	246,811	4,008,097
	_				
Total Deferred Outflows of Resources	- \$	7,157,232	\$ 281,353	\$ 275,992	\$ 7,714,577
		OPERS	OPERS	OPERS	
Deferred Inflows of Resources	Traditiona	I Pension Plan	Combined Plan	Member-Directed	Total
Deletted lilliows of Resources	Hadidona	ii relision rian	Combined Fidir	Member-birected	Total
Difference Between Expected and Actual Experience	\$	523.758	\$ 144.432	\$ _	\$ 668,190
Net Difference Between Expected and Actual Investment Earnings		5,705,830	76,493	3,681	5,786,004
Changes in Assumptions			· _	· _	· · ·
		00.050	4044	0.007	00.577
Change in Proportionate Share		90,056	1,314	2,207	93,577
Total Deferred Inflows of Resources	\$	6,319,644	\$ 222,239	\$ 5,888	\$ 6,547,771

At December 31, 2017 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	OPERS Traditional Pension Plan	OPERS Combined Plan	OPERS Member-Directed	Total
Difference Between Expected and Actual Experience Net Difference Between Expected and Actual Investment Earnings Changes in Assumptions Change in Proportionate Share	\$ 39,617 5,758,241 6,132,881 900,157	\$ - 50,817 50,763 2,416	\$ 17,572 1,486 1,941 165	\$ 57,189 5,810,544 6,185,585 902,738
Authority's Contribution Subsequent to the Measure Date - All Plans	12,830,896 3,439,735	103,996 227,639	21,164 280,116	12,956,056 3,947,490
Total Deferred Outflows of Resources	\$ 16,270,631	\$ 331,635	\$ 301,280	\$ 16,903,546
Deferred Inflows of Resources	OPERS Traditional Pension Plan	OPERS Combined Plan	OPERS Member-Directed	Total
Difference Between Expected and Actual Experience Changes in Assumptions Change in Proportionate Share	\$ 217,326 - -	\$ 106,523 - 1,519	\$ - - 2,507	\$ 323,849 - 4,026
Total Deferred Inflows of Resources	\$ 217,326	\$ 108,042	\$ 2,507	\$ 327,875

Contributions of \$4,008,097 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as increases or (decreases) in pension expense as follows:

# DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES BY YEAR TO BE RECOGNIZED IN FUTURE PENSION EXPENSE

Year Ending December 31	Deferred In	al Pension Plan Net aflows/(Outflows) of desources	Inflows	ined Plan Net Deferred G/(Outflows) of Desources	Inflows	ined Plan Net Deferred s/(Outflows) of esources
2019 2020 2021 2022	\$	2,723,517 (561,967) (2,512,609) (2,344,609)	\$	(23,171) (25,264) (42,401) (40,592)	\$	2,873 2,783 2,278 2,366
2023 Thereafter Total	\$	(2,695,668)	\$	(13,734) (23,817) (168,979)	\$	3,495 9,498 23,293

For the year ended December 31, 2018 and 2017, the Authority had \$579,898, and \$376,918, respectively due to the Plan for contractually required contributions.

### **Actuarial Assumptions - OPERS**

The total pension liability in the December 31, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

## KEY METHODS AND ASSUMPTIONS USED IN VALUATION OF TOTAL PENSION LIABILITY

Actuarial Information

Valuation Date

Experience Study

Actuarial Cost Method

Actuarial Assumptions Investment Rate of Return Wage Inflation

Projected Salary Increases

Cost of Living Adjustments

Traditional Pension Plan

December 31, 2017 and 2016

5 Year Period

Ended December 31, 2015

Individual entry age

7.50% 3.25%

3.25% - 10.75% (includes wage inflation at 3.25%)

Pre - 1/7/2013 Retirees: 3% Simple Post - 1/7/2013 Retirees: 3% Simple through 2018, then 2.15% Simple Combined Plan

December 31, 2017 and 2016

5 Year Period Ended December 31, 2015

Individual entry age

7.50% 3.25%

3.25% - 8.25% (includes wage inflation at 3.25%)

Pre - 1/7/2013 Retirees: 3% Simple Post - 1/7/2013 Retirees: 3% Simple through 2018, then 2.15% Simple Member Directed Plan

December 31, 2017 and 2016

5 Year Period Ended December 31, 2015

Individual entry age

7.50% 3.25%

3.25% - 8.25% (includes wage inflation at 3.25%)

Pre - 1/7/2013 Retirees: 3% Simple Post - 1/7/2013 Retirees: 3% Simple through 2018, then 2.15% Simple

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above-described tables.

The actuarial assumptions used in the December 31, 2017 and 2016 valuations were based on the results of an actuarial experience study for the 5 year periods ended December 31, 2015. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

The following table displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return.

		Weighted	d Average Long
	Target	Term Exp	ected Real Rate
Asset Class	Allocation	of Retur	rn (Arithmetic)
Fixed Income	23.00%		2.20%
Domestic Equities	19.00%		6.37%
Real Estate Private	10.00%		5.26%
Private Equity	10.00%		8.97%
International Equities	20.00%		7.88%
Other Investments	18.00%		5.26%
Total	100.00%		5.66%

The following table displays the Board-approved Asset allocation policy for 2016 and the long-term expected real rates of return.

		Weighted Average Long
	<b>Target Allocation</b>	Term Expected Real Rate
Asset Class	for 2016	of Return (Arithmetic)
Fixed Income	23.00%	2.75%
Domestic Equities	20.70%	6.34%
Real Estate Private	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equities	18.30%	7.95%
Other Investments	18.00%	4.92%
Total	100.00%	5.66%

#### Discount Rate

The discount rate used to measure the total pension liability was 7.5% and 7.5% for both the Traditional Pension Plan, Combined Plan and Member-Directed Plan as of December 31, 2017 and 2016 respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan, Combined Plan and Member-Directed Plan was

applied to all periods of projected benefit payments to determine the total pension liability.

# Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Authority's share of the net pension liability or asset calculated using the discount rate of 7.5%, as well as the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower (6.5%) or 1.0% higher (8.5%) than the current rate.

Authority's Proportionate Share of the Net Pension Liability/(Asset)	1% Decrease 6.50%	2018 Current Discount Rate 7.50%	1% Increase 8.50%
Traditional Pension Plan	\$ 47,194,795	\$ 26,577,458	\$ 9,388,813
Combined Plan	(263,544)	(484,823)	(637,492)
Member-Directed Plan	(7,487)	(13,065)	(18,717)

### Additional Financial and Actuarial Information

OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position. That report may be obtained by visiting the OPERS website at www.opers.org. Additional information supporting the preparation of the Schedules of Collective Pension Amounts and Employer Allocations (including the disclosure of the net pension liability/(asset), required supplementary information on the net pension liability/(asset), and the unmodified audit opinion on the combined financial statements) is located in OPERS 2017 CAFR. This CAFR is available at https://www.opers.org/financial/reports.shtml or by contacting OPERS at: OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-7377.

### Note 11 - Capital Contributions

The Authority received capital contributions by means of federal, state and local grants as follows:

	2018	2017
Federal	\$ 7,892,030	\$ 11,073,317
State & Local	542,564	261,893
Total	\$ 8,434,594	\$ 11,335,210

### **Note 12 - Commitments and Contingencies**

#### **Capital Improvements**

As of December 31, 2018, the Authority was obligated for completion of certain airport improvements under commitments of approximately \$54.8 million. An estimated \$5.6 million is eligible for reimbursement from the FAA and Ohio Development Services Agency. The remaining amount is expected to be funded from bond proceeds, current available resources, PFCs, RCFC's, and future operations.

### Federally Assisted Programs - Compliance Audits

The Authority participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of December 31, 2018, significant amounts of grant expenditures have not been audited but the Authority believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Authority.

### Note 13 - Property Leased to Others

The Authority is a lessor of space in CMH terminal along with other land and buildings on a fixed fee as well as a contingent rental basis. Many of the leases provide for a periodic review and redetermination of the rental amounts. Substantially all of the land and building costs in the Statements of Net Position are held by the Authority for the purpose of rental or related use. The cost and net book value of property held for operating leases as of December 31, 2018 are \$482,224,528 and \$275,312,803, respectively. The cost and net book value of property held for operating leases as of December 31, 2017 are \$478,418,816 and \$281,970,995, respectively.

Minimum future rentals on non-cancelable operating leases to be received in each of

the next five years and thereafter are as follows:

2019	\$ 20,122,506
2020	14,996,641
2021	13,621,921
2022	6,091,428
2023	4,344,344
2024 - 2028	22,192,464
2029 - 2033	13,700,432
2034 - 2038	9,103,658
2039 - 2043	5,869,545
2044 - 2048	3,315,566
2049 - 2053	2,575,888
2054 - 2058	2,468,997
2059 - 2062	2,320,161
Total	\$ 120,723,551

Certain airline agreements to lease space in the terminal building and terminal apron areas are subject to fluctuating rates.

Contingent operating revenue aggregated approximately \$31,000,000, and \$30,000,000, respectively, in 2018 and 2017.

### Note 14 - Related Party Transactions

### County of Franklin, Ohio

In 2015, the County agreed to contribute \$1.75 million in the form of a grant to support the construction of an air traffic control tower and associated infrastructure improvements at the Rickenbacker airport. The grant was paid to the Authority in 2016.

### City of Columbus, Ohio

In 2015, The City agreed to contribute \$1.5 million in the form of a grant to support the capital improvement program at Rickenbacker airport. The grant was paid to the Authority in 2017.

In 2017, The City along with the Northern Pickaway County Joint Economic Development District (JEDD) agreed to contribute \$300,000 and \$100,000 respectively to support sanitary sewer capital improvements at Rickenbacker airport. The funds are to be paid to the Authority by December 31, 2019.

### Note 15 - Conduit Debt - Private Sector Entities

From time to time, the Authority has issued certificates of participation, industrial revenue bonds, revenue bonds and revenue notes to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments on the underlying mortgage loans. Upon repayment of the obligations, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the Authority, nor the County, nor any political subdivisions thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2018 and 2017, there were 8 series of bonds outstanding with aggregate principal balances of \$132,449,798 and \$143,347,221, respectively. The original issue amounts for these 8 series totaled \$528,172,079.

# Note 16- Conduit Debt - Flight Safety International, Inc.

In February 2015, the Board of Directors of the Authority authorized the issuance of \$75,000,000 in revenue bonds as Series 2015 for the purpose of financing a portion of the costs of acquiring, constructing, and otherwise improving real and personal property comprising Authority facilities for lease, together with the land and existing improvements thereon to Flight Safety International Inc. (the Company). The obligations of the Company to make rental payments shall be absolute and unconditional general contractual obligations and will survive any termination of the lease until such time that the related bonds have been paid in full.

The Series 2015 Bonds do not represent or constitute a general obligation debt, or bonded indebtedness or a pledge of the faith and general credit or the taxing powers of the Authority or the State of Ohio or any political subdivision thereof, and the Holders have no right to have taxes levied by the General Assembly of the State of Ohio or the taxing authority of any political subdivision of the State of Ohio for the payment of Bond Service Charges and the Tender Price of Series 2015 Bonds. Investors are advised to rely solely upon the Guaranty and the credit of Berkshire Hathaway as security for the payment of the Bond Service Charges and the Tender Price of Series 2015 Bonds. Although Series 2015 conduit debt instruments bear the name of the Authority, the Authority has no obligation for the debt beyond the resources provided by the lease or loan with the Company.

Despite the fact that the Authority retains title to the project assets during and after the lease, and the nature of the lease to the Company, the conditions under GASB 62, for capital lease accounting are not met. The Authority will not record an asset (either capital or capital lease receivable) during the bond repayment period given the conduit nature of the debt. The Authority will record an asset and associated contributed capital representing the fair market value of the asset at the time conduit debt is paid in full.

As of December 31, 2018 and 2017, there were 2015 series of bonds outstanding with aggregate principal balances of \$73,600,000. The original issue amounts for these 2015 series totaled \$75,000,000.

### Note 17 - Changes in Accounting Principals

For 2018, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

Statement No. 75 requires governments providing other postemployment benefit (OPEB) plans to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with the statements, the Authority has reported a change in accounting principle adjustment to unrestricted net position of \$18,607,856, which is the net of the net OPEB liability and related deferred outflows of resources as of January 1, 2018. December 31, 2017 amounts have not been restated to reflect the impact of GASB No. 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ended December 31, 2017.

Net Position, December 31, 2017 – As previously stated	\$803,885,797
Authority Share of Beginning Plan Net Pension Liability	<u>(18,607,856)</u>
Net Position, December 31, 2017 - As restated	\$785,277,941

## **Required Supplementary Information**

### Schedule of the Authority's Proportionate

**Share of the Net Pension Liability**For the Fiscal Years Ended December 31

Traditional Pension Plan	2018	2017	2016	2015
Authority's proportion of the net pension liability (asset)	0.169412%	0.170272%	0.161166%	0.158207%
Authority's proportionate share of the net pension liability (asset)	\$26,577,458	\$38,665,876	\$27,915,973	\$19,081,519
Authority's covered-employee payroll	23,965,155	24,569,536	18,866,692	18,472,175
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	110.90%	157.37%	147.96%	103.30%
Plan fiduciary net position as a percentage of the total pension liability (asset)	84.66%	77.25%	81.19%	86.45%
Combined Plan				
Authority's proportion of the net pension liability (asset)	0.356141%	0.374223%	0.379940%	0.373312%
Authority's proportionate share of the net pension liability (asset)	\$ (484,823)	\$ (208,281)	\$ (184,887)	\$ (143,734)
Authority's covered-employee payroll	1,547,127	1,625,993	1,248,584	1,282,687
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-31.34%	-12.81%	-14.81%	-11.21%
Plan fiduciary net position as a percentage of the total pension liability (asset)	137.28%	116.55%	116.90%	114.83%
Member-Directed Plan				
Authority's proportion of the net pension liability (asset)	0.374346%	0.414439%	0.344976%	0.000000%
Authority's proportionate share of the net pension liability (asset)	\$ (13,065)	\$ (1,726)	\$ -	\$ -
Authority's covered-employee payroll	1,674,082	2,000,829	1,536,413	1,751,680
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.78%	-0.09%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	124.46%	103.40%	103.91%	0.00%

	ecember 31									
	2018	2017	<b>20</b> 1B	2015	2014	2013	2012	2011	<b>20</b> 10	2009
Contractual, Dequied Contractual, Dequied Constitution	\$ 8,538,783 s	3,439,785 s	2 011,387   5	2 588,108	2.718218	2.761385 \$	2,605,823 1	2531772 4	2,197,583 s	2,153,067
Consideration Relation traffic District Real, Deguser Coolin Jaco	(8,572, 93)	(3.439.785)	(2,64 (327)	(2,585 (72)	0.7.8245	C 76 (36F)	(2,605,823)	(2,57),772)	(2, 97 F83)	(2, 53,167)
Contribution Deficiency (E-consil	* - R	- 8	- 8	- *	- *	- ‡	- 1	- 4	- a	-
Authority Covered Payrol	\$ 28,955,155 \$	21,569,586 \$	18.566.382 \$	18 472,175	19.380.332	19,724,068 \$	18.313 023 1	18.054.702 4	15 696.573 \$	15.879.054
Contributions as a Percentage of Covered Employee Usynall	34 74%	14 150	34 II M	1411.15	7411150	14 (11)2	14 (11)%	14 ( ) (5)	14 15:	74 11 %
Contractual, Regulad Contractual, Regulad Contribution	\$ 223.€94 ×	327.539 ×	74.3C2 ≥	179.57€ \$	81,837 \$	79.65 4	⊭2.705 <b>≱</b>	IE4.371 <b>≉</b>	0.0∸1.೪	8700
Contributions in Relation to the Contractual C Requires Contribution	1223.0911	1227,589)	ı 74.3CZ1	1179.5761	( 81,837	1 79.655	'# 2 705i	1124,3711	1001	187 0 01
Consider on Deficience Umreest	8 - 3	- 3	- 3	- 8	- 1	- 1	- 3	- 3	- 3	-
Authority Covered Payrol	1517727 3	1.625.533 \$	1.248.584 \$	1.282.687	1,239,135	1278700 \$	1019,321 4	883 568 1	721.720 s	621,502
Contributions as a Percentage of Covered Employee Psynoll	14 7400	14 160	74 11 12	7411.10	7411155	14 (183	14 1112	14 1 1 152	14 18:	74 1150
MEMBER-DIRECTED PLAN Contractors, Propries Constructors	\$ )4(i 11 3	ицпі з	<b>រក</b> (២៣ ខ	240 <sub>1</sub> 2 ± €	2×1(62) <b>€</b>	270(4F E	10,992.3	1/1(/T)   0	or ar s	4014101
Contributions in Relation to the Contractual, Requires Contribution	[248.511]	(280,118)	(215,098)	(245,235)	(220,622)	(212,461)	(183,972)	(125,219)	173.5971	142.403)
Hanti but on Helisiency (E-cess)	ψ v	ų	ধ	ŧ	ŧ	ŧ	*	*	υ	
Actionally Cocared Playtol	\$ 1,074,002 R	2,000,129 8	1,999,419 (8)	1,751000 \$	1575,070 \$	1.17/502 - \$	1,314,004 3	094,420 (4)	120,140 8	502,370
Contributions as a Partentage of Course d Employed Postfoll	11 74%	И 20%	И.ЭС4	4.02%	4.00%	H.00%	Pl.00%	F.00;	k 20%	И ЭС≫

## Schedule of the Authority's Proportionate **Share of the Net OPEB Liability**For the Fiscal Year Ended December 31

All Plans	2018
Authority's proportion of the net pension liability (asset)	0.184230%
Authority's proportionate share of the net pension liability (asset)	\$ 20,006,021
Authority's covered payroll	27,186,364
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.59%
Plan fiduciary net position as a percentage of the total pension liability (asset)	54.14%

Note: Information prior to fiscal year 2018 is not available.

# Supplemental Schedule of the Authority's OPEB Contributions to State Pension Fund

For the Fiscal Year Ended December 31

	2018
ALL PLANS Contractually Required Contribution	\$ -
Contributions in Relation to the Contractually Required Contribution	-
Contribution Deficiency (Excess)	\$ -
Authority Covered Employee Payroll	\$ 27,186,364
Contributions as a Percentage of Covered Employee Payroll	0.00%

Note: OPERS allocated 0% of Pension Contributions to OPEB in 2018. Information prior to fiscal year 2018 is not available.

## NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

#### Note A

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for the Plan years ended December 31, 2017 and 2016, respectively.

Changes in assumptions: There were no changes in benefit terms from the amounts reported for the Plan year 2017. During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75 percent and 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables changed from RP-2000 to RP-2014.

Calculation of employer allocations: OPERS Health care funding is discretionary and dependent on both the pension funding and future projections. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0% for 2017. The 2018 allocation is expected to be 0.0% for health care funding, and expected to continue at that rate thereafter.

## Other **Supplementary Information**

# Schedule of Revenues and Expenses-Budget vs. Actual - Budget Basis For the Year Ended December 31, 2018

	Budget		Variance to
The state of the s	(Unaudited)	Actual	Budget
OPERATING REVENUES			
Parking Revenue	5 37,267,495	\$ 38,694,330	\$ 1,426,835
Airline Revenue	33,905,147	32,676,307	(1,228,840)
Concession Revenue	21,252,177	23,151,139	1,898,962
Cargo Operations Revenue	6,551,377	7,790,597	1,239,220
Hotel Operations Revenue	4,494,483	4,614,937	120,454
General Aviation Revenue	3,364,814	3,631,307	266,493
Foreign Trade Zone Fees	312,500	310,000	(2,500)
Other Revenue	5,146,643	5,869,076	722,433
Other Revenue Total Operating Revenues	112,294,636	116,737,693	4,443,057
Total Operating Revenues	112,294,030	110,737,093	4,443,037
OPERATING EXPENSES			
Employee Wages & Benefits	39,290,299	43,310,190	(4,019,891)
Purchase of Services	36,448,537	36,749,704	(301,167)
Materials & Supplies	4,839,717	5,293,357	(453,640)
Hotel Services	2,403,721	2,575,793	(172,072)
Other Expenses		57,331	(57,331)
Total Operating Expenses	82,982,274	87,986,375	(5,004,101)
Operating Income before Depreciation	29,312,362	28,751,318	(561,044)
Less: Depreciation	49,289,280	47,231,773	2,057,507
Operating Loss	(19,976,918)	(18,480,455)	1,496,463
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	1,061,700	1,492,736	431.036
Other Non-Operating Revenues	572,028	155,146	(416,882)
Passenger Facility Charges	14,408,660	16,701,097	2,292,437
Rental Car Facility Charges	10,000,000	11,520,767	1,520,767
Interest Expense	(1,721,592)	(1,707,767)	13,825
Gain (Loss) on Securities		(96,093)	(96,093)
Amortization of Deferred Charges	390	58,282	58,282
Gain (Loss) on Disposal of Assets		7,110,991	7,110,991
Total Non-Operating Revenues	24,320,796	35,235,160	10,914,364
Income Before Capital Contributions	4,343,878	16,754,705	12,410,827
Adjustments To Reconcile GAAP Net Income Before			
Captial Contributions Budgeted To New Income			
Loss on Securities		96,093	96,093
Pension & OPEB Adjustments - GASB 68 and 75	- 3	4,448,810	4,448,810
Total Adjustments	(4)	4,544,903	4,544,903
Net Income Adjusted to the Budetary Basis of Accounting	5 4.343.878	\$ 21,299,607	\$ 16,955,729



Plante & Moran, PLLC

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 

Independent Auditor's Report

To Management and the Board of Directors Columbus Regional Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Columbus Regional Airport Authority (the "Authority") as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 20, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Columbus Regional Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Directors Columbus Regional Airport Authority

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Columbus Regional Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 20, 2019



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Report on Compliance for Each Major Federal Program and Passenger Facility Charge Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Directors
Columbus Regional Airport Authority

## Report on Compliance for Each Major Federal Program and Passenger Facility Charge Program

We have audited Columbus Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In addition, we audited compliance with the applicable requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the "Guide") for the year ended December 31, 2018. Columbus Regional Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The passenger facility charge program is identified in the passenger facility charge expenditure schedule.

#### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Columbus Regional Airport Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"); and the applicable requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration. Those standards, the Uniform Guidance, and the Guide require that we plan and perform the audit to obtain reasonable assur-

ance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Columbus Regional Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and passenger facility charge program. However, our audit does not provide a legal determination of Columbus Regional Airport Authority's compliance.

Opinion on Each Major Federal Program and Passenger Facility Charge Program

In our opinion, Columbus Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and passenger facility charge program for the year ended December 31, 2018.

#### **Report on Internal Control Over Compliance**

Management of Columbus Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Columbus Regional Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and passenger facility charge program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Passenger Facility Charge Audit Guide for Public Agencies. Accordingly, this report is not suitable for any other purpose.

Aleste 1 Morse, PLLC

March 20, 2019

# **Schedule of Expenditures of Federal Awards**For the Year Ended December 31, 2018

Federal Grantor	Federal CFDA Number	Grant Number	Federal Receipts	Total Amount Provided to Subrecipients	Federal Expenditures
DEPARTMENT OF TRANSPORTATION:					
Direct:					
Federal Aviation Administration					
Airport Improvement Program (AIP):	20.106				
VALE Infrastructure		3-39-0025-83	\$ 261,735.00	\$ -	\$ -
Replacement R/W Projects		3-39-0025-85	52,743	-	52,743
Acquire 3 Pieces of Multi-Tasking Equipment Snow Removal Equipment		3-39-0025-86	1,379,708	-	1,379,708
Rehabilitate Runway 4/22, Taxiways (A1, A2, A4, A5, and A6), Remove Taxiway	A3	3-39-0026-25	2,031,544	-	2,031,544
Acquire Snow Removal Equipment (2 Replacement Snowbrooms)		3-39-0117-41	-	-	83,968
Update Airport Master Plan Study		3-39-0117-42	740,054	-	740,054
LCK MOS Ph. 1A and 1B Improvements and Update Pavement Mgmt. Program		3-39-0117-43	1,049,137	-	1,049,137
LCK MOS Ph. 1 Improvements		3-39-0117-44	5,198,027	-	5,198,027
VALE Infrastructure		3-39-0117-45	503,157	-	503,157
Subtotal Federal Aviation Administration			11,216,105	-	11,038,338
Pass Through:					
Ohio Dept. of Transportation	20.205				
Rehabilitate Runway 4/22, Taxiways (A1, A2, A4, A5, and A6), Remove Taxiway A3		ODOT #M17-14	112,864	-	112,864
Subtotal Ohio Department of Transportation			112,864	-	112,864
National Highway Traffic Safety Administration					
Minimum Penalties for Repeat Offenders for Driving					
While Intoxicated	20.608	DUI FFY 2018	3,496	-	1,082
SubTotal National Highway Traffic Safety Administration			3,496	-	1,082
TOTAL DEPARTMENT OF TRANSPORTATION			11,332,465	-	11,152,284
DEPARTMENT OF JUSTICE:					
Direct:					
Drug Enforcement Agency -					
Equitable Sharing Program	16.922	N/A	369,947	-	125,579
TOTAL DEPARTMENT OF JUSTICE		.,,	369,947	-	125,579
			,		
TOTAL FEDERAL AWARDS			\$ 11,702,412	\$ -	\$ 11,277,863
			<u> </u>		

See Accompanying Notes to Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges

# **Schedule of Passenger Facility Charges**For the Year Ended December 31, 2018

Program	Receipts	Expenditures	
Passenger Facility Charges	\$ 17,436,616	\$	2,844,899

See Accompanying Notes to Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges

# Notes to Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges For the Year Ended December 31, 2018

### Note 1 - Summary of Significant Accounting Policies

**General** - The accompanying schedule of expenditures of federal awards and schedule of passenger facility charges present the activity of all federal assistance programs of the Columbus Regional Airport Authority (the "Authority"). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Airport, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Airport.

The Authority has not elected to use the 10-percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

### Note 2 - Basis of Accounting

**Basis of Accounting** – The accompanying schedule of expenditures of federal awards and schedule of passenger facility charges are prepared on the basis of cash receipts and disbursements. Consequently, revenues are recognized when received rather than when earned, and expenses are recognized when paid and requested rather than when the obligations are incurred. The basis for determining when federal awards are expended is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. In addition, expenditures reported on the Schedule are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

# **Schedule of Findings and Questioned Costs**For the Year Ended December 31, 2018

### Section 1 – Summary of Auditor's Results

- 1. The independent auditors' report on the financial statements expressed an unmodified opinion.
- 2. No significant deficiencies or material weaknesses in internal control over financial reporting were identified.
- 3. No instance of noncompliance considered material to the financial statements was disclosed.
- 4. No significant deficiencies or material weaknesses in internal control over compliance with requirements applicable to major federal awards programs were identified.
- 5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unmodified opinion.
- 6. The audit disclosed no findings, which are required to be reported by Section 2 CFR 200.516 (a).
- 7. The organization's major program was:

Airport Improvement Program ("AIP") (CFDA #20.106).

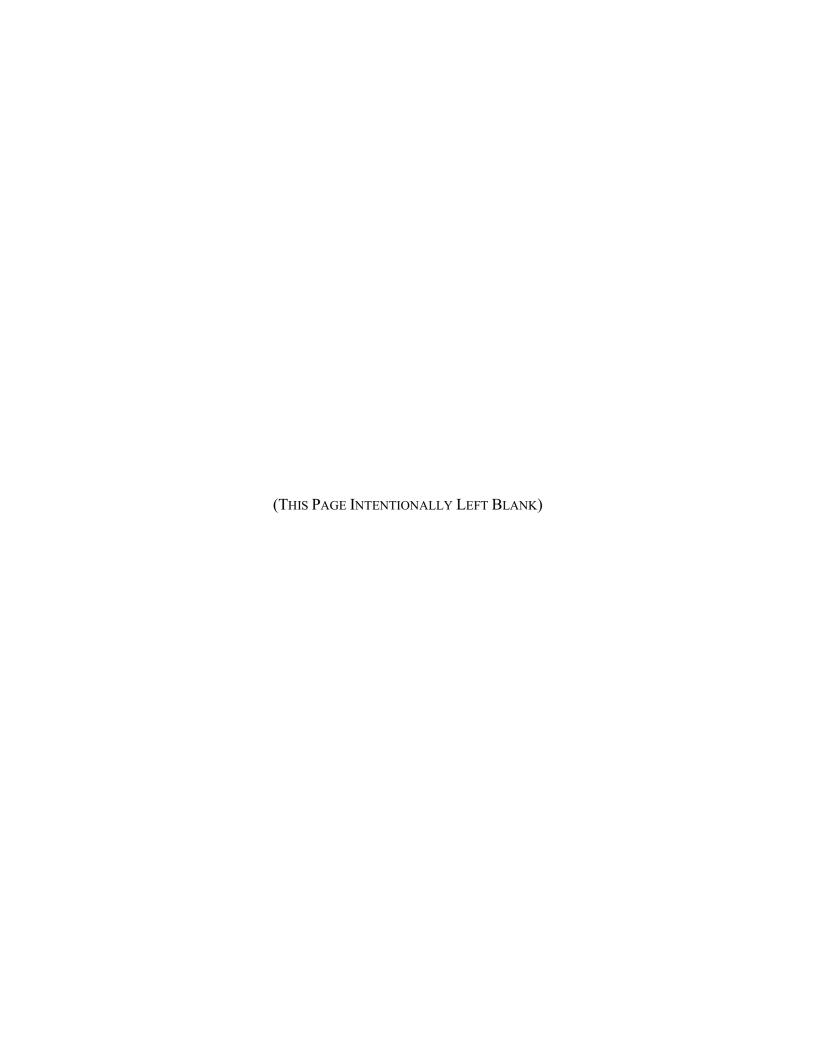
- 8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
- 9. The Auditee did qualify as a low-risk auditee as that term is defined in the Uniform Guidance.

### Section II - Financial Statement Findings Section

No matters were noted.

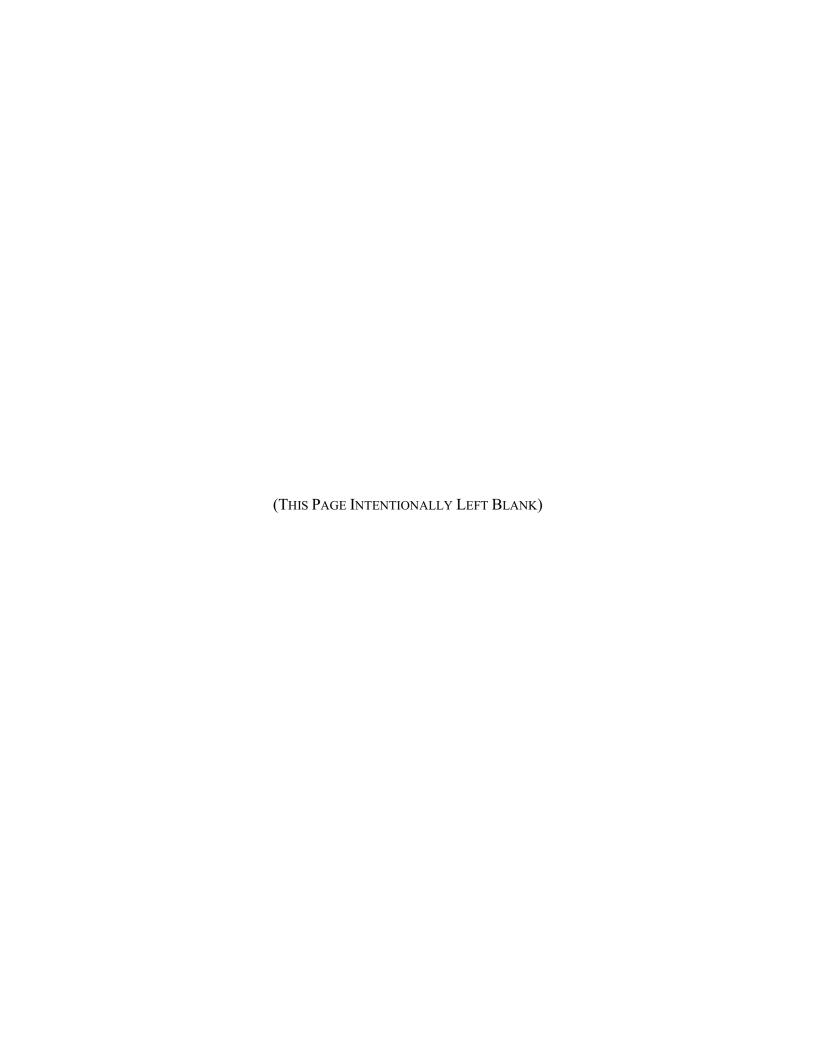
# Section III - Federal Award Findings and Questioned Cost Section

No matters were noted.



### APPENDIX C

Form of CFC Master Trust Agreement and CFC First Supplemental Trust Agreement



# CUSTOMER FACILITY CHARGE MASTER TRUST AGREEMENT

By and Between

### COLUMBUS REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

\_\_\_\_\_

Securing

COLUMBUS REGIONAL AIRPORT AUTHORITY CUSTOMER FACILITY CHARGE REVENUE BONDS

Dated

May 2, 2019

Squire Patton Boggs (US) LLP Bond Counsel

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# (This Index is not a part of the CFC Master Trust Agreement but rather is for convenience of reference only.)

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## CUSTOMER FACILITY CHARGE MASTER TRUST AGREEMENT

THIS CUSTOMER FACILITY CHARGE MASTER TRUST AGREEMENT (this "CFC Master Trust Agreement") dated May 2, 2019 is made by and between the COLUMBUS REGIONAL AIRPORT AUTHORITY (the "Authority"), a port authority, a political subdivision and a body corporate and politic, duly created and validly existing under and by virtue of the laws of the State of Ohio (the "State") and U.S. BANK NATIONAL ASSOCIATION (the "Trustee"), a national banking association duly organized and validly existing under the laws of the United States of America and duly authorized and qualified to exercise corporate trust powers in the State, with its designated corporate trust office located in Columbus, Ohio, as trustee hereunder, under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses being used therein as defined in Article I hereof):

- A. Pursuant to the Act and other proceedings, the Authority has heretofore entered into a Master Trust Indenture, which Master Trust Indenture generally authorizes the issuance from time to time of GARB Bonds and further provides therein for the issuance of Special Facility Revenue Bonds for the purpose of paying the costs of Special Facilities and excludes from the definition of Revenues pledged to pay the debt service charges on the GARB Bonds any revenue or income from any present or future Special Facility to the extent that such revenue or income is pledged by the Authority to pay principal, interest and redemption premiums, if any, for Special Facility Revenue Bonds, or to the extent that such revenue or income is for the use of the Authority to pay or reimburse the Authority for the costs of operation or maintenance required to be paid by the user pursuant to a Special Facilities Agreement (other than reimbursement for any of the Authority's administrative costs relating to any Special Facility); and
- B. Pursuant to the Act and the General Bond Resolution, the Authority is authorized to enter into this CFC Master Trust Agreement and to do or cause to be done all the acts and things herein provided or required to be done, and to issue Bonds for the purpose of paying the Costs of Improvements and refunding Bonds or Subordinated Obligations, all as hereinafter provided; and
- C. The Authority intends and has heretofore determined that (i) the receipts from the CFC shall not constitute Revenues, (ii) the CFC Facilities, including the ConRAC, contemplated by the CFC Resolution constitute Special Facilities and (iii) the Bonds to be issued hereunder constitute Special Facility Revenue Bonds; and
- D. The Authority has determined to sell the Series 2019 Bonds and to enter into this CFC Master Trust Agreement to secure the Series 2019 Bonds and any Additional Bonds issued hereunder; and
- E. All conditions, acts and things required to exist, happen and be performed precedent to and in the execution and delivery of this CFC Master Trust Agreement exist and have happened and been performed in order to make the Bonds, when authorized and issued in accordance with the terms of the CFC Trust Agreement, valid special obligations of the Authority in accordance with the terms thereof and hereof, and in order to make this CFC Master Trust Agreement a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

F. The Trustee has accepted the trusts created by this CFC Master Trust Agreement and in evidence thereof has joined in the execution of this CFC Master Trust Agreement;

NOW, THEREFORE, THIS CFC MASTER TRUST AGREEMENT WITNESSETH, that to secure the payment of Debt Service Charges on the Bonds according to their true intent and meaning, and to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained in the Bonds and in this CFC Master Trust Agreement, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the holders, and for other good and valuable consideration the receipt of which is acknowledged, the Authority has signed and delivered this CFC Master Trust Agreement and does hereby pledge and assign to the Trustee and to its successors in trust, and its and their assigns, and grant a lien upon, the Pledged Revenues and the Pledged Funds, to the extent and with the exceptions provided in this CFC Master Trust Agreement;

<u>PROVIDED</u>, <u>HOWEVER</u>, that any pledge or assignment of, or lien on, any fund, account, receivables, revenues, money or other intangible property not in the custody of the Trustee shall be valid and enforceable only to the extent permitted by law.

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions of the CFC Trust Agreement,

- (a) except as provided otherwise in the CFC Trust Agreement, for the equal and proportionate benefit, security and protection of all present and future Bondholders,
- (b) for the enforcement of the payment of the Debt Service Charges when payable, according to the true intent and meaning of the Bonds and of the CFC Trust Agreement, and
- (c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of the CFC Trust Agreement,

in each case, except as authorized or provided otherwise in the CFC Trust Agreement, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of series designation, number, date of Bond authorization, issuance, sale, execution, authentication, delivery or maturity, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under the CFC Trust Agreement, and shall be secured equally and ratably hereby, it being intended that the lien and security of the CFC Trust Agreement shall take effect from its date, without regard to the actual date of issue, sale or delivery of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value;

PROVIDED FURTHER, HOWEVER, that if all Debt Service Charges, including any premium required to be paid for redemption of any of the Bonds prior to maturity, shall be paid or caused to be paid in accordance with Sections 9.01 and 9.02 herein, the Authority shall well

and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the CFC Trust Agreement to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, Bond Registrars, Authenticating Agents and Paying Agents all moneys due or to become due to them in accordance with the terms and provisions of the CFC Trust Agreement, then the CFC Trust Agreement and the rights granted by the CFC Trust Agreement shall cease, determine and be void, except as provided in Section 9.03 herein with respect to the survival of certain provisions of the CFC Trust Agreement; otherwise, the CFC Trust Agreement shall be and remain in full force and effect as and to the effect provided in it.

It is expressly declared that all Bonds issued and secured under the CFC Trust Agreement are to be issued, authenticated and delivered, and that all Pledged Revenues and the CFC Construction Fund, the CFC Revenue Fund, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in the CFC Trust Agreement, and the Authority has agreed and covenanted, and does hereby further agree and covenant with the Trustee and with the respective holders from time to time of the Bonds, as follows in the CFC Trust Agreement.

It is expressly recognized and declared that to the extent permitted by law, the Authority may issue Subordinated Obligations, the payment of which may be secured by a pledge of or lien on the Pledged Revenues or certain of the Funds subordinate to that of the Bonds.

(End of Recitals and Granting Clauses)

#### ARTICLE I

### **DEFINITIONS**

Section 1.01 <u>Definitions</u>. In addition to or supplementing the words and terms elsewhere defined in this CFC Master Trust Agreement, including those defined in the General Bond Resolution, where used in this CFC Master Trust Agreement (including its recitals and granting clauses) or CFC Supplemental Trust Agreements the following words and terms shall have the following meanings unless the context or use clearly indicates another or different meaning or intent:

"Act" means Sections 4582.21 through 4582.99 of the Ohio Revised Code.

"Additional Bonds" means additional obligations issued pursuant to the CFC Trust Agreement after the issuance of the Series 2019 Bonds.

"Aggregate Outstanding Principal Amount" means, with respect to Bonds outstanding as of any date:

- (a) With respect to any Outstanding Bonds on which no interest is payable, the aggregate discounted offering price at which the Bonds are initially sold to the public, disregarding any purchase price discount to the Original Purchaser;
- (b) With respect to any Outstanding Bonds on which no interest is payable prior to principal maturity, their aggregate face amount;
- (c) With respect to any Outstanding Bonds involving other compound accreted amounts or accreted values, the Aggregate Outstanding Principal Amount of those Bonds as defined in and calculated in accordance with the Bond Proceedings authorizing them or, if no such definition or provision for that calculation is so provided, then in accordance with generally accepted accounting principles; and
  - (d) With respect to any other Outstanding Bonds, their aggregate face amount.

For purposes of any consent or other action to be taken by the holders of a specified percentage of the Aggregate Outstanding Principal Amount of all Bonds or Bonds of any series, Bonds held by or for the account of the Authority shall be excluded.

"Airport" means the John Glenn Columbus International Airport, which is owned and operated by the Authority, and also includes any additions, extensions, and improvements thereto hereafter constructed.

"Assumed Amortization Period" means the period of time specified in paragraph (a) or paragraph (b) below, as selected by the Chief Financial Officer:

(a) Five years; or

(b) The period of time exceeding five years set forth in a written certificate delivered to the Authority by a municipal advisor or investment banker selected by the Authority and experienced in the underwriting of indebtedness of the character of the Bonds as being not longer than the maximum period of time over which indebtedness having comparable terms and security issued or incurred by similar issuers of comparable credit standing would, if then being offered, be marketable on reasonable and customary terms.

"Assumed Interest Rate" means the rate per annum (determined as of the last day of the calendar month next preceding the month in which the determination of Assumed Interest Rate is being made) set forth in a certificate delivered to the Authority by a municipal advisor or investment banker selected by the Authority and experienced in the underwriting of indebtedness of the character of the Bonds as being not lower than the lowest rate of interest at which indebtedness having comparable terms, security and federal tax status amortized on a level debt service basis over a period of time equal to the Assumed Amortization Period, and issued or incurred by similar issuers of comparable credit standing would, if being offered as of such last day of the calendar month, be marketable on reasonable and customary terms.

"Authenticating Agent" means the Trustee and any other bank, trust company or other person designated as an Authenticating Agent for a series of Bonds by or in accordance with the CFC Trust Agreement, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934 as amended.

"Authority" means the Columbus Regional Airport Authority.

"Authorized Denominations" means the denominations designated as such for each series of Bonds in or pursuant to the related CFC Supplemental Trust Agreement.

"Authorized Officer" means any officer or employee of the Authority authorized by or pursuant to the Act, the Bond Proceedings or Authority resolution to perform the particular act or sign the particular document, and if there is no specific authorization, means the Chief Executive Officer and/or the Chief Financial Officer, as appropriate.

"Balloon Bonds" means any series of Bonds or any portion of a series of Bonds designated by the Authority in a resolution as Balloon Bonds, (a) 25% or more of the principal payments (including Mandatory Sinking Fund Requirements) of which are due in a single year, or (b) 25% or more of the principal of which may, at the option of the holder or holders thereof, be redeemed at one time.

"beneficial interests" means the interests of the ultimate purchasers of beneficial interests in Bonds issued in book entry form.

"Board" means the Board of Directors of the Authority.

"Bond Legislation" means the General Bond Resolution to the extent applicable, and the Series Bond Resolution authorizing the issuance of the series of Bonds and any Certificate of Award identified as part of the "Bond Legislation" in the applicable Series Bond Resolution, and all other Series Bond Resolutions to the extent applicable.

"Bond Proceedings" means this CFC Master Trust Agreement and the applicable Bond Legislation, CFC Supplemental Trust Agreement, and other resolutions, Credit Support Instruments, agreements, and certificates, and amendments of and supplements to or any combination of them, authorizing or providing for the terms and conditions and agreements applicable to, or providing for the security for, liquidity or sale of, or the terms contained in, the applicable Bonds.

"Bond Registrar" means the person that keeps and maintains the Register for the applicable Bonds, which shall be the Trustee except as may otherwise be provided pursuant to the CFC Trust Agreement.

"Bondholder" or "holder" or "holder of Bonds", "Registered Owner" or "registered owner", or any similar term means the person in whose name a Bond is registered, or the holder or owner of Bonds as may otherwise be prescribed by applicable Bond Legislation.

"Bonds" means the Series 2019 Bonds and any Additional Bonds.

"book entry form", "book entry system", "Book Entry Form" or "Book Entry System" means a form or system under which (a) the ownership of beneficial interests in the Bonds and the principal of and interest and any premium on the Bonds may be transferred only through a book entry, and (b) physical Bond certificates in fully registered form are issued by the Authority and payable only to a Securities Depository or its nominee as registered owner, with the certificates deposited with and "immobilized" in the custody of the Securities Depository or its designated agent for that purpose. The book entry maintained by others than the Authority is the record that identifies the owners of beneficial interests in the Bonds and that principal and interest.

"Business Day" means any day, other than a Saturday or Sunday, and other than a day on which the Trustee or a Paying Agent (other than the Trustee), as applicable, is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

"Capital Appreciation Bonds" means the Bonds of any series of Bonds designated as such in or pursuant to the related CFC Supplemental Trust Agreement. For purposes of the CFC Trust Agreement, unless the context clearly indicates otherwise, "interest" when used with respect to a Capital Appreciation Bond refers to an amount equal to the amount by which the Compound Accreted Amount of the Capital Appreciation Bond exceeds the original principal amount of the Capital Appreciation Bond or any Predecessor Bond or Bonds, as of any relevant date, and "principal" when used with respect to a Capital Appreciation Bond means the original principal amount of the Capital Appreciation Bond or any Predecessor Bond or Bonds.

"Certificate of Award" means, with respect to any series of Bonds, the certificate delivered by the Chief Financial Officer awarding that series of Bonds.

"CFC", "CFCs" or "Customer Facility Charge" means the customer facility charge implemented by the Authority pursuant to the CFC Resolution on rental car transactions occurring on or about the Airport and required to be collected by the Concessionaires and

remitted to the Authority or to the Trustee, as an assignee of the Authority, as further described in the Concessionaire Agreements.

"CFC Administrative Costs Fund" means the CFC Administrative Costs Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Common Use Busing Fund" means the CFC Common Use Busing Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Construction Fund" means the CFC Construction Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Debt Service Coverage Fund" means the CFC Debt Service Coverage Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Debt Service Coverage Fund Requirement" means for each series of Bonds, as of the date of any calculation, the amount, if any, designated as such for the series of Bonds in or pursuant to a CFC Supplemental Trust Agreement to be on deposit in or credited to an account in the CFC Debt Service Coverage Fund, which amount may take the form of a Credit Support Instrument provided for or pursuant to the related CFC Supplemental Trust Agreement.

"CFC Debt Service Fund" means the CFC Debt Service Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Debt Service Reserve Fund" means the CFC Debt Service Reserve Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Debt Service Reserve Fund Requirement" means for each series of Bonds, as of the date of any calculation, the amount, if any, designated as such for the series of Bonds in or pursuant to a CFC Supplemental Trust Agreement to be on deposit in or credited to an account in the CFC Debt Service Reserve Fund, which amount may take the form of a Credit Support Instrument provided for or pursuant to the related CFC Supplemental Trust Agreement.

"CFC Facilities" or "CFC Facility" means, collectively, any equipment or facilities designated by the Authority as facilitating the provision of rental car operations at the Airport, including but not limited to the ConRAC and any related common-use transportation equipment and facilities.

"CFC Master Trust Agreement" means this Customer Facility Charge Master Trust Agreement, as may be amended or supplemented from time to time.

"CFC Renewal and Replacement Fund" means the CFC Renewal and Replacement Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Renewal and Replacement Fund Requirement" means an amount equal to \$13,940,000.

"CFC Resolution" means, collectively, Resolution No. 03-07 adopted by the Board on January 30, 2007, as amended and supplemented by Resolution No. 95-08 adopted by the Board on September 30, 2008, Resolution No. 26-11 adopted by the Board on May 24, 2011, Resolution No. 45-15 adopted by the Board on July 28, 2015 and Resolution No. 51-16 adopted by the Board on July 26, 2016, as such resolutions may be amended and supplemented from time to time, and any other resolution that may be adopted by the Board in the future with respect to the imposition of the CFC by the Authority on rental car transactions occurring on or about the Airport.

"CFC Revenue Fund" means the CFC Revenue Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Revenues" means all the funds received by or on behalf of the Authority from the Concessionaires pursuant to the Authority's imposition of the CFC.

"CFC Supplemental Reserve Account" means the CFC Supplemental Reserve Account created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Supplemental Trust Agreement" means a CFC Supplemental Trust Agreement approved or authorized by the Authority and entered into by the Authority and the Trustee pursuant to this CFC Master Trust Agreement.

"CFC Surplus Fund" means the CFC Surplus Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Trust Agreement" means, collectively, this CFC Master Trust Agreement and any CFC Supplemental Trust Agreements.

"Chief Executive Officer" means the President and CEO of the Authority or the person performing the functions of that office as certified by the Chair of the Board.

"Chief Financial Officer" means the Chief Financial Officer of the Authority or the person performing the functions of that office as certified by the Chair of the Board.

"Code" means the Internal Revenue Code of 1986, as amended, together with all applicable Treasury Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, any amendments of, or successor provisions to, the foregoing, and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a section of the Code includes any applicable successor section or provision and such applicable Treasury Regulations, rulings, announcements, notices, procedures and determinations pertinent to that section.

"Compound Accreted Amount" means the original principal amount of any Capital Appreciation Bond plus interest accrued and compounded on the dates and in the manner provided in or pursuant to a CFC Supplemental Trust Agreement to the date of maturity or other date of determination.

"Concessionaire" means each rental car entity that, at the time, is a signatory to a Concessionaire Agreement.

"Concessionaire Agreement" means each Agreement for the Operation of a Rental Car Concession between the Authority and a Concessionaire entitled to exclusive premises at the ConRAC pursuant to the terms thereof, as the same may be re-executed, modified, amended or replaced from time to time.

"Concessionaire Deficiency Payments" means the payments, if any, made by Concessionaires pursuant to their respective Concessionaire Agreements (or any successor provisions thereof) as contingent payments to cover in each contract year under the Concessionaire Agreement after Substantial Completion, deficiencies if any in the amount of CFCs needed to fund the Annual Obligation Requirement (as defined in the Concessionaire Agreement).

"ConRAC" means a consolidated rental car facility, including all associated repairs and improvements associated therewith and all associated structures, roadways, commercial curbs, terminal connections, facilities, utilities, and other infrastructure improvements related thereto including, without limitation, (i) customer service areas, (ii) the exclusive premises for the Concessionaires, (iii) a ready/return area, (iv) a quick turnaround area dedicated to fueling, vacuuming, washing and servicing rental vehicles, together with a dedicated roadway for rental vehicle use, (v) storage/service facilities, (vi) service centers for rental car maintenance, and (vii) common concessionaire areas and common public areas, in each case together with any other ancillary facilities and any expansions, additions, extensions and/or improvements thereto.

"Construction Period" means the period between the beginning of the acquisition, construction and installation of Improvements to be financed from the proceeds of any series of Bonds, and the date of Substantial Completion of those Improvements as certified pursuant to Section 4.03.

"Consultant" means a recognized firm of independent management consultants knowledgeable and experienced in the operations and finances of airports and airport facilities, designated by the Authority. The Consultant may be an Independent Engineer.

"Costs of Improvements" means costs of or related to Improvements, and the financing and refinancing of those costs, including costs relating to the issuance and payment of Bonds.

"Credit Support Instrument" means an insurance policy, including a policy of bond insurance, letter of credit or other credit enhancement, support or liquidity device provided pursuant to an agreement to which the Authority is a party and which is used to enhance the security or liquidity of any Bonds or series or two or more series or part of a series of Bonds, or to provide, in whole or in part, the CFC Debt Service Reserve Fund Requirement or the CFC Debt Service Coverage Fund Requirement for any series of Bonds.

"Credit Support Provider" means any provider of a Credit Support Instrument relating to provision of all or part of the CFC Debt Service Reserve Fund Requirement or CFC Debt Service Coverage Fund Requirement relating to any series of Bonds so long as those Bonds are outstanding, and so long as that Credit Support Instrument is in effect.

"Debt Service Charges" means the principal (as payable at stated maturity or otherwise), interest and any redemption premium required to be paid by the Authority on the Bonds, and includes any Mandatory Sinking Fund Requirements. In the case of payment of Debt Service Charges by a person other than the Authority pursuant to a Credit Support Instrument, "Debt Service Charges" means the reimbursement by the Authority to the provider of that Credit Support Instrument of the amount so paid. In determining Debt Service Charges for a Fiscal Year or any other period, (i) Mandatory Sinking Fund Requirements for that Fiscal Year or period shall be taken into account, and principal maturities or interest payments for which Mandatory Sinking Fund Requirements are imposed and complied with in a prior Fiscal Year or period, to that extent, shall be excluded and (ii) principal maturities of Interim Indebtedness, to the extent such amounts are certified by an Authorized Officer as being payable from the proceeds of anticipated Bonds or of renewal Interim Indebtedness, shall be excluded.

"Deposit Date" means the first Business Day of each calendar month or such other day designated as such in the Bond Legislation or CFC Supplemental Trust Agreement relating to the issuance of any Bonds.

"Direct Obligations" means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the U.S. Department of the Treasury), or obligations of any agency, corporation or public body that is controlled or supervised by and acting as an instrumentality of the United States of America, the timely payment of the principal of and interest on which is fully guaranteed by the United States of America, provided that the full faith and credit of the United States of America is pledged to any such direct obligations or guarantee.

"Eligible Investments" means any investments permitted under Section 135.14 of the Ohio Revised Code.

"Event of Default" means any of the Events of Default described in Section 7.01 of this CFC Master Trust Agreement.

"Extraordinary Services" and "Extraordinary Expenses" means all services rendered and all reasonable expenses (including reasonable legal counsel fees) properly incurred under the CFC Trust Agreement by the Trustee, the Bond Registrar and any Authenticating Agent and Paying Agent, other than Ordinary Services and Ordinary Expenses, including, after the occurrence of an Event of Default, nonministerial services and reasonable counsel and other advisory fees incurred by the Trustee.

"Fiscal Year" means a period of 12 consecutive months commencing on the first day of January of any year and ending on the last day of December of that year, or, as to be evidenced for purposes of the CFC Trust Agreement by a certificate of an Authorized Officer filed with the Trustee, such other consecutive 12-month period as may hereafter be established as the fiscal year for Authority budgeting, appropriations and accounting purposes.

"Fitch" means Fitch Ratings, New York, New York, or any successor Rating Service.

"Funds" means any of the funds established pursuant to Section 5.01 of this CFC Master Trust Agreement, including Special Funds and Accounts.

"GARB Bonds" means those obligations that may be issued from time to time under the Master Trust Indenture.

"General Bond Resolution" means Resolution No. 22-19 as adopted by the Board of Directors of the Authority on March 26, 2019.

"Improvements" means, collectively, any design, construction, expansion, addition, improvement, extension, equipping, furnishing, or installation of any CFC Facility and facilities ancillary and/or necessary and appurtenant thereto.

"Independent Engineer" means an engineer or firm of engineers, independent of the Authority, and licensed by or permitted to practice in the State, experienced in the design, construction and supervision of construction of CFC Facilities.

"Insurance Consultant" means a person who is not an officer or employee of the Authority, or a firm that does not have a partner, principal director, officer, member or substantial stockholder who is an officer or employee of the Authority, designated by the Authority and qualified to survey risks and to recommend insurance coverage for facilities similar to those of the CFC Facilities, and having a favorable reputation for skill and experience in such surveys and recommendations. The Insurance Consultant may be a broker or agent with whom the Authority transacts other business so long as the preceding requirements are met.

*"Interest Payment Account"* means the Interest Payment Account of the CFC Debt Service Fund created in Section 5.01 of this CFC Master Trust Agreement.

"Interest Payment Dates" means, with respect to any series of Bonds, the dates on which interest is payable on that series of Bonds.

"Interim Indebtedness" means Additional Bonds that are bonds or bond anticipation notes with a final maturity of not more than five years and issued pursuant to this CFC Master Trust Agreement in anticipation of being funded or refunded by Additional Bonds.

"Issuance Date" means, with respect to any series of Bonds, the date of physical delivery of, and payment of the purchase price for, that series of Bonds as specified in the CFC Supplemental Trust Agreement for that series of Bonds.

"Kroll" means Kroll Bond Rating Agency, Inc., New York, New York, or any successor Rating Service.

"Long Term Bonds" means an issue of Additional Bonds having a final maturity of more than five years and issued pursuant to this CFC Master Trust Agreement.

"Mandatory Redemption Obligation" or "Mandatory Redemption" or "Mandatory Sinking Fund Redemption" means mandatory prior redemption of Term Bonds (or other term Bonds) pursuant to Mandatory Sinking Fund Requirements.

"Mandatory Sinking Fund Requirements" means amounts required by any Bond Proceedings to be deposited to the CFC Debt Service Fund in any Fiscal Year for the purpose, as

provided in those Bond Proceedings, of retiring, at their stated maturities or by mandatory prior redemption or other prior retirement, principal maturities of Bonds, or of paying interest or interest equivalent on Bonds, which by the terms of the Bonds are due and payable in any subsequent Fiscal Year.

"Master Trust Indenture" mean the Master Trust Indenture, dated as of July 15, 1994, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, which has heretofore and may hereafter be amended and supplemented from time to time, and which provides for the issuance of GARB Bonds from time to time.

"Moody's" means Moody's Investors Service, Inc., New York, New York, or any successor Rating Service.

"Most Recent Audit Year" means the first Fiscal Year immediately preceding the Fiscal Year in which Additional Bonds are issued and in respect of which the Authority's financial statements have been audited by either the Ohio Auditor of State or an independent firm of certified public accountants.

"Notice Address" means as to the:

Authority: Columbus Regional Airport Authority

John Glenn Columbus International Airport

4600 International Gateway Columbus, Ohio 43219

Attention: Chief Financial Officer

Depository: The Depository Trust Company

Call Notification Department Muni Reorganization Manager

711 Stewart Avenue

Garden County, New York 11530

Trustee: U.S. Bank National Association

10 West Broad Street, 12<sup>th</sup> Floor

Columbus, Ohio 43215

Attention:

And as to any other parties, the Notice Address specified in the applicable CFC Supplemental Trust Agreement.

"Ordinary Services" or "Ordinary Expenses" means those services normally rendered, and those expenses (including legal counsel's fees) normally incurred, by a trustee, registrar, authenticating agent or paying agent, as applicable, under instruments similar to this CFC Master Trust Agreement.

"Original Purchaser" means, with respect to any series of Bonds, the person or persons named in, or in a certificate authorized by, the applicable Bond Proceedings as the original purchaser of those Bonds from the Authority.

"Outstanding Bonds" or "Bonds outstanding" or "outstanding" as applied to particular Bonds, to Bonds of any series, or to all Bonds, means, as of any date, the Bonds to which the reference applies and which have been authenticated and delivered, or are then being authenticated and delivered, by the Trustee under the CFC Trust Agreement except:

- (a) Bonds canceled or retained in safekeeping upon surrender, exchange or transfer, or canceled by reason of payment or redemption on or prior to that date;
- (b) Bonds, or the portion of Bonds, for the payment, redemption or purchase for cancellation of which sufficient moneys have been deposited prior to that date with the Trustee or Paying Agents (whether upon or prior to the maturity or redemption date of those Bonds), or which are deemed to have been paid or caused to be paid, as provided in Article IX of this CFC Master Trust Agreement; provided (i) that if those Bonds are to be redeemed prior to their stated maturity, notice of that redemption has been given or arrangements satisfactory to the Trustee have been made for giving that notice, or waiver of that notice satisfactory in form to the Trustee has been filed with the Trustee, and (ii) that if those Bonds are to be purchased for cancellation, a firm offer for sale stating the price has been received and accepted; and
- (c) Lost, stolen, mutilated or destroyed Bonds in lieu of which others have been authenticated (or payment when due of which is made without replacement) under the CFC Trust Agreement.

"Paying Agents" means the Trustee and any other banks or trust companies designated as the paying agencies or places of payment for Bonds by or pursuant to the applicable Bond Proceedings, and their successors designated pursuant to this CFC Master Trust Agreement.

"Period of Review" means that period beginning on the first day of the Fiscal Year in which any 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: (a) the third anniversary of the date of issuance of such Additional Bonds or (b) the later to occur of the (i) scheduled completion date of the project to be financed with proceeds of such Additional Bonds or (ii) first anniversary of the date on which capitalized interest with respect to such project is projected to be exhausted, whichever date described in clauses (a) or (b) is later.

## "Permitted Encumbrances" means any of the following:

(a) Liens or encumbrances upon, or title defects relating to, rights-of-way held by the Authority if (i) the Authority has, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority), power under eminent domain or similar laws to eliminate those liens, encumbrances or defects or power to acquire by eminent domain or acquire easements or rights-of-way sufficient for the Authority's purposes over the land covered by the rights-of-way in question or other lands adjacent thereto and can do so, in the opinion of an Authorized Officer, at a cost not in excess of funds then available to the Authority for that purpose, or (ii) if, in the opinion of an Independent Engineer, the facilities installed or to be installed in the rights-of-way can be relocated so as not to affect the land so covered thereby and at a cost not in excess of funds then available to the Authority for that purpose.

- (b) Mechanic's, laborer's, materialman's, supplier's or vendor's liens, if any such lien is contested as permitted under Section 4.06 of this CFC Master Trust Agreement, and attested accounts with respect to which funds have been detained in accordance with Section 1311.28 of the Ohio Revised Code.
- (c) In the case of rights-of-way held by the Authority, the lien of taxes, assessments and other governmental charges if proceedings for the foreclosure thereof or for the forfeiture of the underlying fee title would not, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority), operate to extinguish those rights-of-way or if, in the opinion of an Authorized Officer, that lien can if necessary be discharged by the Authority at a cost not in excess of funds then available to the Authority for that purpose.
- (d) A lien for specified taxes or assessments not then delinquent or if delinquent, being contested as provided by Section 4.07 of this CFC Master Trust Agreement.
- (e) Restrictions and rights as to use, and easements for streets, alleys, highways, rights-of-way, railroad and utility purposes over, upon and across any of the properties of the Authority which, in the opinion of an Independent Engineer, will not materially interfere with the use of the properties of the Authority by the Authority for the purpose intended.
  - (f) Any lien of the CFC Trust Agreement.
- (g) Liens, encumbrances or title defects which, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority, and which opinion may be based on certificates of engineers or appraisers satisfactory to the Trustee), either (i) have been or can be adequately guarded against by bond or contract of indemnity, guarantee or insurance and, if not yet obtained, such bond, contract of indemnity, guarantee or insurance can be obtained at a cost not in excess of funds then available to the Authority for that purpose, or (ii) can be cured by eminent domain proceedings at a cost not in excess of funds then available to the Authority for that purpose.

"person" or words importing "person" means any natural person, firm, corporation, public body or other entity, and any combination of those persons.

"Pledged Funds" means, collectively and except as may be modified in this CFC Master Trust Agreement, the Special Funds and Accounts, and the CFC Revenue Fund to the extent that money in that Fund constitutes Pledged Revenues. The CFC Construction Fund, the CFC Administrative Costs Fund, which includes the CFC Rebate Account, the CFC Administration Account and the CFC Insurance Account, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund (except for the CFC Supplemental Reserve Account), and any accounts (other than the CFC Supplemental Reserve Account) created in those Funds, shall not be a "Pledged Fund".

"Pledged Revenues" means, collectively, (a) all CFC Revenues, (b) any Concessionaire Deficiency Payments received by or on behalf of the Authority, (c) any investment income realized from any investment made from any money credited to the CFC Revenue Fund, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, (d) and other money pledged in a CFC Supplemental Trust Agreement to secure the Bonds

issued hereunder. Pledged Revenues shall not include (a) any income resulting from investment of money on deposit in the CFC Construction Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund or the CFC Surplus Fund, (b) proceeds of Bonds, (c) proceeds of the sale of any portion of the Airport (including CFC Facilities) or the profit or loss from the sale or other disposition, not in the ordinary course of business, of any fixed or capital assets of the Airport (including CFC Facilities), (d) proceeds of insurance (other than insurance that provides for lost CFC Revenues when the Airport is unable to function) or eminent domain proceedings, or (e) any receipts of the Authority which are characterized as Revenues.

"Predecessor Bond" means every previous Bond evidencing all or a portion of the same obligation as that evidenced by a particular Bond. For this purpose, any Bond authenticated and delivered under Section 2.08 of this CFC Master Trust Agreement shall be deemed to evidence, except as otherwise provided in Section 2.08 of this CFC Master Trust Agreement, the same debt as the lost, stolen or destroyed Bond.

"Principal Payment Account" means the Principal Payment Account of the CFC Debt Service Fund created in Section 5.01 of this CFC Master Trust Agreement.

"Principal Payment Date" or "Principal Payment Dates" means, with respect to any series of Bonds, the date or dates on which principal is stated to be payable on Bonds at stated maturity or pursuant to Mandatory Sinking Fund Requirements and Mandatory Redemption Obligations.

"Rate Covenant" means the rate covenant of the Authority set forth in Section 4.02 of this CFC Master Trust Agreement to fix, revise, maintain and collect CFC Revenues in the manner described therein.

"Rating Service" means Fitch, Kroll, Moody's, S&P or any other nationally recognized entity assigning credit ratings to securities issued by public bodies and designated for the purpose by the Authority and, if required by a Credit Support Instrument, satisfactory to the Credit Support Provider.

"Rebate Amount" means any amount payable to the United States in accordance with Section 148(f) of the Code in connection with a series of Bonds as provided in or pursuant to the related CFC Supplemental Trust Agreement.

"Register" means the books kept and maintained by the Bond Registrar pursuant to this CFC Master Trust Agreement for the registration, exchange and transfer of Bonds.

"Registered Bonds" means fully registered Bonds registered as to both principal and interest in the name of the owner or holder, including Bonds issued under a book entry system.

"Regular Record Date" means, with respect to any series of Bonds, the date designated as a Regular Record Date in the applicable Bond Proceedings.

"Responsible Officer" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice

president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this CFC Trust Agreement.

"Revenues" shall have the meaning set forth in the Master Trust Indenture.

"S&P" means S&P Global Ratings Services, New York, New York, or any successor Rating Service.

"Securities Depository" or "Depository" means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership and effect transfers of beneficial interests in bonds, and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

"Series 2019 Bonds" means the Authority's \$\_\_\_\_ Customer Facility Charge Revenue Bonds, Series 2019, dated May 2, 2019 and issued pursuant to the General Bond Resolution, the applicable Series Bond Resolution and the CFC Trust Agreement.

"Series Bond Resolution" means a resolution of the Authority authorizing the issuance of a series of Bonds in accordance with this CFC Master Trust Agreement, and includes any resolution or certificate providing for or evidencing the award and specific terms of Bonds authorized by that Series Bond Resolution.

"Special Facility" or "Special Facilities" shall have the meaning set forth in the Master Trust Indenture.

"Special Facility Agreement" or "Special Facilities Agreement" shall have the meaning set forth in the Master Trust Indenture.

"Special Facility Revenue Bonds" shall have the meaning set forth in the Master Trust Indenture.

"Special Funds" or "Special Funds and Accounts" means, collectively, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account, together with any accounts in those Funds, and any fund or account relating to a Credit Support Instrument permitted by or established under, and identified as a Special Fund or Account in, this CFC Master Trust Agreement or a Series Bond Resolution or CFC Supplemental Trust Agreement.

"Special Record Date" means, with respect to any series of Bond, the date established by the Trustee in connection with the payment of overdue interest on that Bond pursuant to Section 2.07 of this CFC Master Trust Agreement.

"State" means the State of Ohio.

"Subordinated Debt Service Charges" means, for any period of time, amounts required to be paid by the Authority in connection with Subordinated Obligations pursuant to a Subordinated Obligations Trust Indenture, including the principal of (at maturity or pursuant to any optional and mandatory sinking fund requirements) and interest on Subordinated Obligations.

"Subordinated Obligations" means any revenue obligations of the Authority expressly subordinated to the Bonds and payable out of the CFC Surplus Fund as may be secured as provided in this CFC Master Trust Agreement and in a Subordinated Obligations Trust Agreement between the Authority and a trustee, and issued for the same purposes for which the Bonds may be issued.

*"Subordinated Obligations Debt Service Account"* means the Subordinated Obligations Debt Service Account created by Section 5.01 of the CFC Master Trust Agreement.

"Subordinated Obligations Trust Agreement" means the trust indenture and any supplement thereto, as the case may be, securing Subordinated Obligations.

"Substantial Completion" means the substantial completion of the ConRAC initially funded with the initial series of Bonds issued hereunder as specified in the related CFC Supplemental Trust Agreement with respect to such series of Bonds, which shall be deemed to occur, as reasonably determined by Authority, so that (i) in the case of Authority's work, Concessionaire is able to take possession of its Exclusive Premises (as defined in the Concessionaire Agreement) for the purpose of performing the Approved Project (as defined in the Concessionaire Agreement), or (ii) in the case of Approved Project work, Concessionaire has received a Certificate of Occupancy and/or a Temporary Certificate of Occupancy from the appropriate governmental agencies and is able to occupy the Exclusive Premises for the purpose of opening for business. In no event will Substantial Completion of any work occur prior to the issuance by Authority of the Notice to Proceed (as defined in the Concessionaire Agreement).

"Term Bonds" means, with respect to any series of Bonds, those Bonds designated as such, if any, and maturing on the date or dates set forth in the Bond Proceedings, bearing interest payable on each Interest Payment Date, and subject to Mandatory Redemption pursuant to Mandatory Sinking Fund Requirements.

"Treasury Regulations" means Treasury Regulations issued pursuant to the Code or to the statutory predecessor of the Code.

"Trustee" means U.S. Bank National Association, as trustee under the CFC Trust Agreement, and any successor trustee pursuant to the CFC Trust Agreement.

"Variable Rate Additional Bonds" means Additional Bonds that do not have a fixed interest rate or rates.

"Variable Rate Debt Interest Rate" means, with respect to any Variable Rate Additional Bonds, a fixed interest rate equal to the higher of (a) 7% or (b) the highest interest rate borne at any time during the 24 months prior to the date of determination by any outstanding Variable Rate Additional Bonds or, if there are not any such Variable Rate Additional Bonds outstanding on the date of determination, the interest rate determined pursuant to a written statement obtained

from a municipal advisor or an investment banker experienced in the underwriting of variable rate debt obligations setting forth, in the opinion of such municipal advisor or investment banker, the highest interest rate borne at any time during the preceding 24 months by debt obligations (i) the interest on which is treated for federal income tax purposes in the same manner as interest on the Variable Rate Additional Bonds, (ii) that are assigned ratings by a Rating Service comparable to the ratings assigned or to be assigned to the Variable Rate Additional Bonds, and (iii) the interest rate on which is adjusted on the same periodic basis as the interest rate on the Variable Rate Additional Bonds.

"Year" means either the calendar year, or a period of 12 consecutive calendar months, as appropriate in the context and unless otherwise specified.

Section 1.02 <u>Interpretation; Section and Article References; Captions</u>. Any reference in the Bond Proceedings to the Authority, to the Board or officers or to employees of the Authority, shall include those that succeed to their functions, duties or responsibilities pursuant to or by operation of law or otherwise are lawfully performing their functions.

Any reference in the Bond Proceedings to a section or provision of the Ohio Revised Code or to the Act or to the laws of Ohio or Authority resolutions shall include that section or provision and the Act and those laws and resolutions as from time to time amended, modified, revised, supplemented or superseded. No amendment, modification, revision, supplement or superseding section or provision shall be applicable solely by reason of this provision, if it constitutes in any way an impairment of the rights or obligations of the Authority, the holders, the Trustee, any Credit Support Provider, or the Bond Registrar, under the CFC Trust Agreement, the Bond Legislation, the Bonds or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Debt Service Charges in the amount and manner, at the times and from the sources provided in the Bond Proceedings and the Bonds, except as permitted in the CFC Trust Agreement.

Unless the context otherwise indicates, words in the Bond Proceedings importing the singular number include the plural number and vice versa.

References in this CFC Master Trust Agreement to a Section, unless otherwise stated, are to a Section of this CFC Master Trust Agreement. The terms "hereof", "herein", "hereby", "hereto", and "hereunder", and similar terms, mean and refer to this CFC Master Trust Agreement.

(End of Article I)

#### **ARTICLE II**

## **AUTHORIZATION, TERMS AND DELIVERY OF BONDS**

Section 2.01 General.

- (a) The Bonds shall be issued pursuant to the Act. No Bonds may be issued under the provisions of this CFC Master Trust Agreement except in accordance with this Article.
- (b) Anything in this CFC Master Trust Agreement to the contrary notwithstanding, the aggregate principal amount of Bonds that may be executed, authenticated and delivered pursuant to this CFC Master Trust Agreement may be limited or additional conditions to their issuance may be imposed, or a combination of both, at any time at the election of the Authority pursuant to a CFC Supplemental Trust Agreement specifying that limitation or those additional conditions. However, no such CFC Supplemental Trust Agreement may increase the duties or obligations of the Trustee without its consent.
- (c) To the extent provided in and except as otherwise permitted by the CFC Trust Agreement, (i) the Bonds shall be payable equally and ratably solely from the Pledged Revenues and the Pledged Funds and (ii) the payment of Debt Service Charges shall be secured by (A) the CFC Master Trust Agreement and (B) a pledge and assignment of and a lien on the Pledged Revenues and the Pledged Funds. Nothing in the CFC Trust Agreement shall prevent the Debt Service Charges on one series of Bonds being otherwise secured by funds, property or investments not applicable to another series of Bonds.
- (d) The Bonds shall be special obligations of the Authority. The Bonds will not constitute a debt, or a pledge of the faith and credit, of the Authority, the State or any other political subdivision of the State, and the holders or owners of the Bonds have no right to have taxes levied by the General Assembly of Ohio or the taxing authority of any political subdivision of the State to pay Debt Service Charges on the Bonds, and each Bond shall contain a statement to that effect. However, nothing in the CFC Trust Agreement or the Bonds shall be deemed to prohibit the Authority, of its own volition, from using to the extent lawfully authorized to do so any resource for the fulfillment of the terms or obligations of the CFC Trust Agreement and the Bonds.
- (e) In case any officer whose signature or a facsimile of whose signature appears on any Bond shall cease to be that officer before the issuance of the Bond, his signature or facsimile signature nevertheless shall be valid and sufficient for all purposes, the same as if he had remained in office until that time. Any Bond may be signed on behalf of the Authority by an officer who, on the date of signing is the proper officer, although on the date of the Bond that person was not the proper officer.
- Section 2.02 <u>Variation of Terms of the Bonds</u>. The following provisions of each series of Bonds shall be provided in or pursuant to the related CFC Supplemental Trust Agreement:
- (a) the authorized principal amount and the interest rate or rates or the method of determining the same, which may be any method then permitted by law, including, without limitation, fixed or variable interest rates with or without provision for conversion to other fixed

or variable interest rates, and accretion of principal payable at maturity in lieu of interest or current interest payments;

- (b) the purposes for which issued as permitted by the Act and this CFC Master Trust Agreement;
- (c) the date, Regular Record Date, Principal Payment Dates and the Interest Payment Dates;
- (d) the series and any other designation that may be necessary or advisable to distinguish them from Bonds of any other series;
  - (e) the Authorized Denominations and manner of numbering;
- (f) redemption provisions, if any, including any premium to be paid upon redemption;
  - (g) any Mandatory Sinking Fund Requirements;
  - (h) the Paying Agent or Agents, if other than the Trustee;
  - (i) any special terms or conditions for sale;
  - (j) the disposition of proceeds from issuance;
  - (k) provisions for any Credit Support Instrument;
  - (1) the form of the Bonds; and
- (m) any other provisions considered appropriate or advisable by the Authority, including without limitation, description of any additional security to be provided.
- Section 2.03 <u>Form of Bonds</u>. The Bonds shall be substantially in the form or forms provided for, authorized or set forth in the CFC Supplemental Trust Agreement entered into in connection with the issuance of the particular series of Bonds, all consistent with the terms of this CFC Master Trust Agreement.

## Section 2.04 <u>Authentication and Delivery of Bonds</u>.

(a) <u>Authentication</u>. No Bond shall be valid or become obligatory for any purpose or entitled to any security or benefit under this CFC Master Trust Agreement unless and until an authentication certificate, substantially in the form set forth below, has been endorsed on that Bond. The authentication certificate may be executed by any person authorized to do so by an Authenticating Agent, but it shall not be necessary that the same person sign the authentication certificates on all the Bonds or on all the Bonds of any series. The authentication certificate shall be in substantially the following form:

"This Bond is one of the Bonds issued under the provisions of the within mentioned Customer Facility Charge Master Trust

Agreement	and	the	Customer	Facility	Charge	
Supplemental Trust Agreement."						

The authentication of any Bond by any authorized person shall be conclusive evidence that Bond has been duly authenticated and delivered, and is entitled to the security and benefit, under this CFC Master Trust Agreement.

- (b) <u>Conditions to Authentication</u>. Before any series of Bonds are initially authenticated by an Authenticating Agent and delivered by or on behalf of the Trustee, there shall have been filed with the Trustee the following:
  - (i) A copy, certified by an Authorized Officer, of the applicable Bond Legislation authorizing the issuance and delivery of those Bonds.
  - (ii) A certificate of an Authorized Officer stating that to the best of that official's knowledge, the Authority is not on the date of issuance of the Bonds, and by issuance of the Bonds will not be, in default in the performance of any of its covenants, agreements or obligations provided for in the Bond Legislation, the Bonds, this CFC Master Trust Agreement or any CFC Supplemental Trust Agreement.
  - (iii) An originally executed counterpart of the CFC Supplemental Trust Agreement entered into in connection with the issuance of those Bonds.
  - (iv) In the case of Additional Bonds, the certificate and evidence required by Section 2.05.
  - (v) A request and authorization to the Trustee on behalf of the Authority, signed by an Authorized Officer, to authenticate and deliver the Bonds to or on the order of the Original Purchaser identified, and upon payment of an amount specified, in that request and authorization, which amount shall be applied as provided in the applicable Bond Proceedings.
  - The written opinion of legal counsel retained or designated by the Authority to the effect that documents submitted to the Trustee in connection with that request and authorization comply with the requirements of this CFC Master Trust Agreement, and that all legal conditions precedent to the issuance of those Bonds as provided in this CFC Master Trust Agreement have been complied with, and a written opinion of nationally recognized bond counsel for or designated by the Authority, who may also be the legal counsel referred to above in this subparagraph (vi), that those Bonds, when duly executed, authenticated and delivered, will be valid and legal special obligations of the Authority, enforceable in accordance with their terms subject to reasonable exceptions, such as for bankruptcy, insolvency and laws affecting creditors' rights and the exercise of judicial discretion and application of equitable principles, and will be secured with, if applicable, all other then outstanding Bonds as to the security of this CFC Master Trust Agreement and the pledge of the Pledged Revenues and the Pledged Funds (except as to any provision made under Section 2.11 or 3.04 of this CFC Master Trust Agreement) to provide for payment of Debt Service Charges, and, if Additional Bonds, the issuance of those Bonds will not cause the interest on then

Outstanding Bonds to become includable in the gross income of holders for federal income tax purposes.

- (vii) Such additional certificates or opinions as may be required by the applicable Bond Proceedings or purchase agreement pertaining to those Additional Bonds.
- (c) <u>Delivery</u>. When the documents and opinions referred to in Section 2.04(b) have been filed with the Trustee and the Bonds have been executed and authenticated, the Trustee, itself or by an agent authorized to do so by the Trustee, shall deliver those Bonds to or on the order of the Original Purchaser identified in the request and authorization referred to in Section 2.04(b)(v), upon payment of the amount specified in that request and authorization.
- (d) <u>Replacement Bonds</u>. All Bonds authenticated and delivered upon any transfer or exchange or partial redemption of Bonds, or pursuant to Section 2.08, shall be valid special obligations of the Authority, evidencing the same obligation, and entitled to the same security and benefit under this CFC Master Trust Agreement, as the Predecessor Bonds surrendered or replaced.

#### Section 2.05 Additional Bonds.

(a) The Authority shall have the right from time to time to issue Additional Bonds, including Long Term Bonds and Interim Indebtedness, for the purposes only of (i) providing moneys to finance Improvements, (ii) providing additional moneys, if necessary, to complete any Improvement for which Bonds have been issued, (iii) refunding and advance refunding for any lawful purpose any Outstanding Bonds or Subordinated Obligations, or (iv) any combination of (i), (ii) or (iii). The proceeds from the sale of Additional Bonds shall be allocated and deposited in the Funds in the manner provided in the Bond Proceedings relating to those Additional Bonds.

Those Additional Bonds shall be on a parity with the Series 2019 Bonds and any Additional Bonds theretofore or thereafter issued as to the security of this CFC Master Trust Agreement and the pledge of the Pledged Revenues and the Pledged Funds (except as otherwise provided or authorized in this CFC Master Trust Agreement, and except as to any provision made under Section 2.11 or 3.04) to provide for payment of Debt Service Charges on the Bonds.

- (b) Prior to initial authentication of any Additional Bonds, the Authority shall have furnished either of the following to the Trustee:
  - (i) A certificate of a Consultant to the effect that the CFC Revenues expected to be collected by the Authority during the Period of Review, adjusted to reflect, if necessary, rates of CFCs approved by the Authority before the issuance of those Additional Bonds, will aggregate in an amount not less than the sum of (A) One hundred percent (100%) of the amounts required by Section 5.03 to be deposited into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund in each Fiscal Year of the Period of Review plus (B) One hundred twenty-five percent (125%) of the maximum amount required to be paid as Debt Service Charges in each Fiscal Year of the

Period of Review on account of all Bonds then Outstanding, including the Additional Bonds proposed to be issued,

<u>or</u>

(ii) A certificate of the Chief Financial Officer to the effect that the CFC Revenues, during the Most Recent Audit Year, adjusted to reflect, if necessary, rates of CFCs approved by the Authority before the issuance of those Additional Bonds, will aggregate in an amount not less than the sum of (A) One hundred percent (100%) of the amounts required by Section 5.03 to have been deposited into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund during such Most Recent Audit Year plus (B) One hundred twenty-five percent (125%) of the maximum amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on account of all Bonds then Outstanding, including the Additional Bonds proposed to be issued.

However, notwithstanding the foregoing, Additional Bonds may be issued to provide for the completion of any Improvement if the principal amount of the Additional Bonds for the purpose does not exceed 10% of the total cost of that Improvement, or to refund or advance refund Bonds if the Debt Service Charge requirements for the Additional Bonds do not exceed by more than 5% in any Fiscal Year the Debt Service Charge requirements in the same Fiscal Year on the Bonds being refunded, in each case without the necessity of the written statement by the Consultant or certification by the Chief Financial Officer as otherwise required under this paragraph (b).

- (iii) If the Additional Bonds are in whole or in part to refund or advance refund any Outstanding Bonds or Subordinated Obligations, evidence satisfactory to the Trustee that either:
  - (A) Provision has been made to assure that moneys sufficient to retire the Bonds or the Subordinated Obligations to be refunded will be available in the possession of the Trustee, in accordance with, as applicable, this CFC Master Trust Agreement, at the time provided for retirement thereof under the plan for refunding, and are committed to that purpose,

or

(B) If the Additional Bonds are in whole or in part to refund Outstanding Bonds or Subordinated Obligations which at the time of issuance of the Additional Bonds will not be deemed to have been paid and discharged under this CFC Master Trust Agreement, or an applicable Subordinated Obligations Trust Agreement, money sufficient to pay interest accrued and to accrue and any principal payable on such Additional Bonds prior to the retirement of the refunded Bonds or Subordinated Obligations has been deposited in the CFC Debt Service Fund or the Subordinated Obligations Debt Service Account, respectively, without impairment of any provision or covenant of this CFC Master Trust

Agreement or of the Bond Legislation or CFC Supplemental Trust Agreement authorizing the issuance of Additional Bonds, or the Subordinated Obligations Trust Agreement authorizing the issuance of the Subordinated Obligations, and from appropriate sources other than the CFC Revenue Fund and the CFC Debt Service Reserve Fund, or the Subordinated Obligations Debt Service Account in the case of any Subordinated Obligations, except to the extent of any money in those funds in excess of the balances required to be maintained in them under the provisions of this CFC Master Trust Agreement (the transfer of which excess money for such purpose is hereby authorized) or an applicable Subordinated Obligations Trust Agreement or will be deposited directly in the CFC Debt Service Fund or the Subordinated Obligations Debt Service Account, respectively, from appropriate portions of the proceeds from the sale of such Additional Bonds pursuant to the related Bond Legislation and CFC Supplemental Trust Agreement.

- (c) In the event any Bonds Outstanding are or any proposed series of Bonds are to be Balloon Bonds, then Debt Service Charges on such Balloon Bonds shall be deemed to be calculated for purposes of Sections 2.05 and 4.02, whether for any period prior to or after the date of calculation, as follows:
  - (i) If such Balloon Bonds are not Capital Appreciation Bonds, by assuming that such Bonds will be amortized on the basis of level debt service over the Assumed Amortization Period beginning on the date on which principal on the Balloon Bonds is payable and that such Bonds bear interest at the Assumed Interest Rate.
  - (ii) If such Balloon Bonds are Capital Appreciation Bonds, by assuming that the Compound Accreted Amount of such Bonds at maturity is to be amortized on the basis of level principal payments over the Assumed Amortization Period.
- (d) In the event any Bonds Outstanding are or any proposed series of Bonds are to be Variable Rate Additional Bonds, then Debt Service Charges on such Variable Rate Additional Bonds shall be deemed to be calculated for purposes of Sections 2.05 and 4.02, whether for any period prior to or after the date of calculation, by assuming that such Bonds will be amortized on the basis of level debt service over the Assumed Amortization Period beginning on the date on which principal on the Variable Rate Additional Bonds is payable and that such Bonds bear interest at the Variable Rate Debt Interest Rate.
- (e) In making the calculation for purposes of the written statements of the Consultant or the certificate of the Chief Financial Officer under Subsection (b) above, in the case of the issuance of Additional Bonds to refund or advance refund any Outstanding Bonds and provided that such Outstanding Bonds to be refunded or advance refunded have been defeased in accordance with Article IX hereof, payments into the CFC Debt Service Fund on account of Debt Service Charge requirements on the Additional Bonds will be used in lieu of such payments on account of Debt Service Charge requirements on the Bonds being refunded.
- (f) In making the calculation for purposes of the written statements of the Consultant under Subsection (b) above, the Consultant may (i) assume that the rate of the levy of CFCs in

effect on the date of issuance of such Series of Bonds will be in effect for the entire forecast period, (ii) assume a higher rate to the extent the Authority has officially imposed an increase in CFCs prior to the date of the Consultant's report and (iii) take into account projected rental transactions days based in part on its projection of the growth in enplaned passengers within the Airport for the Period of Review, as reflected in an accompanying financial analysis provided in connection with the issuance of such Additional Bonds.

Section 2.06 <u>Registered Bonds</u>. Registered Bonds shall be issued in Authorized Denominations as provided in the applicable Bond Proceedings. Except as may be otherwise provided in the applicable Bond Proceedings, each Registered Bond shall be of a single maturity of the same series and shall be dated as provided in the applicable Bond Proceedings. So long as any Registered Bonds remain unpaid, the Authority will cause the Register to be maintained and kept at the principal office of the Bond Registrar for those Bonds.

## Section 2.07 <u>Payment, Transfer, Exchange and Registration of Registered Bonds.</u>

(a) <u>Payment</u>. Unless otherwise permitted in this CFC Master Trust Agreement or otherwise provided in the applicable CFC Supplemental Trust Agreement, the principal of and any redemption premium on Registered Bonds shall be payable on presentation and surrender of the Bonds at the designated corporate trust office of the Trustee (provided however, presentation shall not be required in connection with payments related to any Mandatory Sinking Fund Requirements), and payment of the interest on Registered Bonds shall be by check mailed by the Trustee on each Interest Payment Date to the Registered Owner of the Bond at the close of business on the Regular Record Date, and to the address of that owner as it then appears on the Register, provided that such payment to a Securities Depository may be made by wire transfer of federal funds.

If and to the extent that the Authority shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the person who was the Registered Owner of that Bond (or of one or more Predecessor Bonds) as of the applicable Regular Record Date. When money becomes available for payment of the interest, (i) the Trustee shall establish, pursuant to Section 7.09, a Special Record Date for the payment of that interest, which Special Record Date shall be not more than 15 or fewer than 10 days prior to the date of the proposed payment, and (ii) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed to each Registered Owner at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable to the persons who are the Registered Owners of the applicable Bonds (or their respective Predecessor Bonds) at the close of business on the Special Record Date.

Except as otherwise provided in this Section or Section 2.08, the Registered Owner shall be deemed and regarded as the absolute owner of that Bond for all purposes, and payment of or on account of the Debt Service Charges on that Bond shall be made to or upon the order of that holder or his legal representative, and the Authority, the Trustee or any Authenticating Agent, Bond Registrar or Paying Agent shall not be affected by any notice to the contrary, but the registration may be changed as provided in or permitted by this CFC Master Trust Agreement.

All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bond, including any interest on it, to the extent of the sum or sums so paid.

(b) <u>Transfer and Exchange</u>. A Registered Bond may be transferred or exchanged only upon the Register, upon its surrender at the designated office of an Authenticating Agent together with an assignment or request for exchange duly executed by the Registered Owner or his duly authorized attorney in such form as is satisfactory to the Bond Registrar. Upon the transfer or exchange of any Registered Bond and on request of the Bond Registrar, the Authority shall cause to be executed in the name of the transferee or the Registered Owner a new Registered Bond or Bonds of the same series, of any denomination or denominations permitted by the applicable Bond Proceedings, in an aggregate principal amount equal to that amount of the Predecessor Bond, and bearing any interest at the same rate (or determined in the same manner) and maturing on the same date or dates as the Predecessor Bond.

In all cases in which Registered Bonds are transferred or exchanged, the Authority shall cause to be executed and an Authenticating Agent shall authenticate and deliver Bonds in accordance with the provisions of this CFC Master Trust Agreement. Except as may otherwise be provided in an applicable CFC Supplemental Trust Agreement as to the series of Bonds authorized thereunder, the Authority and an Authenticating Agent:

- (i) Shall not be required to make any transfer or exchange of any Bond then subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption and ending at the close of business on the day of the mailing, or of any Bond so selected for redemption in whole or in part.
- (ii) Shall make the transfer or exchange without charge, except that the Authority and the Authenticating Agent may make a charge sufficient to reimburse them for any tax, excise or governmental charge required to be paid with respect to the transfer or exchange, which charge shall be paid before a new Bond is delivered.

For purposes of this Section, the "designated corporate trust office" of the Trustee as an Authenticating Agent shall be its principal corporate trust office designated by the Trustee, and of any other Authenticating Agent shall be as established by the Trustee or by the applicable Bond Proceedings.

- (c) <u>Variation of Provisions</u>. The provisions of this Section may be varied as to all or portions of Registered Bonds of a series by the applicable Bond Proceedings, including varied provisions relating to Bonds in a book entry system.
- Section 2.08 <u>Mutilated, Lost, Wrongfully Taken or Destroyed Bonds</u>. If any Bond is mutilated, lost, wrongfully taken or destroyed (for ease of reference, referred to in this Section as a "lost Bond"), in the absence of written notice to the Authority or the Trustee that the lost Bond has been acquired by a bona fide purchaser, the Authority shall cause to be executed and the Trustee shall cause to be authenticated a new Bond of like date, maturity and denomination, and bearing any interest at the same rate (or determined in the same manner), as that lost Bond.

In the case of a mutilated Bond, the mutilated Bond shall first be surrendered to the Trustee. In case of a lost, wrongfully taken or destroyed Bond, there first shall be furnished to the Authority and the Trustee evidence of the loss, wrongful taking or destruction satisfactory to the Trustee, together with indemnity satisfactory to the Trustee.

If the lost Bond has matured, instead of issuing a new Bond the Authority may pay, or may direct the Trustee to pay, the Bond without surrender or issuance of a new Bond upon the furnishing of the evidence and, if applicable, satisfactory indemnity as in the case of issuance of a new Bond.

The Authority and the Trustee may charge the holder of the applicable Bond for reasonable fees and expenses, including legal fees and printing expenses, in connection with actions pursuant to this Section.

Every new Bond issued pursuant to this Section shall constitute, consistent with the provisions of the Predecessor Bond, an additional contractual obligation of the Authority, whether or not the predecessor Bond shall be found at any time. Any new Bond issued pursuant to this Section may contain or have imprinted or stamped on it a statement to the effect, or a symbol indicating, that it is issued to replace a lost Bond.

All Bonds shall be held and owned on the express condition that the provisions of this Section are exclusive with respect to the replacement or payment of lost Bonds and shall preclude any and all other rights or remedies, notwithstanding any law or statute to the contrary now in effect or hereafter enacted with respect to the replacement or payment of negotiable instruments or investment securities or other securities without their surrender.

The Trustee shall promptly advise in writing any other Authenticating Agents or Paying Agents for the applicable series of the issuance of any new Bonds or the payment of any matured Bond pursuant to this Section.

Section 2.09 <u>Safekeeping and Cancellation of Bonds</u>. Unless otherwise provided by the applicable Bond Proceedings, any Bond surrendered for the purpose of payment or retirement, or for transfer or exchange, or for replacement or payment pursuant to Section 2.08, shall be canceled upon surrender to the Trustee, an Authenticating Agent or any Paying Agent. Any Bond so canceled by any Authenticating Agent or a Paying Agent other than the Trustee shall be promptly transmitted by the Authenticating Agent or Paying Agent to the Trustee. Upon request, certification of such surrender and cancellation shall be provided by the Trustee to the Authority.

The Authority at any time may deliver to the Trustee for cancellation any Bonds previously authenticated and delivered under this CFC Master Trust Agreement, which the Authority may have acquired in any manner whatsoever. All Bonds so delivered shall be canceled promptly by the Trustee.

Unless otherwise directed by the Authority, canceled Bonds shall be retained and stored, or microfilm copies made and retained, by the Trustee for a period of at least six years after their cancellation. Those canceled Bonds may be destroyed by the Trustee by shredding or incineration six years after their cancellation, or if microfilmed, six months after their cancellation, or at any earlier time directed by the Authority. Upon request, certification of any

destruction of canceled Bonds, describing the manner of destruction, shall be provided by the Trustee to the Authority.

Section 2.10 <u>Varied Provisions for Payment; Wire Transfer</u>. Notwithstanding any other provision of this CFC Master Trust Agreement or of any Bond to the contrary, with the approval of the Authority the Trustee may, upon the written request of the Registered Owner of any Registered Bond, enter into an agreement with that owner providing for payments to that owner of Debt Service Charges on that owner's Bond or Bonds, or any portion of them, other than any payment of the entire unpaid principal amount of a Bond, at a place and in a manner (including the wire transfer of federal funds or other form of transmittal) other than as provided elsewhere in this Trust Agreement or in the applicable Bond Proceedings, and other than in the case of principal or premium, without prior presentation or surrender of the Bond, upon any conditions satisfactory to the Trustee and the Authority. That payment in any event shall be made to the person who is on these dates the Registered Owner: (i) as to principal or premium, on the date that principal or premium is due, and (ii) as to interest, on the applicable Regular or Special Record Date. The Trustee will furnish a copy of each of those agreements to all other Authenticating Agents or Paying Agents for the applicable Bonds, and to the Authority. Any payment of Debt Service Charges pursuant to such an agreement shall constitute payment of those Debt Service Charges pursuant to, and for all purposes of, this CFC Master Trust Agreement.

All expenses incurred by the Trustee as a result of any such special agreement, other than any agreement with a Depository entered into in connection with the original issuance and delivery of a series of Bonds, shall constitute Extraordinary Expenses to the extent those expenses exceed the expenses that would have been incurred by the Trustee in the absence of that agreement and to the extent that provision is not made in that agreement for payment of those expenses by the owner entering into that agreement with the Trustee.

Section 2.11 Nonpresentment; Uncashed Checks. If a Bond is not presented for payment when due in whole or in part, whether at maturity, prior redemption or otherwise, or a check for interest is uncashed, and if moneys for the purpose of paying and sufficient to pay the amount involved have been made available to the Trustee for the benefit of the Bondholder, all liability of the Authority to that holder for that payment shall thereupon cease and be discharged completely, and it shall thereupon be the duty of the Paying Agents to hold those moneys in trust, without liability for interest on them, for the exclusive benefit of that holder. Subject to the provisions of this Section, that Bondholder (and successive owners of that Bond) shall thereafter be restricted exclusively to those moneys for any claim of whatever nature on that Bondholder's part under this CFC Master Trust Agreement or on or with respect to that amount then due on that Bond or that check.

Any moneys so held by the Paying Agents and remaining unclaimed by the holder (or successive holders) of that Bond, for a period of three years after the date on which that Bond became payable as provided above or on which that check was issued, shall upon request in writing by the Authority be paid to the Authority and thereafter the holder (or successive holders) of that Bond shall look only to the Authority for payment and then only to the amounts so received by the Authority without any interest on those amounts, and the Paying Agents and Trustee shall have no further responsibility with respect to those moneys.

The moneys paid to the Authority pursuant to this Section shall be credited to a special subaccount in the CFC Debt Service Fund. The Chief Financial Officer shall keep a record of the amounts with respect to each series of Bonds, and to Bonds of such series, so deposited in the special subaccount, and moneys in that subaccount shall be applied to payment of Debt Service Charges on the Bonds with respect to which such moneys are transferred to the Authority. Investment income from moneys in that subaccount shall be credited to the general portion of the CFC Debt Service Fund.

Section 2.12 <u>Subordinated Obligations</u>. The Authority may provide for the issuance of Subordinated Obligations to be payable and which may be secured as provided herein and in a Subordinated Obligations Trust Agreement. Subordinated Obligations do not constitute Bonds and may be secured by a pledge of the Subordinated Obligations Debt Service Account, but shall not be secured by a pledge of any other Fund or Account. Subordinated Obligations may be secured by a pledge of Pledged Revenues expressly subordinate to the pledge of Pledged Revenues provided herein and may be payable from Pledged Revenues only after provision has been made for payment of Debt Service Charges on the Bonds and provided in the CFC Trust Agreement.

(End of Article II)

#### **ARTICLE III**

#### PRIOR REDEMPTION OF BONDS

Section 3.01 <u>Privilege of Redemption</u>. Each series of Bonds shall be subject to redemption prior to maturity to the extent, at such times and in the manner provided in this CFC Master Trust Agreement and the related CFC Supplemental Trust Agreement.

(a) <u>Mandatory Sinking Fund Redemption</u>. The aggregate of the amounts to be deposited in the Principal Payment Account of the CFC Debt Service Fund pursuant to Section 5.03 hereof shall include amounts sufficient to redeem any Bonds subject to mandatory redemption pursuant to Mandatory Sinking Fund Requirements. The Trustee, on behalf of the Authority, shall cause such Bonds to be redeemed in the manner provided in this Article on each mandatory redemption date in the aggregate principal amount set forth in the CFC Trust Agreement.

The Authority shall have the option to deliver to the Trustee for cancellation any Bonds subject to Mandatory Sinking Fund Requirements in any aggregate principal amount and to receive a credit against any Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) of the Authority for Bonds of the same series and maturity. That option shall be exercised by the Authority, on or before the 45<sup>th</sup> day preceding the applicable mandatory redemption date, by furnishing the Trustee a certificate, signed by an Authorized Officer setting forth the extent of the credit to be applied and the Mandatory Sinking Fund Requirement to be credited. The Bonds upon which that certificate is based shall be delivered to the Trustee for cancellation on the applicable mandatory redemption date. If the certificate is not timely furnished to the Trustee or the Bonds are not so delivered, the Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) shall not be A credit against the then current Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) of a series of Bonds shall be received by the Authority for any Bonds of the same series and maturity, which prior thereto have been redeemed (other than through the operation of the Mandatory Sinking Fund Requirements) or purchased for cancellation and canceled by the Trustee, to the extent not applied theretofore as a credit against any redemption obligation.

Each Bond so delivered, or previously redeemed, or purchased and canceled, shall be credited by the Trustee at 100% of the principal amount thereof against the designated or then current Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) for the series of Bonds so delivered. Any excess of that amount over the designated or then current Mandatory Sinking Fund Requirement shall be credited against subsequent mandatory redemption obligations in the order directed by the Authority.

(b) Optional Redemption. To exercise any right of optional redemption, the Authority shall give written notice to the Trustee of its election to redeem and of the redemption date and the principal amount to be redeemed and shall pay to the Trustee prior to the redemption date, funds that, in addition to any other money available therefor and held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the redeemable Bonds for which notice of redemption is to be given.

That notice shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee.

Section 3.02 Partial Redemption. If fewer than all of the Outstanding Bonds of a series that are stated to mature on different dates are called for redemption at one time, those Bonds that are called shall be called as designated by the Chief Financial Officer without regard to the order of the maturities of the Bonds of that series to be redeemed. If fewer than all of the Bonds of a single maturity of a series are to be redeemed, the selection of Bonds to be redeemed, or portions thereof in Authorized Denominations thereof, shall be made by lot in any manner that the Trustee may determine; provided, however, that, if Bonds subject to mandatory sinking fund redemption are called for optional redemption, the credit to the Mandatory Sinking Fund Requirements (and corresponding mandatory sinking fund redemption obligation) of the Authority shall be designated by the Chief Financial Officer. If Bonds of a series are to be selected for mandatory redemption and for optional redemption on the same date, the Trustee or its designee shall first select the Bonds to be redeemed pursuant to optional redemption. In the case of a partial redemption of Bonds by lot when Bonds of Authorized Denominations greater than the minimum Authorized Denomination are then Outstanding, each minimum Authorized Denomination thereof shall be treated as though it were a separate Bond of the minimum Authorized Denomination. If it is determined that one or more, but not all of the minimum Authorized Denominations represented by a Bond are to be called for redemption, then upon notice of redemption of a minimum Authorized Denomination the Holder of that Bond shall surrender the Bond to the Trustee (a) for payment of the redemption price of the minimum Authorized Denomination called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium), and (b) for issuance, without charge to the Holder thereof, of a new Bond or Bonds of the same series, of any Authorized Denomination or Denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date or dates as, the Bond surrendered. The Authority may in the applicable CFC Supplemental Trust Agreement for a particular series of Bonds provide an alternative method for selecting the Bonds of that series which will be called for redemption.

Section 3.03 Notice of Redemption. The notice of the call for redemption of Bonds shall identify (a) by designation, letters, numbers or other distinguishing marks, the Bonds or portions thereof to be redeemed, (b) the redemption price to be paid, (c) the date fixed for redemption, and (d) the place or places where the amounts due upon redemption are payable. The notice shall be given by the Trustee on behalf of the Authority by mailing a copy of the redemption notice by first-class mail, postage prepaid, at least 30 days prior to the date fixed for redemption, to the Holder of each Bond subject to redemption in whole or in part at the Holder's address shown on the Register on the 15<sup>th</sup> day preceding that mailing; provided that any failure to receive notice by mailing, and any defect in that notice, as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond.

Section 3.04 Payment of Redeemed Bonds. Notice having been mailed in the manner provided in Section 3.03 hereof, the Bonds and portions thereof called for redemption shall become due and payable on the redemption date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price plus accrued interest to the redemption date.

If money for the redemption of all of the Bonds and portions thereof to be redeemed, together with any interest accrued thereon to the redemption date, is held by the Trustee or any Paying Agent on the redemption date, so as to be available therefor on that date and, if notice of redemption shall have been mailed in the manner provided in Section 3.03 hereof, then from and after the redemption date those Bonds and portions thereof called for redemption shall cease to bear interest and no longer shall be considered to be Outstanding hereunder. If that money shall not be so available on the redemption date, or that notice shall not have been mailed as aforesaid, those Bonds and portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption.

All money deposited in the CFC Debt Service Fund and held by the Trustee or a Paying Agent for the redemption of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds or to the Authority pursuant to Section 2.11 hereof in the absence of such presentation.

Section 3.05 <u>Conditional Notice</u>. A conditional notice of redemption may be given pursuant to Section 3.03. The Bonds to which such conditional notice pertains shall be deemed Outstanding until the conditions to such redemption have been satisfied, whereupon the notice shall become irrevocable. If a conditional notice of redemption has been given, the failure of the Authority to make funds available in whole or in part on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give notice to the affected Holders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding. Any extraordinary costs incurred by the Trustee in connection with a rescission of a redemption shall be paid by the Authority.

Section 3.06 <u>Variation of Redemption Provisions</u>. The provisions of this Article, insofar as they apply to issuance of any series of Bonds, may be varied by the related CFC Supplemental Trust Agreement.

(End of Article III)

#### **ARTICLE IV**

## REPRESENTATIONS, COVENANTS AND AGREEMENTS OF THE AUTHORITY

Section 4.01 Representations; Certain Covenants and Agreements.

- (a) The Authority represents and warrants that:
- (i) <u>Authorization</u>. It is duly authorized by the Act and the Bond Legislation to issue the Bonds, to execute and deliver this CFC Master Trust Agreement and to provide the security for payment of the Debt Service Charges in the manner and to the extent set forth in this CFC Master Trust Agreement.
- (ii) <u>Actions</u>. All actions required on its part to be performed for the execution and delivery of this CFC Master Trust Agreement have been or will be taken.
- (b) In addition to other covenants and agreements of the Authority contained elsewhere in the Bond Proceedings, which are hereby incorporated into this CFC Master Trust Agreement by this reference, the Authority covenants and agrees with the holders and the Trustee as follows:
  - (i) <u>Payment of Debt Service Charges</u>. The Authority will pay, or cause to be paid, all Debt Service Charges solely from the sources provided, on the dates, at the places and in the manner provided in, this CFC Master Trust Agreement and the applicable Bond Proceedings.
  - (ii) <u>No Impairment</u>. The Authority covenants that so long as Bonds are outstanding under this CFC Master Trust Agreement, it will not take any action or omit to take any action with respect to the Pledged Revenues if such action or omission would jeopardize the validity or enforceability of the imposition of CFCs or the Concessionaire Deficiency Payments, as the case may be, or impede the Authority's ability to impose and collect CFCs or Concessionaire Deficiency Payments in the amounts contemplated in this CFC Master Trust Agreement.
  - (iii) <u>Pursuit of Rights and Remedies under Concessionaire Agreement.</u> The Authority covenants that so long as Bonds are outstanding under this CFC Master Trust Agreement, it will act in good faith to enforce its rights and pursue any remedies reasonably available to it in connection with a material breach of a Concessionaire Agreement by any Concessionaire.
  - (iv) <u>Register</u>. At reasonable times and under reasonable regulations established by the Bond Registrar, the Register may be inspected and copied by the Trustee, by the Authority, and by holders (or designated representative of the holders) of 25% or more in Aggregate Outstanding Principal Amount of the Bonds.
  - (v) <u>Recordation</u>. The Authority will record, register, file and renew the CFC Trust Agreement and all such documents as may be required by law in order to maintain the lien of the CFC Trust Agreement, all in such manner, at such times and in such places

as may be required by law in order fully to preserve and protect the security for the Bonds and the rights of the Trustee. The Authority will pay all recording fees incident to the recording of the CFC Trust Agreement, and will comply with all requirements of law affecting the due recording, filing and refiling of the CFC Trust Agreement, and will do whatever else may be necessary in order to perfect and continue the lien of the CFC Trust Agreement upon the property assigned hereunder or intended so to be.

#### Section 4.02 Rate Covenant.

- (a) The Authority covenants, subject to all applicable requirements and restrictions imposed by law, that at all times it will prescribe, charge, revise from time to time when necessary, maintain, collect, and remit to the Trustee, as assignee of the Authority, a CFC in accordance with the CFC Resolution and the Concessionaire Agreements that will, together with any Concessionaire Deficiency Payments and any amounts the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund, produce monies sufficient in amount to pay in each Fiscal Year, in accordance with the provisions of this CFC Master Trust Agreement, the greater of:
  - (i) One hundred percent (100%) of the amounts required to be deposited into the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund, in such Fiscal Year as contemplated in Section 5.03; or
  - (ii) One hundred twenty-five percent (125%) of the amount required to be paid as Debt Service Charges for such Fiscal Year.

Notwithstanding the actual amount which the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund in any Fiscal Year, the amount of such transfer which may be included in the preceding computations shall be limited to the lesser of (A) the actual amount transferred or (B) twenty-five percent (25%) of the Debt Service Charges payable in the Fiscal Year in which the computation is determined.

- (b) The Authority further covenants that if in any Fiscal Year the CFC Revenues shall be less than the amount required under Section 4.02(a), it will employ a Consultant, within 30 days following receipt by the Authority of its annual financial statements, but in any event no later than June 30 of the immediately following Year, to make recommendations within 45 days as to a revision of the CFC that will result in producing the amount so required in the Fiscal Year next succeeding its receipt of those recommendations. The Authority shall give written notice to the Trustee of any such employment of a Consultant and provide to the Trustee a copy of the Consultant's recommendations. The Authority covenants and agrees that it will, promptly upon its receipt of such recommendations, revise the CFC, and take such other action as shall be in conformity with such recommendations to the extent the Authority feasibly may do so. The Trustee has no duty or obligation to monitor the Authority's compliance with any recommendations of the Consultant.
- (c) If the Authority complies with all recommendations of the Consultant referred to in Section 4.02(b) with respect to the CFC, the failure of the sum of (i) the CFC Revenues, (ii)

the Concessionaire Deficiency Payments and (iii) any amounts the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund to meet the requirements of Section 4.02(a) shall not in and of itself constitute an Event of Default under this CFC Master Trust Agreement unless for two consecutive Fiscal Years the sum of (i) the CFC Revenues, (ii) the Concessionaire Deficiency Payments and (iii) any amounts the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund is less than 100% of the amount required to be paid into the CFC Debt Service Fund in each such Fiscal Year. If requested, the Authority shall provide the Trustee with a written certification that the Authority has, to the extent feasible, revised the CFC, and taken such other actions as are in conformity with the recommendations of the Consultant referred to in Section 4.02(b) and the Trustee shall be fully protected in relying on such written certification.

(d) Except as otherwise expressly provided in this CFC Master Trust Agreement, nothing in the Agreement shall be construed as requiring the Authority to use for its performance under this CFC Master Trust Agreement any funds, money or revenues from any source other than the Pledged Revenues and the Pledged Funds.

# Section 4.03 <u>Acquisition, Construction, Operation and Maintenance</u>.

- (a) The Authority shall cause the acquisition and construction of all Improvements that are commenced to be completed in a diligent manner and shall acquire any real estate or interests in real estate, machinery, appliances, appurtenances, incidentals, materials or equipment necessary or useful for those Improvements.
- (b) After Substantial Completion of Improvements to be financed with the proceeds of Bonds, the Authority will deliver to the Trustee (i) a written statement of a Consultant, stating that those Improvements have been substantially completed in accordance with the plans and specifications therefor approved from time to time by the Authority and (ii) a certificate, signed by an Authorized Officer, stating (A) that those Improvements have been substantially completed, (B) their total cost, (C) that all Costs of Improvements then or theretofore due and payable have been paid except as otherwise specified in the certificate, and (D) setting forth the amount, if any, then remaining in the CFC Construction Fund, including any amount being retained for the payment of Costs of Improvements not yet due or for liabilities which the Authority is contesting or which otherwise should be retained and the reasons such amounts are being retained.
- (c) The Authority shall operate the Airport (including the CFC Facilities) as a revenue producing facility under the provisions of the Act and shall charge all users (other than the Authority) provided with service by the Airport (including the CFC Facilities) in accordance with the system of rates, charges and rentals adopted by the Authority from time to time, shall properly maintain and efficiently carry on the operations and business of the Airport (including the CFC Facilities), and shall keep the properties of the Airport (including the CFC Facilities), and every part of those properties, in good condition, repair and working order, replacing any part or parts of the Airport (including the CFC Facilities) which may become worn out or injured with other suitable property having comparable usefulness in the operation of the Airport (including the CFC Facilities). Nothing contained in this CFC Master Trust Agreement shall prevent the Authority from discontinuing the use and operation of any property or equipment

either forming a nonessential part of the Airport (including the CFC Facilities) or for which adequate replacement has been provided, if it is no longer profitable to use and operate that property or equipment.

Section 4.04 <u>Title to CFC Facilities</u>. The Authority represents that it is (or will be at the Issuance Date of the Series 2019 Bonds and the Issuance Date of any series of Additional Bonds) the owner, free and clear of liens and encumbrances other than Permitted Encumbrances, of good and marketable title in fee simple to that portion of the property of the CFC Facilities that is at the time purported to be held in fee simple, and of sufficient other interests in or rights to use the other real property on which substantial facilities of the CFC Facilities are located, to permit the Authority to use those portions of the Airport as intended and to operate the CFC Facilities fully, effectively and efficiently. Except as otherwise provided in this CFC Master Trust Agreement, the Authority has and will preserve good and indefeasible title to all personal property now or hereafter included in the properties of the CFC Facilities.

Section 4.05 After-Acquired Property, Further Assurances. All property and rights of every kind, real, personal or mixed, tangible or intangible, that may be acquired by the Authority from Pledged Revenues or Bond proceeds used directly in connection with the CFC Facilities after the date of this CFC Master Trust Agreement, and all such property constituting Pledged Revenues or deposited in any Pledged Fund, shall become and be subject to this CFC Master Trust Agreement immediately upon the acquisition or deposit thereof, without any further pledge or assignment, as fully and completely as though now owned by the Authority and specifically described and pledged in the granting clauses of this CFC Master Trust Agreement. At any and all times the Authority will do, execute, acknowledge and deliver, or shall cause to be done, all such further acts and things, and cause to be executed, acknowledged and delivered all such further pledges, assignments and assurances for the better pledging, assigning, assuring and confirming unto the Trustee any and all moneys, funds and rights hereby pledged and assigned or intended to be pledged and assigned, as the Trustee may reasonably require for better accomplishing the provisions and purposes of this CFC Master Trust Agreement, and for securing the payment of the Debt Service Charges.

## Section 4.06 Special Covenants.

- (a) The Authority covenants that it will not, except as otherwise permitted by this CFC Master Trust Agreement, sell or otherwise dispose of all or any part of the properties of the CFC Facilities, or directly or indirectly create or suffer to be created or to remain any debt, mortgage, lien, encumbrance or charge upon, pledge of, security interest in or conditional sale or other title retention agreement with respect to the CFC Facilities or the interest of the Authority or of the Trustee in the Pledged Funds or the Pledged Revenues, or any part thereof, other than Permitted Encumbrances, that would constitute a lien prior to or upon a parity with the lien of this CFC Master Trust Agreement upon the Pledged Funds or the Pledged Revenues.
- (b) The Authority covenants that it will satisfy or cause to be discharged, or will make adequate provision to satisfy and discharge, within 60 days after the same shall accrue, all lawful claims and demands (excepting such as may arise from or in connection with the acquisition and construction of Improvements and that are payable from proceeds of Bonds) for labor, materials, supplies or other items that, if not satisfied, might by law become a lien upon

any of the properties and money of the CFC Facilities, including, without limitation, the Pledged Revenues and Pledged Funds. If any such lien shall be filed against the interest of the Authority in any such properties or money, or asserted against any amounts payable under this CFC Master Trust Agreement, by reason of work, labor, services or materials supplied or claimed to have been supplied on or to the CFC Facilities at the request or with the permission of the Authority or of anyone claiming under the Authority, the Authority shall, within 30 days after it receives notice of the filing or the assertion against such amounts, cause the same to be discharged of record, or effectively prevent the enforcement or foreclosure thereof against any of the properties and money of the CFC Facilities or against such amounts, by contest, payment, deposit, bond, order of court or otherwise.

- (c) Nothing in this Section shall require the Authority to satisfy or discharge any lien, encumbrance, charge, claim or demand so long as its validity is being contested in good faith and by appropriate legal proceedings. In connection with any such contest, the Authority shall furnish the Trustee with a bond or cash deposit equal to at least the amount so contested or with an opinion of legal counsel to the effect that by nonpayment of any such items the lien created by this CFC Master Trust Agreement will not be materially affected or any of the properties and money of the CFC Facilities, including, without limitation, any Pledged Revenues or Pledged Funds, will not be subject to imminent loss or forfeiture, the Authority promptly shall cause such lien to be discharged of record. The proceeds of the bond or the cash deposit may be used by the Trustee to satisfy the lien, encumbrance, charge, claim or demand if action is taken to enforce the lien, encumbrance, charge, claim or demand and such action is not stayed. The bond or cash deposit shall be returned to the Authority if the lien, encumbrance, charge, claim or demand is successfully contested. If the Authority is unable or otherwise fails to obtain such a bond or provide such a cash deposit or such an opinion of legal counsel, the Authority shall cause such liens, encumbrances, charges, claims or demands to be paid promptly.
- (d) If the Authority were to be finally adjudged to be liable for damages for actions or inactions arising out of activities of the Authority, other than the operation of the CFC Facilities, if necessary to avoid any lien or charge being imposed upon any of the properties and money of the CFC Facilities, including, without limitation, any Pledged Revenues or Pledged Funds except as permitted by this CFC Master Trust Agreement, the Authority shall pay such judgment from available funds of the Authority exclusive of Pledged Revenues, and, if necessary to pay such judgment, shall issue final judgment or claim settlement bonds or notes to the extent permitted by law.

Section 4.07 <u>Assessments, Taxes and Other Charges</u>. The Authority covenants to pay when due all assessments, levies and taxes of every kind and nature relating to the whole or any part of the CFC Facilities or any interest in them, and all costs, expenses, liabilities and charges of every kind and nature, including charges for gas, electricity, water, sewer and other utilities, relating to the maintenance, repair, replacement and improvement of the CFC Facilities or any part of it or any facilities, machinery or equipment, or relating to the operations or services conducted or provided on or in connection with it that may arise or accrue. However, (a) nothing contained in this Section shall be deemed to constitute an admission that, or consent to, the Authority or any of the Authority's properties is or being subject to assessments or taxes, (b) the Authority shall not be under any obligation to pay any such item if and to the extent it is payable by any contractor in providing improvements, and (c) with respect to the obligations imposed

upon it under this Section, the Authority may exercise the right to contest the claims to the same extent and in the same manner as is provided in Section 4.06.

## Section 4.08 <u>Substitutions, Disposition and Removal of Property.</u>

- (a) The Authority shall not have any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary personal property constituting part of the CFC Facilities. In any instance in which the Authority in its sole discretion determines that any items of such personal property have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Authority may remove such items of personal property from the CFC Facilities and sell, trade in, exchange or otherwise dispose of them (as a whole or in part), provided that the Authority substitutes and installs in the CFC Facilities (subject to the provisions of the next sentence) other personal property having comparable utility (but not necessarily having the same function) in the operation of the CFC Facilities and provided further that such removal and substitution shall not impair the operating viability of the CFC Facilities. The Authority shall not be required to install other personal property in substitution for any personal property removed pursuant to the preceding sentence if, in the reasonable opinion of the Authorized Officer, such substitution is not necessary to preserve the operating viability of the CFC Facilities.
- (b) As provided in this Section, the Authority shall have the right to dispose of any land, improvement or other interest in real property constituting a portion of the CFC Facilities so long as such disposition, taking into account the manner and circumstances thereof and any consideration received by the Authority therefor, will not impair the operating viability of the CFC Facilities. Prior to any such disposition, the Authority shall provide to the Trustee a certificate of an Authorized Officer stating that the conditions set forth in the first sentence of this paragraph have been met. If the aggregate value of any land, improvement or other interest in real property proposed to be disposed in any Year, together with any land, improvement or other interest in real property previously disposed in that Year, would exceed \$150,000, such certificate shall be supported by a written statement of a Consultant to the effect that such disposition will not impair the operating viability of the CFC Facilities.
- (c) Upon any removal or other disposition under the provisions of this Section, the Authority shall notify the Trustee of the property so removed or disposed of and the amount and application of the proceeds thereof. The proceeds of any such removal or disposition remaining after allowing for the Authority's costs in connection therewith shall be deposited into the CFC Debt Service Coverage Fund.
- (d) All buildings, structures, improvements, machinery, equipment and other property that shall be constructed, placed or installed in or upon the properties of the CFC Facilities in connection with the operation of the CFC Facilities as an addition or substitute or renewal or replacement, shall become a part of the CFC Facilities and be subject to the foregoing provisions of this Section in connection with any subsequently proposed removal or disposition.
- (e) The Authority may at any time and from time to time grant any easements, licenses, party wall rights and rights of lateral support with respect to the CFC Facilities,

provided that an Authorized Officer shall have first determined that such will not impair the operating viability of the CFC Facilities.

(f) None of the above provisions of this Section shall impair in any manner the validity, or except as specifically provided herein the priority, of this CFC Master Trust Agreement.

Section 4.09 Compliance with Requirements of Law. The Authority shall comply with all laws, rules, regulations and orders of any governmental body or officers exercising any power of regulation or supervision over it with respect to the CFC Facilities or over any part of the CFC Facilities, and the Authority shall make or cause to be made any repairs to the CFC Facilities or any part thereof that may be required by any of those laws, rules, regulations or orders or that may be necessary to maintain in force any insurance required hereby with respect to any part of the CFC Facilities. However, the Authority shall have the right to contest in good faith the validity of any law, rule, regulation or order in any reasonable manner and to delay or refuse to comply with it if the Authority determines in good faith that the contest will not affect materially and adversely the pledges and lien under this CFC Master Trust Agreement on the money and funds pledged and assigned pursuant to the granting clauses, the conduct of the business of the CFC Facilities, or the maintenance of the physical condition of the CFC Facilities.

## Section 4.10 Books of Record and Account; Financial Reports.

- (a) The Authority shall segregate, for accounting purposes, the Pledged Revenues and Funds from all other revenues and funds of the Authority and shall keep or cause to be kept proper books of record and account (separate and distinct from all other records and accounts of the Authority) in such manner as is necessary to show the complete financial results of operation of the CFC Facilities, all capital expenditures for Improvements, Pledged Revenues and amounts deposited in the Funds.
- (b) The Authority shall furnish to the Trustee, and to any Credit Support Provider, an annual financial report (which may be included in a more comprehensive financial report of the Authority) with respect to the CFC Facilities in such form and containing such information as is required by the laws of the State. Neither the Trustee nor the Credit Support Provider shall have any obligation to review or analyze any such financial report furnished to it or to make any recommendations based upon any such review or analysis.
- (c) The Authority shall permit the authorized representative of the Trustee, of an Original Purchaser, of the holders of at least 25% in Aggregate Outstanding Principal Amount of the Bonds, or of any Credit Support Provider to inspect the CFC Facilities and all records, accounts and data of the CFC Facilities at all reasonable times.
- (d) The Authority agrees that it shall request the State Auditor to conduct annual audits of its financial statements. If the State Auditor has not commenced such audit on or before December 31 of the Year following the Fiscal Year with respect to which audited financial statements are required to be produced, the Authority agrees that it shall request the State Auditor to immediately commence such an audit, and if the State Auditor is unable to so commence such an audit, shall request the State Auditor to authorize the Authority to engage an

independent certified public accountant to conduct the required audit. If so authorized, the Authority agrees that it shall engage an independent certified public accountant to conduct the required audit.

# Section 4.11 <u>Maintenance of Insurance; Application of Insurance Proceeds.</u>

- (a) During construction of Improvements, the Authority shall cause those Improvements to be insured under builder's risks or other appropriate insurance policies insuring against damage and destruction to those Improvements during construction.
- The Authority shall obtain or cause to be obtained from responsible insurance companies, or otherwise as provided below, and at all times shall maintain at its or the Concessionaire's expense, insurance upon all the property and equipment from time to time comprising the CFC Facilities that is of a type that typically is insured by public bodies in the State operating governmental airport systems of similar size and type, in an amount at least equal to the greater of either (i) the aggregate principal amount of Bonds then outstanding (but not exceeding the full insurable replacement value of the property and equipment of the CFC Facilities that is insured in the event of its total destruction), or (ii) 90% of the full insurable replacement value of the property and equipment of the CFC Facilities that is insured in the event of its total destruction, as determined by an Insurance Consultant. Such requirement shall not apply with respect to (i) property or equipment that comprises part of Improvements so long as and to the extent that Improvements are under construction and that property or equipment is insured under builder's risk or other appropriate insurance policies insuring against damage and destruction to that property or equipment during construction, and (ii) discrete portions of property or pieces of equipment with an insurable replacement value of under \$25,000. The Authority may include aggregate deductibles or self-insurance retention of up to \$100,000 per year in any such policies. Such policies shall provide fire and standard extended coverage and insure against loss or damage by fire, lightning, vandalism and malicious mischief and all other perils covered by standard "extended coverage" or "all risks" policies and against such other risks as are normally insured against by entities engaged in operations similar to the CFC Facilities. All such policies shall contain standard mortgagee clauses requiring all proceeds resulting from any claim for loss or damage in excess of \$2,000,000 to be paid to the Trustee.

The Authority promptly shall give or cause to be given written notice of any damage to or destruction of any material part of the CFC Facilities to the Trustee generally describing the nature and extent of the damage or destruction. Regardless of whether the net proceeds of insurance, if any, received on account of that damage or destruction will be sufficient for such purpose, the Authority promptly shall commence and complete, or cause to be commenced and completed, the repair or restoration of the CFC Facilities as nearly as practicable to its value, condition and character existing immediately prior to the damage or destruction, with such changes or alterations as the Authority may deem necessary for proper operation of the CFC Facilities and as shall not impair or diminish, in the judgment of the Authority, the suitability of the CFC Facilities as car rental and transportation-related facilities.

If the net proceeds of property insurance received as a result of any single occurrence is less than \$2,000,000, that amount shall be paid to the Authority for application as necessary for repair and restoration. If those net proceeds are \$2,000,000 or more, that amount shall be paid to

and held by the Trustee in a separate insurance loss account for application as necessary for the payment of the costs of repair or restoration, either on completion or as the work progresses, as directed by the Authority. Money in any insurance loss account held by the Trustee shall be invested in Eligible Investments, maturing not later than the times when that money is required for the payment of costs of repair and restoration, as directed by the Chief Financial Officer. If the Trustee is not provided with written investment directions from the Chief Financial Officer, the Trustee shall hold such amounts uninvested in cash, with no liability for interest. Each disbursement from the insurance loss account shall be requested in a written instrument submitted to the Trustee by an Authorized Officer describing the work or material for the payment or reimbursement of which that disbursement is to be applied, stating that such work or material is necessary for the repair or restoration of the CFC Facilities and certifying that none of the items described has formed the basis for any previous disbursement made from the insurance loss account. The Trustee shall be fully protected in releasing the amounts so requested and has no duty or obligation to confirm that the released amounts are used for the purposes so described.

The Trustee, prior to authorizing payment from any such insurance loss account, shall have received (i) a written statement from a Consultant approving the plans and specifications as satisfactory in order to accomplish the repair and restoration and stating that the cost estimates with respect thereto are reasonable, and (ii) a certificate of the Chief Financial Officer that net proceeds, in the Chief Financial Officer's best judgment, will be sufficient to complete the cost of repair or restoration to be undertaken or that any additional funds necessary in connection therewith have been appropriated and are available. The Trustee shall not be obligated to make any payment from the insurance loss account if there exists an Event of Default. Any balance of the net proceeds held by the Trustee remaining after receipt of a certificate of the Chief Financial Officer stating that payment of all costs of the repair or restoration have been completed shall be deposited in the CFC Debt Service Coverage Fund.

- (c) The Authority shall procure and maintain workers' compensation coverage as required by the laws of the State.
- (d) The Authority shall obtain from responsible insurance companies, or otherwise as provided below, and at all times shall maintain at its expense, comprehensive general, accident and public liability insurance policies covering bodily injury or death to persons and property damage in an aggregate amount of not less than \$500,000 resulting from any one occurrence in connection with the CFC Facilities. The Authority may include aggregate deductibles or self-insurance retention of up to \$100,000 per occurrence in any one year in such policies. Payments made under the policies shall be used to settle or pay claims covered by such insurance or to reimburse the Authority for payments made to settle or pay claims covered by such insurance.
- (e) When so requested in writing by the Trustee, the Authority shall cause the insurance described in the preceding Subsections (b), (c) and (d) then maintained by it to be reviewed by the Insurance Consultant. The Trustee shall have no duty to make such a request, and no such request shall be made more frequently than once a Year. The Authority promptly shall effectuate any change in that insurance as may be recommended. In the event of any claim under those policies, the Authority may compromise, adjust and settle any claim upon behalf of the insured parties. Upon request, originals or duplicate originals of the policies, or certificates evidencing the policies, shall be delivered to the Trustee.

- In the event the Authority in good faith determines that any insurance required by this Section is not commercially available at a reasonable cost with reasonable terms, the Authority shall so certify to the Trustee and advise the Trustee that it proposes to engage an Insurance Consultant, identifying the Insurance Consultant by name and qualifications, to verify such determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Authority (taking into consideration the costs and practices of other governmental airport systems of similar size and type in the State to the extent such information is available) and alternative or supplementary programs to provide protection against the types of risks covered by such insurance. The Board may, by legislation adopted in good faith and upon the recommendations of the Insurance Consultant, adopt alternative or supplemental risk management programs that the Board determines to be reasonable, including, without limitation, the right, to the extent permitted by law or combination to do any one or more of the following: to self-insure in whole or in part; to organize either solely or in connection with other political subdivisions, or organizations, captive insurance companies; to participate in programs of captive insurance companies organized by others; to establish a self-insurance trust fund; to participate in mutual or other cooperative insurance or other risk management programs or pools with other political subdivisions or organizations; to participate in or enter into agreements with local, State or federal governments in order to achieve such insurance; to participate in other alternative risk management programs. A copy of any such recommendations by that Insurance Consultant shall be filed with the Trustee, and the Authority shall promptly deliver to the Trustee in writing a copy of each alternative risk management program that has been adopted by the Board. Such program may be implemented after the 30th day following the delivery of a written copy of it to the Trustee. The Trustee has made no evaluation as to the sufficiency of the insurance requirements set forth this Section and will not make an evaluation as to recommendations, if any, made by an Insurance Consultant.
- (g) Notwithstanding any provision of this CFC Master Trust Agreement to the contrary, the insurance required to be maintained by this Section may be obtained by the Authority through a cooperative or pool program that provides insurance to one or more other political subdivisions of the State. In the event of any claim under those policies, the Authority may compromise, adjust and settle any claim on behalf of the insured parties.

(End of Article IV)

#### **ARTICLE V**

#### **FUNDS AND PAYMENTS**

Section 5.01 <u>Creation of Funds</u>. The Funds and accounts described in this Section are established or referred to in the General Bond Resolution and are designated as indicated. Each Fund is to be maintained in the custody of the Authority or the Trustee, as indicated, as a separate account (except when invested in Eligible Investments). The Funds and accounts are:

- CFC Construction Fund
- CFC Revenue Fund, in which there shall be the CFC Supplemental Reserve Account maintained therein before Substantial Completion
- CFC Debt Service Fund, in which there shall be the CFC Interest Payment Account, the CFC Principal Payment Account and the CFC Redemption Account
- CFC Debt Service Reserve Fund
- CFC Debt Service Coverage Fund
- CFC Administrative Costs Fund, in which there shall be the CFC Administration Account, the CFC Insurance Account and the CFC Rebate Account
- CFC Renewal and Replacement Fund
- CFC Common Use Busing Fund
- CFC Surplus Fund, in which there shall be the CFC Supplemental Reserve Account maintained therein after Substantial Completion, and the Subordinated Obligations Debt Service Account

The *CFC Construction Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority. The Authority may establish separate accounts in the CFC Construction Fund for accounting purposes. Money in the CFC Construction Fund shall be disbursed for the purposes and in accordance with the provisions of Section 5.02. If the unexpended proceeds of a prior issue of Bonds remain in the CFC Construction Fund upon the issuance of any subsequent issue of Additional Bonds, the Authority shall establish a separate account within the CFC Construction Fund, for accounting purposes, for the deposit of the proceeds of the subsequent issue of Additional Bonds in accordance with this Section.

The *CFC Revenue Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority, and shall be comprised of such account or accounts (including the separate account therein to be known as the CFC Supplemental Reserve Account and maintained therein before Substantial Completion) as the Authority may establish on its books of record and account to account for the deposit of Pledged Revenues required to be deposited in the CFC Revenue Fund and the disbursement of Pledged

Revenues under this CFC Master Trust Agreement. So long as any of the Bonds remain outstanding, all Pledged Revenues, except for investment income on any Fund (which investment income shall be credited and deposited as provided in Section 5.04) and money that is paid and deposited directly into the CFC Debt Service Fund, shall be deposited in the CFC Revenue Fund. On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. The moneys on deposit in the CFC Revenue Fund shall be allocated as provided in Section 5.03.

The CFC Debt Service Fund, the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund shall be maintained in the custody of the Trustee as trust funds and shall be used, subject to Section 7.09, solely for the payment of Debt Service Charges, and to the extent provided below, for the purchase for cancellation or redemption of Bonds. For each series of Bonds, the related CFC Supplemental Trust Agreement shall either (a) create separate accounts within the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund or (b) designate previously created accounts within the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund, if permitted, for the deposit of the CFC Debt Service Reserve Fund Requirement and the CFC Debt Service Coverage Fund Requirement, respectively, for the applicable series of Bonds. Moneys from the appropriate account in the CFC Debt Service Reserve Fund shall be paid to the CFC Debt Service Fund, to the extent necessary from time to time, and only after applying to that purpose all moneys in the CFC Debt Service Coverage Fund, to permit the timely payment of the applicable Bonds payable from the CFC Debt Service Fund. If at any time the Trustee shall have money and investments then on deposit in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund in an amount sufficient to permit the purchase for cancellation or call for redemption on the next available redemption date(s) or Principal Payment Date(s) of any outstanding Bonds, without thereby reducing the balance thereafter remaining in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund below the amount that on such purchase or redemption date would be required by this CFC Master Trust Agreement to be on deposit therein with respect to Bonds not to be so purchased or redeemed, the Trustee, at the request of the Authority, shall cause such money to be used out of the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, in the amounts required, together with any other money provided by the Authority, to accomplish that purchase or redemption.

The *CFC Administrative Costs Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Administrative Costs Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Administrative Costs Fund shall be used for costs of CFC administration, CFC Facilities property insurance or payments of Rebate Amounts to the United States or, with moneys in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and other moneys made

available by the Authority, to retire by purchase for cancellation or by call for redemption, all or part of the Bonds from time to time outstanding.

The *CFC Renewal and Replacement Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Renewal and Replacement Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Renewal and Replacement Fund shall be used for Improvements and other capital projects including the replacement of obsolete or worn-out equipment or making other Improvements to the CFC Facilities or, with moneys in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and other moneys made available by the Authority, to retire by purchase for cancellation or by call for redemption, all or part of the Bonds from time to time outstanding.

The *CFC Common Use Busing Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Common Use Busing Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Common Use Busing Fund shall be used by the Authority for any lawful purpose, including but not limited to, any purpose described in the Concessionaire Agreement or, with moneys in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and other moneys made available by the Authority, to retire by purchase for cancellation or by call for redemption, all or part of the Bonds from time to time outstanding.

The *CFC Surplus Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts (including the separate account therein to be known as the CFC Supplemental Reserve Account and maintained therein after Substantial Completion) as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. All other moneys in the CFC Surplus Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Surplus Fund shall be used by the Authority for any lawful purpose, including but not limited to, any purpose described in the Concessionaire Agreement or for deposit into the Subordinated Obligations Debt Service Account for the

payment by the Authority of Subordinated Debt Service Charges on Subordinated Obligations. The Subordinated Obligations Debt Service Account shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be used solely for the payment by the Authority of Subordinated Debt Service Charges on Subordinated Obligations. Unless otherwise provided in a CFC Supplemental Trust Agreement or a Subordinated Obligations Trust Agreement, any amount remaining in the Subordinated Obligations Debt Service Account after all Subordinated Obligations have been paid and discharged shall be transferred into the CFC Revenue Fund.

# Section 5.02 <u>Application of CFC Construction Fund.</u>

- (a) Subject to the provisions below, disbursements from the CFC Construction Fund shall be made only to pay for Costs of Improvements to be financed with the proceeds of Bonds, including:
  - (i) Obligations incurred for labor, materials and services and to contractors, builders and others in connection with the acquisition, construction and installation of Improvements, for utilities and landscaping, for the restoration or relocation of any property damaged or destroyed in connection with such construction and installation, for the removal or relocation of any structures and for the clearing of lands and further including such improvements as the Authority determines to be reasonably necessary in connection with Improvements;
  - (ii) The cost of acquiring such other lands, property, rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient by the Authority for the construction and installation of Improvements, including costs of abstracts of title, title insurance, title guaranty, and surveys, and other expenses in connection with such acquisition, and the cost of demolishing or removing any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved and the amount of any damages incident to or consequent upon the acquisition, construction and installation of Improvements;
  - (iii) Interest on the series of Bonds issued to finance the Costs of Improvements during the applicable Construction Period;
  - (iv) The reasonable fees and expenses of the Trustee, Authenticating Agent, Paying Agent and Registrar for their services during the applicable Construction Period, and payments, taxes or other governmental charges on the properties of the CFC Facilities or on any property hereafter acquired, and premiums on any insurance, during that Construction Period;
  - (v) The cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing and installing Improvements, and fees and expenses of engineers, architects and management and other consultants for making studies, surveys and estimates of costs and of revenues and other estimates, fees and expenses of engineers and architects for preparing plans and specifications and

supervising construction, as well as for the performance of all other duties of engineers and architects referred to in this CFC Master Trust Agreement and the fees and expenses of construction managers or project supervisors, all in relation to the acquisition, construction and installation of those Improvements and the issuance of Bonds for them; and

- All costs and expenses relating to the authorization, issuance, sale, delivery, authentication, deposit, custody, clearing, registration, transfer, exchange, fractionalization, replacement, payment, redemption, refunding, and servicing of Bonds, including, without limitation, costs and expenses for or relating to publication and printing, postage, delivery, preliminary and final official statements, offering circulars, and informational statements, compliance with annual disclosure undertakings, travel and transportation, underwriters, placement agents, investment bankers, Trustee (including Ordinary and Extraordinary Expenses as defined in this CFC Master Trust Agreement), Paying Agents, Registrars, Authenticating Agents, remarketing agents, custodians, clearing agencies or corporations, Securities Depositories, financial advisory services, certifications, audits, federal or state regulatory agencies, accounting and computation services, legal services and obtaining legal opinions, credit ratings, redemption premiums, and Credit Support Instruments, rebate payments (or payments in lieu of rebate) required to be made to the United States, and all other items of expense not specified elsewhere in this Section and incident to the acquisition, construction and installation of Improvements and their financing, and all expenses of administration properly chargeable to the acquisition, construction and installation of those Improvements.
- If any money remains in the account in the CFC Construction Fund created for the proceeds of a series of Bonds at the end of the applicable Construction Period and payment, or provision for payment, in full of the Costs of Improvements to be financed with the proceeds of that series of Bonds, then such money shall be used promptly, unless otherwise provided in the applicable Bond Proceedings, for one or more of the following purposes at the direction of an Authorized Officer: (i) payment of costs of additional Improvements to the CFC Facilities; (ii) payment of interest as it becomes due on that series of Bonds until all such excess amount is so used; (iii) if that series of Bonds is issued and sold as obligations to which Section 103 of the Code does not apply and the interest thereon is included in gross income for federal income tax purposes, payment of principal as it becomes due on that series of Bonds until all such excess amount is so used; (iv) deposit into the CFC Debt Service Fund for payment of Debt Service Charges on Bonds other than Bonds of that series; provided that with respect to clauses (ii) and (iv) such use and the manner in which it is proposed to be made will not, in the opinion of nationally recognized bond counsel or under ruling of the Internal Revenue Service, adversely affect the exclusion of the interest on any series of Bonds from the gross income of the holders thereof for federal income tax purposes. Any money remaining in an account in the CFC Construction Fund for an Improvement after completion of the particular Improvement shall be invested in such manner as not to adversely affect the exclusion of the interest on any Bonds from the gross income of the holders of those Bonds.

## Section 5.03 Application of Pledged Revenues; Flow of Funds.

- (a) On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. From and after the original delivery of the Series 2019 Bonds and so long as any Bonds remain outstanding, all Pledged Revenues, except for investment income on any Fund (which shall be credited and deposited as provided in Section 5.04), shall be deposited promptly in the CFC Revenue Fund.
- (b) Before the date of Substantial Completion, all Pledged Revenues held in the CFC Revenue Fund (except for the CFC Supplemental Reserve Account) shall be disbursed and applied by the Authority to satisfy the deposit requirements in the amounts and manner contemplated in Section 5.03(c) paragraphs **First** through **Fourth** and to pay cost overruns or shortfalls in the cost of constructing the ConRAC to the extent the Authority anticipates deficiencies in the funds set aside for such purpose in the account established in the CFC Construction Fund for such ConRAC. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. Prior to Substantial Completion, Pledged Revenues not needed for the purposes described in the preceding sentences shall remain in the CFC Revenue Fund.
- (c) Upon Substantial Completion, the CFC Supplemental Reserve Account shall be transferred to and maintained as a separate account in the CFC Surplus Fund. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. On and after the date of Substantial Completion, the Authority will apply all other funds then on deposit in the CFC Revenue Fund in the following manner and order of priority:

### First: Into the CFC Debt Service Fund

- (i) On or before each Deposit Date, into the Interest Payment Account not less than the amount provided in any CFC Supplemental Trust Agreement, sufficient to pay interest due on the Outstanding Bonds; provided that each CFC Supplemental Trust Agreement shall require approximately equal monthly deposits in an amount sufficient to pay the interest payments on such series of Outstanding Bonds as they become due taking into account on the first monthly Deposit Date following an Interest Payment Date any amount determined by the Trustee then on deposit in the Interest Payment Account to be available to pay interest on the Outstanding Bonds on the next Interest Payment Date; and
- (ii) On or before each Deposit Date, into the Principal Payment Account not less than the amount provided in any CFC Supplemental Trust Agreement, sufficient to pay principal due on the Outstanding Bonds; provided that each CFC Supplemental Trust Agreement shall require approximately equal monthly deposits in an amount sufficient to pay the principal payments on such series of Outstanding Bonds as they become due

taking into account on the first monthly Deposit Date following a Principal Payment Date any amount determined by the Trustee then on deposit in the Principal Payment Account to be available to pay principal on the Outstanding Bonds on the next Principal Payment Date.

The Bond Legislation and CFC Supplemental Trust Agreement providing for the issuance of each issue of Additional Bonds with fixed interest rates comprised in whole or in part of Bonds subject to Mandatory Sinking Fund Redemption, or providing for Variable Rate Additional Bonds, shall make provision for deposits under this Paragraph First, and payments from the CFC Revenue Fund shall be made into the CFC Debt Service Fund at the times and in the amounts for which provision is made in that Bond Legislation and CFC Supplemental Trust Agreement.

To the extent that the amounts of deposits required to be made under this Paragraph First are to be determined on the basis of the principal of Interim Indebtedness payable on the next Principal Payment Date, the principal amount to be paid from the proceeds of the anticipated Bonds or of renewal Interim Indebtedness, as certified by an Authorized Officer, shall be disregarded.

The deposits into the CFC Debt Service Fund for all Bonds then outstanding shall be discontinued at such time as there shall be credited to the CFC Debt Service Fund and the applicable account in the CFC Debt Service Reserve Fund for that series of Bonds an aggregate amount sufficient to retire (by call or otherwise) at or before maturity all of the Bonds of that series then outstanding and that amount so credited then shall be used solely for that purpose.

### Second: Into the CFC Debt Service Reserve Fund

On or before each Deposit Date, into the accounts created or designated in the CFC Debt Service Reserve Fund, the amounts (if any) as provided for in any CFC Supplemental Trust Agreement. On or before each Deposit Date, beginning whenever it is determined on a date of valuation of the CFC Debt Service Reserve Fund as provided for in Section 5.05 that the balance in any account of the CFC Debt Service Reserve Fund is less than the CFC Debt Service Reserve Fund Requirement for the applicable series of Bonds, into that account of the CFC Debt Service Reserve Fund an amount available in the CFC Revenue Fund for deposit into that account of the CFC Debt Service Reserve Fund necessary to restore the CFC Debt Service Reserve Fund Requirement for the applicable series of Bonds, and provided that in any event any deficiency in any account of the CFC Debt Service Reserve Fund shall be restored within one year of its occurrence.

## Third: Into the CFC Debt Service Coverage Fund

On or before each Deposit Date, into the accounts created or designated in the CFC Debt Service Coverage Fund, the amounts (if any) as provided for in any CFC Supplemental Trust Agreement. On or before each Deposit Date, beginning whenever it is determined on a date of valuation of the CFC Debt Service Coverage Fund as provided for in Section 5.05 that the balance in the CFC Debt Service Coverage Fund is less than the CFC Debt

Service Coverage Fund Requirement, into the CFC Debt Service Coverage Fund an amount available in the CFC Revenue Fund for deposit into the CFC Debt Service Coverage Fund necessary to restore the CFC Debt Service Coverage Fund Requirement, and provided that in any event any deficiency in the CFC Debt Service Coverage Fund shall be restored within one year of its occurrence.

## Fourth: Into the CFC Administrative Costs Fund

On or before each Deposit Date, into the CFC Administrative Costs Fund such amount that the Authority determines is reasonably necessary to be deposited therein to provide for the purposes of that Fund as described in Section 5.01.

## Fifth: Into the CFC Renewal and Replacement Fund

On or before each Deposit Date, into the CFC Renewal and Replacement Fund approximately equal monthly deposits in an amount sufficient to aggregate in total \$1,400,000 per Year (or the pro rata portion of such amount for any partial Year) for each of the first five Years once deposits into the CFC Renewal and Replacement Fund begin, and \$315,455 per Year (or the pro rata portion of such amount for any partial Year) for each succeeding Year the Bonds are Outstanding until the cumulative balance of deposits made (not counting any withdrawals therefrom) is equal to the CFC Renewal and Replacement Fund Requirement. If the required annual amount is not deposited into the CFC Renewal and Replacement Fund in any Year, the monthly deposits in the following Year shall be increased in amount such that the required balance to be deposited therein shall be restored within one Year.

# Sixth: Into the CFC Common Use Busing Fund

On or before each Deposit Date, into the CFC Common Use Busing Fund such amount that the Authority determines is reasonably necessary to be deposited therein to provide for the purposes of that Fund as described in Section 5.01.

## Seventh: Into the CFC Surplus Fund

On or before each Deposit Date, into the CFC Surplus Fund the Pledged Revenues remaining in the CFC Revenue Fund after making all the payments required by the preceding paragraphs.

Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. The Authority in its sole discretion may, but shall not be obligated to, replenish the CFC Supplemental Reserve Account from available moneys in the CFC Surplus Fund.

- (d) To the extent provided for in a CFC Supplemental Trust Agreement, within five Business Days following each date of valuation, there shall be transferred by the Trustee from each account of the CFC Debt Service Reserve Fund and from the CFC Debt Service Coverage Fund to the Interest Payment Account of the CFC Debt Service Fund for a respective series of Bonds, any moneys in such account or accounts of the CFC Debt Service Reserve Fund and in such CFC Debt Service Coverage Fund in excess of the CFC Debt Service Reserve Fund Requirement and the CFC Debt Service Coverage Fund Requirement, respectively, for such series of Bonds as of that date.
- (e) Notwithstanding any CFC Debt Service Reserve Fund and CFC Debt Service Coverage Fund provisions of this Section, but subject to the extent provided for in a CFC Supplemental Trust Agreement, in lieu of any required deposits of cash or Eligible Investments into the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, or in substitution for any cash or Eligible Investments on deposit in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, the Authority may cause the CFC Debt Service Reserve Fund Requirement or the CFC Debt Service Coverage Fund Requirement, as applicable, for any series of Bonds to be provided in whole or in part by an appropriate Credit Support Instrument.

Any amounts in excess of the CFC Debt Service Reserve Fund Requirement or the CFC Debt Service Coverage Fund Requirement, as applicable, created by virtue of a deposit of a Credit Support Instrument into an account of the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund shall be transferred, at the Authority's option, to either the (i) CFC Debt Service Fund and allocated to the accounts in that Fund which relate to the series of Bonds in respect of which the Credit Support Instrument was originally provided, or (ii) CFC Construction Fund and used to finance Improvements; provided, however, no such amounts shall be transferred to the CFC Construction Fund unless the Trustee or the Authority has received an opinion of nationally recognized bond counsel or a ruling of the Internal Revenue Service that such transfer will not adversely affect the exclusion on any series of Bonds from the gross income of the interest of the holders thereof for federal income tax purposes.

### Section 5.04 Investment of Funds.

(a) Money in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Chief Financial Officer. In the absence of such direction, all funds held by the Trustee shall be held uninvested in cash, without liability for interest. The Trustee may conclusively rely upon the Chief Financial Officer's written instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Eligible Investments. Those investments shall mature or be redeemable at the option of the Trustee at the times and in the amounts necessary at the best prices then reasonably available to provide money to pay Debt Service Charges as they become due at stated maturity or pursuant to any Mandatory Sinking Fund Requirements. Money in the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund may be invested and reinvested only in obligations that mature or are redeemable within than five years from the date of purchase. Subject to any directions from the Chief Financial Officer with respect thereto, from time to time the Trustee may sell those

investments and reinvest the proceeds from those investments in Eligible Investments maturing or redeemable as required under this Subsection. The Trustee shall sell or redeem investments credited to the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund to produce sufficient money at the times required for the purpose of paying Debt Service Charges when due, and shall do so without necessity for any order on behalf of the Authority and without restriction by reason of any order.

- (b) Money in the CFC Revenue Fund, the CFC Construction Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund shall be invested by the Authority in Eligible Investments. Money on deposit in the CFC Construction Fund shall be invested in Eligible Investments maturing or redeemable at the option of the Authority not later than the times when that money is projected to be required for the payment of costs of the applicable Improvements (determined in accordance with Section 5.02). Money in the CFC Revenue Fund shall be invested by the Authority in Eligible Investments maturing or redeemable at the option of the Authority at the times and in the amounts necessary to permit the payments required by Section 5.03 to be made from that Fund.
- (c) An investment made from money credited to any Fund shall constitute part of that Fund and each Fund shall be credited with all proceeds of sale and income from the investment of money credited to it. Any investments constituting Eligible Investments may be purchased from or sold to the Trustee, the Bond Registrar, an Authenticating Agent or a Paying Agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing.
- (d) At no time shall the Authority direct the Trustee that any funds constituting gross proceeds of any series of Bonds, which are issued and sold as obligations to which Section 103 of the Code applies, be used or invested in any manner as would constitute failure of compliance with Section 148 of the Code.

## Section 5.05 Valuation.

(a) For the purpose of determining the amount on deposit to the credit of any Fund or Account, the value of obligations in which money in that Fund or Account shall have been invested shall be computed by the Trustee or the Authority, as applicable, on a monthly basis, except as otherwise provided in this Section.

The Authority acknowledges and agrees that the Trustee shall (i) only be required to report the value of any assets on statements, books, and records according to the price provided by pricing services and sources reasonably relied upon by the Trustee, and (ii) not have any duty to independently value any asset or an obligation to report a value other than the price provided by pricing services and sources reasonably relied upon by Trustee.

- (b) Neither the Trustee nor the Authority shall be responsible for any depreciation in the value of any investments or for any loss arising from investments, provided that those investments are Eligible Investments.
- (c) The Trustee shall value the Eligible Investments in the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund on the 10<sup>th</sup> Business Day of each calendar

quarter, commencing with the first quarter of 2019 and immediately upon any withdrawal from the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund. If as of any date on which the value of Eligible Investments in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund is determined, the balance in any such account therein, including any Credit Support Instrument providing all or part of the applicable CFC Debt Service Reserve Fund Requirement or CFC Debt Service Coverage Fund Requirement and accrued interest to the date of valuation, is less than the CFC Debt Service Reserve Fund Requirement or CFC Debt Service Coverage Fund Requirement or CFC Debt Service Reserve Fund Requirement, the Trustee shall compute the amount by which the CFC Debt Service Reserve Fund Requirement, as applicable, exceeds such balance and shall immediately give the Authority notice of such deficiency and the amount necessary to cure the same. If as of any such date the balance in any account of the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, including accrued interest to the date of valuation, is more than the applicable CFC Debt Service Reserve Fund Requirement or CFC Debt Service Coverage Fund Requirement, the Trustee shall transfer the excess amount in accordance with Sections 5.03(d) and (e).

(d) The Authority shall value the Eligible Investments in the CFC Revenue Fund on the last Business Day of each month, and, if the Authority proposes to transfer any money from the CFC Revenue Fund to the CFC Surplus Fund on such last Business Day of the month, identify any amount that is to be deposited in the CFC Surplus Fund on that date in accordance with Section 5.03.

(End of Article V)

### ARTICLE VI

# THE TRUSTEE AND REGISTRAR, PAYING AGENTS AND AUTHENTICATING AGENTS

- Section 6.01 <u>Trustee's Acceptance and Responsibilities</u>. The Trustee accepts the trusts imposed upon it by this CFC Master Trust Agreement, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Holders agree:
- (a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, as provided in paragraph (f) of Section 6.02 hereof, or of which by that paragraph the Trustee is deemed to have notice, and after the cure or waiver of all Events of Default that may have occurred:
  - (i) the Trustee undertakes to perform only those duties and obligations that are set forth specifically in this CFC Master Trust Agreement, and no duties or obligations shall be implied to the Trustee, and
  - (ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this CFC Master Trust Agreement; but in the case of any such certificates or opinions that by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this CFC Master Trust Agreement.
- (b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified, as provided in paragraph (f) of Section 6.02 hereof, or of which by that paragraph the Trustee is deemed to have notice), the Trustee shall exercise those rights and powers vested in it by this CFC Master Trust Agreement and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.
- (c) No provision of this CFC Master Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:
  - (i) this paragraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(i) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(ii) of this Section,
  - (ii) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts,

- (iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than 66-2/3 % in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this CFC Master Trust Agreement, and
- (iv) no provision of this CFC Master Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers hereunder, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.
- (d) Whether or not therein expressly so provided, every provision of this CFC Master Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 6.02 <u>Certain Rights and Obligations of the Trustee</u>. Except as otherwise provided in Section 6.01 hereof:

- (a) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable therefor only in accordance with the standard specified above), (ii) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder, and (iii) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof and, subject to Section 6.03 hereof, shall be entitled to be reimbursed for those payments. The Trustee may act upon the written opinion or advice of any attorney (who may be the attorney or attorneys for the Authority) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.
- (b) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:
  - (i) any recital in this CFC Master Trust Agreement or in the Bonds,
  - (ii) the validity, priority, recording, re-recording, filing or re-filing of this CFC Master Trust Agreement or any CFC Supplemental Trust Indenture,
  - (iii) any instrument or document of further assurance or collateral assignment or pledge, or
    - (iv) insurance of the CFC Facilities or collection of insurance moneys.
- (c) The Trustee shall not be accountable for the application by the Authority of the proceeds of any Bonds authenticated or delivered hereunder.

- (d) The Trustee shall be protected, in the absence of bad faith on its part, in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this CFC Master Trust Agreement upon the request or authority or consent of any person who is the Holder of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Holders of the same Bond and of Bonds issued in exchange therefor or in place thereof.
- (e) As to the existence or nonexistence of any fact for which the Authority may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Authority by an Authorized Officer as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default hereunder of which the Trustee has been notified, as provided in paragraph (f) of this Section, or of which by that paragraph the Trustee is deemed to have notice, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided, that the Trustee in its discretion may require and obtain any further evidence that it deems to be necessary or advisable; and, provided further, that the Trustee shall not be bound to secure any further evidence. The Trustee may accept a certificate of the Secretary to the effect that legislation has been enacted by the Board in the form recited in that certificate, as conclusive evidence that the legislation has been duly enacted and is in full force and effect.
- (f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Default described in paragraphs (a) and (b) of Section 7.01 hereof, unless a Responsible Officer of the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Authority or by the Holders of at least 25% of the Aggregate Principal Amount of Bonds then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.
- (g) At any reasonable time, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives (i) may inspect and copy fully all books, papers and records of the Authority pertaining to the CFC Facilities and the Bonds, and (ii) may make any memoranda from and in regard thereto as the Trustee may desire.
- (h) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.
- (i) Notwithstanding anything contained elsewhere in this CFC Master Trust Agreement, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and any corporate action and evidence thereof, in addition to that required by the terms hereof, as a condition to the authentication of any Bonds or the taking of any action whatsoever within the purview of this CFC Master Trust Agreement, if the Trustee deems it to be desirable for the purpose of establishing the right of the Authority to the authentication of any

Bonds or the right of any person to the taking of any other action by the Trustee; provided that the Trustee shall not be required to make that demand.

- (j) Before taking action hereunder pursuant to Section 6.04 or Article VII hereof (with the exception of any action required to be taken under Section 7.02 hereof), the Trustee may require that a satisfactory indemnity bond be furnished to it by the Authority or the Holders for the reimbursement of all expenses (including reasonable counsel fees) that it may incur and to protect it against all liability by reason of any action so taken, except liability that is adjudicated to have resulted from its negligence, willful default or other breaches of its obligations under Section 6.01 hereof.
- (k) Unless otherwise provided herein, all money received by the Trustee under this CFC Master Trust Agreement shall be held in trust for the purposes for which that money was received, until that money is used, applied or invested as provided herein; *provided* that such money need not be segregated from other money, except to the extent required by this CFC Master Trust Agreement or by law. The Trustee shall not have any liability for interest on any money received hereunder.
- (l) Any legislation of the Board, and any opinions, certificates and other instruments and documents for which provision is made in this CFC Master Trust Agreement, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

Authenticating Agents. The Trustee, the Registrar and any Paying Agents and Authenticating Agents shall be entitled to payment or reimbursement by the Authority for reasonable fees for their Ordinary Services rendered hereunder and for all advances, counsel fees and other Ordinary Expenses reasonably and necessarily paid or incurred by them in connection with the provision of Ordinary Services. For purposes hereof, fees for Ordinary Services provided for in an agreement between the Authority and the Trustee shall be considered reasonable. In the event that it should become necessary for any of them to perform Extraordinary Services, they shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith. The Trustee, the Registrar and any Paying Agents and Authenticating Agents shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses occasioned by their neglect, willful misconduct or other breaches of their obligations under Section 6.01 hereof.

Without creating a default or an Event of Default hereunder, the Authority may contest in good faith the necessity for any Extraordinary Service or Extraordinary Expense and the reasonableness of any fee, charge or expense.

The reasonable fees for the respective services and charges of the Trustee, the Registrar and any Paying Agents and Authenticating Agents and reimbursement for all reasonable expenses of such parties shall be payable from the Pledged Revenues.

It is hereby agreed that all fees and expenses of the Trustee (including reasonable counsel fees) are intended to constitute administrative expenses in any bankruptcy proceeding.

Any amounts payable to the Trustee, the Registrar or any Paying Agent or Authenticating Agent pursuant to this Section shall be payable upon demand and shall bear interest from 45 days after the date of demand therefor at a rate that is the rate announced by the Trustee in its lending capacity as a bank as its "prime rate" or "base rate" on the date of such demand.

Section 6.04 <u>Intervention by Trustee</u>. The Trustee may, but shall not be obligated to, intervene on behalf of the Holders, and shall intervene if requested to do so in writing by the Holders of at least 25% of the Aggregate Principal Amount of Bonds then Outstanding, in any judicial proceeding to which the Authority is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Holders of the Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with Section 6.02 hereof before it takes action hereunder. The Trustee shall not have any obligation to monitor or take notice of any litigation to which the Authority is a party.

## Section 6.05 Successor Trustee. Anything herein to the contrary notwithstanding,

- (a) any corporation or association (i) into which the Trustee may be converted or merged, (ii) with which the Trustee or any successor to it may be consolidated, or (iii) to which it may sell or transfer its assets and trust business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Trustee hereunder and shall be vested with all of the title to the whole property or trust estate hereunder; and
- (b) that corporation or association shall be vested further, as was its predecessor, with each and every trust, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title and interest expressed or intended by this CFC Master Trust Agreement to be exercised by, vested in or conveyed to the Trustee, without the signing or filing of any instrument or document or any further act on the part of any of the parties hereto.

Any successor Trustee, however, (a) shall be a trust company or a bank having the powers of a trust company, (b) shall be in good standing within the State, (c) shall be duly authorized to exercise trust powers within the State, (d) shall be subject to examination by federal or State authorities, and (e) shall have an unimpaired reported capital and surplus of not less than \$75,000,000.

Section 6.06 <u>Resignation by the Trustee</u>. The Trustee may resign at any time from the trusts created hereby by giving written notice of the resignation to the Authority, the Registrar, any Paying Agents and Authenticating Agents and the Original Purchaser of each series of Bonds then Outstanding and by mailing written notice of the resignation to the Holders as their names and addresses appear on the Register at the close of business three days prior to the mailing. The resignation shall take effect only upon the appointment of a successor Trustee and

the acceptance by the successor Trustee of the duties of the Trustee under this CFC Master Trust Agreement.

Section 6.07 <u>Removal of the Trustee</u>. The Trustee may be removed at any time upon 30 days' notice by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Authority, the Registrar, any Paying Agents and Authenticating Agents, and signed by or on behalf of the Holders of not less than a majority in Aggregate Principal Amount of the Bonds then Outstanding.

Unless an Event of Default has occurred and is continuing, the Trustee may be removed at any time by written instrument delivered to the Trustee by the Authority, with copies thereof mailed to the Registrar, any Paying Agents and Authenticating Agents.

The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding under this CFC Master Trust Agreement.

Any removal of a Trustee under this CFC Master Trust Agreement shall take effect only upon the appointment of a successor Trustee and the acceptance by the successor Trustee of the duties of the Trustee under this CFC Master Trust Agreement.

Section 6.08 Appointment of Successor Trustee. If (a) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (b) the Trustee shall be taken under the control of any public officer or officers, (c) a receiver shall be appointed for the Trustee by a court or (d) the Trustee shall have an order for relief entered in any case commenced by it or against it under federal bankruptcy laws or commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days, then a successor Trustee shall be appointed by the Authority; provided that if a successor Trustee is not so appointed within twenty (20) Business Days after (i) a notice of resignation or an instrument or document of removal is given or received by the Authority, as provided in Sections 6.06 and 6.07 hereof, respectively, or (ii) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting, a receiver is appointed or any of the circumstances described in clause (d) occur, in each case, as provided above, then, if the Authority shall not have appointed a successor Trustee, the Holders of a majority in Aggregate Principal Amount of Bonds then Outstanding (excluding Bonds then held or owned by the Authority) may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 90 days after the occurrence of an event described in clause (i) or (ii) of this paragraph, the Holder of any Bond outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court thereupon may appoint, after such notice, if any, as such court may deem proper and prescribe, a successor Trustee. All costs, fees and expenses related to such application to any court shall be paid by the Authority.

Every successor Trustee appointed pursuant to this Section (a) shall be a trust company or a bank having the powers of a trust company, (b) shall be in good standing within the State, shall be duly authorized to exercise trust powers within the State, (d) shall be subject to examination by federal or State authorities, (e) shall be willing to accept the trusteeship under the terms and conditions of this CFC Master Trust Agreement, and (f) shall have an unimpaired reported capital and surplus of not less than \$75,000,000.

Every successor Trustee appointed hereunder shall sign, and acknowledge and deliver to its predecessor and the Authority, an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor Trustee shall become vested with all of the trusts, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles and interests of its predecessor. Upon the written request of its successor or the Authority, the predecessor Trustee (a) shall sign and deliver an instrument or document transferring to its successor all of the trusts, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles and interests of the predecessor Trustee hereunder, and (b) shall take any other action necessary to duly assign, transfer and deliver to its successor all property and records (including without limitation, all money) held by it as Trustee less unpaid Ordinary and Extraordinary Expenses including reasonable counsel fees. Should any instrument or document in writing from the Authority be requested by any successor Trustee for vesting and conveying more fully and certainly in and to that successor the trusts, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles and interests vested or conveyed or intended to be vested or conveyed hereby in or to the predecessor Trustee, the Authority shall sign, acknowledge and deliver that instrument or document.

In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any money that it may hold pursuant to this CFC Master Trust Agreement and shall cease to be Registrar, an Authenticating Agent and a Paying Agent for any of the Bonds, to the extent it served in any of those capacities. The successor Trustee shall become custodian and, if applicable, Registrar, an Authenticating Agent and a Paying Agent.

Section 6.09 <u>Adoption of Authentication</u>. In case any of the Bonds shall have been authenticated, but shall not have been delivered, any successor Trustee, Registrar or Authenticating Agent may adopt the certificate of authentication of any predecessor Trustee, Registrar or Authenticating Agent and may deliver those Bonds so authenticated as provided herein. In case any Bonds shall not have been authenticated, any successor Trustee, Registrar or Authenticating Agent may authenticate those Bonds either in the name of any predecessor or in its own name. In all cases, the certificate of authentication shall have the same force and effect as provided in the Bonds or in this CFC Master Trust Agreement with respect to the certificate of authentication of the predecessor Trustee, Registrar or Authenticating Agent.

### Section 6.10 Registrar.

- (a) <u>Succession</u>. Anything herein to the contrary notwithstanding, any corporation or association (i) into which a Registrar may be converted or merged, (ii) with which a Registrar or any successor to it may be consolidated, or (iii) to which it may sell or transfer all or substantially all of its assets, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become the successor Registrar of that Registrar hereunder and shall be vested with each and every power, right, duty, obligation, discretion and privilege expressed or intended by this CFC Master Trust Agreement to be exercised by or vested in the predecessor Registrar, without the signing or filing of any instrument or document or any further act on the part of any of the parties hereto.
- (b) Resignation. A Registrar may resign at any time by giving written notice of its resignation specifying the date that resignation is to take effect, to the Authority, the Trustee, the Original Purchaser of each series of Bonds then Outstanding for which it is Registrar, and to each Paying Agent and Authenticating Agent for those series of Bonds, at least 90 days before the resignation is to take effect. The resignation shall take effect immediately, however, upon the appointment of a successor Registrar, if the successor Registrar is appointed and accepts that appointment before the time stated in the notice. Except with the consent of the Authority, the Trustee may not resign as Registrar unless it also resigns as Trustee.
- (c) <u>Removal</u>. The Registrar may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Registrar, with copies thereof mailed to the Authority, the Trustee, the Paying Agents and Authenticating Agents, and signed by or on behalf of the Holders of not less than a majority in Aggregate Principal Amount of the Bonds then Outstanding (excluding Bonds then owned or held by the Authority).

The Registrant may be removed by the Authority at its discretion at any time by an instrument or document in writing delivered to the Registrar, with copies thereof mailed to the Trustee, the Paying Agents and Authenticating Agents.

The Registrar also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Registrar by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding under this CFC Master Trust Agreement.

(d) Appointment of Successors. If (i) a Registrar shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (ii) a Registrar shall be taken under the control of any public officer or officers, (iii) a receiver shall be appointed for a Registrar by a court, or (iv) a Registrar shall have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws or commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, then a

successor Registrar shall be appointed by an Authorized Officer, with the written consent of the Trustee; provided that if a successor Registrar is not so appointed within twenty (20) Business Days after (A) a notice of resignation or an instrument or document of removal is delivered or received by the Authority, as provided above, or (B) the Registrar is dissolved, taken under control, becomes otherwise incapable of acting, a receiver is appointed or any of the circumstances described in clause (iv) occur, in each case, as provided above, then, if an Authorized Officer shall not have appointed a successor Registrar, the Trustee or the Holders of a majority in Aggregate Principal Amount of Bonds then Outstanding (excluding Bonds then owned by the Authority) may designate a successor Registrar by an instrument or document or concurrent instruments or documents in writing signed by the Trustee, or in the case of the Holders, by or on behalf of those Holders.

Every successor Registrar appointed hereunder shall sign and acknowledge, and shall deliver to its predecessor, the Authority and the Trustee, an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the powers, rights, duties, obligations, discretions and privileges of its predecessor. Upon the written request of its successor or the Authority, a predecessor Registrar (i) shall sign and deliver an instrument or document transferring to its successor all of the powers, rights, duties, obligations, discretions and privileges of it as predecessor Registrar hereunder, and (ii) shall take any other action necessary to duly assign, transfer and deliver to its successor all property and records (including without limitation, the Register and any canceled Bonds) held by it as Registrar. Should any instrument or document in writing from the Authority be requested by any successor Registrar for vesting and conveying more fully and certainly in and to that successor the powers, rights, duties, obligations, discretions and privileges, vested or conveyed or intended to be vested or conveyed hereby in or to a predecessor Registrar, the Authority shall sign, acknowledge and deliver that instrument or document.

Section 6.11 <u>Designation and Succession of Paying Agents</u>. The Trustee and any other Paying Agents designated in the Bond Legislation for a series of Bonds shall be Paying Agents for that series of Bonds. With the consent of the Authority, the Trustee may appoint, and upon the request of the Authority the Trustee shall appoint, a Paying Agent or Agents with power to act on its behalf and subject to its direction in the payment of Debt Service Charges on any series of Bonds. It is the responsibility of the Trustee to establish the duties and responsibilities of any Paying Agent for the purposes of this CFC Master Trust Agreement to the extent not specified herein but subject to the terms of an agreement between the Authority and the Trustee.

Any agreement between the Trustee and a Paying Agent shall provide, without limitation, that such Paying Agent will (a) hold all amounts held by it for the payment of principal of or interest or any premium on Bonds in trust for the benefit of the Holders entitled thereto until such amounts shall be paid to such Holders or otherwise disposed of as herein provided, and at any time during the continuance of an Event of Default, upon the written request of the Trustee, forthwith pay to the Trustee all amounts so held in trust by such Paying Agent.

Any corporation or association with or into which any Paying Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or conversion to which any Paying Agent shall be a party, or any corporation or association succeeding to the trust business of any Paying Agent, shall be the

successor of that Paying Agent hereunder, if that successor corporation or association is otherwise eligible hereunder, without the signing or filing of any paper or any further act on the part of the parties hereto or the Paying Agent or that successor corporation or association.

Any Paying Agent may resign at any time by giving 90 days written notice of resignation to the Trustee, to the Registrar and to the Authority. The Trustee may terminate the agency of any Paying Agent at any time by giving written notice of termination to such Paying Agent, to the Registrar, and to the Authority. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Paying Agent shall cease to be eligible under this Section, the Trustee, with the approval of the Authority which shall not be unreasonably withheld, may appoint a successor Paying Agent. The Trustee shall give written notice of appointment of a successor Paying Agent to the Authority and the Registrar and shall mail notice thereof, within ten days after that appointment, to all Holders as their names and addresses appear on the Register on the date of that appointment. Except with the consent of the Authority, the Trustee may not resign as a Paying Agent unless it also resigns as Trustee.

The Paying Agent also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Paying Agent by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding under this CFC Master Trust Agreement.

The Trustee shall pay to any Paying Agent from time to time reasonable compensation as authorized in Section 6.03 hereof and subject to the agreement provided for therein for its services, and the Trustee shall be entitled to be reimbursed for such payments, subject to Section 6.03 hereof and that agreement.

The provisions of Section 2.07(a) and Section 6.02(d) hereof shall be applicable to any Paying Agent.

Section 6.12 <u>Designation and Succession of Authenticating Agents</u>. With the consent of the Authority, the Trustee may appoint, and upon the request of the Authority the Trustee shall appoint, an Authenticating Agent or Agents, in addition to the Registrar, with power to act on its behalf and subject to its direction in the authentication and delivery of Bonds in connection with transfers and exchanges under Sections 2.07 and 3.02 hereof. For all purposes of this CFC Master Trust Agreement, the authentication and delivery of Bonds by an Authenticating Agent pursuant to this Section shall be deemed to be authentication and delivery of those Bonds by the Trustee.

Any corporation or association with or into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be a party, or any corporation or association succeeding to the trust business of any Authenticating Agent, shall be the successor of that Authenticating Agent hereunder if that successor corporation or association is otherwise eligible hereunder, without the signing or filing

of any paper or any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may resign at any time by giving 90 days written notice of resignation to the Trustee, to the Registrar and to the Authority. The Trustee may terminate the agency of any Authenticating Agent at any time by giving written notice of termination to such Authenticating Agent, to the Registrar and to the Authority. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee may appoint a successor Authenticating Agent. The Trustee shall give written notice of appointment of a successor Authenticating Agent to the Authority and the Registrar and shall mail notice thereof, within ten days after that appointment, to all Holders as their names and addresses appear on the Register on the date of that appointment. Except with the consent of the Authority, the Trustee may not resign as Authenticating Agent unless it also resigns as Trustee.

The Authenticating Agent also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Authenticating Agent by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then outstanding under this CFC Master Trust Agreement.

The Trustee shall pay to any Authenticating Agent from time to time reasonable compensation for its services, and the Trustee shall be entitled to be reimbursed for such payments, subject to Section 6.03 hereof and the agreement provided for therein.

The provisions of Sections 2.07(b) and paragraphs (b), (c), (d), (h) and (i) of Section 6.02 shall be applicable to any Authenticating Agent.

Section 6.13 <u>Dealing in Bonds</u>. The Trustee, any Registrar, any Paying Agent and any Authenticating Agent, their affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owners of Bonds secured hereby with the same rights that it or they would have hereunder if the Trustee, the Registrar, Paying Agents or Authenticating Agents did not serve in those capacities.

Section 6.14 Representations and Covenants of the Trustee. The Trustee hereby represents that it is a national banking association duly organized and validly existing under and by virtue of the laws of the United States of America and duly authorized and qualified to exercise corporate trust powers in the State of Ohio, and with an unimpaired reported capital and surplus of not less than \$75,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise corporate trust powers in the State and that it will maintain an unimpaired reported capital and surplus of not less than \$75,000,000. The Trustee accepts and agrees to observe and perform the duties and obligations of the Trustee to which reference is made in this CFC Master Trust Agreement.

Section 6.15 <u>Right of Trustee to Pay Taxes and Other Charges</u>. The Trustee is authorized, but not obligated, after prior written notice to any Credit Support Provider, to

advance moneys on hand whenever necessary and advisable to do so because of the failure of the Authority to observe or perform any covenant or agreement under this CFC Master Trust Agreement. The making by the Trustee of those advances shall not constitute a waiver of, and shall not prejudice, any rights of the Trustee or holders against the Authority for failure of the Authority to do so.

Any amount so paid at any time, with interest thereon at a rate that is the rate announced by the Trustee in its lending capacity as a bank as its "prime rate" or "base rate" on the date of such payment, (i) shall be an additional obligation secured by this CFC Master Trust Agreement, (ii) shall be given a preference in payment over any Debt Service Charges, and (iii) shall be paid by the Authority out of the Pledged Revenues. The Trustee shall make the advance if it shall have been requested to do so by the holders of at least 25% of the Aggregate Outstanding Principal Amount of Bonds then outstanding and shall have been provided with adequate moneys for the purpose of making the advance.

Whenever the Trustee shall have received a written notice from the holders of not less than 25% in Aggregate Outstanding Principal Amount of the Bonds requesting it to take any action, including the making of advances or expenditures, authorized by the provisions of this CFC Master Trust Agreement, and shall have been offered indemnity as provided in Section 6.02, and shall have refused to take, or for a period of 60 days shall not have taken, that action, then the holders making the request may take that action and shall be entitled to the same rights and remedies as the Trustee would have been entitled if that action had been taken by the Trustee.

(End of Article VI)

### **ARTICLE VII**

# DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

### Section 7.01 Events of Default.

- (a) The occurrence of any of the following events, subject to the provisions of Sections 4.02(c), 7.03 and 7.07, is declared to be and to constitute an Event of Default under this CFC Master Trust Agreement:
  - (i) Failure of the Authority to pay any interest on any Bond, when and as the same shall have become due and payable.
  - (ii) Failure of the Authority to pay the principal of or any redemption premium on any Bond, when and as the same shall have become due and payable, whether at maturity or by call for redemption.
  - (iii) Failure by the Authority to perform or observe duly or punctually any other covenant, condition or agreement contained in the Bonds or this CFC Master Trust Agreement and to be performed by the Authority, which failure shall have continued for a period of 60 days after written notice of it to the Authority given by the Trustee or the holders of not less than 25% in Aggregate Outstanding Principal Amount of affected Bonds or any Credit Support Provider. If the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, then that failure shall not constitute an Event of Default so long as the Authority institutes curative action within the applicable period and diligently pursues that action to completion and provides the Trustee with a certification to that effect.
  - (iv) The Authority shall commence a proceeding under any federal bankruptcy, insolvency, reorganization or similar law, or have a receiver or trustee appointed for it or for the whole or any substantial part of its property.
- (b) The term "default" or "failure" as used in this Article means a default or failure by the Authority in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in this CFC Master Trust Agreement or in the Bonds, exclusive of any period of grace or notice required to constitute a default or failure or an Event of Default, as provided in Subsection (a) above.
- (c) Notwithstanding the foregoing, if, by reason of *force majeure*, the Authority is unable to observe or perform any covenant, agreement or obligation that would give rise to an Event of Default under Section 7.01(a)(iii), the Authority shall not be deemed in default during the continuance of such inability. However, the Authority promptly shall give notice to the Trustee of the existence of an event of *force majeure* and shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other such disturbances shall be entirely within its discretion. The term *force majeure* shall mean, without limitation, the following: acts of God; strikes, lockouts or other such disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their

departments, agencies, political subdivisions or officials, except the Authority or its officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage; malfunction or accident to facilities, machinery, or transmission pipes; partial or entire failure of utilities serving the Airport; shortages of labor, materials, supplies or transportation; or any cause, circumstance or event not reasonably within the control of the Authority.

- (d) The declaration of an Event of Default under this Section and the exercise of remedies upon any such declaration shall be subject to any applicable limitations of bankruptcy laws affecting or precluding such declaration or exercise during the pendency of or immediately following any insolvency, bankruptcy, liquidation or reorganization proceedings.
- (e) The Trustee shall not be required to take notice, and shall not be deemed to have notice or knowledge, of any Event of Default described in Subsections (a)(iii) or (iv) above, unless a Responsible Officer of the Trustee is notified specifically of the Event of Default in a written instrument delivered to it by the Authority, by the holders of at least 10% of the Aggregate Outstanding Principal Amount of Bonds or by a Credit Support Provider. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default as described in Subsections (a)(iii) or (iv) above.

Section 7.02 <u>Notices of Events of Default</u>. If an Event of Default occurs the Trustee, within five days after having knowledge of that Event of Default, shall give written notice of that Event of Default to the Authority.

The Trustee shall give to the Bondholders, and to any other Paying Agents and Authenticating Agents, and to any Credit Support Provider, written notice by mail of each Event of Default known to the Trustee within 90 days after having knowledge of its occurrence, unless the Event of Default has been remedied or cured before the giving of that notice. Except in the case of an Event of Default described in subparagraph (a) or (b) of Section 7.01, the Trustee shall be protected in withholding that notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers, of the Trustee in good faith determines that the withholding of that notice is in the interests of the Bondholders.

Notice to the Bondholders shall be given by mailing or otherwise sending notice to all holders of Registered Bonds, as their names and addresses appear on the Register at the close of business 15 days prior to the mailing of that notice.

## Section 7.03 Remedies.

(a) If an Event of Default as described in Subsections 7.01(a)(i) or (ii) has occurred and is continuing, the Trustee shall, and if an Event of Default as described in Subsections 7.01(a)(iii) or (iv) has occurred and is continuing, the Trustee may and upon the written request of the holders of not less than 25% in Aggregate Outstanding Principal Amount of Bonds shall, subject to the provisions of Article VI, proceed in its own name to protect and enforce its rights and the rights of the Bondholders under this CFC Master Trust Agreement by such of the

following remedies as the Trustee, being advised by legal counsel, shall deem most effective to protect and enforce those rights:

- (i) By mandamus or other suit, action or proceeding at law or in equity enforce all the rights of the Bondholders, including the compelling of the performance of all duties of the Authority under the Bond Proceedings and the enforcement of the payment of Debt Service Charges;
  - (ii) Bring suit upon the Bonds;
- (iii) Enjoin unlawful activities or activities in violation of the rights of the Bondholders under the Agreement;
- (iv) In the case of an Event of Default described in Subsections 7.01(a)(i) or (ii), apply to a court having jurisdiction of the cause to appoint a receiver (which may be the Trustee) to receive and administer the Pledged Revenues, with full power to pay and to provide for payment of Debt Service Charges, and with such powers, subject to the discretion of the court, as are accorded receivers in general equity cases, excluding any power (A) to pledge additional revenues or receipts or other income or moneys of the Authority to the payment of those Debt Service Charges or (B) to take possession of, mortgage or cause the sale or otherwise dispose of any CFC Facilities;
- Supplementing Subsection 7.03(a)(iv) above, if an Event of Default shall have occurred and be continuing, the Trustee shall be entitled, as a matter of right and to the extent permitted by applicable law, to the appointment of a receiver for all or any part of the CFC Facilities and all of the Pledged Revenues, and the Authority hereby consents to the appointment of such a receiver and covenants not to oppose any such appointment. Whenever there shall have been commenced or shall be pending any litigation in any court having jurisdiction thereof, to which the Authority shall be a party, involving the operation or administration of the CFC Facilities or the wrongful performance or failure to perform any of the terms and conditions of this CFC Master Trust Agreement or if an Event of Default shall occur or shall have occurred and be continuing, the court having jurisdiction of the cause may appoint a receiver to administer and operate the CFC Facilities on behalf of the Authority with full power to pay and to provide for the payment of Debt Service Charges, and to apply the income and revenue derived from that operation, including the Funds in the custody of the Authority, in accordance with the provisions of this CFC Master Trust Agreement and of the Bonds, and with such other powers, subject to the direction of the court, as are accorded to receivers in general equity cases; provided that the power of the receiver to make such provision for the payment of Debt Service Charges shall not be construed as including power to pledge the general credit of the Authority, including but not limited to the Revenues, or its taxing power (if any) to the payment of those Debt Service Charges.
- (c) No series of Bonds issued under this CFC Master Trust Agreement shall be subject to acceleration. Upon the occurrence and continuation of an Event of Default, no optional redemption of the Bonds pursuant to Article III shall occur unless all of the Bonds of the Series where an Event of Default has occurred will be redeemed or 100% of the Holders of the Outstanding Bonds of such Series of Bonds shall have agreed to such redemption.

## Section 7.04 Enforcement of Rights Under Agreement.

- (a) In the enforcement of any remedy under this CFC Master Trust Agreement the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming due and at any time remaining unpaid on account of principal, interest or otherwise under any of the provisions of this CFC Master Trust Agreement or of the Bonds, with interest on overdue payments at the rate or rates of interest specified or provided for in those Bonds or the applicable Bond Proceedings, together with any and all costs and expenses of collection and of all proceedings under this CFC Master Trust Agreement and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Authority, but solely as provided in this CFC Master Trust Agreement and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the Pledged Revenues and the Pledged Funds from which the Bonds are payable) in any manner provided by law, the moneys adjudged or decreed to be payable.
- (b) The holders of not less than a majority in Aggregate Outstanding Principal Amount of the Bonds shall have the right at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any and all remedial proceedings under this CFC Master Trust Agreement. However, (i) that direction shall not be otherwise than in accordance with the provisions of law or of this CFC Master Trust Agreement, (ii) the Trustee shall be indemnified as provided in Article VI, and (iii) the Trustee shall have the right to decline to follow any such direction which in its opinion would be unjustly prejudicial to Bondholders not parties to that direction.
- (c) No remedy by the terms of this CFC Master Trust Agreement conferred upon or reserved to the Trustee (or to the holders of the Bonds) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and in addition to any other remedy given to the Trustee or to the holders of the Bonds under this CFC Master Trust Agreement or now or hereafter existing.
- (d) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of or acquiescence in that default or Event of Default. Every such right and power may be exercised from time to time and as often as may be deemed expedient.
- (e) On the occurrence of an Event of Default, neither the Authority nor anyone claiming through or under it shall set up, claim, or seek to take advantage of any laws now or hereafter in force, in order to prevent or hinder the enforcement of this CFC Master Trust Agreement, but the Authority, for itself and all who claim through or under it, hereby waives, to the extent it may lawfully do so, the benefit of all such laws to which it may be entitled.
- Section 7.05 <u>Effect of Abandonment of or Adverse Decision in Any Proceeding or Recovery of Judgment</u>. If any proceeding taken by the Trustee on account of any Event of Default is discontinued or abandoned for any reason, or is determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former

respective positions and rights under this CFC Master Trust Agreement, and all right, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

No recovery of any judgment by the Trustee, and no levy of any execution under any judgment under this CFC Master Trust Agreement, shall affect in any manner or to any extent the rights and duties provided for in this CFC Master Trust Agreement, or any rights, powers or remedies of the Trustee under this CFC Master Trust Agreement, or any rights, powers or remedies of the holders of the Bonds, but those rights, powers and remedies of the Trustee and of the holders of the Bonds shall continue unimpaired as before.

Section 7.06 Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this CFC Master Trust Agreement and under any of the Bonds may be enforced by the Trustee without possession of any of the Bonds and without production of any of the Bonds at any trial or other proceedings relative thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds. Any recovery of judgment shall be for the benefit of the holders of the Bonds then outstanding, subject to the provisions of this CFC Master Trust Agreement.

Section 7.07 Waivers of Events of Default. At any time the Trustee may in its discretion waive any Event of Default and its consequences, and shall do so upon the written request of the holders of (a) at least a majority in Aggregate Outstanding Principal Amount of all the Bonds in respect of which an Event of Default in the payment of Debt Service Charges has occurred, or (b) at least 25% in Aggregate Outstanding Principal Amount of all Bonds in case of any other Event of Default. In case of any such waiver or rescission, the Authority, the Trustee, and the Bondholders shall be restored to their common respective positions and rights under this CFC Master Trust Agreement. No such waiver or rescission shall extend to or impair any rights consequent on any subsequent or other Event of Default.

Section 7.08 <u>Limitations on Remedial Action by Bondholders</u>. No holder of any Bond shall have the right to institute any suit, action or proceeding for the enforcement of or for the execution of any trust of this CFC Master Trust Agreement or for the appointment of a receiver or any other remedy under this CFC Master Trust Agreement unless (a) an Event of Default has occurred, (b) that holder or another holder has previously given to the Trustee written notice of that Event of Default, (c) the holders of at least 25% in Aggregate Outstanding Principal Amount of Bonds have made written request to the Trustee and afforded the Trustee reasonable opportunity to proceed to exercise the powers granted above in this Article, or to institute such action, suit or proceeding in its own name and have also offered to the Trustee indemnity as provided in Article VI and (d) the Trustee shall thereafter have failed or refused to exercise the powers granted above in this Article, or to institute such action, suit or proceeding in its own name, within a reasonable time. That notification, request and offer of indemnity are in every case to be, at the option of the Trustee, conditions precedent to the execution of the powers and trusts of this CFC Master Trust Agreement, and to any action or cause of action for the enforcement of this CFC Master Trust Agreement or for the appointment of a receiver or for any other remedy under this CFC Master Trust Agreement.

It is understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the benefit of this CFC Master Trust Agreement by its or their action or to enforce any right under this CFC Master Trust Agreement except in the manner provided in this CFC Master Trust Agreement, and that the proceedings shall be instituted, had and maintained in the manner provided in this CFC Master Trust Agreement and for the benefit of the holders of all Bonds then outstanding. Subject to the foregoing, each Bondholder shall have a right of action to enforce the payment of the principal of and interest on any Bond owned by that holder at and after the due date thereof at the place, from the sources and in manner stated in that Bond.

# Section 7.09 Application of Moneys.

(a) All moneys received by the Trustee or a receiver pursuant to any right given or action taken under the provisions of this Article, subject to any provisions made pursuant to the General Bond Resolution or Sections 2.11 or 3.04, and after payment of the costs, expenses, liabilities and advances incurred or made by the Trustee or receiver and the creation of a reasonable reserve for anticipated fees, costs and expenses, shall be applied as follows:

<u>First</u>: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the due dates of the installments of that interest and beginning with the earliest due date, and if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the persons entitled thereto, without any discrimination or privilege except as to any difference in the respective rates of interest specified in the Bonds; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of this CFC Master Trust Agreement), whether at stated maturity, by redemption or pursuant to any Mandatory Sinking Fund Requirements, in order of their due dates and beginning with the earliest due date, with interest on the Bonds from the respective dates upon which they became due, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with all such interest, then to the payment of the Bonds ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, those moneys shall be applied as provided in this Section at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon that date interest on the amounts of principal to be paid on that date, and for which moneys are available, shall cease to accrue. Unless otherwise provided in a CFC Supplemental Trust Agreement, the Trustee shall give such notice as it may deem appropriate of the deposit of any such moneys and of fixing of any such date, and the Trustee shall not be required to direct payment to the holder of any unpaid Bond until that Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

- (c) Whenever all Bonds and interest thereon have been paid under the provisions of this Section, and all expenses and charges of the Trustee, Authenticating Agents, Bond Registrars and Paying Agents and all other expenses payable under this CFC Master Trust Agreement have been paid, any balance remaining in the CFC Debt Service Fund or other Special Funds or Accounts shall be paid to the CFC Revenue Fund.
- (d) The provisions of this Section are in all respects subject to the provisions of Article VI.

Section 7.10 No Claims Against Trustee. Nothing contained in this CFC Master Trust Agreement shall constitute any request by the Trustee, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the CFC Facilities or any part thereof, or be construed to give the Authority any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would provide the basis for any claim either against the Trustee or that any lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the lien of this CFC Master Trust Agreement.

Section 7.11 <u>Provisions Subject to Applicable Law</u>. All rights, powers and remedies provided in this Article may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this CFC Master Trust Agreement invalid, unenforceable or, if ever applicable, not entitled to be recorded, registered or filed under any applicable law.

(End of Article VII)

### **ARTICLE VIII**

### CFC SUPPLEMENTAL TRUST AGREEMENTS

Section 8.01 <u>CFC Supplemental Trust Agreements Not Requiring Consent of Holders.</u> The Authority and the Trustee may enter into agreements supplemental to this CFC Master Trust Agreement without the consent of or notice to any of the holders, but with notice to any Credit Support Provider, for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in this CFC Master Trust Agreement.
- (b) To grant to or confer upon the Trustee for the benefit of the holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the holders or the Trustee.
- (c) To submit additional revenues to the lien and pledge of this CFC Master Trust Agreement.
- (d) To add to the Authority's covenants and agreements under this CFC Master Trust Agreement other covenants and agreements thereafter to be observed for the protection of all or particular holders, or to surrender or limit any right, power or authority herein reserved to or conferred upon the Authority in this CFC Master Trust Agreement, including the limitation of rights of redemption so that in certain instances Bonds of different series will be redeemed in some prescribed relation to one another.
- (e) To evidence any succession to the Authority and the assumption by that successor of the Authority's covenants and agreements in the Bonds and this CFC Master Trust Agreement.
- (f) To permit the use of a book entry system to identify the owner of an interest in a Bond issued by the Authority under this CFC Master Trust Agreement, whether that obligation was formerly, or could be, evidenced by a physical security and to facilitate (i) the transfer of Bonds from one Depository to another, (ii) the succession of Depositories, or (iii) the withdrawal of Bonds issued to a Depository for use in a book entry system and the issuance of replacement Bonds in fully registered form to others than a Depository.
  - (g) To permit the Trustee to comply with any obligations imposed upon it by law.
- (h) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Bond Registrar and any Authenticating Agents or Paying Agents.
- (i) To permit compliance with any applicable federal securities or tax law or regulations.

- (j) To adopt or amend procedures or agreements for the disclosure of information to holders and others with respect to the Bonds and the Authority in accordance with any applicable State or federal regulations.
- (k) To accept additional security and instruments and documents of further assurance with respect to the CFC Facilities.
- (l) In connection with the issuance of Additional Bonds as referred to in Section 2.05, including any provision for a Credit Support Provider and bond insurance and other security provisions consistent with the General Bond Resolution.
- (m) To limit the Eligible Investments of moneys in the CFC Debt Service Fund, CFC Debt Service Reserve Fund or CFC Debt Service Coverage Fund, or to add to that list other Eligible Investments. If there be such a Rating Service at the time, the addition of Eligible Investments must be approved for the purpose by each Rating Service that has at the Authority's request assigned a rating to, and at the time maintains a rating on, outstanding Bonds.
- (n) Any other amendment which is not to the prejudice of the Trustee and will not materially adversely affect the interest of the Bondholders.

The provisions of paragraphs (g) and (i) above shall not be deemed to constitute a waiver by the Trustee, the Bond Registrar, the Authority or any holder of any right that it may have in the absence of those provisions to contest the application of any change in law to this CFC Master Trust Agreement or the Bonds.

# Section 8.02 <u>CFC Supplemental Trust Agreements Requiring Consent of Holders.</u>

- (a) Exclusive of Supplemental Agreements referred to in Section 8.01, and subject to the terms, provisions and limitations contained in this Section and not otherwise, with the consent of the holders of not less than a majority in Aggregate Outstanding Principal Amount of the Bonds evidenced as provided in this CFC Master Trust Agreement, and the prior written consent of any Credit Support Provider, the Authority and the Trustee may execute and deliver CFC Supplemental Trust Agreements adding any provisions to, changing in any manner or eliminating any of the provisions of this CFC Master Trust Agreement or any CFC Supplemental Trust Agreement or restricting in any manner the rights of the holders. Nothing in this Section or Section 8.01, however, shall permit or be construed as permitting any of the following:
  - (i) Without the consent of the holder of each Bond so affected, and the prior written consent of any Credit Support Provider, an extension of the maturity of the principal of or the interest on any Bond, or a reduction in the principal amount of any Bond or the rate of interest or premium thereon, or the creation of a right in the Authority to call any Bond for redemption prior to its maturity, or the advancement of the time or reduction of the redemption price at which any existing right of the Authority to call Bonds for redemption may be exercised, or a reduction in the amount or extension of the time of payment of any Mandatory Sinking Fund Requirements or Mandatory Redemption Obligations, or

- (ii) Without the consent of the holders of all Bonds then outstanding, and the prior written consent of any Credit Support Provider, the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or a reduction in the aggregate principal amount of the Bonds required for consent to a CFC Supplemental Trust Agreement.
- (b) Bonds owned or held by or for the account of the Authority shall not be deemed outstanding for the purpose of consent or other action or any calculation of outstanding Bonds provided for in this Section, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Section. At the time of any consent or other action taken under this Section, the Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.
- (c) If at any time the Authority requests the Trustee to enter into a CFC Supplemental Trust Agreement for any of the purposes of this Section, the Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause written notice of the proposed execution of that CFC Supplemental Trust Agreement to be sent to all holders of Bonds then outstanding at their addresses as they appear in the Register, and to any Credit Support Provider. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to send, or the failure of the Bondholder to receive, the notice required by this Section, and any such failure shall not affect the validity of that CFC Supplemental Trust Agreement when consented to and approved as provided in this Section. The notice shall be prepared by the Authority, shall briefly set forth the nature of the proposed CFC Supplemental Trust Agreement and shall state that copies of it are on file at the office of the Trustee for inspection by all Bondholders.

If within such period as shall be prescribed by the Authority, not exceeding 12 months, following the sending of that notice the Trustee receives instruments purporting to be executed by the holders of not less than a majority in Aggregate Outstanding Principal Amount of the Bonds and any Credit Support Provider and which instruments refer to the proposed CFC Supplemental Trust Agreement described in the notice and specifically consent to and approve the execution of it in substantially the form of the copy referred to in the notice as on file with the Trustee, thereupon, but not otherwise, the Trustee shall execute that CFC Supplemental Trust Agreement in substantially that form, without liability or responsibility to any holder of any Bond, whether or not that holder shall have consented thereto.

That consent shall be binding upon any Credit Support Provider as the holder of the Bond giving that consent and, anything in Section 8.01 to the contrary notwithstanding, upon any subsequent holder of that Bond and of any Bond issued in exchange for it, whether or not that subsequent holder has notice of the consent. However, the consent may be revoked by the holder of the Bond who gave the consent if still the holder, or by a subsequent holder of that Bond, by filing a written revocation with the Trustee prior to the date of execution by the Trustee of the CFC Supplemental Trust Agreement. Promptly after the holders of the required percentage of Bonds have filed their consents to the CFC Supplemental Trust Agreement, the Trustee shall make and file with the Authority a written statement to that effect. That written statement shall be conclusive evidence that those consents have been so filed.

(d) If the holders of the required percentage in Aggregate Outstanding Principal Amount of the Bonds have consented to and approved the execution of the CFC Supplemental Trust Agreement as provided in this Section, no holder of any Bond shall have any right to object to the execution of that CFC Supplemental Trust Agreement, or to object to any of the terms and provisions contained in or the operation of that CFC Supplemental Trust Agreement, or in any manner to question the propriety of the execution of that CFC Supplemental Trust Agreement or to enjoin or restrain the Trustee or the Authority from executing it or from taking any action pursuant to its provisions.

# Section 8.03 <u>Authorization to Trustee; Effect of Supplement.</u>

- (a) The Trustee is authorized to join with the Authority in the execution and delivery of any CFC Supplemental Trust Agreement provided for in this Article and to make the further agreements and stipulations that may be contained in that CFC Supplemental Trust Agreement.
- (b) Any CFC Supplemental Trust Agreement executed in accordance with the provisions of this Article shall thereafter form a part of this CFC Master Trust Agreement and all the terms and conditions contained in it as to any provision authorized to be contained in it shall be and shall be deemed to be part of the terms and conditions of this CFC Master Trust Agreement for any and all purposes; this CFC Master Trust Agreement shall be and shall be deemed to be modified and amended in accordance therewith; and the respective rights, limitations of rights, duties, immunities and obligations under this CFC Master Trust Agreement of the Authority, the Trustee, Authenticating Agents, Bond Registrars, Paying Agents and all holders of Bonds then outstanding shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modifications and amendments.

Express reference to an executed CFC Supplemental Trust Agreement may be made in the text of any Bonds thereafter issued if deemed necessary or desirable by the Trustee or the Authority.

- (c) A copy of any CFC Supplemental Trust Agreement provided for in this Article shall be mailed by the Trustee to any Credit Support Provider, and to each Rating Service that the Authority advices the Trustee has at the Authority's request assigned a rating to each series of Bonds affected by it.
- (d) The execution and delivery of each CFC Supplemental Trust Agreement in which a Series Bond Resolution is set forth shall constitute certification and conclusive evidence that the Series Bond Resolution as set forth in it is a true and exact copy of that legislation as passed or authorized by the Authority and in effect at the time of execution and delivery of that CFC Supplemental Trust Agreement.

Section 8.04 <u>Opinion of Counsel</u>. The Trustee shall be provided with, and shall be fully protected in relying upon, the opinion of any legal counsel approved by it, who may be counsel for or designated by the Authority, as conclusive evidence that any proposed CFC Supplemental Trust Agreement complies with the provisions of this CFC Master Trust Agreement, and that it is proper for the Trustee, under the provisions of this Article, to join in its execution.

Section 8.05 <u>Modification by Unanimous Consent.</u> Notwithstanding anything contained elsewhere in this CFC Master Trust Agreement, the rights and obligations of the Authority and of the holders of the Bonds, and the terms and provisions of the Bonds and this CFC Master Trust Agreement or any CFC Supplemental Trust Agreement, may be modified or altered in any respect with the consents of the Authority and of the holders of all of the Bonds then outstanding affected, as determined by the Authority, by the modification or alteration, and any Credit Support Provider if required by the Credit Support Instrument. The Trustee shall not be required to sign any such CFC Supplemental Trust Agreement containing provisions adverse to the Trustee or increasing the duties or obligations of the Trustee.

(End of Article VIII)

### **ARTICLE IX**

### **DEFEASANCE**

Section 9.01 Release of CFC Master Trust Agreement. If (a) the Authority shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Debt Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other amounts payable hereunder, then the Trust Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of Section 9.03 hereof), and the covenants, agreements and obligations of the Authority hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of Section 9.02 if applicable,

- (a) The Trustee shall release the CFC Master Trust Agreement (except for those provisions surviving by reason of Section 9.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 9.02 hereof) and shall sign and deliver to the Authority any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Authority but shall not be responsible for preparation of such documents, and
- (b) The Trustee and any other Paying Agents shall assign and deliver to the Authority any property then subject to the lien of the CFC Master Trust Agreement and which then may be in their possession, except amounts in the CFC Debt Service Fund required to be held by the Trustee and the Paying Agents under Section 5.01 hereof or otherwise for the payment of Debt Service Charges.
- Section 9.02 <u>Payment and Discharge of Bonds</u>. All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this CFC Master Trust Agreement, including without limitation Section 9.01, if:
- (a) the Trustee as paying agent and any Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient money, or
- (b) the Trustee shall have received, in trust for and irrevocably committed thereto, cash and Direct Obligations that are certified by an independent public accounting firm of national reputation selected by the Authority to be of such amounts, maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in paragraph (a) of this Section, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein),

for the payment of all Debt Service Charges on those Bonds, at their maturity or redemption dates, as the case may be, or if a default in payment shall have occurred on any maturity or redemption date, then for the payment of all Debt Service Charges thereon to the date of the tender of payment; provided that if any of those Bonds are to be redeemed prior to the maturity

thereof, notice of that redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of that notice.

Any money held by the Trustee in accordance with the provisions of this Section may be held in cash or invested by the Trustee only in Direct Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this Section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination to the Authority free of any trust or lien.

If any Bonds shall be deemed paid and discharged pursuant to this Section, the Trustee shall cause a written notice to be given within 15 days after such Bonds are so deemed paid and discharged to each Holder of such Bonds as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds of a particular series are deemed paid and discharged, set forth a description of the obligations held pursuant to paragraph (b) of this Section and specify any date or dates on which any of the Bonds are to be called for redemption pursuant to notice of redemption given or irrevocable provisions made for such notice pursuant to the first paragraph of this Section.

Section 9.03 <u>Survival of Certain Provisions</u>. The provisions of this Trust Agreement that relate to the (a) maturity of the Bonds, (b) interest payments and Interest Payment Dates, (c) optional and mandatory redemption provisions, (d) credit against Mandatory Sinking Fund Requirements, (e) exchange, transfer and registration of Bonds, (f) replacement of mutilated, destroyed, lost or wrongfully taken Bonds, (g) safekeeping and cancellation of Bonds, (h) non-presentment of Bonds and unclaimed moneys, (i) holding of moneys in trust, (j) payment or reimbursement of fees, charges and expenses of the Trustee, the Bond Registrar and any Paying Agents and Authenticating Agents, (k) repayments to the Authority from the CFC Debt Service Fund, the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund, and (l) the duties of the Trustee, the Authority, the Paying Agents or the Authenticating Agents in connection with the foregoing, shall remain in effect and be binding upon the Trustee, the Authority, the Authenticating Agents, the Paying Agents and the holders notwithstanding release and discharge of this CFC Master Trust Agreement under Section 9.01, or as to Bonds or series of Bonds affected under Section 9.03. The provisions of this Article shall survive any release, discharge and satisfaction of this CFC Master Trust Agreement.

Section 9.04 <u>Variation of Defeasance Provisions</u>. The provisions of this Article may be varied as to any series of Bonds or as to certain of the Bonds of that series by the Bond Proceedings providing for that series.

(End of Article IX)

#### ARTICLE X

### **MEETINGS OF HOLDERS**

Section 10.01 <u>Purposes of Meetings</u>. Subject to the provisions of Section 7.08 which limits the ability of holders of Bonds to take certain actions or to direct certain actions to be taken, a meeting of holders, or of the holders of any series of Bonds, may be called at any time and from time to time pursuant to the provisions of this Article, to the extent relevant to the holders of all of the Bonds or of Bonds of that series, as the case may be, to take any action authorized to be taken by or on behalf of the holders of any specified Aggregate Outstanding Principal Amount of the Bonds, or of that series, or under any provision of this CFC Master Trust Agreement or authorized or permitted by law.

# Section 10.02 <u>Call of Meetings</u>.

- (a) The Trustee may call at any time a meeting of holders pursuant to Section 10.01 to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed not fewer than 15 or more than 90 days prior to the date of the meeting to any Credit Support Provider and to the holders at their addresses as they appear on the Register on the fifteenth day preceding such mailing, which fifteenth day preceding the mailing shall be the record date for the meeting.
- (b) If at any time the Board, the holders of at least 25% in Aggregate Outstanding Principal Amount of the Bonds or, if applicable, of the affected series of Bonds, then outstanding, or any Credit Support Provider, shall have requested the Trustee to call a meeting of holders, by written request setting forth the purpose of the meeting, and the Trustee shall not have mailed the notice of the meeting within 20 days after receipt of the request, then the Authority, the holders of Bonds in the amount above specified or the Credit Support Provider, whichever made the request, may determine the time and the place of the meeting and may call the meeting to take any action authorized in Section 10.01, by mailing notice thereof.
- (c) Any meetings of holders, or the holders of any series of Bonds affected by a particular matter, shall be valid without notice, if the holders of all Bonds, or if applicable, of the affected series of Bonds, then outstanding are present in person or by proxy, or if notice is waived before or after the meeting by the holders of all Bonds, or if applicable, the affected series of Bonds, outstanding who were not so present at the meeting, and if the Authority, the Trustee and any Credit Support Provider was entitled to notice thereof, are either present by duly authorized representatives or have waived notice, before or after the meeting.

Section 10.03 <u>Voting</u>. To be entitled to vote at any meeting of holders, a person shall be either (a) a holder of one or more outstanding Bonds, or if applicable, of the affected series of Bonds, as of the record date for the meeting as determined above, or (b) a person appointed by an instrument or document in writing as proxy by a person who is a holder as of the record date for the meeting, of one or more outstanding Bonds or, if applicable, of the affected series of Bonds. Each holder or proxy shall be entitled to one vote for each \$5,000 Aggregate Outstanding Principal Amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of holders shall be by written ballots on which shall be subscribed the signatures of the holders of Bonds or of their representatives by proxy and the identifying number or numbers of the Bonds held or represented by them.

Section 10.04 Meetings. Notwithstanding any other provisions of this CFC Master Trust Agreement, the Trustee may make any reasonable rules that it may deem to be advisable for meetings of holders, with regard to any of the following: proof of the holding of Bonds and of the appointment of proxies, or the appointment and duties of inspectors of votes, or recordation of the proceedings of those meetings, the signing, submission and examination of proxies and other evidence of the right to vote, or any other matters concerning the conduct, adjournment or reconvening of meetings that it may think fit.

The Trustee shall appoint a temporary chair of the meeting by an instrument in writing, unless the meeting shall have been called by the Authority, by the Credit Support Provider or by the holders as provided in Section 10.02, in which case the Authority, the Credit Support Provider or the holders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the holders of a majority in Aggregate Outstanding Principal Amount of the Bonds represented at the meeting and entitled to vote.

The only persons who shall be entitled to be present or to speak at any meeting of holders shall be the persons entitled to vote at the meeting, any representatives of the Trustee or Bond Registrar or of the Authority or of any Credit Support Provider, and its or their respective legal counsel.

Section 10.05 <u>Miscellaneous</u>. Nothing contained in this Article shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee, a Credit Support Provider or the holders under any of the provisions of this CFC Master Trust Agreement or of the Bonds by reason of any call of a meeting of holders or any rights conferred expressly or impliedly hereunder to make a call.

(End of Article X)

#### **ARTICLE XI**

#### **MISCELLANEOUS**

Section 11.01 <u>Limitation of Rights; Credit Support Provider Third Party Beneficiary.</u>
With the exception of rights conferred or referred to expressly in this CFC Master Trust Agreement, nothing expressed or mentioned in or to be implied from this CFC Master Trust Agreement or the Bonds is intended or shall be construed to give to any Person other than the Authority and Trustee, any Credit Support Provider and the holders of the Bonds, any legal or equitable right, remedy, power or claim under or with respect to this CFC Master Trust Agreement or any covenants, agreements, conditions and provisions contained in it. This CFC Master Trust Agreement and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties to it, any applicable Credit Support Provider, and the holders of the Bonds, as provided in this CFC Master Trust Agreement.

To the extent that this CFC Master Trust Agreement confers upon or gives or grants to any Credit Support Provider any right, remedy or claim by reason of this CFC Master Trust Agreement, that Credit Support Provider is hereby explicitly recognized as being a third-party beneficiary under this CFC Master Trust Agreement and may enforce any such right, remedy or claim conferred, given or granted under it. Notwithstanding anything to the contrary in any provision of this CFC Master Trust Agreement, any provision of this CFC Master Trust Agreement expressly recognizing or granting rights in or to a Credit Support Provider may not be amended in any manner that affects the rights of that Credit Support Provider under this CFC Master Trust Agreement without the prior written consent of that Credit Support Provider.

Section 11.02 <u>Severability</u>. In case any section or provision of this CFC Master Trust Agreement, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this CFC Master Trust Agreement, or any application thereof, is for any reason held to be illegal or invalid, that illegality or invalidity shall not affect the remainder thereof or any other section or provision of this CFC Master Trust Agreement or any other covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this CFC Master Trust Agreement, which shall be construed and enforced as if the illegal or invalid portion were not contained in it.

Any such illegality, invalidity or inoperability or any application thereof shall not affect any legal and valid application thereof, and each such section, provision, covenant, agreement, stipulation, obligation, act or action, or part thereof, shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent from time to time permitted by law.

# Section 11.03 Notices.

(a) Except as provided in Section 7.02 and as otherwise provided in this Section, it shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document if it is mailed, postage prepaid, addressed to the appropriate Notice Address of the particular Person.

- (b) A copy of any notice, including without limitation notice of any redemption of or payment or provision for payment of Bonds, given to holders by either the Authority or the Trustee or of any notice, request, complaint, demand or other instrument or document given by the Trustee to the Authority or by the Authority to the Trustee, and any certificate rendered pursuant to this CFC Master Trust Agreement relating to the security for the Bonds, shall be given to the applicable Credit Support Provider. The foregoing parties may designate, by notice given under this Section, any particular, further or different addresses to which any notice, request, complaint, demand or other instrument or document shall be sent. The Trustee shall designate, by notice to the Authority and to any Credit Support Provider, the addresses to which notices or copies thereof shall be sent to the Bond Registrar, the Authenticating Agents and the Paying Agents.
- (c) In connection with any notice sent pursuant to the provisions of this CFC Master Trust Agreement, a certificate of the Trustee, the Authority, an Original Purchaser, the Bond Registrar, any Credit Support Provider, the Authenticating Agents or the holders of the Bonds, whichever or whoever sent that notice, that the notice was so sent shall be conclusive evidence of the proper sending of the notice.
- any Person shall be unable to mail by the required class of mail any notice required to be mailed or sent by the provisions of this CFC Master Trust Agreement, or if in the judgment of the sender sending by other means is desirable or preferable, then that notice shall be sent in such other manner as in the judgment of the person giving it most effectively approximates mailing of that notice, and the sending of that notice in that manner for all purposes of this CFC Master Trust Agreement shall be deemed to be in compliance with the requirements for sending of that notice. Except as otherwise provided in this CFC Master Trust Agreement, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail, and the sending of any notice by any other means of physical delivery shall be deemed complete upon receipt of the notice by the delivery service and by means of electronic transmission shall be deemed complete upon receipt of the notice at the receiver of the intended recipient (with an automatic "read receipt" or similar notice not constituting an acknowledgement of an email receipt for purposes of this subsection).

Section 11.04 Payments Due on Saturdays, Sundays and Holidays. If any Interest Payment Date, date of maturity of the principal of any Bonds, or date fixed for redemption of any Bonds, is not a Business Day (a) for the Trustee, then payment of interest, principal and any redemption premium need not be made by the Trustee or any Paying Agent on that date, but that payment may be made on the next succeeding Business Day for the Trustee and Paying Agent with the same force and effect as if that payment were made on the applicable date, and no interest shall accrue for the period after that date, or (b) for a Paying Agent other than the Trustee, then payment of interest, principal and any redemption premium need not be made by that Paying Agent on that date, but that payment may be made on the next succeeding Business Day with the same force and effect as if that payment were made on the applicable date, and no interest shall accrue for the period after that date.

If, however, the Trustee is open for business on the applicable date, it shall make any payment with respect to interest on Outstanding Bonds and principal of and premium on Bonds

presented to it for payment, regardless of whether any other Paying Agent is open for business or closed on that date.

Section 11.05 <u>Instruments of Bondholders</u>. Any consent, request, direction, approval, objection or other instrument required under this CFC Master Trust Agreement to be signed by any holder may be in any number of concurrent writings of similar tenor and may be signed by that holder in person or by an agent or attorney appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent or attorney, and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this CFC Master Trust Agreement, and shall be conclusive in favor of the Trustee with regard to any action taken under such instrument, namely:

- (a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within that jurisdiction that the person signing that writing acknowledged before him the execution thereof, or by affidavit of any witness to that execution.
  - (b) The fact of ownership of Registered Bonds shall be proved by the Register.

Nothing contained in this Section shall be construed as limiting the Trustee to such proof. It is intended that the Trustee may accept any other or additional evidence which it deems to be sufficient. Any consent or request of the Holder of any Predecessor Bond shall bind every future Holder of the same Bond with respect to anything done or suffered to be done by the Authority, the Trustee, the Bond Registrar or any Paying Agent or Authenticating Agent pursuant to that request or consent.

Section 11.06 <u>Priority of Agreement</u>. This CFC Master Trust Agreement shall be superior to any liens that may be placed upon the Pledged Revenues or any Pledged Funds.

Section 11.07 Extent of Covenants; No Personal Liability. All of the covenants, stipulations, obligations and agreements of the Authority contained in this CFC Master Trust Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized and permitted by the Act. No such covenant, stipulation, obligation or agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Authority or the Board in an individual capacity, or in any other than an official capacity. Neither the members of the Board nor any official signing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of their issuance.

Section 11.08 <u>Binding Effect</u>. This CFC Master Trust Agreement shall inure to the benefit of and shall be binding upon the Authority and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this CFC Master Trust Agreement.

Section 11.09 <u>Counterparts</u>. This CFC Master Trust Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 11.10 <u>Governing Law</u>. This CFC Master Trust Agreement and the Bonds shall be deemed to be contracts made under the laws of the State of Ohio and for all purposes shall be governed by and construed in accordance with the laws of that State.

(End of Article XI)

IN WITNESS WHEREOF, the Authority has caused this CFC Master Trust Agreement to be signed for it and in its name and on its behalf by its Authorized Officers; and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this CFC Master Trust Agreement to be signed for it and in its name and on its behalf by its duly authorized officer.

# COLUMBUS REGIONAL AIRPORT AUTHORITY

By:	
•	President and CEO
By:	
	Chief Financial Officer
U.S.	BANK NATIONAL ASSOCIATION,
as T	rustee
_	
By:	
Title	••

### CHIEF FINANCIAL OFFICER'S CERTIFICATE

I, the Chief Financial Officer of the Columbus Regional Airport Authority, certify that the money required to meet the obligations of the Authority under this CFC Master Trust Agreement for Fiscal Year 2019 has been lawfully appropriated by the Board of Directors of the Authority for that purpose and is in the Treasury of the Authority or is in the process of collection to the credit of an appropriate fund, free from any previous encumbrances, and is not appropriated for any other purpose. This certificate is given consistently with Sections 5705.41 and 5705.44 of the Ohio Revised Code.

Dated: May 2, 2019	
•	Chief Financial Officer
	Columbus Regional Airport Authority

# CUSTOMER FACILITY CHARGE FIRST SUPPLEMENTAL TRUST AGREEMENT

By and Between

# COLUMBUS REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Securing

\$\_\_\_\_\_\_
Columbus Regional Airport Authority
Customer Facility Charge Revenue Bonds, Series 2019

Dated

May 2, 2019

Squire Patton Boggs (US) LLP Bond Counsel

# **INDEX**

(This Index is not a part of the CFC First Supplemental Trust Agreement but rather is for convenience of reference only.)

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# CUSTOMER FACILITY CHARGE FIRST SUPPLEMENTAL TRUST AGREEMENT

# Pertaining to

\$
Columbus Regional Airport Authority
Customer Facility Charge Revenue Bonds, Series 2019

THIS CUSTOMER FACILITY CHARGE FIRST SUPPLEMENTAL TRUST AGREEMENT (this "CFC First Supplemental Trust Agreement") dated May 2, 2019, is made by and between the COLUMBUS REGIONAL AIRPORT AUTHORITY (the "Authority"), a port authority, a political subdivision and a body corporate and politic, duly created and validly existing under and by virtue of the laws of the State of Ohio (the "State"), and U.S. BANK NATIONAL ASSOCIATION (the "Trustee"), a national banking association duly organized and validly existing under the laws of the United States of America and duly authorized and qualified to exercise corporate trust powers in the State, with its designated corporate trust office located in Columbus, Ohio, as trustee hereunder and under the CFC Master Trust Agreement hereinafter mentioned, under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses being used therein as defined in Article I hereof):

- A. By virtue of the Act and the General Bond Resolution, the Authority heretofore has entered into the CFC Master Trust Agreement with the Trustee providing for the issuance from time to time of Bonds, with each series of Bonds to be authorized by a Series Bond Resolution, which Series Bond Resolution shall authorize a Supplemental Trust Agreement, supplementing the CFC Master Trust Agreement, pertaining to that issue of Bonds; and
- B. The Authority has, for the purpose of paying the cost of Improvements of the Authority's ConRAC, determined to sell the Series 2019 Bonds and to enter into this CFC First Supplemental Trust Agreement to secure the Series 2019 Bonds; and
- C. The Authority, pursuant to the Series 2019 Resolution, has provided for the issuance of the Series 2019 Bonds and the execution and delivery of this CFC First Supplemental Trust Agreement; and
- D. All conditions, acts and things required to exist, happen and be performed precedent to and in the issuance of the Series 2019 Bonds and the execution and delivery of this CFC First Supplemental Trust Agreement exist and have happened and been performed and will have been met to make the Series 2019 Bonds, when issued, delivered and authenticated, valid special obligations of the Authority in accordance with the terms thereof and hereof, and in order to make the CFC Trust Agreement a valid, binding and legal trust agreement for the security of the Series 2019 Bonds in accordance with its terms; and
- E. The Trustee has accepted the trusts created by this CFC First Supplemental Trust Agreement, and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS CFC FIRST SUPPLEMENTAL TRUST AGREEMENT, WITNESSETH, that to secure the payment of the Debt Service Charges on the Series 2019 Bonds according to their true intent and meaning, and to secure the performance and observance of all the covenants, agreements, obligations and conditions contained in the CFC Trust Agreement, and to declare the terms and conditions upon and subject to which the Series 2019 Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Series 2019 Bonds by the holders, and for other good and valuable consideration, the receipt of which is acknowledged, the Authority has signed and delivered this CFC First Supplemental Trust Agreement and does hereby affirm its pledge and assignment to the Trustee and to its successors in trust, and its and their assigns, and its granting a lien upon the Pledged Revenues and Pledged Funds, to the extent and with the exceptions provided in the CFC Trust Agreement;

PROVIDED, HOWEVER, that any pledge or assignment of, or lien on, any fund, account, receivables, revenues, money or other intangible property not in the custody of the Trustee shall be valid and enforceable only to the extent permitted by law.

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions of the CFC Trust Agreement,

- (a) except as provided otherwise in the CFC Trust Agreement, for the equal and proportionate benefit, security and protection of all present and future Bondholders,
- (b) for the enforcement of the payment of the Debt Service Charges when payable, according to the true intent and meaning of the Bonds and of the CFC Trust Agreement, and
- (c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of the CFC Trust Agreement,

in each case, except as authorized or provided otherwise in the CFC Trust Agreement, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of series designation, number, date of Bond authorization, issuance, sale, execution, authentication, delivery or maturity, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under the CFC Trust Agreement, and shall be secured equally and ratably hereby, it being intended that the lien and security of the CFC Trust Agreement shall take effect from its date, without regard to the actual date of issue, sale or delivery of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value;

### PROVIDED FURTHER, HOWEVER, that if

(i) the Debt Service Charges on the Series 2019 Bonds shall be well and truly paid at the times and in the manner to which reference is made in the Series 2019 Bonds,

according to the true intent and meaning thereof, or the Series 2019 Bonds shall have been paid and discharged or deemed paid and discharged in accordance with Article IX of the CFC Master Trust Agreement, and

(ii) all of the covenants, agreements, obligations, terms and conditions of the Authority under the CFC Trust Agreement with respect to the Series 2019 Bonds shall have been kept, performed and observed, and there shall have been paid to the Trustee, the Bond Registrar, the Paying Agents and the Authenticating Agents all sums of money due or to become due to them in accordance with the terms and provisions hereof,

then this CFC First Supplemental Trust Agreement and the rights assigned hereby shall cease, determine and be void, except as provided in Article IX of the CFC Master Trust Agreement with respect to the survival of certain provisions hereof; otherwise, this CFC First Supplemental Trust Agreement shall be and remain in full force and effect.

It is expressly declared that all Series 2019 Bonds issued and secured hereunder are to be issued, authenticated and delivered, and that all Pledged Revenues and the Pledged Funds are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in the CFC Trust Agreement, and the Authority has agreed and covenanted, and does hereby further agree and covenant with the Trustee and with the respective holders from time to time of the Series 2019 Bonds, as follows in this CFC First Supplemental Trust Agreement.

(End of Recitals and Granting Clauses)

#### ARTICLE I

#### **DEFINITIONS**

Section 1.01 <u>Definitions</u>. Except when the context indicates otherwise or unless otherwise defined herein, the terms used but not defined herein shall have the meaning ascribed to them in the CFC Master Trust Agreement. In addition thereto, and in addition to words and terms elsewhere defined in this CFC First Supplemental Trust Agreement, unless the context or use clearly indicates another or different meaning or intent, the following terms shall have the following meanings:

"Authority" means the Columbus Regional Airport Authority.

"Authorized Denominations" means, with respect to the Series 2019 Bonds, \$5,000 or any integral multiple thereof.

"Board" means the Board of Directors of the Authority.

"Bond Legislation" means when used with respect to the Series 2019 Bonds, the General Bond Resolution and the Series 2019 Resolution.

"Bond Registrar" or "Registrar" means initially the Trustee who shall be the keeper of the Register, and any successor to the Trustee.

"Certificate of Award" means, with respect to the Series 2019 Bonds, the certificate authorized by the Series 2019 Resolution, dated April \_\_\_\_\_, 2019, executed by the Chief Financial Officer, setting forth and determining those terms or other matters pertaining to the Series 2019 Bonds and their issuance, sale and delivery as the Series 2019 Resolution provides may or shall be set forth or determined therein.

"CFC First Supplemental Trust Agreement" means this Customer Facility Charge First Supplemental Trust Agreement, dated May 2, 2019, by and between the Authority and the Trustee, as amended and supplemented from time to time, supplementing and amending the CFC Master Trust Agreement.

"CFC Master Trust Agreement" means the Customer Facility Charge Master Trust Agreement dated May 2, 2019, by and between the Authority and the Trustee, as may be amended or supplemented from time to time.

"Deposit Date" means, with respect to the Series 2019 Bonds, the first Business Day of each calendar month.

"Feasibility Report" means the Financial Feasibility Report dated April \_\_\_\_\_, 2019, prepared for the Authority by Unison Consulting.

"General Bond Resolution" means Resolution No. 22-19 as adopted by the Board on March 26, 2019.

"Interest Payment Dates" means each June 15 and December 15, commencing June 15, 2019, in the years the Series 2019 Bonds are outstanding.

*"Issuance Costs"* means, with respect to the Series 2019 Bonds, any financial, legal, administrative and other fees or costs incurred in connection with the issuance of the Series 2019 Bonds, including any underwriting compensation withheld from the Issue Price.

"Issuance Date" means, with respect to the Series 2019 Bonds, May 2, 2019.

"Mandatory Sinking Fund Requirements" means the deposits required to be made with respect to the Mandatory Redemption Obligations indicated in Section 2.03(b).

"Principal Payment Date" means December 15 in each of the years from and including 20\_\_\_\_ to and including 20\_\_\_\_.

"Regular Record Date" means, with respect to the Series 2019 Bonds, the 15<sup>th</sup> day next preceding an Interest Payment Date.

"Series 2019 Bonds" means the \$\_\_\_\_\_ Customer Facility Charge Revenue Bonds, Series 2019.

*"Series 2019 Construction Account"* means the Series 2019 Construction Account maintained within the CFC Construction Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.

*"Series 2019 Cost of Issuance Subaccount"* means the Series 2019 Cost of Issuance Subaccount maintained within the Series 2019 Construction Account and created by Section 3.01 of this CFC First Supplemental Trust Agreement.

"Series 2019 Debt Service Coverage Account" means the Series 2019 Debt Service Coverage Account maintained within the CFC Debt Service Coverage Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.

"Series 2019 Debt Service Coverage Account Required Reserve" means, with respect to the Series 2019 Bonds as of the date of any calculation, an amount equal to 25% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds in the then current or any succeeding Fiscal Year. In connection with the issuance of any series of Additional Bonds which are also to be secured by the Series 2019 Debt Service Coverage Account, such amount shall be increased to an amount that is equal to 25% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds and any such Additional Bonds in the then current or any succeeding Fiscal Year.

"Series 2019 Debt Service Reserve Account" means the Series 2019 Debt Service Reserve Account maintained within the CFC Debt Service Reserve Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement. To the extent that the Authority issues any Additional Bonds which are also to be secured by this Account, the Authority may rename this Account to more accurately describe its intended use.

"Series 2019 Bonds, an amount equal to \$\_\_\_\_\_\_. Upon the date that any Series 2019 Bonds shall be defeased in accordance with Article IX of the CFC Master Trust Agreement, the Series 2019 Debt Service Reserve Account Required Reserve shall be recomputed as of the date of such defeasance to be an amount that does not exceed the least of (a) 10% of the issue price or principal amount, as applicable, of the Series 2019 Bonds and any Additional Bonds then Outstanding and determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, (b) 125% of the average amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any Additional Bonds then Outstanding, or (c) 100% of the maximum amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any Additional Bonds then Outstanding.

In connection with the issuance of any series of Additional Bonds which are also to be secured by the Series 2019 Debt Service Reserve Account, the amount held in the Series 2019 Debt Service Reserve Account may be increased to an amount that does not exceed the least of (a) 10% of the issue price or principal amount, as applicable, of the Series 2019 Bonds and any such Additional Bonds determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, (b) 125% of the average amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any such Additional Bonds, or (c) 100% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds and any such Additional Bonds in the then current or any succeeding Fiscal Year; provided that in no event in connection with the sale of Additional Bonds which are also secured by the Series 2019 Debt Service Reserve Account shall (a) the amount deposited in the Series 2019 Debt Service Reserve Account from the proceeds of the sale of such series of Additional Bonds exceed 10% of the proceeds or principal amount, as applicable, from that sale of Additional Bonds, as determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, and (b) the portion of the Series 2019 Debt Service Reserve Account allocated to a series of Bonds that is invested in higher yielding investments (as defined in Section 148(b) of the Code) exceed 10% of the proceeds or principal amount, as applicable, of such Bonds determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, unless, as to the immediately preceding clause (b), the Authority and the Trustee receive the written opinion of nationally recognized bond counsel that exceeding the 10% limit will not cause interest on such Bonds to be included in gross income for federal income tax purposes.

"Series 2019 Interest Payment Subaccount" means the Series 2019 Interest Payment Subaccount maintained within the Interest Payment Account in the CFC Debt Service Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.

"Series 2019 Principal Payment Subaccount" means the Series 2019 Principal Payment Subaccount maintained within the Principal Payment Account in the CFC Debt Service Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.

"Series 2019 Project" means the construction of a consolidated rental car facility, including access roadway and utility infrastructure improvements, as further described in the Feasibility Report.

"Series 2019 Resolution" means Resolution No. 23-19 adopted by the Board on March 26, 2019, authorizing the issuance of the Series 2019 Bonds, including upon its execution the Certificate of Award which is deemed to be incorporated therein and made a part thereof, being a Series Bond Resolution under the CFC Trust Agreement.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available not more than 45 days and not less than four Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2019 Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Section 1.02 <u>Interpretation; Section and Article References; Captions</u>. Any reference in this CFC First Supplemental Trust Agreement to the Authority, or to the Board or officers or to other employees of the Authority, shall include those that succeed to their functions, duties or responsibilities pursuant to or by operation of law or otherwise are lawfully performing their functions.

Any reference in this CFC First Supplemental Trust Agreement to a section or provision of the Ohio Revised Code or to the Act or to the laws of Ohio or Authority resolutions shall include that section or provision and the Act and those laws and ordinances as from time to time amended, modified, revised, supplemented or superseded. No amendment, modification, revision, supplement or superseding section or provision shall be applicable solely by reason of this provision, if it constitutes in any way an impairment of the rights or obligations of the Authority, the holders, the Trustee or the Bond Registrar, under the CFC Trust Agreement, the Bond Legislation, the Bonds or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Debt Service Charges in the amount and manner, at the times and from the sources provided in the Bond Proceedings and the Bonds, except as permitted in the CFC Trust Agreement.

Unless the context otherwise indicates, words in this CFC First Supplemental Trust Agreement importing the singular number include the plural number and vice versa.

References in this CFC First Supplemental Trust Agreement to a Section, unless otherwise stated, are to a Section of this CFC First Supplemental Trust Agreement. The terms "hereof", "herein", "hereby", "hereto", and "hereunder", and similar terms, mean and refer to this CFC First Supplemental Trust Agreement.

(End of Article I)

#### ARTICLE II

### AUTHORIZATION, TERMS AND DELIVERY OF SERIES 2019 BONDS

Section 2.01 <u>Authorization and Purposes of Series 2019 Bonds</u>. The issuance, sale and delivery of the Series 2019 Bonds is authorized by the Act and laws of the State (particularly the Act), the CFC Master Trust Agreement, the Bond Legislation, and this CFC First Supplemental Trust Agreement. The Series 2019 Bonds are being issued to (a) pay a portion of the costs of the Series 2019 Project, (b) to fund the Series 2019 Debt Service Reserve Account and the Series 2019 Debt Service Coverage Account, and (c) to pay the Issuance Costs of the Series 2019 Bonds.

# Section 2.02 Terms and Provisions Applicable to Series 2019 Bonds.

- (a) Form, Numbering, Transfer and Exchange. The Series 2019 Bonds shall be issued only in fully registered form substantially as set forth as Exhibit A. The Series 2019 Bonds shall be initially numbered as determined by the Chief Financial Officer, and shall be executed, authenticated, delivered, transferred and exchanged (except as provided in clause (b) below) as provided herein, the Series 2019 Resolution and the CFC Master Trust Agreement.
- (b) <u>Denominations and Depository</u>. The Series 2019 Bonds shall be dated May 2, 2019, and shall be issued only in Authorized Denominations. Initially the Series 2019 Bonds shall be issuable only in Book Entry Form and registered to the Depository or its nominee; and initially so long as the Series 2019 Bonds are in a Book Entry System, there shall be a single Bond certificate for each maturity of Series 2019 Bonds in the aggregate principal amount for each maturity of such Series 2019 Bonds.

The Depository shall be considered to be the holder of the Series 2019 Bonds for all purposes of the CFC Trust Agreement, including, without limitation, payment of Debt Service Charges thereon, and receipt of notices and exercises of rights of holders of the Series 2019 Bonds. So long as the Series 2019 Bonds are in a Book Entry System, they shall not be transferable of exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Authority.

(c) Payment, Place of Payment, and Paying Agent. Principal of and any redemption premium on Series 2019 Bonds, at maturity or upon redemption, shall be payable to the holders thereof, upon presentation and surrender of such Bonds at the principal corporate office of the Trustee. Interest on the Series 2019 Bonds when due shall be payable, except as otherwise provided in Section 3.04 of the CFC Master Trust Agreement, by check or draft mailed by the Trustee on each Interest Payment Date to the holders thereof as of the close of business on the Regular Record Date applicable to that Interest Payment Date at the holder's address as it appears on the Register, provided that such payment of interest to a Depository may be made by the Trustee by wire transfer of federal funds.

# Section 2.03 Series 2019 Bonds.

(a) <u>Maturities and Interest of Series 2019 Bonds</u>. The Series 2019 Bonds shall mature on the Principal Payment Date in the years and in the principal amounts, and shall bear interest to be paid on the Interest Payment Dates at the rates per annum (calculated on the basis of a 360-day year of twelve 30-day months), as set forth below:

<u>Year</u>	Principal <u>Amount</u>	Interest Rate
201	\$	%

(b) <u>Mandatory Redemption</u> . The Series 2019 Bonds maturing on December	15,
(the " Term Bonds") are subject to Mandatory Sinking Fund Redemption in	part
by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the E	3ond
Legislation. That Mandatory Redemption is to occur on December 15 in the years _	
through (with the balance of \$ to be paid at stated maturity on December	r 15,
), at a redemption price equal to 100% of the principal amount redeemed, plus acc	rued
interest to the redemption date, according to the following schedule:	

<u>Year</u>	<u>Type</u>	<u>Total</u>
	Mandatory Redemption	\$
	Mandatory Redemption	
	Maturity	

(c) Optional Redemption. The Series 2019 Bonds maturing on or after December 15, 202\_\_\_\_, are also subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 202\_\_\_ at par, plus in each case accrued interest to the redemption date.

Series 2019 Bonds are to be redeemed at the option of the Authority, the Trustee, upon written instruction from the Authority, shall select the Series 2019 Bonds to be redeemed from the maturities selected by the Authority; provided, that the portion of any Series 2019 Bond to be redeemed in part is to be in the principal amount of \$5,000 or any integral multiple thereof. So long as Series 2019 Bonds are registered to DTC or its nominee, selection of a portion of Series 2019 Bonds to be redeemed within a maturity shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures; provided that, so long as the Series 2019 Bonds are held in book-entry form, the selection for redemption of the Series 2019 Bonds will be made in accordance with the operational arrangements of DTC then in effect, and if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, all Series 2019 Bonds will be selected for redemption in accordance with DTC procedures by lot; provided further that any such redemption must be performed such that all Series 2019 Bonds remaining outstanding will be in the principal amount of \$5,000 or any integral multiple thereof.

In connection with any repayment of principal of the Series 2019 Bonds, including payments of scheduled mandatory sinking fund redemptions, the Trustee will direct DTC to make a pass-through distribution of principal to the owners of the Series 2019 Bonds. A form of Pro Rata Pass-Through Distribution of Principal Notice will be provided to the Trustee that includes a table of factors reflecting the relevant scheduled redemption payments, based on the current schedule of mandatory sinking fund redemptions, which is subject to change upon certain optional redemptions, and DTC's currently applicable procedures, which are subject to change.

For purposes of calculating pro rata pass-through distributions of principal, "pro rata" means, for any amount of principal or interest to be paid, the application of a fraction to such amounts where: (a) the numerator is equal to the amount due to the owners of the Series 2019 Bonds on a payment date and (b) the denominator is equal to the total original par amount of the Series 2019 Bonds.

If the Series 2019 Bonds are not registered in book-entry form and if fewer than all of the Series 2019 Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2019 Bonds of such maturity and bearing such interest rate to be redeemed will be selected on a pro rata basis provided that any such redemption must be performed such that all Series 2019 Bonds remaining outstanding will be in the principal amount of \$5,000 or any integral multiple thereof.

Section 2.04 <u>Change of Depository.</u> If any Depository determines not to continue to act as a Depository for the Series 2019 Bonds in a Book Entry System, the Authority may attempt to have established a Securities Depository/Book Entry System relationship with another Depository. If the Authority does not or is unable to establish such a relationship, the Authority and the Trustee, after the Trustee has made provision for notification to the owners of beneficial interests in writing or by means of a facsimile transmission by the then Depository and any other arrangements the Authority deems necessary, shall permit withdrawal of the Series 2019 Bonds from the Depository, and authenticate and deliver Series 2019 Bond certificates, in fully registered form, in Authorized Denominations, to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Series 2019 Bonds), of the persons requesting such authentication and delivery unless Authority action or inaction shall have been the cause of the termination of the Bonds in a Book Entry System, in which event such cost and expense shall be borne by the Authority.

(End of Article II)

#### ARTICLE III

### APPLICATION OF PROCEEDS OF SERIES 2019 BONDS AND PAYMENTS

Section 3.01 <u>Establishment of Accounts and Subaccounts for Series 2019 Bonds.</u> Pursuant to Section 5.01 of the CFC Master Trust Agreement:

- (a) <u>Series 2019 Principal Payment Subaccount</u>. There is established in the custody of the Trustee a subaccount within the Principal Payment Account of the CFC Debt Service Fund to be designated "Series 2019 Principal Payment Subaccount". Subject to Section 7.09 of the CFC Master Trust Agreement, amounts on deposit in the Series 2019 Principal Payment Subaccount will be used to pay the principal of the Series 2019 Bonds.
- (b) <u>Series 2019 Interest Payment Subaccount</u>. There is established in the custody of the Trustee a subaccount within the Interest Payment Account of the CFC Debt Service Fund to be designated "Series 2019 Interest Payment Subaccount". Subject to Section 7.09 of the CFC Master Trust Agreement, amounts on deposit in the Series 2019 Interest Payment Subaccount will be used to pay the interest on the Series 2019 Bonds.
- (c) <u>Series 2019 Debt Service Reserve Account</u>. There is established in the custody of the Trustee an account within the CFC Debt Service Reserve Fund to be designated "Series 2019 Debt Service Reserve Account". Amounts on deposit in the Series 2019 Debt Service Reserve Account shall be used as otherwise required or permitted by the CFC Trust Agreement. To the extent that any Additional Bonds shall also be secured by the Series 2019 Debt Service Reserve Account, the name of such Account may be modified to appropriately reflect the Bonds which it secures.
- (d) <u>Series 2019 Debt Service Coverage Account</u>. There is established in the custody of the Trustee an account within the CFC Debt Service Coverage Fund to be designated "Series 2019 Debt Service Coverage Account". Amounts on deposit in the Series 2019 Debt Service Coverage Account shall be used as otherwise required or permitted by the CFC Trust Agreement. To the extent that any Additional Bonds shall also be secured by the Series 2019 Debt Service Coverage Account, the name of such Account may be modified to appropriately reflect the Bonds which it secures.
- (e) <u>Series 2019 Construction Account</u>. There is established in the custody of the Authority an account within the CFC Construction Fund to be designated "Series 2019 Construction Account". Amounts on deposit in the Series 2019 Construction Account shall be used as otherwise required or permitted by Section 5.02 of the CFC Trust Agreement.
- (f) <u>Series 2019 Cost of Issuance Subaccount</u>. There is established in the custody of the Authority a subaccount within the Series 2019 Construction Account to be designated "Series 2019 Cost of Issuance Subaccount." Amounts on deposit in the Series 2019 Cost of Issuance Subaccount shall be used to pay any Issuance Costs, and thereafter shall be used as required or permitted by Section 5.02 of the CFC Master Trust Agreement.
- Section 3.02 <u>Allocation of Proceeds of the Series 2019 Bonds and Other Authority Moneys</u>. The proceeds from the sale of the Series 2019 Bonds received by the Authority and any

other available monies of the Authority as determined by the Chief Financial Officer in the Certificate of Award shall be allocated and deposited as follows: *First*, from Series 2019 Bond proceeds, \$ into the Series 2019 Cost of Issuance Subaccount; Second, from Series 2019 Bond proceeds, \$\_\_\_\_\_ into the Series 2019 Debt Service Reserve Account, which is equal to the Series 2019 Debt Service Reserve Account Required Reserve; *Third*, from Series 2019 Bond proceeds, \$ into the Series 2019 Debt (c) Service Coverage Account, which is equal to the Series 2019 Debt Service Coverage Account Required Reserve; Fourth, from Series 2019 Bond proceeds, \$ into the Series 2019 (d) Construction Account; and Fifth, from previously collected CFC Revenues, \$4,000,000 into the CFC Supplemental Reserve Account in the CFC Revenue Fund. Section 3.03 Required Deposits into the CFC Debt Service Fund. Into the Series 2019 Interest Payment Subaccount, beginning on , 2019 and on each Deposit Date thereafter, after giving effect to any amounts on deposit in the Series 2019 Interest Payment Subaccount, an amount such that, if the same amount were paid on each Deposit Date preceding the next Interest Payment Date, the aggregate of the amounts so paid would be sufficient to pay the interest due and payable on the outstanding Series 2019 Bonds on that next Interest Payment Date; Into the Series 2019 Principal Payment Subaccount, beginning on 2019 and on each Deposit Date thereafter, after giving effect to any amounts on deposit in the Series 2019 Principal Payment Subaccount, an amount such that, if the same amount were paid on each Deposit Date preceding the next Principal Payment Date, the aggregate of the amounts so paid would be sufficient to pay the principal due and payable on the outstanding Series 2019 Bonds on that next Principal Payment Date. Section 3.04 <u>Series 2019 Debt Service Reserve Account</u>. The Series 2019 Debt Service Reserve Account is pledged to and shall be used solely for the payment of Debt Service Charges on the Series 2019 Bonds. Amounts in excess of the Series 2019 Debt Service Reserve Account Required Reserve in the Series 2019 Debt Service Account, calculated in accordance with Section 5.05 of the CFC Master Trust Agreement, shall be transferred to the Series 2019 Interest Payment Subaccount for payment of Debt Service Charges on the Series 2019 Bonds. Section 3.05 Series 2019 Debt Service Coverage Account. The Series 2019 Debt

Service Coverage Account is pledged to and shall be used solely for the payment of Debt Service Charges on the Series 2019 Bonds. Amounts in excess of the Series 2019 Debt Service Coverage Account Required Reserve in the Series 2019 Debt Service Coverage Account, calculated in accordance with Section 5.05 of the CFC Master Trust Agreement, shall be

transferred to the Series 2019 Interest Payment Subaccount for payment of Debt Service Charges on the Series 2019 Bonds.

Section 3.06 <u>Use of Credit Support Instruments</u>. So long as no Event of Default exists under the CFC Trust Agreement, the Authority may deposit in lieu of or substitute for funds on deposit in the Series 2019 Debt Service Reserve Account and/or the Series 2019 Debt Service Coverage Account a Credit Support Instrument provided that the following criteria are satisfied: (a) the Credit Support Instrument has a term of at least one year, (b) the issuer of the Credit Support Instrument does not have a security interest, securing reimbursement to such issuer, in the assets of the Authority, (c) 30 days prior to the expiration of such Credit Support Instrument, the Authority will fund, or cause to be fully funded, the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account in the amount of the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds or deliver to the Trustee a substitute Credit Support Instrument as provided below, (d) if the rating assigned by a Rating Service to the organization issuing the Credit Support Instrument falls below the rating required for a Credit Support Instrument, the Authority, within 120 days after the rating falls, will either fully fund, or cause to be fully funded, the Series 2019 Debt Service Reserve Account and/or the Series 2019 Debt Service Coverage Account to the extent that the affected Credit Support Instrument was on deposit in that Account in the amount of the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds or deliver to the Trustee a substitute Credit Support Instrument. In the event that such a Credit Support Instrument is delivered to the Trustee and will expire before the Series 2019 Debt Service Reserve Account and/or the Series 2019 Debt Service Coverage Account will be released in accordance with the terms of the CFC Trust Agreement, the replacement therefor, whether in the form of cash, Eligible Investments, or Credit Support Instrument, shall be delivered to the Trustee and, if applicable, be effective at least 30 days before the stated expiration of the prior Credit Support Instrument, in which case the prior Credit Support Instrument shall immediately thereupon be canceled and returned to the issuer of the Credit Support Instrument.

The Credit Support Instrument shall permit the Trustee to draw an amount up to the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds for deposit into the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account, respectively, on any Interest Payment Date for any deficiency in the CFC Debt Service Fund on that date with respect to the Series 2019 Bonds. Upon a draw by the Trustee on the Credit Support Instrument, the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account, as applicable, shall be restored to the then applicable Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds, unless the Credit Support Instrument is fully reinstated to the amount of the applicable Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds. If on any Interest Payment Date there shall exist a deficiency in the Series 2019 Interest Payment Subaccount or the Series 2019 Principal Payment Subaccount, the Trustee shall (a) draw upon the Credit Support Instrument, if any, and deposit in the CFC Debt Service Fund an amount equal to the deficiency pursuant to the Credit

Support Instrument or (b) transfer from the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account, as applicable, or the extent of any money therein, to the CFC Debt Service Fund an amount equal to any remaining deficiency.

(End of Article III)

#### ARTICLE IV

#### **MISCELLANEOUS**

Section 4.01 <u>Concerning the Trustee</u>. The Trustee accepts the trust herein declared and provided and agrees to perform the same upon the terms and conditions in the CFC Master Trust Agreement and herein.

Section 4.02 <u>Copies and Notices to be Provided</u>. So long as the Series 2019 Bonds are outstanding, copies of any amendments to the CFC Trust Agreement shall be provided by the Authority to the Rating Services at the following Notice Addresses:

Fitch:	New York, NY Attention:
Kroll:	New York, NY
Moody's:	New York, NY Attention:

Section 4.03 <u>Binding Effect</u>. This CFC First Supplemental Trust Agreement shall inure to the benefit of and shall be binding upon the Authority and the Trustee and their respective successors and assigns, subject to the limitations contained in the CFC Trust Agreement.

Section 4.04 <u>Limitation of Rights</u>. With the exception of rights conferred expressly in this CFC First Supplemental Trust Agreement, nothing expressed or mentioned in or to be implied from the CFC First Supplemental Trust Agreement or the Series 2019 Bonds is intended or shall be construed to give any Person other than the parties hereto, the Registrar, the Authenticating Agents, the Paying Agents and the holders of Series 2019 Bonds any legal or equitable right, remedy, power or claim under or with respect to this CFC First Supplemental Trust Agreement or any covenants, agreements, conditions and provisions contained therein. The CFC First Supplemental Trust Agreement and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto and the holders of Series 2019 Bonds, as provided herein.

Section 4.05 <u>Counterparts</u>. This CFC First Supplemental Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(End of Article IV)

IN WITNESS WHEREOF, the Authority has caused this CFC First Supplemental Trust Agreement to be signed for it and in its name and on its behalf by its Authorized Officers; and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this CFC First Supplemental Trust Agreement to be signed for it and in its name and on its behalf by its duly authorized officer.

# COLUMBUS REGIONAL AIRPORT AUTHORITY

By:
President and CEO
By:
Chief Financial Officer
U.S. BANK NATIONAL ASSOCIATION,
as Trustee
By:
Title:

### FISCAL OFFICER'S CERTIFICATE

I, the fiscal officer of the Columbus Regional Airport Authority, certify that the money required to meet the obligations of the Authority under this CFC First Supplemental Trust Agreement for Fiscal Year 2019 has been lawfully appropriated by the Board of the Authority for that purpose and is in the Treasury of the Authority or is in the process of collection to the credit of an appropriate fund, free from any previous encumbrances, and is not appropriated for any other purpose. This certificate is given consistently with Sections 5705.41 and 5705.44 of the Ohio Revised Code.

Dated: May 2, 2019	
•	Chief Financial Officer
	Columbus Regional Airport Authority

#### **EXHIBIT A**

### FORM OF SERIES 2019 BOND

REGISTERED REGISTERED \$

# UNITED STATES OF AMERICA STATE OF OHIO COUNTY OF FRANKLIN

# COLUMBUS REGIONAL AIRPORT AUTHORITY CUSTOMER FACILITY CHARGE REVENUE BOND, SERIES 2019

INTEREST RATE:% per year	MATURITY DATE: December 15, 20	DATED: May 2, 2019	CUSIP:
REGISTERED OWNER:	CEDE & CO.		
PRINCIPAL AMOUNT			DOLLARS

The Columbus Regional Airport Authority (the "Authority"), for value received, promises to pay to the Registered Owner named above, or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount on the Maturity Date, each as stated above, [unless this Series 2019 Bond is called for earlier redemption], and to pay from those sources interest thereon at the Interest Rate stated above on June 15 and December 15 of each year, commencing June 15, 2019 (the "Interest Payment Dates") until the Principal Amount is paid or duly provided for. This Series 2019 Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date.

The principal of this Series 2019 Bond is payable when due upon presentation and surrender hereof at the designated corporate trust office of U.S. Bank National Association, in [Columbus, Ohio], as trustee (the "Trustee"). Interest is payable on each Interest Payment Date by check mailed to the person in whose name this Series 2019 Bond (or one or more predecessor bonds) is registered (the "holder") at the close of business on the 15<sup>th</sup> day next preceding that Interest Payment Date (the "Regular Record Date") on the registration books for this issue (the "Register") maintained by the Trustee, as registrar, at the address appearing therein; provided, that a holder of Series 2019 Bonds may enter into an agreement with the Trustee, with the approval of the Authority, providing for making all payments to that holder of principal of and interest on this Series 2019 Bond at a place and in a manner (including wire transfer of federal funds) other than as provided in this Series 2019 Bond. Interest on this Series 2019 Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Any interest that is not timely paid or duly provided for shall cease to be payable to the holder hereof (or of one or more predecessor bonds) as of the Regular Record Date and shall be payable to the holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to

be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to holders not fewer than 10 days prior thereto. The principal of and interest on this Series 2019 Bond are payable in lawful money of the United States of America, without deduction for the services of the Trustee or any other paying agent subsequently designated.

The Series 2019 Bonds are special obligations of the Authority and do not constitute general obligations or pledge the faith and credit of the Authority but are payable solely from the sources hereinafter described. This Series 2019 Bond is one of a series of a duly authorized issue of Customer Facility Charge Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), issued under the Customer Facility Charge Master Trust Agreement dated May 2, 2019 (the "CFC Master Trust Agreement") as supplemented by the Customer Facility Charge First Supplemental Trust Agreement dated May 2, 2019 (the "CFC First Supplemental Trust Agreement" and together with the CFC Master Trust Agreement, the "CFC Trust Agreement"), each by and between the Authority and the Trustee, aggregating in the principal amount of \$ issued for the purpose to pay "costs" of "port authority facilities" as those terms are defined in Sections 4582.21 through 4582.99 of the Ohio Revised Code (the "Act"), including, to (i) pay a portion of the costs of constructing the Series 2019 Project, (ii) fund a debt service reserve fund and a debt service coverage fund, and (iii) pay costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds, together with debt service on any other obligations issued and outstanding on a parity with the Series 2019 Bonds as provided in the CFC Trust Agreement (collectively with the Series 2019 Bonds, the "Bonds"), are special obligations of the Authority, issued or to be issued under, and to be secured and entitled equally and ratably to the protection given by, the CFC Trust Agreement. The Series 2019 Bonds are issued pursuant to Article VIII of the Ohio Constitution, the Act, resolutions duly adopted by the Authority, including the Certificate of Award executed by the Authority (collectively, the "Bond Legislation"), and the CFC Trust Agreement.

Reference is made to the Bond Legislation and the CFC Trust Agreement and the proceedings authorized therein (as defined in the Bond Legislation), for a more complete description of the Series 2019 Project, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Authority, the Trustee and the holders or beneficial owners of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each holder and beneficial owner assents, by its acceptance hereof, to all of the provisions of the Bond Legislation, the CFC Trust Agreement and those proceedings. A copy of the CFC Trust Agreement is on file at the designated corporate trust office of the Trustee.

The principal of and interest on the Bonds (collectively, "Debt Service Charges") are payable equally and ratably solely from the Pledged Revenues, the CFC Revenue Fund, and the Special Funds (being the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account), all as defined and as provided in the CFC Trust Agreement, and are not otherwise an obligation of the Authority. The payment of Debt Service Charges is secured (a) by the CFC Master Trust Agreement, and (b) by a pledge and assignment of and a lien on (i) the Pledged Revenues and (ii) the Special Funds, which are required to be maintained in the custody of the Trustee; provided, however, that any pledge or assignment of or lien on any fund, account, receivables, revenues, money or other

intangible property not in the custody of the Trustee is valid and enforceable only to the extent permitted by law.

NOTHING IN THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT SHALL CONSTITUTE A GENERAL OBLIGATION, DEBT OR BONDED INDEBTEDNESS OF THE AUTHORITY; NEITHER THE GENERAL RESOURCES OF THE AUTHORITY SHALL BE REQUIRED TO BE USED, NOR THE GENERAL CREDIT OR TAXING POWER OF THE AUTHORITY PLEDGED, FOR THE PERFORMANCE OF ANY DUTY UNDER THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT; AND FURTHER, NOTHING IN THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT GIVES THE HOLDERS OF BONDS, AND THEY DO NOT HAVE, THE RIGHT TO HAVE EXCISES OR TAXES LEVIED BY THE AUTHORITY, FOR THE PAYMENT OF DEBT SERVICE CHARGES.

The Bonds are not secured by a mortgage or mortgage lien upon property of the Authority.

The Series 2019 Bonds are issuable only as fully registered bonds and initially registered in the name of CEDE & CO., as nominee of The Depository Trust Company, New York, New York (DTC), a Depository (as defined in the CFC Trust Agreement), which shall be considered to be the holder of the Series 2019 Bonds for all purposes of the CFC Trust Agreement, including, without limitation, payment of Debt Service Charges thereon, and receipt of notices and exercise of rights of holders of the Series 2019 Bonds. There shall be a single Series 2019 Bond certificate for each maturity [and interest rate within a maturity] of Series 2019 Bonds. As long as the Series 2019 Bonds are in a Book Entry System (as defined in the CFC Trust Agreement), the Series 2019 Bonds shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository without further action by the Authority.

If any Depository determines not to continue to act as a Depository for the Series 2019 Bonds for use in a book entry system, the Authority may attempt to have established a securities depository/book entry system relationship with another Depository. If the Authority does not or is unable to do so, the Authority and the Trustee, after the Trustee has made provision for notification of the beneficial owners by notice in writing or by means of facsimile transmission to the then Depository, shall permit withdrawal of the Series 2019 Bonds from the Depository, and authenticate and deliver Series 2019 Bond certificates in fully registered form (in denominations of \$5,000 or any integral multiple thereof) to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Series 2019 Bonds), of those persons requesting such authentication and delivery unless Authority action or inaction shall have been the cause of the termination of the Bonds in a Book Entry System.

The Series 2019 Bonds are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years \_\_\_\_\_ through \_\_\_\_\_ (with the balance of \$\_\_\_\_\_ to be paid at stated maturity on December 15, \_\_\_\_\_), at a

redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Mandatory Redemption
Maturity

Term Bonds redeemed by other than Mandatory Redemption, or purchased for cancellation, may be credited against the applicable Mandatory Redemption Requirement.

The Series 2019 Bonds maturing on or after December 15, 202\_\_\_, are subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 202\_\_\_ at par, plus in each case accrued interest to the redemption date.

Notice of redemption shall be given to the holder of this Series 2019 Bond to be redeemed by mailing notice of redemption by first-class mail, postage prepaid, to such holder at least 30 days prior to the redemption date at the address of such holder appearing on the Register on the fifteenth day preceding that mailing.

If fewer than all of the Series 2019 Bonds are to be redeemed at the option of the Authority, the Trustee, upon written instruction from the Authority, shall select the Series 2019 Bonds to be redeemed from the maturities selected by the Authority. So long as Series 2019 Bonds are registered to DTC or its nominee, selection of a portion of Series 2019 Bonds to be redeemed within a maturity shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures; provided that, so long as the Series 2019 Bonds are held in book-entry form, the selection for redemption of the Series 2019 Bonds will be made in accordance with the operational arrangements of DTC then in effect, and if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, all Series 2019 Bonds will be selected for redemption in accordance with DTC procedures by lot. If Series 2019 Bonds or portions thereof are called for redemption and if on the redemption date money for the redemption thereof is held by the Trustee, including any interest accrued thereon to the redemption date, thereafter those Series 2019 Bonds or portions thereof to be redeemed shall cease to bear interest and shall cease to be secured by, and shall not be deemed to be outstanding under, the CFC Trust Agreement.

The CFC Trust Agreement permits certain amendments or supplements to the CFC Trust Agreement not prejudicial to the holders to be made without the consent of or notice to the

holders, and other amendments or supplements thereto to be made with the consent of the holders of not less than a majority in Aggregate Outstanding Principal Amount (as defined in the CFC Trust Agreement) of the Bonds then outstanding.

The holder of this Series 2019 Bond has only those remedies provided in the CFC Trust Agreement. The Series 2019 Bonds do not and shall not constitute the personal obligation, either jointly or severally, of the members of the Board of Directors or of any other officer of the Authority. This Series 2019 Bond shall not be entitled to any security or benefit under the CFC Trust Agreement or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee or by any authenticating agent on behalf of the Trustee.

It is certified and recited that there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by the Authority or to have happened precedent to and in the issuing of the Series 2019 Bonds in order to make them legal, valid and binding special obligations of the Authority, and precedent to and in the execution and delivery of the CFC Trust Agreement; that payment in full for the Series 2019 Bonds has been received; and that the Series 2019 Bonds do not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Authority has caused this Series 2019 Bond to be executed by the facsimile signatures of the President CEO and the Chief Financial Officer of the Authority as of the date stated above.

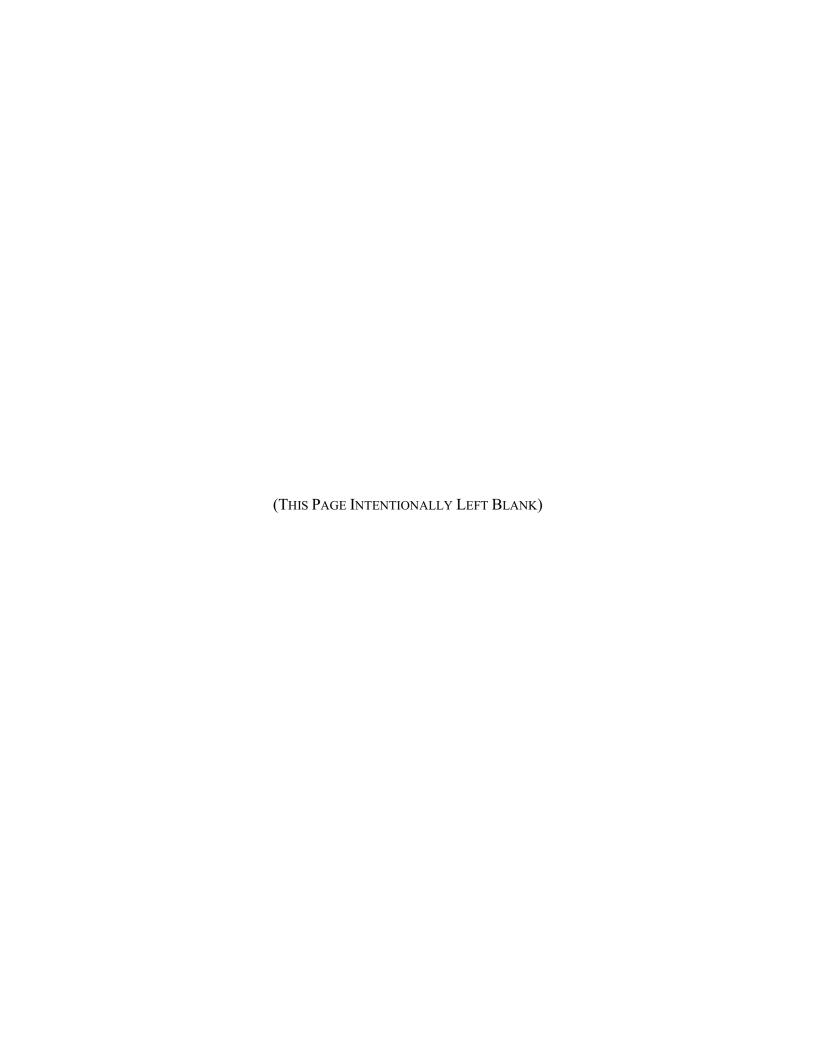
President and CEO	
Chief Financial Officer	

# CERTIFICATE OF AUTHENTICATION

This Series 2019 Bond is the only one of the Series 2019 Bonds issued under the provisions of the within-mentioned CFC Trust Agreement.

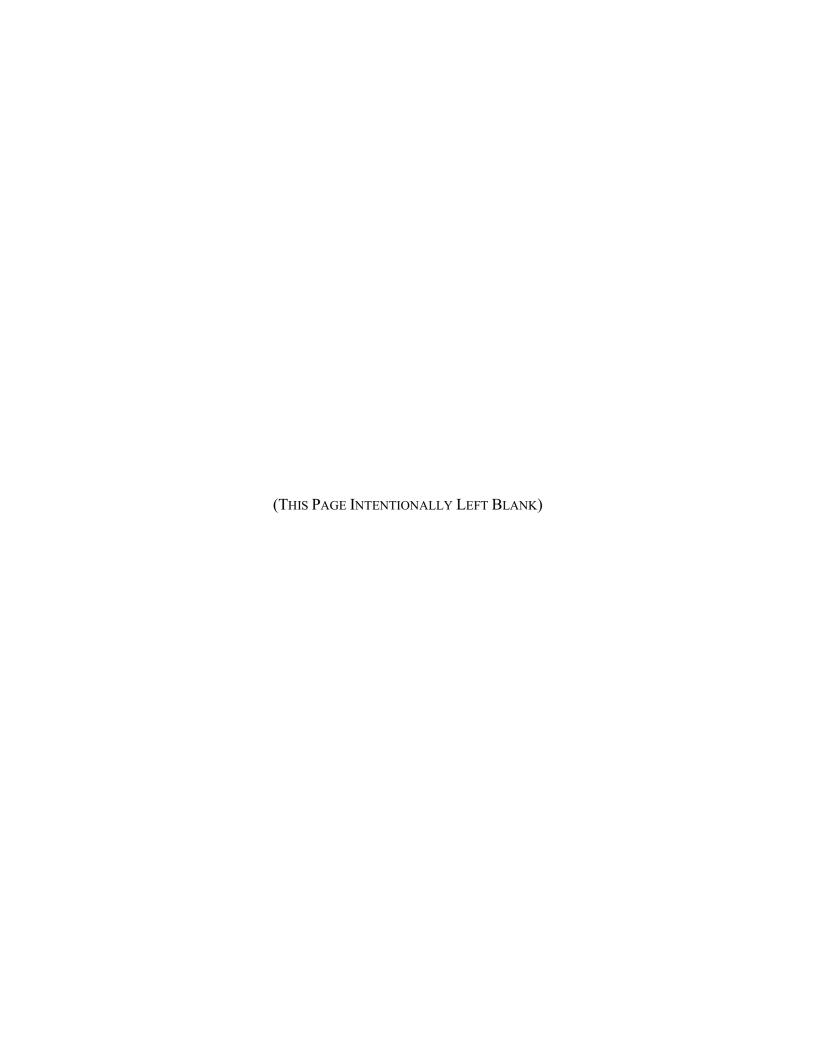
Date of Registration and Authentication: May 2, 2019

U.S. Bank National Association, as Trustee		
		By: Authorized Signer
Registrable and Payable at the designated corporate trust office of U.S. Bank National Association, in Columbus, Ohio		
	<b>GNMENT</b> ereby sells, assigns, and transfers this Series 2019	
	e and social security number or other identification	
number of transferee)	and does hereby irrevocably	
constitute and appoint	as attorney to transfer this Series on of this Series 2019 Bond, with full power of	
substitution in the premises.	on of this series 2019 Bolla, with full power of	
Dated:		
	Notice: (a) The assignor's signature on this assignment must correspond exactly with the name as it appears upon the face of this Series 2019 Bond. (b) Transfer of this Series 2019 Bond is subject to the provisions stated in this Series 2019 Bond.	
Signature Guaranteed:	Series 2017 Bolla.	



# APPENDIX D

# Form of Concessionaire Agreements



#### **AGREEMENT**

#### FOR THE OPERATION OF A

#### RENTAL CAR CONCESSION

This CONCESSION AGREEMENT ("Agreement")	is made as of January 8, 2018 ("Effective Date") by
and between Columbus Regional Airport Authority	("Authority"), the operator of John Columbus
International Airport ("Airport"), and	("Concessionaire"), a limited liability
company organized under the laws of the State of	and authorized to do business in the
State of Ohio.	

### 1. Definitions

#### 1.1 Definitions

- A. Agreement: This Agreement, including all exhibits, schedules, and attachments hereto and any subsequent amendments thereto.
- B. Agreement Dates:
  - a. Commencement Date: The day the CONRAC opens/is available to the public, which shall be the later of July 1, 2020 or four (4) months after Substantial Completion. Concessionaire will execute the attached Exhibit H within thirty (30) days of the Authority establishing an opening date for the CONRAC.
  - b. Effective Date: The date of full execution of this Agreement by the Parties.
  - c. Termination Date: The earlier of thirty (30) years from the Commencement Date. Except as otherwise provided in this Agreement, in no event will the Termination Date be earlier than the thirtieth (30th) anniversary of the date of issuance of the initial series of Bonds.
  - d. Required Completion Date: The date set forth in the Notice to Proceed by which Concessionaire must achieve Substantial Completion of an Approved Project, except as such date may be extended in accordance with the provisions herein. The Required Completion Date shall be no sooner than the Commencement Date.
  - e. Access Date: The date on which the Authority authorizes Concessionaire to access the CONRAC for the purpose of commencing construction of the Concessionaire's Approved Project within Concessionaire's Exclusive Premises.
  - f. Term Agreement Date: The Authority will confirm, no later than thirty (30) days after the Commencement Date, the actual Commencement Date and Termination Date. Such confirmation will be in the form of the Term Agreement attached as Exhibit H without need for formal amendment to the Agreement.
- C. Agreement Year: (a) the first Agreement Year during the Term shall be either: i) the period commencing on the Commencement Date and continuing through the end of Authority's Fiscal Year in which the Commencement Date occurs in the event the Commencement Date occurs prior to June 30 of any year or, ii) the period commencing on the Commencement Date and continuing through the end of the Authority's next Fiscal Year in the event the Commencement Date occurs on July 1 or later of any year, and (b) with respect to each Agreement Year thereafter during the

- Term, each twelve-month period commencing on the first day of Authority's Fiscal Year and ending on the last day of Authority's subsequent Fiscal Year, provided that if the Term expires or is terminated on a day other than the last day of an Agreement Year, the last Agreement Year will then end as of the date of such expiration or termination.
- D. Airport: The airport currently known as John Glenn Columbus International Airport located at 4600 International Gateway, Columbus, Ohio, or such other address at which any future terminal may be constructed to serve the passengers at Airport.
- E. Airport Customer: A person or person(s) who rents, picks-up, or enters into a Vehicle Rental Agreement for the rental of a vehicle from a Concessionaire at the CONRAC at the Airport or other offsite location serving passengers of Airport.
- F. Airport Terminals: The passenger transportation facility at the Airport, now existing, or to be constructed during the Term of this Agreement, known individually as the Terminal, including but not limited to all user movement areas, areas leased exclusively or preferentially to any third party or parties, common areas and baggage claim areas therein, and interconnecting hallways, concourses, parking areas, and bridges.
- G. Approved Project: As it applies to any portion of the Exclusive Premises, Concessionaire's construction, furnishing, fixturing, and remodeling of such portion of the Exclusive Premises as reviewed and approved by Authority in accordance with Authority's Tenant Work Permit Manual.
- H. Authority Contact: The Authority employee designated by Authority's President & CEO to manage and oversee this Agreement.
- I. Authority's Fiscal Year: The twelve-month period beginning January 1<sup>st</sup> through December 31<sup>st</sup> of the calendar year.
- Authority's Work: The work to be done by or on behalf of Authority to construct the CONRAC.
- K. Bond Documents: The documents and authorizations relating to the issuance, financing, investment, application, and retirement of the Bonds.
- L. Bonds: Collectively, the John Glenn Columbus International Airport Customer Facility Charge Revenue Bonds (or such other designation as may be given to those Bonds), and any additional bonds from time to time issued and outstanding, the proceeds of which are used to pay the cost of design, construction, approved modifications, replacements, expansions, enabling projects, busing, and/or improvements to the CONRAC, including related costs of issuance, and any other Eligible Costs.
- M. Common Concessionaire Areas: Those areas of the CONRAC designed for the non-exclusive use in common by the Concessionaires pursuant to this Agreement, including those which are more particularly described on Exhibit A, "Common Concessionaire Areas", attached hereto and made a part hereof. Common Concessionaire Areas include, but are not limited to, roadways, ramps, or other facilities within the CONRAC as designated by Authority. These areas will be maintained by CONRAC Facility Manager at Concessionaires expense.
- N. Common Fluid System: Collectively, the elements of the washer fluid receipt, storage, transmission, delivery and dispensing systems and related facilities, fixtures, equipment and other real and personal property used in conjunction therewith and as otherwise constructed by Authority as part of the CONRAC (including but not limited to storage tanks, piping, dispensers, nozzles, and related equipment and computer management systems), and thereafter operated and maintained by the CONRAC Facility Manager at Concessionaires expense.

- O. Common Fuel System: Collectively, all the elements of the fuel receipt, storage, transmission, delivery and dispensing systems and related facilities, fixtures, equipment and other real and personal property used in conjunction therewith and as otherwise constructed by Authority as part of the CONRAC (including but not limited to UST's, piping, dispensers, nozzles, and related equipment and computer management systems), and thereafter operated and maintained by the CONRAC Facility Manager at Concessionaires expense.
- P. Common Public Areas: Those portions of the CONRAC designated for the non-exclusive use in common by the public, Concessionaires, and other Authority authorized users of the CONRAC pursuant to this Agreement. Common Public Areas include, but are not limited to, public circulation space, lobbies, elevators, sidewalks, bus areas, escalators, restrooms, or other facilities within or outside the CONRAC as designated by Authority. These areas will be maintained by the CONRAC Facility Manager at Concessionaires expense.
- Q. Concession: The rights granted to Concessionaire by Authority to operate an on-airport vehicle rental business at the CONRAC in accordance with the terms and conditions of this Agreement.
- R. Concessionaire: The legal entity that is party to this Agreement and that is bound by this Agreement to operate an on-airport vehicle rental business at the CONRAC. In all provisions of this Agreement that require a person to comply with a specific provision requiring representation of Concessionaire, this person will be an authorized official of Concessionaire.
- S. Concessionaires: Concessionaire and those other rental car companies from time to time that are parties to a valid contract with the Authority to operate an on-airport vehicle rental business at the CONRAC.
- T. Concessionaire's Deficiency Payments: Those payments required to be made by Concessionaire as defined in Section 4 of this Agreement.
- U. Concessionaire's Operating Obligations: The various maintenance, repair, and operating responsibilities and obligations in this Agreement to be performed by Concessionaire, at its own cost and expense, in the performance of the Concession. The performance of these obligations by the Concessionaire, or payment to a third party for the performance of these obligations, are not rental payments or other considerations for the right to occupy real property, but are acknowledgements by the Concessionaire of its obligation to maintain and repair the CONRAC, as further described in Exhibit D, CONRAC Operations & Maintenance Standards, attached hereto and made a part hereof.
- V. Concessionaire's Proportionate Share: The percentage determined by dividing the aggregate square footage of Concessionaire's Exclusive Premises as depicted in Exhibit B(which is deemed to be \_\_\_\_\_\_ square feet) by the aggregate square footage of all Concessionaires' Exclusive Premises (which is deemed to be \_\_\_\_\_ square feet), which is acknowledged and agreed to be \_\_\_\_\_ percent (\_\_\_\_\_%) as of the Effective Date hereof, or otherwise as determined by the Authority from time to time based upon any increases, decreases or reconfigurations or reallocations of space. (to be amended consistent with Section 4.1)
- W. CONRAC (also referred to herein as "Primary Operating Area"): As shown on Exhibit A, the Consolidated Rental Car Facility and any modifications, replacements, expansions, and/or improvements thereto, including the associated structures, roadways, facilities, infrastructure improvements to utilities, and other infrastructure to be constructed consisting of: (i) customer service area; (ii) the Exclusive Premises; (iii) Ready/Return Area; (iv) the QTA, together with a

- dedicated roadway for rental vehicle use; (v) storage/service facilities; and (vi) the portion of the Common Concessionaire Areas and Common Public Areas of the CONRAC allocated and dedicated to the Concessionaires, as reasonably determined by the Authority.
- X. CONRAC Facility Manager: The third-party property manager hired from time to time by the Concessionaires, subject to the approval of the Authority, for the operation management and maintenance of the CONRAC.
- Y. CONRAC Project: The permitting, design, development, construction, equipping, furnishing, and acquisition of the CONRAC, including the associated structures, site preparation, roadways, facilities, infrastructure improvements to utilities, and any other infrastructure projects and improvements to support the CONRAC.
- Z. Customer Facility Charge or "CFC": The rates or fees imposed by the Authority on Concessionaires which may be adjusted from time to time by the Authority's Board of Directors. Such fees do not constitute a rental charge for the use of a vehicle or for the use of real property.
- AA. Day(s): Unless otherwise stated, means calendar day(s).
- BB. Debt Service: The principal and interest payments, and redemption premiums, if any, due on the Bonds from time to time, puts and mandatory or optional tenders with respect to variable rate demand obligations, and any related required costs, payments, or deposits in connection with any of the foregoing, including, without limitation, costs of issuance, costs of on-going tax compliance, reimbursements, fees, costs and expenses of trustees, credit and liquidity providers, remarketing agents, tender agents and the like, financing and administration costs and charges, and reserves, and further including, specifically, the amounts of any required deposits into each of the funds specifically referenced and defined in the Bond Documents and any amounts required to meet the coverage requirements of the Bond Documents, together with all deposits required in connection with any of the foregoing (except to the extent that any such costs, payments, deposits, credit and liquidity fees, or reserves are funded from the initial proceeds of the Bonds and comprise part of the principal and interest payments, it being understood and agreed that there will be no "double counting" of any such amounts for purposes hereof).
- CC. Default Rate: The rate of four percent (4%) higher than the prime rate as published in The Wall Street Journal. For purposes of this definition, the prime rate will be measured on November 1st and May 1st of each calendar year during the term of the Agreement. The prime rate on November 1st or May 1st will be used to determine interest, penalties and late charges for the subsequent six (6) month period until the next day for determining the prime rate under this provision arises. In addition to interest, monthly default rate at the rate of six percent (6%) per annum (or as established periodically) of the amount due will be assessed on the unpaid portion of accounts more than ninety (90) days past due. Or the maximum rate permitted by law, whichever is less.
- DD. Eligible Costs: Costs required to complete the CONRAC Project to potentially include, but not limited to, the following:
- Total Construction Costs (including but not limited to CONRAC and support costs, Design Costs, Program Management Costs, Authority's Project Costs, Environmental Remediation)

- b. Enabling Projects A percentage share of Utility Corridor, RTR relocation, stormwater detention, Cell Phone Lot relocation, demolition of buildings/lots on the CONRAC site, Existing Parking Garage Reclamation Costs
- c. CONRAC Soft Costs (Construction Manager at Risk, Planning Studies, Consultants, Staff, Etc.)
- d. Testing & Inspection
- e. Limited ongoing costs (i.e.: RACTR, Common Busing (see section x.xx)).
- EE. Excess CFCs: Those CFC amounts above an amount equal to the most recent four (4) months of CFC's collected, but not more than \$4,000,000. This maximum amount is subject to CPI adjustment using the same methodology as the Land Use Fee CPI adjustment in Section 4.1.
- FF. Exclusive Premises (also referred to herein as "Concessionaire's Operating Area"): Those areas of the CONRAC which are leased exclusively to Concessionaire pursuant to this Agreement which are more particularly described on Exhibit B.
- GG. FAA: The U.S. Department of Transportation Federal Aviation Administration or any successor thereto.
- HH. Hazardous Materials: The term "Hazardous Materials" shall mean any substance, chemical, or waste which at any time shall be defined as hazardous, toxic, or dangerous under applicable federal, state, or local laws or regulations that govern (i) the existence, cleanup, or remedy of contamination on property, (ii) the protection of the environment from spilled, deposited or otherwise in place contamination, (iii) control of hazardous wastes, or (iv) the use, generation, transport, treatment, removal or recovery of hazardous substances, including building materials.
- II. Impositions: All real property taxes, assessments, license fees, license taxes, business license fees (excluding Privilege Fee and Minimum Annual Guarantee), commercial rental taxes, levies, charges, improvement bonds, taxes, water and sewer rents and charges, utilities and communications taxes and charges, and similar or dissimilar impositions imposed by any authority having the direct power to tax, including any city, county, state, or federal government, or any school, agricultural, lighting, drainage, water management or other improvement or special assessment district thereof, or any other governmental charge, general and special, ordinary and extraordinary, foreseen and unforeseen, which may be assessed against any legal or equitable interest of the Authority or Concessionaire in connection with the CONRAC, or any portion or portions thereof, including, without limitation, (i) any tax on the Authority's "right" to rent or "right" to other income from the CONRAC, or as against the Authority's business of leasing the CONRAC; (ii) any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy, or charge previously included within real property tax, it being acknowledged by Concessionaire and the Authority that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, it being the intention of Concessionaire and the Authority that all such new and increased assessments, taxes, fees, levies, and charges be included within the definition of "Impositions" for the purposes of this Agreement; (iii) any assessment, tax, fee, levy or charge allocable to or measured by the area of the CONRAC, or the rent payable by Concessionaire hereunder, including, without limitation, any gross receipts tax or excise tax levied by state, city, or federal government, or any political subdivision thereof,

with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use, or occupancy by CONRAC, or any portion thereof, but not on the Authority's other operations; (iv) any assessment, tax, fee, levy or charge upon this Agreement or any document to which Concessionaire is a party, creating or transferring an interest or an estate in the CONRAC; (v) any assessment, tax, fee, levy, or charge by any governmental agency related to any transportation plan, fund, or system (including assessment districts) instituted within the geographic area of which the CONRAC are a part; and/or (vi) any costs and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred in attempting to protest, reduce or minimize such impositions.

Any obligation of a Concessionaire to pay any tax, assessment, fee, levy, charge, or any other obligation imposed by any governmental or semi-governmental entity or authority, or by a regulated or unregulated utility or telecommunications provider, and defined as an "Imposition" herein or elsewhere in this Agreement, is not deemed to be a rental payment or a payment in lieu of rent, or any form of payment by the Concessionaire, on behalf of the Authority or any of its related agencies or entities (as landlord). However, its exclusion as any form of rent (or substitution of rent) does not affect the Concessionaire's obligation to make such payments as otherwise required under this Agreement, together with any attendant interest, penalties, or attorneys' fees.

- JJ. Land Use Fee: The amount paid by Concessionaire to Authority for the use of the land area on which the CONRAC is situated.
- KK. Market Share Percentage(also referred to herein as "Market Share"): Shall mean the average of:
  - 1. The percentage that a Concessionaire's Gross Revenues generated in the Primary Operating Area is of the total of all Gross Revenues generated for all Concessionaires under this or similar concession agreements, for the period at issue, and
  - 2. The percentage that Concessionaire's transactions generated is of the total of all transactions generated for all Concessionaires under this or similar concession agreements, for the period at issue.

For the purpose of this definition a transaction is defined as vehicle rental that results in at least one day of CFC collection. For example, concessionaire rents a vehicle for three (3) Days, this counts as one (1) transaction.

- LL. Mid-Field Development Program: Multi-year project that will develop a new CONRAC, parking facility, and terminal along International Gateway.
- MM. Month(s): Unless otherwise stated, means calendar month(s).
- NN.New Market Entrant: A Concessionaire that either: 1) has a Market Share Percentage of two percent (2%) or less on the Effective Date, or 2) was not a party to a rental car concession agreement on the Commencement Date.
- OO.Notice to Proceed: As it applies to any portion of the Exclusive Premises, the written notice from Authority to Concessionaire delivering possession of such portion of the Exclusive Premises to Concessionaire to commence Concessionaire's initial Approved Project for such portion of the Exclusive Premises, and which establishes the Access Date and Required Completion Date for such portion of the Exclusive Premises.

- PP. Petroleum Storage and Fuel Systems: That part of the CONRAC consisting of the entire fueling system, including underground tanks, dispensers, piping, and all supporting equipment and structures servicing the CONRAC.
- QQ. Privilege Fee: The annual fee paid by Concessionaire to Authority as consideration for the privilege of concession rights at the Airport that as further described in Section 4.4.
- RR. Quick Turn-Around Area or "QTA": The areas located within the CONRAC dedicated to fueling, vacuuming, washing and servicing rental vehicles.
- SS. Ready/Return Area: The area comprising a portion of the CONRAC in which rental vehicles are parked and/or staged for Airport Customer pick-up or return.
- TT. Rental Agreement Day: The period of time up to twenty four (24) hours from the opening of the Vehicle Rental Agreement to the close of the Vehicle Rental Agreement. In the event Concessionaire offers a grace period for the vehicle rental returns, such grace period will be considered as included in the preceding Rental Agreement Day. If a vehicle rental return exceeds Concessionaire's grace period, then another Rental Agreement Day will be applicable even if the Airport Customer is charged hourly and not a full additional day. The number of Rental Agreement Days will be applicable to the calculation of CFCs due to the Authority pursuant to this Agreement and applicable Resolutions.
- UU. Renewal and Replacement Fund: The fund established and maintained pursuant to the CFC Agreement and held by the Authority to pay the cost of modifications, repairs, and replacements of the CONRAC.
- VV. Substantial Completion: The stage in the process of any construction or other work when such work is sufficiently complete, as reasonably determined by Authority, so that (i) in the case of Authority's Work, Concessionaire is able to take possession of its Exclusive Premises for the purpose of performing the Approved Project, or (ii) in the case of Approved Project work, Concessionaire has received a Certificate of Occupancy and/or a Temporary Certificate of Occupancy from the appropriate governmental agencies and is able to occupy the Exclusive Premises for the purpose of opening for business. In no event will Substantial Completion of any work occur prior to the issuance by Authority of the Notice to Proceed.
- WW. Tenant Improvement Handbook: Authority's CONRAC design and construction standards governing all aspects of the Concessionaire's design and construction of the Exclusive Premises, attached hereto as Exhibit E and incorporated herein. Authority reserves the right to amend the Tenant Improvement Handbook during the Term. Any amendment will be binding on Concessionaire without need for amendment of this Agreement. Authority will provide Concessionaire with any amendment to the Tenant Improvement Handbook.
- XX. Tenant Improvements: All exclusive use improvements made directly by Concessionaire or by the Authority on behalf of Concessionaire. Tenant Improvement Costs are not included in the Initial Project Cost. Subject to confirmation of the Initial Project Cost and availability, Authority will allocate up to a total of \$2.0 million dollars of CFC revenues among Concessionaires as an allowance for Tenant Improvement costs. Use of CFC revenues in this fashion, if any, shall be allocated between concessionaires according to a formula to be developed by the Authority prior to the Commencement Date based on final initial occupancy and/or Market Share.
- YY. Tenant Work Permit Application: Authority's standards, procedures, requirements, and rules and regulations governing Concessionaire's construction activities at the Airport, attached hereto as

Exhibit E and incorporated herein. Authority reserves the right to amend the Tenant Work Permit Application during the Term. Any such amendment will be binding on Concessionaire without need for amendment of this Agreement, provided that such amendment of the Tenant Work Permit Application does not conflict with the other terms and conditions of this Agreement. Authority will provide Concessionaire with any amendment to the Tenant Work Permit Application.

- ZZ. Term: The period of time beginning on the Commencement Date and ending on the Termination Date.
- AAA. TSA: The U.S. Department of Homeland Security Transportation Security Administration or any successor thereto.
- BBB. Vehicle Rental Agreement: The written or electronic contract or other agreement under which a vehicle is rented at the CONRAC to an Airport Customer by Concessionaire.

## 2. TERM

#### 2.1 Term

The Term of this Agreement is for a period of thirty (30) years from the Commencement Date. The Commencement Date and the Termination Date will be identified by the Term Agreement (attached hereto as Exhibit H) which shall be executed by both parties upon occupancy. Except as otherwise provided in this Agreement, in no event will the Termination Date be earlier than the thirtieth (30th) anniversary of the date of issuance of the initial series of Bonds.

# 2.2 Operating Period

The "Operating Period" shall be for the term of this Agreement, beginning on the Commencement Date and ending on the Termination Date, unless the Term of the Agreement is extended by separate agreement between the parties, in which case the Operating Period shall be extended as agreed to by the parties.

### 2.2.1 Right to Re-open

The Authority reserves the right to re-open business terms the earlier of one (1) year prior to beneficial occupancy of the new terminal that is part of the Mid-Field Development Program and then every five (5) years thereafter. In such event Authority will notify Concessionaire no later than twelve (12) months prior to the expected beneficial occupancy of the new terminal and then twelve (12) months prior to the expiration of every succeeding fifth (5th) Agreement Year of its election to re-open this Agreement and the agreements of the other concessionaires. Concessionaire hereby acknowledges and agrees that the Authority has advised Concessionaire of the Authority's right and option to require the periodic re-open of the business terms of this Agreement for negotiation. If after good faith negotiations, Authority and Concessionaire are unable to agree to new business terms, the Concessionaire will vacate the CONRAC and terminate the Agreement.

### 2.3 No Privilege of Renewal

There shall be no privilege of renewal hereunder.

#### 2.4 Holdover

At the Authority's option, any holding over by Concessionaire after the expiration or termination of this Agreement shall be from month to month which may be terminated at any time by the Authority or Concessionaire, giving thirty (30) days written notice to the other party. All activities during such holding over period shall be pursuant to the terms and conditions of this Agreement

Concessionaire must pay the Land Use Fee and Privilege Fee for the entire holdover period for that portion of Exclusive Premises where the Agreement has expired or been terminated ("Holdover Premises"). Unless the holdover is consented to by the Authority, the Land Use Fee for Holdover Premises will be payable at double the annual rate for that portion of the Exclusive Premises during the preceding Agreement Year. No occupancy of any portion of the Exclusive Premises by Concessionaire after the expiration or other termination of this Agreement with respect to such portion of the Exclusive Premises shall extend the Term, except as a holdover tenancy. Also, in the event of such holdover tenancy, Concessionaire will indemnify Authority against all damages arising out of the Concessionaire's holdover tenancy, including but not limited to, any costs incurred by Authority to evict Concessionaire, and all insurance policies and payment securities required to be obtained and maintained by Concessionaire as set forth in this Agreement will continue in full force and effect. Any costs of eviction incurred by Authority shall include attorneys' fees and expert fees in preparation, at trial or in any ancillary proceeding or appeal.

### 3. OPERATING AREAS

### 3.1 Operating Areas

### 3.1.1 Primary Operating Area

The "Primary Operating Area" shall be the CONRAC at the Airport including all its improvements and amenities. The Primary Operating Area is in the entire structure as designated on the drawings attached as Exhibit A, and includes the following elements (1) office, check-in counter space, and identified lobby space (collectively, "Customer Service Building"), (2) unleased lobby and restrooms on each level of the Customer Service Building and facility (collectively, "Common Area"), (3) the covered parking space (often referred to as ready-return parking space ) on the first, second, and third levels of the parking structure ("Ready-Return"), (4) the uncovered parking space to be used for vehicle storage only on the fourth level of the parking structure ("Storage Area"), (5) any uncovered parking space identified for surface level vehicle storage, and (6) "Quick Turnaround Area" or "QTA" adjacent to the Ready-Return structure for stacking, light maintenance, fueling, and washing vehicles, and maneuvering and queuing vehicles for the same.

### 3.1.2 Concessionaire's Operating Area

The "Concessionaire's Operating Area" (also referred to herein as Exclusive Use Premises) shall be that portion of the Primary Operating Area during the Term specifically designated for or exclusively

occupied by Concessionaire in Exhibit B, along with any areas designated for common use by rental car concessionaires.

# 3.2 Designated Service Facility

No later than the Commencement Date, Concessionaire shall designate a facility for vehicles maintenance and storage for all vehicles used as part of its airport rental car concession. Such facility shall be known as Concessionaire's Designated Service Facility. Any other facility which is used to accommodate Concessionaire's airport rental car concession shall also constitute a part of the Designated Service Facility. All Gross Revenues generated at a Designated Service Facility or any off-airport business location within one (1) mile of the CONRAC shall constitute Gross Revenues covered by this Agreement. This measurement is to be based on a direct, straight line distance from the North West corner of the QTA.

### 3.3 Allocation of Parking Space

The first, second, and third Levels of the CONRAC will be available to accommodate ready/return parking space blocks (collectively, "Parking Space Blocks"). A portion of the ground level between the Ready Return Area and QTA level and forth level of the Ready Return Area and QTA will be available to accommodate storage ("Storage Blocks"). Unless otherwise agreed to by the Authority, each rental car concessionaire will be required to utilize exclusively its Market Share of Parking Space Blocks and Storage Blocks in the CONRAC.

#### 3.3.1 Initial Allocation

Sixteen (16) months prior to the Commencement Date, the Authority will confirm and distribute the relative Market Share Percentage of each Concessionaire operating at the Airport using the market share data available for the most recent twelve month period. In the event the Market Share Percentage shall dictate an adjustment of the initial location and allocations (as set forth in the chart contained in Exhibit C), the Concessionaire along with all other Concessionaires will attempt to determine an equitable adjustment of the initial location and allocations pursuant to this Section. If after thirty (30) days, the Concessionaires are unable to agree on an equitable adjustment of the initial location and allocation, the Authority shall have thirty (30) days to create an equitable allocation plan. Upon determination of an equitable adjustment, the Authority shall, in its sole discretion, amend the Exclusive Premises allocated to Concessionaire (and to the other Concessionaires similarly affected) in conformance with such shift in Market Share Percentage. Upon such Authority's determination, the Authority shall send a written notice ("Market Share Percentage Confirmation Notice") to Concessionaire (and to the other Concessionaire s similarly affected) no later than 360 days prior to DBO, amending this Agreement with respect to the Premises set forth in Section B.

### 3.3.2 Reallocation

Reallocation of the Exclusive Premises, shall occur pursuant to the intervals, triggers and minimums as set forth in Exhibit F and subject to the provisions of this Agreement unless all affected Concessionaires unanimously agree to remain in their Exclusive Premises. In the event the Market Share Percentage shall dictate an adjustment of the location and allocations (as set forth in the chart contained in Exhibit C), the Concessionaire along with all other Concessionaires will attempt to determine an

equitable adjustment of the location and allocations pursuant to this sub-Section. If after thirty (30) days, the Concessionaires are unable to agree on an equitable adjustment of the location and allocation, the Authority shall have thirty (30) days to create an equitable allocation plan. Upon determination of an equitable adjustment, the Authority shall, in its sole discretion, amend the Exclusive Premises allocated to Concessionaire (and to the other Concessionaires similarly affected) in conformance with such shift in Market Share Percentage. Upon such Authority's determination, the Authority shall send a written notice ("Market Share Percentage Confirmation Notice") to Concessionaire (and to the other Concessionaires similarly affected) no later than 180 days from the notice, amending this Agreement with respect to Concessionaire's Exclusive Premises.

Commencing with the Commencement Date, the Authority shall provide a Market Share Percentage report on each two year anniversary (for ready/return, fuel positions and stacking lanes) and five year anniversary (for counters, back office, queuing, car wash bays and maintenance bays) indicating which Concessionaires, if any, have triggered a component reallocation as set forth in this Section.

Any such reallocation as provided hereunder will be reflected in an exhibit detailing such reallocation. The effective date and the applicable square footage(s) will be attached to this Agreement by letter from the Authority and the amounts payable hereunder will be adjusted as necessary according to the square footage of the resulting space, without the need for amendment of this Agreement.

#### 3.3.3 Reallocation Plan

Concessionaires shall attempt to create a reallocation plan in a manner that maintains the operational efficiency of the Facility and all Concessionaires. In the event the Concessionaires are unable to reach a reallocation plan within thirty (30) days, the Authority shall determine a reallocation plan. In no event shall a Concessionaire be entitled to reallocation if in the Authority's discretion such relocation materially and negatively impacts the operation of the CONRAC.

### 3.3.4 Reallocation Costs

Each Concessionaire shall be responsible for the costs it incurs for its own Exclusive Premises. Reallocation costs for Common Areas will be allocated amongst affected Concessionaires on that floor based upon their respective Market Share Percentage. In no event shall a Concessionaire be required to pay any costs associated with a reallocation in which their Exclusive Premises are not reallocated. Reallocation costs associated with common elements such as moving, adding or eliminating bollards will be split equally among those Concessionaires directly impacted by the common element.

#### 3.3.5 New Entrant

If pursuant to Section 2.2.1 the Agreement is re-opened and results in a New Market Entrant, then the space allocated to the New Market Entrant will be negotiated at that time. In the event that the Authority and concessionaire/Concessionaires are not able to reach agreement as to space allocation then the New Market Entrant upon execution of a rental car concession and all other agreements related to the operation and maintenance of the CONRAC shall be provided approximately two percent (2%) of the

total Ready Return Area in the CONRAC, two fueling and vacuum nozzles, and adequate customer service counter, office space, and QTA space or as otherwise determined by the Authority. All costs under this Agreement and will be adjusted proportionately based on the actual space allocated to the New Market Entrant. The Authority may, at its discretion, initiate an unscheduled reallocation no sooner than two (2) Agreement Years after any New Market Entrant begins operations in the CONRAC regardless of the market share trigger identified on Exhibit F.

### 3.3.6 Facility Design

The provisions set forth in this Section are based on the Facility design as December 2017. In the event the Facility design is altered to increase, decrease or otherwise materially alter the operational nature of the counters, back office, queuing area, ready/return, fuel positions, stacking lanes, car wash bays or maintenance bays, Concessionaire along with all other Concessionaires shall revise the chart contained in this Section and alter any and all allocation plans, if necessary, to maintain the allocation principles contained herein. Concessionaires may adjust any of the individual components identified above to equalize the space (for example, Concessionaire may accept additional Ready Return space and give up fourth floor storage space to another concessionaire).

### 3.4 Counters and Office Space

#### 3.4.1 Counter and Office Space

Unless otherwise agreed to by the Authority, each rental car concessionaire will be required to rent exclusively its Market Share of counter space in the Rental Car Facility. Concessionaires may agree to redistribute or exchange counter and office space allocations, provided that each Concessionaire rents sufficient counter and lobby space to match customer demand. Where possible, the office space allocated to a concessionaire shall be directly behind the counter space allocated to that concessionaire.

### 3.4.2 Lobby Common Area

Concessionaire shall have the use in common with other rental car concessionaires the lobby area directly in front of their rental car counters.

### 3.5 QTA

# 3.5.1 Multi-level QTA

As a multi-level QTA, the Authority will attempt to assign QTA space on same level of Ready Return operation. In the event of a split ready-return operation, the Authority will assign QTA space at its discretion. Stacking Space, Fuel Island, maintenance bays, and wash bay assignment will be allocated among the rental car concessionaires based upon Market Share. The Authority shall have the right to reallocate each rental car concessionaire's space during the Agreement based on Concessionaire's Market Share when the Ready-Return space is reallocated. The allocation of Stacking Space, Fuel Island, maintenance bay, and wash bay assignment to Concessionaire shall be determined by the Authority after consultation with the Concessionaires.

Concessionaire shall utilize the QTA only for automobile fueling, washing, cleaning, light maintenance, fluid replenishment, vacuuming, and related activities as are reasonably necessary for

preparing its automobiles for rental pursuant to this Agreement. Concessionaire shall not utilize the QTA for heavy or extensive maintenance or for the storage of damaged vehicles. Such maintenance shall be conducted at the Concessionaire s Designated Service Facility. Further, the Concessionaire shall not allow its customers or the general public to enter the QTA. The Concessionaire may provide temporary staging of its on-Airport automobiles in the Fuel and Wash Areas prior to their return to the Concessionaire's parking spaces, but no other vehicle parking, including employee parking, shall otherwise be permitted in or about the Fuel and Wash Areas

#### 3.5.2 Fuel Islands and Vacuum

The Fuel Islands and vacuum nozzles on each floor shall be allocated by the Authority with each concessionaire entitled to the use of at least two fuel nozzles and two vacuum nozzles, and additional Fuel Islands based on Market Share allocation. Concessionaire may be required to share the Fuel Island assigned to them with the other concessionaires. The location of Concessionaire's Fuel Island(s) shall be determined by the Authority.

### 3.5.3 Wash and Vacuum Bays

The three (3) Wash Bays on each floor shall be allocated by the Authority with each Concessionaire with a Market Share of greater than 10 percent (10%). entitled to the use of at least one Wash Bay, All Concessionaires may be required to share the Wash Bay assigned to them. The Wash Bay(s) allocated to Concessionaire shall be adjacent to the Fuel Island(s) allocated to Concessionaire.

### 3.5.4 Common QTA Area

In addition to the foregoing allocated space, if approved by the Authority, first floor Concessionaire shall have the use of the remaining areas adjacent to the QTA not utilized for a drive lane or other purposes on the same level as its Ready-Return space in common with all other first floor Concessionaires under similar agreements with the Authority for maneuvering space ("QTA Common Area"). The Authority, at its discretion however, may allocated this space to any Concessionaire within the CONRAC.

The Concessionaire hereby acknowledges that since the QTA is a joint use facility, and due to the nature of its operation, it is conceivable that damage, malfunction, or other occurrences involving another concessionaire's premises or equipment may adversely affect the operation or use of the Concessionaire's premises. The Concessionaire shall conduct and coordinate its operations and activities with all other concessionaires, so as to avoid conflicts with other concessionaries and foster a safe and efficient operation for all tenants of the QTA. Upon receiving written notice from either another concessionaire that Concessionaire's operations are adversely affecting or damaging the concessionaire, or from Concessionaire that another concessionaire is failing to coordinate its operations in and about the QTA with those of the Concessionaire, the Authority shall promptly investigate the matter and within five (5) business days of the conclusion of such investigation take such action as the Authority, at its sole discretion, may deem necessary or appropriate. However, the Authority shall not in any event be liable in any way to the Concessionaire for any damages suffered by reason of the activities of another concessionaire, by reason of the failure of another concessionaire to coordinate its operations with the Concessionaire's operation, by reason or the failure of another concessionaire to carry out the directions

of the Authority, or by reason of another concessionaire's default in the performance of its obligations with regard to the QTA. However, in the event of repeated difficulties in coordination of operation, the Authority reserves the right to develop a schedule of liquidated damages to be imposed on Concessionaire for its failure to comply with this paragraph.

#### 3.5.5 Maintenance Bay

The Maintenance Bays on each floor shall be allocated by the Authority with each concessionaire entitled to the use of at least one Maintenance Bay. The location of Concessionaire's Maintenance Bay shall be determined by the Authority.

## 3.5.6 Signage in QTA

No signage or banners, other than corporate logo, regulatory signage, or employee oriented or warning signs will be allowed within the QTA without the prior written permission of the Authority. Additional items placed in the QTA, such as vending machines, dumpsters, etc. must be approved from an safety, aesthetics, and visibility standpoint for placement in advance by the Authority. The Authority shall not withhold approval unreasonably.

### 3.5.7 Improvements and Refurbishment to the QTA

The Concessionaire may construct or install such additional fixtures to the QTA as are necessary to conduct the QTA operations described herein. The Concessionaire acknowledges and agrees that it shall be entitled to no reimbursement or buy-out from the Authority for any facilities or improvements installed by the Concessionaire during the Term of this Agreement. All improvements, equipment, or personal property installed by Concessionaire may be removed by Concessionaire during the Term of this Agreement and at the expiration or earlier termination of this Agreement provided that Concessionaire repairs any damage caused by such removal.

### 3.5.8 Surrender of QTA at the End of Term

The Concessionaire's right to occupy its assigned space within the QTA shall expire with the Termination of this Agreement or upon reallocation. At the end of Term the Concessionaire shall vacate its assigned space within the QTA.

# 3.6 Adjustments to Rental Car Garage Facilities

The Authority may unilaterally change the Operating Areas identified in this Agreement from time to time, as deemed necessary by the Authority to further the efficient utilization of the Airport's facilities. This includes accommodation of Airport construction activities and operations, provided that the Authority:

- 1. shall give Concessionaire commercially reasonable advance notice of each substantial change,
- 2. shall make a reasonable effort to minimize changes and to structure the changes that are made to minimize adverse impacts on Concessionaire's business, to the extent minimization is operationally and financially reasonable under the circumstances, and
- 3. work with the Concessionaire to identify and pay for all direct costs associated with reducing the Operating Area and relocating the Concessionaires.

If the Authority reduces the overall Operating Area for non-rental car purposes the Authority will identify comparable replacement space as well as identify appropriate adjustments in Land Use Fee and Debt Service. This section does not apply to adjustments made due to reallocation of the rental car concessionaires or changes in operation required as part of the new terminal construction or opening.

### 3.7 Adjustments to Allocations

If an Authority audit reveals an error in the reporting of Gross Revenue or transactions of any concessionaire, the Authority, at its sole discretion, may reallocate or refuse to reallocate the Operating Area based upon the calculation described above using the corrected Market Share Percentage.

## 3.8 Use of the Operating Areas

Concessionaire may use the Operating Areas only for the purposes specifically established by this section.

#### 3.9 Use

### 3.9.1 Use by Other Concessionaires

The Exclusive Premises allocated to Concessionaire shall be used only by Concessionaire, and no other Concessionaires, without the prior written approval of the Authority. Concessionaire may only sublease its Exclusive Premises to another Concessionaire. Any sublease is prohibited without Authority's prior written consent. Any revenues paid to Concessionaire for the use of Concessionaire's allocated Exclusive Area above the apportioned Land Use Fee and other approved amounts shall be paid by Concessionaire to the Authority.

### 3.9.2 Garage Signage

The spaces and any general Exclusive Premises signage shall be appropriately planned and installed by the Concessionaire at its expense with such signs installed in a manner approved by the Authority, which approval shall not be unreasonably withheld or delayed. The signage shall conform to the Authority's sign standards and must be approved in writing by the Authority.

## 3.9.3 Check-in Counter and Office Space

Concessionaire may use the check-in counter space for customer rental, return, and related transactions approved by the Authority, and for an administrative office.

# 3.9.4 Employee Parking

Other than two (2) manager's vehicles at a time, vehicle parking for employees, contractors, and third parties hired by Concessionaire is prohibited throughout the CONRAC, including the Exclusive Area, unless approved by the Authority. The storage/stacking of Concessionaire's vehicles in non-leased areas by Concessionaire is prohibited. In the event of repeated violations, the Authority shall have the right to impose Liquidated Damages as indicated on Attachment A.

#### 3.10 Rights of Third Party Ingress and Egress

Concessionaire's use of the CONRAC is subject to reasonable concurrent ingress and egress by the Authority and its employees, contractors, and representatives, by the car renting public, and by third parties for police, fire, safety, construction, maintenance, inspection, and other activities reasonably related to Airport business. Subject to the requirements of this Agreement, Concessionaire shall be responsible for regulating activities in the CONRAC, other than activities by the Authority or the Authority's employees, contractors, or representatives. Nothing in this subsection shall be deemed to interfere with the Authority's right to enforce the provisions of this Agreement, including but not limited to rules adopted by the Authority. Nothing in this subsection shall be deemed to interfere with the Authority's ability to exercise its police powers.

#### 3.11 Concessions Rights Granted

The Authority hereby grants to the Concessionaire the right, privilege and obligation to conduct and operate a high-quality, well-managed, and efficiently run car rental concession at the Airport, during the Term of this Agreement and from the Exclusive Premises assigned to it. This grant shall include the right, privilege and obligation to service and maintain only passenger-type rental vehicles, to dispense fuel (expressly limited to vehicles used in the airport rental car business of the Concessionaire), to rent and check in airport rental vehicles, including the right to offer for sale related loss and collision damage waiver protection, personal injury and accident insurance, supplemental liability, uninsured motorist, and personal effects insurance, and to provide customer service features including but not limited to baby car seats and cellular phones rented along with vehicles. Any additional rights shall be approved by the Authority in writing prior to implementation by the Concessionaire, and provided that (i) such rights must be of a type that customarily are offered for sale or rent at other major airport car rental facilities, and (ii) such rights must not conflict with a concession right or privilege of other Concessionaires. All rights and privileges not specifically granted to the Concessionaire in this Agreement shall be reserved to the Authority.

### 3.12 Concessionaire's Covenants Regarding Use of the Premises

In the conduct of its business, Concessionaire covenants and agrees to restrict its activities on the Exclusive Premises for the purposes specified in this Agreement. Concessionaire shall not at any time vacate the Exclusive Premises or use the Exclusive Premises for any other purpose without the prior written consent of the Authority. Concessionaire may rent from the Exclusive Premises any passenger motor vehicle, including vans, sport utility vehicles, and station wagons. The terms "passenger motor vehicle", "automobile", and "car" shall not include trucks, motorcycles, and large special purpose vehicles unless otherwise agreed to in writing by the Authority. The vehicle height restriction for each level will be separately identified by the Authority.

#### 3.13 Promotions

Except for its corporate signage approved in advance by the Authority, and except as otherwise authorized by the Authority in writing, Concessionaire shall not permit any signs, brochures, racks, promotional materials or similar items to be displayed or placed on counters within the CONRAC other than within the Exclusive Premises in a manner that does not interfere with adjacent Concessionaires.

Concessionaire may provide a sign at its flexible stanchions for informing its customers of particular information, however such sign must first be approved by the Authority and may not interfere with adjacent Concessionaires. Concessionaire may also request Authority approval to utilize an overhead signing system above the counter space to provide information to its customers if developed in the final design of the CONRAC.

#### 3.14 Used Car Sales

With the exception of sales to wholesalers, Concessionaire may not sell vehicles from the CONRAC.

#### 3.15 Other Business Concessions

# 3.15.1 Limit On Other Concessions by Concessionaire

Concessionaire must have the Authority's prior written consent before engaging in any concession not expressly and specifically permitted by this Agreement, including but not limited to the sale of food, beverages, maps or newspapers, and may be required as a condition of that consent to pay the Authority a fee, which may include, but is not necessarily limited to, a percentage of gross revenue from the concession.

### 3.15.2 Limits on Advertising

Concessionaire expressly acknowledges that the Authority maintains separate advertising concessions for the dissemination of local and national advertising on the Airport. Concessionaire warrants that it shall not engage in any conduct which may conflict with such other concessions and further agrees that it shall not publish or distribute in any manner any advertising or magazine on the CONRAC, in any Exclusive Premises or Common Public area it may maintain in conjunction with its operations in the CONRAC, or in any vehicles leased to passengers that use the CONRAC, except for magazines and other promotional material consisting solely of in-house promotional materials confined strictly to Concessionaire's products and that does not contain any advertising or promotional messages for any other person, whether or not Concessionaire receives any consideration from such person for disseminating such advertising or promotional messages. In the event Concessionaire requests the written consent of Authority to display partner advertising/marketing for special events in the local market, provided the brand is a partner of the event, the materials are targeted to the event, limited in time to the specific event (no more than two weeks), and provided the Concessionaire pays an additional fee the Authority for the materials. The fee will be determined at the time of the request by the Authority based upon the size and nature of the request.

### 3.16 Rights of Ingress and Egress

Concessionaire shall have the right of ingress to and egress from Concessionaire's Operating Area over public walkways and roadways. Concessionaire shall have the right to use common use roadways. Concessionaire's rights of ingress and egress and use of common use roadways shall be subject to all applicable laws and to regulations established by the Authority.

#### 3.17 Other Rental Car Concessions

The concession rights and privileges granted by this Agreement are not exclusive. The Authority may grant similar rental car concession rights to others, and by entering into this Agreement, Concessionaire acknowledges that the Authority is entering into similar agreements with other Concessionaires for similar services under similar terms. In the event that any concession agreement contains any provision more favorable to such Concessionaire than the terms herein granted, then at the option of the Authority this Agreement shall be amended to include such more favorable terms.

### 3.18 Operating Obligations/Standards for Service

#### 3.18.1 Rentals

Concessionaire shall operate a rental car concession continuously during the Term of this Agreement, and shall operate it in a first class manner to serve passengers and other users.

#### 3.18.2 Adequate Numbers of Vehicles

Concessionaire shall maintain on hand at the Airport an adequate number of vehicles to meet all commercially and reasonably foreseeable demands of the traveling public. The model year of the vehicles shall not be more than two (2) years older than the current model year. All vehicles shall be maintained in good and safe operating order, free from any known mechanical defects, and shall be kept clean, neat and attractive inside and out. Concessionaire may offer for rental antique, vintage, classic or other luxury or prestige automobiles or handicapped operated vehicles which are of good quality, free from any known defect and clean and attractive both inside and out. The Authority may disapprove any vehicles provided by Concessionaire for public use at the Airport if the vehicle fails to comply with the requirements of this Agreement. Upon receipt of the Authority's written notice of disapproval with a statement of grounds, Concessionaire shall immediately withdraw the disapproved vehicles from use as rentals at this Airport and shall not return the vehicles to rental use at the Airport until the grounds for disapproval have been eliminated to the Authority's satisfaction.

#### 3.18.3 Credit and Reservations

Concessionaire shall accept at least three (3) nationally recognized credit cards for payment of vehicle rentals, and provide for a national reservation system for services of Concessionaire at the Airport.

### 3.18.4 Information Regarding Fees and Charges

Concessionaire shall not misrepresent to the public its prices or the terms and provisions of its rental agreements or those of its competitors. Concessionaire shall comply with all applicable rules and regulations of the Federal Trade Commission and all other governmental agencies. Concessionaire shall fully inform each customer, prior to the execution of such customer's rental agreement, of all fees and charges applicable to such customer's rental. If the Authority determines, after notice and opportunity for Concessionaire to comment, that any of Concessionaire's business practices are unreasonable, deceptive or unconscionable, Concessionaire shall immediately cease such practices upon receipt of a written order to do so from the Authority. The Authority will give advance notice to Concessionaire that

the Authority considers a certain practice to be unlawful or discriminatory and Concessionaire shall have an opportunity to respond to the allegation.

### 3.18.5 Orderly Premises

Concessionaire shall at all times maintain Concessionaire's Operating Area and all fixed improvements and other personal property located on Concessionaire's Operating Area in a safe, clean, orderly, attractive and first-class condition satisfactory to the Authority. Any sign or other item on the Concessionaire's Operating Areas which the Authority deems to be offensive to the public shall, upon notice from the Authority, be promptly and permanently removed from the Concessionaire's Operating Areas by Concessionaire. Concessionaire shall not permit any nuisance, waste or injury to be committed on the Concessionaire's Operating Area.

### 3.18.6 Quality of Service

Concessionaire shall furnish prompt, courteous, and efficient service on a fair, reasonable, and nondiscriminatory basis to any member of the public. Concessionaire shall keep Concessionaire's Operating Area in a safe, clean, orderly and inviting condition. All services and property rented by Concessionaire must conform in all respects to federal, state, county and municipal laws, ordinances, and regulations, and to any applicable rules adopted by the Authority. Concessionaire shall conduct its operation in an orderly and proper manner and so as not to annoy, disturb, or be offensive to customers, patrons or other tenants at the Airport.

### 3.18.7 Manager

Throughout the Term of this Agreement, Concessionaire shall engage a full-time rental car concession manager who (i) is active, qualified and experienced, (ii) has full authority to control the day to day operations of the car rental concession at the Airport, and (iii) has authority to respond to emergencies, including the cleanup of a Hazardous Substance Release in a timely and appropriate manner. The manager or the manager's designee shall be stationed at the Airport and shall be present at the Airport during regular business hours. In the manager's absence, a qualified subordinate shall be present at the Airport to assume and be directly responsible for carrying out the duties of such manager.

### 3.18.8 Staff

Concessionaire shall maintain a sufficient number of trained personnel to insure that (i) Concessionaire's customers will receive prompt and courteous service at all times, and (ii) vehicle maintenance, car handling, and office and administrative duties are performed in an efficient and effective manner.

### 3.18.9 Staff Conduct

Concessionaire shall be responsible for the conduct, demeanor, and appearance of its officers, agents, employees, and representatives. Employees on duty shall wear uniforms or other suitable business attire. Uniforms shall be kept neat, orderly, and clean. Customer service personnel and attendants shall be trained by Concessionaire to render high quality, courteous, and efficient service. Concessionaire shall closely supervise service personnel to assure a high standard of service to rental car

concession customers. Upon receipt of a written objection from the Authority concerning the conduct or demeanor of any of Concessionaire's employees, Concessionaire shall promptly eliminate the basis for the objection, including if necessary the initiation of steps that could lead to the discharge of the offending employee in accordance with Concessionaire's employment policies and any applicable collective bargaining agreements, and shall take any action reasonably necessary to prevent a recurrence of the same or similar conduct or demeanor.

#### 3.18.10 Solicitation Prohibited

Concessionaire shall not permit its agents or employees to use pressure sales tactics or to overtly solicit for car rentals or related services offered by Concessionaire under this Agreement. The Authority shall be the sole judge of whether conduct amounts to a violation of this subsection. Upon written notice from the Authority, Concessionaire shall take all necessary steps to eliminate conduct in violation of this subsection and to prevent its recurrence.

#### 3.18.11 Customer Complaints

In the event Concessionaire receives (or the Authority receives and forwards to Concessionaire) any written complaint (including via social media or other electronic communication the Authority receives and forwards to Concessionaire) concerning Concessionaire's operation of the Concession, Concessionaire shall promptly respond to such complaint in writing within thirty (30) days of its receipt and make a good-faith attempt to explain, resolve or rectify the cause of such complaint provided the originator of the complaint can be identified. Without further notice or demand, Concessionaire shall keep a copy of each such complaint and Concessionaire's written response for a period of one (1) year from the date of the complaint and shall make the complaint and the written response available to the Authority upon its request.

### 3.18.12 Authority's Shopping Service

The Authority shall have the right, at any time and without limitation, to monitor and test the quality and effectiveness of Concessionaire's services and credit card/cash-handling procedures through the use of a professional shopping service employed by the Authority. In the event such shopping service determines either that the level of Concessionaire's service is below that required in the provisions of this Agreement, or the goods and services or prices offered by Concessionaire are being misrepresented, Concessionaire shall take corrective action, subject to the approval of the Authority.

## 3.18.13 Relationship with Competitors

Concessionaire shall maintain cooperative, albeit competitive, relationships with its competitors at the Airport, and shall not engage in open, notorious, or public disputes, disagreements, or conflicts with competitors that would tend to interfere with quality of the rental car concessions at the Airport or in any way reflect poorly on the services provided to the public at the Airport.

### 3.18.14 Fueling Procedures

Concessionaire, or third party manager, shall establish, and provide upon the request of the Authority, written operating procedures for review and approval by the Authority covering the receipt,

storage and dispensing of automobile fuel. These written operating procedures shall include, but not be limited to, the installation, maintenance, safety checks, and safety procedures applicable to storage and dispensing equipment. Said procedures and equipment shall comply with the applicable laws, rules, regulations and standards of the federal, state, and local governmental bodies, including the Authority, having jurisdiction over said fuel and fuel dispensing procedures, equipment, or facilities.

# 3.18.15 Compliance with Rules

In addition to complying with the requirements of this Agreement and with all applicable federal, state, and local laws, rules, and regulations, including but not limited to the requirements of the Americans with Disabilities Act, Concessionaire shall comply with reasonable rules adopted by the Authority, regarding the use of, entry on, and access to the Authority's property.

### 4. PAYMENTS, OTHER CHARGES, REPORTING, AND ACCOUNTING RECORDS

### 4.1 Land Use Fee

Concessionaire will pay an annual Land Use Fee for the underlying land for the Facility, which is calculated to be \_\_\_\_\_\_ square feet based on Concessionaire's Proportionate Share of the land underlying the CONRAC, which is calculated to be \_\_\_\_\_ square feet. The initial annual Land Use Fee is \_\_\_\_ dollar and \_\_\_/100 (\$\_\_\_\_\_) per square foot. (this amount will be set pursuant to the formula identified in the 2017 LOI and updated by amendment).

The annual Land Use Fee, subject to adjustment as hereinafter provided, will be paid by the Concessionaire in twelve (12) equal monthly installments, in advance and without demand, set off or deduction. The first monthly installment of annual Land Use Fee will be paid on the Commencement Date. Thereafter monthly installments of annual Land Use Fee will be payable in advance on the 1st day of each and every Month during the Term. If the Commencement Date does not occur on the 1st day of a Month, then a partial payment of annual Land Use Fee will be due, which will be an amount equal to the number of calendar Days remaining in the Month, together with all applicable sales taxes thereon.

Authority and Concessionaire agree that following the Commencement Date, the annual Land Use Fee established above will be adjusted on the first day of each subsequent Agreement Year based on the percentage increase in the CPI. Said CPI is the Consumer Price Index-Urban (CPI-U) as published by the U.S. Department of Labor, Bureau of Labor Statistics, or the generally accepted national replacement or successor index, as readjusted to the base month and computed by comparison with the index of the preceding October compared to the immediately preceding year. In no event will the Land Use Fee be less the Land Use Fee paid to the Authority for the First Agreement Year. Such adjusted annual Land Use Fee (together with applicable sales taxes thereon) shall be the new annual Land Use Fee for the succeeding Agreement Year (subject to adjustment as hereinafter provided), and shall be payable in twelve equal monthly installments.

#### 4.2 Gross Revenue

As used herein, the term "Gross Revenue" shall mean the total amount charged by Concessionaire during an Agreement Year, including separately stated fees, surcharges or other charges, for or in connection with (i) Concessionaire's rental car business in the Operating Area or in Concessionaire's

Designated Service Facility under this Agreement, (ii) any activities related directly or indirectly to that business, and (iii) any other business of Concessionaire in the Operating Areas or elsewhere on the Airport. Regardless of where, how (cash, credit, or barter) or by whom the payment is made or where the vehicle is returned. Unless revenues from Concessionaire's Concession are expressly and particularly excluded from "Gross Revenue" under this Agreement, such revenues shall be included in Gross Revenue. Revenues derived from sources similar but not identical to those described herein shall also be included in Gross Revenue unless expressly excluded by this Agreement. The retroactive adjustment by Concessionaire of Gross Revenues designated as volume discounts or any other designation or for any other purpose is prohibited.

#### Gross Revenue will not include:

- A. Any federal, state, county, or city sales tax separately stated to and collected from Customers of Concessionaire and which are payable directly to the taxing authority by Concessionaire. No exclusion shall be allowed for taxes levied on Concessionaire's activities, facilities, equipment, or real or personal property, payroll taxes, income taxes, taxes on frequent flyer miles paid directly to the airline, license or tag fees, or any charge which recoup operating costs;
- B. Any amounts received as insurance proceeds or otherwise for damage to automobiles or other property of Concessionaire, or for loss, conversion, or abandonment of such automobiles or other property;
- C. Any amounts received for payment and administration of traffic tickets, parking tickets, tolls, towing, impound fees, red light tickets and other governmental fines/ tolls/fees paid to Concessionaire, or to a third party collecting on behalf of Concessionaire. If these amounts include an additional fee for collection through a third party, and that fee is paid entirely to a third party not owned or managed by the Concessionaire, Concessionaire's parent company, or in any direct or indirect chain of ownership of Concessionaire or Concessionaire's parent company, then the fee that is passed through is also excluded;
- D. Revenue from the wholesale transfer of salvage vehicles or for any vehicles sold wholesale; and
  - E. The Customer Facility Charge.

It is understood and agreed that all losses or chargebacks (including bad debt expenses) are to be borne solely by Concessionaire. The Authority is to be paid on Gross Revenue without charge or reduction for costs of losses. As indicated above, Loss of Use payments by Airport customers or insurance companies (actual payment amount(s) - not claim amount(s)) received by Concessionaire in lieu of rental fees and charges for those vehicles are considered Gross Revenue.

### 4.2.1 Diversions

Concessionaire shall not intentionally divert, through direct or indirect means, any of Concessionaire's rental car or related business with Airport customers to off-airport locations of Concessionaire or affiliates of Concessionaire without including the Gross Revenue and the collection of

CFC's from such transactions, in Concessionaire's reported Gross Revenue. Diversion shall include, but not be limited to, the following situations:

- shortage of rental cars at the Airport while having rental cars available elsewhere in the Columbus Metropolitan Area then renting such cars to a potential customer when Concessionaire knew, or should have known that the potential customer arrived at the Airport and not including the rental car revenue resulting from such transaction in Gross Revenues and the collection of CFC's from such transactions as defined under the Agreement, or
- 2) Advising, directing, or otherwise suggesting to a potential customer arriving at the Airport or prospective Airport Customer that the customer rent a car at a location other than the Airport regardless whether from Concessionaire or some other rental car provider, regardless of the basis or reason for such advice, direction, or suggestion, and not including the rental car revenue resulting from such transaction in Gross Revenues and the collection of CFC's from such transactions.

If the Authority determines, in its sole discretion, that a pattern of intentional diversion of Gross Revenue and/or non-payment of CFC's have occurred as identified in 1) and 2) above such diversions shall constitute a Default under this Agreement and Authority shall have the right to immediately terminate this Agreement. Only for purposes of this subsection, the phrase, "Airport related customers" shall mean customers who will arrive at the Airport, or who have within the preceding 24 hours, arrived on a flight at the Airport. Concessionaire shall not modify its accounting treatment or rename or redefine services or products which under the terms of this Agreement would be subject to the Percentage Fee unless approved in writing by the Authority.

#### 4.3 Minimum Annual Guarantee

### 4.3.1 Minimum Annual Guarantee

Concessionaire's Minimum Annual Guarantee ("MAG") for the first full Agreement Year is \$\(\frac{\text{this amount will be set pursuant to the formula identified in the 2017 LOI and updated by amendment).}\)
Beginning on the Commencement Date and continuing through the Agreement Year in which the Commencement Date occurs, Concessionaire's MAG will be pro-rated to include only the period of time from the Commencement Date to the end of that Agreement Year.

In the event the Commencement Date of this Agreement occurs on July 1 or later of any year, the initial MAG shall apply to a period from the Commencement Date until the end of the Authority's next Fiscal Year and shall be calculated by taking 85% of Concessionaire's total Privilege Fee payable for the last twelve (12) months of the previous agreement, dividing it by 12 and multiplying it by the number of months between the Commencement Date and the end of the Authority's next Fiscal Year. The Authority may due to timing requirements and at its option, utilize the most recently reported twelve month's Privilege Fees Payable to calculate the MAG. For example, if the Commencement Date is October 1 and Company A's Privilege Fee payable for the last twelve months was \$120,000, Company A's initial MAG would be \$127,500 (\$120,000 divided by 12, multiplied by 85%, and multiplied by 15 months. In this

instance, the initial MAG will be considered to apply to a period that includes the first full Agreement Year. In no event will the first MAG adjustment occur later than as identified in Section 4.3.2 below.

In the event the Commencement Date of this Agreement occurs on June 30 or earlier of any year, the initial MAG shall apply to a period from the Commencement Date until the end of the Authority's Fiscal Year and shall be calculated by taking 85% of Concessionaire's total Privilege Fee payable for the last twelve (12) months, dividing it by 12 and multiplying it by the number of months between the Commencement Date and the end of the Authority's Fiscal Year. The Authority may due to timing requirements and at its option, utilize the most recently reported twelve month's Privilege Fees Payable to calculate the MAG. For example, if the Commencement Date is April 1 and Company A's Privilege Fee payable for the last twelve months was \$120,000, Company A's initial MAG would be \$76,500 (\$120,000 divided by 12, multiplied by 85%, and multiplied by 9 months. In this instance, the initial MAG will be considered to apply to a stub period and the MAG for the first full Agreement Year shall begin at the commencement of the Authority's next Fiscal Year. In no event will the first MAG adjustment occur later than as identified in Section 4.3.2 below.

### 4.3.2 Adjustment

Beginning with the second full Agreement Year and for each Agreement Year thereafter, the MAG will be equal to eighty-five percent (85%) of the Privilege Fee payable by Concessionaire to the Authority for the previous Agreement Year, but will never be less than the ninety-five percent (95%) of Concessionaire's MAG during the first full Agreement year (subject to adjustment as identified in 4.3.3 below). The MAG calculation will be completed as soon as practical after the Jan.-Dec. reports are submitted by the Concessionaire. The Authority may due to timing requirements and at its option, utilize the most recently reported twelve month's Privilege Fees Payable to calculate the subsequent Agreement Year's MAG.

The MAG applicable to the last Agreement Year of this Agreement will be pro-rated if such Agreement Year is less than 12 months.

#### 4.3.3 MAG Reduction

After the Second Agreement Year, if at the beginning (Jan. 1) and midpoint (July 1) of any Agreement Year, the number of non-connecting deplaned passengers at the Airport falls below a threshold of eighty-five (85%) of the number of non-connecting deplaned passengers at the Airport during the previous twenty-four (24) month period for the immediately preceding two Agreement Years, then:

- A. If calculated at the beginning of an Agreement Year, then Concessionaires' MAG for that Agreement Year shall be the amount equal to eighty-five percent (85%) of Concessionaire's total Privilege Fee payable to the Authority over the immediately preceding Agreement Year, then reduced by the percent of the non-connecting deplaned passengers greater than 15% at the Airport during the twenty-four (24) month period immediately preceding this calculation.
- B. If calculated at the midpoint of an Agreement Year, then Concessionaire's MAG for that Agreement Year shall be the amount equal to eighty-five percent (85%) of Concessionaire's total Privilege Fee payable to the Authority over the immediately preceding Agreement Year, then reduced by the

percent of the non-connecting deplaned passengers greater than 15% at the Airport during the twenty-four (24) month period immediately preceding this calculation. Concessionaire's MAG calculation for the then current Agreement year shall be subject to this recalculation.

Any adjustment in the MAG consistent with this section can result in a MAG lower than the floor identified in Section 4.3.2. above. If an adjustment does result in a MAG lower than the floor identified in XX.X, B. above, then this new MAG is the floor for the purposes of XX.X, B. above. In no event will a recalculation consistent with this section occur more than once every twelve (12) months. Concessionaire may, at its discretion, delay the calculation for six (6) months. In no event will Concessionaire pay less than the total Privilege Fee due for any Agreement Year. The beginning and midpoint calculations will be made using a full six (6) months' data for each half year, and will be completed as soon as practical after the Jan.-June/July-Dec. reports are submitted by the Concessionaire and airlines. The Authority may due to timing requirements and at its option, utilize the most recent twelve months' Privilege Fees Payable to calculate the subsequent Agreement Year's MAG.

## 4.3.4 Payment of MAG

On or before the first (1st) day of each Month after the Commencement Date, Concessionaire will pay to Authority, in advance and without set off, deduction, prior notice, or demand, one-twelfth (1/12th) of the MAG. For any payment period of less than one Month, the MAG payment will be paid on a pro rata basis in the same proportion that the number of days in the payment period bears to the total number of Days in the Month for which the MAG is payable.

#### 4.3.5 New Market Entrants

The MAGs of all Concessionaires will be adjusted in the event there is a New Market Entrant. MAG will be adjusted proportionally based upon the percentage of the New Market Entrant MAG compared to the MAG paid by Concessionaire's the prior Agreement Year.

## 4.4 Privilege Fee

An annual "Privilege Fee" for equal to the greater of the applicable Minimum Annual Guarantee ("MAG") or ten percent (10%) of Concessionaire's Gross Revenue for the Agreement Year in question. The Privilege Fee shall be paid in monthly installments, when and as identified in Section 4.4.2, which shall be the greater of one twelfth (1/12) of the applicable Minimum Annual Guarantee or ten percent (10%) of Concessionaire's Gross Revenue for the month.

#### 4.4.1 Pass Through

Concessionaire acknowledges that the Concession Fee payments by Concessionaire to the Authority under this Agreement are for Concessionaire's use of the facilities and access to the airport market, and that none of those payments reflect a fee that is imposed by the Authority upon customers renting vehicles from Concessionaire. The Authority does not require, but will not prohibit, the separate statement of the Privilege Fee on customer invoices or rental contracts, provided that Concessionaire meets all the following conditions:

- A. Such fee is titled "Concession Recovery Fee" and shall not exceed 11.11% of concessionable revenue;
- B. Such fee shall be indicated immediately below all concessionable items and not immediately adjacent to taxes on customer invoices;
- C. Concessionaire complies with all applicable laws including Federal Trade Commission requirements;
- D. Concessionaire shall not identify, treat or refer to the Concession Recovery Fee as a tax; and
- E. Concessionaire shall not pass through, unbundle, or list any fees (other than a Concession Recovery Fee and CFC, or similar if CFC is replaced per Section 4.6.2) payable to the Authority as a separate item on its customer invoices, except with the Authority's written approval.

#### 4.5 CFC Collections

The Authority adopted Resolution No. 03-07 and subsequent amendments thereto (collectively, as amended from time to time, the "CFC Resolution") to mandate the implementation and collection of a CFC for the planning, design, construction, and other associated costs related to the CONRAC. The CFC Resolution and the rate of the CFC may be amended and approved from time to time by the Authority's Board of Directors after the Effective Date. Concessionaire's obligations with respect to CFC's hereunder will be in addition to, and not in substitution for, Concessionaire's obligations for Land Use Fee, the MAG, the Percentage Fee, Concessionaire's Deficiency Payments and other charges.

- A. Concessionaire shall promptly remit to the Authority (regardless of whether such amounts are charged to or collected from Airport Customers) the CFC's which it collects in accordance with the terms and provisions of this Agreement and the CFC Resolution. Concessionaire's failure to not charge or collect CFC's will not relieve Concessionaire from its responsibility to pay the full amount of such CFC's due and payable to the Authority. Upon receiving such CFCs, Authority will deposit them in accordance with the requirements of the CFC Resolution and any documentation relating to or providing for the issuance of the Bonds (as applicable).
- B. Concessionaire will include in its Monthly Gross Revenue Report, in substantially the form set forth in Exhibit B hereto, the: (i) total number of Vehicle Rental Contracts entered into by Concessionaire with Airport Customers, (ii) total number of Rental Agreement Days thereunder, and (iii) total amount of CFC's payable by Concessionaire in connection with such Vehicle Rental Contracts. Authority reserves the right to change the monthly reporting forms and information submittal process at any time with thirty (30) Days' written notice to Concessionaire. Additionally, at the Authority's discretion, Exhibit B may be required in electronic format or by utilizing a portal system. Concessionaire will remit to the Authority the total amount of CFC's due and payable for the previous Month. Any such CFC's which are not paid by the 20<sup>th</sup> Day of the Month shall bear interest at the Default Rate until paid. In the event Concessionaire will fail to timely furnish to the Authority any Monthly Gross Revenue Report required under this Section, the Authority will have the right (but not the obligation), with seven (7) days' written notice, to conduct an audit of Concessionaire's books and records, which books and records will be

prepared and maintained in accordance with, and will include all of the information required under, Section XX.X hereof, and to prepare such Monthly Gross Revenue Report at Concessionaire's expense. Moreover, in the event that Concessionaire fails to timely furnish any such Monthly Gross Revenue Report or fails to make available its books and records, the Authority will have the right to estimate the CFC's due and payable hereunder. In such case, the Authority will furnish to Concessionaire, on a monthly basis, a report showing, in the aggregate, the total number of Agreement Days and the total amount of CFC's payable in connection with such Agreement Days hereunder, which shall be binding on Concessionaire.

- C. The audit rights set forth in Section 5.5-5.6.4 of this Agreement will apply and will be available to the Authority with respect to the CFC's and collections thereof hereunder; provided, (i) if any such audit with respect to CFC's will disclose that Concessionaire's Monthly Gross Revenue Report understated CFC collections to the extent of two percent (2%) or more, Concessionaire will promptly pay to the Authority the cost of said audit in addition to the deficiency (together with interest on such deficiency at the Default Rate from the date due until paid), which deficiency will be payable in any event, or (ii) if any such audit with respect to CFC collections thereof discloses that Concessionaire's Monthly Gross Revenue Report understated CFC collections by less than two percent (2%), Concessionaire will promptly pay to the Authority one-half (1/2) of the cost of said audit in addition to the deficiency (together with interest on such deficiency at the Default Rate from the date due until paid), which deficiency will be payable in any event. If the Authority requires or performs more than one (1) audit during any Agreement Year during the Term hereof, the cost of any such additional audit will be paid by the Authority (except to the extent that the initial or prior audit for such Agreement Year revealed a deficiency of two percent (2%) or more, in which case the aforementioned provisions will apply).
- D. The Authority is authorized to mandate the manner in which Concessionaire identifies the CFC on Vehicle Rental Contracts.
- E. As identified in Section 4.2.1 Concessionaire will not intentionally divert vehicle rentals to other locations for any purpose including to avoid the imposition or collection of CFC's. All CFC's which would otherwise have been imposed upon Concessionaire from such intentionally diverted rentals may, including other remedies under this Agreement and at the option of the Authority, be charged to and will be due and payable by Concessionaire as CFCs hereunder.
- F. Concessionaire covenants and agrees that Concessionaire will not be entitled to any rights to offset or other reduction in the requirements herein and will be required to remit to the Authority all CFCs imposed upon Concessionaire regardless of any amounts that may be owed or due to Concessionaire by the Authority.

### 4.5.1 CFC Covenant

Without limiting the provisions provided in the CFC Resolution, Concessionaire and Authority hereby acknowledge that future improvements to the CONRAC are being undertaken for improved customer service, enhanced operational efficiency, and business growth related to the rental car program at the Airport. Concessionaire and Authority also acknowledge: (1) CFC and/or the proceeds of the Bonds will be the principal funding source for the original design, construction and equipment related to the CONRAC, supporting equipment and infrastructure, and the Common Use Bus System. Concessionaire

hereby expressly covenants to abide by the requirements and obligations set forth in the CFC Resolution, as same may be amended, and further expressly agrees (1) it will not initiate or facilitate the initiation of a legal proceeding challenging the legality of the adoption of the CFC Resolution, the imposition, collection, remittance or use of the CFC, or the issuance, sale, delivery and use of the proceeds of the Bonds and (2) to cooperate with the Authority in the Authority's defense of any challenge the legality of the adoption of the CFC Resolution, the imposition, collection, remittance or use of the CFC or the issuance, sale, delivery and use of the proceeds of the Bonds. The Authority and Concessionaire also covenant to use reasonable efforts to oppose any challenges to the CFC Resolution or the CFC, and agree that CFC revenues may be used by the Authority for the legal defense of any such challenge. This covenant shall survive the expiration or other termination of this Agreement.

Concessionaire acknowledges that the Authority will provide for the issuance, sale and delivery of the Bonds and in connection with the delivery of those Bonds. Concessionaire agrees to promptly comply with all reasonable requests of the Authority which are necessary to facilitate that delivery, including but not limited to, provision of documentation evidencing due authorization of this Agreement by the Concessionaire, documentation evidencing incumbency and signatory authority of Concessionaire officials executing this Agreement and an opinion of legal counsel to the Concessionaire as to the due authorization, validity, enforceability of this Agreement as against the Concessionaire.

# 4.5.2 CFC Obligation Requirements

CFC's, CFC Deficiency payments, and/or Obligation Payments (defined below) will be utilized to pay the Annual Obligation Requirements to be defined as:

- a. First. To pay Debt Service (including a minimum coverage requirement of 1.4x, and other Debt Service requirements under the documentation relating to or authorizing the issuance of the Bonds ("Debt Service Fund");
- b. Second. Deposits to and maintenance of a reserve fund to provide for the payment of Debt Service as may be required by the documentation relating to or authorizing the issuance of the Bonds ("Debt Service Reserve Fund");
- c. Third. Deposits to and maintenance of a coverage fund to provide for rolling coverage of the Debt Service as may be required by the documentation relating to or authorizing the Bonds ("Debt Service Coverage Fund");
- d. Fourth. Deposits to and maintenance of an administrative costs fund to pay any arbitrage rebate requirements related to the Bonds, costs of CFC administration, and Facility property insurance ("Administrative Costs Fund");
- e. Fifth. Deposits to and maintenance of a renewal and replacement fund in an amount not to exceed five (5%) of the program costs, or \$1.5 million dollars per year, for a total amount not to exceed \$13.94 million dollars (\$13,940,000), to pay the costs of unforeseeable expenditures, and provide for the renewal and replacement of the CONRAC elements ("Renewal and Replacement Fund") as more fully described in the documentation relating to or authorizing the Bonds;

f. Sixth. To pay for the annual Common Use Busing Costs more fully described in Exhibit G "Common Use Busing System".

### 4.5.3 Annual Obligation Requirements

Once items in Section 4.5.2 (a.-f.) are fully funded, the Authority will create a CFC Surplus Fund ("CFC Surplus Fund") to be available in the following order of priority: (i) provide additional funds for terminal connection and related costs, and Phase II expansion; (ii) after consideration and agreement by the Authority fund a Minimum Annual Requirement Deficiency Payment Account, to directly pay for a CFC Deficiency or to reimburse previously-paid Minimum Annual Requirement Deficiency Payments; (iii) fund a Common Busing Cost Deficiency Payment Account to reimburse previously paid Common Use Busing System Cost Deficiency Payments (See Section X.X); (iv) fund an Excess CFC account, and (v) for any other purpose permitted by the Authority's CFC Resolution, as may be amended from time to time.

#### 4.6 RESERVED

### 4.7 Customer Facility Charge - CFC Deficiency

"CFC Deficiency" shall mean the amount, if any, computed on an annual basis, by which available CFC revenues paid to the Authority for any Agreement Year are not sufficient to pay Debt Service on the Bonds, to maintain the coverage requirements defined in the documentation relating to or authorizing the Bonds ("Minimum Annual Requirement"), reserve funds, as well as other costs covered by the CFC's. Deficiency Payments, if any, will be paid by Concessionaire as and when required under Sections 4.9(B) below, and in all events without set-off, deduction, credit, or discount, except for such credits for overpayments as are expressly permitted hereunder. For each Agreement Year or partial Agreement Year of the Term commencing with the Effective Date, the Authority shall prepare and deliver to the concessionaires the Annual Bond Year Report of the Rate Consultant and/or other related documentation and, upon delivery of such reports, shall meet with the concessionaires to review the CFC revenues in relation to the Annual Obligation Requirement as defined in Section 4.5.3, and address any other CONRAC related matters. If after consultation with the concessionaires, the Authority reasonably determines that there is a deficiency between the CFC revenues necessary to meet the Annual Obligation Requirement and the actual CFC revenues collected during a current Agreement Year, or forecasted to be collected for any upcoming Agreement Year, during the Term the Authority will initiate the following actions listed in the order of priority:

1. The Authority, acting promptly and using good faith efforts, will determine if an increase in the CFC rate is reasonably appropriate to cover all or a portion of the CFC Deficiency for the applicable Agreement Year and/or subsequent Agreement Years of the Term. If the Authority determines in its sole discretion that an increase to the CFC rate is in the best interest of the Airport, the Authority may, but is not obligated to make a recommendation to the Authority Board of Directors. Such increase shall be subject to the provisions of the Trust Indenture and the CFC Resolution, and subject to the formal approval of the Authority Board of Directors to be effective. The actions taken to increase the CFC rate for any Agreement Year may be modified from time to time at the Authority's sole discretion to reflect the changing circumstances related to changes whether current or forecasted in the CFC Deficiency.

- 2. The Authority will determine if there are available CFC funds held in any CFC reserve account not required for the Bonds for which all or a portion thereof could be used to offset or partially offset the CFC Deficiency for any applicable Agreement Year. Any reserve funds required under the Trust Indenture for the Bonds are not available for offset or partial offset of a CFC Deficiency. The Authority will use reasonable efforts to determine whether other reserve funds can be released for offset to the CFC Deficiency at its sole discretion. Any actions taken to offset a CFC Deficiency with CFC funds held in a CFC reserve account for any Agreement Year may be modified from time to time by the Authority to reflect the circumstances related to changes, whether current or forecasted, in the CFC Deficiency.
- 3. The Authority, acting promptly and using good faith efforts, will identify if anticipated capital expenditures for the CONRAC and/or the CONRAC Share of the Common Use Busing System not funded with Bonds can be deferred or reduced in scope, to further offset or partially offset the CFC Deficiency for any applicable Agreement Year. The actions taken to defer or reduce in scope anticipated capital expenditures for the CONRAC and/or the CONRAC Share of the Common Use Busing System not funded with Bonds for any Agreement Year may be modified from time to time by the Authority to reflect the circumstances related to changes whether current or forecasted in the CFC Deficiency.

### 4.8 CFC Deficiency Payment

Should the actions set forth in Section 4.7 fail to completely offset the CFC Deficiency necessary to meet the Annual Obligation Requirement, or if the passage of time to achieve the completion of the actions set forth in Section 4.7 above fails to meet the Annual Obligation Requirement timeframes for any Agreement Year, the Authority acting promptly and using good faith efforts, will determine if the concessionaires will be required to pay to Authority a payment, to offset the CFC Deficiency for any applicable Agreement Year ("CFC Deficiency Payment"). The imposition of CFC Deficiency Payment to the concessionaires by the Authority is subject to the following:

- The CFC Deficiency Payment will commence upon the first day of the month following thirty (30) day's prior written notice from Authority to the concessionaires. In the event that a CFC Deficiency Payment was imposed during the Term and subsequently thereto, CFC revenues in any Agreement Year exceed or are forecasted to exceed the Annual Obligation Requirement, Authority shall promptly notify the concessionaires in writing of the date of the termination of the CFC Deficiency Payment obligation.
- 2. The CFC Deficiency Payment obligation and the use of CFC funds are and will remain subject to the rights provided to the Authority under the CFC Resolution. In the event of a CFC Deficiency Payment obligation, the Authority agrees that it will take no action voluntarily to reduce the CFC rate set forth in the CFC Resolution during the life of the Bonds and, as set forth above, will use its best efforts to request a reasonable increase if deemed appropriate by the Authority to the CFC rate to address a CFC Deficiency. The foregoing and the provisions of Section 4.7 notwithstanding, in the event a CFC Deficiency Payment is imposed on the concessionaires, the concessionaires may not pass through, unbundle, or list CFC Deficiency Payment as a separate item on its customer invoices or Vehicle Rental Agreements.

3. For any Agreement Year or partial Agreement Year of the Term, Concessionaire's share of any CFC Deficiency Payment shall be determined by applying the Market Share Percentage.

# 4.9 Concessionaire's Deficiency Payments, Operating Expenses, and Imposition

Concessionaire will pay in monthly installments in accordance with the terms set forth in Sections 4.8, Concessionaire's Deficiency Payments for each Agreement Year under this Agreement. For purposes hereof, the "Concessionaire's Deficiency Payments" shall mean the Concessionaire's Proportionate Share of the total CFC Deficiency using the Market Share Percentage.

In the event there are Excess CFC's, the Authority will apply such Excess CFC revenues to previous Deficiency Payments, but may structure, spread or defer any payment or credit to the concessionaires under this Section for a time frame up to thirty-six (36) months, unless within thirty-six (36) months of the Termination Date. As long as Excess CFC's are available within thirty-six (36) months of the Termination Date the repayment structure will be shortened to match the remaining term. The Authority will have no obligation to reimburse, or continue reimbursement from Excess CFC's after the termination of this Agreement.

During the Term, provided there are Excess CFC's, Paid CFC Deficiency Payments shall be reimbursed as and when the excess CFC revenues are received by the Authority for any Agreement Year and such repayment to the concessionaires shall be paid as such revenues are received based on the same Share Calculation Formula basis as the CFC Deficiency Payment was paid. Authority shall provide a reimbursement credit (which may be at the Authority's discretion in the form of rent credits against future rental/payment obligations) to the concessionaires for the Paid CFC Deficiency Payments.

### 4.10 Taxes

Concessionaire will bear, at its own expense, all costs of operating its business including all applicable sales, use, intangible and ad valorem taxes of any kind, against the Facility, the underlying land for the Facility, Concessionaire's Exclusive Premises, the real property and any improvements thereto, trade fixtures and other personal property used in the performance of the Concession or Exclusive Premises, or which result from Concessionaire's occupancy or use of the Exclusive Premises or assessed on any payments made by Concessionaire hereunder, whether levied against Concessionaire or Authority. Concessionaire will also pay any other taxes, fees, or assessments against the Facility, the underlying land for the Facility, or the Exclusive Premises. Concessionaire will pay the taxes, fees, or assessments reflected in a notice Concessionaire receives from the Authority within thirty (30) Days after Concessionaire's receipt of that notice or within the time period prescribed in the tax bill. Concessionaire may reserve the right to contest such taxes, fees, or assessments and but may not withhold payment if the tax, fee, or assessment is paid by the Authority. Any such tax challenge on the part of Concessionaire will be done so consistent with the requirements of applicable law, including but not limited to, the payment of the amount admitted in good faith to be due and owing.

#### 4.11 Other Fees and Charges

#### 4.11.1. Utilities

Concessionaire will pay for all utilities necessary in the operation of the Concession and CONRAC, with the CONRAC portion to be allocated among Concessionaires as follows: All charges, including, but not limited to, deposits, installation costs, connection charges, usage, service charges, and applicable taxes for utility services whether metered directly to the Exclusive Premises or pro-rated by usage, or if unable to determine by meter or usage then by Market Share Percentage, will be paid by Concessionaire, regardless of whether the utility services are furnished by Authority or other utility service entities. Any utility payments due to the Authority are due thirty (30) days from the date of invoice.

## 4.11.2 Other Charges

Concessionaire agrees to pay Authority within thirty (30) days from date of invoice, other charges and fees as Authority assesses, which may include, but are not limited to, reimbursables and administrative costs in accordance with its procedures and requirements and that Concessionaire incurs in the normal course of its Concession business.

### 4.11.3 Failure to Make Timely Payments

Without waiving any other right or action available to Authority, in the event Concessionaire is delinquent in the payment of Land Use Fee, MAG, Privilege Fees, other fees or charges hereunder or rightly due and owing by an audit of Concessionaire's books and records as provided in Section 5.5-5.6.4, and in the event Concessionaire is delinquent in paying to Authority any such Land Use Fee, MAG, Privilege Fees, other fees or charges for a period of seven (7) Days after the payment is due, Authority reserves the right to charge Concessionaire the Default Rate, whichever is higher, until such payments are received. In the event the Authority provides notice of the non-payment and any such Land Use Fee, MAG, Privilege Fees, other fees or charges remain unpaid for a period of seven (7) Days or more after the payment is due the Authority reserves the right to charge Concessionaire a late fee of \$100 per day or continue charging the Default Rate, whichever is higher, until such payments are received.

In the event of a dispute as to the amount to be paid, Authority will accept the sum tendered without prejudice and, if a deficiency is determined to exist, interest will apply only to the deficiency. The acceptance of any such payment will not constitute a waiver, modification or accord and satisfaction with respect to the total amount due and owing under the Agreement.

The right of Authority to require payment of interest and the obligation of the Concessionaire to pay same will be in addition to and not in lieu of the right of Authority to enforce other provisions herein, including termination of this Agreement, and to pursue other remedies provided by law.

The failure of Authority to take action in the event of a delinquent payment or series of payments will in no way waive the right of Authority to take such action at a subsequent time. Authority expects all rent, fees and charges to be paid on time and Concessionaire agrees to pay on time.

Notwithstanding other provisions of this Agreement, and without limiting the other provisions of this Agreement concerning, among other things, events deemed to constitute default of Concessionaire, Authority may, in Authority's reasonably exercised discretion, terminate this Agreement upon written notice to Concessionaire if there are two (2) instances during any Agreement Year in which (i) Concessionaire's payments required hereunder (including payments to third party obligations under this

Agreement) are not timely or are insufficient to cover sums actually due and payable; or (ii) Concessionaire fails to maintain adequate records and accounts reflecting its Concession at the Airport and calculation of Gross Revenue under this Agreement; or (iii) Concessionaire fails or refuses to submit the formal supporting paperwork as required herein.

#### 4.12 Authority's Lien

Subject to then existing prior encumbrances or other vehicle liens required for financing, the Authority will have a lien on all the inventory and other property including tenant improvements of the Concessionaire placed in or on the Exclusive Premises, to the extent permitted by law, for the purpose of securing the payment of all sums of money that may be due to Authority from Concessionaire under this Agreement.

### 4.13 Bad Debts

Concessionaire shall have the right to conduct all or a part of its business on a credit basis, provided, however, that the risk of such operation shall be borne solely by Concessionaire, and Concessionaire shall include in Gross Revenues any charge the Concessionaire customarily makes for goods and services even though Concessionaire fails to actually collect such a charge.

# 4.14 Advertising and Customer Bills

Concessionaire acknowledges that percentage fee payments by Concessionaire to the Authority under this Agreement are for Concessionaire's privilege to use the Airport facilities and access the Airport market and are not fees imposed by the Authority upon Concessionaire's customers. The Authority does not require, but will not prohibit, a separate statement of and charge for the percentage fee on customer invoices or rental agreements (such separate charge being referred to herein as the "Concession Recovery Fee" or "Concession Recoupment Fee"), provided that such Concession Recovery Fee meets all of the following conditions: (a) such Concession Recovery Fee is not permitted by applicable laws, including, without limitation, Federal Trade Commission requirements, as such laws exist as of the Commencement Date of this Agreement, or as such laws may hereafter be amended, (b) such Concession Recovery Fee shall be titled "Concession Recovery Fee", "Concession Recoupment Fee", or such other name as is first approved by the Authority in writing; (c) the Concession Recovery Fee must be shown on the customer rental car agreement and invoiced with other Concessionaire charges (i.e. "above the tax line"); (d) the Concession Recovery Fee as stated on the invoice and charged to the customer shall be no more than Eleven and 11/100 percent (11.11%) of Gross Revenues (and specifically included in Gross Revenues for purposes of this calculation the Concession Recovery Fee); and (e) Concessionaire shall neither identify, treat, or refer to the Concession Recovery Fee as a tax or levy, nor state or imply that the Authority is requiring the pass-through or collection of such Concession Recovery Fee or contain the following words, or any form of these words: Airport, Authority, Government, John Glenn Columbus Airport, Columbus, Access, Passage, Cost of Doing Business, Toll, Assessment, or Tax in identifying any surcharge the Concessionaire may impose on customers, except to the extent that these words are used in a description of the surcharge which is truthful and not misleading or potentially misleading.

# 5. MONTHLY STATEMENTS/BOOKS & RECORDS

### 5.1 General Requirements

Along with payment of the Privilege Fee, Concessionaire shall submit an Itemized Certified Statement to the Authority in such form and detail which the Authority may reasonably request, including a level of detail equivalent to Concessionaire's own general ledger delineations which (i) sets forth Concessionaire's entire Gross Revenues by separate rental car brand for the prior calendar month or adjustments to Gross Revenues, (ii) separately identifies by rental car brand any exclusions from Gross Revenues as provided herein, (iii) identifies the amount of any CFCs collected by separate rental car brand, (iv) by separate rental car brand lists the number of rental transactions, Vehicle Rental Days during the Month, and (v) is signed by an authorized official of Concessionaire. These items shall be submitted to the Authority by Concessionaire on or before the 20th day of each Month, even if no Privilege Fee is due for the preceding month. If Concessionaire has multiple rental car brands, Concessionaire may request separate billing by brand. This separate billing is for Concessionaire's convenience and accounting purposes only.

Authority reserves the right to change the monthly reporting forms and information submittal process at any time with thirty (30) Days written notice to Concessionaire. Additionally, at the Authority's discretion, Exhibit B may be required in electronic format or by utilizing a web based portal system.

### 5.2 Liquidated Damages

The parties recognize that the Authority will incur additional administrative costs if Concessionaire is late in providing the monthly statements required by this section and that the amount of those costs is difficult to determine with certainty. Consequently, the parties agree that Concessionaire shall pay the Authority one hundred dollars (\$100.00) as liquidated damages each time Concessionaire is more than ten (10) calendar days late in submitting the monthly statement required by this section.

#### 5.3 Annual Statement

Sixty (60) calendar days after the end of each Agreement Year, the Authority may undertake an audit of Gross Revenues. The costs of such audits shall be done by the Authority unless the results of such audits reveal an underpayment as described in Section 5.6, or if circumstances arise whereby Concessionaire causes the auditor to incur excess costs due to lack of timely preparation for the audit or a lack of appropriate attention during the course of the audit. The Authority shall issue its audit report (Annual Statement) within sixty (60) days from the start of the audit. The Annual Statement shall reflect a reconciliation of reported Gross Revenues with those reflected in the Concessionaire's Books and Records. If the Annual Statement discloses the Concessionaire owes additional amounts to the Authority, Concessionaire shall pay those amounts in accordance with Section 5.6. If the Annual Statement discloses that a refund is due to Concessionaire, credit for the amount shall be taken against the next Monthly Statement, unless the term of the agreement has expired and such amount shall be refunded by the Authority to Concessionaire within thirty (30) calendar days after completion of the audit by the Authority.

### 5.4 Payments

### 5.4.1 Monthly Payment

The Concessionaire agrees to pay a Concession Fee to the Authority as a percentage of gross revenues; or a MAG, whichever is greater. The Concessionaire shall pay to the Authority on the first day of each month, in advance, one-twelfth (1/12) of the MAG.

### 5.4.2 Payment of Privilege Fee

On or before the twentieth (20th) day of each month during the Term of this Agreement, and of the month following the expiration or termination of this Agreement, Concessionaire shall pay to the Authority any amount by which the monthly installment of the Privilege Fee for the preceding month exceeds one-twelfth (1/12th) of the Minimum Annual Guarantee. If Concessionaire has paid to Authority an amount greater than Concessionaire is required to pay as Privilege Fee for an Agreement Year under the terms hereof, Concessionaire will be entitled to a credit which must be used against the next monthly invoice.

### 5.4.3 Method of Payment

All payment due under this Agreement shall be payable to the "Columbus Regional Airport Authority" and forwarded to:

Attn: Accounts Receivable Columbus Regional Airport Authority CRAA L-3459 Columbus, Ohio 43260

All payments must be accompanied by a statement setting forth the purpose and the period for which payment is being made. Concessionaire shall make payments due under this Agreement automatically, including but not limited to interest accrued on late payments. Payments under this Agreement shall be by wire, draft, or check on a bank authorized to engage in banking in the United States and shall be payable in U S dollars Payments shall be made without abatement, offset, or deductions.

### 5.4.4 Interest Rate, Penalties and Late Charges

Without waiving any other right of action available to the Authority in the event of default in payment of charges and fees hereunder, if Concessionaire fails to make a payment when due and said failure continues for a consecutive period of ten (10) calendar days, late charges will be assessed. Late charges may consist of interest and penalties. Thereafter, late charges will be assessed for each additional thirty (30) day period or portion thereof that the payment is late. The Interest Rate shall be at the rate Default Rate.

### 5.5 Books and Records of Concessionaire

### 5.5.1 Maintenance of Accounting Records

Concessionaire shall maintain adequate accounting records in accordance with generally accepted accounting principles, generally accepted auditing standards and the requirements of this Agreement, for (i) all transactions relevant to this Agreement (collectively, "Books and Records"), and (ii) all exclusions from Gross Revenue claimed by Concessionaire. Concessionaire shall cause to be installed on Concessionaire's Operating Area, and shall at all times use, such cash registers, invoicing machines,

sales slips and other accounting equipment, devices and firms as are reasonably necessary to record properly, accurately and completely all sales at the Airport of Concessionaire's Gross Revenues.

### 5.5.2 Books and Records

Books and records shall include detailed analysis listing all of Concessionaire's operations at the Airport in the form of printed, written or electronic media. The rental contract forms shall be either sequentially numbered in a series designated for use only with this Concession Agreement, or numbered in a way that provides for the ready identification of transactions that identify Concessionaire's operations at the Airport to the Authority's satisfaction. Books and records shall also include, but is not limited to (i) all original accounting source documents detailing transactions relevant to this Agreement (collectively, "Records"), including but not limited to (A) original rental contacts, (B) operating/financial statements, (C) a complete (cumulative) general ledger, (D) monthly sales journals detailing each rental transaction for the month, (E) reconciliations between the financial records and monthly reports submitted to the Authority, (F) bank statements applicable to the operation of this Concession at the Airport, (G) corporate trial balances, (H) corporate contracts with corporate customers, (I) annual audited financial statements and related reports on internal controls (including management representation letters), (J) electronic media documenting accounting records, and (K) other sales related documents, and (ii ) all exclusions from Gross Revenue claimed by Concessionaire. For exclusions or adjustments to Gross Revenue, the Records shall include, but are not limited to: (i) all agreements between Concessionaire and corporate or volume customers establishing the customers' contractual rights to rebates, (ii) lists of all individual rental transactions with all corporate or volume customers, (iii) all individual rental agreements with all corporate or volume customers, and (iv) any documentation or records supporting additional reductions to Gross Revenue.

### 5.5.3 Computer Records

In those situations where Concessionaire's records have been generated from computerized data (whether mainframe, minicomputer, or PC-BASED computer systems), Concessionaire agrees to provide the Authority's representative with extracts of data files in a computer readable format on data disks, E-mail with attached files or suitable alternative computer data exchange formats. This computerized data must contain the original accounting source details.

# 5.5.4 Cooperation by Concessionaire

Concessionaire shall provide the name and telephone number of Concessionaire's accounting manager or the like who has a thorough knowledge of the accounting system as it pertains to this Agreement and who will assist the Authority with its audit. Concessionaire will also allow interviews of past and present employees who were involved in the financial or operational activities of Concessionaire.

#### 5.5.5 Maintenance of Records

Concessionaire shall keep all records identified in Section 4 for at least five (5) years after the end of the applicable Agreement Year, or in the event of a claim by the Authority, until such claim of Authority has been fully ascertained, fixed and paid. The records requirements of this section shall also extend to any of Concessionaire's subsidiaries, partners, joint venturers, and sub-concessionaires or the like.

#### 5.6 Audits

## 5.6.1 Audit Findings

The Authority shall have the right to authorize one or more audits of Concessionaire's records pertaining to any of its operations at the Airport. If either an annual audit or an audit performed by the Authority discloses an under reporting of Gross Revenue, Concessionaire shall pay to Authority any amounts due under this Agreement within fifteen (15) calendar days of written notice by the Authority, plus interest calculated in accordance with the Default Rate. If an audit conducted by the Authority or at the Authority's expense discloses an under reporting of Gross Revenue by two percent (2.0%) or more for any twelve (12) month period, Concessionaire shall reimburse the Authority for the full cost of the audit, interest calculated in accordance with the Default Rate, any applicable legal fees as explained below, and shall pay a one-time penalty of ten percent (10.0%) of the under reported Privilege Fee. If an audit conducted by the Authority or at the Authority's expenses discloses an under reporting of Gross Revenue by ten percent (10.0%) or more for any twelve (12) month Period, Concessionaire shall reimburse the Authority for the full cost of the audit, interest calculated in accordance with the Default Rate, and any applicable legal fees as explained below, and shall pay a one-time penalty of fifty percent (50.0%) of the under reported Privilege Fee. If an audit conducted by the Authority or at the Authority's expenses discloses an under reporting of Gross Revenue by twenty-five percent (25.0%) or more for any twelve (12) month Period, Concessionaire shall reimbursement the Authority for the full cost of the audit, interest calculated in accordance with the Default Rate, any applicable legal fees as explained below, and shall pay a one-time penalty of fifty percent (50.0%) of the under reported Privilege Fee and the Authority reserves the right to terminate this agreement. The Authority's rights under this subsection shall be in addition to any other rights or remedies the Authority may have.

## 5.6.2 Legal Fees

In the event that the Authority deems it necessary to utilize the services of internal or external legal counsel in connection with collecting the reimbursement for an audit, then Concessionaire shall reimbursement the Authority for reasonable attorney's fees and litigation expenses as part of the aforementioned costs incurred.

# 5.6.3 Provision of Audit Workspace

Concessionaire agrees to provide appropriate work space to conduct the audit and free access to copiers, fax machines and other needed office equipment. Concessionaire will also make the requested original books and records available within ten (10) working days from the date of request by the Authority or the Authority's representative and will freely lend its own assistance in conducting the audit. If Concessionaire does not make the books and records available within ten (10) working days, a charge of one hundred dollars (\$100.00) per day for each day the records are late will be applied against Concessionaire's performance guarantee, regardless of form. If such books and records are maintained outside the City of Columbus and cannot be provided locally, Concessionaire agrees to reimbursement the Authority for expenses incurred in sending representatives to wherever such records are maintained. Such expense will include transportation, lodging, food and other out-of-pocket expenses resulting from the necessity to leave Columbus.

#### 5.6.4 Survival of Concessionaire's Duties and Authority's Rights

The Concession's duty to maintain books and records and the Authority's rights under this Agreement to inspect and audit the books and records of Concessionaire shall survive the expiration or earlier termination of this Agreement.

## 5.7 Plans and Specifications, Compliance with Law

# 5.7.1 Authority Approval of Capital Additions

No fixtures, improvements or installations by Concessionaire shall be made, removed, demolished, or relocated in the Operating Area without the Authority's prior written approval, which shall not be unreasonably withheld provided Concessionaire complied with the provisions of the Tenant Improvement Handbook and Tenant Work Permit Application. The Authority may require plans and specifications and the issuance of a permit from the Authority. All fixtures, improvements and installations shall conform to the Authority's design criteria and architectural requirements of Authority.

## 5.7.2 Compliance with Laws and Building Codes

Concessionaire shall ensure that all additions, improvements, equipment, furnishings, fixtures and tenant finishes constructed or installed by Concessionaire, or Concessionaire's concessionaire, conform in all respects to applicable federal, state, and local laws, rules, and building codes, the Authority's approval shall not be construed as a representation or warranty of conformance. The Authority may withhold approval based upon, among other grounds, engineering, architectural, or aesthetic considerations.

# 5.8 Compliance

## 5.8.1 Compliance with Laws

Concessionaire shall comply with all Authority, county, state, and federal laws, ordinances, regulations and orders governing or regulating the Airport and the Operating Area, its use by Concessionaire, and the operation of its concession hereunder.

## 5.8.2 Traffic Violations

Concessionaire shall pay for or cause its employees or contractors to pay all traffic violation notices issued by Airport police to Concessionaire's vehicles while such vehicles are under the control or operation of Concessionaire's employees or contractors.

# 5.8.3 Cooperation with Successor Operator of Automobile Rental Car Concession

Upon the expiration or earlier termination of this Agreement Concessionaire agrees to cooperate fully with the Authority and with any and all successor concessionaires to ensure a smooth transition from Concessionaire to such successor.

## 5.9 Prohibition Against Interference

Concessionaire shall not do or permit to be done anything at or about the Airport that may interfere with the effectiveness or accessibility of the drainage and sewage systems, fire hydrants and hoses, heat, air-conditioning, elevators, electrical systems, and plumbing installed or located on or within the CONRAC or Exclusive Premises or on the Airport. At the Parking Structure and the QTA, Concessionaire shall report any malfunction of the drainage and sewage systems, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, heat and air-conditioning systems, electrical systems, and plumbing installed or located on or within the CONRAC or Exclusive Premisesto the Authority in accordance with Airport rules, regulations, and instructions and orders as soon as discovered.

#### 5.10 Utilities

# 5.11 Hazard, Potential Hazard, Nuisance, or Annoyance

Concessionaire shall correct at its own cost and expense any hazardous or potentially hazardous condition, nuisance, or annoyance immediately upon receipt of oral or written notice from the Authority. The Authority may order the closure of the Concessionaire's Exclusive Premises until the corrective action is complete.

#### 5.12 Deliveries

All deliveries to Concessionaire in the CONRAC, or otherwise at or about the terminal, will be in a manner and location approved by the Authority.

# 5.13 Right to Enter

The Authority shall have the right to enter the CONRAC and Exclusive Premises to:

- Conduct Inspections: The Authority and its authorized representatives and agents, shall have the
  right to view any and all of the CONRAC and Exclusive Premises hereunder at any reasonable time
  for the purpose of inspecting or maintaining the CONRAC and Exclusive Premises or of doing any
  other act therein which may be necessary for the proper operation of the Airport. In performing
  such inspections, the Authority and its authorized representatives and agents, will exercise their
  best efforts not to interfere with Concessionaire's use of the CONRAC and Exclusive Premises,
- Perform Any of Concessionaire's Obligations: Perform any of Concessionaire's obligations under this Agreement that Concessionaire has failed to perform after reasonable notice to do so, including but not limited to maintenance, repairs, and replacements in the CONRAC and Exclusive Premises, and recover cost consistent with this Agreement,
- 3. Police: Exercise Authority's police power, and
- 4. Emergency: Respond as appropriate to any emergency.

### 6. PERMITTED USES

#### 6.1 Permitted Uses

The Authority hereby grants to the Concessionaire the right, privilege and obligation to conduct and operate a high-quality, well-managed, and efficiently run vehicle rental concession at the Airport, during the term of this Agreement and from its Exclusive Premises. This grant shall include the right to rent and check in airport rental vehicles as well as support functions such as the washing, fueling (expressly limited to vehicles used in the airport rental car business of the Concessionaire), light maintenance, and storage of vehicles held for rental. Additionally, Concessionaire may include the right to offer for sale related loss and collision damage waiver protection, personal injury and accident insurance, supplemental liability, uninsured motorist, and personal effects insurance, and to provide customer service features including but not limited to baby car seats and cellular phones rented along with vehicles. Any additional rights shall be approved by the Authority in writing prior to implementation by the Concessionaire, and provided that (i) such rights must be of a type that customarily are offered for sale or rent at other major airport car rental facilities, and (ii) such rights must not conflict with a concession right or privilege of other Airport Concessionaires. All rights and privileges not specifically granted to the Concessionaire in this Agreement shall be reserved to the Authority.

# 6.2 Support Functions

Concessionaire may use the QTA portion of the Exclusive Premises for support functions such as the washing, fueling, light maintenance, and storage of vehicles held for rental.

#### 6.3 Common Areas

Subject to the Rules and Regulations promulgated by the Authority from time to time, (i) Concessionaire will have the non-exclusive right to the Common Concessionaire Areas and Common Public Areas at the CONRAC, and (ii) Concessionaire or any subcontractor of Concessionaire is prohibited from transporting Airport Customers between the Terminal and CONRAC.

#### 6.4 Limitations

All of the operations of Concessionaire hereunder, including all Airport-related vehicle rental transactions conducted by Concessionaire, will take place at the CONRAC and from no other location at, on, or from the Airport or at Concessionaire's service facility.

# 6.5 Parking

Concessionaire will not permit parking on the Exclusive Premises and/or the CONRAC of vehicles of persons (other than employees as identified in Section 3.9.4), it being acknowledged and agreed that no public parking will be allowed other than in designated location adjacent to the Facility.

### 6.6 Common Use Busing System

Concessionaire will also have a non-exclusive right and license during the Term hereof for use of the common busing system. Concessionaire will not interfere with non-Concessionaire customers utilizing the Common Use Busing System. This includes, but is not limited to: off-airport rental car companies and

their customers using the common busing system, other parties as permitted by the Authority, and, solely in the event of an emergency, temporary shutdown or inaccessibility of other transportation systems or means of ingress and egress to and from the Airport, or other exigent circumstances. Concessionaire will not interfere with such other parties as the Authority will reasonably direct from time to time to so utilize the common busing system; provided, in all such instances, such use will not unreasonably disrupt the use of the common busing system by Concessionaire and the Authority will charge such other parties a proportionate share directly for use of the Common Use Busing System.

The Authority, at its sole discretion, may permit limited pick up in designated areas (if available) under separate agreement and at an additional cost. Nothing herein will guarantee the development of such a program or limitation on CFC collection and share of busing and other costs based on Market Share Percentage.

# 6.7 Non-Exclusive Rights

The rights granted herein for the performance of the Concession specifically provide that they are non-exclusive and that other concessionaires of the Authority are engaged in the vehicle rental business at the Airport.

#### 6.8 Concessionaire Disputes

In the event of a dispute between Concessionaire and any other concessionaires operating at the CONRAC or the Airport as to the rights of the parties under their respective agreements, Authority will determine the rights of each party and Concessionaire agrees to be bound by Authority's decision.

### 6.9 Restrictions

Nothing in this Article will be construed as authorizing Concessionaire to conduct its Concession in any areas at, on, or from the Airport other than the CONRAC.

Any and all rights and privileges not specifically granted to Concessionaire for its use of and operations at the Airport pursuant to this Agreement are hereby reserved for and to Authority.

#### 6.10 Permits and Licenses

Concessionaire will obtain and maintain throughout the Term all permits, certificates, licenses, or other authorizations required in connection with the operation of the Concession. Copies of all required permits, certificates, licenses, or other authorizations will be appropriately displayed within the Exclusive Premises and forwarded to Authority upon issuance and each renewal.

# 7. OPERATIONS AND PERFORMANCE STANDARDS

# 7.1 Authority's Right To Monitor Performance

It is Authority's intention that Concessionaire's business be conducted in a manner so as to meet the needs of Airport Customers and employees and in a manner that will reflect positively upon the Concessionaire and Authority. The Concessionaire will equip, organize and efficiently manage the Concession to provide service in a clean, attractive, and pleasant atmosphere. Authority in its sole discretion will have the right to raise objections to the condition of the Exclusive Premises, the quality and the character of the service, the hours of operation, and/or the appearance and performance of service personnel, and to require any such conditions or practices objectionable to Authority to be promptly remedied by Concessionaire. If requested by Concessionaire, Authority will submit its objections in writing and provide Concessionaire an opportunity to reply to the objections. Such reply will be given consideration by Authority.

### 7.2 Performance Audits

The Authority and Concessionaire acknowledge that the operation of the business of Concessionaire in the CONRAC, as well as Concessionaire's performance of its obligations under this Agreement with respect thereto, will enhance the economic development of the Authority, and that the rights of Concessionaire to use the CONRAC are subject to the rights of the Authority, as landlord, to monitor compliance with this Agreement to ensure that the CONRAC is used and operated as required by this Agreement.

Authority reserves the right to conduct periodic performance audits of the Exclusive Premises or of Concessionaire's Operation to assure that all of the operational, safety, and compliance standards of this Agreement are consistently performed by Concessionaire. This audit may include the secret shopping of the rental car transaction and evaluation of the facility, the customer experience, and/or vehicle condition. Concessionaire acknowledges that performance audits will be conducted by Authority, or its representative, and hereby agrees to cooperate with all performance audits.

Performance audits may include minimum objective standards in any or all of the areas of (i) customer service; and (ii) cleanliness and maintenance. Authority reserves the right to issue written notices of violation of performance standards.

In order to assure consistent adherence to performance standards throughout the Term, the Authority will use a rolling twelve (12)-month cycle in the recording of incidents of failure to meet performance standards. Authority reserves the right to issue written notices of violation of performance standards.

Repeated violations and deficiencies in performance by Concessionaire may be cause, at Authority's sole discretion, to terminate this Agreement.

## 7.3 Permits and Licenses

Concessionaire will obtain and maintain throughout the term all permits, certificates, licenses, or other authorizations required for conduct of its operations at the Exclusive Premises and the CONRAC, all in accordance with applicable laws. Upon commencement of operations at the CONRAC and thereafter at the Authority's reasonable request, Concessionaire will provide evidence to the Authority that Concessionaire has obtained or caused to be obtained and renewed such permits and registrations.

# 7.4 CONRAC Facility Manager

Throughout the Term, the management and operation of the Concessionaire's vehicle rental business at the CONRAC will be under the supervision and direction of the CONRAC Facility Manager. The

CONRAC Facility Manager will be generally available, either in person or by phone, during regular business hours.

# 7.5 Hours of Operation

Concessionaire shall provide vehicle rental services at the customer check-in counter and in the ready return and rental areas in the CONRAC seven days per week, beginning at least one hour before the first scheduled departure and for at least one hour after the last arrival for which any customer has reservations for a car rental from Concessionaire. The Authority in its sole discretion and upon Concessionaire's written request, may authorize deviations from the requirements of this Agreement

#### 7.6 Limitation on Use

Concessionaire will not use or occupy or permit the Exclusive Premises and/or the CONRAC to be used or occupied, or do or permit anything to be done in or on the Exclusive Premises and/or the CONRAC, in whole or in part, in a manner which would in any way violate any certificate of occupancy affecting the Exclusive Premises and/or the CONRAC, or make void or voidable any insurance then in force with respect thereto, or which may make it impossible to obtain fire or other insurance thereon required to be furnished by Concessionaire under this Agreement, or which will constitute a public or private nuisance, or which will disrupt the safe, efficient, and normal operations of the Airport.

Concessionaire will not use or occupy the Exclusive Premises and/or the CONRAC, or permit the Exclusive Premises and/or the CONRAC to be used or occupied, in whole or in part, in a manner which may violate Permitted Uses, and Concessionaire will at all times comply with all applicable governmental laws, ordinances, regulations, codes and permits in the conduct of its operations under this Agreement including, but not limited to, Authority and TSA rules and regulations.

Concessionaire will not engage in any activity prohibited by Authority Rules and Regulations and Operating Directives as may be modified during the Term. If any prohibited act is not corrected as directed by Authority within ten (10) days written notice, Authority or its representative will have the right to enter upon the Exclusive Premises and take the corrective action, and Concessionaire agrees to promptly reimburse Authority for any related costs, plus an administrative fee equal to fifteen percent (15%) of the corrective action costs.

Concessionaire will not place excessive loads on the walls, ceilings, and floor or pavement areas of the CONRAC or Exclusive Premises and will repair any area damaged by excessive loading to the satisfaction of Authority.

# 7.7 Concessionaire's Maintenance and Repair

A. Concessionaire will, at all times during the Term hereof, at its sole cost and expense, operate and keep its Exclusive Premises in good condition and repair, in a safe, secure, clean and sanitary condition, and in full compliance with any and all applicable laws and such Rules, Regulations and standards as the Authority will maintain in effect from time to time, including, without limitation, the CONRAC Operations & Maintenance Standards attached as Exhibit D hereto and made a part hereof. Concessionaire will be responsible for all maintenance, repair and replacements of any kind or nature whatsoever to its Exclusive Premises as further specified in Exhibit D. Concessionaire will keep its Exclusive

Premises free from trash, filth, overloading, danger of fire or any pest or nuisance, and repairing and/or replacing any damage or breakage done by Concessionaire, or any of its respective officers, agents, employees, contractors, guests, invitees, or licensees, including, without limitation, damage done by installation of Concessionaire's improvements. If any portion of the exclusive Premises or any system or equipment in the Exclusive Premises which Concessionaire is obligated to maintain or repair cannot be fully repaired or restored, Concessionaire will promptly replace such portion of the Exclusive Premises or such system or equipment. Concessionaire will maintain a preventive maintenance contract providing for the regular inspection and maintenance of any system installed that serves the Exclusive Premises only under a contract and contractor to be approved by the Authority. In the event that Concessionaire fails to perform any of its obligations hereunder, and fails to cure or commence to cure such failure within fourteen (14) Days after written notice from the Authority, or to thereafter diligently proceed to complete such cure, the Authority may, but will not be obligated to, enter the Exclusive Premises at any time to undertake any maintenance, repairs, alterations, improvements or additions as the Authority will direct or deem necessary for the maintenance, repair, safety, protection, preservation, or improvement of the Exclusive Premises, or as the Authority may be required to do by any governmental department or agency, or by the order or decree of any court or by any other proper authority. Any and all costs and expenses of such repairs, alterations, improvements or additions made by the Authority hereunder will include a fifteen percent (15%) administrative fee and will be due and payable by Concessionaire to the Authority within fifteen (15) Days following the Authority's invoice therefore. If not paid within such fifteen (15) Day period, such costs and expenses will bear interest at the Default Rate until paid. Concessionaire and other Concessionaires may contract with a third party to fulfill these responsibilities.

B. Common Concessionaire Areas. Concessionaire will be responsible with other Concessionaires to perform such other maintenance, repair, and replacement of the Common Concessionaire Areas as specified in Exhibit A. Concessionaire and other Concessionaires shall contract with a third party to fulfill these responsibilities. In the event that Concessionaire fails to perform any of its obligations hereunder, and fails to cure or commence to cure such failure within fourteen (14) Days after written notice from the Authority, or to thereafter diligently proceed to complete such cure, the Authority may, but will not be obligated to, enter the Common Concessionaire Areas at any time to audit or otherwise confirm Concessionaire's meeting its obligations under this section, to undertake any maintenance, repairs, alterations, improvements or additions as the Authority will direct or deem necessary for the maintenance, repair, safety, protection, preservation, or improvement of the Exclusive Premises, or as the Authority may be required to do by any governmental department or agency, or by the order or decree of any court or by any other proper authority. Any and all costs and expenses of such repairs, alterations, improvements or additions made by the Authority hereunder will include a fifteen percent (15%) administrative fee and will be due and payable by Concessionaire to the Authority within fifteen (15) Days following the Authority's invoice therefore. If not paid within such fifteen (15) Day period, such costs and expenses will bear interest at the default Rate until paid.

C. Operating Agreement. No later than one (1) year prior to the Commencement Date, Concessionaire and each of the other Concessionaires will create and enter into an operating agreement (the "Operating Agreement") establishing a consortium of the Concessionaires (the "RAC Consortium") which provides, among other things, for (i) the maintenance and repair of the Common Concessionaire Areas; (ii) the operation, maintenance, repair, and replacement of the QTA pursuant to, and in accordance

with, the terms and provisions of this Contract then (or to be) in effect; (iii) the hiring of a CONRAC Facility Manager, reasonably acceptable to the Authority; (iv) disbursement mechanisms among the Concessionaires for reimbursements received by the Authority; and (v) the allocation and assumption of liability for sums due and payable by Concessionaire hereunder and sums due and payable by the other Concessionaires then (or that will be) operating and occupying a portion or portions of the CONRAC from time to time.

D. The Operating Agreement shall be acceptable to the Authority in form and substance, shall remain in full force and effect, and shall not dissolve or be terminated during the Term without providing for a replacement Operating Agreement consistent with the provisions of this section.

The Operating Agreement shall provide for execution of additional agreements or other operative documents to provide for the parties' rights and obligations relating to Concessionaire and the CONRAC. The Operating Agreement shall provide for the circumstance when a new Concessionaire replaces an existing Concessionaire. Further, the Operating Agreement shall provide for the circumstance when, following a termination of a contract due to default by a Concessionaire thereunder, the Authority either replaces the Concessionaire with a new Concessionaire by entering into a new contract or, until replacement, permits the terminated concessionaire's spaces and areas to be re-allocated among the remaining Concessionaires in the manner described herein.

The Operating Agreement shall also provide for the circumstance where the Authority, at its sole option, may require the addition of another concessionaire to the RAC Consortium from time to time. Once a concessionaire's contract is terminated, Authority shall not permit it to occupy any portion of the CONRAC. The Operating Agreement will include provisions providing that responsibility for all Operating Expenses, any costs arising from compliance with Section 7.7, and any other expenses which relate to the CONRAC will be payable by the Concessionaires which operate concessions at the CONRAC; provided, however, that such provisions must provide that in the event of non-payment of any such amounts when due by any such concessionaire, such amount shall at all times be the obligation of the Concessionaires and not the Authority. Without the Authority's consent, the Operating Agreement may not provide for any cross-default between the Operating Agreement and any other agreement between Concessionaire and other concessionaires; permit a termination of the Operating Agreement, except as expressly provided in the Operating Agreement; collect Revenues more than one (1) month in advance (except for the initial investment in the Operating Agreement); evict any Concessionaire under the Operating Agreement; waive, cancel, release, modify, excuse, discount, set off, compromise, or discharge the Concessionaire under the Operating Agreement from any obligations under the Operating Agreement; amend or extend the Operating Agreement; or enter into any collateral agreement with the other concessionaires relating to the Exclusive Premises which is not included in the Operating Agreement.

E. The Operating Agreement shall acknowledge this Agreement, be consistent with this Agreement, and require Concessionaire and other Concessionaires to comply with the terms of this Agreement or such other Concessionaires' Agreement. The Operating Agreement shall require the other Concessionaires to give notice to the Authority of any default by any concessionaire thereunder and provide the Authority with the option to elect to cure any such default within a period commensurate with any cure period given to Concessionaire under the Operating Agreement. In addition to the foregoing, the Operating Agreement shall be expressly subordinated to this Agreement.

F. The RAC Consortium shall promptly notify the Authority of any non-payment (to the extent that the RAC Consortium has actual knowledge of any such non-payment of such financial obligation) or other default by a Concessionaire under the Operating Agreement or of any notice of default received by the RAC Consortium under the Operating Agreement.

G. Concessionaire will be solely responsible for the ongoing illumination of the CONRAC, which will comply with all FAA and Authority requirements. Any signs installed by Concessionaire on the Exclusive Premises will be limited to the purpose of identifying Concessionaire (including, without limitation, trade names, trademarks, logos, and brand names), and not for any third party advertising. The number, general type, size, design, and location of such signs, and any modifications or replacements thereof, will be subject to the prior written approval of the Authority in each instance, which approval will not be unreasonably withheld or delayed so long as such signage complies with applicable laws and applicable Airport signage standards, and is otherwise consistent with the appearance and architectural integrity of the CONRAC. Signage will be approved separately or as part of the Concessionaire improvement plans. No exterior or roof signs are permitted other than as identified in the initial design. All signage will comply with such design standards and future terminal development guidelines as the Authority will have in effect from time to time or thereafter approved by the Authority.

# 7.8 Obstructions/Interference

Unless approved in writing in advance by Authority, which approval is in Authority's sole discretion, Concessionaire will not keep or display anything on or within, or otherwise obstruct, any part of the CONRAC outside of the Exclusive Premises. Concessionaire will keep all service corridors, hallways, stairways, and doorways leading to and from the Exclusive Premises free and clear of all obstructions.

Concessionaire will not interfere or permit interference with the use, operation, or maintenance of Airport, including but not limited to, the effectiveness or accessibility of the drainage, sewerage, water, communications, fire protection, utility, electrical, or other systems installed or located from time to time at Airport.

# 7.9 Quality of Work

Concessionaire will be solely responsible for the quality of all work performed by Concessionaire, its employees and/or its subcontractors under this Agreement. All services furnished by Concessionaire, its employees and/or its subcontractors must be performed in accordance with best management practices and professional judgment, in a timely manner, and must be fit and suitable for the purposes intended by Authority. Concessionaire's services and deliverables must conform with all applicable laws, regulations, and ordinances.

## 7.10 Rules and Regulations

The occupancy and use by Concessionaire of the CONRAC and the rights herein conferred upon Concessionaire will be subject to Authority Rules and Regulations and Operating Directives as are now or may hereafter be prescribed by Authority. Additionally, Concessionaire will ensure that all personnel engaged in the performance of the Concession will comply with Authority Rules and Regulations and Operating Directives.

#### 7.11 Condition

Concessionaire will ensure that the Concession is maintained and operated in a manner that the Exclusive Premises are kept in a safe, clean, orderly and inviting condition at all times in a manner satisfactory to Authority. To comply with these requirements, Concessionaire must regularly review or cause to be reviewed the Exclusive Premises and Concessionaire's operations at the Airport.

Concessionaire agrees to employ sufficient personnel and provide necessary equipment to keep the Exclusive Premises, and all furniture, furnishings, fixtures and equipment thereon, clean, neat, safe, sanitary and in good working order and condition at all times pursuant to the maintenance requirements of this Agreement.

## 7.12 Janitorial/Pest Control

Concessionaire will, at its own cost and expense, provide all janitorial services for the Exclusive Premises. Concessionaire, at its cost and expense, is responsible for pest control within the Exclusive Premises. Concessionaire will contract with a professional pest control service to provide pest control services on a regular basis and at any other times as needed. Concessionaire will coordinate its pest control service with third parties as directed by Authority. Upon request, Concessionaire must furnish Authority a copy of its pest control contract and monthly service reports.

#### 7.13 Preventative Maintenance

No less than thirty (30) Days prior to the Commencement Date, Authority and Concessionaire will finalize a preventive and routine cleaning and maintenance program for the Exclusive Premises. The provisions of the program will be subject to the initial written approval of and periodic review by Authority. Upon request by Authority, Concessionaire will be required to update and/or adjust Concessionaire's cleaning and maintenance program.

Authority will be the sole judge of the quality of Concessionaire's maintenance of the Exclusive Premises. Authority or its representative may at any time, without notice, enter the Exclusive Premises to determine if maintenance satisfactory to Authority is being performed. Performance by Concessionaire of maintenance pursuant to a written maintenance plan previously approved by Authority will be conclusive evidence of satisfactory maintenance unless Authority determines that there is a present and substantial danger or safety hazard within the Exclusive Premises. If Authority determines that maintenance is not satisfactory, Authority will notify Concessionaire in writing. Concessionaire will perform the required maintenance, to Authority's satisfaction, within fifteen (15) Days after receipt of written notice or Authority or its representative will have the right to enter upon the Exclusive Premises and perform the maintenance. Concessionaire agrees to promptly reimburse Authority for the cost thereof, plus an administrative fee of fifteen percent (15%) of such costs.

# 7.14 Customer Service Program

If Authority establishes a customer service training program for the employees of concessionaires at the Airport, Authority, after first giving reasonable notice to Concessionaire, will require all Concessionaire's customer facing employees to complete the training program or incorporate the Authority's initiative into Concessionaire's program. Concessionaire will comply as follows:

- 1. Concessionaire's public facing employees as of the date of implementation of the Authority's customer service training program must complete the training within six (6) months of the date of notice from the Authority.
- Concessionaire's public facing employees hired after the date of implementation of the Authority's customer service training program must complete the training within one (1) month of being employed.

If established, the Authority customer service training program will be conducted at the Airport, and will be evidenced by a Certificate of Completion issued to each employee upon successful completion. The Authority customer service training program will be offered at no cost to Concessionaire; however Concessionaire will be responsible for employees' wages, benefits and other employment costs incurred as a result of the training. Notwithstanding the above, in the event Concessionaire has its own employee training program, in lieu of employees attending the Authority's program, Concessionaire may agree to disseminate and include any and all of the Authority's initiatives into their own training program.

# 7.15 Vending

Unless approved in writing in advance by Authority, which approval is at Authority's sole discretion, Concessionaire will not install or permit to be installed vending machines on the Exclusive Premises. Authority reserves the right to install and maintain, through independent contractors, vending machines at the Airport, including in Common Concessionaire Areas and Common Public Areas.

# 7.16 Liquidated Damages

Concessionaire hereby reaffirms its obligation to abide by the provisions of this Agreement and agrees that failure to do so damages Authority. Authority may, in addition to any other remedies provided for herein, impose liquidated damages as set forth in Attachment A upon Concessionaire if the specified requirements are not being met. The parties agree that it is the intent of these provisions to ensure the provision of high quality service, consistent hours of operation, and use of Premises. While the liquidated damages are an enforcement mechanism that the Authority may use, it is not the intent of these provisions to be unduly punitive. Except where deficiencies create a threat to public safety the Authority agrees to implement a system of warnings and allowing for circumstances beyond Concessionaire's control (not including third party contractors working for Concessionaire) provided that good contingency planning procedures are implemented. However, in the event of repeated deficiencies of a similar nature, the Authority has the right to forgo further warnings and implement the liquidated damages upon the occurrence of violations.

## 7.17 Authority Inspection of the Parking Structure

At least annually during the Term, the Authority shall inspect the CONRAC and Exclusive Premises, to determine if such facilities are in working order. The Authority shall forward a report to Concessionaire which determines whether such facilities are in acceptable working order and in good repair, reasonable wear and tear excepted. Those facilities requiring repair shall be undertaken by Concessionaire or Facility Manager, as appropriate, within a thirty (30) calendar day period from the date of receipt of notification by the Authority. A follow-up inspection to ascertain such repair or refurbishment shall be conducted by

the Authority within sixty (60) calendar days following notification to Concessionaire by the Authority. Unless in the case of an emergency the Authority will provide seven (7) Days notice for this inspection.

# 7.18 Administration of the Agreement

In order to assure the effective administration and enforcement of the terms and conditions of the Agreement, the Authority may elect to appoint a party responsible for the on-site administration and enforcement of the terms and conditions of this Agreement in all areas, provided, however, that such individual does not have the authority to issue orders or instructions to Concessionaire which would change any of the terms or conditions of this Agreement.

# 7.19 Authority's Right to Repair or Alter Facilities

# 7.19.1 Repairs and Alteration of Facilities

Notwithstanding any other provision contained in this Agreement, the Authority, or its designated agent, shall have the absolute right to maintain and to make any repairs, alterations and additions to the CONRAC and Exclusive Premises, as well as the right to enter the CONRAC and Exclusive Premises for the purpose of doing so, free from any and all liability to Concessionaire for any loss of business or damages sustained by Concessionaire as a result of the Authority's making any such repairs, alterations or additions. If the Authority negligently or intentionally damages Concessionaire's Exclusive Premises while making any repairs, alterations and additions, the Authority shall repair or compensate Concessionaire for such damage, provided that immediate documentation of such damage and its cause is provided to the. The Authority shall provide advance notice to Concessionaire or Facility Manager as appropriate of such repairs, alterations, and additions.

## 7.19.2 Construction Disruption

The Authority shall have no responsibility for disruptions of Concessionaire's operations or temporary interruptions of Concessionaire's use of any part of the CONRAC and Exclusive Premises due to construction, repair, or alteration activities by the Authority or the Authority's Contractors.

# 8. ENVIRONMENTAL REGULATIONS

## 8.1 Environmental Regulations

Concessionaire shall comply with all provisions of Authority, Airport, local, state, and federal environmental orders, regulations and statutes applicable to Concessionaire's operations. Prior to occupancy, the Authority will provide a Phase 1 environmental report that includes the CONRAC premises.

## 8.2 Response

Concessionaire shall promptly respond to and clean up any release or threatened release of any Hazardous Material into the drainage systems, soils, groundwater, waters, or atmosphere caused by Concessionaire, in a safe manner, in accordance with applicable federal, State, and local statutes, ordinances, and regulations, and as authorized or approved by all federal, State, or local agencies having authority to regulate the permitting, handling, and cleanup of Hazardous Materials. Any Hazardous

Materials shall be handled, stored, transported, and disposed of in accordance with all applicable federal, State, and local statutes, ordinances, and regulations.

# 8.3 Additional Hazardous Materials

Except for automobile washing soaps, window washing fluids, and fuel and oil products necessary to its operation of the Concession which can be safely stored and used on the Operating Area, Concessionaire shall not store, use, or dispose of on the Operating Area, any Hazardous Materials which are explosive, toxic or otherwise hazardous unless Concessionaire has first received the written authorization of the Authority and Concessionaire complies with any conditions as the Authority may impose, including the submission to the Authority of all Material Safety Data Sheets (MSDS) for the chemicals stored on the Operating Area. The Authority shall be responsible for all hazardous materials existing on the Operating Area prior to commencement of the Agreement, as well as for any hazardous materials that migrate onto the Operating Area from adjacent areas not related to the activities of Concessionaire, or other concessionaires.

# 8.4 Hazardous Machinery

No machinery or apparatus shall be used or operated on the Operating Area that will injure or damage the Operating Area or the areas adjacent to the Operating Area.

## 9. UNDERGROUND STORAGE TANKS

#### 9.1 Installation

There are a total of four (4) Underground Storage Tanks ("USTs") and connecting piping to the QTA. No other tanks shall be installed except with the explicit written approval of the Authority and subject to any conditions the Authority sets.

## 9.2 Operation and Maintenance

Concessionaire, in cooperation with the other rental car concessionaires, shall be responsible for the operation of the Common Fuel System and Common Fluid System. The coordination and operation of the USTs shall be subject to the overview of the Authority and a third party facility manager with all costs for operation, maintenance, repair, licensing, permiting, and replacement the responsibility of Concessionaire and other rental car concessionaires.

## 9.3 Leak Detection

The Authority shall be responsible for coordinating the regularly monitoring and inspecting the USTs and for performing leak detection tests thereon in accordance with federal and state law. All costs for this activity are the responsibility of the concessionaires based on Market Share Percentage. The Authority shall be notified immediately of any leaks or releases discovered at any time by Concessionaire.

# 9.4 Insurance

Concessionaire, together with the other rental car concessionaires, shall be responsible for requiring suppliers of gasoline for all rental car concessions to carry adequate insurance for their fuel supplying services to the heretofore identified USTs. Concessionaire, in conjunction with other

concessionaires under similar agreements, shall furnish to the Authority a certificate or certificates of insurance in the form satisfactory to the Authority demonstrating that suppliers of gasoline are insured to the satisfaction of the Authority.

### 9.5 Remediation of Gasoline and Waste Oil Releases by Concessionaire

In the event of any release of gasoline, waste oil or other petroleum product to the environment from a UST caused by Concessionaire or its employees, contractors or agents, but not due to a defect in the design or installation of the UST, Concessionaire shall be responsible for the initial abatement, site characterization and corrective action in accordance with the requirements of all applicable federal and state law. All reports and proposals shall be submitted to the Authority simultaneously with submission to the federal and state officials. Concessionaire shall continue remediation for as long as required by applicable federal or state law and shall remain liable for any future expenses from incomplete remediation of the release which may later be discovered. Concessionaire shall be responsible for proper management and disposal of removed contaminated soils pursuant to all applicable federal, State or local laws or regulations. Without prior approval contaminated soils not be disposed directly to a landfill. Concessionaire shall work with the Authority to minimize the disruption caused by the remediation activities. If the response to a release is not undertaken and completed by Concessionaire in a timely manner, the Authority reserves the right to undertake the response itself and Concessionaire shall be responsible for all the Authority's expenses incurred in connection with the response to the release of petroleum product plus an overhead fee of fifteen (15) percent.

# 10. STORMWATER AND INDUSTRIAL WASTEWATER

# 10.1 Stormwater Conveyance

Concessionaire is authorized to discharge stormwater into the Authority-owned stormwater discharge conveyance or storage system ("System") Concessionaire's discharge shall be limited to stormwater discharged pursuant the Authority's stormwater permit, if any, and shall comply with this Agreement, all terms of any stormwater permit issued by the Ohio EPA to the Authority, all applicable terms of any stormwater pollution control plans ("Plans"), if any, the terms of any other applicable agreements between Concessionaire and the Authority and any applicable rules governing stormwater adopted by the Authority in response to changes of law or stormwater permit terms.

### 10.2 Discharge and Treatment of Industrial Waste Water

Concessionaire shall not, and shall also ensure that its employees, agents, Concessionaires, and invitees do not, discharge any industrial wastewater into any portion of the System Concessionaire shall be responsible for making Concessionaire's own arrangements to discharge into the municipal sanitary sewer system. The Authority shall have the right to review and approve or disapprove any industrial wastewater discharge treatment system of any kind to be installed or utilized upon the Operating Area, and the right to decide whether or not to allow or condition the installation or utilization of such an industrial waste water discharge treatment system on the Operating Area shall be within the sole discretion of the Authority. Without limiting the generality of the obligations of Concessionaire set forth in this Section, Concessionaire shall permit and treat all industrial waste water generated by Concessionaire's operations to comply with all Environmental Laws and shall obtain the required permit(s)

needed to allow Concessionaire to recycle, discharge, or otherwise dispose of all industrial waste water into a sanitary sewer facility on the Operating Area.

# 10.3 Environmental Inspection

The Authority reserves the right, at any time, and from time to time, after notice to Concessionaire, to inspect the Operating Area and Concessionaire's operations on and use of the Operating Area (i) for the presence of and/or Concessionaire's management of Hazardous Substances, (ii) for compliance with Environmental Laws or the environmental provisions of this Agreement, and (iii) to facilitate the Authority's environmental management, permitting and analysis related to the Operating Area or any other property of the Authority.

## 11. <u>ENVIRONMENTAL REMEDIATION</u>

#### 11.1 Releases and Violations

In the event of a violation of an Environmental Law, a violation of an environmental provision of this Agreement, a Hazardous Substance Release, or the threat or reasonable suspicion of the same, for which Concessionaire is responsible under this Agreement, Concessionaire shall immediately undertake all acts necessary or appropriate to cure or correct the violation or investigate, contain and stop the Hazardous Substance Release Concessionaire shall promptly undertake all remedial and/or removal actions necessary or appropriate to ensure that any Hazardous Substance Release is eliminated and that any violation of any Environmental Law or environmental provision of this Agreement is cured or corrected. Concessionaire shall remove, at Concessionaire's sole expense, all Hazardous Substances for which Concessionaire is liable under this Agreement or under any Environmental Law, and shall restore the Operating Area or other affected property or water to, as nearly as possible, its natural condition. In the event that any remediation or removal required by this Agreement cannot reasonably be completed prior to the termination or expiration of this Agreement Concessionaire shall not be in default of its remediation obligations so long as Concessionaire immediately commences all investigation, containment, remediation and removal activities within thirty (30) days, or sooner if, required by Environmental Laws, and diligently and continuously pursues such activities until completion. Within thirty (30) days following completion of any investigatory, containment, remediation and/or removal action required by this Agreement, Concessionaire shall provide the Authority with a written report outlining in detail what has been done and the results thereof.

### 11.2 The Authority's Right to Approve

The Authority shall have the right to approve or disapprove all investigatory, containment, remediation and removal procedures and the companies and/or individuals conducting such procedures which are required by this Agreement or by any Environmental Laws, whether on the Operating Area or any affected property or water. Concessionaire shall not initiate any risk assessment based remediation or closure without the prior written consent of the Authority, which consent may be withheld or conditioned in the Authority's sole discretion. The Authority will have the right to require Concessionaire. to request oversight from the OEPA of any investigatory, containment, remediation and removal activities and/or require Concessionaire to seek a statement from OEPA of No Further Action. Concessionaire shall promptly notify the Authority upon becoming aware of (i) a violation or alleged violation of any

Environmental Law related to the Operating Area or to Concessionaire's occupation or use of the Operating Area or any environmental provision of this Agreement, (ii) any Hazardous Substance Release on, under or adjacent to the Operating Area, or threat of or reasonable suspicion of any of the same, (iii) any notice or communication from a governmental agency or any other person directed to Concessionaire relating to any Hazardous Substance Release or any violation or alleged violation of any Environmental Laws which relate to the Operating Area or to Concessionaire's occupation or use of the Operating Area, and (iv) any Hazardous Substance Release or violation of Environmental Law discovered by Concessionaire on property or in the air or water adjacent to the Operating Area.

### 11.3 Environmental Record Keeping

Concessionaire, or third party manager, shall maintain, for the duration of the Agreement for periodic inspection by the Authority, and deliver to the Authority at the Authority's request, true and correct copies of all records required to be maintained pursuant to any Environmental Laws related to the Operating Area or to Concessionaire's occupation or use of the Operating Area. Such records shall include, but not be limited to, Material Safety Data Sheets ("MSDS"), for all Hazardous Substances used or stored on the Operating Area MSDS information shall be kept current and in a place known to and accessible to the Authority.

## 11.4 The Authority's Right to Perform

In the event Concessionaire fails to perform any of its obligations under this section or any Environmental Laws, the Authority shall have the right, upon giving Concessionaire ten (10) business days written notice, except no prior notice shall be required in the event of an emergency, to perform such obligations and charge Concessionaire all resulting costs associated with performing Concessionaire's obligations ("Environmental Costs"). The Authority may not commence performance on behalf of Concessionaire under this section if during the ten (10) business day period, Concessionaire promptly begins and diligently pursues to completion the performance of the obligations set forth in the Authority' notice. In the event the Authority determines that an emergency exists and Concessionaire is unavailable, unwilling or unable to take immediate and appropriate action, the Authority may take whatever immediate action it deems necessary and charge Concessionaire the resulting Environmental Costs.

# 12. <u>DEFAULTS BY CONCESSIONAIRE</u>

## 12.1 Types of Default

Concessionaire shall be in Default under this Agreement if, after ten (10) calendar days written notice or whatever notice is specifically provided for elsewhere in this Agreement, whichever is greater, Concessionaire fails to remedy or commence remediation if the remedy cannot reasonably be completed within ten (10) calendar days, any of the following occurrences:

- 1. Concessionaire's failure to comply with a material provision of this Agreement, including but not limited to a failure to pay any fee or other amount due under this Agreement within ten (10) calendar days after it is due, or any different period expressly provided by this Agreement or by applicable law.
- 2. To the extent permitted by the United States Bankruptcy Code,

- a. Concessionaire's insolvency,
- b. An assignment by Concessionaire for the benefit of creditors,
- c. Concessionaire's filing of a voluntary petition in bankruptcy,
- d. An adjudication that Concessionaire is bankrupt,
- e. The appointment of a receiver with respect to Concessionaire's property, and the receiver is not discharged within thirty (30) calendar days,
- f. The filing of an involuntary petition of bankruptcy and Concessionaire's failure to secure a dismissal of the petition within thirty (30) calendar days after filing;
- g. Attachment of or the levying of execution on any interest in this Agreement and Concessionaire's failure to secure discharge of the attachment or release of the levy of execution within ten (10) calendar days,
- h. Concessionaire becomes a corporation in dissolution or voluntarily or involuntarily forfeits its corporate charter.
- 3. Concessionaire's failure to comply with all applicable federal, state, and local laws and rules, including but not limited to Authority ordinances and reasonable rules established by the Authority for more than thirty (30) calendar days after Concessionaire's receipt of written notice of the failure, or a reasonable longer period if Concessionaire promptly undertakes and works diligently toward effecting a cure of the breach.
- 4. Concessionaire's failure to timely commence operating a rental car concession in Concessionaire's Operating Area.
- 5. Concessionaire's abandonment of rental car concession operations in all or any part of Concessionaire's Operating Area.
- 6. Concessionaire's default under its Service Facility lease with the Authority.

#### 12.2 Notice of Termination

This Agreement is subject to the limitation that, if a Default occurs, the Authority may give to Concessionaire a Notice of Termination of this Agreement. The Notice shall specify the termination date and the reason for the Notice. The termination date may occur no sooner than seven (7) calendar days from the date of service of the Notice. Termination cannot occur unless a Notice of Termination has been served upon Concessionaire relating specifically to the Default for which the Agreement is being terminated. Provided, however, that in the event the Default involves a failure to perform obligations and the same or similar failure occurs more than three (3) times in any twelve-month period, after a reasonable opportunity to cure in each case, the Authority shall not be required during the remaining term of the Agreement to provide any notice and opportunity to cure prior to issuing a Notice of Termination. At the termination date, the term of this Agreement shall expire and all of the rights and interests of Concessionaire under this Agreement shall end. Concessionaire shall then surrender

Concessionaire's Operating Area to the Authority. Concessionaire's liability under all of the provisions of this Agreement shall continue as though the termination had not occurred, however:

### 12.3 Termination Due to Concessionaire's Default

## 12.3.1 Re-entry

If this Agreement is terminated because of a Default, the Authority or its agents or employees may immediately, or at any time thereafter, re-enter Concessionaire's assigned Operating Area and remove Concessionaire, Concessionaire's agents, subcontractors, invitees and property from Concessionaire's Operating Area. Re-entry and removal may be affected by summary dispossess proceedings, by any suitable action or proceeding at law, by force, or otherwise. The Authority shall be entitled to the benefits of all provisions of law respecting speedy recovery of Concessionaire's assigned Operating Area held over by Concessionaire or the proceedings in forcible entry and detainer Concessionaire waives any right to the service of any notice of the Authority's intention to re-enter provided for by any present of future law. The Authority shall not be liable in any way in connection with any action it takes pursuant to this paragraph. Concessionaire's liability shall survive the Authority's reentry, the institution of summary proceedings, and the issuance of any warrants with respect thereto.

#### 12.3.2 Liability

If this Agreement is terminated because of Default of Concessionaire, Concessionaire shall remain liable, in addition to accrued liabilities, to the extent legally permissible for the amounts that Concessionaire would have been required to pay to the Authority under this Agreement had the Agreement not been terminated, including Land Use Fee, Minimum Annual Guarantee, and its CFC Deficiency Payments and Obligation Payments. Concessionaire shall pay as damages, the difference between amounts obtained by adding the amounts owed to the Authority plus the Authority's expense in reentering or repossessing Concessionaire's Operating Area, putting said operating area in proper repair, altering said operating area for a new concessionaire, protecting said operating area, contracting expenses to obtain a new concessionaire, minus the revenue to be paid to the Authority by a new concessionaire occupying said operating area for the remaining Agreement period. In addition, Concessionaire shall pay to the Authority such sums as the court which has Jurisdiction there over may adjudge as reasonable attorney's fees with respect to any successful lawsuit or action instituted by the Authority to enforce the provisions of this Agreement.

# 12.4 Right of Authority to Enter New Concession Agreement

The Authority may enter into a new concession agreement with another Concessionaire that will occupy the assigned portion of the Operating Area for all or any part of the unexpired portion of the term of this Agreement or for any longer period. The Authority has the sole and absolute discretion with respect to the selection of a new Concessionaire and the use of the assigned portion of the Operating Area. The Authority shall be under no obligation to enter into or attempt to enter into a new contract for the assigned portion of the Operating Area.

#### 12.5 Cure by Authority

If Concessionaire is in Default under this Agreement, the Authority may cure the Default at any time through any action deemed appropriate by the Authority for the account and at the expense of Concessionaire. Concessionaire shall reimburse the Authority for any amounts expended by the Authority in connection with the cure. Such cure shall not constitute a waiver of the Authority's rights with respect to that or any other Default, unless otherwise expressly stated in writing by the Authority.

## 12.6 Authority's Rights and Remedies

The Authority s rights and remedies set forth herein shall be in addition to any other right and remedy now and hereafter provided by law. All rights and remedies shall be cumulative and not exclusive of each other. No delay by the Authority in exercising a right or remedy shall constitute a waiver or acquiescence to the Default. No waiver of a Default shall be effective unless it is in writing. No waiver of a Default shall extend or affect any other Default or impair any right or remedy with respect thereto.

### 12.6.1 Damages

The Authority shall not be liable for any damage, including, but not limited to, loss of profit, and Concessionaire shall not make a claim of any kind whatsoever against the Authority, its agents or representatives, by reason of any action taken pursuant to this Section 16.

#### 12.6.2 Repeat Default

Notwithstanding the foregoing, in the event that the Concessionaire has defaulted three (3) times within one (1) Agreement Year in the performance of or breached any of the terms, covenants and conditions required of this Agreement, as determined solely by the Authority, and regardless of whether the Concessionaire has cured each individual condition of breach or default, the Concessionaire may be determined by the Authority to be an "repeat violator." At the time that such determination is made, the Authority will issue to the Concessionaire a written notice advising of such determination and citing the circumstances therefore. Such notice will also advise Concessionaire that there will be no further notice or grace periods to correct any subsequent breaches or defaults and that any subsequent breaches or defaults of whatever nature, taken with all previous breaches and defaults, will be considered cumulative and collectively, will constitute a condition of non-curable default and grounds for immediate termination of this Agreement. In the event of any such subsequent breach or default, the Authority may terminate this Agreement upon the giving of written notice of termination to the Concessionaire, such termination to be effective upon delivery of the notice to the Concessionaire.

## 12.6.3 Bond Validation

Prior to the initial issuance of Bonds to be secured by CFC's and Concessionaire's under this Agreement (including but not limited to the CFC's), the Airport shall initiate a bond validation suit pursuant to Ohio Revised Code Section 133.70 (or successor provisions, as applicable) seeking validation of such Bonds pursuant to that Section. In the event that (i) the Court of Common Pleas of Franklin County, Ohio issues a final judgment holding that the CFC's may not be lawfully used to pay the costs of, or to secure the Bonds the proceeds of which will be used to pay the costs of, the CONRAC, and (ii) all rights to appeal

such judgment have been exhausted, defeated or waived, either party to this Agreement shall have the right, upon thirty (30) days' prior written notice, to terminate this Agreement.

# 12.7 Bankruptcy Code

To the extent that the Authority's right to terminate this Agreement is determined to be unenforceable under the Bankruptcy Code of 1978, as amended from time to time ("Code"), or under any other statute, then Concessionaire and any trustee who may be appointed agree, to the extent legally possible (i) to perform promptly every obligation of Concessionaire under this Agreement until this Agreement is either rejected, assumed or deemed rejected under the Code, (ii) to pay on a current basis, as set forth herein, all payments under the Agreement, (iii) to reject or assume this Agreement within sixty (60) days of a filing of a petition under the Code, (iv) to give the Authority at least forty-five (45) days prior written notice of any proceeding relating to assumption of this Agreement, (v) to cure or provide adequate assurance of a prompt cure of any default of Concessionaire under this Agreement, (vi) to provide to Authority adequate assurance of future performance under the Agreement.

# 12.8 Surrender of Occupancy

#### 12.8.1 Surrender

When this Agreement expires, or is terminated in whole or in part as provided for elsewhere in this Agreement, Concessionaire shall surrender its Exclusive Premises in a state of good repair, with the exception of reasonable wear and tear and damage by loss or casualty not covered by insurance which Concessionaire is required to maintain pursuant to this Agreement and not otherwise attributable to Concessionaire's fault or negligence. The Authority may elect to perform this obligation on behalf of Concessionaire, Concessionaire shall be responsible for all the Authority's expenses incurred in connection with removing Concessionaire's Operating Area and Fixed Improvements.

#### 12.8.2 Abandonment

Concessionaire shall be deemed to have abandoned to the Authority any property which it has failed to remove from Operating Area within fifteen (15) calendar days after the end of the Operating Period of the Agreement or the effective date of termination thereof, unless the Authority grants additional time for this purpose in writing. After the expiration of the fifteen (15) day period, or any extension thereof granted by the Authority, the Authority shall have the right to remove the property and restore the area to a satisfactory condition and hold Concessionaire liable for all costs incident thereto. In the event it is necessary for the Authority to remove such property, the Authority shall not sustain or be charged with any liability by reason of the removal or custodial care of the same.

## 13. <u>DEFAULT BY THE AUTHORITY</u>

## 13.1 Events of Default by Authority

The Authority shall be in default under this Agreement if, after reasonable written notice from Concessionaire, the Authority fails without excuse to remedy any of the following occurrences:

The permanent abandonment of the Airport for scheduled certificated airlines service,

- The issuance by any court of competent jurisdiction of any injunction preventing or restraining the use of the Airport for sixty (60) calendar days or more in a manner that substantially prevents Concessionaire from conducting the operations authorized by this Agreement,
- 3. The exercise by an agency of the United States Government for ninety (90) calendar days or more of control over the Airport and its facilities in a manner that substantially prevents Concessionaire from conducting the operations authorized by this Agreement,
- 4. The Authority's failure to substantially comply with a material provision of this Agreement for more than sixty (60) calendar days after written notice of the failure from Concessionaire.

## 13.2 Remedies for Authority's Default

In addition to any other remedies Concessionaire may have at law or in equity, if the Authority is in default under this Agreement, Concessionaire may terminate this Agreement by written notice to the Authority. The Authority shall not be deemed in default if the Authority has initiated appropriate remedial action prior to the notice of termination and diligently pursues that remedial action to completion. In no event shall Concessionaire be entitled to recover lost profits or consequential damages from the Authority for a default under this Agreement.

### 14. INDEMNIFICATION, INSURANCE AND FINANCIAL SECURITY

#### 14.1 Indemnification

## 14.1.1 General

Concessionaire will defend, indemnify, and hold harmless the Authority and its Board of Directors, officers, employees, public officials, and agents, against, any and all demands, claims, causes of action, fines, penalties, damages, losses, liabilities, judgments, and expenses for bodily injury, death, damage to property, and any other personal injury (in the aggregate as "Losses or Claims")(including, without limitation, reasonable attorneys' fees and court costs) incurred in connection with or arising from: (1) the use or occupancy of the CONRAC by Concessionaire, or its employees, agents or contractors; (2) any activity, work, or thing done, or permitted or suffered on or about the CONRAC by Concessionaire, or its employees, agents or contractors; (3) any acts, omissions, or negligence of Concessionaire, or its employees, agents or contractors; (4) any breach, violation, or nonperformance by Concessionaire of any term, covenant, or provision of this Agreement or any law, ordinance, or governmental requirement of any kind; or, (5) any injury or damage to the person, property, or business of Concessionaire, or its employees, agents or contractors. This indemnity shall not apply to Losses or Claims of whatsoever nature arising out of the negligence or willful misconduct of Authority or the Airport, or their Board of Directors, officers, and employees, public officials, contractors, and agents, which willful misconduct or negligence is the cause or alleged cause of said Losses or Claims or loss, injury or damage. If any action or proceeding is brought against Authority, its Board of Directors, officers, employees, public officials, contractors, or agents, by reason of any such claim, Concessionaire, upon notice from Authority will defend the claim at Concessionaire's expense with counsel reasonably satisfactory to Authority.

#### 14.1.2 Indemnification - Violation of Laws

The Concessionaire shall defend, indemnify, and hold the Authority, its Board of Directors, officers, employees, public officials, or agents, completely harmless from and against any claim, suit, demand, action, liability, loss, damage, judgment, fine, or civil penalty and all costs and expenses of whatever kind or nature (including, but not limited to, reasonable attorneys' fees, court costs and expert fees) associated therewith in any way arising from or based upon the violation of any federal, state, or municipal laws, statutes, resolutions, or regulations by the Concessionaire, its agents, employees, subcontractors, or sublessees, in conjunction with the Concessionaire's use and/or occupancy of the CONRAC. The Authority shall give the Concessionaire reasonable notice of and an opportunity to defend against any such claims or actions, and the Authority shall take reasonable actions to mitigate its damages.

#### 14.1.3 Indemnification - Airport Security

If the Authority is deemed to be in noncompliance with laws or regulations governing access to secure areas of the Airport and to the areas of the airfield and said noncompliance is the result of or due to the negligence or willful act or omission of the Concessionaire or of any of the Concessionaire's employees, agents, subcontractors, or sublessees and such breach results in a civil penalty action against the Authority, the Concessionaire agrees to reimburse the Authority for all expenses, including reasonable attorneys' fees incurred by the Authority in defending against the civil penalty action and for any civil penalty or settlement amount paid by the Authority as a result of the civil penalty action. The Authority shall give the Concessionaire reasonable notice of any allegation, investigation, or proposed or actual civil penalty which relates to acts or omissions of the Concessionaire.

#### 14.1.4 Survival of Indemnification

All the indemnification provisions of this Agreement shall survive the expiration, termination, or early cancellation of this Agreement for claims, suits, demands, actions, liabilities, loss, or damage, which occur prior to the expiration or early termination of this Agreement.

#### 14.1.5 Notice from Concessionaire

Notwithstanding the above indemnification, Concessionaire shall give the Authority notice of any matter covered herein and shall forward to the Authority every demand, notice, summons, or other process received in any claim or legal proceeding covered hereby.

#### 14.2 Insurance

# 14.2.1 Required Insurance

Concessionaire shall, at its sole cost and expense, maintain, in force and in effect, throughout the Term of this Agreement, a policy or policies of insurance, with a reputable insurance company authorized to conduct business in the State of Ohio having a rating of A- or higher from A M Best Company or an equivalent rating Insurance shall be provided in the minimum amounts as set forth below.

#### 14.2.1.1 Workers' Compensation

Workers' Compensation Insurance as required by the laws of the State of Ohio.

## 14.2.1.2 Commercial General Liability Insurance

Commercial General Liability Insurance with a Combined Single Limit for bodily injury and property damage of not less than Three Million Dollars (\$3,000,000) per occurrence. Coverage must include Broad Form Contractual, Property Damage, Personal Injury, Operating Areas-Operations, Products- Completed Operations, Independent contractors and Subcontractors, and Fire Legal Liability, and sudden & accidental pollution coverage(unless covered by separate policy). Such policy or policies shall, to the degree reasonably possible, be issued on an occurrence basis, and shall cover the all of the CONRAC and Exclusive Premises, and all activities of Concessionaire in and from the CONRAC and Exclusive Premises or the Airport and all indemnifications made in the Agreement.

# 14.2.1.3 Commercial Automobile Liability Insurance

Commercial Automobile Liability Insurance for bodily injury and property damage with a Combined Single Limit of One Million Dollars (\$1,000,000) for each accident for all automotive equipment owned, operated, leased, hired, or non-owned, covering use, loading and unloading, provided that nothing herein is intended to make Concessionaire's coverage primary over coverage by Concessionaire's customers or to remove liability by Concessionaire's customers pursuant to the rental contract.

# 14.2.1.4 Property Insurance

Property Insurance with "All Risk" coverage at replacement cost for Concessionaire's leased and personal property.

## 14.2.2 Additional Requirements

#### 14.2.2.1 Cancelation

Said policy or policies of insurance shall contain a provision that written notice of cancellation or any material change thereof shall be delivered to the Authority not less than thirty (30) days in advance of the effective date thereof and with the Authority's prior written consent unless equivalent policies are then issued and available.

# 14.2.2.2 Additionally Insured

All policies, except Workers' Compensation and Employer's Liability, shall identify the Columbus Regional Airport Authority as an additional insured for liabilities arising out of the conduct of the Concessionaire by blanket endorsement. Said policy shall cover only claims arising from events addressed in the Agreement.

#### 14.2.2.3 Minimum Limits

If, in the Authority's opinion, the minimum limits of the insurance herein required have become inadequate during the period of the Agreement, Concessionaire agrees that it will increase such minimum

limits by reasonable amounts on request of the Authority provided that said coverage is available at commercially reasonable rates.

#### 14.2.2.4 Proof

Concessionaire shall deliver each certificate of required coverage to the Authority for approval.

# 14.2.2.5 Remedy

In the event that Concessionaire shall at any time fail to provide the insurance required under this Section 14, the Authority may, at its option, purchase such coverage with the cost of such purchase to be reimbursed by the Concessionaire.

#### 14.2.3 Self-Insurance

Notwithstanding anything to the contrary in this Agreement, the Authority will allow the insurance coverage required by this Section to be provided through a self-insurance plan established by Concessionaire, provided that the self-insurance plan may consist of a combination of primary, excess umbrella insurance and a self-insured retention, and the total of insurance and self-insurance protection is no less than the limits stated in this Section. The self-insurance plan must be approved in writing by the Authority prior to becoming effective at the Airport. A Concessionaire requesting the Authority s approval of a self-insurance plan must submit a copy of its self-insurance plan, current financial statements showing the limits of its established self-insurance retention and proof of the primary and excess umbrella insurance. The Authority shall have thirty (30) days to review the proposed self-insurance plan. If the self-insurance plan is approved by the Authority and becomes effective, Concessionaire shall not increase the retention levels stated in the self-insurance plan approved by the Authority without the approval of the Authority.

# 14.3 Financial Security

## 14.3.1 Payment Guarantee

On the Commencement Date, Concessionaire shall provide the Authority with security to guarantee the payment of amounts that may become due under this Agreement whether in the form of Privilege Fee, Garage Space Rent or reimbursements or damages to the Authority ("Payment Guarantee"). The amount of the Payment Guarantee shall be fifty percent (50%) of the Minimum Annual Guarantee. The amount of the Payment Guarantee shall be adjusted accordingly whenever the Minimum Annual Guarantee changes pursuant to this Agreement.

### 14.3.2 Form of Security

The security shall be in the form of a performance bond not to exceed fifty percent (50%) of the required Payment Guarantee. The remaining fifty percent (50%) of the required Payment Guarantee shall be provided in the form of a cash deposit (cash, cashier's check, certificate of deposit, or US Treasury Obligation) or an irrevocable letter of credit drawn on a bank doing banking business in Ohio or within the state of Concessionaire's primary place of business. The security shall be in a form that is consistent with requirements of this Section for draws by the Authority in the event Concessionaire remains delinquent after ten (10) days written notice in paying any amount due under this Agreement.

#### 14.3.3 Authority Draw and Concessionaire Replenishment

The Authority may draw upon the security provided pursuant to this section to satisfy a delinquency under this Agreement that remains uncured after ten (10) calendar days written notice to Concessionaire. If the Authority draws upon the security, Concessionaire shall replenish the security to the original amount within fourteen (14) calendar days after notice of the Authority's draw.

### 14.3.4 Failure of Concessionaire to Provide Security

If Concessionaire fails to provide or maintain the security guarantee in effect at any time during the Term of the Agreement, Concessionaire shall be in default and the Agreement may be terminated consistent with the provisions of Section 12.1(1).

# 15. DAMAGE OR DESTRUCTION OF THE OPERATING AREA

## 15.1 Partial Damage

If all or a portion of the CONRAC or Exclusive Premises are partially damaged by fire, explosion, the elements, public enemy, or other casualty, but not rendered unusable, except for any improvements made by Concessionaire, will be repaired with due diligence by the by the Authority and the abatement of Land Use Fee and Minimum Annual Guarantee shall be proportionate to the impact of the damaged area on the Concessionaire's operations. Costs for the repairs will be allocated based on insurance coverage and available CFCs, provided, however, that if the damage is caused by the act or omission of Concessionaire, its sublessees, agents, or employees, and to the extent that such damage is not covered by insurance, Concessionaire shall be responsible for reimbursing the Authority for the cost and expenses incurred in such repair, including rent abatements.

#### 15.2 Extensive Damage

If the damages referred to in Section 15.1 shall be so extensive as to render a significant portion of the CONRAC or Exclusive Premises unusable, but capable of being repaired within one hundred twenty (120) days, the same shall be repaired with due diligence by the Authority, and the Authority shall abate on proportionate basis the Land Use Fee and Minimum Annual Guarantee from the time of such damage until such time as the CONRAC or Exclusive Premises is fully restored and certified by the Authority's Engineers as ready for occupancy. Costs for the repairs will be allocated based on insurance coverage and available CFCs. Provided, however, that if said damage is caused by the act or omission of Concessionaire, its sublessees, agents, or employees, the applicable rentals and fees shall not abate and to the extent that such damage or destruction is not covered by insurance, Concessionaire shall be responsible for reimbursing the Authority for the cost and expense incurred in such repair, including rent abatements.

### 15.3 Complete Destruction

#### 15.3.1 Generally

In the event the CONRAC or Exclusive Premises are completely destroyed by fire, explosion, the elements, public enemy or other casualty or damaged so that they are unusable and cannot be replaced except after more than one hundred twenty (120) days, the Authority shall undertake the repair, replacement, and reconstruction of the CONRAC or Exclusive Premises, and all of the Land Use Fee and

Minimum Annual Guarantee payable under this Agreement shall abate as of the time of such damage or destruction and shall henceforth cease until such time as said CONRAC or Exclusive Premises are fully restored and certified by the Authority's Engineers as ready for occupancy. Costs for the repairs will be allocated based on insurance coverage and available CFCs. Provided, however, that if said damage is caused by the act or omission of Concessionaire, its sublessees, agents, or employees, the said Land Use Fee and Minimum Annual Guarantee will not abate and to the extent that such damage or destruction is not covered by insurance, Concessionaire shall be responsible for reimbursing the Authority for the costs and expenses incurred in said repair including abated Land Use Fee and Minimum Annual Guarantee of other concessionaires, provided further, if within two (2) months after the time of such damage or destruction the Authority determines said CONRAC or Exclusive Premises shall not have been repaired, or if the parties sooner agree that the CONRAC or Exclusive Premises cannot be made usable within twelve (12) months of the determination, Concessionaire may give the Authority written notice of its intention to cancel this Agreement in its entirety.

### 15.3.2 Act or Omission of Concessionaire

Notwithstanding the foregoing, if Exclusive Premises and/or the Exclusive Premises of other Concessionaires are rendered unusable of completely destroyed as a result of the act or omission of Concessionaire, rentals and fees shall not abate for the Concessionaire at fault and the Authority may, in its discretion, require Concessionaire to repair and reconstruct said Exclusive Premises within twelve (12) months of such destruction and pay the costs therefor, or at its discretion the Authority may repair and reconstruct the Exclusive Premises within twelve (12) months of such destruction and Concessionaire shall be responsible for reimbursing the Authority for the costs and expenses incurred in such repair, including abated Land Use Fees and Minimum Annual Guarantees of other Concessionaires.

## 15.4 Limits of the Authority's Obligations Defined

It is understood that, in the application of all of Section 15, the Authority's obligations shall be limited to repair and reconstruction of the CONRAC and connections with the Terminal Building to substantially the condition prior to the damage, and shall not exceed the amount of insurance proceeds or CFCs available to the Authority for repairs. Notwithstanding any other provision of Section 15, the Authority may decline to make repairs upon determining that demolition and reconstruction is in the Authority's best interest, in which case the Authority may terminate this Agreement by written notice to Concessionaire.

## 15.5 Damage to Concessionaire's Improvements

Concessionaire shall repair at its own expense, whether covered by insurance or not and notwithstanding any waiver of subrogation, any of Concessionaire's improvements that may be damaged during the term of this Agreement. If Concessionaire fails to repair Concessionaire's damaged improvements within a commercially reasonable time, and Concessionaire's damaged improvements interfere with the efficient and effective operation of the CONRAC or the provision of rental car services, the Authority may make the repairs and recover the cost of the repairs from Concessionaire, including the Authority's overhead.

#### 15.6 Limits of Authority Obligations

Redecoration, replacement, and refurbishment of furniture, fixtures, equipment, and supplies will be the responsibility of and paid for by Concessionaire and any public facing replacements will be of equivalent quality to that originally installed hereunder. Authority will not be responsible to Concessionaire for any claims related to loss of use, loss of profits, or loss of business resulting from any partial, extensive, or complete destruction of the CONRAC and Exclusive Premises regardless of the cause of damage.

## 15.7 No Duty to Protect

The Authority shall have no duty to protect or insure against loss of Concessionaire's improvements or property in the CONRAC or Exclusive Premises by fire or otherwise, unless such loss of Concessionaire's improvements or property in the CONRAC or Exclusive Premises is due to the negligent act or omission of the Authority or its agents or employees.

#### 15.8 Restoration

Should any of the CONRAC or related improvements constructed by the be damaged or destroyed, the Authority shall, immediately after such damage or destruction, cause to be prepared plans, specifications, and estimates of the cost for repairing, replacing, or reconstructing the damaged or destroyed property in accordance with Section 15 and consistent with the original design, subject to modifications thereof as may be approved in writing by Concessionaire and the Authority. If any insurance or other proceeds are payable by reason of such damage or destruction, they shall be applied, as promptly as practical, to the repair, replacement or reconstruction of the damaged or destroyed property, in accordance with such plans and specification. To the extent that the damage or destruction is not covered by insurance and is due to the negligent act or omission of Concessionaire, upon completion of repairing, replacing, or reconstruction, the Authority shall submit an invoice for the difference to Concessionaire and Concessionaire shall promptly pay the difference to the Authority.

## 16. GENERAL PROVISIONS

This Agreement is one of multiple on-Airport Rental Car Concession Agreements. It is the intent of the parties that no concessionaire enjoy any rights, profits or other conditions substantially more favorable to such concessionaire than those enjoyed by all other on-airport rental car concessionaires.

## 16.1 Specific Performance of Authority's Rights

The Authority shall have the right to obtain specific performance of any and all covenants or obligations of Concessionaire under this Agreement, and nothing contained in this Agreement shall be construed as or shall have the effect of abridging such right.

### 16.2 Waiver of Performance

The failure of either Party to insist, in any one or more instances, upon a strict performance by the other of any of the provisions, terms, covenants, reservations, conditions, or stipulations contained in this Agreement shall not be considered a waiver or relinquishment thereof, but the same shall continue and remain in full force and effect, and no waiver by either Party of any provision, term, covenant,

reservation, condition, stipulation, breach or default hereunder shall be deemed to have been made in any instance unless expressed in writing and agreed to by the Parties.

# 16.3 Reservation by Authority Regarding Utility Lines and Services

The Authority reserves to itself the right to install, maintain, utilize and repair existing utility and drainage easements over, under or across any portion of the CONRAC, and to run new water, sewer, electrical, telephone, gas, drainage and other lines over, under or through the CONRAC and to grant necessary utility easements therefor, provided, however, that in the exercise of such rights, Concessionaire's use of the CONRAC shall not be unreasonably impaired and any damage to the CONRAC or to the Operating Equipment caused by the Authority as a result thereof shall be repaired without cost to Concessionaire. Such lines and services shall be adequately protected from damage by operations on the outside of the service facilities Operating Area. The Authority shall be obligated to repair and fully restore any damage to the ground, pavement, or other improvements on the service facilities resulting from the laying, installation, repair or maintenance or from subsequent leaks or breaks in the lines or services. The Authority shall endeavor to provide a two week notice to Concessionaire for new utility line and service installations and prior notice, if possible, for all maintenance and repairs conducted by the Authority or its Concessionaires.

## 16.4 Right to Maintain Airport

The Authority reserves the right to further develop, operate, improve, repair and alter all services, areas, facilities, and infrastructure of the Airport including, but not limited to all roadways, parking areas, structured parking facilities, terminal buildings, landing area and taxiways as it may reasonably see fit, and the Authority shall be free from any and all liability to Concessionaire for loss of business or damages of any nature whatsoever to Concessionaire occasioned during or because of making of such changes.

# 16.5 Regulatory Provisions

Concessionaire acknowledges that this Agreement and its rights and obligations under this Agreement are subject to certain regulations, rules, orders, and other requirements now existing or hereafter established by the Federal, State and local laws and regulations.

## 16.5.1 State Industrial Compensation

Concessionaire will comply with the Ohio law known as the Worker's Compensation Act ("Act"), and pay into the State Insurance Fund the necessary premiums required by the Act to cover all employees furnishing the services contemplated by the Lease and under the control of Concessionaire, and relieve Authority from any costs due to accidents or other liabilities mentioned in said Act.

### 16.5.2 Social Security Act

Concessionaire will be and remain an independent contractor with respect to all services performed hereunder and covenants and agrees to accept full and exclusive liability for the payment of any and all contributions or taxes for social security, unemployment insurance, or old age retirement benefits, pensions or annuities now or hereafter imposed under any State or Federal law which are measured by wages, salaries or other remuneration paid to persons employed by Concessionaire on work

performed under the terms of this Agreement. Concessionaire also covenants and agrees to indemnify and save harmless the Authority from any such contributions or taxes or liability therefore.

## 16.5.3 Federal Aviation Administration

In order for this Lease to be unobjectionable to the Federal Aviation Administration, the following clauses are a part of this Lease:

- 1. Concessionaire agrees to furnish service on a fair, equal, and not unjustly discriminatory basis to all users thereof, and to charge fair, reasonable, and no unjustly discriminatory prices for each unit or service; provided, that Concessionaire may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- 2. Concessionaire assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person will on the grounds of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Concessionaire assures that no person will be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Concessionaire assures that it will require that its covered sub organizations provide assurances to the contractor that they similarly will undertake affirmative action programs and that they will require assurances from their sub organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.
- 3. Concessionaire agrees that it will insert the above provisions in any lease by which Concessionaire grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Premises.
- 4. Concessionaire understands and agrees that nothing herein contained will be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public as prohibited by Section 308(a) of the Federal Aviation Act of 1958, as amended, and the Authority reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature.
- 5. Authority reserves for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises and at the Airport. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on the Airport.
- 6. Concessionaire agrees that it will not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, Authority reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of the Concessionaire.
- 7. Concessionaire understands that no right or privilege has been granted which would operate to prevent any person, firm, or corporation operating aircraft on Airport from

performing any services on its own aircraft with its own regular employees (including but not limited to, maintenance and repair) that it may choose to perform.

### 16.5.4 Patriot Act

Each of Authority and Concessionaire, each as to itself, hereby represents its compliance with all applicable anti-money laundering laws, including, without limitation, the USA Patriot Act, and the laws administered by the United States Treasury Department's Office of Foreign Assets Control, including, without limitation, Executive Order 13224 ("Executive Order"). Each of Authority and Concessionaire further represents (i) that it is not, and it is not owned or controlled directly or indirectly by any person or entity, on the SDN List published by the United States Treasury Department's Office of Foreign Assets Control and (ii) that it is not a person otherwise identified by government or legal authority as a person with whom a U.S. Person is prohibited from transacting business. As of the date hereof, a list of such designations and the text of the Executive Order are published under the internet website address www.ustreas.gov/offices/enforcement/ofac.

## 16.5.4 Compliance with Anti-Terrorism, Embargo, Sanctions and Anti-Money Laundering Laws.

Concessionaire represents and warrants that Concessionaire, and to the best of Concessionaire's knowledge, after having made diligent inquiry, (a) each person owning an interest in Lessee, (b) Guarantor, (c) Lessee, or (d) Manager: (i) is not currently identified on OFAC List, and (ii) is not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States.

#### 16.6 Notices

#### 16.6.1 Method

All notices to be given to the Parties hereto shall be in writing unless otherwise stated and shall be properly given when personally delivered to the specific address and left with a responsible person (with receipt provided), or delivered by overnight service such as Federal Express and, in both instances, an appropriate receipt is obtained, or when sent by registered or certified mail addressed to the Parties at their respective addresses herein given below. The Parties may change the information below upon ten (10) calendar days written notice given as herein specified. The date of notice shall be deemed, when notice is mailed, to be the date of mailing so long as the Postal Service certified actual delivery. A refusal of an overnight service or registered or certified mail notice shall constitute actual delivery hereunder. A notice given by registered or certified mail shall be presumed received by the addressee seventy-two (72) hours after it was deposited in the mail within the continental United States, properly addressed and with postage prepaid. The U S Postal Service receipt showing the date of mailing shall be prima facie evidence of the date of mailing.

#### 16.6.2 Addresses

Until the addressee gives written notice of a change, notices shall be delivered to

#### **AUTHORITY**

Columbus Regional Airport Authority Attn: President & CEO 4600 International Gateway Columbus, OH 43219

with a copy to General Counsel

**CONCESSIONAIRE:** 

#### 16.6.6 Confidentiality

To the extent permitted by Ohio law financial information, excluding Gross Revenues, data submitted by Concessionaire to the Authority during the Operating Period of the Agreement shall be considered proprietary and confidential and shall not be publicly disclosed or released to other persons outside the Authority provided Concessionaire marks each page of information provided as confidential when submitted. Concessionaire is responsible for all costs, including Authority attorney costs, legal fees, and/or court costs associated with defending the confidentiality of any information submitted. This limitation does not apply to the total Gross Revenue, Privilege Fee, CFC's, transactions, or transaction days data of all concessionaires.

### 16.6.7 Assignment and Subletting

Concessionaire shall not transfer or assign this Agreement, or any part hereof, or interest herein, or sublease any of the Operating Area hereunder, except with the prior written approval of the and subject to whatever reasonable limitations and conditions that are required by the Authority. Any other attempted transfer, assignment or sublease shall be void and shall confer no rights upon any third person. No assignment or sublease shall relieve Concessionaire of any obligation under this Agreement unless otherwise agreed by the Authority. Notwithstanding the foregoing, this section shall not be interpreted to preclude the assignment of this Agreement to a parent, subsidiary, or merged company if such parent, subsidiary, or merged company assumes all rights and obligations of this Agreement. Written notice of such assumption shall be provided to the Authority by the parent, subsidiary or merged company thirty (30) calendar days prior to the effective date of such assignment.

## 16.6.8 Requests for Approval

Any request by Concessionaire for approval under Section 14.7 shall be made in writing at least thirty (30) calendar days before the assignment would occur, and must be accompanied by a full

description of the assignment, including copies of relevant documents. The Authority shall not unreasonably withhold its approval of an assignment or transfer, provided that (i) immediately prior to the assignment or transfer, the quality of the successor's management staff and the successor's financial condition equal or exceed the quality of Concessionaire's management staff and Concessionaire's financial condition, (ii) the assignee assumes all of the obligations under this Agreement, and (iii) if determined necessary by the Authority in the reasonable exercise of its sole discretion, Concessionaire guarantees the performance of the successor under this Agreement.

# 16.7 Title to Capital Additions and Improvements

Upon termination or expiration of this Agreement, title to all additions, structures, installations, and improvements placed upon CONRAC shall automatically vest in the Authority. The Authority shall have no buy-out payment obligations to the Concessionaire with respect to Concessionaire's Capital Additions and Improvements. Nothing in this section shall be deemed to prevent Concessionaire from removing its trade fixtures and moveable equipment and furniture.

# 16.8 Subordination to Agreements With the United States

This Agreement is subject and subordinate to the provisions of any agreement already made or to be made in the future between Authority and the United States relative to the operation or maintenance of the Airport, the execution of which is a condition precedent to the transfer of federal rights or property to Authority for Airport purposes, or to the expenditure of federal funds for the improvement or development of the Airport in accordance with the provisions of the Federal Aviation Act of 1958, as amended. The Authority represents that it has no existing agreements with the United States that conflict with the express provisions this Agreement.

## 16.9 Loss of Business

The Authority shall not be liable to Concessionaire for any loss of business or revenues sustained by Concessionaire as a result of any change in the operation or configuration of, or any change in any procedure governing the use of, the Terminal Buildings or the Airport.

## 16.10 Headings

The headings in this Agreement are for convenience of reference, and in no way define, limit, or describe the scope or intent of any provisions of this Agreement.

## 16.11 Severability

If any provision of this Agreement or the application of any provision of this Agreement to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby and each provision of this Agreement shall be valid and be enforced to the fullest extent of the law.

#### 16.12 Waiver of Claims

Concessionaire waives any claim against Authority or the Authority's employees, concessionaires, or agents for loss of anticipated profits caused by any suit or proceeding directly or indirectly attacking the validity of any part of this Agreement, or by any judgment or award in any suit or proceeding declaring this Agreement null, void, or voidable, or delaying performance of any part of this Agreement.

### 16.13 Incorporation of Exhibits

All exhibits and documents referred to in this Agreement are incorporated into this Agreement by this reference.

## 16.14 Successors and Assigns Bound

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties where succession or assignment is permitted by this Agreement

# 16.15 Right to Amend

If the U S Department of Transportation Federal Aviation Administration, or its successor, requires changes in this Agreement as a condition precedent to the granting of funds for the improvement of the Airport, or otherwise, Concessionaire agrees to consent to those changes subject to any additional changes to this Agreement required by equity.

### 16.16 Time of Essence

Time is of the essence of this Agreement

# 16.17 Force Majeure

The Authority shall not be liable to Concessionaire for any breach of this Agreement due to causes beyond the Authority's control, including but not limited to strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, and sabotage. Nothing in this section shall be deemed to excuse any part of Concessionaire's obligations to make any payments due under this Agreement.

#### 16.18 Gender and Number

Words of any gender used in this Agreement shall include any other gender. Words in the singular shall include the plural, unless the context clearly requires otherwise.

## 16.19 Property Rights Reserved

This Agreement will be subject and subordinate to all the terms and conditions of any instruments and documents under which Authority acquired the land or improvements thereon, of which said CONRAC and Exclusive Premises are a part. Concessionaire understands and agrees that this Agreement will be subordinate to the provisions of any existing or future agreement between Authority and the United States of America, or any of its agencies, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal

funds for the development of the Airport, and to any terms or conditions imposed upon the Airport by any other governmental entity. The Concessionaire shall not take any actions that would violate any of the funding requirements and other obligations that are addressed in this Article.

### 16.20 FAA Approval

This Agreement may be subject to approval of the FAA. If the FAA disapproves this Agreement, it will become null and void, and both Parties will bear their own expenses relative to this Agreement, up to the date of disapproval.

#### 16.21 Federal Right to Reclaim

In the event a United States governmental agency demands and takes over the entire facilities of the Airport or the portion thereof wherein the Exclusive Premises are located, for public purposes, for a period in excess one (1) year, then this Agreement will terminate and Authority will be released and fully discharged from any and all liability hereunder. In the event of such termination, Concessionaire's obligation to pay MAG, Land Use, and Privilege Fees will cease; however, nothing herein will be construed as relieving either party from any of its liabilities relating to events or claims of any kind whatsoever prior to this termination

### 16.22 No Right to Light, Air, or View

This Agreement conveys to Concessionaire no right to sunlight, air, or view.

# 16.23 Attorney's Fees

The prevailing party shall be entitled to reasonable attorney fees at trial and on appeal in any lawsuit brought with respect to this Agreement.

#### 16.24 Amendment

This Agreement may be amended only by a writing signed by the authorized representatives of each party.

# 16.25 Relationship of Parties

The parties are independent contractors with respect to one another. Neither party is the agent, principal, partner, or joint venturer of the other.

## 16.26 Disadvantaged Business Enterprise

This Agreement is subject to the requirements of 49 CFR 23. Concessionaire shall not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any permit, concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR 23. Concessionaire agrees to include the non-discrimination statement set forth above in any subsequent concession, management agreement or subcontract covered by 49 CFR 23 that Concessionaire enters into with other parties and cause them to also include non-discrimination statements in their agreements with third parties. In the administration of this Agreement, Concessionaire shall comply with the requirements of 49 CFR 23 and 49 CRFCFR 26, as

amended, and with guidance issued by the FAA regarding the interpretation of regulations including, but not limited to, joint venture guidance. Concessionaire shall make a good faith effort, as defined in 49 CFR 26.5(2), to replace an ACDBE that has failed to complete its permit, concession arrangement, joint venture commitment, lease, or subcontracting arrangement with a certified ACDBE, to the extent needed to meet the concession goal. Concessionaire shall also comply with this Section regarding any proposed change in ACDBE participation arising from or relating to any assignment, sublease, or transfer of the obligations under this Lease. Concessionaire shall timely submit reports and verifications requested by the Authority and shall provide such financial information or other information deemed necessary by the Authority to support and document the ACDBE commitment for this Agreement. Up to three (3) years after the expiration or earlier termination of this Agreement, the Authority shall have the right, at a reasonable time and place, to review books, records and financial information of Concessionaire and, where applicable, of all individuals, joint venture partners or team members or other business entities that are a party or engaged in concession activity under this Agreement, in order to substantiate compliance with 49 CFR 23 and 49 CFR 26, as amended, and any guidance issued by the FAA regarding the interpretation of federal regulations.

## 16.27 Airport Security

Concessionaire recognizes its obligations to comply with federal airport security regulations applicable to the Airport. The Authority shall notify Concessionaire of any such federal airport security regulations which are or may become applicable to Concessionaire's use or occupancy of the Premises. As of the Effective Date, there are no applicable federal airport security regulations that apply to the use or occupancy of the Premises.

The Authority provides law enforcement for the Airport; however, the first priority for the Airport police shall be for airline-passenger related operations. Concessionaire may provide whatever additional security it may wish at its own cost, provided that the additional security is subject to disapproval by the Authority's Director of Public Safety. Security provided by Concessionaire shall be subject to the authority of the Airport police officers, and shall in no way hinder or interfere with the duties of those officers.

# 16.28 Covenants, Conditions and Restrictions

This Agreement is subject to the effects of any covenants, conditions, restrictions, easements, mortgages, deeds of trust, ground leases, rights of way, FAA, U.S. Department of Homeland Security or TSA regulations or policies, or their respective successors in interest, restrictions or regulations, and any other matters of record pertaining to the Airport or the Terminal.

# 16.29 Entire Agreement

As of the Commencement Date, this Agreement represents the entire agreement between the Authority and Concessionaire relating to Concessionaire's use of the CONRAC. It is understood and agreed by Concessionaire that neither the Authority nor the Authority's agents or employees have made any representations or promises with respect to this Agreement or the making of or entry into this Agreement, except as expressly set forth in this Agreement. No claim for liability shall be asserted based on any claimed breach of any representations or promises not expressly set forth in this Agreement. All oral agreements, if any, are void and expressly waived by Concessionaire. This Agreement has been

thoroughly negotiated between the Authority and Concessionaire; therefore, in the event of ambiguity, there shall be no presumption that such ambiguity should be construed against the drafter.

#### 16.30 Interpretation of Agreement; Status of Parties

This Agreement is the result of arm's length negotiations between the Authority and Concessionaire and shall not be construed against either party. Nothing contained in this Agreement, including the method of computation of rentals or construction of improvements on the Premises, shall be deemed or construed as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto.

# 16.31 Agreement Subject to Bonds and Ordinances

This Agreement shall be subject and subordinate to the bonds and ordinances which create liens and encumbrances affecting the Premises. Concessionaire agrees that the Authority may hereafter adopt bond ordinances which impose liens or encumbrances on the Premises, and Concessionaire shall, upon request of the Authority, execute and deliver agreements of subordination consistent herewith. Furthermore, in order to comply with the requirements of existing Authority bond ordinances, Concessionaire hereby makes an irrevocable commitment not to claim depreciation, cost recovery, or an investment credit with respect to the Premises, space or to any Improvements constructed by the Authority using Authority funds or Authority bond funds or constructed by Concessionaire or someone else, but paid for using Authority funds or Authority bond proceeds.

#### 16.32 Limitation on Authority Liability

The Authority shall have no liability to Concessionaire for loss, damage or injury suffered by Concessionaire on account of theft or any act or omission of a third party, including other tenants. The Authority shall only be liable for its own willful misconduct or negligence and then only to the extent of actual and not consequential damages. Although this Agreement gives the Authority certain rights of inspection, such rights shall impose no obligation on the Authority to make any inspections nor impose liability on the Authority if the Authority fails to make such inspections.

## 16.33 No Exclusive Rights

Nothing in this Agreement shall be deemed to grant Concessionaire any exclusive right or privilege or the exclusive right of conduct of any activity on the Airport except that, subject to the terms and provisions of this Agreement, Concessionaire shall have the right to possess and use the Premises.

# 16.34 No Implied Warranty

In no event shall any consent, approval, acquiescence, or authorization by the Authority be deemed a warranty, representation, or covenant by the Authority that the matter approved, consented to, acquiesced in or authorized is appropriate, suitable, practical, safe or in compliance with any applicable law or this Agreement. Concessionaire shall be solely responsible for such matters and the Authority shall have no liability therefore.

#### 16.35 No Intended Third-Party Benefit

Nothing in this Agreement gives or shall be construed to create a benefit to any party who is not a signatory party to this Agreement.

## 16.36 No Limit on Authority's Powers

Nothing in this Agreement shall limit, in any way, the power and right of the Authority to exercise its governmental rights and powers, including its powers of eminent domain.

#### 14.37 Nondiscrimination Assurance

Concessionaire for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the Airport for a purpose for which a U.S. Department of Transportation ("DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Concessionaire shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as said regulations may be amended. Concessionaire for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree that: (a) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (b) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; (c) that Concessionaire shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said requirements may be amended. Concessionaire assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates Concessionaire or its transferee for the period during which federal assistance is extended to the airport program, except where federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates Concessionaire or any transferee for the longer of the following periods: (i) the period during which the property is used by the Authority or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (ii) the period during which the Authority or any transferee retains ownership or possession of the property. In the case of contractors, this Section binds the contractors from the bid solicitation period through the completion of the contract. In addition, Concessionaire agrees that, whether or not this Agreement is conducted with, or benefits from, federal assistance, it shall in all matters pertaining to the performance of this Agreement conduct its business in a manner which assures fair, equal and nondiscriminatory treatment of all persons without respect to race, sex, age, color, creed, sexual preference, marital status, national origin, or the presence of any sensory, mental or physical handicap. Concessionaire will maintain open hiring and employment practices and will welcome applications for employment in all positions from all qualified individuals. It is the policy

of the DOT that disadvantaged business enterprises, as defined in the Airport and Airway Improvement Act of 1982, as amended and as implemented by federal regulations, shall have the maximum opportunity to participate in the performance of leases as defined in 49 CFR 23.5. Consequently, this Agreement is subject to 49 CFR 23, as applicable. Concessionaire will, at the timely request of the Authority, provide any information needed in preparation of necessary reports, forms, documents and other data relative to equal employment. Concessionaire hereby assures that it will include the above clauses in any subleases approved by the Authority and cause sublessees to similarly include clauses in further subleases.

#### 16.38 No Waiver

Waiver by the Authority of strict performance of any provision of this Agreement shall not be deemed a waiver of or prejudice the Authority's right to require strict performance of the same provision in the future or of any other provision of this Agreement.

## 16.39 Authority Consent or Action

In the event this Agreement is silent as to the standard for any consent, approval, determination or similar discretionary action, the standard shall be in the reasonable discretion of the Authority. If Concessionaire requires the Authority's consent or approval pursuant to any provision of this Agreement, such consent or approval shall not be unreasonably withheld.

# 16.40 Provisions Applicable to Others

All provisions of this Agreement governing Concessionaire's use of the Premises and Concessionaire's activities and conduct on, about or from the Premises shall apply to Concessionaire's Representatives.

#### 16.41 Survival

Any covenant or condition (including, but not limited to, indemnification provisions) set forth in this Agreement, the full performance of which is not specifically required prior to the expiration or earlier termination of this Agreement, and any covenant or condition which by their terms are to survive the termination of this Agreement, shall survive the expiration or earlier termination of this Agreement and shall remain fully enforceable thereafter.

#### 16.42 Venue

Venue for all disputes that arise out of this Agreement shall in a court of competent jurisdiction in Franklin County, Ohio.

# 16.43 Entire Agreement

This document, including all exhibits and other documents incorporated by reference, and the separate lease between the parties for Service Facility Lease, constitute the entire agreement between the parties regarding rental car operations at the Airport, and, as of the Effective Date, shall supersede all prior or contemporaneous agreements or communications regarding the same subject, including but not necessarily limited to any earlier agreement.

# 16.44 Authority to Sign

Each individual signing below on behalf of a party certifies by signing that he or she is properly authorized to sign this Agreement and to fully bind the party to the terms and conditions of this Agreement. The parties agree that the Agreement may be executed in counterpart.

# 16.45 Signatures

This Agreement contains seventy-nine (79) pages including Exhibits and Attachments and is the entire Agreement between the parties hereto, and shall not be modified in any manner except by an instrument in writing executed by said parties or their respective successors in interest.

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(Notaries on the Following Page)

STATE OF OHIO	)
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COUNTY OF FRANKLIN	)
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IN WITNESS WHERE day and year aforesaid.	OF, I have hereunto subscribed my name and affixed my official seal on the
Notary Public	
STATE OF	)
COUNTY OF	) SS.
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•	OF, I have hereunto subscribed my name and affixed my official seal on the
Notary Public	

# Exhibit A CONRAC/Common Concessionaire Areas

Subject to Adjustment by the Authority prior to Initial Allocation

Due to ongoing design efforts, the Authority will not complete this Exhibit as of the Effective Date. This

Exhibit will be amended upon completion of the design, but no later than the timeframe for the Initial

Allocation as identified in Section 3.3.1.

# Exhibit B

# **Exclusive Premises**

Subject to Adjustment by the Authority for Initial Allocation

The Authority will not complete final allocation of the Exclusive Premises (including floor designation) on the Effective Date or any time prior to the Initial Allocation identified in Section 3.3.1. This Exhibit will be amended after the completion of that effort.

Exhibit C
Estimated MAG/Land Use Fee/Market Share
Subject to Adjustment by the Authority prior to Initial Allocation

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This chart is an example and for illustrative purposes only. Exhibit C will be amended and replaced with data based on the Initial Allocation consistent with Section 3.3.1. This Exhibit will be amended by the Authority after the completion of that effort.

#### Exhibit D

#### **CONRAC Operations & Maintenance Standards**

#### **GENERAL RESPONSIBILITIES:**

The CONRAC is intended to be in operation during the hours of operation as specified in Section 7.5. The CONRAC must be operated and maintained to meet the needs of the customers, visitors, and employees and in accordance with the terms of this Agreement. Concessionaires are responsible for the operations and maintenance of the CONRAC. Concessionaires may delegate these responsibilities to a CONRAC Facility Manager. However, in all circumstances, it is ultimately the responsibility of the Concessionaires to ensure that the CONRAC is operated and maintained in accordance with Authority standards as required by the Agreement, including all appendices and attachments thereto.

Authority reserves the right to amend, update, or replace the Operations & Maintenance Standards as in its judgment may from time to time be needed for the care and cleanliness, and for the preservation of the CONRAC and Airport properties. Concessionaire will, at its sole cost and expense, observe and comply with any such amendments, updates, or replacements as enacted from time to time and furnished to Concessionaire in writing.

Responsibilities of the Concessionaires include but are not limited to:

- 1. Provide custodial services, including supplies;
- 2. Dispose of trash, debris, and/or other refuse;
- 3. Maintain and keep in good condition all CONRAC building finishes, including:
  - a. Floors (concrete, terrazzo, carpet, VCT, etc.)
  - b. Walls (paint or wall covering on gypsum drywall, ceramic tile, concrete, masonry, special coatings, etc.)
  - c. Ceilings (Lay-in Acoustical, painted gypsum drywall, etc.)
  - d. Restroom partitions (maintain in good working order; repair or replace where damaged or vandalized)
  - e. Exterior wall features, if installed
  - f. Exposed I Painted steel
  - g. Other CONRAC building finishes as directed by Authority.
- 4. Maintain and keep in good condition all equipment, including:
  - a. Heating Ventilating Air Conditioning (HVAC) and other mechanical systems
  - b. Plumbing systems
  - c. Electrical systems
  - d. Fire protection and safety systems as determined by Authority
  - e. All systems in the QTA (Fueling system, washer fluid systems, vacuum, etc.)
  - f. Data/technology systems
  - g. Other equipment as directed by Authority.
- 5. Provide general repairs and maintenance, including painting;
- 6. Maintain all utility (electrical, gas and water) and data services, including maintenance and repair of all utility and data lines (in connection with the utility service provider and/or the Authority);

- 7. Maintain parking lots, sidewalks, and roadways and ramps directly serving and within the CONRAC within and the boundaries as shown on Exhibit A;
- 8. Maintain all office and storage areas, including non-Authority telecommunications rooms;
- Operate and maintain access control systems leading to and from the QTA Areas. (The Authority
  will require the use of the access control system in support of Authority's day-to-day operations
  and emergency response requirements.);
- 10. Provide custodial services within the CONRAC and exterior areas directly serving the CONRAC and within the boundaries as shown on Exhibit A;
- 11. Develop an emergency plan(s) for the CONRAC. The emergency plan(s) will be submitted to the Authority for review and comment not less than one-hundred and eighty (180) days prior to the Commencement Date; and
- 12. Repair and maintain pedestrian and vehicle way-finding signage serving the CONRAC and located within the CONRAC.

# **MAINTENANCE REQUIREMENTS:**

Concessionaires will submit a preventative and routine cleaning and maintenance program schedule to the Authority for approval at least one-hundred and eighty (180) days prior to the Commencement Date. The following general requirements apply to the CONRAC including the Concessionaire's Operating Area and will be incorporated into the preventative and routine cleaning and maintenance program schedule:

- 1. Routine service schedules will conform to warranty and/or manufacturers' requirements. Routine service work will be scheduled in advance and will be completed on time. Maintain detailed database of routine service and warranty work history.
- 2. Windows
  - a. Check for and maintain weather-tightness
  - b. Check for operation (as applicable)
  - c. Clean (interior and exterior)
- 3. Doors
  - a. Interior Doors
    - i. Check closers, locks and hinges
    - ii. Check frame and operation
  - b. Exterior Doors
    - i. Check closers, locks and hinges
    - ii. Check frame and operation
  - c. Overhead Doors
    - i. Lube door tracks
    - ii. Check closers, locks and hinges
    - iii. Check frame and operation
- 4. Structure
  - a. Check walls for unusual cracks (building settlement)
  - b. Check for and repair (as necessary) cracks in concrete floors
  - c. Check for drainage or leakage
  - d. Immediately report structural issues to the Authority

- 5. Heating, Ventilating, and Air Conditioning Systems (HVAC)
  - a. Replace filters (4x per year minimum or as recommend by manufacturer)
  - b. Clean condenser coils (1x per year or as recommend by manufacturer)
  - c. Clean evaporator coils (as recommend by manufacturer)
  - d. Check and replace belts (as recommend by manufacturer)
  - e. Check cooling operation (as recommend by manufacturer)
  - f. Check heating operation (as recommend by manufacturer)
  - g. Lubricate bearings and motors (as recommend by manufacturer)
  - h. Calibrate thermostats
  - i. Operate and maintain the building control system

## 6. Electrical Systems

- a. Check all circuit breakers for trips
- b. Check for damaged outlets, switches and conduit boxes
- c. Have panel lugs checked and infrared scanned (annually, or as otherwise delineated in the preventative and routine cleaning and maintenance program schedule)
- d. Repair/replace plumbing systems and fixtures (as needed)

#### 7. Lighting Systems

- a. Check for lamp outage (daily)
- b. Provide all lighting maintenance including the cleaning of fixtures and lamp and ballast replacement (as needed)
- c. Check emergency light fixtures, exit signs and test batteries (monthly)
- d. Check time clocks for parking lot lighting (twice daily: on at dusk, off at sunrise)
- e. Check lights, entrance and exit signage (daily)

#### 8. Plumbing

- a. Check for plumbing fixture leaks (i.e. faucets, hose bibs, valves and showers)(weekly)
- b. Check for clogged sanitary lines (daily)
- c. Repair/replace plumbing systems and fixtures (as needed)

#### 9. Ready/Return Areas

- a. Conduct visual inspections and evaluation of the Ready/ Return areas, including but not limited to:
  - i. Lighting
  - ii. Striping
  - iii. Signage
  - iv. Bollards
  - v. Walkways
  - vi. Stairways
  - vii. Egress areas
  - viii. Car stops
  - ix. Headache bars
- b. Perform the following activities within the Ready/Return Area and QTA:
  - i. Paint curbs (minimum once annually)
  - ii. Pavement striping (minimum once annually)
  - iii. Perform preventative maintenance on tiger teeth and gate arms (as needed)

- iv. Pick up trash (daily)
- v. Clean out storm drains (minimum once annually)
- vi. Sweep (weekly)
- vii. Pressure wash
- viii. Reseal concrete decks (including ground level)
- 10. Third-party service provider contracts:
  - a. Pest Control
    - i. Spray for bugs (as needed/required)
    - ii. Provide animal control (as needed/required)
  - b. Cleaning
    - i. Provide for daily service
    - ii. Check floors, walls, cabinets, desks, counters, rest rooms, windows, carpeting, seating, fixtures, paper products, and booths for cleanliness
  - c. Fire Alarm/Fire Suppression
    - i. Check smoke detectors (minimum semi-annually)
    - ii. Check fire extinguishers (monthly)
    - iii. Check sprinkler system (annually)
    - iv. Check fire pump (monthly) (Check for leaks & check pressure gauges)
    - v. Check pull boxes (annually)
    - vi. Check enunciator panel (monthly)
    - vii. Check call signal to alarm company (weekly)
  - d. Fuel Management/Windshield Washer System
    - i. Tanks, pumps, and fuel delivery system
    - ii. Necessary repairs as required
  - e. HVAC Management
    - i. Regular maintenance/cleaning
    - ii. Necessary repairs as required
  - f. Wash Bay (TBD)
  - g. In floor heating system (QTA) (TBD)
- 11. Trash Removal
  - a. Check trash containers several times daily for capacity and remove to Trash Compactor
  - b. Clean area around Trash Compactor and ensure area remains clean
- 12. Safety & Security
  - a. Plan and stage any safety drills as may be required or prudent, in coordination with the Authority. This includes development of the written safety plan
  - b. Develop and maintain a security plan for operations. The security plan will be developed in conjunction with Authority policy requirements and Concessionaires' goals
  - c. Develop and maintain a safety plan for operations. The safety plan will be developed in conjunction with Authority policy requirements and Concessionaires' goals

# **CONRAC FACILITY MANAGER GENERAL RESPONSIBILITIES AND REQUIREMENTS**

1. Have a named manager and supervisor(s) which serve as Authority's point of contact for the operation.

- 2. Be available twenty-four (24) hours per day and seven (7) days a week and maintain up-to-date contact information with the Authority.
- 3. At Authority's request, develop a customer comment process that includes the ability to receive, track, and respond to customer comments in a timely fashion. The customer comment process will be developed with assistance from Authority staff and will require Authority approval prior to its implementation or any significant future modification.
- 4. Provide to the Concessionaires the training necessary to operate the equipment and systems in the CONRAC, including QTA Areas.
- 5. CONRAC Facility Manager and any service providers hired by CONRAC Facility Manager are not authorized to speak to the media on behalf of the Authority or Airport.
- 6. Ensure compliance with service provider personnel requirements, including but not limited to:
  - a. Service providers are required to have proper company specific identification and to present this identification to the CONRAC Facility Manager, or representative on duty, upon arrival at the CONRAC. CONRAC Facility Manager should be provided with an authorized personnel list in advance of crew arrival for any overnight servicing.
  - b. Service providers are required to wear appropriate attire at all times (i.e., no tank tops, no T-shirts with inappropriate graphics, etc.)
  - c. Service providers are required to check in and out with the CONRAC Facility Manager or representative on duty whenever they enter or exit the CONRAC. Checkout procedures may involve visual inspection of all bags, boxes, toolboxes, buckets, etc.
  - d. Service providers must be able to communicate with the CONRAC Facility Manager in English.
  - e. Service providers are responsible for providing the necessary tools, cleaning products (removing paint, etc.), vacuums, ladders, etc. for specific jobs they are servicing.
  - f. Ensure compliance with the following Environmental, Health & Safety (EH&S) Requirements, including but not limited to:
    - Along with any service providers, obtain required EH&S permits or agency approvals required to conduct work for Concessionaires in accordance with the Contract.
    - ii. Along with any service providers, have and act in accordance with all required EH&S plans (e.g., storm water pollution plans, spill prevention control plans, emergency response, health and safety plans, waste minimization/recycling plans, etc.) and all Federal, State and local governing laws and regulations.
    - iii. Immediately notify the Authority if hazardous conditions arise.
    - iv. Prior to using hazardous material(s) in or around the CONRAC through self or service providers:
      - 1. Notify the Authority and identify the hazardous material(s)
      - 2. Identify any specific hazards associated with the material(s)
      - 3. Supply a material safety data sheet (MSDS) for those material(s)
      - 4. Obtain approval of Authority's Environmental Compliance Manager for using the material(s)
    - v. Dispose of all wastewater in accordance with State of Ohio environmental requirements. CONRAC Facility Manager, along with any service provider, is

- prohibited from discharging any chemical, waste or wastewater to storm drains or sewers.
- vi. Along with any service provider, be responsible for providing and properly using the appropriate Personal Protective Equipment (PPE) for the specific job.
- vii. CONRAC Facility Manager, along with any service provider, is responsible for providing their employees with all applicable EH&S training.
- viii. CONRAC Facility Manager, along with any service provider, must provide adequate ventilation to remove potential air contaminates from the work areas and adjacent spaces.
- ix. When CONRAC Facility Manager, through self or any service provider, must store materials on site:
  - 1. Inform the Authority of the hazardous material(s) intended to be stored on site and identify the material(s)
  - 2. Identify any specific hazards associated with the material(s)
  - 3. Store minimal amount of material(s) necessary
  - 4. Maintain MSDS(s) on site for those material(s)
  - 5. Maintain a secure storage area that meets all applicable regulations
  - 6. Comply with all other hazardous materials storage regulations
  - 7. Dispose of all wastewater in accordance with State of Ohio environmental requirements. CONRAC Facility Manager, along with any service provider, is prohibited from discharging any chemical, waste or wastewater to storm drains or sewers.

## 7. HVAC Management Program

- a. HVAC management program shall consist of performing quarterly preventative maintenance services, receipt, dispatching and resolution of emergency and routine repair and maintenance work requests, warranty issues resolution and all associated management reporting and invoicing requirements CONRAC.
- 8. Lighting and Signage Maintenance Program
  - a. Respond within 24-hours following notification or observation of outages.
- 9. General Repairs
  - a. All necessary repairs and maintenance to doors and gates, hardware (including hinges and closers), door replacement, door refinishing, and repair due to vandalism or accidents.
  - b. Locks
  - c. All necessary repairs and maintenance to locksets, door alarms, or panic hardware.
  - d. Replacement of lost keys, lockouts.

#### 10. Electrical

a. All necessary repairs and maintenance to electrical service, outlets, receptacles, and restroom ventilation fans; testing of emergency light fixtures as required; and replacement of circuit breakers, timers, contactors, HVAC electrical system repair and maintenance, underground or exterior work, switchgear, electrical panel work, lightning damage/shorts, new wiring/outlets.

# 11. Signs

a. All repairs and maintenance to all internal parts, replacement of sign faces, underground electrical, electrical connections, and repair due to vandalism or accidents.

#### 12. Fire Protection System

a. All necessary inspections, repairs and maintenance, regardless of local code or frequency requirements, to the fire alarm, burglar alarm, sprinkler and fire extinguishers.

### 13. Fueling and QTA Systems and Equipment located in Common Concessionaire Areas

a. All necessary inspections, repairs and maintenance, regardless of State or local code or frequency requirements, to the Fueling system (including tanks, pumps and fuel delivery system) and QTA Areas Equipment (including carwash, fire suppression, vacuum, compressed air, windshield washer fluid).

#### 14. Plumbing in Common Concessionaire Areas and Exclusive Premises

a. Clear in-facility sanitary lines and drains, repair/replace faucets, flush valves, water heaters; secure sinks, repair/replace toilets, urinals, handrails, tissue holders, hand dryers, towel and sanitary napkin dispensers, toilet seats; and remedy leaks.

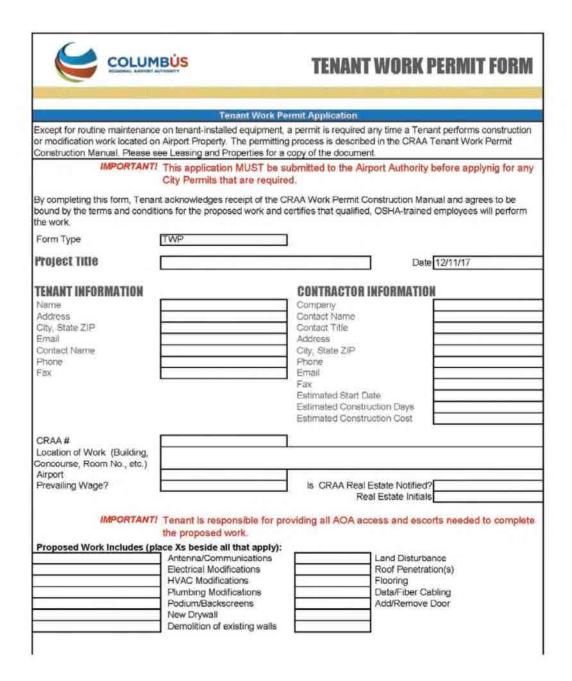
#### 15. Custodial Plan

a. Prepare a custodial plan consistent with then-current Authority custodial standards. The custodial plan will be developed with the assistance of Authority staff and will require Authority approval prior to its implementation. The custodial plan will be included in the CONRAC Facility Manager's Operations Manual and approved by the Authority annually.

#### 16. SNOW REMOVAL PLAN/RESPONSIBILITIES

- a. Includes all parking lots, sidewalks, and roadways and ramps directly serving and within the CONRAC within and the boundaries as shown on Exhibit A;
- b. To be updated upon completion of design.

# Exhibit E Tenant Work Permit



# Exhibit E Tenant Work Permit

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	ax		
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Architect City St 2  Additional Notes  CRAA Dept Approvals  Department Real Estate* Facilities	** Administrative Use O  Gretchen Sandusky Jason Compton	Phone Fax  nly Below This Line **	
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Architect City St 2  Additional Hotes  CRAA Dept Approvals  Department Real Estate* Facilities Technology Services Ground Transportation Emergency Preparedness Operations GIS*	Gretchen Sendusky Jason Compton Tim Weaver Tracey Pomeroy Donna Monell Chris Hinds Cornell Stockton	Phone Fax  nly Below This Line **	
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# Exhibit E Tenant Work Permit

Work Permit Approva			
Construction is hereby author	orized to proceed on the proposed V	Vork, after all appr	ropriate City Permits have been obtained
	Approved with conditions or	exceptions belo	w
Planning & Engineering	Approver Don Porvasnik (or Designee) Permit Number Permit Date Initial Review Date		
Anal Inspection			
Conditions or Exceptions:			
	Accepted Initials		
	Acceptance Date		
	Acceptance Date Accepted Initials Acceptance Date		
	Acceptance Date Accepted Initials		
	Acceptance Date Accepted Initials Acceptance Date As-Built Drawings Required? Received Date TWP Complete		
For Further Informatio	Acceptance Date Accepted Initials Acceptance Date As-Built Drawings Required? Received Date TWP Complete		
For Further Informatio	Acceptance Date Accepted Initials Acceptance Date As-Built Drawings Required? Received Date TWP Complete	Phone	Email
CRAA Planning and Engin Don Porvasnik	Acceptance Date Accepted Initials Acceptance Date As-Built Drawings Required? Received Date TWP Complete	614-239-5732	dporvesnik@columbuserports.com
CRAA Planning and Engin Don Porvasnik Ragan Fallang	Acceptance Date Accepted Initials Acceptance Date As-Built Drawings Required? Received Date TWP Complete	614-239-5732 614-239-5017	dporvasnik@columbusairports.com rfallang@columbusairports.com
CRAA Planning and Engin Don Porvasnik	Acceptance Date Accepted Initials Acceptance Date As-Built Drawings Required? Received Date TWP Complete	614-239-5732	dporvesnik@columbuserports.com
CRAA Planning and Engin Don Porvasnik Ragan Fallang	Acceptance Date Accepted Initials Acceptance Date As-Built Drawings Required? Received Date TWP Complete	614-239-5732 614-239-5017	dporvesnik@columbusairports.com fallang@columbusairports.com twp@columbusairports.com

Exhibit F Reallocation

Component	Frequency	Market Share shift required	Market Share trigger	Total available
Counters; back office; queueing	Every five (5) years	Market Share shift equivalent to four feet of counter space; any allocations must be done in blocks of four linear feet	2.8%	<b>144</b> linear feet
Ready/Return	Every two (2) years	Market Share shift equivalent to two bays	1.9%	<b>108</b> bays
Ground level and 4 <sup>th</sup> Floor Storage	Every two (2) years	Market Share shift equivalent to two bays	1.9%	27 bays (plus above QTA)
Fuel positions	Every two (2) years	Market Share shift equivalent to two nozzles (one side of one fuel island)	3.7%	<b>54</b> fuel positions
Stacking lanes (in QTA only)	Every two (2) years	Market Share shift equivalent to one stacking lanes. Should be full lanes, so need to gain 51% or more of one lane in order to gain a lane	3%	33 stacking lanes
Car Wash Bays	Every five (5) years	Market Share shift enough to gain another bay. Each RAC shall have a minimum of one (1) bay.	11.1%	<b>9</b> bays
Maintenance Bays	Every five (5) years	Market Share shift enough to gain another bay. Each RAC shall have a minimum of one (1) bay.	16.7%	<b>6</b> bays

Relocation, as part of reallocation, can occur no more than once every five (5) years.

At its sole discretion the Authority may adjust the Frequency of the Reallocation dates to align when/if the Agreement is re-opened pursuant to Section 2.2.1. Elements of this Table may change upon final design, the "Total Available" column as an example, this Exhibit will be amended after the completion of that effort.

# Exhibit G COMMON USE BUSING SYSTEM

Until the opening of the Authority's planned future passenger terminal, the Authority, or a third party operator contracted by the Authority, will operate and maintain a common use shuttle busing system to and from the Facility and the Airport's existing passenger terminal for use by all customers of Concessionaire. Concessionaire will not be permitted to individually bus its customers. Subject to the availability of CFC revenues as described in Section 4.5.2, Authority will make available a limited amount of CFC revenues per year to pay for the costs of operation of the common busing system, referred to herein as "Common Use Busing Costs". Concessionaire will be responsible for its pro-rata share of annual Common Use Busing Costs in excess of any Common Use Busing Costs paid by Authority from CFC revenues. To the extent that there are not sufficient CFC revenues available to pay the Common Use Busing Costs for any Agreement Year, Concessionaire will be responsible to pay its pro-rata share of the deficiency ("Busing Cost Deficiency Payment").

For Agreement Year 1, in no event will the maximum Common Use Busing Costs payable from excess CFC revenues exceed \$1,800,000. Thereafter, the maximum Common Use Busing Costs potentially payable from excess CFC revenues will be increased annually by an amount not to exceed four percent (4%). For example purposes, Agreement Years 2 – 8 maximum potentially available amounts are shown below:

Year 2 - \$1,872,000 Year 3 - \$1,946,880 Year 4 - \$2,024,755 Year 5 - \$2,105,745 Year 6 - \$2,189,975 Year 7 - \$2,277,574 Year 8 - \$2,368,677

Maximum amounts for future Agreement Years, if required, would be increased annually by an amount not to exceed four percent (4%).

If after the commencement of busing operations at the Facility, the Authority reasonably estimates the annual Common Use Busing Costs will exceed the amounts shown above, then the Authority agrees to identify an alternative method for covering annual Common Use Busing Costs above the maximum Common Use Busing Costs, which can include but are not limited to 1) a separate limited transportation facility charge, 2) reimbursing Concessionaire for previously paid Busing Cost Deficiency Payments when sufficient CFC's become available, or 3) other acceptable methods. Nothing herein will limit Concessionaire's responsibility for payment to the Authority, when the costs are incurred by the Authority, of Concessionaire's pro-rata share of annual Busing Cost Deficiency Payments if a deferred reimbursement method is selected. Additionally, nothing herein provides for reimbursement for Common Use Busing Costs that exceed the amounts identified above if the rental car companies require a service level higher than identified as appropriate by the Authority (currently a five (5) minute headway and five (5) bus total fleet size).

The Authority will seek input from Concessionaire on development of an operating plan and budget for the common use shuttle busing system to include, but not necessarily be limited to: specifications for the type, size and number of buses, service levels, and bus loading/unloading locations at the Airport's existing passenger terminal. The Authority will have sole responsibility and discretion on the final elements and implementation of the operating plan.

# Exhibit H Term Agreement

THIS T	ERM AGREEMENT is dated as of the day of, 20, by and between Columbus
	rt Authority ("Authority"), the operator of John Columbus International Airport ("Airport"
and	("Concessionaire"), aorganized under the laws of the
State of	and authorized to do business in the State of Ohio.
WITNESSETH:	
	hority and Concessionaire entered into a Concession Agreement dated for which provided for an initial term of thirty (30) years ("Term");
Agreement be	Term was to commence on a date which could not be specified with exactness within the cause it was in part conditioned upon the date the construction of the Premises was loor upon completion of any improvements to the Premises;
WHEREAS, Aut Term;	thority and Concessionaire now desire to specify the exact commencement date of the
	ORE, in consideration of the mutual covenants and promises contained herein, Authority naire hereto agree and provide as follows:
1.	Commencement Date. It is hereby agreed the Commencement Date as set forth in the Agreement shall be, and the expiration of the initial term of the Agreement shall be, 20 (which shall be the end of a calendar month).
between the p	of this Term Agreement are incorporated into and shall become a part of the Agreement arties for the Premises located at All of the provisions ents of the Agreement shall apply to this Term Agreement unless specifically stated ein.
IN WITNESS W	HEREOF, the undersigned have caused this Term Agreement to be executed.
SIGNED AND A	CKNOWLEDGED:
	CONCESSIONAIRE :
	BY:
	Date
	AUTHORITY: COLUMBUS REGIONAL AIRPORT AUTHORITY
	BY:
	Date President & CEO

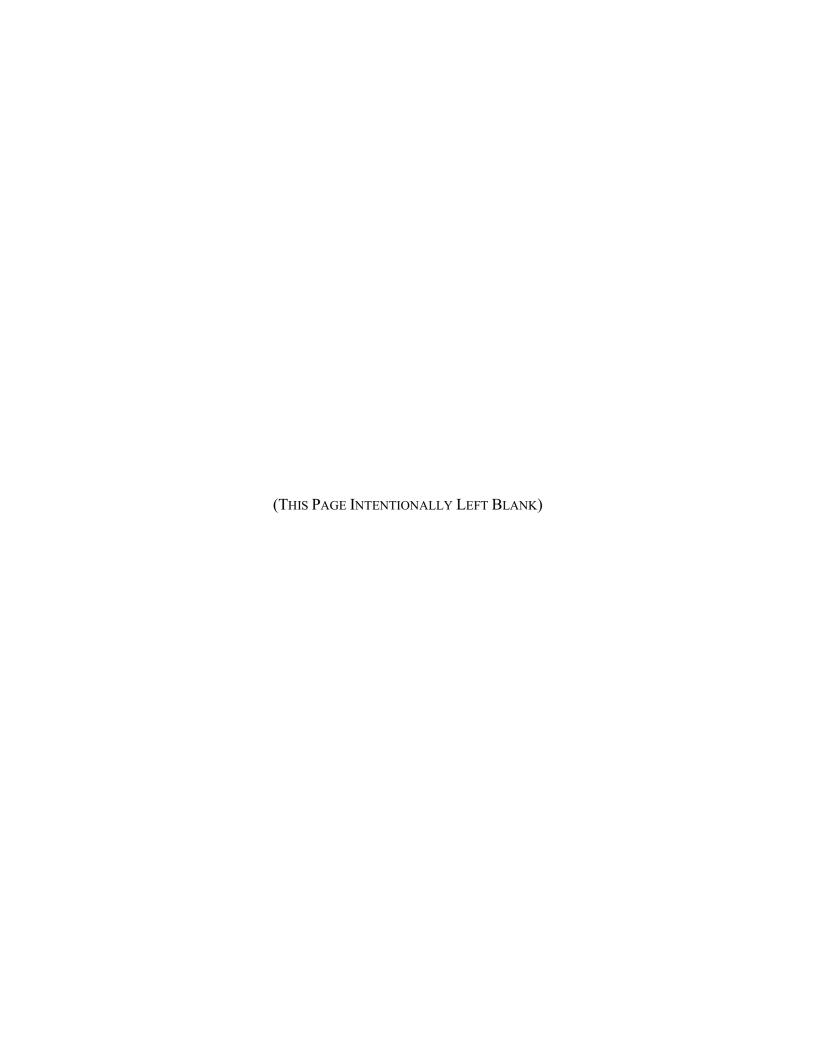
#### **ATACHMENT A**

#### **LIQUIDATED DAMAGES**

Infraction	Rate Per Infraction	Comments
Vehicles parked in non- leased areas	\$50.00 per incident	This includes rental vehicles, employee vehicles, and contractor vehicles parked outside of the designated lease lines. Authority will issue at least one written warning per company violation per quarter before these damages are assessed.
Premises not open or staff not available to meet customers renting or return vehicles during specified hours	\$100.00 for the first infraction per quarter, \$500.00 per infraction thereafter.	Concessionaire is required to have adequate staff on site to meet the needs of customers during the stated hours of operation. Authority will issue at least one written warning per quarter before these damages are assessed.
Staff rude, not focused on customer service, or unprofessional	\$50.00 per incident	Authority will issue at least one written warning per employee before these damages are assessed.
QTA not clean, are unsanitary or trash not picked up.	\$50.00 per incident	Purpose is to manage unacceptable trash levels in the QTA beyond the amount that accumulates from a normal days operation. It is the responsibility of the Concessionaire to ensure that its operation does not interfere with the operation of adjacent concessionaires and that trash does not blow onto roadway or airfield.
Blowing Trash	\$50.00 in the 1st instance in an Agreement Year, \$150.00 in the 2 <sup>nd</sup> , \$500.00 in each instance thereafter in the same Agreement Year.	If Concessionaire allows dust or debris to be generated or accumulated on or in Concessionaire's Operating Area without prompt clean-up, to the extent they may be blown about within the Operating Area or blown from the Operating Area to other parts of the Airport, Concessionaire shall pay to the Authority in the amounts shown. In addition, Concessionaire shall reimbursement the Authority for any costs incurred by the Authority to remove or suppress the dust or debris.

Authority's determination of non-compliance by Concessionaire of the requirements listed above shall be binding on Concessionaire. Concessionaire may contest any liquidated damages imposed with Authority's President & CEO, whose decision on the matter shall be final. Authority's failure to impose liquidated damages for any violation of the requirements set forth above shall not inhibit Authority from doing so of subsequent violations.

In the event that the Authority assesses more than \$3,000.00 of Liquidated Damages in a 3-month period for infractions that are not remedied, the Concessionaire shall be deemed to be in substantial failure of the performance of its obligations under the Agreement and the Authority shall have the right to terminate this Agreement.



#### APPENDIX E

# **Proposed Text of Opinion of Bond Counsel**

We have served as bond counsel to our client the Columbus Regional Airport Authority (the "Authority") in connection with the issuance by the Authority of its \$95,345,000\* Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 Bonds"), dated the date of this letter.

The Series 2019 Bonds are issued and secured pursuant to the Constitution of the State of Ohio, Sections 4582.21 through 4582.99 of the Revised Code, Resolution Nos. 22-19 and 23-19 adopted by the Board of Directors of the Authority on March 26, 2019, and the Customer Facility Charge Master Trust Agreement (the "CFC Master Trust Agreement") and the Customer Facility Charge First Supplemental Trust Agreement (the "CFC First Supplemental Trust Agreement"), both dated May 2, 2019 (collectively, the "CFC Trust Agreement"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined in this letter are used as defined in the CFC Trust Agreement.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2019 Bonds, the signed and authenticated Series 2019 Bonds, the CFC Trust Agreement, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

- 1. The Series 2019 Bonds, the CFC Master Trust Agreement and the CFC First Supplemental Trust Agreement are valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
- 2. The Series 2019 Bonds constitute special obligations of the Authority, and the principal of and interest on (collectively, "debt service") the Series 2019 Bonds are payable from and secured solely by the Pledged Revenues and the Pledged Funds. The payment of debt service on the Series 2019 Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Series 2019 Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of Ohio, or any of its political subdivisions.
- 3. Interest on, and any profit made on the sale, exchange or other disposition of, the Series 2019 Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Series 2019 Bonds.

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<sup>\*</sup> Preliminary; subject to change.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Authority.

The rights of the owners of the Series 2019 Bonds and the enforceability of the Series 2019 Bonds and the CFC Trust Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally, to the application of equitable principles, whether considered in a proceeding at law or in equity, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2019 Bonds is concluded upon delivery of this letter.

Respectfully submitted,

#### APPENDIX F

# **Book-Entry-Only System; DTC**

# **Book-Entry-Only System**

The information set forth in the following numbered paragraphs is based on information provided by The Depository Trust Company in its "Sample Offering Document Language Describing DTC and Book-Entry-Only Issuance" (June 2013). As such, the Authority believes it to be reliable, but the Authority takes no responsibility for the accuracy or completeness of that information. It has been adapted to the Bond issue by substituting "Series 2019 Bonds" for "Securities," "Authority" for "Issuer" and "Trustee" for "registrar" or "Agent" and by the addition of the italicized language set forth in the text. See also the additional information following those numbered paragraphs.

- 1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2019 Bonds. The Series 2019 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 Series 2019 Bond certificate will be issued for each maturity of the Series 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.
- DTC, the world's largest securities depository, is a limited-purpose trust company 2. 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. (This internet site is included for reference only, and the information in this internet site is not incorporated by reference in this Official Statement.)

- 3. Purchases of Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond ("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 Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.
- 4. To facilitate subsequent transfers, all Series 2019 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 Series 2019 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 Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 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.
- 5. 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 Series 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2019 Bond documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 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.
- 6. Redemption notices shall be sent to DTC. If less than all of the Series 2019 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
- 7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019 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 the Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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8. Redemption proceeds, distributions, and dividend payments (*debt charges*) on the Series 2019 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 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, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments (*debt charges*) 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, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

# 9. (Not Applicable to the Series 2019 Bonds.)

- 10. DTC may discontinue providing its services as depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2019 Bond certificates are required to be printed (or otherwise produced) and delivered.
- 11. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond certificates will be printed *(or otherwise produced)* and delivered to DTC. (*See also* **Revision of Book-Entry System; Replacement Bonds** below.)
- 12. The information *(above)* in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

The Authority and the Trustee have no role in the purchases, transfers or sales of bookentry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisors the manner of transferring or pledging their book-entry interests.

The Authority and the Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The Authority and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Series 2019 Bonds made to DTC as the registered owner, or redemption, if

any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Official Statement.

For all purposes under the Series 2019 Bond proceedings (except the Continuing Disclosure Agreement under which others as well as DTC may be considered an owner or holder of the Series 2019 Bonds, see "CONTINUING DISCLOSURE AGREEMENT"), DTC will be and will be considered by the Authority and the Trustee to be the owner or holder of the Series 2019 Bonds.

Beneficial Owners will not receive or have the right to receive physical delivery of Series 2019 Bonds, and, except to the extent they may have rights as Beneficial Owners or holders under the Continuing Disclosure Agreement, will not be or be considered by the Authority and the Trustee to be, and will not have any rights as, owners or holders of Series 2019 Bonds under the Series 2019 Bond proceedings.

Reference herein to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

# Revision of Book-Entry System; Replacement Bonds

The Series 2019 Bond proceedings provide for issuance of fully-registered Series 2019 Bonds ("Replacement Bonds") directly to owners of Series 2019 Bonds other than DTC only in the event that DTC (or a successor securities depository) determines not to continue to act as securities depository for the Series 2019 Bonds. Upon occurrence of this event, the Authority may in its discretion attempt to have established a securities depository book-entry relationship with another securities depository. If the Authority does not do so, or is unable to do so, and after the Trustee has made provision for notification of the Beneficial Owners of the Series 2019 Bonds by appropriate notice to DTC, the Authority and the Trustee will authenticate and deliver Replacement Bonds of any one maturity, in authorized denominations, to or at the direction of any persons requesting such issuance, and, if the event is not the result of Authority action or inaction, at the expense (including legal and other costs) of those requesting.

Debt charges on Replacement Bonds will be payable when due without deduction for the services of the Trustee as paying agent. Principal of and any premium on Replacement Bonds will be payable when due to the registered owner upon presentation and surrender at the designated corporate trust office of the Trustee. Interest on Replacement Bonds will be payable on the interest payment date by the Trustee by transmittal to the registered owner of record on the Trustee as of the 15th day of the calendar month next preceding the interest payment date. Replacement Bonds will be exchangeable for other Replacement Bonds of authorized denominations, and transferable, at the designated corporate trust office of the Trustee without charge (except taxes or governmental fees). Exchange or transfer of then-redeemable Replacement Bonds is not required to be made: (i) between the 15th day preceding the mailing of notice of redemption of Replacement Bonds and the date of that mailing, or (ii) of a particular Replacement Bond selected for redemption (in whole or part).

#### APPENDIX G

# **Proposed Form of Continuing Disclosure Agreement**

# CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT, dated May 2, 2019 (the "Agreement"), is made, signed and delivered by the Columbus Regional Airport Authority (the "Authority"), a port authority and political subdivision duly organized and existing under the Constitution and laws of the State of Ohio, for the benefit of the Holders and Beneficial Owners (as defined herein) from time to time of the Authority's \$95,345,000\* Customer Facility Charge Revenue Bonds, Series 2019 (the "Bonds"), authorized by Resolution No. 23-19 adopted by the Board of Directors of the Authority on March 26, 2019 (the "Bond Resolution").

#### **RECITAL**

The Authority, by adoption of the Bond Resolution, has determined to issue the Bonds to provide funds for Authority purposes, and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of Raymond James & Associates, Inc., Loop Capital Markets LLC, and RBC Capital Markets, LLC (collectively, with the Representative, the "Participating Underwriter") has agreed to provide those funds to the Authority by purchasing the Bonds. As a condition to the purchase of the Bonds from the Authority and the sale of Bonds to Holders and Beneficial Owners, the Participating Underwriter is required to reasonably determine that the Authority has undertaken, in a written agreement for the benefit of Holders and Beneficial Owners of the Bonds, to provide certain information in accordance with the Rule (as defined herein).

NOW, THEREFORE, in accordance with the Bond Resolution, the Authority covenants and agrees as set forth in this Continuing Disclosure Agreement.

**Section 1.** Purpose of Continuing Disclosure Agreement. This Agreement is being entered into, signed and delivered for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter of the Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (SEC) pursuant to the Securities Exchange Act of 1934, as may be amended from time to time (the "Rule").

**Section 2.** <u>Definitions</u>. In addition to the definitions set forth above, the following capitalized terms shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Reference to "Sections" shall mean sections of this Agreement.

"Annual Filing" means any Annual Information Filing provided by the Authority pursuant to, and as described in, Sections 3 and 4.

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<sup>\*</sup> Preliminary, subject to change.

"Audited Financial Statements" means the audited basic financial statements of the Authority, prepared in conformity with generally accepted accounting principles.

"Beneficial Owner" means any person that (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.

"EMMA" means the Electronic Municipal Market Access system of the MSRB; information regarding submissions to EMMA is available at http://emma.msrb.org.

"Filing Date" means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding business day if that day is not a business day), beginning September 30, 2019.

"Financial Obligation" means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of an obligation or instrument described in either clause (a) or (b). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the 12-month period beginning on January 1 of each year or such other 12-month period as the Authority shall adopt as its fiscal year.

"Holder" means, with respect to the Bonds, the person in whose name a Bond is registered in accordance with the Bond Resolution.

"MSRB" means the Municipal Securities Rulemaking Board.

"Concessionaire") using the Authority's consolidated rental car facility (the "ConRAC") under an Agreement for the Operation of a Rental Car Concession or other agreement (a "Concessionaire Agreement") extending for more than one year from the date in question, which includes debt service payable on the Bonds as part of the calculation of rental payments or other payments thereunder and under which Concessionaire Agreement such Concessionaire has paid amounts in the form of Concessionaire's Deficiency Payments or similar payments equal to at least 20% of the debt service payable on the Bonds for each of the then immediately preceding two Fiscal Years of the Authority. At the time of issuance of the Bonds, the Authority is the only Obligated Person with respect to the Bonds.

"Official Statement" means the Official Statement for the Bonds dated April , 2019.

"Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"SEC Reports" means reports and other information required to be filed pursuant to Sections 13(a), 14 or 15(d) of the Rule.

"Specified Events" means any of the events with respect to the Bonds as set forth in Section 5(a).

"State" means the State of Ohio.

# Section 3. Provision of Annual Information.

The Authority shall provide (or cause to be provided) not later than the Filing Date to the MSRB an Annual Filing, which is consistent with the requirements of Section 4. The Annual Filing shall be submitted in an electronic format through EMMA, or as otherwise prescribed by the MSRB, and contain such identifying information as is prescribed by the MSRB, and 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; provided that the Audited Financial Statements of the Authority may be submitted separately from the balance of the Annual Filing and later than the Filing Date if they are not available by that date. If the Authority's Fiscal Year changes, it shall give notice of such change in the same manner as for a Specified Event under Section 5.

If the Authority is unable to provide to the MSRB an Annual Filing by the Filing Date, the Authority shall, in a timely manner, send a notice to the MSRB in an electronic format through EMMA, or as otherwise prescribed by the MSRB.

**Section 4.** <u>Content of Annual Filing</u>. The Authority's Annual Filing shall contain or include by reference the following: Financial information and operating data of the type included in the Official Statement in the table entitled "HISTORICAL AIRLINE MARKET SHARE" under the caption "THE AIRPORT SYSTEM – Enplanements and Deplanements," in the table entitled "HISTORICAL ANNUAL TRANSACTIONS, TRANSACTION DAYS, AND CFC COLLECTIONS" under the caption "RENTAL CAR OPERATIONS – CFC Collections," and annual financial information (historical only, no projected information) of the type included in "Table 19 Columbus Regional Airport Authority, Projected Debt Service Coverage on the Series 2019 Bonds" in the Financial Feasibility Report of the Feasibility Consultant.

With respect to each Obligated Person other than the Authority, the Authority will include in its Annual Filing the identity of such Obligated Person and a statement that such entity is an Obligated Person as of the year of filing with respect to this Agreement (Note: As of the date of this Agreement, there are no Obligated Persons, other than the Authority). With respect to any Obligated Person other than the Authority, if such Obligated Person files SEC Reports, the Authority will include in its Annual Filing a statement that such SEC Reports may be viewed on the SEC's website or replacement website.

The Audited Financial Statements of the Authority utilizing generally accepted accounting principles applicable to governmental units as described in the Official Statement, except as may be modified from time to time and described in such financial statements.

The foregoing shall not obligate the Authority to prepare or update projections of any financial information or operating data.

Any or all of the items listed above may be included by specific reference to other documents, including annual informational statements of the Authority or official statements of debt issues of the Authority or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. The Authority shall clearly identify each such other document so included by reference.

# Section 5. Reporting Specified Events.

The Authority shall provide to the MSRB, in an electronic format through EMMA, or as otherwise prescribed by the MSRB, and containing such identifying information as is prescribed by the MSRB and in a timely manner but not later than <u>ten business days</u> after the occurrence of the event, notice of any of the following events with respect to the Bonds, as specified by the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)
- (5) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (6) (Issuance of) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other <u>material</u> notices or determinations with respect to the tax status of the security (*i.e.*, the Bonds), or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers; [(b)]
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material; (c)
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person; Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of

the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Obligated Person, <u>if material</u>, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, <u>if material</u>; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

#### *Note:*

- (a) The Authority has not obtained or provided, and does not expect to obtain or provide, any credit enhancements or credit or liquidity providers for the Bonds.
- (b) [Any scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a specified event within the meaning of the Rule.
- (c)] Repayment of the Bonds is not secured by a lien on any property capable of release or sale or for which other property may be substituted.

For the Specified Events described in Section 5(a) (2), (6, as applicable), (7), (8, as applicable), (10), (13), (14) and (15), the Authority acknowledges that it must make a determination whether such Specified Event is material under applicable federal securities laws in order to determine whether a filing is required.

**Section 6.** <u>Amendments</u>. The Authority reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity,

nature or status of the Authority or type of business conducted by the Authority. Any such amendment or waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Authority shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the Authority that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners or (ii) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Bonds then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (A) the Authority shall provide notice of such change in the same manner as for a Specified Event under Section 5 and (B) the Annual Filing 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 or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 7.** Additional Information. Nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Agreement or providing any other means of communication, or including any other information in any Annual Filing or providing notice of the occurrence of an event, in addition to that which is required by this Agreement. If the Authority chooses to include any information in any document or notice of occurrence of an event in addition to that which is specifically required by this Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Filing or notice of occurrence of a Specified Event.

Section 8. Remedy for Breach. This Agreement shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of this Agreement by the Authority shall be limited, to the extent permitted by law, to a right of Holders and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the Authority of its obligations under this Agreement in a court in Franklin County, Ohio. Any such proceedings shall be instituted and maintained only in accordance with Section 133.25(B)(4)(b) or (C)(1) of the Revised Code (or any like or comparable successor provisions); provided that any Holder or Beneficial Owner may exercise individually any such right to require the Authority to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any Beneficial Owner seeking to require the Authority to comply with this Agreement shall first provide at least 30 days' prior written notice to the Authority of the Authority's failure, giving reasonable detail of such failure, following which notice the Authority shall have 30 days to comply. A default under this Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure of the Authority to comply with this Agreement shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Agreement.

**Section 9. Appropriation**. The performance by the Authority of its obligations under this Agreement shall be subject to the availability of funds and their annual appropriation to meet costs that the Authority would be required to incur to perform those obligations. The Authority shall provide notice to the MSRB in the same manner as for a Specified Event under Section 5 of the failure to appropriate funds to meet costs to perform the obligations under this Agreement.

**Section 10.** <u>Termination</u>. The obligations of the Authority under this Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the Authority remains an Obligated Person with respect to the Bonds within the meaning of the Rule. The obligation of the Authority to provide the information and notices of the events described above shall terminate, if and when the Authority no longer remains such an Obligated Person. If any person, other than the Authority, becomes an Obligated Person relating to the Bonds, the Authority shall engage in reasonable efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

**Section 11.** <u>Dissemination Agent</u>. The Authority may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent.

**Section 12.** <u>Beneficiaries</u>. This Agreement shall inure solely to the benefit of the Authority, any dissemination agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 13.** <u>Recordkeeping</u>. The Authority shall maintain records of all Annual Filings and notices of Specified Events and other events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

**Section 14.** Other Obligated Persons. If any person, other than the Authority, becomes an Obligated Person relating to the Bonds, the Authority shall engage in reasonable efforts to require such Obligated Person to comply with Sections 4 and 5 applicable to such Obligated Person. The Authority has no obligation to file or disseminate any SEC Reports of an Obligated Person and has no responsibility for the accuracy, completeness or, except as provided in the preceding sentence, the timeliness of an Obligated Person's compliance with Sections 4 or 5. The Authority need not engage in any litigation to compel such Obligated Person to comply with the disclosure obligations under Sections 4 or 5.

**Section 15.** Governing Law. This Agreement shall be governed by the laws of the State.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW)

IN WITNESS WHEREOF, the Authority has caused this Continuing Disclosure Agreement to be duly signed and delivered to the Participating Underwriter, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Participating Underwriter, on its behalf by its officials signing below, all as of the date set forth above, and the Holders and Beneficial Owners from time to time of the Bonds shall be deemed to have accepted this Agreement made in accordance with the Rule.

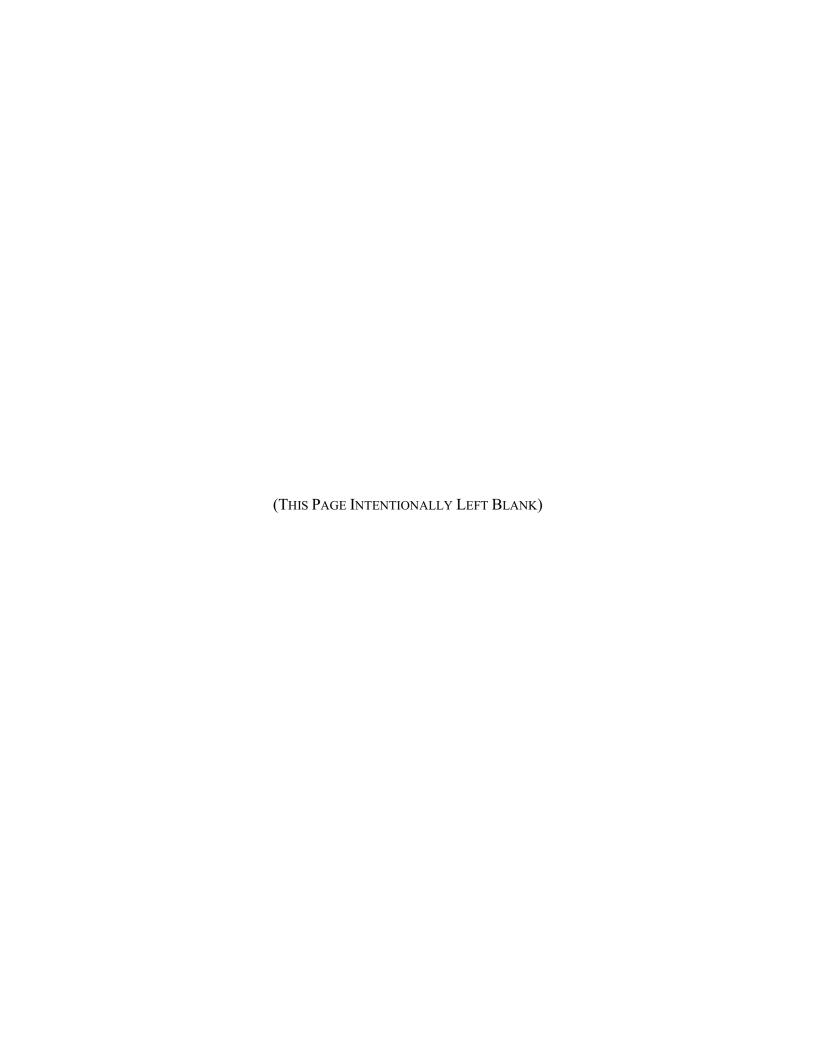
#### COLUMBUS REGIONAL AIRPORT AUTHORITY

Ву:	
Title:	President & CEO
By:	
-	Chief Financial Officer

## FISCAL OFFICER'S CERTIFICATE - CONTINUING DISCLOSURE AGREEMENT

As fiscal officer of the Columbus Regional Airport Authority, I certify that the money required to meet the obligations of the Authority under the foregoing Continuing Disclosure Agreement made by the Authority in accordance with the Rule, as set forth in the Bond Resolution and the attached Continuing Disclosure Agreement, during Fiscal Year 2019, has been lawfully appropriated by the Authority for those purposes and is in the Authority treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This Certificate is given in compliance with Sections 5705.41 and 5705.44 of the Revised Code.

Dated: May 2, 2019	
•	Chief Financial Officer
	Columbus Regional Airport Authority





In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2019 Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. INTEREST ON THE SERIES 2019 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.



#### \$94,325,000

#### COLUMBUS REGIONAL AIRPORT AUTHORITY

# Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

**Dated:** Date of Delivery **Due:** December 15 as shown on the inside cover

The Columbus Regional Airport Authority (the "Authority") is issuing its Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) in the principal amount of \$94,325,000 (the "Series 2019 Bonds"). The Series 2019 Bonds are being issued under the CFC Trust Agreement. Proceeds from the Series 2019 Bonds, together with other lawfully available funds, will be used for the purpose of (i) financing the costs of the development and construction of the Series 2019 Project, including a consolidated rental car facility and related improvements at John Glenn Columbus International Airport, (ii) funding deposits into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account, and (iii) paying certain costs of issuance incurred in connection with the issuance of the Series 2019 Bonds. See "ESTIMATED SOURCES AND USES FOR THE SERIES 2019 PROJECT – Application of Series 2019 Bond Proceeds."

The Series 2019 Bonds are special obligations of the Authority payable solely from and secured by a pledge of the Pledged Revenues and the Pledged Funds, as more particularly described in the CFC Trust Agreement. See "APPENDIX C – Form of CFC Master Trust Agreement and CFC First Supplemental Trust Agreement." No revenues of the Authority, other than the Pledged Revenues, are pledged to the payment of the Series 2019 Bonds. The Series 2019 Bonds will not constitute a debt, or a pledge of the faith and credit, of the Authority, the State or any other political subdivision of the State, and the holders or owners of the Series 2019 Bonds have no right to have taxes levied by the General Assembly of Ohio or the taxing authority of any political subdivision of the State to pay Debt Service Charges on the Series 2019 Bonds.

The Series 2019 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases and sales of the Series 2019 Bonds may be made in book-entry-form only in denominations of \$5,000 and integral multiplies thereof. Interest on the Series 2019 Bonds will be payable on June 15 and December 15, commencing on June 15, 2019. So long as the Series 2019 Bonds are held by DTC, the principal and redemption price of and interest on the Series 2019 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal, redemption price and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2019 Bonds, as more fully described herein. See "APPENDIX F - Book-Entry-Only System; DTC."

## Principal Maturity Schedule (see inside cover)

The scheduled payment of principal of and interest on the Series 2019 Bonds maturing on December 15 in the years 2030 through 2032, inclusive (the "Insured Series 2019 Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Series 2019 Bonds by **ASSURED GUARANTY MUNICIPAL CORP.** 



The Series 2019 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as more fully described herein. See "DESCRIPTION OF THE SERIES 2019 BONDS—Redemption Provisions."

The purchase and ownership of Series 2019 Bonds involve investment risk and may not be suitable for all investors. This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2019 Bonds. Investors are advised to read the entire Official Statement, including any portion hereof included by reference, to obtain information essential to the making of an informed decision, giving particular attention to the matters discussed under "INVESTMENT CONSIDERATIONS." Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Series 2019 Bonds are offered when, as and if issued and accepted by Underwriters, subject to the opinion on certain legal matters relating to their issuance of Squire Patton Boggs (US) LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its General Counsel, and for the Underwriters by Dinsmore & Shohl LLP, Columbus, Ohio. PFM Financial Advisors LLC has acted as Municipal Advisor to the Authority in connection with the issuance of the Series 2019 Bonds. The Series 2019 Bonds are expected to be available for delivery to DTC or its agent on May 2, 2019.

**BofA Merrill Lynch** 

**Raymond James** 

**RBC Capital Markets** 

**Loop Capital Markets** 

## PRINCIPAL MATURITY SCHEDULE ON DECEMBER 15

## **\$34,930,000** Serial Bonds

		Interest		$\text{CUSIP}_{\mathbb{O}^{(a)}}$
Year	<b>Amount</b>	Rate	<b>Price</b>	No.
2021	\$2,020,000	2.675%	100.00	19954K AA9
2022	2,075,000	2.798	100.00	19954K AB7
2023	2,135,000	2.948	100.00	19954K AC5
2024	2,195,000	3.091	100.00	19954K AD3
2025	2,265,000	3.191	100.00	19954K AE1
2026	2,335,000	3.269	100.00	19954K AF8
2027	2,415,000	3.369	100.00	19954K AG6
2028	2,495,000	3.539	100.00	19954K AH4
2029	2,585,000	3.639	100.00	19954K AJ0
2030*	2,675,000	3.639	100.00	19954K AK7
2031*	2,775,000	3.689	100.00	19954K AL5
2032*	2,875,000	3.739	100.00	19954K AM3
2033	2,985,000	3.889	100.00	19954K AN1
2034	3,100,000	3.919	100.00	19954K AP6

\$17,465,000 4.059% Term Bonds Due December 15, 2039, Price 100.00 CUSIP<sup>(a)</sup> No. 19954K AQ4 \$41,930,000 4.199% Term Bonds Due December 15, 2048, Price 100.00 CUSIP<sup>(a)</sup> No. 19954K AR2

<sup>\*</sup>Insured Series 2019 Bonds – see "BOND INSURANCE" herein.

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#### COLUMBUS REGIONAL AIRPORT AUTHORITY

#### **BOARD OF DIRECTORS**

William R. Heifner, Chair
Jordan A. Miller, Jr., Vice-Chair
Frederic Bertley, Ph.D.
Don M. Casto, III
Paul Chodak III
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Karen J. Morrison
Susan Tomasky
Terrance Williams

#### **AIRPORT OFFICIALS**

Joseph R. Nardone, CM
Randy Bush, CPA
Casey Denny, A.A.E.
Classic Chief Asset Officer
Chief Asset Officer
Chief Asset Officer

David Whitaker

Amanda Wickline

Shannetta Griffin, P.E. Chief Development Officer Tory Richardson, A.A.E. Executive Vice President &

Chief Operating Officer
Chief Commercial Officer

General Counsel &

Chief Administrative Officer

## **PROFESSIONAL SERVICES**

Squire Patton Boggs (US) LLP, Bond Counsel and General Counsel

PFM Financial Advisors LLC, Municipal Advisor

Unison Consulting, Inc., Feasibility Consultant

Bank of America Merrill Lynch, as Representative of the Underwriters

Dinsmore & Shohl LLP, Underwriters' Counsel

#### REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2019 Bonds identified on the cover page. No dealer, broker, sales person or other person has been authorized by the Authority to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been given or authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2019 Bonds by any person, in any jurisdiction in which it is unlawful to make that offer, solicitation or sale.

The information in this Official Statement is provided by the Authority in connection with the original offering of the Series 2019 Bonds. Reliance should not be placed on any other information publicly provided, in any format including electronic, by the Authority for other purposes, including general information provided to the public or to portions of the public. The information in this Official Statement is subject to change without notice. Neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Authority since its date.

THE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE CFC 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 SERIES 2019 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2019 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING INVESTMENT DECISIONS INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2019 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

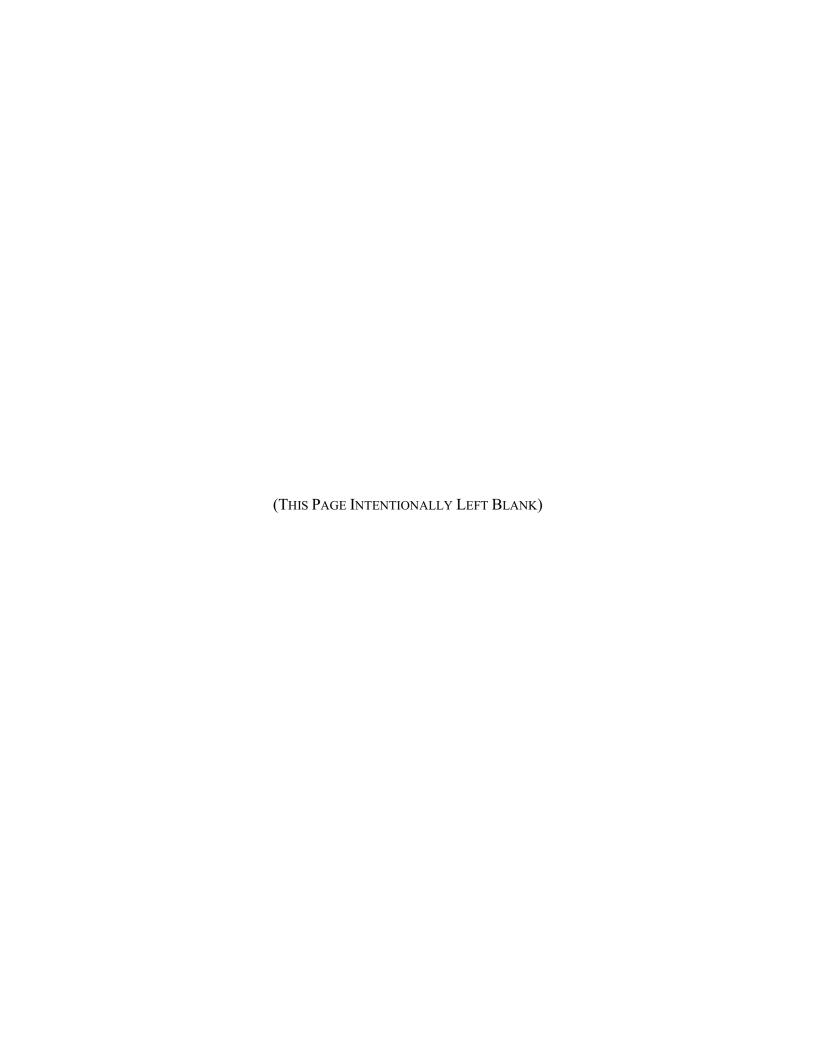
In connection with this offering, the Underwriters may overallot or effect transactions that stabilize or maintain the market price of the Series 2019 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2019 Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page, which public offering prices may be changed from time to time by the Underwriters.

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 respective 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.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Series 2019 Bonds or the advisability of investing in the Series 2019 Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX H - Specimen Municipal Bond Insurance Policy".

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#### OFFICIAL STATEMENT

# COLUMBUS REGIONAL AIRPORT AUTHORITY \$94,325,000

Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

#### INTRODUCTION

*General*. This Official Statement, including the cover page, inside cover pages, table of contents and the appendices hereto, is furnished in connection with the offering and issuance by the Columbus Regional Airport Authority (the "Authority") of \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 Bonds"). Unless otherwise indicated, capitalized terms used in this Official Statement are defined in "APPENDIX C – Form of CFC Master Trust Agreement and CFC First Supplemental Trust Agreement."

*Authority*. The Authority is a port authority and political subdivision of the State of Ohio (the "State"). See "THE AUTHORITY."

**Plan of Finance**. Proceeds of the Series 2019 Bonds, along with certain other available moneys, will be used to (a) finance the costs of the development and construction of the Series 2019 Project, (b) fund deposits to the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account, and (c) pay certain costs of issuance of the Series 2019 Bonds.

The Series 2019 Project will generally consist of (i) a consolidated rental car facility (the "ConRAC") to be located at John Glenn Columbus International Airport (the "Airport" or "CMH"), which will include a customer service building, ready/return, "quick turnaround" and staging/storage areas, and fueling, car wash and light maintenance facilities, (ii) access roadway improvements, and (iii) utility infrastructure improvements that will serve the ConRAC (collectively, the "Series 2019 Project"). See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES FOR THE SERIES 2019 PROJECT - Application of Series 2019 Bond Proceeds."

Series 2019 Bonds. The Series 2019 Bonds are being issued pursuant to the provisions of Sections 4582.21 through 4582.99 of the Ohio Revised Code, Section 13 of Article VIII of the Ohio Constitution, the Customer Facility Charge Master Trust Agreement, dated May 2, 2019 (the "CFC Master Trust Agreement") and the Customer Facility Charge First Supplemental Trust Agreement, dated May 2, 2019 (the "CFC First Supplemental Trust Agreement" and together with the CFC Master Trust Agreement, the "CFC Trust Agreement") and resolutions of the Authority adopted on March 26, 2019 (collectively, the "Series 2019 Resolution"). Upon their issuance, the Series 2019 Bonds will be the only Bonds issued and outstanding under the CFC Trust Agreement. See "DESCRIPTION OF THE SERIES 2019 BONDS."

Security for the Series 2019 Bonds. The Series 2019 Bonds are special obligations of the Authority payable equally and ratably solely from the Pledged Revenues and the Pledged Funds (each as defined herein) and the payment of Debt Service Charges shall be secured by the CFC Trust Agreement and a pledge and assignment of and a lien on the Pledged Revenues and the

Pledged Funds (which Pledged Funds include the CFC Revenue Fund and the CFC Supplemental Reserve Account (each held by the Authority) and the CFC Debt Service Fund, the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund (each held by the Trustee)). See "SECURITY FOR THE SERIES 2019 BONDS." No revenues of the Authority, other than the Pledged Revenues, are pledged to the payment of the Series 2019 Bonds. Neither the ConRAC nor any other real property of the Authority are subject to any mortgage or other lien for the benefit of the owners of the Series 2019 Bonds. The Series 2019 Bonds will not constitute a debt, or a pledge of the faith and credit, of the Authority, the State or any other political subdivision of the State, and the holders or owners of the Series 2019 Bonds have no right to have taxes levied by the General Assembly of Ohio or the taxing authority of any political subdivision of the State to pay Debt Service Charges on the Series 2019 Bonds.

General Airport Revenue Bonds. The Authority has heretofore entered into a Master Trust Indenture, dated as of July 15, 1994, which has heretofore and may hereafter be amended and supplemented from time to time (collectively, the "Master Trust Indenture"), which Master Trust Indenture generally authorizes the issuance from time to time of the Authority's general airport revenue bonds (the "GARB Bonds") and further provides therein for the issuance of Special Facility Revenue Bonds (as defined in the Master Trust Indenture) for the purpose of paying the costs of Special Facilities (as defined in the Master Trust Indenture) and excludes from the definition of Revenues (as defined in the Master Trust Indenture) pledged to pay the debt service charges on the GARB Bonds any revenue or income from any present or future Special Facility to the extent that such revenue or income is pledged by the Authority to pay principal, interest and redemption premiums, if any, for Special Facility Revenue Bonds, or to the extent that such revenue or income is for the use of the Authority to pay or reimburse the Authority for the costs of operation or maintenance required to be paid by the user pursuant to a Special Facilities Agreement (as defined in the Master Trust Indenture) (other than reimbursement for any of the Authority's administrative costs relating to any Special Facility). The Authority has determined that the (i) Pledged Revenues shall not constitute Revenues, (ii) CFC Facilities, including the ConRAC, contemplated by the CFC Resolution constitute Special Facilities, (iii) CFC Bonds authorized thereby constitute Special Facility Revenue Bonds and (iv) Concessionaire Agreements shall each constitute a Special Facility Agreement.

Airport and Airport System. John Glenn Columbus International Airport (the "Airport") is the principal air carrier airport serving central Ohio. The Airport is owned and operated by the Authority. The Airport is classified as a "Medium Hub" commercial service airport by the Federal Aviation Administration (the "FAA"). A "Medium Hub" is defined as a community enplaning 0.25% to 1.00% of the U.S. enplanements. The "Catchment Area" is the primary air service area for the Airport, and is comprised of a significant portion of Ohio, and even parts of some adjacent states. See "THE AIRPORT SYSTEM" and "THE AIRPORT SYSTEM – The Catchment Area."

According to Airports Council International – North America ("ACI-NA") statistics, for the calendar year ended December 31, 2017 (the latest available information from ACI-NA), the Airport was ranked as the 49<sup>th</sup> busiest airport in the country as measured by total number of enplaned and deplaned passengers, representing a 0.39% share of the total passengers. For the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the Airport (a) enplaned approximately 4.08 million passengers, which represented an approximately 7.7% increase in enplaned passengers from Fiscal Year 2017, and (b) deplaned approximately 4.06 million passengers, which

represented an approximately 6.8% increase in deplaned passengers from Fiscal Year 2017. For Fiscal Year 2018, approximately 99% of the passengers using the Airport were origination and destination ("O&D") passengers (passengers beginning or ending their trips at the Airport, as opposed to passengers connecting through the Airport to other cities).

Additionally, for Fiscal Year 2018, vehicles were rented at the Airport for approximately 1.69 million rental car transaction days (each 24-hour period during which a car is rented), which represented an approximately 5.2% increase in rental car transaction days from Fiscal Year 2017. As described herein, the Series 2019 Bonds will be secured by, among other things, Customer Facility Charges ("CFC" or "CFCs") collected from customers renting cars from the rental car companies operating from the ConRAC. See "SECURITY FOR THE SERIES 2019 BONDS," "PLAN OF FINANCE," "THE AUTHORITY" and "THE AIRPORT SYSTEM."

Concessionaire Agreements; Rental Car Concession Agreements. As of January 1, 2018, the Authority entered into an Agreement for the Operation of a Rental Car Concession (each a "Concessionaire Agreement" and, collectively, the "Concessionaire Agreements") with each of five rental car companies (representing eight brands, including Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty) (collectively, with any additional rental car companies that may enter into a Concessionaire Agreement, the "Concessionaires") in connection with the construction of, leasing of space in and operating the ConRAC. Pursuant to the Concessionaire Agreements, the Authority has agreed to construct the Series 2019 Project and the Concessionaires have agreed to collect the CFCs and to remit the CFCs to the Authority. Each Concessionaire has also agreed that upon the opening of the ConRAC, it will pay Concessionaire Deficiency Payments to the Authority in the event CFCs collected by the Concessionaires are not sufficient to pay debt service on the Series 2019 Bonds and to make certain other deposits under the CFC Trust Agreement. See "CONCESSIONAIRE AGREEMENTS" and "APPENDIX D - Form of Concessionaire Agreements."

Prior to the opening of the ConRAC, each of the rental car companies operating at the Airport will continue to operate at the Airport pursuant to an Agreement for the Operation of a Rental Car Concession (the "2016 Agreements") that expire on the earlier of (i) December 31, 2021, (ii) the date the ConRAC is opened for operation, or (iii) any time after December 31, 2019 if the premises are needed for public parking. Pursuant to the 2016 Agreements, the rental car companies are required to collect CFCs and to remit the CFCs to the Authority. **The rental car companies are not required to pay Concessionaire Deficiency Payments under the 2016 Agreements.** Upon the opening of the ConRAC, the Concessionaires will be subject to the terms of the Concessionaire Agreements and the 2016 Agreements will terminate.

Feasibility Report. Included as "APPENDIX A" to this Official Statement is a Financial Feasibility Report dated April 8, 2019 (the "Financial Feasibility Report"), prepared by Unison Consulting, Inc. (the "Feasibility Consultant"), in conjunction with the issuance of the Series 2019 Bonds. The Financial Feasibility Report includes, among other things: a description of the Series 2019 Project; a description of the underlying economic base of the Airport's catchment area; a description of historical air traffic activity at the Airport; the Feasibility Consultant's projections for air traffic activity at the Airport through Fiscal Year 2029 and a description of the assumptions on which such projections were based; a description of car rental activity at the Airport; the Feasibility Consultant's projections for car rental activity at the Airport through Fiscal Year 2029

and a description of the assumptions on which such projections were based; and the Feasibility Consultant's projections of debt service coverage through Fiscal Year 2029 and a description of the assumptions upon which such projections were based. Inevitably, some assumptions used to develop the projections in the Financial Feasibility Report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between those projections and actual results, and those differences may be material. The projections contained in the Financial Feasibility Report are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Authority assume any responsibility for the failure to meet such projections. The Financial Feasibility Report is an integral part of this Official Statement and should be read in its entirety. The Financial Feasibility Report has not been revised subsequent to its date of publication (April 8, 2019) to reflect the final terms of the Series 2019 Bonds. See "-Forward-Looking Statements" below, "FINANCIAL FEASIBILITY REPORT" and "APPENDIX A - Financial Feasibility Report."

Continuing Disclosure. The Authority will covenant for the benefit of the owners and beneficial owners of the Series 2019 Bonds to annually provide, or cause to be provided, certain financial information and operating data concerning the Authority, the Airport System, including rental car activity at the Airport, and to provide, or cause to be provided, notices of certain enumerated events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System (the "EMMA System") or any successor method designated by the MSRB, pursuant to the requirements of Rule 15c2-12 of the Securities Exchange Commission. See "CONTINUING DISCLOSURE AGREEMENT" and "APPENDIX G - Proposed Form of Continuing Disclosure Agreement."

*Investment Considerations*. The purchase and ownership of the Series 2019 Bonds involve investment risks. Prospective purchasers of the Series 2019 Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Series 2019 Bonds, see "INVESTMENT CONSIDERATIONS."

Forward-Looking Statements. The statements contained in this Official Statement that are not purely historical are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "forecast," "will likely result," "are expected to," "will continue," "is anticipated," "intend" or other similar words. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the Authority's actual financial and operating results likely will differ, and could differ materially, from those in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including rental car companies, airlines, customers, suppliers and competitors, among others, and legislative, judicial

and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Additional Information. Brief descriptions of the Series 2019 Bonds, the CFC Trust Agreement, the Concessionaire Agreements and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, laws, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, law, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this 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. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2019 Bonds. The Authority maintains a website, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Series 2019 Bonds.

#### THE AUTHORITY

The Authority is a port authority and political subdivision of the State. The Authority was originally created in 1991 as a body corporate and politic by the City of Columbus, Ohio (the "City") pursuant to the provisions of Ohio Revised Code Sections 4582.21 through 4582.99 (the "Act") and given responsibility for the operation of the Airport and Bolton Field. Effective January 1, 2003, the Authority was reconstituted as a body corporate and politic by the City and the County of Franklin, Ohio (the "County") pursuant to the provisions of the Act and given responsibility for the operation the Airport, Bolton Field and Rickenbacker International Airport.

The Act provides that the Authority is empowered, among other things, to issue revenue bonds for the purpose of acquiring or constructing any port authority facility. The Act defines a port authority facility as any real or personal property, or any combination thereof owned, leased, or otherwise controlled or financed by a port authority and related to, useful for, or in furtherance of, one or more authorized purposes. The Act defines an authorized purpose as either (i) activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within the jurisdiction of the port authority or (ii) activities authorized by Sections 13 and 16 of Article VIII, Ohio Constitution. The Authority may acquire, purchase, construct, reconstruct, enlarge, furnish, equip, maintain or repair, sell, exchange, lease or rent to, lease or rent from, or operate port authority facilities.

The Series 2019 Bonds are being issued in compliance with the Act. The Authority is authorized to enter into the CFC Trust Agreement, to issue the Series 2019 Bonds, to use the proceeds of the Series 2019 Bonds to finance a portion of the costs of the Series 2019 Project, and to secure the Series 2019 Bonds by a pledge of the Pledged Revenues and Pledged Funds.

#### PLAN OF FINANCE

#### General

In 2005 the Authority began updating its Airport Master Plan. One of the objectives was to review and evaluate the Authority's rental car facilities. Following an extensive study, it was concluded that the current rental car operations are a major contributor to congestion and capacity constraints within the terminal, curbsides and roadways, the current rental car facilities are at capacity, and the rental car companies would be able to rent additional cars if they had additional space for those rental cars. Currently, the rental car companies operating at the Airport have customer and operating facilities within an Authority-owned parking garage located adjacent to the main terminal. In order to alleviate congestion in that existing parking garage and provide additional public parking, as well as coordinate with the Authority's mid-field redevelopment plan, the Authority has determined to consolidate the operations of the rental car companies into an alternate location and to construct a consolidated rental car facility (the "ConRAC"). The ConRAC will be located between the incoming and outgoing lanes of International Gateway, adjacent to a potential site for a future terminal, less than a mile from the present terminal, and designed to allow for flexible space usage should car rental and public parking demands change in the future.

The ConRAC will consist of: a single-story customer service building, containing approximately 34 customer counter positions and the Concessionaires' back offices; a three-level (plus an uncovered top level) ready/return garage, providing approximately 812 ready stalls, 636 return stalls, and 1,058 storage parking spaces; a three-level "quick turnaround" garage, containing approximately 204 vehicle stacking positions, 54 fuel positions, nine car wash bays, and six light maintenance bays; and bridges and helices to connect the different structures. The ConRAC will be located on approximately ten acres located west of the current terminal at the Airport. In addition to the ConRAC, the plan of finance includes construction of certain roadway improvements that will be used to access the ConRAC and utility infrastructure improvements that will serve the ConRAC (collectively, the "Related Improvements").

## **Bond Validation Proceedings**

During the course of negotiating the Concessionaire Agreements, the Authority and the Concessionaires discussed the pendency of certain litigation in the State of Arizona which related to the permitted use under the Arizona Constitution of receipts generated by the imposition of a sales tax on rental car transactions. In that case, the sales tax receipts were being used to finance the costs of a professional sports stadium. In relevant part, the Arizona Constitution provides that "[n]o moneys derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on the public highways or streets or to fuels or any other energy source used for the propulsion of vehicles on the public highways or streets, shall be expended for other than highway and street purposes . . . ." At the time of those negotiations, the Superior Court of Arizona (Maricopa County) had found that the referenced use of receipts from the imposition of a sales tax on rental car transactions did violate the referenced provision in the Arizona Constitution. Given the pendency of the Arizona litigation, and the fact that the Ohio Constitution included a provision very similar to that in the Arizona Constitution, the Concessionaires expressed concern about the lawful use of the CFCs to pay the costs of the ConRAC.

In response to those concerns, the Authority determined to follow a statutory procedure (prescribed by Ohio Revised Code Section 133.70) to adjudicate various issues related to the Authority's imposition and use of the CFCs. On March 15, 2018, the Court of Commons Pleas, Franklin County, Ohio generally ordered that the Authority had the authority to (i) construct and operate the ConRAC, (ii) issue the Series 2019 Bonds for the purpose of paying the cost of constructing the ConRAC and (iii) undertake the proceedings taken and proposed to be taken in the connection with the Series 2019 Bonds, including but not limited to implementation, collection and use of the CFC to pay the cost of constructing the ConRAC and as a source of payment of debt charges on the Series 2019 Bonds. In accordance with Ohio Revised Code section 133.70(M), the Common Pleas Court further ordered that the order was forever binding and conclusive as to all matters adjudicated against the Authority, any obligor, and all other parties to the action, and those in privity with them, whether named in the action or included in the description of the Court's general order and notice, and constituted a permanent injunction against contesting the validity of the Series 2019 Bonds, and the validity of the CFCs as a lien to secure the payment of the debt charges, by any person in any action or proceeding, provided that all procedural steps required to be taken for the completion of the authorization, issuance, sale, and delivery of the Series 2019 Bonds have been properly taken in accordance with the provisions of Ohio Revised Code Chapter 4582 and the terms of the order. The period during which the order may have been appealed has expired, and no appeal was filed during that period.

## Construction Manager at Risk Agreement for the Series 2019 Project

The Authority entered into a Construction Manager at Risk Agreement on July 14, 2017 with Turner Construction Company ("Turner"), one of the largest commercial building contractors in the United States. A leader in the construction industry for over 100 years, Turner has worked for 50 years in the Columbus area, completing approximately \$250 million in construction projects annually. Turner's experience includes consolidated rental car facilities built in San Antonio, Seattle, and Miami. Based upon that experience, Turner has developed an understanding of the challenges of building a ConRAC, as well as a strong local subcontractor network.

The Authority has approved and executed various fixed price contracts in the approximate aggregate amount of \$73.5 million for early site work, foundations and utility corridor work and related services as part of the Series 2019 Project, and work is underway on that portion of the Series 2019 Project, design of the remainder of the Series 2019 Project was completed. In March 2019, Turner provided, and the Authority accepted but will <u>not</u> execute until the Series 2019 Bonds are delivered, a guaranteed maximum price ("GMP") contract in the approximate amount of \$62.7 million for additional costs relating to the construction of the Series 2019 Project. Upon delivery of the Series 2019 Bonds, the Authority will have executed fixed price and GMP contracts to provide for the entire cost of constructing the ConRAC.

The total estimated cost of the Series 2019 Project is \$152.7 million and of that amount, approximately (i) \$136.2 million has either been paid or committed to be paid from CFCs heretofore collected and/or proceeds from the Series 2019 Bonds, all pursuant to GMP contracts heretofore executed by Turner and fixed price contracts heretofore executed by other companies, (ii) \$8.6 million is expected to be paid by the Authority from CFCs heretofore collected and/or proceeds from the Series 2019 Bonds and (iii) \$7.9 million has been reserved for contingencies

and will be paid by the Authority from CFCs heretofore collected and/or proceeds from the Series 2019 Bonds.

Change orders or amendments may be issued for Authority-requested changes, unanticipated costs due to impact from other unforeseen project work items, and additional tenant improvements. Turner will provide a payment and performance bond and the Authority has the right to assess liquidated damages if the Series 2019 Project does not achieve final completion deadline.

## **Operation of the ConRAC**

The Concessionaire Agreements provide for forming a consortium by the Concessionaires, with Authority input, to choose a third party ConRAC Facility Manager to operate the ConRAC. The ConRAC Facility Manager may also manage the common fuel system or that particular function may be provided by another company as determined by the consortium. The Concessionaires, through the ConRAC Facility Manager, will be responsible for maintaining common Concessionaire areas and each Concessionaire's exclusive premises areas. See "CONCESSIONAIRE AGREEMENTS" and "APPENDIX D – Form of Concessionaire Agreements."

#### **Estimated Sources and Uses for the Series 2019 Project**

The Authority estimates that the development, construction, equipping and improvement of the Series 2019 Project will cost approximately \$152.7 million (approximately \$136.9 million for the ConRAC and approximately \$15.8 million for the Related Improvements), and will be financed with the following sources:

## **Series 2019 Project Funding Sources\***

Net Proceeds of Series 2019 Bonds and Projected Interest Earnings thereon \$87,515,120.00 Previously Collected CFCs 65,184,880.00 \$152,700,000.00

See also "THE CFC TRUST AGREEMENT – FLOW OF FUNDS – Deposit of Pledged Revenues."

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<sup>\*</sup> Estimates, subject to change.

## **Application of Series 2019 Bond Proceeds**

The proceeds of the Series 2019 Bonds will be used for the purpose of (a) financing a portion of the costs of the Series 2019 Project, (b) funding deposits into the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund, and (c) paying certain costs of issuance of the Series 2019 Bonds. The following table sets forth the estimated application of the proceeds of the Series 2019 Bonds:

	Series 2019 Bonds
Sources	
Principal Amount	\$94,325,000.00
Total Sources	\$94,325,000.00
Uses	
Deposit to the Series 2019 Construction Account in the	
CFC Construction Fund	\$86,337,358.77
Deposit to the Series 2019 Debt Service Reserve	
Account in the CFC Debt Service Reserve Fund	5,693,398.10
Deposit to the Series 2019 Debt Service Coverage	
Account in the CFC Debt Service Coverage Fund	1,423,349.53
Costs of Issuance <sup>1</sup>	870,893.60
Total Uses	\$94,325,000.00

<sup>&</sup>lt;sup>1</sup> Includes Underwriters' discount, bond insurance, legal and other costs of issuance.

## **BOND INSURANCE**

## **Bond Insurance Policy**

Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Series 2019 Bonds maturing on December 15 of the years 2030 through 2032, inclusive (the "Insured Series 2019 Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Series 2019 Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

## **Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and an 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, infrastructure and structured finance markets. Neither AGL nor any of its

shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM 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, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

## Current Financial Strength Ratings

On December 21, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2018, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Capitalization of AGM

At December 31, 2018:

- The policyholders' surplus of AGM was approximately \$2,533 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,034 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

• The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,873 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

### Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <a href="http://www.sec.gov">http://www.sec.gov</a>, at AGL's website at <a href="http://www.sec.gov">http://www.sec.gov</a>, at AGL's website at <a href="http://www.assuredguaranty.com">http://www.assuredguaranty.com</a>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

### Miscellaneous Matters

AGM makes no representation regarding the Series 2019 Bonds or the advisability of investing in the Series 2019 Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "BOND INSURANCE".

#### **DESCRIPTION OF THE SERIES 2019 BONDS**

#### General

The Series 2019 Bonds will bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360day year consisting of twelve 30-day months. The Series 2019 Bonds will be dated their date of delivery, and will bear interest from that date, payable semi-annually on June 15 and December 15 of each year (each an "Interest Payment Date"), commencing on June 15, 2019. Interest due and payable on the Series 2019 Bonds on any Interest Payment Date will be paid to the registered owner as of the Regular Record Date (Cede & Co., so long as the book-entry system with The Depository Trust Company ("DTC") is in effect). Each Series 2019 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2019 Bond will bear interest from such date of authentication, or unless such date of authentication is after a Regular Record Date and before the next succeeding Interest Payment Date, in which event such Series 2019 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before June 15, 2019, in which event such Series 2019 Bond will bear interest from its date of delivery. If interest on the Series 2019 Bonds is in default, Series 2019 Bonds issued in exchange for Series 2019 Bonds surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2019 Bonds surrendered.

The Series 2019 Bonds will be issued in denominations of \$5,000 or integral multiples thereof. The Series 2019 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2019 Bonds. Individual purchases may be made in book-entry-form only. Purchasers will not receive certificates representing their interest in the Series 2019 Bonds purchased. So long as Cede & Co., as a nominee of DTC, is the registered owner of the Series 2019 Bonds, references herein to the Holders or registered owners means Cede & Co., and does not mean the Beneficial Owners of the Series 2019 Bonds.

So long as Cede & Co. is the registered owner of the Series 2019 Bonds, principal and redemption price of and interest on the Series 2019 Bonds will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants, for subsequent disbursement to the Beneficial Owners. See "APPENDIX F - Book-Entry-Only System; DTC."

### **Redemption Provisions**

Optional Redemption. The Series 2019 Bonds maturing on or after December 15, 2030 are subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 2029 at par, plus in each case accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2019 Bonds maturing on December 15, 2039 shall be subject to mandatory sinking fund redemption pursuant to the terms of the mandatory sinking fund redemption requirements of the CFC Trust Agreement, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on December 15 of the years shown in, and according to, the following schedule:

	<u>Principal</u>
<u>Year</u>	<u>Amount</u>
2035	\$3,220,000
2036	3,350,000
2037	3,490,000
2038	3,630,000
2039	3,775,000 <sup>(a)</sup>

<sup>(</sup>a) Remaining principal balance scheduled to be paid at the stated maturity

The Series 2019 Bonds maturing on December 15, 2048 shall be subject to mandatory sinking fund redemption pursuant to the terms of the mandatory sinking fund redemption requirements of the CFC Trust Agreement, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on December 15 of the years shown in, and according to, the following schedule:

	<u>Principal</u>
<u>Year</u>	<u>Amount</u>
2040	\$3,930,000
2041	4,095,000
2042	4,265,000
2043	4,445,000
2044	4,635,000
2045	4,830,000
2046	5,030,000
2047	5,240,000
2048	5,460,000(a)

<sup>(</sup>a) Remaining principal balance scheduled to be paid at the stated maturity

The Authority shall have the option to deliver to the Trustee for cancellation any Term Bonds subject to Mandatory Sinking Fund Requirements in any aggregate principal amount and to receive a credit against any applicable Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) of the Authority for such Series 2019 Bonds. That option shall be exercised by the Authority, on or before the 45<sup>th</sup> day preceding the applicable mandatory redemption date, by furnishing the Trustee a certificate setting forth the extent of the credit to be applied and the Mandatory Sinking Fund Requirement to be credited.

Selection of Series 2019 Bonds for Redemption. If fewer than all the Outstanding Series 2019 Bonds are to be redeemed at the option of the Authority, the Trustee, upon written instruction from the Authority, shall select the Series 2019 Bonds to be redeemed from the maturities selected

by the Authority; provided, that the portion of any Series 2019 Bond to be redeemed in part is to be in the principal amount of \$5,000 or any integral multiple thereof. So long as Series 2019 Bonds are registered to DTC or its nominee, selection of a portion of Series 2019 Bonds to be redeemed within a maturity shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures; provided that, so long as the Series 2019 Bonds are held in book-entry form, the selection for redemption of the Series 2019 Bonds will be made in accordance with the operational arrangements of DTC then in effect, and if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, all Series 2019 Bonds will be selected for redemption in accordance with DTC procedures by lot; provided further that any such redemption must be performed such that all Series 2019 Bonds remaining outstanding will be in the principal amount of \$5,000 or any integral multiple thereof. See "APPENDIX F - Book-Entry-Only System; DTC."

In connection with any repayment of principal of the Series 2019 Bonds, including payments of scheduled mandatory sinking fund redemptions, the Trustee will direct DTC to make a pass-through distribution of principal to the owners of the Series 2019 Bonds. A form of Pro Rata Pass-Through Distribution of Principal Notice will be provided to the Trustee that includes a table of factors reflecting the relevant scheduled redemption payments, based on the current schedule of mandatory sinking fund redemptions, which is subject to change upon certain optional redemptions, and DTC's currently applicable procedures, which are subject to change.

For purposes of calculating pro rata pass-through distributions of principal, "pro rata" means, for any amount of principal or interest to be paid, the application of a fraction to such amounts where: (a) the numerator is equal to the amount due to the owners of the Series 2019 Bonds on a payment date and (b) the denominator is equal to the total original par amount of the Series 2019 Bonds.

It is the Authority's intent that redemption allocations made by DTC with respect to the Series 2019 Bonds be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Authority nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants, or any other intermediary will allocate the redemption of these Series 2019 Bonds on such basis.

If the Series 2019 Bonds are not registered in book-entry form and if fewer than all of the Series 2019 Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2019 Bonds of such maturity and bearing such interest rate to be redeemed will be selected on a pro rata basis provided that any such redemption must be performed such that all Series 2019 Bonds remaining outstanding will be in the principal amount of \$5,000 or any integral multiple thereof.

Notice of Redemption. Notice of any such redemption, either in whole or in part, shall be mailed, by first-class mail, postage prepaid, to all registered owners of the Series 2019 Bonds or portions of the Series 2019 Bonds to be redeemed at least thirty (30) days prior to the redemption date at the address of such owners appearing on the registration books on the fifteenth day preceding that mailing; provided, however, that failure so to mail or deliver any such notice, or any defects, therein, shall not affect the validity of the proceedings for such redemption with respect to which no such failure or defect occurred. Pursuant to the Continuing Disclosure

Agreement, the Authority shall also endeavor to post notice of the redemption on the EMMA System or its successor or similar nationally recognized electronic municipal information repository, but failure to do so will not affect the validity of the proceedings for such redemption. The Series 2019 Bonds so duly called for redemption shall become and be due and payable at the redemption price provided for such Series 2019 Bonds or portions thereof on the dates designated for redemption, and when the necessary moneys shall have been deposited with, or shall be held by, the Trustee or Paying Agents, interest on such Series 2019 Bonds called for redemption shall cease to accrue on the dates designated for redemption, and the holders or registered owners of said Series 2019 Bonds called for redemption shall not have any lien, rights, benefits or security under the CFC Trust Agreement, except to receive payment of the redemption price on the designated date of redemption from moneys deposited with or held by the Trustee or Paying Agents for such redemption of such Series 2019 Bonds. Any notice mailed or delivered 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 or whether or not notice was actually, timely or correctly posted on EMMA.

Conditional Notice. Any notice of redemption may state that the redemption contemplated therein is conditioned upon the occurrence of certain events or circumstances described therein as contemplated in the CFC Trust Agreement in which case the Authority will not be obligated to redeem such Series 2019 Bonds unless the events therein described have occurred.

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## **DEBT SERVICE REQUIREMENTS OF SERIES 2019 BONDS**

The following table sets forth the debt service funding requirements for the Series 2019 Bonds.

### Columbus Regional Airport Authority Debt Service Funding Requirements Series 2019 Bonds<sup>1</sup>

Fiscal Year Ended	Principal	Interest	
December 31	Requirements	Requirements	Total
2019		\$2,273,079.61	\$2,273,079.61
2020		3,669,545.56	3,669,545.56
2021	\$2,020,000.00	3,669,545.56	5,689,545.56
2022	2,075,000.00	3,615,510.56	5,690,510.56
2023	2,135,000.00	3,557,452.06	5,692,452.06
2024	2,195,000.00	3,494,512.26	5,689,512.26
2025	2,265,000.00	3,426,664.80	5,691,664.80
2026	2,335,000.00	3,354,388.66	5,689,388.66
2027	2,415,000.00	3,278,057.50	5,693,057.50
2028	2,495,000.00	3,196,696.16	5,691,696.16
2029	2,585,000.00	3,108,398.10	5,693,398.10
2030	2,675,000.00	3,014,329.96	5,689,329.96
2031	2,775,000.00	2,916,986.70	5,691,986.70
2032	2,875,000.00	2,814,616.96	5,689,616.96
2033	2,985,000.00	2,707,120.70	5,692,120.70
2034	3,100,000.00	2,591,034.06	5,691,034.06
2035	3,220,000.00	2,469,545.06	5,689,545.06
2036	3,350,000.00	2,338,845.26	5,688,845.26
2037	3,490,000.00	2,202,868.76	5,692,868.76
2038	3,630,000.00	2,061,209.66	5,691,209.66
2039	3,775,000.00	1,913,867.96	5,688,867.96
2040	3,930,000.00	1,760,640.70	5,690,640.70
2041	4,095,000.00	1,595,620.00	5,690,620.00
2042	4,265,000.00	1,423,670.96	5,688,670.96
2043	4,445,000.00	1,244,583.60	5,689,583.60
2044	4,635,000.00	1,057,938.06	5,692,938.06
2045	4,830,000.00	863,314.40	5,693,314.40
2046	5,030,000.00	660,502.70	5,690,502.70
2047	5,240,000.00	449,293.00	5,689,293.00
2048	5,460,000.00	229,265.40	5,689,265.40
TOTALS	\$94,325,000.00	\$70,959,104.73	\$165,284,104.73

Represents the Authority's debt service funding requirements for each Fiscal Year for the Series 2019 Bonds.

## **SECURITY FOR THE SERIES 2019 BONDS**

## **Pledged Revenues**

The Series 2019 Bonds are payable solely from and secured by a lien on Pledged Revenues and Pledged Funds. See "APPENDIX C – Form of CFC Master Trust Agreement and CFC First Supplemental Trust Agreement." "Pledged Revenues" means, collectively, (a) all CFC Revenues,

(b) any Concessionaire Deficiency Payments received by or on behalf of the Authority, (c) any investment income realized from any investment made from any money credited to the CFC Revenue Fund, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and (d) any other money pledged in a CFC Supplemental Trust Agreement to secure the Bonds issued under the CFC Trust Agreement. See "CONCESSIONAIRE AGREEMENTS" and the discussion below under "Concessionaire Deficiency Payments" for more information regarding the Concessionaire Deficiency Payments. "Pledged Funds" includes, collectively, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account, together with any accounts within those Funds, and the CFC Revenue Fund to the extent that money in that Fund constitutes Pledged Revenues. "Pledged Funds" does <u>not</u> include the CFC Construction Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund, the CFC Surplus Fund (except for the CFC Supplemental Reserve Account), or any accounts (other than the CFC Supplemental Reserve Account) created in those Funds.

Customer Facility Charges. On January 30, 2007, the Board adopted Resolution No. 03-07 implementing the collection of CFCs by rental car companies at the Airport (which resolution was subsequently amended by Board resolutions adopted in 2008, 2011, 2015 and 2016, which resolutions are collectively referred to as the "CFC Resolution"). The CFC Resolution authorized the implementation and collection of the CFC by the rental car companies operating at the Airport. The CFC was originally established at a rate of \$2.00 per rental transaction day and was effective as of July 1, 2007. Thereafter, the CFC has been increased as follows:

\$3.85 effective as of November 1, 2008,

\$4.50 effective as of June 1, 2011,

\$5.50 effective as of September 1, 2015,

\$6.00 effective as of September 1, 2016, and

\$6.50 effective as of January 1, 2017.

The CFC is currently collected at a rate of \$6.50 per rental transaction day, up to a maximum of seven days. The Authority's ability to increase the rate of the CFC and the maximum rental transaction days is not limited by the Concessionaire Agreements or by state or federal law.

Concessionaires will be required to pay CFCs to the Authority (regardless of whether such amounts are charged to or collected from the Concessionaires' customers) in accordance with the terms and provisions of the Concessionaire Agreements. A Concessionaire's election to not charge or collect CFCs will not relieve a Concessionaire from its responsibility to pay the full amount or such CFCs due and payable to the Authority.

Concessionaire Deficiency Payments. Concessionaire Deficiency Payments are the payments, if any, made by Concessionaires pursuant to their respective Concessionaire Agreements (or any successor provisions thereof) as contingent payments to cover, in each contract year under the Concessionaire Agreements, deficiencies, if any, in the amount of CFCs

needed to fund the Annual Obligation Requirement, as defined in the Concessionaire Agreements (the "Concessionaire Deficiency Payments"). The rental car companies' obligation to make Concessionaire Deficiency Payments does <u>not</u> commence until the ConRAC is open. Also, the rental car companies are <u>not</u> required to pay Concessionaire Deficiency Payments under the 2016 Agreements. Upon the opening of the ConRAC, the Concessionaires will be subject to the terms of the Concessionaire Agreements and the 2016 Agreements will terminate. See "CONCESSIONAIRE AGREEMENTS – Concessionaire's Deficiency Payments" and "APPENDIX D - Form of Concessionaire Agreements."

Other than the CFCs and Concessionaire Deficiency Payments, no other charges, fees or amounts due and payable by the Concessionaires under the Concessionaire Agreements are pledged to the payment of the Series 2019 Bonds.

See "CONCESSIONAIRE AGREEMENTS" and "APPENDIX D – Form of Concessionaire Agreements" for a description of the termination rights and circumstances under which the Concessionaires would no longer be obligated to pay CFCs or make Concessionaire Deficiency Payments.

## **Limited Liability of Series 2019 Bonds**

The Series 2019 Bonds shall be special obligations of the Authority secured and payable solely as provided in and permitted by the CFC Trust Agreement. The Series 2019 Bonds do not constitute a debt, or a pledge of the faith and credit, of the Authority, the State or any other political subdivision of the State, and holders or owners of the Series 2019 Bonds have no right to have taxes levied by the General Assembly of Ohio or the taxing authority of any political subdivision of the State to pay Debt Service Charges on the Series 2019 Bonds.

#### **Rate Covenant**

The Authority covenants, subject to all applicable requirements and restrictions imposed by law, that at all times it will prescribe, charge, revise from time to time when necessary, maintain, collect, and remit to the Trustee, as assignee of the Authority, a CFC in accordance with the CFC Resolution and the Concessionaire Agreements that will, together with any Concessionaire Deficiency Payments and any amounts the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund, produce monies sufficient in amount to pay in each Fiscal Year, in accordance with the provisions of this CFC Master Trust Agreement, the greater of:

- (i) One hundred percent (100%) of the amounts required to be deposited into the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund, in such Fiscal Year as contemplated in Section 5.03 of the CFC Master Trust Agreement; or
- (ii) One hundred twenty-five percent (125%) of the amount required to be paid as Debt Service Charges for such Fiscal Year.

Notwithstanding the actual amount which the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund in any Fiscal Year, the amount of such transfer which

may be included in the preceding computations shall be limited to the lesser of (a) the actual amount transferred or (b) twenty-five percent (25%) of the Debt Service Charges payable in the Fiscal Year in which the computation is determined.

## **Covenants with Respect to Pledged Revenues**

The Authority covenants that so long as Bonds are outstanding under the CFC Trust Agreement, it will not take any action or omit to take any action with respect to the Pledged Revenues if such action or omission would jeopardize the validity or enforceability of the imposition of CFCs or the Concessionaire Deficiency Payments, as the case may be, or impede the Authority's ability to impose and collect CFCs or Concessionaire Deficiency Payments in the amounts contemplated in the CFC Trust Agreement.

## Pursuit of Rights and Remedies under Concession Agreement

The Authority covenants that so long as Bonds are outstanding under the CFC Master Trust Agreement, it will act in good faith to enforce its rights and pursue any remedies reasonably available to it in connection with a material breach of a Concession Agreement by any Concessionaire.

#### **Additional Bonds**

The CFC Trust Agreement permits the Authority to issue Additional Bonds, including Long Term Bonds and Interim Indebtedness (as those terms are defined in the CFC Master Trust Agreement), for the purposes only of (i) providing moneys to finance Improvements (defined in the CFC Trust Agreement as, collectively, any design, construction, expansion, addition, improvement, extension, equipping, furnishing, or installation of any CFC Facility and facilities ancillary and/or necessary and appurtenant thereto), (ii) providing additional moneys, if necessary, to complete any Improvement for which Bonds have been issued, (iii) refunding and advance refunding for any lawful purpose any Outstanding Bonds or Subordinated Obligations, or (iv) any combination of (i), (ii) or (iii). For Additional Bonds to be issued, either of the following is required:

A certificate of a Consultant to the effect that the CFC Revenues expected to be collected by the Authority during the Period of Review, adjusted to reflect, if necessary, rates of CFCs approved by the Authority before the issuance of those Additional Bonds, will aggregate in an amount not less than the sum of (A) One hundred percent (100%) of the amounts required to be deposited into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund, in each Fiscal Year of the Period of Review, plus (B) One hundred twenty-five percent (125%) of the maximum amount required to be paid as Debt Service Charges in each Fiscal Year of the Period of Review on account of all Bonds then Outstanding, including the Additional Bonds proposed to be issued,

or

A certificate of the Chief Financial Officer to the effect that the CFC Revenues, during the Most Recent Audit Year (which is the first Fiscal Year immediately preceding

the Fiscal Year in which Additional Bonds are issued and in respect of which the Authority's financial statements have been audited by either the Ohio Auditor of State or an independent firm of certified public accountants), adjusted to reflect, if necessary, rates of CFCs approved by the Authority before the issuance of those Additional Bonds, will aggregate in an amount not less than the sum of (A) One hundred percent (100%) of the amounts required to be deposited into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund, during such Most Recent Audit Year, plus (B) One hundred twenty-five percent (125%) of the maximum amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on account of all Bonds then Outstanding, including the Additional Bonds proposed to be issued.

However, notwithstanding the foregoing, Additional Bonds may be issued to provide for the completion of any Improvement if the principal amount of the Additional Bonds for the purpose does not exceed 10% of the total cost of that Improvement, or to refund or advance refund Bonds if the Debt Service Charge requirements for the Additional Bonds do not exceed by more than 5% in any Fiscal Year the Debt Service Charge requirements in the same Fiscal Year on the Bonds being refunded, in each case without the necessity of the written statement by the Consultant or certification by the Chief Financial Officer as otherwise required above.

If the Additional Bonds are in whole or in part to refund or advance refund any Outstanding Bonds or Subordinated Obligations, evidence satisfactory to the Trustee shall be submitted that either:

Provision has been made to assure that moneys sufficient to retire the Bonds or the Subordinated Obligations to be refunded will be available in the possession of the Trustee, in accordance with the CFC Master Trust Agreement at the time provided for retirement thereof under the plan for refunding, and are committed to that purpose,

or

If the Additional Bonds are in whole or in part to refund Outstanding Bonds or Subordinated Obligations which at the time of issuance of the Additional Bonds will not be deemed to have been paid and discharged under the CFC Master Trust Agreement, or an applicable Subordinated Obligations Trust Agreement, money sufficient to pay interest accrued and to accrue and any principal payable on such Additional Bonds prior to the retirement of the refunded Bonds or Subordinated Obligations has been deposited in the CFC Debt Service Fund or the Subordinated Obligations Debt Service Account, respectively, without impairment of any provision or covenant of the CFC Master Trust Agreement or of the Bond Legislation or CFC Supplemental Trust Agreement authorizing the issuance of Additional Bonds, or the Subordinated Obligations Trust Agreement authorizing the issuance of the Subordinated Obligations, and from appropriate sources other than the CFC Revenue Fund and the CFC Debt Service Reserve Fund, or the Subordinated Obligations Debt Service Account in the case of any Subordinated Obligations, except to the extent of any money in those funds in excess of the balances required to be maintained in them under the provisions of the CFC Master Trust Agreement (the transfer of which excess money for such purpose is hereby authorized) or an applicable

Subordinated Obligations Trust Agreement or will be deposited directly in the CFC Debt Service Fund or the Subordinated Obligations Debt Service Account, respectively, from appropriate portions of the proceeds from the sale of such Additional Bonds pursuant to the related Bond Legislation and CFC Supplemental Trust Agreement.

In making the calculation for purposes of the written statements of the Consultant or the certificate of the Chief Financial Officer of the Authority described above, in the case of the issuance of Additional Bonds to refund or advance refund any Outstanding Bonds, payments into the CFC Debt Service Fund on account of Debt Service Charge requirements on the Additional Bonds will be used in lieu of such payments on account of Debt Service Charge requirements on the Bonds being refunded.

#### THE CFC TRUST AGREEMENT — FLOW OF FUNDS

#### **Creation of Funds and Accounts**

The following special funds and accounts have been created under the CFC Trust Agreement and designated as follows: (i) the CFC Revenue Fund, including the CFC Supplemental Reserve Account which will be created therein and maintained therein until Substantial Completion, each to be held and administered by the Authority; (ii) the CFC Debt Service Fund, and separate accounts therein to be known as the CFC Interest Payment Account, the CFC Principal Payment Account and the CFC Redemption Account, each to be held and administered by the Trustee; (iii) the CFC Debt Service Reserve Fund and separate accounts therein for any series of Bonds to be created at the direction of the Authority, each to be held and administered by the Trustee; (iv) the CFC Debt Service Coverage Fund to be held and administered by the Authority; (vi) the CFC Administrative Costs Fund, to be held and administered by the Authority; (vii) the CFC Renewal and Replacement Fund to be held and administered by the Authority; (vii) the CFC Common Use Busing Fund to be held and administered by the Authority; and (viii) the CFC Surplus Fund, including the CFC Supplemental Reserve Account which will be maintained therein following Substantial Completion, each to be held and administered by the Authority.

## **Deposit of Pledged Revenues**

All Pledged Revenues shall be deposited with the Authority in the CFC Revenue Fund upon receipt, except as otherwise expressly provided in the CFC Trust Agreement. On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund.

Disposition of Pledged Revenues <u>before</u> Substantial Completion.

Before Substantial Completion, all CFC Revenues held in the CFC Revenue Fund (except for the CFC Supplemental Reserve Account) shall be disbursed and applied by the Authority to satisfy the deposit requirements in the amounts and manner contemplated in subsections (A) through (E) below under "Disposition of CFC Revenues after Substantial Completion" and to pay cost overruns or shortfalls in the cost of constructing the Series 2019 Project to the extent the Authority anticipates deficiencies in the funds set aside for such purpose in the CFC Construction Fund established for the Series 2019 Project. Moneys in the CFC Supplemental Reserve Account

shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. Prior to Substantial Completion, Pledged Revenues not needed for the purposes described in the preceding sentences shall remain in the CFC Revenue Fund. See "ESTIMATED SOURCES AND USES FOR THE SERIES 2019 PROJECT."

Disposition of Pledged Revenues <u>after</u> Substantial Completion.

After Substantial Completion, the CFC Supplemental Reserve Account shall be transferred to and maintained as a separate account in the CFC Surplus Fund. Moneys in the CFC Supplemental Reserve Account shall continue to be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. All other moneys in the CFC Revenue Fund shall be disbursed and applied by the Authority in the following manner and order of priority:

- (A) <u>CFC Debt Service Fund Interest Payment Account.</u> On or before each Deposit Date (defined in the CFC Master Trust Agreement as the first Business Day of each calendar month or such other day designated as such in the Bond Legislation or CFC Supplemental Trust Agreement relating to the issuance of any Bonds, and in the case of the Series 2019 Bonds, the first Business Day of each calendar month), into the Interest Payment Account not less than the amount provided in any CFC Supplemental Trust Agreement sufficient to pay interest due on the Outstanding Bonds. The CFC First Supplemental Trust Agreement provides that after giving effect to any amounts on deposit in the Series 2019 Interest Payment Subaccount, the amount deposited therein on each Deposit Date shall be an amount such that, if the same amount were paid on each Deposit Date preceding the next Interest Payment Date, the aggregate of the amounts so paid would be sufficient to pay the interest due and payable on the outstanding Series 2019 Bonds on that next Interest Payment Date.
- (B) <u>CFC Debt Service Fund Principal Payment Account.</u> On or before each Deposit Date, into the Principal Payment Account not less than the amount provided in any CFC Supplemental Trust Agreement sufficient to pay principal due on the Outstanding Bonds. The CFC First Supplemental Trust Agreement provides that after giving effect to any amounts on deposit in the Series 2019 Principal Payment Subaccount, an amount such that, if the same amount were paid on each Deposit Date preceding the next Principal Payment Date, the aggregate of the amounts so paid would be sufficient to pay the principal due and payable on the outstanding Series 2019 Bonds on that next Principal Payment Date.
- (C) <u>CFC Debt Service Reserve Fund</u>. On or before each Deposit Date, into the accounts created or designated in the CFC Debt Service Reserve Fund, the amounts (if any) as provided for in any CFC Supplemental Trust Agreement. The CFC First Supplemental Trust Agreement for the Series 2019 Bonds provides that such amount (the "Series 2019 Debt Service Reserve Account Required Reserve") for the Series 2019 Bonds shall initially be equal to \$5,693,398.10, which amount is equal to the lesser of (a) 10% of the issue price or principal amount, as applicable, of the Series 2019 Bonds and determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, (b) 125% of the average amount required to be paid as Debt

Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds, and (c) 100% of the maximum amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds. Upon the date that any Series 2019 Bonds shall be defeased, the Series 2019 Debt Service Reserve Account Required Reserve shall be recomputed as of the date of such defeasance to be an amount equal to the least of (a) 10% of the issue price or principal amount, as applicable, of the Series 2019 Bonds and any Additional Bonds then outstanding, (b) 125% of the average amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any Additional Bonds then outstanding, or (c) 100% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any Additional Bonds then outstanding. On or before each Deposit Date, beginning whenever it is determined on a date of valuation of the CFC Debt Service Reserve Fund as provided for in the CFC Master Trust Agreement that the balance in any account of the CFC Debt Service Reserve Fund is less than the CFC Debt Service Reserve Fund Requirement for the applicable series of Bonds, into that account of the CFC Debt Service Reserve Fund an amount available in the CFC Revenue Fund for deposit into that account of the CFC Debt Service Reserve Fund necessary to restore the CFC Debt Service Reserve Fund Requirement for the applicable series of Bonds, and provided that in any event any deficiency in any account of the CFC Debt Service Reserve Fund shall be restored within one year of its occurrence.

- (D) <u>CFC Debt Service Coverage Fund</u>. On or before each Deposit Date, into the accounts created or designated in the CFC Debt Service Coverage Fund, the amounts (if any) as provided for in any CFC Supplemental Trust Agreement. The CFC First Supplemental Trust Agreement for the Series 2019 Bonds provides that such amount (the "Series 2019 Debt Service Coverage Account Required Reserve") for the Series 2019 Bonds shall initially be equal to \$1,423,349.53, which amount is equal to 25% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds in the then current or any succeeding Fiscal Year. On or before each Deposit Date, beginning whenever it is determined on a date of valuation of the CFC Debt Service Coverage Fund as provided for in the CFC Master Trust Agreement that the balance in the CFC Debt Service Coverage Fund is less than the CFC Debt Service Coverage Fund Requirement, into the CFC Debt Service Coverage Fund an amount available in the CFC Revenue Fund for deposit into the CFC Debt Service Coverage Fund necessary to restore the CFC Debt Service Coverage Fund Requirement, and provided that in any event any deficiency in the CFC Debt Service Coverage Fund shall be restored within one year of its occurrence.
- (E) <u>CFC Administrative Costs Fund</u>.\* On or before each Deposit Date, into the CFC Administrative Costs Fund such amount that the Authority determines is reasonably necessary to be deposited therein to provide for the purposes of that Fund as described in Section 5.01 of the CFC Master Trust Agreement.
- (F) <u>CFC Renewal and Replacement Fund</u>.\* On or before each Deposit Date, into the CFC Renewal and Replacement Fund approximately equal monthly deposits in an amount sufficient to aggregate in total \$1,400,000 per calendar year (or the pro rata portion of such amount for any partial year) for each of the first five years once deposits into the CFC Renewal and

<sup>\*</sup> Not included as a Pledged Fund to secure the Series 2019 Bonds (except for the CFC Supplemental Reserve Account).

Replacement Fund begin, and \$315,455 per year (or the pro rata portion of such amount for any partial year) for each succeeding year the Bonds are outstanding until the cumulative balance of deposits made (not counting any withdrawals therefrom) is equal to the CFC Renewal and Replacement Fund Requirement. If the required annual amount is not deposited into the CFC Renewal and Replacement Fund in any year, the monthly deposits in the following year shall be increased in amount such that the required balance to be deposited therein shall be restored within one year.

CFC Common Use Busing Fund.\* On or before each Deposit Date, into the CFC Common Use Busing Fund such amount that the Authority determines is reasonably necessary to be deposited therein to provide for the purposes of that Fund. Moneys in the CFC Common Use Busing Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Common Use Busing Fund shall be used by the Authority for any lawful purpose, including, but not limited to, funding the operation and maintenance of a common use shuttle busing system between the ConRAC and the existing Airport terminal for use by all customers of the Concessionaires. Subject to the availability of CFC Revenues, the Authority will make available the amounts described below to pay for costs of operation of the common busing system, with the Concessionaires being responsible for any remaining additional costs of such operation (the Concessionaires' portion of such costs being defined in the Concessionaire Agreements as the "Common Busing Cost Deficiency Payments"). In the first year following commencement of operations at the ConRAC, the Authority will make available a maximum of \$1,872,000 for operation of the common busing system, and such maximum will increase by 4% each year thereafter. In addition, as described in the CFC Master Trust Agreement, moneys in the CFC Common Use Busing Fund, together with moneys in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and other moneys made available by the Authority, may be used to retire by purchase for cancellation or by call for redemption, all or part of the Bonds from time to time outstanding.

(H) <u>CFC Surplus Fund</u>.\* On or before each Deposit Date, into the CFC Surplus Fund the Pledged Revenues remaining in the CFC Revenue Fund after making all the payments required by the preceding paragraphs.

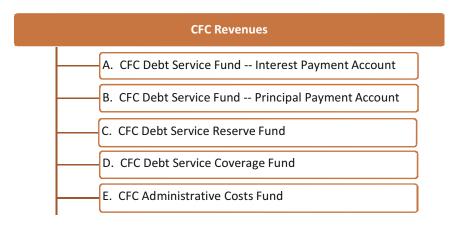
Moneys in the CFC Supplemental Reserve Account shall continue to be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. The Authority in its sole discretion may, but shall not be obligated to, replenish the CFC Supplemental Reserve Account from available moneys in the CFC Surplus Fund.

All other moneys in the CFC Surplus Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys

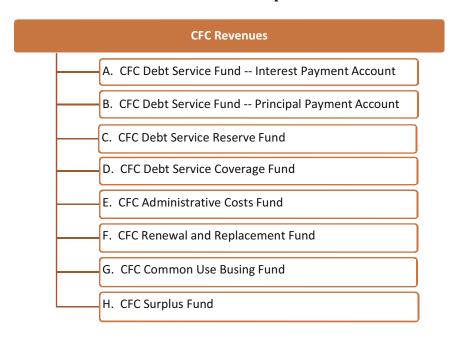
<sup>\*</sup> Not included as a Pledged Fund to secure the Series 2019 Bonds (except for the CFC Supplemental Reserve Account).

then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Surplus Fund shall be used by the Authority for any lawful purpose, including, but not limited to, the purposes described in the Concessionaire Agreements. See "APPENDIX D – Form of Concessionaire Agreements."

Available CFC Revenues – Before Substantial Completion\*



## Available CFC Revenues - After Substantial Completion\*



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<sup>\*</sup> Before Substantial Completion, the CFC Supplemental Reserve Account shall be maintained as a separate account in the CFC Revenue Fund. After Substantial Completion, it shall be transferred to and maintained as a separate account in the CFC Surplus Fund.

#### **CONCESSIONAIRE AGREEMENTS**

#### General

For further information regarding the Concessionaire Agreements and the definition of capitalized terms not otherwise defined herein, see "APPENDIX D - Form of Concessionaire Agreements."

The Authority began negotiations with the Concessionaires in early 2016 for an on-Airport vehicle rental business to operate from a new ConRAC. On January 23, 2018, the Board approved the Agreements for the Operation of a Rental Car Concession (the "Concessionaire Agreements"), the form of which is included as "APPENDIX D" hereto, with five rental car companies (the "Concessionaires") representing eight brands, including:

- Avis Budget Car Rental, LLC d/b/a Avis Rent A Car/Budget Rent A Car
- DTG Operations Inc. d/b/a Dollar Rent A Car/Thrifty Car Rental
- EAN Holdings, LLC d/b/a Enterprise
- Byers Car Rental LLC d/b/a Hertz
- Midwest Car Corporation. Assigned to EAN Holdings, LLC effective 4/17/18 d/b/a National Car Rental, Alamo Rent A Car

Prior to the opening of the ConRAC, each of the rental car companies operating at the Airport will continue to operate at the Airport pursuant to Rental Car Concession Agreements (the "2016 Agreements") that expire on the earlier of December 31, 2021, the date the ConRAC is opened for operation, or any time after December 31, 2019 if the premises are needed for public parking. Pursuant to the 2016 Agreements, the rental car companies are required to collect CFCs and to remit the CFCs to the Authority. **The rental car companies are not required to pay Concessionaire Deficiency Payments under the 2016 Agreements.** Upon the opening of the ConRAC, the Concessionaires will be subject to the terms of the Concessionaire Agreements and the 2016 Agreements will terminate.

The term of the Concessionaire Agreements will commence upon the opening of the ConRAC to the public (estimated to be July of 2021) and terminate thirty (30) years after the opening, but in no event will the termination date be earlier than thirty (30) years from the date of issuance of the Series 2019 Bonds. The Authority has retained the option to renegotiate terms of the Concessionaire Agreements one (1) year prior to the expected occupancy of a possible new terminal, and then every five (5) years thereafter.

The ConRAC includes the following elements: (1) office, check-in counter space, and identified lobby space (collectively, the "Customer Service Building"), (2) lobbies and restrooms on each level of the Customer Service Building and parking facility (collectively, the "Common Areas"), (3) covered parking space on the first, second, and third levels of the parking structure (the "Ready/Return Areas"), (4) uncovered parking space to be used for vehicle storage only on the fourth level of the parking structure (the "Storage Area"), (5) uncovered parking space identified for surface level vehicle storage, and (6) a multi-level connected structure immediately adjacent to the Ready-Return Areas for stacking, light maintenance, fueling, vacuuming, and

washing vehicles, and maneuvering and queuing vehicles for the same (the "Quick Turnaround Areas"). Pursuant to the Concessionaire Agreements, portions of the Customer Service Building, Ready/Return Areas, Storage Area and Quick Turnaround Areas will be allocated to each of the Concessionaires on an exclusive basis ("Exclusive Premises"), and other non-public areas of the ConRAC designed for the non-exclusive use in common by the Concessionaires, including, but not limited to, roadways, ramps, or other facilities within the ConRAC, and the ground upon which the ConRAC will be located, will be used in common by all of the Concessionaires (the "Common Concessionaire Areas"). The entire ConRAC will be operated, managed and maintained by the ConRAC Facility Manager, a third party facility manager selected, subject to Authority approval, by the Concessionaires as a group.

## **Concessionaire Deficiency Payments**

As discussed previously herein, the rental car companies are not required to pay Concessionaire Deficiency Payments under the 2016 Agreements. Upon the opening of the ConRAC, the Concessionaires will be subject to the terms of the Concessionaire Agreements and the 2016 Agreements will terminate.

Pursuant to the Concessionaire Agreements, the Authority will provide each Concessionaire annually an Annual Bond Year Report and/or other related documentation. Upon delivery of such reports, the Authority will meet with the Concessionaires to review the CFC revenues in relation to the Annual Obligation Requirement (as defined in the Concessionaire Agreements) statement of the estimated amounts of Concessionaire Deficiency Payments which will be due for the remainder of a Contract Year under the Concessionaire Agreement, as the case may be (the "Concessionaire Deficiency Payment Estimate"). If after consultation with the Concessionaires, the Authority reasonably determines that there is a deficiency between the CFC revenues necessary to meet the Annual Obligation Requirement and the actual CFC revenues collected during a current Agreement Year, or forecasted to be collected for any upcoming Agreement Year, during the Term the Authority will initiate the following actions listed in the order of priority:

- 1. The Authority acting promptly and with good faith, but at its sole discretion will determine if an increase in the CFC rate is reasonably appropriate to cover all or a portion of the CFC Deficiency for the applicable Agreement Year and/or subsequent Agreement Years of the Term.
- 2. The Authority at its sole discretion will determine if there are available CFC funds held in any CFC reserve account not required for the Bonds for which all or a portion thereof could be used to offset or partially offset the CFC Deficiency for any applicable Agreement Year.
- 3. The Authority at its sole discretion will identify if anticipated expenditures not funded with Bonds can be deferred or reduced in scope, to further offset or partially offset the CFC Deficiency for any applicable Agreement Year.

The Concessionaire Deficiency Payment Estimate will be based on, among other things, the Authority's estimate or forecast of the number of Contract Days for such Contract Year, and will be the estimated amount necessary to offset the CFC Deficiency in such Contract Year.

The Concessionaire Deficiency Payment will commence upon the first day of the month following thirty (30) days' prior written notice from Authority to the Concessionaires. In the event that a Concessionaire Deficiency Payment was imposed during the Term, and subsequently thereto CFC revenues in any Agreement Year exceed or are forecasted to exceed the Annual Obligation Requirement, the Authority shall promptly notify the Concessionaires in writing of the date of the termination of the Concessionaire Deficiency Payment obligation.

"CFC Deficiency" means the amount, if any, computed on an annual basis, by which available CFC revenues paid to the Authority for any Agreement Year are not sufficient to pay Debt Service on the Bonds, to maintain the coverage requirements defined in the documentation relating to or authorizing the Bonds ("Minimum Annual Requirement"), reserve funds, as well as other costs covered by the CFCs. Each Concessionaire will pay their proportionate share of the total CFC Deficiency using the Market Share Percentage. Concessionaire Deficiency Payments will be paid by each Concessionaire as and when required, and in all events without set-off, deduction, credit, or discount, except for such credits for overpayments as are expressly permitted under the Concessionaire Agreement.

## **Concessionaire Termination Rights**

The Concessionaire Agreement provides that the Concessionaire may only terminate the Concessionaire Agreement if the Authority is in default of the Concessionaire Agreement, which would occur if, after reasonable notice from Concessionaire, the Authority fails without excuse to remedy any of the following occurrences:

- 1. The permanent abandonment of the Airport for scheduled certificated airlines service;
- 2. The issuance by any court of competent jurisdiction of any injunction preventing or restraining the use of the Airport for sixty (60) calendar days or more in a manner that substantially prevents the Concessionaire from conducting the operations authorized by the Concessionaire Agreement;
- 3. The exercise by an agency of the United States government for ninety (90) calendar days or more of control over the Airport and its facilities in a manner that substantially prevents the Concessionaire from conducting the operations authorized by the Concessionaire Agreement; or
- 4. The Authority's failure to substantially comply with a material provision of the Concessionaire Agreement for more than sixty (60) calendar days after written notice of the failure from the Concessionaire.

Additionally, if the Authority exercises its option to renegotiate terms of the Concessionaire Agreements one (1) year prior to the expected occupancy of a possible new

terminal, and then every five (5) years thereafter, and, after good faith negotiations the Authority and a Concessionaire are unable to agree on new terms, the Concessionaire will vacate the ConRAC and terminate the Concessionaire Agreement.

#### **Concessionaire Default**

A Concessionaire will be deemed to be in default of the Concessionaire Agreement upon the occurrence of any of the following:

- 1. The Concessionaire's failure to comply with a material provision of the Concessionaire Agreement, including, but not limited to, a failure to pay any fee or other amount due under the Concessionaire Agreement within ten (10) calendar days after it is due, or any different period expressly provided by the Concessionaire Agreement or by applicable law.
- 2. To the extent permitted by the United States Bankruptcy Code:
  - a. The Concessionaire's insolvency;
  - b. An assignment by the Concessionaire for the benefit of creditors;
  - c. The Concessionaire's filing of a voluntary petition in bankruptcy;
  - d. An adjudication that the Concessionaire is bankrupt;
  - e. The appointment of a receiver with respect to the Concessionaire's property, and the receiver is not discharged within thirty (30) calendar days;
  - f. The filing of an involuntary petition of bankruptcy and the Concessionaire's failure to secure a dismissal of the petition within thirty (30) calendar days after filing;
  - g. Attachment of or the levying of execution on any interest in the Concessionaire Agreement and the Concessionaire's failure to secure discharge of the attachment or release of the levy of execution within ten (10) calendar days; or
  - h. The Concessionaire becomes a corporation in dissolution or voluntarily or involuntarily forfeits its corporate charter.
- 3. The Concessionaire's failure to comply with all applicable federal, state, and local laws and rules, including but not limited to Authority resolutions and reasonable rules established by the Authority for more than thirty (30) calendar days after the Concessionaire's receipt of written notice of the failure, or a reasonable longer period if the Concessionaire promptly undertakes and works diligently toward effecting a cure of the breach.

- 4. The Concessionaire's failure to timely commence operating a rental car concession in the portion of the ConRAC occupied by the Concessionaire.
- 5. The Concessionaire's abandonment of rental car concession operations in all or any part of the portion of the ConRAC occupied by the Concessionaire.
- 6. The Concessionaire's default under its separate service facility lease with the Authority.

If the Concessionaire Agreement is terminated because of the default of the Concessionaire, the Concessionaire shall remain liable, in addition to accrued liabilities, to the extent legally permissible for the amounts that the Concessionaire would have been required to pay to the Authority under the Concessionaire Agreement had the Concessionaire Agreement not been terminated.

Additionally, if a Concessionaire Agreement is terminated, the remaining Concessionaires will continue to be responsible, whether through CFC revenues or Concessionaire Deficiency Payments, or both, for the full amount of the Minimum Annual Requirement.

## **Authority Remedies**

In the event of any of the foregoing events of default of a Concessionaire, and following thirty (30) days' written notice by the Authority and the Concessionaire's failure to cure, the Authority, at its election, may exercise any one or more of the following options or remedies, the exercise of any of which will not be deemed to preclude the exercise of any other remedy listed in the Concessionaire Agreement or otherwise provided by statute or general law:

- (1) Terminate a Concessionaire's rights under the Concessionaire Agreement and, in accordance with law, take possession of the portion of the ConRAC occupied by that Concessionaire. In doing so, the Authority will not be deemed to have thereby accepted a surrender of the portion of the ConRAC occupied by the Concessionaire, and the Concessionaire will remain liable for all payments or other sums due under the Concessionaire Agreement and for all damages suffered by the Authority because of the Concessionaire's breach of any of the covenants of the Concessionaire Agreement; or
- (2) Treat the Concessionaire Agreement as remaining in existence, and cure the Concessionaire's default by performing or paying the obligation which the Concessionaire has breached. In such event all sums paid or expenses incurred by the Authority directly or indirectly in curing the Concessionaire's default will become immediately due and payable, as well as interest thereon, from the date such fees or charges became due to the date of payment, at the Default Rate; or
- (3) Declare the Concessionaire Agreement to be terminated, ended, null and void, and reclaim possession of the portion of the ConRAC occupied by the Concessionaire, whereupon all rights and interest of the Concessionaire in the portion of the ConRAC occupied by the Concessionaire will immediately end.

#### **Repeat Default**

Notwithstanding the remedies described above, in the event that a Concessionaire has defaulted three (3) times within one (1) Fiscal Year in the performance of or breached any of the terms, covenants and conditions required of the Concessionaire Agreement, as determined solely by the Authority, and regardless of whether the Concessionaire has cured each individual condition of breach or default, the Concessionaire may be determined by the Authority to be a "repeat violator." At the time that such determination is made, the Authority will issue to the Concessionaire a written notice advising of such determination and citing the circumstances therefore. Such notice will also advise the Concessionaire that there will be no further notice or grace periods to correct any subsequent breaches or defaults and that any subsequent breaches or defaults of whatever nature, taken with all previous breaches and defaults, will be considered cumulative and collectively, will constitute a condition of non-curable default and grounds for immediate termination of the Concessionaire Agreement. In the event of any such subsequent breach or default, the Authority may terminate the Concessionaire Agreement upon the giving of written notice of termination to the Concessionaire, such termination to be effective upon delivery of the notice to the Concessionaire.

#### THE AIRPORT SYSTEM

#### General

The Airport System includes the Airport, Bolton Field and Rickenbacker International Airport.

**The Airport.** The Airport was dedicated in 1929 and serves as the City's and central Ohio's primary commercial airport. The Airport is located approximately six miles east of the central business district of the City. The City is located in Franklin County and is the capital of the State. The Airport is adjacent to the intersections of Interstate 670 and Interstate 270 on the northeast side of the City, providing easy access to the regional and national highway systems. The Series 2019 Project is located at the Airport.

**Bolton Field.** Bolton Field opened in 1970 as a general aviation airport and serves primarily as a reliever to the Airport with approximately 18,000 operations in 2017. Bolton Field is situated on a 1,307 acre site eight miles southwest of the City's central business district. Airfield facilities at Bolton Field include a single 5,500 foot runway (4/22) with an Instrument Landing System approach and a parallel taxiway. Bolton Field has a 7,600 square foot terminal building, a 4-story control tower, two conventional hangars, 90 T-hangars, an airfield maintenance garage and a vehicle storage building, and automobile parking. Bolton Field, as a general aviation airport, does not serve commercial air carriers. The Series 2019 Project will not serve Bolton Field.

**Rickenbacker International Airport**. Rickenbacker International Airport, located in Franklin County approximately 15 miles from the City's central business district, is a major cargo facility and is utilized by the Ohio Air National Guard. It also offers commercial passenger service by Allegiant Air, which flies to various leisure destinations year-round and seasonally. As this passenger service serves a different and small segment of the local air travel market, it is not seen as competition for the Airport's origin and destination passengers. Rickenbacker International Airport's primary role is to provide the Columbus MSA with air freight, logistics and

warehouse/distribution services. The Series 2019 Project will not serve Rickenbacker International Airport.

#### **Authority Board**

The Act provides that all of the powers of the Authority are vested in a Board of Directors. The Act requires that each Director be a qualified elector or have had his or her business or place of employment in the area of jurisdiction of the Authority for a period of at least three years preceding his or her appointment to the Board. Each Director serves a term of four years.

Four of the nine members of the Board of Directors are appointed by the Mayor of the City with the advice and consent of City Council of the City. Four members are appointed by the Board of Commissioners of the County. The remaining member is appointed jointly by the Mayor of the City and the Board of Commissioners of the County. The members of the Board of Directors are:

*William R. Heifner* (County appointment) Mr. Heifner is Chair of the Board of Directors and also sits on the Facilities & Services Committee, the Finance & Audit Committee and the Human Resources Committee. His appointment expires December 31, 2022. Mr. Heifner is President of Renier Construction Corporation.

*Jordan A. Miller, Jr.* (City appointment) Mr. Miller is the Vice-Chair of the Board of Directors, chairs the Finance & Audit Committee, and sits on the Human Resources Committee. His appointment expires December 31, 2020. Mr. Miller is retired President & CEO of Fifth Third Bank (Central Ohio).

**Don M. Casto, III** (City appointment) Mr. Casto also chairs the Human Resources Committee, and sits on the Business Development & Logistics Committee and the Air Service and Customer Experience Committee. His appointment expires December 31, 2019. Mr. Casto is President/Owner of CASTO.

*Frederic Bertley, Ph.D.* (City appointment) Dr. Bertley also sits on the Air Service and Customer Experience Committee and the Finance & Audit Committee. His appointment expires December 31, 2021. Dr. Bertley is President & CEO of the Center of Science and Industry (COSI).

*Karen J. Morrison* (City appointment) Ms. Morrison also sits on the Finance & Audit Committee. Her appointment expires December 31, 2022. Ms. Morrison is President of OhioHealth Foundation.

**Paul Chodak III** (County appointment) Mr. Chodak also chairs the Facilities & Services Committee and sits on the Business Development & Logistics Committee. His appointment expires January 31, 2021. Mr. Chodak is Executive Vice President, Utilities, of American Electric Power.

*Elizabeth Kessler* (County appointment) Ms. Kessler also chairs the Business Development & Logistics Committee, and sits on the Air Service and Customer Experience Committee. Her appointment expires December 31, 2020. Ms. Kessler is Partner-in-Charge of the Columbus office of the Jones Day law firm.

**Susan Tomasky** (County appointment) Ms. Tomasky sits on the Business Development & Logistics Committee and the Human Resources Committee. Her appointment expires December 31, 2019. Ms. Tomasky is the former President of AEP Transmission and currently serves as a Director of Andeavor Corp., Public Service Enterprise Group and Summit Midstream, LLC.

*Terrance Williams* (Joint appointment) Mr. Williams also chairs the Air Service and Customer Experience Committee, and sits on the Facilities & Services Committee. His appointment expires December 31, 2022. Mr. Williams is Executive Vice President, Chief Marketing Officer & President, Emerging Businesses, Nationwide Mutual Insurance Company.

#### **Authority Management**

Principal Authority staff members responsible for the operation and management of the Authority include:

*Joseph R. Nardone, CM.* Mr. Nardone has served as the President & CEO of the Authority since January 2018.

As President & CEO, Mr. Nardone oversees the strategic operation and management of CRAA's three airports and is tasked with advancing air service development and creating strong partnerships to benefit the Columbus region.

Mr. Nardone most recently served as CEO of Wayne County Airport Authority ("WCAA"), an independent governmental entity that manages and operates the Detroit Metropolitan Wayne County Airport and Willow Run Airport, Michigan's busiest airport system and one of the world's leading air transportation hubs.

Mr. Nardone previously served as Vice President of Business Development & Real Estate for WCAA. In that role, he was responsible for leading the Real Estate, Concessions and Air Service Development departments as well as handling permits, managing economic development activities and cultivating relationships with airline representatives and other tenants. He joined WCAA in 2012 as Director of Development.

Mr. Nardone previously worked in Europe and the U.S. while Vice President of Huron Valley Steel Corporation and Fritz Enterprises, served as Director of Southgate Properties, a nonprofit corporation with multi-million dollar real estate holdings, and served as the economic development director for the city of Taylor, Michigan.

Mr. Nardone earned a Bachelor of Arts from Michigan State University and is a certified member of the American Association of Airport Executives.

**Randy Bush, CPA.** Mr. Bush has served as the Chief Financial Officer since October 2013. Mr. Bush has worked in a number of capacities since joining the Authority in 1992, including Audit, Finance, Facilities and Parking & Ground Transportation. Previously he spent over six years in public accounting as an audit supervisor working with clients in a variety of public and private sectors. Mr. Bush is involved in various professional and community capacities.

He received his undergraduate degree in accounting from the University of Akron and holds a number of licenses, including Certified Public Accountant and Certified Internal Auditor.

Casey Denny, A.A.E. Mr. Denny has served as Chief Asset Officer since May 2015 and brings over 20 years of airport experience. Mr. Denny provides strategic direction for the use and maintenance of CRAA-owned and operated assets, including facilities, grounds, pavement and equipment. Additionally, he also oversees the Real Estate department and all land and airside development at all three Authority airports. Mr. Denny received a Bachelor of Science in Aeronautical Technology: Airway Science Management from Arizona State University. Previously, he was Deputy Director of the Phoenix-Mesa Gateway Airport, a former Air Force Base that now provides commercial passenger service. He has also worked at San Francisco International Airport, and started his career at the Arizona Department of Transportation.

**Shannetta Griffin, P.E.** Ms. Griffin has served as Chief Development Officer since June 2017. Ms. Griffin oversees the Development division which manages the planning, design and construction of all facilities at all three Authority airports.

Ms. Griffin has more than 30 years of industry experience in planning, designing, constructing, managing budgets and coordinating with stakeholders on various airport projects including inline baggage systems, on-airport hotels, hangars, terminals, runways and much more. Ms. Griffin received her degree from the University of Toledo and was the first African-American woman to graduate from the College of Engineering. She has been a member of the Airport Minority Advisory Council since 1986, has served three terms on their board and has served on several committees. She has received the Outstanding Alumni Civil Engineer for the University of Toledo, the 2016 Airport Minority Advisory Council Women of Influence Award and the 2017 Center for Leadership Development Achievement in Business and Industry Award. She currently chairs the Business Diversity Committee for Airports Council International-North America.

*Tory Richardson, A.A.E.* Mr. Richardson has served as Executive Vice President & Chief Operating Officer since April 2018. In this role he provides leadership and strategic oversight of the following areas and departments: executive staff operational oversight, asset management, operations, development, public safety, emergency preparedness, government and external affairs, strategy and innovation, marketing and communications.

Mr. Richardson first joined the Authority in 2012, bringing with him more than two decades of aviation experience. He previously served as the Executive Director of Airports for the Fort Wayne-Allen County Airport Authority for more than eight years. Before that he was the Airport Executive Director of Rapid City Regional Airport in Rapid City, South Dakota, and was an Airport Operations Officer at the Dubuque Regional Airport in Iowa. Mr. Richardson earned a Bachelor of Science degree in Aviation Management from the University of Dubuque.

**David Whitaker.** Mr. Whitaker has served as Chief Commercial Officer since January 2017. Besides business development which involves close collaboration with key public and private stakeholders, Mr. Whitaker oversees customer service, marketing, parking and ground transportation and concessions management. Prior to joining the Authority in 1997, Mr. Whitaker spent 13 years with America West Airlines where he was the station manager for operations in San Jose, California, and Tucson, Arizona. He later became Director of Customer Service for the

America West Columbus hub located at the Airport. Mr. Whitaker graduated from the University of Wisconsin, Eau Claire with a Bachelor of Science in psychology and secondary education.

Amanda Wickline. Ms. Wickline has served as General Counsel & Chief Administrative Officer since August 2018. She provides legal counsel and strategic guidance. In addition to traditional general counsel responsibilities, she also oversees the Authority's procurement, human resources, diversity and inclusion, and risk management functions.

Ms. Wickline joined the Authority in 2012 after 9 years of private practice as a labor and employment attorney. In 2014, she became the Authority's Director of Human Resources & Employment Counsel. Ms. Wickline graduated cum laude from Denison University with a Bachelor of Arts degree in English Literature and Psychology. She earned her Juris Doctorate from Wake Forest University School of Law.

#### The Catchment Area

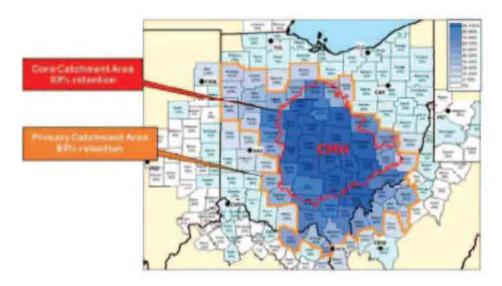
A 2017 study conducted for the Authority by Campbell-Hill Aviation Group, LLC showed that the Airport's catchment area includes not only Columbus, the fourth fastest growing big city in the U.S. in terms of percentage growth, but also a large geographical area throughout the state of Ohio. This study identified two catchment areas to determine the Airport's true market size: the Core Catchment Area and the Primary Catchment Area.

The Core Catchment Area, identified below in the red boundary line, identifies the population that has John Glenn Columbus International Airport as the closest airport option based on drive time. The Airport retains 93% of passengers in this Core Catchment Area housing a population of 2.6 million.

The Primary Catchment Area is shown below with the orange boundary line. This larger area represents counties within a 3-hour drive that the Airport gets at least a 20% share of passengers when there is a nonstop option. Within this Primary Catchment Area the population totals 4.1 million with a household income of \$102 billion.

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## **CMH Core and Primary Catchment Areas**



#### **Facilities at the Airport**

The Airport, which has expanded from its original 768 acre site to its current 2,271 acre site, is located in Franklin County. The Airport is approximately six miles east of the City's central business district. Primary access to the Airport is provided via Interstate 270, Interstate 670, Stelzer Road and Hamilton Road.

Airfield and Aircraft Parking Aprons. The Airport has two parallel east/west runways and a related taxiway system. Runway 10R/28L is the primary air carrier runway. Runway 10L/28R currently serves as a secondary commercial service runway. General aviation tie-down space currently consists of 41 local ramp apron positions, and 83 itinerant ramp positions which encompass an apron tie-down area of approximately 42,500 square yards.

Terminal Facilities. The original airline terminal at the Airport was replaced in 1958 by the existing terminal, which was constructed to contain 140,000 square feet and 12 gates. Following numerous expansions, including the Concourse C expansion in 1996, the North and South matrix additions in 2010, and the Terminal Modernization Project in 2016, the terminal's size has increased to 898,893 square feet and 31 passenger boarding bridges. The current commercial passenger terminal facilities include a two-level main terminal and two, two-level pier concourses with second level boarding. The second level boarding concourses provide a total of 31 gates. The FAA's Air Traffic Control Tower and Terminal Radar Approach Control Facility (TRACON) are located on Airport property.

**Roadways and Parking.** The Airport's entrance road currently splits into two levels: an upper level roadway for departing passengers and a lower level for arriving passengers. Automobile parking consists of short-term hourly parking, long-term parking in the garage adjacent to the terminal, and long-term parking in four remote surface lots.

*Other Facilities*. There are approximately twenty-one other buildings located at the Airport. These include two air cargo buildings, an in-flight kitchen facility, fixed based operator hangars, private corporate hangars, NetJets corporate headquarters, a flight safety training facility, three flex-warehouses, lodging facilities (Hilton Garden Inn, Hampton Inn, and Fairfield Inn), T-Hangar buildings and rental car facilities currently located within an Authority-owned parking garage located adjacent to the main terminal, and two restaurants (94<sup>th</sup> Aero Squadron and McDonald's).

## **Historical Airport Aviation Activity**

*Enplanements*. The Airport's total enplanements increased 13.05% from 2002 (3.348 million) to 2017 (3.785 million), compared with a 43.87% increase in enplanements throughout the U.S. Following the end of the Great Recession in 2009, enplanement levels at the Airport remained flat through 2014 because airlines continued to limit their seat capacities. After 2014, airlines began adding to their fleet of aircraft and adding back seat capacity to smaller airports. The Airport experienced increases in seat capacity amid recovering air travel demand. In the past two years, the Airport realized a resurgence in Frontier Airlines' service as well as new service by Spirit Airlines. Enplanements at the Airport also increased in the most recent four year period at an average annual rate of 6.5%, compared to 4.4% experienced nationwide.

**Connecting Activity.** The percentage of total Airport enplanements attributable to connecting traffic in 2018 was approximately 1.00%.

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The following table shows enplanements at the Airport and in the United States, and the Airport's share of total United States enplanements.

# **HISTORICAL ENPLANEMENTS**

## **2002-2018**

	Enpla	nements (1,000s)	CMH
Year	СМН	U.S.	Share
2002	3,348	670,604	0.50%
2003	3,157	700,864	0.45%
2004	3,113	763,710	0.41%
2005	3,307	800,850	0.41%
2006	3,363	808,103	0.42%
2007	3,865	835,510	0.46%
2008	3,459	809,822	0.43%
2009	3,123	767,817	0.41%
2010	3,184	787,478	0.40%
2011	3,190	802,135	0.40%
2012	3,175	813,123	0.39%
2013	3,115	825,322	0.38%
2014	3,173	851,850	0.37%
2015	3,394	896,632	0.38%
2016	3,659	931,989	0.39%
2017	3,785	964,765	0.39%
2018	4,076	Not Available	N.A.
Jan-Sep 2017	2,808	724,303	0.39%
Jan-Sep 2018	3,013	760,911	0.40%
CAGR, 2002-2017	0.8%	2.5%	
YOYGR, Jan-Sep 2018	7.3%	5.1%	
CAGR, 2002-2018	1.4%	N.A.	
YOYGR, 2017-2018	7.7%	N.A.	

CAGR - Compound annual growth rate

YOYGR - Year-over-year growth rate

Sources: CRAA for CMH enplanements and U.S. Department of Transportation T-100 Market Data for U.S. system enplanements.

#### **Airlines Serving the Airport**

The Airport is served by seven major/national airlines, one foreign flag carrier, and one scheduled charter airline.

#### Major/National Airlines<sup>1</sup>

Alaska Airlines
American Airlines
Delta Air Lines
Frontier Airlines
Southwest Airlines
Spirit Airlines
United Airlines

#### **Foreign Flag Carriers**

Air Canada

## **Scheduled Charter Airline**

Vacation Express

## **Agreements with the Airlines**

The Authority has in effect Airline Lease Agreements at CMH with American Airlines, Delta Airlines, Frontier Airlines, Southwest Airlines, Spirit Airlines, United Airlines, and Air Canada (the "Signatory Airlines") relating to the use of the Airport. The Airline Lease Agreements for the Signatory Airlines each have a term extending to December 31, 2019. Each of the Signatory Airlines leases certain designated space in the terminal for its preferential use and shared airlines areas that can be used on a per turn basis. Rates for rentals, fees, and charges for the Signatory Airlines are calculated on an annual basis for both the airfield landing fee, apron parking fees, and terminal rental fees. The airfield landing fee is a residual formula based on requirements of the airfield, less airfield nonairline and nonsignatory revenues, divided by Signatory Airline landed weight. The apron parking fee is also a residual formula based on the requirements of the apron areas next to the terminal. The terminal rental rate is a commercial compensatory formula (leasable square footage) based on requirements of the terminal. The airlines pay various rates based on the location and the amount of square footage leased.

The Airline Lease Agreements with the Signatory Airlines are substantially similar, differing primarily with respect to the amount and areas of square footage leased. At the expiration of the term of the existing Airline Lease Agreements, the Authority will either negotiate new agreements with the Signatory Airlines or will establish airline rates and charges pursuant to a resolution of the Authority.

Under the Airline Lease Agreements, approval of a Majority-in-Interest (as defined therein) of the airlines is required for certain airfield area or apron projects affecting the calculation of landing and apron fees. If the airlines choose to defer a project, they may do so for one year, at

<sup>&</sup>lt;sup>1</sup> All major/national airlines are Signatory Airlines. See "- Agreements with the Airlines" below.

which time the Authority may move forward with the project and rates and charges. Because none of the Series 2019 Project affect apron fees during the remaining term of the Airline Lease A determined that Majority-in-Interest approval is not required for an	es the calculation of landing or greements, the Authority has
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## **Enplanements and Deplanements**

Southwest Airlines had the largest number of passengers at the Airport in 2018, with 2.891 million enplanements and deplanements, representing 35.5% of total passengers at the Airport. American Airlines, Delta and United had market shares of 23.0%, 21.4% and 12.3%, respectively, in 2018. Total historical passenger counts and airline market shares for the Airport for 2014 through 2018 are shown on the following table.

HISTORICAL AIRLINE MARKET SHARE 2014-2018

	Total Passengers (1,000s)						Share of Total Passengers						
Airline	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018			
Air Canada	44	53	65	69	73	0.7%	0.8%	0.9%	0.9%	0.9%			
American <sup>1</sup>	1,872	1,854	1,860	1,845	1,873	29.4%	27.3%	25.4%	24.3%	23.0%			
Mainline	617	581	571	572	615	9.7%	8.6%	7.8%	7.6%	7.6%			
Regional	1,255	1,272	1,289	1,273	1,258	19.7%	18.7%	17.6%	16.8%	15.5%			
							/						
Delta	1,471	1,558	1,606	1,633	1,744	23.1%	22.9%	21.9%	21.5%	21.4%			
Mainline	818	889	918	907	961	12.9%	13.1%	12.5%	12.0%	11.8%			
Regional	653	668	688	725	783	10.3%	9.8%	9.4%	9.6%	9.6%			
Frontier	0.5		151	289	162	0.0%	0.0%	2.1%	3.8%	2.0%			
OneJet				0.6	1.6				0.01%	0.02%			
Southwest <sup>2</sup>	2,111	2,377	2,645	2,753	2,891	33.2%	35.0%	36.1%	36.3%	35.5%			
Spirit					353					4.4%			
United	835	917	961	947	1,004	13.1%	13.5%	13.1%	12.5%	12.3%			
Mainline	80	175	253	229	220	1.3%	2.6%	3.5%	3.0%	2.7%			
Regional	755	742	707	718	784	11.9%	10.9%	9.7%	9.5%	9.6%			
Subtotal													
Scheduled	6,333	6,758	7,288	7,536	8,102	99.6%	99.4%	99.5%	99.5%	99.5%			
Mainline	3,627	4,023	4,537	4,750	5,202	57.1%	59.2%	61.9%	62.7%	63.9%			
Regional	2,706	2,735	2,751	2,786	2,900	42.6%	40.2%	37.6%	36.8%	35.6%			
C	,	Ź	,	,	,								
Others	23	38	36	41	40	0.4%	0.6%	0.5%	0.5%	0.5%			
Total	6,356	6,796	7,324	7,577	8,142	100.0%	100.0%	100.0%	100.0%	100.0%			

<sup>&</sup>lt;sup>1</sup> Including US Airways through 2016.

Source: Columbus Regional Airport Authority.

<sup>&</sup>lt;sup>2</sup> Including Air Tran through 2014.

#### RENTAL CAR OPERATIONS

#### **CFC Collections**

The Concessionaires have operated at the Airport since the CFC collection commenced on July 1, 2007. Annual transactions, transaction days, and amounts of CFCs collected are shown in the table below.

# HISTORICAL ANNUAL TRANSACTIONS, TRANSACTION DAYS, AND CFC COLLECTIONS 2007-2018

		Transaction CFCs		Notes on CFC Level (Rate per
Year	<b>Transactions</b>	Days	Collected	transaction day)
2007	322,585	916,801	\$1,839,098	Implemented at \$2.00 effective 7/1/2007
2008	504,384	1,375,125	\$3,035,210	Increased to \$3.85 effective 11/1/2008
2009	418,457	1,200,549	\$4,622,113	
2010	434,385	1,209,325	\$4,679,495	
2011	461,280	1,277,272	\$5,337,245	Increased to \$4.50 effective 6/1/2011
2012	480,513	1,351,060	\$6,072,282	
2013	492,522	1,439,416	\$6,445,487	
2014	493,842	1,399,421	\$6,285,421	
2015	530,864	1,557,016	\$7,373,512	Increased to \$5.50 effective 9/1/2015
2016	535,403	1,674,560	\$9,204,524	Increased to \$6.00 effective 9/1/2016
2017	508,647	1,610,476	\$10,034,519	Increased to \$6.50 effective 1/1/2017
2018	522,894	1,694,319	\$10,444,759	

Source: Columbus Regional Airport Authority.

#### **Car Rental Operations**

The Authority has entered into Rental Car Concession Agreements (the "2016 Agreements") with the Concessionaires, which provide the non-exclusive right to operate a vehicle rental concession on the Airport for the eight brands of rental car companies. Those agreements will terminate on the earlier of December 31, 2021, the date the ConRAC is opened for operation, or any time after December 31, 2019 if the premises are needed for public parking. Upon the opening of the ConRAC, the 2016 Agreements will then be replaced by the Concessionaire Agreements. While it is expected that the ConRAC will be open for operation by July of 2021, in the event that the ConRAC is not opened by that date, the rental car companies that have executed the 2016 Agreements would continue to charge and collect CFCs, currently at the rate of \$6.50 per rental transaction day, up to a maximum of seven days. Such rental car companies are not required to pay Concessionaire Deficiency Payments under the 2016 Agreements, but will pay such Concessionaire Deficiency Payments under the Concessionaire Agreements after the opening of

the ConRAC. See "CONCESSIONAIRE AGREEMENTS" and "APPENDIX D - Form of Concessionaire Agreements."

#### **Publicly Available Information for the Concessionaires**

Certain of the Concessionaires or their parent corporations are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, as such are required to file periodic reports, including financial and operational data, with the Securities and Exchange Commission (the "SEC"). All such reports and statements can be inspected and copies obtained at prescribed rates in the Public Reference Room of the SEC at 100 F Street, NE, Room 1580, Washington, DC 20549. The SEC maintains a website at <a href="http://www.sec.gov">http://www.sec.gov</a> containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

The Authority undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of information available from the SEC as discussed in the preceding paragraph, including, but not limited to, updates of such information on the SEC's website or links to other Internet sites accessed through the SEC's website.

See also "INVESTMENT CONSIDERATIONS" for discussions regarding the financial condition of the Concessionaires and the effects of bankruptcies of the Concessionaires on the ability of the Authority to pay principal of and interest on the Series 2019 Bonds.

#### FINANCIAL FEASIBILITY REPORT

#### General

The Authority has retained Unison Consulting, Inc. (the "Feasibility Consultant"), to prepare a report in connection with the issuance of the Series 2019 Bonds. The Financial Feasibility Report is included as "APPENDIX A" hereto. The information regarding the analyses and conclusions contained in the Financial Feasibility Report is included in the Official Statement in reliance upon the expertise of the Feasibility Consultant. The Financial Feasibility Report has not been revised subsequent to its date of publication (April 8, 2019) to reflect the final terms of the Series 2019 Bonds.

The financial projections and forecasts in the Financial Feasibility Report are based on certain information and assumptions that were provided by, or reviewed and agreed to by, the Authority's management. In the opinion of the Feasibility Consultant, these assumptions provide a reasonable basis for the projections and forecasts.

The Financial Feasibility Report should be read in its entirety regarding all of the assumptions used to prepare the projections and forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Financial Feasibility Report will occur. As noted in the Financial Feasibility Report, any projection or forecast is subject to uncertainties. Inevitably, some assumptions used to develop the projections and forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also "INTRODUCTION — Forward-Looking Statements."

## **Projected CFC Collections and Debt Service Coverage**

The following table sets forth the projected CFC collections, balance in the Debt Service Coverage Fund, debt service requirements for the Series 2019 Bonds and the debt service coverage of the Series 2019 Bonds, as forecasted by the Feasibility Consultant, for the Fiscal Years 2019 through 2029. The projected CFC collections are based on the current CFC rate, and do not assume any increase in the CFC rate throughout the forecasted period.

Columbus Regional Airport Authority
Projected Debt Service Coverage on the Series 2019 Bonds

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Pledged Revenues	2,000,000	2.0700		100.00	- 144		1.4.00	GEN 14.75			
CFC Revenues	\$7,782,578	511,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	513,661,766
Concessionaire Deficiency Payments	0	0	0	0	0	. 0	0	0	0	0	0
Total Pledged Revenues	\$7,782,578	511,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	512,699,521	\$12,929,467	\$13,165,038	513,418,174	513,661,766
Deposits to:											
CFC Debt Service Fund	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	5,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
CFC Debt Service Reserve Fund	0	0	0	0	0	.0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Renewal & Replacement Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
Total Required Deposits	2,918,462	4,690,385	7,155,385	7,855,327	7,852,343	7,855,049	7,852,923	7,313,851	6,772,203	6,771,832	6,770,065
Rate Covenant											
CFC Revenues must be the greater of at least:											
(i) 100% (1.00) of Deposits to Funds	2.67	2.35	1.59	1.50	1.55	1.58	1.62	1.77	1.94	1.98	2.02
(ii) 125% (1.25) of Debt Service	2.67	2.35	1.77	1.83	1.88	1.93	1.97	2,00	2.04	2.08	2.12
including Debt Service Coverage 1											
Pledged Revenues	\$7,782,578	511,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	513,418,174	513,661,766
Add: Debt Service Coverage Fund	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312
Total Available for Debt Service	\$9,396,890	512,625,026	513,016,269	\$13,435,093	\$13,757,153	\$14,063,200	\$14,313,833	\$14,543,779	\$14,779,350	\$15,032,486	515,276,078
Debt Service	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
Ratio with Debt Service Coverage Fund	3.22	2.69	2.02	2.08	2.13	2.18	2.22	2,25	2.29	2,33	2.37

<sup>1</sup>The Rate Covenant calculation presentation in the middle of the table is pursuant to the Rate Covenant definition in the CFC Master Trust Agreement. The debt service coverage calculation including the balance in the Debt Service Coverage Fund (presented at the bottom of the table) is not part of the Rate Covenant. It is included in this table to demonstrate the coverage if all available funds are considered.

The figures in the Table reflect the assumptions included in the Financial Feasibility Report, and have not been updated to reflect the final terms of the Series 2019 Bonds.

The forecasted financial information in the preceding table was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forecasted financial information, but, in the view of the Authority's management, was prepared on a reasonable basis, to reflect the best currently available estimates and judgments and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the rental car business at the Airport. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the forecasted financial information.

Neither the Authority's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted financial information contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted financial information.

The assumptions and estimates underlying the forecasted financial information are inherently uncertain and, though considered reasonable by the management of the Authority as of the date of this Official Statement, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the forecasted financial information, including, among others, the risks and uncertainties described under "INVESTMENT CONSIDERATIONS." Accordingly, there can be no assurance that the forecasted results are indicative of the future performance of the rental car business at the Airport or that actual results will not be materially higher or lower than those contained in the forecasted financial information. Inclusion of the forecasted financial information in this Official Statement should not be regarded as a representation by any person that the results contained in the forecasted financial information will be achieved.

#### INVESTMENT CONSIDERATIONS

The following section describes certain risk factors affecting the payment of and security for the Series 2019 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with investing in the Series 2019 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 Series 2019 Bonds. There can be no assurances that such circumstances would not materially adversely affect the amount of Pledged Revenues available to pay debt service on the Series 2019 Bonds.

# **Factors Affecting the Series 2019 Project**

Construction Risks. The Authority's ability to complete the construction of the Series 2019 Project within budget and on schedule may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) material and/or labor shortages; (d) unforeseen site conditions; (e) cost increases; (f) contractor defaults; (g) labor disputes; (h) environmental issues; (i) unavailability of other funding sources; (j) discovery of archaeological artifacts; (k) changes in law; (l) delays in obtaining or renewing required permits; (m) revocation of such permits and approvals; and (n) litigation, among other things. The Authority has approved and executed various fixed price contracts for early site work, foundations and utility corridor work and related services as part of the Series 2019 Project, and work is underway on that portion of the Series 2019 Project. The entire design of the Series 2019 Project has been completed, and in March 2019, Turner provided, and the Authority accepted but will not execute until the Series 2019 Bonds are delivered, a GMP contract for additional costs relating to the construction of the Series 2019 Project. Upon delivery of the Series 2019 Bonds, the Authority will have executed fixed price and GMP contracts to provide for the entire cost of constructing the ConRAC. See "PLAN OF FINANCE — Construction Manager at Risk Agreement for Series 2019 Project." The budget for the Series 2019 Project also has contingencies built in. In addition, CFCs at the rate of \$6.50 per rental transaction day, up to a maximum of seven days, will accumulate during the construction period for the Series 2019 Project. In the event that there are schedule delays or cost increases beyond the budgeted amount, the Authority may need to issue Additional Bonds to complete the Series 2019 Project. In the event of such a schedule delay, the Concessionaires will continue to operate under the 2016 Agreements, which do not require the Concessionaires to make Concessionaire Deficiency Payments. In the event that any sources of funding are less than projected and the Authority is not able to issue or sell Additional Bonds, the completion of the Series 2019 Project could be substantially delayed and financing costs could be higher than projected.

*Events of Force Majeure and Other Delays*. In addition to construction risks, operation of the Series 2019 Project is at risk from events of force majeure, such as hurricanes or other natural disasters, war, riots, acts of sabotage, terrorism or civil commotion, and spills of hazardous materials, among other events.

Damage and Destruction. The Authority will maintain insurance in the amount and against such risks as are customarily insured against on Airport property. See "RISK MANAGEMENT AND INSURANCE" herein. However, there can be no assurance that the Series 2019 Project will not suffer extraordinary and unanticipated losses, for which insurance cannot be or has not been obtained, or that the amount of any such loss for the period during which the Series 2019 Project is not available for use will not exceed the coverage of such insurance policies. Notwithstanding the foregoing, pursuant to the Concessionaire Agreement the Concessionaires are required to maintain their own insurance. See "APPENDIX D - Form of Concessionaire Agreements." In the event of the complete destruction of the ConRAC for which the Authority elects not to repair, replace or reconstruct, the Authority will not be required to provide alternative operating areas to the Concessionaires and the Concessionaire Agreement and the obligations of the Concessionaires thereunder will terminate.

#### Factors Affecting Collection of CFC Revenues and Concessionaire Deficiency Payments

General. The payment of the Series 2019 Bonds is dependent on the generation of sufficient Pledged Revenues in each Fiscal Year. CFC Revenues are contingent upon, and the amount generated will be impacted by, a variety of factors, including: aviation activity and the rental of motor vehicles at the Airport; the airlines' service and route networks; the financial health and viability of the airline and rental car industries; levels of disposable income; national and international economic and political conditions, including disruptions caused by airline incidents, acts of war and terrorism; the availability and price of aviation fuel and gasoline; levels of air fares and car rental rates at the Airport; the capacity of the national air traffic control system; the capacity at the Airport and the ConRAC; and the financial health and viability of the Concessionaires. See the discussion of factors affecting aviation demand at the Airport under "- Factors Affecting the Airline Industry" below. The amount of and the collection of Concessionaire Deficiency Payments is also contingent upon a variety of factors, including car rental rates at the Airport, the rate of the CFC and the total amount of CFC Revenues received as compared to the Annual Obligation Requirement, viability of the rental car industry in general, and the financial health of the Concessionaires in particular. The Authority has concluded that the current rental car facilities cannot accommodate the growth projections of the Airport. Accordingly, any delay in the completion of the Series 2019 Project could affect Airport customer growth and concurrently reduce receipt of CFC Revenues. In addition, delay in the construction of the ConRAC could restrict customer growth needed for the Series 2019 Project.

**Rental Car Activity**. As described in the Financial Feasibility Report, rental car demand at the Airport, and therefore the number of rental car transaction days to which the CFC applies, is highly correlated to passenger demand. The Feasibility Consultant also concludes, based on

historical rental car data and based on the assumptions set forth in the Financial Feasibility Report, that the number of rental car transaction days at the Airport is primarily a function of the number of visiting origin and destination deplaned passengers. Other factors found by the Feasibility Consultant to affect rental car demand at the Airport include: the price of renting a car, as measured by the average daily rental rate; market segmentation (business/leisure); rental car costs as a component of total travel costs; convenience; the availability of alternative forms of ground transportation; and certain extraordinary events, such as the terrorist attacks of September 11, 2001. For a full discussion of these and other factors affecting rental car activity, see "APPENDIX A - Financial Feasibility Report."

Competition and Technological Innovations in Ground Transportation. There are various alternative forms of ground transportation available at and near the Airport, which could reduce the demand for renting motor vehicles at the ConRAC and, thus, the collection of CFCs by the Concessionaires. These alternative forms that compete with on-airport rental cars include taxis, buses, shuttle services, public transportation and limousines. Various forms of car-sharing and ondemand vehicle services, also known as transportation network companies ("TNCs"), such as Uber Technologies Inc. and Lyft, Inc., are also becoming increasingly prevalent and popular with the public, and may offer competition that could reduce the demand for car rentals at the Airport. While passenger levels are increasing, the relative market share of these alternative forms of ground transportation is shifting. As one example, the popularity of TNCs has increased because of the increasing number of cities where TNCs operate, the other technological innovations in ground transportation, convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing. In addition, the digital revolution has also spawned peer-to-peer car-sharing services such as Turo and Getaround Inc., presenting another competition to traditional rental cars. Turo and Getaround Inc. allow individual car owners to rent their cars via apps. Customers use an app to rent another person's car and set a spot to pick up the car. They can rent cars for an hourly or a daily fee - Turo customers pay an average of \$45 per day. There are now nearly 3 million users of peer-to-peer car-sharing services in North America, according to the Transportation Sustainability Research Center at the University of California, Berkeley. For a further description of these alternate modes of transportation and their impact on rental car demand, see "APPENDIX A - Financial Feasibility Report – U.S. Rental Car Industry."

New technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation may continue to occur and may result in further changes in Airport passengers' choice of ground transportation mode. In such event, CFC Revenues from Concessionaires' car rentals at the ConRAC may be lower than expected. The Authority cannot predict with certainty what impact these innovations in ground transportation will have over time on the rental of Concessionaires' rental cars.

Concessionaires. The projections of the revenues derived from CFCs are dependent on the ability of the Concessionaires or any new entrants as Concessionaires to provide a competitive product to potential customers at the Airport over the life of the Series 2019 Bonds. Such ability is affected by factors beyond their control, including the cost and resale value of cars. Competitive factors have limited the profitability of rental car companies in the past several years and some companies and franchises have ceased operations or been acquired by other companies.

Prospective purchasers should consider the potential effects of the rental car industry as a whole upon the availability of the CFCs to pay debt service on the Series 2019 Bonds.

Concentration of Rental Car Companies. Concessionaire Agreements have been entered into with five Concessionaires representing eight rental car brands. These Concessionaires represent three major national rental car companies that control approximately 95% of the U.S. rental car market. The concentration of the actual and projected rental car activity at the Airport in a small number of corporate entities increases the risk from factors that may impact the operations and activities of the ConRAC.

Consideration under Bankruptcy Code. In the event a bankruptcy case is filed with respect to a Concessionaire, a bankruptcy court could reject its Concessionaire Agreement, in which event the Concessionaire would not be required to remit CFCs or Concessionaire Deficiency Payments or other payments required under the Concessionaire Agreement to be paid to the Authority. In such event, the Concessionaire would be in default under its Concessionaire Agreement, permitting the Authority to cancel such Agreement and remove the Concessionaire from possession and occupancy of the ConRAC.

For more information on rental car companies operating at the Airport, see "RENTAL CAR OPERATIONS – Publicly Available Information for Concessionaires."

#### **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 amount of CFC Revenues available for payment of the Series 2019 Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; natural disasters; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; airline bankruptcies; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of the Airport; 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 CFC 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 terrorist attacks of September 11, 2001 and the economic recession that occurred between 2008 and 2009. Business decisions by airlines, such as the reduction, or elimination, of service to unprofitable markets, increasing the use of smaller, regional jets and changing hubbing strategies have also affected air traffic at the Airport and could have a more pronounced effect in the future.

Following are just a few of the factors affecting the airline industry including, regional and national economic conditions, costs of aviation fuel, international conflicts and threats of terrorism

and structural changes in the travel market. See also "- Aviation Security and Public Health Concerns" below for additional discussion on the costs of security.

*Economic Conditions*. Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. Between 2008 and 2009, the U.S. economy experienced a recession, which was followed by slow economic growth. It is not known at this time whether the current relatively low national unemployment rate, or the rate of national and global economic growth will persist beyond 2019 and what effect, if any, they will have on the air transportation industry.

For more information concerning the local and national economy, see "APPENDIX A - Financial Feasibility Report – Economic Base."

Cost of Aviation Fuel. Airline profitability is significantly affected by the price of aviation fuel. According to Airlines for America, an airline advocacy organization, fuel is the largest single cost component for most airline operations, and therefore an important and uncertain determinant of an air carrier's operating economics. Any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries' policy, increased demand for fuel caused by rapid growth of economies such as China and India, the levels of fuel inventory maintained by certain industries, the amounts of reserves maintained by governments, currency fluctuations, disruptions to production and refining facilities and weather. The cost of aviation fuel has fluctuated in the past in response to changes in demand for and supply of oil worldwide. Significant fluctuations and prolonged increases in the cost of aviation fuel historically have had an adverse impact on air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel as well as to increase airfares and institute fuel, checked baggage and other extra surcharges, all of which may decrease demand for air travel.

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 terrorist attacks of September 11, 2001, 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. Capacity reductions by the Airlines which improve airline profitability have reduced seat availability resulting in higher 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.

Southwest Airlines — Airport's Largest Carrier. For Fiscal Years 2017 and 2018, Southwest Airlines accounted for approximately 36.3% and 35.5%, respectively, of the total enplaned passengers at the Airport. Where an airport has a sizable market share accounted for by a single airline, there is risk associated with the potential for that airline to reduce or discontinue service. However, in the case of Southwest Airlines at the Airport, this risk is mitigated by the following factors: (a) Southwest Airlines has consistently reported profitable operations; and (b) the development of service by Southwest Airlines at the Airport has demonstrated a large O&D passenger demand that could be served by other airlines at the Airport in the unlikely event Southwest Airlines were to reduce service at the Airport. Nevertheless, the Authority cannot predict what effect a reduction or discontinuation of service by Southwest Airlines would have on the Authority or ultimately on CFC Revenues, or whether another airline would absorb the service provided by Southwest.

## **Aviation and Airport Security and Public Health 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 Severe Acute Respiratory Syndrome ("SARS") outbreak in 2003 and the H1N1 influenza ("swine flu") outbreak in 2009 and 2010, 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.

Computer networks and data transmission and collection are vital to the safe and efficient operation of the Airport, the airlines that serve the Airport and other tenants of the Airport. Notwithstanding security measures, information technology and infrastructure of the Airport, any of the airlines serving the Airport or any other tenants at the Airport may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence or malfeasance. Any such breach or attack could compromise systems and the information stored thereon. Any such disruption or other loss of information could result in a disruption in the efficiency of the operations of the Airport and/or the airlines serving the Airport and the services provided at the Airport, thereby adversely affecting the ability of the Airport to generate revenue.

#### **Uncertainties of Projections, Forecasts and Assumptions**

The Financial Feasibility Report included as "APPENDIX A" to this Official Statement contains certain projections, forecasts and assumptions. Such Financial Feasibility Report should be read in its entirety for a discussion of historical and forecasted results of air traffic activity at the Airport, car rental activity at the Airport and debt service coverage and the assumptions and rationale underlying the projections and forecasts. As noted in the Financial Feasibility Report, any projection or forecast is subject to uncertainties. Inevitably, some assumptions used to develop the projections and forecasts will not be realized, and unanticipated events and circumstances may

occur. Therefore, there are likely to be differences between projected and actual results, and those differences may be material.

Accordingly, the projections or forecasts contained in the Financial Feasibility Report or that may be contained in any future certificate of the Authority or a consultant are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Authority assumes any responsibility for the failure to meet such projections or forecasts. In addition, certain assumptions with respect to future business and financing decisions of the Authority are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective investors in the Series 2019 Bonds are cautioned not to place undue reliance upon the Financial Feasibility Report or upon any projections or forecasts or requirements for those projections or forecasts. If actual results are less favorable than the results projected or forecasted, or if the assumptions used in preparing such projections or forecasts prove to be incorrect, the amount of CFC Revenues may be materially less than expected and, consequently, the ability of the Authority to make timely payment of the principal of and interest on the Series 2019 Bonds may be materially adversely affected. However, the Authority has the ability to pay deficiencies and/or increase the CFC rate if necessary.

Neither the Authority's independent auditors, nor any other independent accountants have compiled, examined or performed any procedures with respect to the Financial Feasibility Report's projections or forecasts, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Financial Feasibility Report's projections or forecasts, nor have they expressed any opinion or any form of assurance on such information or its achievability.

## RISK MANAGEMENT AND INSURANCE

The Authority has in place comprehensive airport liability insurance with ACE Property & Casualty Insurance Company, which provides combined policy limits of \$750 million. The policy structure through ACE is a primary policy taking on the first \$100 million in limit and then an excess policy with an additional \$650 million in limit. Both policies remain in force having been renewed for the November 1, 2018 to November 1, 2019 term. This liability insurance includes \$100 million for extended coverage including war, hijacking and other perils. In addition, all airline operators and Airport tenants are required by contract to name the Authority as an additional insured on liability policies. The Authority has \$913.9 million in assets insured with XL Insurance America, Inc. The current policy period is December 1, 2018 to December 1, 2019. Named storm coverage is an insured peril and included in the coverage terms. The coverage also includes sublimits of \$200 million for certified act(s) of terrorism, \$500 million for non-certified act(s) of terrorism, and \$50 million of flood coverage. This property insurance is subject to a \$250,000 deductible. Further, the Authority purchases builders risk policies for key building projects (such as the Hotel and ConRAC facilities) for amounts that reflect pre-determined values at risk during various construction phases. The Authority is self-insured for the first \$1 million of workers' compensation insurance, with excess workers' compensation coverage to statutory limits provided by Arch Insurance Company. The current policy period is November 1, 2018 to November 1, 2019. Health insurance is self-insured (effective May 1, 2017) and managed by United Healthcare.

#### FINANCIAL STATEMENTS

The financial statements of the Authority as of and for the years ended December 31, 2017 and 2018, included in "APPENDIX B" of this Official Statement, have been audited by Plante & Moran, PLLC 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 consent from the auditors was not requested. The auditors have not performed any services related to, and therefore are not associated with, the preparation of this Official Statement.

#### LITIGATION

The Authority is involved in numerous judicial and administrative proceedings arising in the normal course of operations of the Airport. The dispositions of these proceedings are unknown but are expected to be resolved with no material adverse effect on the Series 2019 Bonds, the security for the Series 2019 Bonds or the financial condition or operations of the Airport.

To the knowledge of the Authority, 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, threatened against or affecting the Authority or the Airport, or any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Official Statement, or the validity of the Series 2019 Bonds, the CFC Trust 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.

#### **RATINGS**

Kroll Bond Rating Agency, Inc. ("Kroll"), Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") assigned their respective municipal bond ratings of "AA+", "A2" and "AA" to the Insured Series 2019 Bonds, with the understanding that concurrently with delivery of those Insured Series 2019 Bonds a Municipal Bond Insurance Policy insuring the scheduled payment when due of principal of and interest on those Insured Series 2019 Bonds will be issued by Assured Guaranty Municipal Corp. See "APPENDIX H – Specimen Municipal Bond Insurance Policy."

The Authority also applied for underlying ratings on the Series 2019 Bonds from Kroll, Moody's and Fitch Ratings ("Fitch"). As a result of the application process, Kroll assigned a rating of "A+" (stable outlook), Moody's assigned a rating of "A3" (stable outlook) and Fitch assigned a rating of "A-" (stable outlook). Those underlying ratings have been published. The Authority has made no application for a rating to any other rating service.

The ratings reflect only the respective views of the rating services, and any explanation of the meaning or significance of the ratings may only be obtained from the respective rating service. The Authority furnished to each rating service certain information and materials, some of which may not have been included in this Official Statement, relating to the Series 2019 Bonds and the Authority. Generally, rating services base their ratings on such information and materials and on their own investigation, studies and assumptions.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment

circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market value of the Series 2019 Bonds.

The Authority expects to furnish the rating services with information and materials that may be requested. The Authority, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2019 Bonds.

#### CONTINUING DISCLOSURE AGREEMENT

The Authority has agreed, for the benefit of the holders and Beneficial Owners from time to time of the Series 2019 Bonds, in accordance with SEC Rule 15c2-12 (the "Rule"), to provide or cause to be provided to the Municipal Securities Rulemaking Board such annual financial information and operating data, audited financial statements and notices of the occurrence of certain events in such manner as may be required for purposes of paragraph (b)(5)(i) of the Rule (the "Continuing Disclosure Agreement"). See "APPENDIX G" for the proposed form of the Continuing Disclosure Agreement. The foregoing information, data and notices can be obtained from Randy Bush, Chief Financial Officer, Columbus Regional Airport Authority (telephone (614) 239-4043 and electronic mail at <a href="mailto:rbush@columbusairports.com">rbush@columbusairports.com</a>).

The performance by the Authority of the Continuing Disclosure Agreement will be subject to the annual appropriation by the Authority of any funds that may be necessary to perform it. The Continuing Disclosure Agreement will remain in effect only for such period that the Series 2019 Bonds are outstanding in accordance with their terms and the Authority remains an obligated person with respect to the Series 2019 Bonds within the meaning of the Rule.

Within the last five years, the Authority believes that it has complied in all material respects with prior continuing disclosure agreements entered into pursuant to the Rule.

The information in the immediately preceding paragraph is included in this Official Statement out of an abundance of caution in light of the uncertainty that exists in the municipal market concerning what constitutes a failure to comply with a prior continuing disclosure agreement and whether a particular instance of noncompliance constitutes material noncompliance, and also in keeping with the spirit of the Rule to improve disclosure in the municipal securities market. By providing that information, the Authority does not intend to make, and is not making, any statement or suggestion regarding its materiality to any investor.

#### **UNDERWRITING**

Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of Raymond James & Associates, Inc., Loop Capital Markets LLC, and RBC Capital Markets, LLC (collectively, with the Representative, the "Underwriters"), has agreed, pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Authority dated April 17, 2019, and subject to certain conditions contained in the Bond Purchase Agreement, to purchase all, but not less than all, of the Series 2019 Bonds at a purchase price of \$94,082,608.32 (the "Purchase Price"), which is equal to the par amount of the Series 2019 Bonds

(\$94,325,000), less Underwriters' discount (\$242,391.68). The Underwriters have agreed to purchase all of the Series 2019 Bonds if any are purchased.

The Series 2019 Bonds are being offered for sale to the public at the prices shown on the inside cover page hereof. The Underwriters reserve the right to lower such initial offering prices as they deem necessary in connection with the marketing of the Series 2019 Bonds. The Underwriters may offer and sell the Series 2019 Bonds to certain dealers (including dealers depositing the Series 2019 Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth in the Official Statement. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2019 Bonds to the public. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 2019 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective 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 this information.

#### **MUNICIPAL ADVISOR**

The Authority has engaged PFM Financial Advisors LLC as Municipal Advisor (the "Municipal Advisor"), in connection with the authorization, issuance and sale of the Series 2019 Bonds. Under the terms of its engagement, the Municipal 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.

#### TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2019 Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic

insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2019 Bonds. INTEREST ON THE SERIES 2019 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE SERIES 2019 BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE SERIES 2019 BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE SERIES 2019 BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE SERIES 2019 BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2019 BONDS.

The following discussion is generally limited to "U.S. owners," meaning beneficial owners of Series 2019 Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. Partnerships holding Series 2019 Bonds, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of an investment in the Series 2019 Bonds (including their status as U.S. owners).

Prospective purchasers of the Series 2019 Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Series 2019 Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

#### **Payment of Interest**

In general, interest paid or accrued on the Series 2019 Bonds will be treated as ordinary income to U.S. owners. A U.S. owner using the accrual method of accounting for U.S. federal income tax purposes must include interest paid or accrued on the Series 2019 Bonds in ordinary income as the interest accrues, while a U.S. owner using the cash receipts and disbursements method of accounting for U.S. federal income tax purposes must include interest in ordinary income when payments are received or constructively received by the owner.

#### Sale, Exchange, Retirement or Other Taxable Disposition of Series 2019 Bonds

Upon the sale, exchange, retirement or other taxable disposition of a Series 2019 Bond, a U.S. owner will recognize gain or loss equal to the difference between the amount realized from the sale, exchange, retirement or other disposition and the owner's adjusted basis in the Series 2019 Bond or applicable portion of the adjusted basis. The owner's adjusted basis generally will equal the cost of the Series 2019 Bond to the owner, reduced by any principal payments on the Bond previously received by the owner (including any other payments on the Series 2019 Bond that are not qualified stated interest payments) Any gain or loss recognized upon a sale, exchange, retirement or other disposition of a Series 2019 Bond (excluding amounts attributable to accrued

interest) will generally be capital gain or loss and will be long-term capital gain or loss if the U.S. owner's holding period in the Series 2019 Bond exceeds one year. Long-term capital gains of individuals are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

### **Information Reporting and Backup Withholding**

General information reporting requirements will apply to payments of principal and interest made on Series 2019 Bonds and the proceeds of the sale of Series 2019 Bonds to non-corporate holders of the Series 2019 Bonds, and "backup withholding," currently at a rate of 24%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of Series 2019 Bonds that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

## Medicare Tax Affecting U.S. Owners

A U.S. owner that is an individual or estate, or a trust not included in a special class of trusts that is exempt from such tax, is subject to a 3.8% Medicare tax on the lesser of (1) the U.S. owner's "net investment income" for the taxable year and (2) the excess of the U.S. owner's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. owner's net investment income generally includes interest income on, and net gains from the disposition of, Series 2019 Bonds, unless such interest income or net gains are derived in the ordinary course of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. owner that is an individual, estate, or trust, should consult its tax advisor regarding the applicability of the Medicare tax.

#### Non-U.S. Owners

Under the Code, interest on any Series 2019 Bond whose beneficial owner is not a U.S. owner is generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Series 2019 Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest on the Series 2019 Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. Non-U.S. owners should consult their tax advisors regarding the tax consequences of an investment in the Series 2019 Bonds.

## Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") generally imposes a 30% withholding tax on interest payments to (i) certain foreign financial institutions (including certain investment funds) that fail to certify their FATCA status and (ii) non-financial foreign entities if

certain disclosure requirements related to direct and indirect United States shareholders are not satisfied. Proposed Treasury Regulations, which may be relied upon until final Treasury Regulations are promulgated, suspend the requirement to apply the 30% withholding tax to gross proceeds from the sale or other disposition of Series 2019 Bonds. This requirement otherwise would have applied to a sale or other disposition of Series 2019 Bonds made on or after January 1, 2019.

In the case of payments made to a "foreign financial institution" (generally including an investment fund), as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a "FATCA Agreement") or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an "IGA"), in either case to, among other things, collect and provide to the U.S. or other relevant tax authorities certain information regarding U.S. account holders of such institution. In the case of payments made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity either provides the withholding agent with a certification that it does not have any "substantial" U.S. owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity) or identifies its "substantial" U.S. owners.

If Series 2019 Bonds are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold the 30% FATCA tax on payments of dividends or the items described above made to (i) a person (including an individual) that fails to comply with certain information requests or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may limit duplicative withholding in cases where the withholding described above in "Non-U.S. Owners" or "Information Reporting and Backup Withholding" also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments on Series 2019 Bonds as a result of a failure by an investor (or by an institution through which an investor holds the Series 2019 Bonds) to comply with FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms of the Series 2019 Bonds, be required to pay additional amounts with respect to any Series 2019 Bond as a result of the deduction or withholding of such tax. *Non-U.S. owners should consult their tax advisors regarding the application of FATCA to the ownership and disposition of Series 2019 Bonds.* 

#### **LEGAL MATTERS**

Legal matters incident to the issuance of the Series 2019 Bonds and with regard to the tax status of the interest on the Series 2019 Bonds (see "TAX MATTERS") are subject to the approving legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel. The form of the approving opinion of Bond Counsel, dated and speaking only as of the date of original delivery of the Series 2019 Bonds, will be printed on each Bond, and the proposed text of such opinion is included in this Official Statement as "APPENDIX E." The legal opinion to be delivered may

Statement or a supplement thereto or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any matters referred to in the opinion subsequent to its date. Certain legal matters will be passed upon for the Authority by its General Counsel, and for the Underwriters by Dinsmore & Shohl LLP, Columbus, Ohio.

#### ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEYS SECURITY

To the extent that the matter as to the particular investor is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Series 2019 Bonds are lawful investments for banks, societies for savings, trust companies, savings and loan associations, deposit guaranty associations, trustees, fiduciaries, insurance companies, including domestic life and domestic not for life, trustees or other officers having charge of sinking and bond retirement funds of port authorities, political subdivisions and taxing districts of the State, the Commissioners of the Sinking Funds, the Administrator of Workers' Compensation, and State retirement systems (Teachers, Public Employees, School Employees, and Police and Firemen's).

The Series 2019 Bonds are acceptable under Ohio law as security for the deposit of public moneys.

#### MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

COLUMBUS REGIONAL AIRPORT AUTHORITY

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y: /s/ Joseph R. Nardone

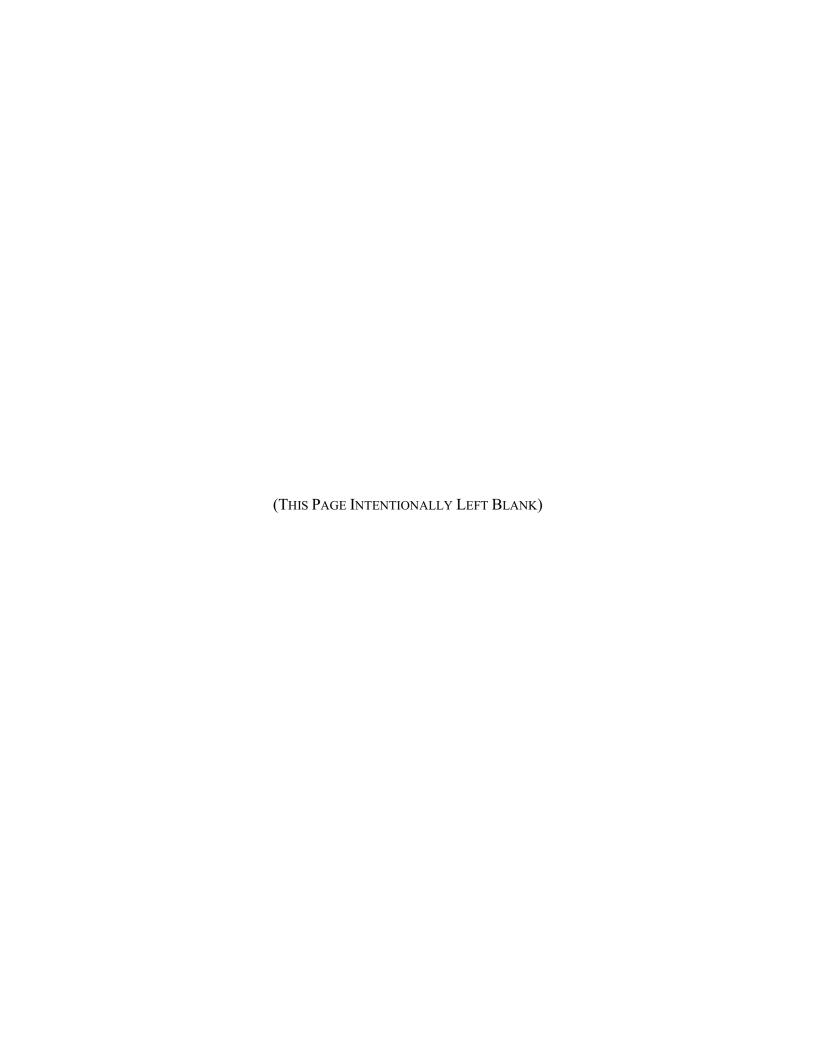
President & CEC

By: /s/ T. Randal Bush

Chief Financial Officer

# APPENDIX A

# Financial Feasibility Report





Chicago, IL St. Louis, MO Orange County, CA

409 W. Huron, Ste. 400 Chicago, IL 60654 p. 312.988.3360 f. 312.988.3370

April 8, 2019

Mr. Joseph Nardone President and Chief Executive Officer Columbus Regional Airport Authority John Glenn Columbus International Airport 4600 International Gateway Columbus, Ohio 43219

Subject: Columbus Regional Airport Authority

Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

#### Dear Mr. Nardone:

Unison Consulting, Inc. (Unison) is pleased to submit this Financial Feasibility Report in support of the issuance of the Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (the Series 2019 Bonds). The Columbus Regional Airport Authority (CRAA, or the Authority) is issuing the Series 2019 Bonds in the principal amount of \$95.345 million under the CFC Master Trust Agreement. Proceeds from the Series 2019 Bonds, together with other lawfully available funds, will be used to:

- Finance a portion of the costs of the development and construction of a consolidated rental
  car facility (ConRAC) at John Glenn Columbus International Airport (CMH or the Airport),
  and certain enabling projects (collectively defined as the Series 2019 Project).
- Fund deposits into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Supplemental Reserve Account.
- Pay certain costs of issuance of the Series 2019 Bonds.

The Authority implemented a rental car CFC effective July 1, 2007. The CFC, which is collected by the rental car companies (RACs), was originally implemented at a rate of \$2.00 per rental car transaction day. The CFC rate has since been increased, and it is currently \$6.50 per transaction day.

#### Columbus Regional Airport Authority

The Authority owns and operates CMH. It is responsible for operating the Columbus Regional Airport System, which also includes Rickenbacker International Airport and Bolton Field. The Authority is a port authority and political subdivision of the State of Ohio (the State). It was originally created in 1991 as a body corporate and politic by the City of Columbus (the City) pursuant to the provisions of the Ohio Revised Code Sections 4582.21 through 4582.99 (the Act)

Mr. Joseph Nardone April 8, 2019 Page 2 of 6



and given responsibility for the operation of the Airport and Bolton Field. Effective January 1, 2003, the Authority was reconstituted as a body corporate and politic by the City and the County of Franklin, Ohio, pursuant to the provisions of the Act and given responsibility for the operation of the Airport, Bolton Field, and Rickenbacker International Airport.

The Ohio Revised Code empowers CRAA to issue revenue bonds for the purpose of acquiring or constructing any port authority facility. CRAA is authorized to enter into the CFC Master Trust Agreement, issue the Series 2019 Bonds, use the proceeds of the Series 2019 Bonds to finance the costs of the Series 2019 Project, and secure the Series 2019 Bonds by a pledge of the Pledged Revenues.

#### John Glenn Columbus International Airport

CMH is the primary commercial service airport serving Central Ohio. Encompassing 2,271 acres, the Airport is located in Franklin County approximately six miles east of the Columbus central business district. Primary access to the Airport is provided via Interstate 270, Interstate 670, Stelzer Road, and Hamilton Road. CMH is classified as a medium hub commercial service airport by the Federal Aviation Administration (FAA). A medium hub is defined as a community enplaning 0.25 percent to 1 percent of total U.S. enplanements. In 2018, the Airport enplaned approximately 4.08 million passengers.

# The Series 2019 Project

The Series 2019 Project consists of the ConRAC and certain enabling projects. The ConRAC includes a customer service building, ready/return, quick turnaround (QTA) and staging/storage areas, and fueling, car wash and light maintenance facilities. The enabling projects consist of (a) providing the ConRAC with utilities and (b) relocating the FAA's Remote Transmitter and Receiver (RTR) Site.

The ConRAC will replace the existing rental car facilities in the garage adjacent to the terminal. It will contain approximately 968,500 square feet and will be built on a 10-acre parcel of land less than one mile from the terminal. The plans for the Series 2019 Project include a single, common busing operation to transport rental car customers between the passenger terminal and the ConRAC. The ConRAC will relieve space constraints in both rental car and public parking operations in the terminal garage. Once the ConRAC is completed, all rental car operations at the Airport will move to the ConRAC, increasing the public parking supply in the garage by approximately 40 percent. Rental car customers will be able to drop off and pick up rental cars from the ConRAC, alleviating congestion on the terminal roadway and in the public parking garage.

#### CFC Resolution

On January 30, 2007, the Board adopted Resolution No. 03-07 which was amended by subsequent resolutions adopted in 2008, 2011, 2015, and 2016 (collectively referred to as the "CFC Resolution"). The CFC Resolution authorized the implementation of the collection of CFCs by the rental car companies operating at the Airport. The Authority implemented the CFC, effective July 1, 2007 at a rate of \$2.00 per transaction day. The CFC Resolution and the CFC rate may be amended from time to time by the Board. The CFC rate has been increased as follows, since its implementation at \$2.00: \$3.85 effective November 1, 2008; \$4.50 effective June 1, 2011; \$5.50

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effective September 1, 2015; \$6.00 effective September 1, 2016; \$6.50 effective January 1, 2017. The current CFC rate remains at \$6.50 per transaction day, up to a maximum of seven days.

## Customer Facility Charge First Supplemental Trust Agreement

The Customer Facility Charge First Supplemental Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated May 2, 2019 (the CFC First Supplemental Trust Agreement) sets forth the terms relating specifically to the issuance of the Series 2019 Bonds.

# Customer Facility Charge Master Trust Agreement

The Customer Facility Charge Master Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated May 2, 2019 (the CFC Master Trust Agreement) defines the obligations of the Authority to the Trustee and the bondholders related to the Series 2019 Bonds and any subsequent bonds issued pursuant to the CFC Master Trust Agreement.

The Series 2019 Bonds are payable solely from and secured by a lien on Pledged Revenues and Pledged Funds, which include all CFC Revenues and certain other amounts and funds on deposit pursuant to the terms and conditions of the CFC Master Trust Agreement. The full definitions of Pledged Revenues and Pledged Funds as specified in the CFC Master Trust Agreement are presented in the attached Report. No revenues or funds of the Authority, other than the Pledged Revenues and Pledged Funds, are pledged to the payment of the Series 2019 Bonds.

Under the provisions of the CFC Master Trust Agreement, the Authority covenants that it will maintain, collect and remit to the Trustee a CFC in accordance with the CFC Resolution and the Concessionaire Agreements to produce sufficient CFC Revenues, together with any Concessionaire Deficiency Payments and any amounts the Authority transfers from the CFC Surplus Fund to the CFC Revenue Fund, to equal the greater of:

- 100 percent of the amounts required to be deposited into the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund, and the CFC Renewal and Replacement Fund, or
- 125 percent of the amount of Debt Service for the Fiscal Year.

#### Rental Car Concessionaire Agreements

As of January 1, 2018, the Authority entered into an Agreement for the Operation of a Rental Car Concession (Concessionaire Agreements) with each of five rental car companies (the Concessionaires), which represent the following eight brands: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty.

The term of the Concessionaire Agreements will begin effective with the opening of the ConRAC to the public (currently estimated to occur in mid-2021) and will terminate thirty years after the date of issuance of the Series 2019 Bonds. The Authority has the option to renegotiate the terms of the Concessionaire Agreements one year prior to the expected occupancy of the proposed new

Mr. Joseph Nardone April 8, 2019 Page 4 of 6



passenger terminal, and every five years thereafter. Under the provisions of the Concessionaire Agreements, the Authority has agreed to construct the Series 2019 Project, and the Concessionaires have agreed to collect the CFC and to remit CFC collections to the Authority on a monthly basis, by no later than the 20th day of the month following collection. The Concessionaires have also agreed to pay any amounts referred to as Concessionaire Deficiency Payments. The calculations and conditions related to Concessionaire Deficiency Payments are described in the attached Report.

Each Concessionaire will be allocated a portion of the Customer Service Building, Ready/Return Areas, Storage Area, and QTA Areas, to be used on an exclusive basis. Other areas of the ConRAC, such as roadways, ramps, other non-public areas of the ConRAC, and the ground upon which the ConRAC will be located, will be used in common by all of the Concessionaires. The entire ConRAC will be operated, managed, and maintained by a third party facility manager selected by the Concessionaires as a group, subject to Authority approval.

In addition to remitting to the Authority the CFCs collected each month, the Concessionaires are required to pay to the Authority a Land Use Fee for the underlying land upon which the ConRAC will be located. For each Agreement Year, the Concessionaires are also obligated to pay a Privilege Fee, which is defined as the greater of 10 percent of a Concessionaire's Gross Revenue (as defined in the Concessionaire Agreements) for the applicable Agreement Year or the Concessionaire's Minimum Annual Guarantee. Neither the Land Use Fee payments nor the Privilege Fee payments remitted to the Authority pursuant to the Concessionaire Agreements are pledged as security for the payment of the Series 2019 Bonds.

#### Report Organization

Unison has prepared the attached Report to evaluate the ability of the Authority to meet the financial requirements established by the CFC Master Trust Agreement and the other relevant documents. The following summary of the components of the Report provides an overview of the comprehensive analysis performed:

- Section 1 Introduction: An overview of the CRAA and the Airport; a description of the Series 2019 Project; and a summary of the estimated capital costs and funding sources.
- Section 2 Economic Base: An assessment of the Airport's air service area and discussion of the economic base supporting air traffic demand and rental car demand at the Airport.
- Section 3 Aviation Activity: An analysis of the historical aviation activity at the Airport and forecasts of future aviation activity.
- Section 4 U.S. Rental Car Industry: An overview of the U.S. rental car industry and the rental car companies operating at the Airport.
- Section 5 Airport Rental Car Activity: An analysis of the recent trends in rental car activity
  at the Airport and a presentation of the forecast of annual rental car demand (in terms of
  transaction days).
- Section 6 Financial Analysis: A description of the legal framework for the financing and operation of the ConRAC; a discussion of the funding plan; and projections of important

Mr. Joseph Nardone April 8, 2019 Page 5 of 6



financial indicators, including CFC Revenues and certain financial requirements pursuant to the CFC Master Trust Indenture.

#### Assumptions

The analysis and forecasts of rental car demand at the Airport contained in the attached Report are based upon certain data, estimates, and assumptions that were provided by the Airport and the rental car companies, and certain data and projections from other independent sources. The attached Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions. In our opinion, the data, estimates, and assumptions used in the report are reliable, and provide a reasonable basis for our forecast given the information available and circumstances as of the date of this report. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from the forecasts, and the variations could be material.

The forecast of enplanements at the Airport were developed using a hybrid forecast framework. For 2019, enplanements were forecast based on the planned aircraft seats reported in the air carriers' 2019 schedules. For the years beyond 2019, a multivariate regression model was developed that relates enplanements to the key growth drivers, including regional economic trends and passenger yield trends. Forecast risk analysis was performed using Monte Carlo simulation. The 25-percentile result from Monte Carlo Simulation was designated as the low enplanement forecast.

The forecast of rental car demand was developed also using multivariate regression analysis that quantified the contributions to trends in transaction days of relevant explanatory variables, including Airport enplanements, economic trends, the price of renting a car, and the impact of TNCs. Base and low forecasts of transaction days were prepared based on the base and low forecasts of enplanements and the other explanatory variables.

The key assumptions underlying the financial analysis and projections are summarized below:

- The per-transaction day CFC rate will be maintained at the current level of \$6.50 throughout the forecast period.
- The Series 2019 Project will be completed in mid-2021.
- The capital cost of the Series 2019 Project will total approximately \$157.2 million.
- The Series 2019 Project costs will be funded with a combination of CFCs collected prior to the issuance of the Series 2019 Bonds, and a portion of the proceeds of the Series 2019 Bonds.
- The Series 2019 Bonds will be issued at a par amount of \$95.3 million, with a 30-year bond amortization schedule and an estimated true interest cost (TIC) of approximately 5.08 percent.

Mr. Joseph Nardone April 8, 2019 Page 6 of 6



# Summary of Findings

The key findings are summarized below:

- Enplanements are forecast to increase at a compound annual growth rate (CAGR) of 1.7 percent from 2019 through 2029, to 5.02 million enplanements in 2029. Under the low forecast, enplanements are forecast to grow at a CAGR of 1.2 percent, to 4.79 million in 2029.
- Transaction days are forecast to increase at a CAGR of 2.4 percent from 2019 through 2029, to approximately 2.2 million in 2029. Under the low forecast, transaction days are forecast to grow at a CAGR of 1.2 percent, to 1.9 million in 2029.
- CFC Revenues are projected to increase to approximately \$13.7 million in 2029. Under the low transaction day forecast, CFC Revenues are projected to increase to \$11.8 million in 2029.
- The CFC Surplus Fund is projected to increase to approximately \$44.1 million in 2029. Under the low transaction day forecast, the CFC Surplus Fund is projected to increase to \$30.8 million in 2029.
- Debt service coverage is projected to remain well above the 1.25 minimum requirement specified in the Rate Covenant.

Based on the analysis contained in the attached Report, we conclude that the issuance of the Series 2019 Bonds is financially feasible.

Sincerely,

UNISON CONSULTING, INC.

Unism Consulting, Inc.

# JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT

# COLUMBUS REGIONAL AIRPORT AUTHORITY CUSTOMER FACILITY CHARGE REVENUE BONDS SERIES 2019

# **FINANCIAL FEASIBILITY REPORT**

April 8, 2019

Prepared by:



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# SECTION 1 | INTRODUCTION

The Columbus Regional Airport Authority (CRAA, or the Authority) is issuing Customer Facility Charge (CFC) Revenue Bonds, Series 2019 (Federally Taxable) in the approximate principal amount of \$95.345 million (Series 2019 Bonds), under the CFC Master Trust Agreement. Proceeds from the Series 2019 Bonds, together with other lawfully available funds, will be used to:

- Finance a portion of the costs of the development and construction of a consolidated rental
  car facility (ConRAC) at John Glenn Columbus International Airport (CMH or the Airport),
  and certain enabling projects (collectively defined as the Series 2019 Project).
- Fund deposits into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Supplemental Reserve Account.
- Pay certain costs of issuance of the Series 2019 Bonds.

The Authority implemented a rental car CFC effective July 1, 2007. The CFC, which is collected by the rental car companies (RACs), was originally implemented at a rate of \$2.00 per rental car transaction day. The CFC rate has since been increased, and it is currently \$6.50 per rental car transaction day.

The Series 2019 Bonds are payable solely from and secured by a lien on Pledged Revenues and Pledged Funds, which are defined in the CFC Master Trust Agreement as follows<sup>1</sup>:

"Pledged Revenues" means collectively, (a) all CFC Revenues, (b) any Concessionaire Deficiency Payments received by or on behalf of the Authority, (c) any investment income realized from any investment made from any money credited to the CFC Revenue Fund, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and (d) any other money pledged in a CFC Supplemental Trust Agreement to secure the Bonds issued under the CFC Master Trust Agreement. Pledged Revenues do not include (a) any income resulting from investment of money on deposit in the CFC Construction Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund or the CFC Surplus Fund, (b) proceeds of Bonds, (c) proceeds of the sale of any portion of the Airport (including CFC Facilities) or the profit or loss from the sale or other disposition, not in the ordinary course of business, of any fixed or capital assets of the Airport (including CFC Facilities), (d) proceeds of insurance (other than insurance that provides for lost CFC Revenues when the Airport is unable to function) or eminent domain proceedings, or (e) any receipts of the Authority which are characterized as Revenues.

SECTION 1 | INTRODUCTION

<sup>&</sup>lt;sup>1</sup> The capitalized terms are defined terms in the CFC Trust Agreement, and they are further explained in Section 6 of this Report.

"Pledged Funds" means, collectively, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Supplemental Reserve Fund, together with any accounts within those Funds, and the CFC Revenue Fund to the extent that money in that Fund constitutes Pledged Revenues. Pledged Funds do not include the CFC Construction Fund, the CFC Administrative Costs Fund, which includes the CFC Rebate Account, the CFC Administration Account and the CFC Insurance Account, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund (except for the CFC Supplemental Reserve Account), or any accounts (except the CFC Supplemental Reserve Account) created in those Funds

No revenues of the Authority, other than the Pledged Revenues, are pledged to the payment of the Series 2019 Bonds.

The remainder of this section describes the Authority, the Airport, the Series 2019 Project, and the sources and uses of funds. The remainder of the report presents detailed information about the Airport's air service area (Section 2), passenger traffic trends (Section 3), the rental car industry as whole (Section 4), trends in the Airport's rental car market in particular (Section 5), and the financial analysis of the Series 2019 Project (Section 6).

# **Columbus Regional Airport Authority**

The Authority owns and operates CMH. It is responsible for operating the Columbus Regional Airport System, which also includes Rickenbacker International Airport and Bolton Field. The Authority is a port authority and political subdivision of the State of Ohio (the State). It was originally created in 1991 as a body corporate and politic by the City of Columbus (the City) pursuant to the provisions of the Ohio Revised Code Sections 4582.21 through 4582.99 (the Act) and given responsibility for the operation of the Airport and Bolton Field. Effective January 1, 2003, the Authority was reconstituted as a body corporate and politic by the City and the County of Franklin, Ohio, pursuant to the provisions of the Act and given responsibility for the operation of the Airport, Bolton Field, and Rickenbacker International Airport.

The Ohio Revised Code empowers CRAA to issue revenue bonds for the purpose of acquiring or constructing any port authority facility. CRAA is authorized to enter into the CFC Master Trust Agreement, issue the Series 2019 Bonds, use the proceeds of the Series 2019 Bonds to finance the costs of the Series 2019 Project, and secure the Series 2019 Bonds by a pledge of the Pledged Revenues.

#### John Glenn Columbus International Airport

CMH is the primary commercial service airport serving Central Ohio. Figure 1 shows the aerial view of the Airport. Encompassing 2,271 acres, the Airport is located in Franklin County approximately six miles east of the Columbus central business district. Primary access to the Airport is provided via Interstate 270, Interstate 670, Stelzer Road, and Hamilton Road.

CMH is classified as a medium hub commercial service airport by the Federal Aviation Administration (FAA). A medium hub is defined as a community enplaning 0.25 percent to 1

percent of total U.S. enplanements. In 2018, the Airport enplaned approximately 4.08 million passengers.





The Airport's largest passenger carrier is Southwest Airlines, the second largest scheduled domestic market U.S. passenger carrier based on its share (18.2 percent) of U.S. system revenue passenger miles in 2017. Southwest Airlines holds the record among U.S. airlines for consistently earning profits through changes in the business cycle. In 2018 Southwest reported its  $46^{th}$  consecutive annual profit in 47 years of operations.

CMH is the 49th largest airport in the United States by total passenger traffic, according to 2017 airport traffic data compiled by the Airports Council International-North America (ACI-NA) – the most recent year for which those statistics are available. CMH is also the second largest airport in Ohio, following Cleveland Hopkins International Airport.

CMH's primary service area is the Columbus, OH, Metropolitan Statistical Area (Columbus MSA), Ohio's second largest MSA both by population and by the size of the economy measured by gross domestic product (GDP).

The Airport's major facilities are described below.

- Airfield and Aircraft Parking Aprons The Airport has two parallel east/west runways
  and related taxiways. The two parallel runways are Runway 10R/28L, the primary air
  carrier runway, and Runway 10L/28R, which serves as a secondary commercial service
  runway. The Airport also has general aviation (GA) tie-down space with 41 local ramp
  apron positions and 83 itinerant ramp positions, encompassing approximately 42,500
  square yards.
- *Terminal Facilities* The terminal contains 898,890 square feet. It is configured with a two-level main terminal and three, two-level pier concourses with second level boarding. The second level boarding concourses provide 32 gates, including one international customs gate.
- Roadways and Parking The Airport's entrance road splits into two levels: an upper level roadway for departing passengers and a lower level for arriving passengers. The Airport provides short- and long-term public parking in the garage adjacent to the terminal, and long-term parking in four remote surface lots.
- Other Facilities There are 21 other buildings located at the Airport. These include two
  air cargo buildings, an in-flight kitchen facility, fixed based operator hangars, private
  corporate hangars, NetJets corporate headquarters, Flight Safety training facility, three
  flex-warehouses, three hotels, rental car facilities currently in the parking garage
  adjacent to the terminal, and two restaurants. The FAA's Air Traffic Control Tower and
  Terminal Radar Approach Control Facility (TRACON) are also located on Airport
  property.

# The Series 2019 Project

The Series 2019 Project consists of the ConRAC and certain enabling projects. The ConRAC includes a customer service building, ready/return, quick turnaround (QTA) and staging/storage areas, and fueling, car wash and light maintenance facilities. The enabling projects consist of (a) providing the ConRAC with utilities and (b) relocating the FAA's Remote Transmitter and Receiver (RTR) Site.

The ConRAC will replace the existing rental car facilities in the garage adjacent to the terminal. It will contain approximately 968,500 square feet and will be built on a 10-acre parcel of land less than one mile from the terminal. The plans for the Series 2019 Project include a single, common busing operation to transport rental car customers between the passenger terminal and the ConRAC.

The ConRAC will contain the following facilities:

- *Customer service building* A single-story building encompassing almost 12,000 square feet. This building will contain 34 customer counter positions and rental car company back offices (shell spaces to be finished by the tenants).
- Ready/Return garage A three-level garage with top deck storage parking. The ready/return areas will encompass approximately 637,000 square feet, providing 812 ready stalls, 636 return stalls, 1,058 storage parking spaces, escalators and elevators, and public restrooms.
- *QTA garage* A three-level garage, plus an uncovered top deck. The QTA garage will contain 204 vehicle stacking positions, 54 fuel positions, nine car wash bays, six light maintenance bays, support office facilities (shell spaces to be finished by the tenants), and office space for the third-party operator.
- *Bridges and helices* Bridges and helices connect the different ConRAC facilities and make up approximately 72,000 square feet.

The ConRAC will relieve space constraints in both rental car and public parking operations in the terminal garage.

Currently, the RACs occupy the first two levels of the six-level terminal garage, and the top four levels are used for public parking. The RACs have asked for more spaces, but the Authority is unable to accommodate this request because more spaces are also needed to accommodate growing demand for public parking. Keeping rental car operations in the terminal garage presents the following three main disadvantages:

- It limits public parking supply in the garage.
- It limits the space available for rental car operations.
- The support equipment and fueling system for the rental car operations in the parking garage are nearing the end of their useful lives, requiring frequent and costly maintenance.

The garage continues to experience weekly closure of its long-term parking area during peak hours on Tuesdays and Wednesdays despite the opening of a new surface lot to relieve the parking supply constraint. In early 2017, the Authority opened a parking lot between the parking garage and the hotels located adjacent to the garage. The new lot, named the "walking lot," is a short walk to the passenger terminal. In 2017, the Authority also relocated the valet parking operations out of the parking garage to increase public parking capacity in the parking garage.

Once the ConRAC is completed, all rental car operations at the Airport will move to the ConRAC, increasing the public parking supply in the garage by approximately 40 percent. Rental car customers will be able to drop off and pick up rental cars from the ConRAC, alleviating congestion on the terminal roadway and in the public parking garage. A future passenger terminal building

could be located near the ConRAC; however, the potential new terminal is still in the preliminary concept stage.

Figure 2 provides a schematic of the location of the ConRAC and the existing passenger terminal. The shuttle bus route is approximately 1.7 miles round trip with an estimated headway of less than five minutes.

The ConRAC will relieve space constraints in both rental car and public parking operations in the terminal garage. Table 1 shows the major components of the ConRAC and Figure 3 presents an artist's rendering of the ConRAC.

## Construction Manager at Risk Agreement for ConRAC

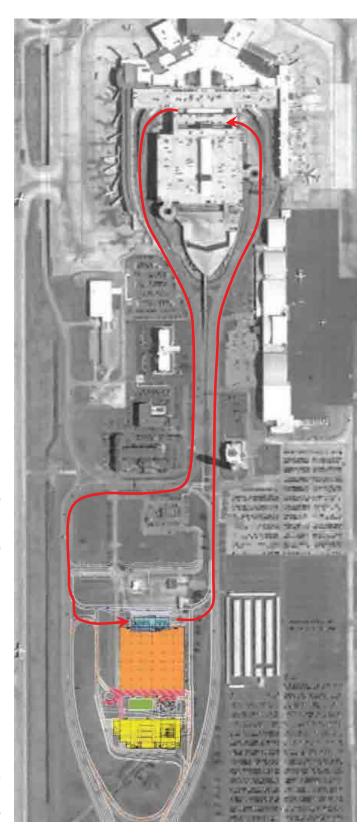
On July 14, 2017, CRAA entered into a Construction Manager at Risk Agreement with Turner Construction Company (Turner), one of the largest construction management companies in North America. Turner has worked for 50 years in the Columbus area, completing approximately \$250 million in construction projects annually. The company is known for undertaking large, complex projects, fostering innovation, and using emerging technologies. Turner has a staff of 5,200 employees, each year completing 1,500 construction projects worth \$10 billion.<sup>2</sup> Turner's experience includes consolidated rental car facilities built in San Antonio, Seattle, and Miami. Based upon that experience, Turner has developed an understanding of the challenges of building a ConRAC, as well as a strong local subcontractor network.

Turner has heretofore provided and the Authority has approved and executed guaranteed maximum price (GMP) contracts in the approximate aggregate amount of \$73.5 million for early site work, foundations and utility corridor work as part of the Series 2019 Project. Following commencement of that part of the Series 2019 Project, design of the remainder of the Series 2019 Project was completed. In March 2019 Turner provided, and the Authority accepted but will not execute until the Series 2019 Bonds are delivered, a GMP contract in the approximate amount of \$62.7 million for additional costs relating to the construction of the Series 2019 Project. Upon delivery of the Series 2019 Bonds, the Autority will have executed GMP contracts to provide for the entire cost of constructing the ConRAC.

The total estimated cost of the Series 2019 Project is \$152.7 million and of that amount, approximately (i) \$136.2 million has either been paid or committed to be paid from CFCs heretofore collected and/or proceeds from the Series 2019 Bonds, all pursuant to GMP contracts heretofore executed by Turner and other construction companies, (ii) \$8.6 million is expected to be paid by the Authority from CFCs heretofore collected and/or proceeds for the Series 2019 Bonds and (iii) \$7.9 million has been reserved for contingencies and will be paid by the Authority from CFCs heretofore collected and/or proceeds for the Series 2019 Bonds.

<sup>&</sup>lt;sup>2</sup> Turner Construction Company website (http://www.turnerconstruction.com/about-us).

Figure 2 | Location of the ConRAC and the Existing Passenger Terminal



Source: The Authority.

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Table 1| ConRAC Major Components

QTA Garage	Ready/Return Garage	Customer Service Building
247,000 sq.ft. garage with 3 covered levels plus an uncovered top level	637,000 sq. ft. garage with 3 covered levels plus an uncovered top level	12,000 sq. ft.
200+ vehicle stacking station	1,400 Ready/Return stalls	34 counter positions
54 fuel positions	1,000+ storage parking spaces	Back offices
Top level storage	Top level storage	

Source: The Authority.

Figure 3 | Artist Rendering of ConRAC



# Series 2019 Project Budget

As of the date of this Report, CRAA estimates that the development, construction, equipping and improvement of the Series 2019 Project will cost approximately \$152.7 million, as summarized on Table 2.

Table 2 | Series 2019 Project Budget

Project Component	Amount
ConRAC	
Design	\$9,867,343
Construction	
Customer Service Building	10,621,212
Ready/Return Garage	43,383,363
QTA	47,009,244
Total Construction	\$101,013,819
Testing and Inspections	1,835,186
CM Pre-construction Services	874,047
Cell Phone Lot Relocation	895,006
Environmental Costs	2,000,000
Soft Costs <sup>1</sup>	10,526,510
Tenant Fit-out Allowance	2,000,000
Project Contingency	7,888,089
ConRAC Total	\$136,900,000
Enabling Projects	15,800,000
PROJECT TOTAL	\$152,700,000

 $<sup>^{\</sup>rm 1}$  Soft Costs include planning studies, insurance, project management, etc. Source: The Authority.

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# SECTION 2 | ECONOMIC BASE

Demographic and economic trends influence the demand for air travel and rental car services at the Airport. Local trends are just as important a factor in drawing visitors flying through the Airport and renting cars, as they are in determining residents' demand for air travel. Local demographic attributes, economic conditions and tourist attractions contribute to the attractiveness of the local area as a business and leisure destination. National trends determine air travel demand nationwide. They also affect local economic trends in an airport's air service area. The Airport serves primarily the Columbus MSA,<sup>3</sup> which consists of the adjacent counties of Delaware, Fairfield, Franklin, Hocking, Licking, Madison, Morrow, Perry, Pickaway and Union (Figure 4).

The Columbus MSA has one other commercial service airport, Rickenbacker International Airport (LCK), which is also owned and operated by the Authority. LCK is located in Franklin County approximately 15 miles from downtown Columbus. It is a major cargo facility and is utilized by the Ohio Air National Guard. It also offers commercial passenger service by Allegiant Air, which flies to various leisure destinations year-round and seasonally. LCK's primary role is to provide the Columbus MSA with air freight, logistics and warehouse/distribution services. It does not compete with CMH for passengers. Its passenger service by Allegiant Air serves a different and small segment of the local air travel market.

Within a two-hour drive of CMH, Columbus MSA residents have access to commercial passenger service at Cleveland Hopkins International Airport (CLE), Cincinnati/Northern Kentucky International Airport (CVG), Dayton James M. Cox International Airport (DAY), and Akron/Canton Regional Airport (CAK). CLE and CVG are the most comparable to CMH in scheduled passenger air service offered.

Figure 5 shows the area within a one-hour drive from CMH. The Airport, however, serves a much larger catchment area extending beyond the one-hour drive area, shown in Figure 6, according to a "true" market study conducted for CRAA in 2017. CMH retains 93 percent of passengers originating in its core catchment area covering a population of 2.6 million. Beyond the core service area, within a three-hour drive, CMH attracts 20 percent of passenger demand when it offers a nonstop option. The entire area within a three-hour drive, including the core catchment area, contains a total population of 4.1 million.

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<sup>&</sup>lt;sup>3</sup> Metropolitan Statistical Areas are county-based geographical divisions with a high degree of social and economic integration, developed by the U.S. Office of Management and Budget (OMB) for federal data collection and analysis purposes.

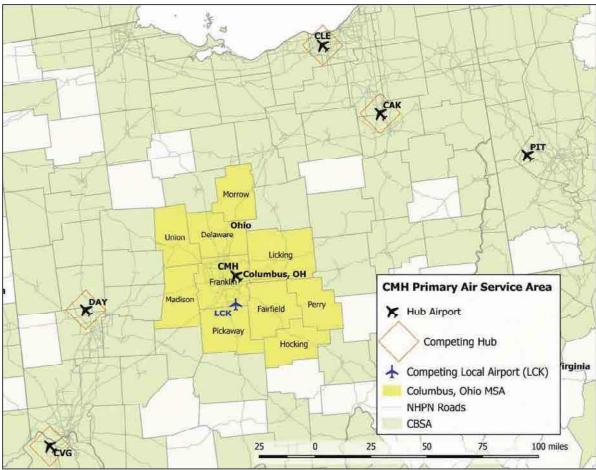


Figure 4 | CMH Primary Air Service Area – Columbus, OH, MSA

	- Color		23.75	7 - Mg	10
Scheduled Passenger Service for CY2018					
			Nonstop	Driving	
	Scheduled	Scheduled	Destinations	Distance to	Driving Time
Airport	Flights	Seats	(>1 flight/yr)	СМН	to CMH
Cleveland Hopkins International (CLE)	53,678	5,855,038	58	132 miles	1 h 54 min
Cincinnati Northern Kentucky (CVG)	53,929	5,483,670	58	126 miles	1 h 51 min
Columbus John Glenn International (CMH)	49,980	5,090,402	41		
Dayton James M. Cox International (DAY)	17,571	1,192,708	17	76 miles	1 h 06 min
Akron/Canton Regional (CAK)	8,708	588,489	13	134 miles	1h 58 min
Columbus Rickenbacker International (LCK)	1,086	186,739	10	19 miles	24 min

Source: Unison Consulting, Inc., OAG Analyzer for airline schedules, and Google Maps for driving distances and times based on the fastest route and usual traffic.

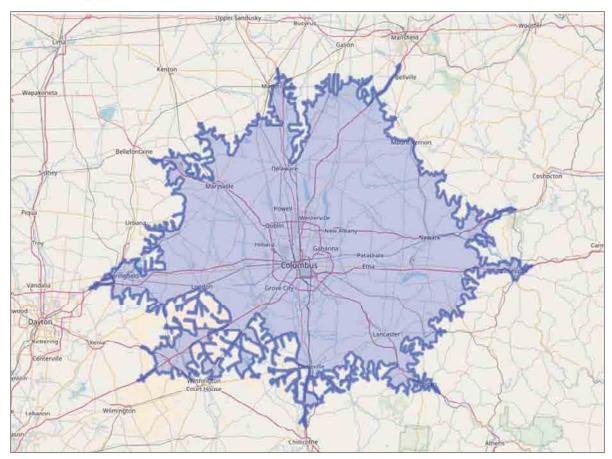


Figure 5 | CMH's One-Hour Drive Service Area

Source: Unison Consulting, Inc., using R, OpenStreetMap, and openrouteservice APIs.

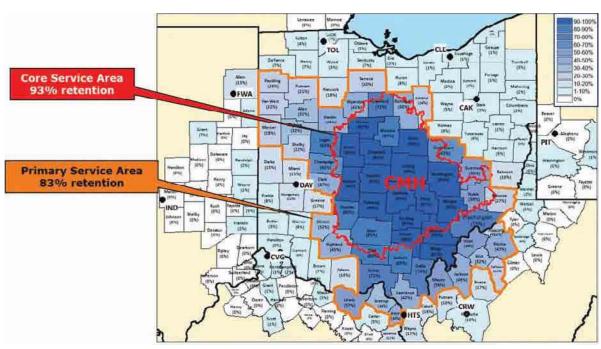


Figure 6 | CMH's Broad Catchment Area

Source: Columbus Regional Airport Authority, CMH Catchment Area, 2017.

## **Population**

The Columbus MSA is the  $2^{nd}$  largest MSA in Ohio with a share of approximately 18 percent of the State's population. The metropolitan areas of the Cincinnati MSA and the Cleveland MSA are the largest and  $3^{rd}$  largest MSAs in the State, respectively. The three MSAs make up over 50 percent of the Ohio state population (Table 3).

Figure 7 compares the population growth rates in the Columbus MSA with those in Ohio and the United States. From 2006 to 2017, the population of the Columbus MSA grew an average of 1.2 percent annually, 1.5 times the national population growth rate (0.8 percent) and nine times the Ohio state population growth rate (0.1 percent). The relatively high population growth rate in Columbus can be attributed to growing levels of high-skilled employment offered in the region, particularly since 2010.

Table 3 | Ohio State and MSA Populations

MSA	Population as of July 1, 2017	Share of State Population	Rank by Population	Population Change from 2007
State of Ohio Total	11,658,609	100%	-	1.4%
Cincinnati, OH-KY-IN	2,179,082	19%	1	4.6%
Columbus, OH	2,078,725	18%	2	12.9%
Cleveland-Elyria, OH	2,058,844	18%	3	-1.6%
Dayton, OH	803,416	7%	4	0.2%
Akron, OH	703,505	6%	5	0.0%
Toledo, OH	603,668	5%	6	-1.6%
Youngstown-Warren-Boardman, OH-PA	541,926	5%	7	-5.8%
Canton-Massillon, OH	399,927	3%	8	-1.5%
Huntington-Ashland, WV-KY-OH	356,474	3%	9	-1.9%
Wheeling, WV-OH	141,254	1%	10	-5.0%
Springfield, OH	134,557	1%	11	-3.8%
Mansfield, OH	120,589	1%	12	-5.0%
Weirton-Steubenville, WV-OH	118,250	1%	13	-5.6%
Lima, OH	103,198	1%	14	-3.3%

Source: U.S. Census Bureau mid-year population estimates.

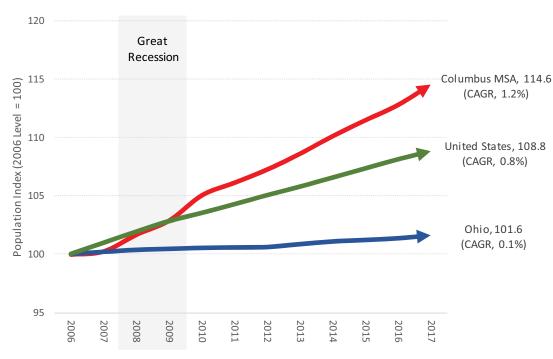


Figure 7 | Population Growth

Note: Beginning in 2010, the delineation of the Columbus MSA changed to include Hocking and Perry counties. For the years prior to 2010, the populations of these two counties were added to the population estimates for the previous, smaller delineation of the Columbus MSA for a consistent evaluation of population trends.

Source: U.S. Census Bureau mid-year population estimates.

#### **Population Education Attainment**

An educated population is important for long-term economic growth for many reasons. Places with a more educated workforce add jobs and population faster because they are more attractive to businesses seeking highly skilled workers. They are also more resilient to economic recessions and transformations because their educated workforce can adapt better to changes in skills required by businesses. Workers with higher education levels typically earn higher wages and receive larger wage increases than less educated workers. In the Columbus MSA, the economy continues to diversify toward knowledge-based industries that require more education.

Population education attainment in the Columbus MSA continues to exceed the State and national benchmarks (Figure 8). In 2017, Columbus had 8 percentage points more people 25 years and older with a bachelor's degree or higher than the State and 4 percentage points more than the nation. In Columbus, the proportion of people 25 years of age or older attaining a bachelor's degree or higher increased by 7 percentage points from 2010 to 2017.

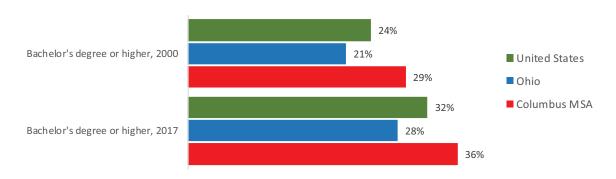


Figure 8 | Proportion of the Population 25 Years and Older Holding a Bachelor's Degree or Higher

Source: U.S. Census Bureau, Decennial Census 2000 and American Community Survey 2017.

#### Labor Market

Trends in the labor market reflect business conditions and overall economic well-being—factors that influence the demand for air travel. Job growth reflects the pace of economic growth in an area, which is important for raising living standards, boosting consumer confidence and increasing consumer spending.

As Ohio's 2<sup>nd</sup> largest MSA by population, Columbus is a large employment center with a diversified distribution of industries. In 2018, the Columbus MSA provided approximately 1.1 million full-time and part-time nonfarm jobs.<sup>4</sup> Job creation is important for raising living standards, boosting consumer confidence, and increasing consumer spending. Figure 9 shows that the Columbus MSA outperformed Ohio and the United States in nonfarm job growth from 2006 through 2018. Nonfarm jobs increased 15.6 percent in Columbus, compared with 3.3 percent in Ohio and 9.2 percent in the United States.

The Great Recession was the worst economic downturn to face the nation since the Great Depression of the 1930s. The Columbus MSA suffered significant employment losses, 4.2 percent from the pre-recession peak in 2007 to the lowest level in 2010. But these losses were relatively small compared with the losses experienced by the entire state of Ohio (7.2 percent) and the entire nation (5.5 percent). The pace of job creation in Columbus accelerated since 2010, accompanied by an acceleration in population and real GDP growth rates. Nonfarm employment surpassed the pre-recession peak in 2012 in Columbus, compared with 2016 in Ohio and 2014 in the entire nation.

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<sup>&</sup>lt;sup>4</sup> The U.S. Bureau of Labor Statistics measures nonfarm jobs as the number of full-time and part-time positions on company payrolls, including civilian government agencies. This definition excludes self-employed, unpaid, and household workers.

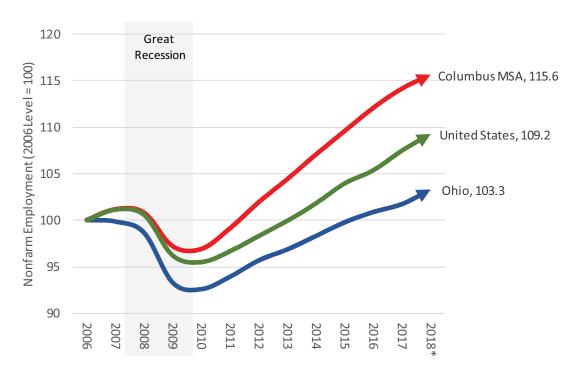


Figure 9 | Nonfarm Employment Trends

The Columbus MSA's civilian labor force expanded by 11.2 percent from 2006 to 2018, outpacing labor force growth in Ohio (-2.9 percent) and in the United States (7.0 percent) (Figure 10). Within the Columbus MSA's labor force, the number of those employed increased 12.5 percent from 2006 to 2018, and the unemployment rate decreased from 4.8 percent in 2006 to 3.7 percent in 2018 (Figure 11).

<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

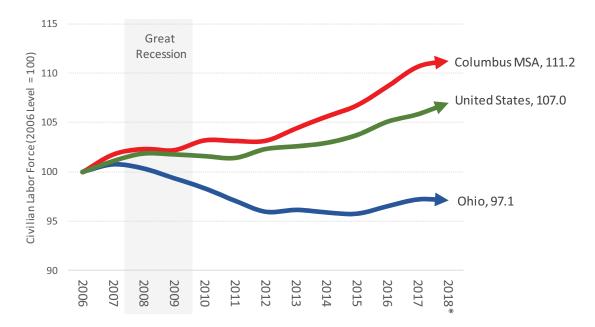
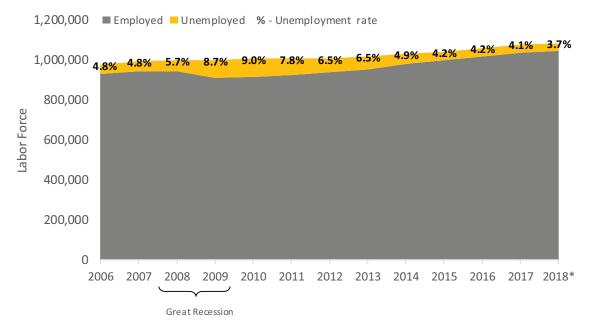


Figure 10 | Trends in the Civilian Labor Force

<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.





<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

The unemployment rates in the Columbus MSA and the state of Ohio rose with the national unemployment rate during the last U.S. economic recession (Figure 12). The Columbus MSA's unemployment rate rose to a peak of 9 percent in 2010, lower than the peak unemployment rates for Ohio (9.6 percent) and the nation (10.2 percent). Unemployment rates have since fallen all over the country, and the Columbus MSA has maintained unemployment rates lower than the averages for the entire state and the nation. In 2018, the unemployment rate in the Columbus MSA was 3.7 percent, lower than the Ohio state unemployment rate (4.5 percent) and the national unemployment rate (3.9 percent).

Between 2015 and 2017, the unemployment rates in the Columbus MSA and in Ohio remained flat because of a decrease in manufacturing jobs, particularly in the auto industry.<sup>5</sup>

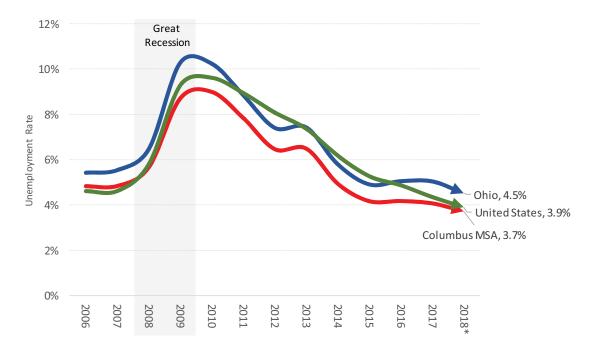


Figure 12 | Unemployment Trends

#### **Employment by Industry**

The Columbus MSA has a diversified employment base, with no industry supersector<sup>6</sup> accounting for more than 20 percent of nonfarm jobs in 2017 (Figure 13). Economic diversification reduces Columbus' vulnerability to a downturn in any particular industry, such as the downturns in the oil

<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

<sup>&</sup>lt;sup>5</sup> "Ohio's Unemployment Rate Rises in July," *The Blade*, August 2017.

<sup>&</sup>lt;sup>6</sup> The U.S. Bureau of Labor Statistics uses the term "supersector" to refer to a high-level aggregation of related industries.

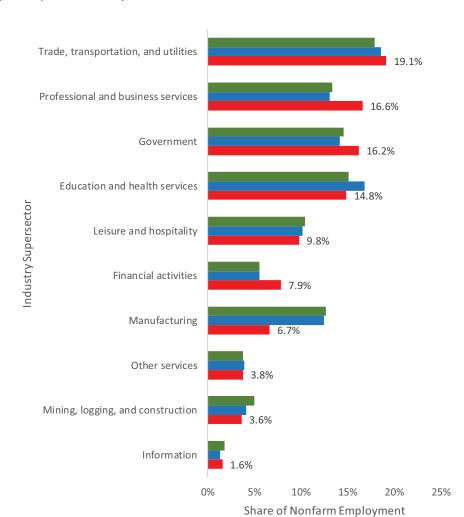
industry and in the manufacturing industry that affected other parts of the country. The three largest industry supersectors in Columbus are:

- Trade, transportation and utilities (19.1 percent).
- Professional and business services (16.6 percent).
- Government (16.2 percent).

In 2017, the distribution of nonfarm jobs by industry in the Columbus MSA compared to those in Ohio and the United States, except in manufacturing. Columbus has only one-half (6.7 percent) of the proportions of jobs in the manufacturing sector in Ohio (12.4 percent) and the United States (12.6 percent).

Columbus once had a sizeable manufacturing sector, 13.5 percent of the MSA's total nonfarm jobs in 1990. That year, Ohio had 21.7 percent of the state total nonfarm employment in the manufacturing sector. Like other former manufacturing centers, Columbus and the entire state had lost jobs to Southeast Asia and the Indian sub-continent which boast significantly lower costs for the production of durable goods. The reduction in the size of its manufacturing sector limited Columbus' exposure to the continuing decline in employment in this sector, especially following the Great Recession when the demand for durable goods decreased.

From 2006 to 2017, the fastest growing industry supersectors in the Columbus MSA were education and health services, growing 47 percent, followed by professional and business services, which grew 25 percent (Figure 14). Jobs in knowledge-based industries have been gaining ground in Columbus especially since 2009. Employers are drawn to the large educated workforce associated with The Ohio State University. Young professionals and families are drawn to the metropolitan area's well-known arts, sporting events and vibrant scene.



■ United States ■ Ohio ■ Columbus MSA

Figure 13 | 2017 Industry Distribution of Nonfarm Jobs

 $Source: U.S\ Bureau\ of\ Labor\ Statistics,\ Current\ Employment\ Statistics\ Survey.$ 

Education and health services 47% 25% Professional and business services Leisure and hospitality 18% Financial activities Trade, transportation, and utilities Other services Government Mining, logging, and construction Information -10% Manufacturing -20% 0% -10% 10% 20% 30% 40% 50% 60%

Figure 14 | Columbus MSA Change in Employment by Industry, 2006-2017

 $Source: U.S.\ Bureau\ of\ Labor\ Statistics, Current\ Employment\ Statistics\ Survey.$ 

Table 2 lists Columbus' largest employers, with The Ohio State University at the top of the list.

Table 4| Columbus MSA's Largest Employers in 2017

Employer	Sector	No. of Employees
The Ohio State University*	Education	29,685
The State of Ohio*	Government	22,030
JPMorgan Chase	Financial Activities	16,975
OhioHealth*	Health Care	16,000
Nationwide*	Financial Activities	11,235
United States Government	Government	10,800
City of Columbus*	Government	8,653
Columbus Public Schools*	Education	8,611
Mount Carmel Health System*	Health Care	8,448
Honda of America Manufacturing, Inc.	Manufacturing	7,400
Franklin County*	Government	6,048
Nationwide Children's Hospital*	Health Care	5,762
Kroger Company	Retail Trade	5,417
Limited Brands*	Retail Trade	5,200
Huntington Bancshares Inc.*	Financial Activities	4,170
Cardinal Health*	Health Care	4,030
Medco Health Solutions	Health Care	3,831
American Electric Power*	Utilities	3,527
Battelle Memorial Institute*	Professional Services	2,618
Southwestern City Schools*	Education	2,500
Abbott Nutrition	Manufacturing	2,055
Alliance Data	Information	2,030
Emerson Network/Liebert Corporation*	Control Systems	2,000
State Farm Insurance	Financial Activities	1,894
Dublin City Schools*	Education	1,750
TS Tech	Manufacturing	1,720
Hilliard City Schools*	Education	1,700
Olentangy Local Schools*	Education	1,700
Teleperformance	Information	1,620
DHL Supply Chain*	Logistic	1,600
Giant Eagle	Retail Trade	1,600
Ashland, Inc.	Chemicals/Technology	1,500
McGraw-Hill	Publishing	1,495
Big Lots, Inc.*	Retail Trade	1,310
Chemical Abstracts*	Information	1,300
Worthington Industries*	Manufacturing	1,229
Anchor-Hocking Anchor-Hocking	Manufacturing	1,200
Aetna Health	Health Care	1,180
Anthem Blue Cross	Manufacturing	1,129
Boehringer Roxane	Pharmaceuticals	1,110
Time-Warner	Cable TV/Internet/Telephone	1,084

<sup>(\*) -</sup> Company based in Columbus MSA

Source: City of Columbus.

#### **Tourism**

According to the 2017 Annual Report of Experience Columbus, the Columbus MSA receives 39.9 million visitors each year. These visitors spend \$6.4 billion in the metropolitan area, generating an overall economic impact of \$9.7 billion each year.

Columbus is home to world-class museums:

- The Columbus Museum of Art features a collection of art and hosts interesting exhibits.
- The National Veterans Memorial and Museum connects visitors with the story of veterans through an interactive journey supported by a collection of exhibits.
- Perkins Observatory hosts public programs and serves as the home to the Columbus Astronomical Society.
- Ohio Railway Museum features a large collection of both static and operational railway equipment.
- Early Television Museum features a large collection of televisions from the 1920s, '30s and '40s.
- Motorcycle Hall of Fame Museum features classic cycles as well as its surrounding culture.
- Mid-Ohio Historical Museum features collections of antique and modern children's toys.
- Motts Military Museum features historical memorabilia.

Columbus is also known for its performing arts institutions:

- Opera Columbus
- BalletMet
- The Columbus Symphony Orchestra
- Contemporary American Theatre Company
- Shadowbox Cabaret
- Columbus Jazz Orchestra
- Actors' Theatre

Many fairs and festivals are held in the Greater Columbus area throughout the year:

- Ohio State Fair, one of the largest state fairs in the country
- Little Brown Jug, a world-famous harness racing event

- The Community Festival, one of the largest free urban music and arts festival in the country
- Dublin Irish Festival
- The Franklin County Fair
- The Columbus Arts Festival
- Lancaster Festival, a 10-day celebration of music and the arts
- Circleville Pumpkin Show, Ohio's largest town festival
- Arnold Sports Festival, a multi-sport event competition consisting of professional bodybuilding, strongman, fitness, figure and bikini expo
- All American Quarter Horse Congress, known as the largest single breed horse show in the world

The Ohio State Buckeyes are the largest sports attraction in the Columbus MSA with a large local fan-base for their football and men's basketball teams. Local fans also follow the university's baseball, women's basketball and men's hockey teams. Columbus has two major league professional sports teams: the National Hockey League's Columbus Blue Jackets and the Major League Soccer team Columbus Crew. Columbus is also home to the Minor League Baseball team Columbus Clippers, the "AAA" affiliate of Major League Baseball team Cleveland Indians.

### **Economic Output**

Economic trends at both regional and national levels drive Airport passenger traffic, especially at an airport like CMH that serves predominantly O&D traffic.<sup>7</sup> An economic expansion increases employment and income, boosts consumer confidence and increases the demand for air travel. In contrast, an economic recession dampens business activity, causes job losses, reduces income, diminishes consumer confidence and weakens the demand for air travel.

Figure 15 compares the overall economic trends in the Columbus MSA with those in the entire state of Ohio and in the United States by tracking relative growth in gross domestic product (GDP) from 2006. GDP measures the value of all goods and services produced within a geographic area. Growth in inflation-adjusted (real) GDP indicates overall economic growth and steady growth in GDP over a number of years indicates an economic expansion.

From 2006 to 2017, the Columbus MSA's real GDP increased 21.5 percent, outpacing growth in the entire state (9.1 percent) and in the United States (17.7 percent) (Figure 15). The growth in the MSA's economic output is consistent with the growth trends in its population, nonfarm jobs, and labor force.

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<sup>&</sup>lt;sup>7</sup> 0&D traffic consists of passengers who begin and end their air travel at CMH, as contrasted to connecting passengers.

Figure 16 shows the trends in the Columbus MSA's real GDP from 2006 to 2017. The Columbus MSA's real GDP has grown steadily since 2010.

125 Great Recession

120 United States, 117.7

115 Ohio, 109.1

2012

Figure 15 | Growth in Real Gross Domestic Product

Source: U.S. Bureau of Economic Analysis.

2006

2007

90



Figure 16 | Columbus MSA Real Gross Domestic Product

2010

2011

Source: U.S. Bureau of Economic Analysis.

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### Personal Income

Personal income, a component of GDP, is another key economic indicator measuring consumers' ability to spend and build wealth. Growth in personal income boosts demand for air travel.

Per capita personal income in the Columbus MSA (\$49,644 in 2017) is higher than the Ohio state average but lower than the national average, as shown in Figure 14. From 2006 to 2017, per capita personal income increased slightly faster in Columbus (37 percent) than in Ohio (36 percent) and in the United States (35 percent).

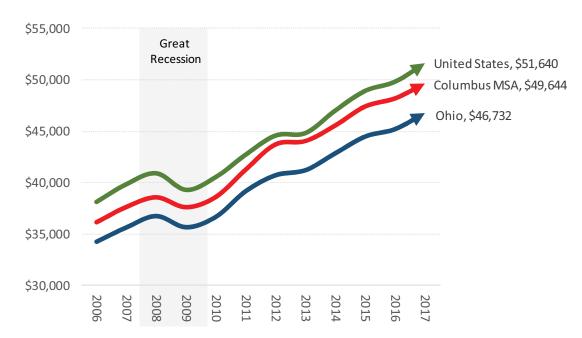


Figure 17 | Per Capita Personal Income

Source: U.S. Bureau of Economic Analysis.

#### Outlook for the Columbus MSA

Throughout the current economic expansion, the Columbus MSA has enjoyed strong growth. The outlook for the Columbus MSA remains positive, based on forecast growth in key socioeconomic indicators for the metro area by Moody's Analytics, an independent economic forecasting firm (Figure 18). The Columbus MSA's economic output, measured by gross metro product, and total personal income are forecast to grow at average annual rates<sup>8</sup> of 2.6 percent and 2.5 percent, respectively, over the next 10 years. Population and nonfarm employment are forecast to grow at the same average annual rate of 0.9 percent. The economic forecasts for the Columbus MSA anticipate slower growth rates in 2020 and 2021, particularly for the MSA's gross metro product and nonfarm employment. The Columbus MSA is projected to outperform the nation in growth in all four economic indicators (Figure 19).

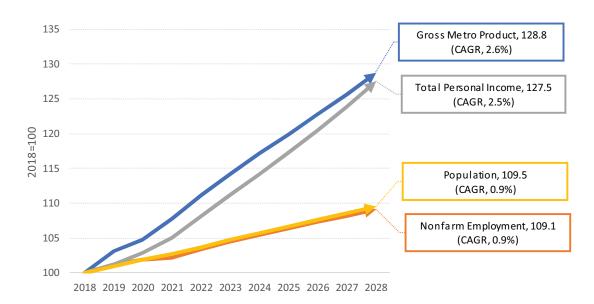


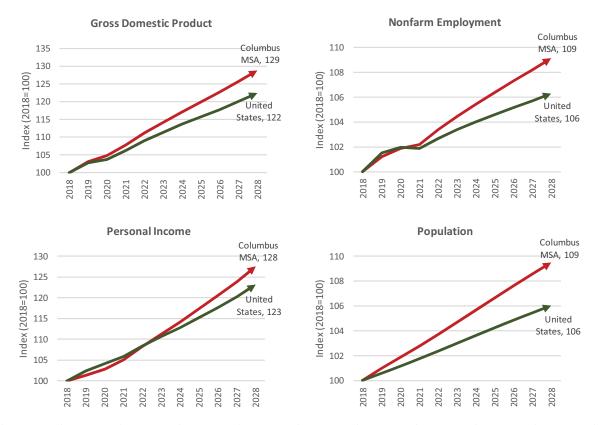
Figure 18 | Forecast Growth in Key Socioeconomic Indicators for the Columbus MSA

 $Source: Moody's \ Analytics' \ forecasts \ for \ the \ Columbus \ MSA, \ as \ of \ January \ 20, \ 2019.$ 

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<sup>&</sup>lt;sup>8</sup> When referring to growth rates throughout this report, "average annual" is used interchangeably with "compound average annual."

Figure 19 | Comparison of Forecast Growth in Key Socioeconomic Indicators in the Columbus MSA and the United States



Source: Moody's Analytics' forecasts, as of January 20, 2019.

## **Outlook for the National Economy**

The national economy is a major driver of the Columbus MSA's economy and visitor traffic at CMH. Continued growth in the U.S. economy would bring continued growth in the MSA's economy. In the same way, risks facing the national economy would also hamper growth in the MSA's economy.

The U.S. economy grew strongly in 2018, after years of slow and uneven recovery from the Great Recession. The current U.S. economic expansion is now on its 10th year; it has the potential to outlast the 1990s' record 10-year economic expansion, barring major economic shocks. The pace of economic growth, however, is expected to slow in 2019, in part because the fiscal stimulus from tax cuts is set to wane. And the recent 35-day shutdown of the federal government reduced production and weakened consumer and business confidences.

Figure 20 shows quarterly changes in U.S. economic output, measured by the U.S. real GDP, from the first quarter of 2007 to the third quarter of 2018. Quarterly real GDP growth has averaged 2.2 percent since the beginning of the current economic expansion in the third quarter of 2009.

Through the third quarter of 2018, the U.S. economy had grown steadily for 18 consecutive quarters.

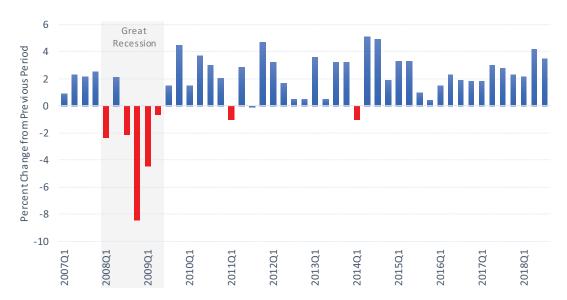


Figure 20 | U.S. Real GDP Growth Trends, First Quarter 2007 through Third Quarter 2018

Source: U.S. Bureau of Economic Analysis.

In 2018, the U.S. economy grew 2.2 percent in the first quarter, 4.1 percent in the second quarter, and 3.5 percent in the third quarter, boosted by a strong labor market, low unemployment, modest inflation, relatively low levels of consumer debt, strong corporate balance sheets, improving corporate profits, and global economic expansion. It is expected to continue growing at least through 2019. The Wall Street Journal February 2019 economic forecasting survey provided median predictions for U.S. real GDP growth of 2.5 percent for the fourth quarter of 2018, 3.1 percent for the entire year in 2018, 2.2 percent in 2019, 1.8 percent in 2020, and 1.7 percent in 2021. Figure 21 shows the full ranges of forecast U.S. real GDP annual growth rates through 2021.

In the same survey, estimates for the probability of the U.S. economy going into a recession over the next 12 months range from zero to 60 percent, with a median of 25 percent. The sources of economic risks are numerous: political and economic policy uncertainty, international trade tensions, tightening monetary policy, the high level of U.S. government and private debt, tightening labor market, stock market volatility, slowing global economy, and continuing political tensions abroad.

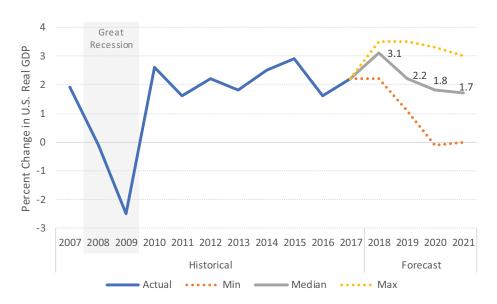


Figure 21 | U.S. Real GDP Growth Forecasts

Sources: U.S. Bureau of Economic Analysis for historical data and the Wall Street Journal February 2019 Economic Forecasting Survey.

### **Summary**

CMH is the largest airport in Columbus, the second largest MSA in Ohio. Demographic and economic trends determine the Columbus MSA's attractiveness as a business and leisure destination and the ability of its residents to travel. Since 2010, Columbus has shown a strong recovery from the Great Recession, strong employment growth, a steady rise of per capita personal income, and strong real GDP growth. Columbus has a well-diversified industry distribution of nonfarm jobs, reducing its vulnerability to a downturn in any particular industry. It has also proven resilient to a broader economic downturn such as the Great Recession. The outlook for the Columbus MSA economy is positive. The Columbus MSA is expected to outperform the nation in growth in GDP, employment, personal income, and population over the next 10 years, based on independent economic forecasts.

The current U.S. economic expansion, now on its 10th year, is on track to set a new record for the longest U.S. economic expansion, barring any major economic shock. As the U.S. economic expansion continues, however, recession fears are also growing. The probability of the U.S. economy going into a recession over the next 12 months remains low, although the sources of economic risks abound: political and economic policy uncertainty, international trade tensions, tightening monetary policy, the high level of U.S. government and private debt, tightening labor market, stock market volatility, slowing global economy, and continuing political tensions abroad.

# **SECTION 3 | AVIATION ACTIVITY**

This section reviews the historical trends in commercial passenger aviation activity at John Glenn Columbus International Airport and presents forecasts of enplanements, which serve as a key driver of rental car demand and forecast transaction days at the Airport. The section is organized into three parts:

- The first part examines how the Airport's passenger traffic has performed over time, what market factors and industry developments explain observed trends in the Airport's passenger traffic, and how the trends at the Airport compare with national trends and trends at comparable airports.
- The second part discusses forecast development for commercial passenger traffic, including
  the methodology, assumptions, and results. It presents a range of forecast scenarios for the
  years 2019-2029.
- The third part discusses broader factors affecting the aviation industry and the Airport that can bring risk and uncertainty into the forecasts.

## Historical Passenger Traffic Trends

CMH is classified as a medium hub commercial service airport by the Federal Aviation Administration (FAA). A medium hub is defined as a community enplaning .25 percent to 1 percent of total U.S. enplanements. In 2017, the Airport enplaned approximately 3.78 million passengers, representing 0.39 percent of total U.S. enplanements in 2017 (the most recent year for which U.S. enplanements are available). In 2017, CMH was the 49th largest airport in the United States by total passenger traffic, according to 2017 airport traffic data compiled by the ACI-NA – the most recent year for which those statistics are available. The Airport's enplanements increased to 4.08 million in 2018. CMH is the second largest airport in Ohio, following Cleveland Hopkins International Airport.

Airline schedules show six U.S. passenger carriers (with their regional affiliates) and one foreign flag passenger carrier providing scheduled air service at CMH as of January 2019 (Table 5). These carriers fly nonstop from CMH to 46 airport destinations, including two abroad (Toronto, Canada, and Cancun, Mexico).

Table 5 | Commercial Passenger Airlines Providing Scheduled Service at CMH

Published Carrier	Regional Affiliate(s)
Air Canada	Air Georgian dba Air Alliance
American Airlines	Envoy Air, Piedmont Airlines, PSA Airlines, Republic Airline, SkyWest Airlines, and Trans States Airlines
Delta Air Lines	Endeavor Air, GoJet Airlines, Republic Airline, and SkyWest Airlines
Frontier Airlines	
Southwest Airlines	
Spirit Airlines	
United Airlines	Air Wisconsin, CommutAir, ExpressJet Airline, GoJet Airlines, Mesa Airlines, Republic Airline, SkyWest
	Airlines, and Trans States Airlines

Source: OAG Schedules Analyzer (accessed January 2019).

#### Long-Term Enplanement Trends

Events of the last 20 years have had significant and lasting impacts on the U.S aviation industry and the Airport:

- The long-running U.S. economic expansion from the early 1990s ended with the brief recession, which lasted from March to November 2001. While the U.S. economy was in recession, the U.S. aviation industry faced terrorist attacks on September 11, 2001.
- The terrorist attacks caused an already weak air travel demand to fall sharply. They also prompted stringent airport security measures, changes in travel behavior, and business restructuring in the airline industry.
- Meanwhile, jet fuel cost per gallon quadrupled from 2000 to 2008, reaching a peak of \$3.82 per gallon in July 2008. It decreased sharply in 2009 but returned to record high levels in 2011-2014. In late 2014, jet fuel cost began falling along with world oil prices and reached a low of \$1.21 per gallon in February 2016, but it has since increased above \$2 per gallon.
- Amid record fuel prices, the U.S. economy entered the Great Recession from December 2007
  to June 2009. The Great Recession was the longest and deepest recession since the Great
  Depression. The recovery from this recession was also the slowest of all recoveries from
  previous recessions since the Great Depression. The Great Recession spread globally and
  weakened demand for domestic and international passenger and cargo air services.
- Airlines responded to weak air travel demand and high fuel prices with cuts in domestic seat capacity, increases in load factors, retirement of old aircraft, fleet reconfiguration, route transfers between mainline and regional service, route network changes, pricing changes, and various other cost-cutting measures. Mounting financial difficulties led to bankruptcies, mergers, business restructuring, and network consolidations.
- The cuts in domestic seat capacity fell disproportionately on smaller airports—nonhubs, small hubs, and medium hubs like CMH.
- The aviation industry was also affected by bad weather, natural disasters, disease outbreaks, wars, and civil unrest in different parts of the world.

The U.S. airline industry began to earn net profits in 2010, helped by business restructuring, capacity discipline, and decreases in fuel cost. U.S. airlines continue to enjoy relatively low fuel costs and earn net profits. Markedly improved financial performance has allowed U.S. airlines to renew their fleets and increase scheduled flights and seats while maintaining capacity discipline.

These developments had significant and lasting effects on the U.S. aviation industry and the Airport; they warrant a look at a much longer history of passenger traffic trends at CMH, as shown in Figure 22, than just the last 10 years. CMH experienced fluctuations in passenger traffic coinciding with adverse events, although over the long term its passenger enplanements grew from 3.2 million in 1998 to 4.1 million in 2018—a new enplanement record for CMH. The average annual growth rate in CMH enplanements was 1.2 percent over the 20 years between 1998 and 2018. From 2014 through 2018, CMH enplanements grew strongly at an average annual growth rate of 6.5 percent. In 2018, they grew 7.7 percent. The strong growth in the last four years was broad-based, with all the major airlines—led by Southwest—posting traffic gains. In 2018, the expansion of ULCC service with the entry of Spirit helped sustain the strong growth in enplanements.

The Airport's previous enplanement record was reached at 3.9 million in 2007 as a result of the introduction of service by low-cost carriers Skybus and JetBlue. These airlines' service at CMH, however, lasted only a brief period—through January 2008 for JetBlue and through April 2008 for Skybus. With these two airlines ending service at CMH and the widespread decrease in air travel during the Great Recession, enplanements at CMH decreased to 3.1 million in 2009, eliminating much of the traffic gains of the previous four years.

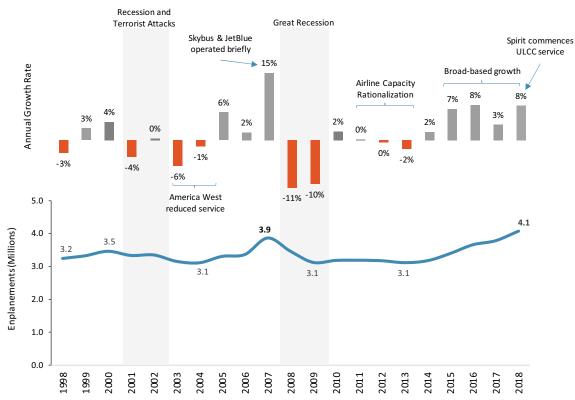


Figure 22 | CMH Annual Enplanement Trends, 1997-2018

 $Sources: U.S.\ Department\ of\ Transportation\ T-100\ Market\ for\ 1998-2006\ and\ CRAA\ for\ 2007-2018.$ 

Unlike JetBlue, Skybus stopped serving CMH because it went out of business. Skybus was a privately held ultra low-cost airline start-up founded in Columbus, Ohio. It operated for less than a year—from May 22, 2007, to April 5, 2008—before shutting down, citing the then "lagging economy and rising fuel costs" as the causes of its business failure. After the Great Recession ended in 2009, CMH's enplanement levels remained flat through 2014 because airlines continued to limit their seat capacities. After 2014, airlines began adding to their fleet of aircraft and adding back seat capacity to smaller airports. CHM enjoyed increases in seat capacity amid recovering air travel demand. CMH also saw a resurgence in Frontier Airlines' flights and the brief introduction of service by OneJet. OneJet, now a defunct carrier, terminated its flights at CMH in June 2018. Most recently, CMH welcomed its first ultra low-cost carrier, Spirit Airlines. Since February 2018, Spirit has added substantial service across seven destinations from CMH.

CMH enplanements grew in five consecutive years, at 5.6 percent per year on average, reaching 4.1 million in 2018.

<sup>&</sup>lt;sup>9</sup> "Low-cost carrier Skybus calls it quits," MSNBC, April 4, 2008.

#### Airport and U.S. System Enplanements

Table 6 and Figure 23 compare enplanement growth trends at CMH and in the entire U.S. system from 2002 to 2017:

- Total enplanements at the Airport increased 13 percent from 3.3 million in 2002 to approximately 3.8 million in 2017, compared with a 44 percent increase in U.S. system enplanements.
- Over the period, annual enplanement growth at CMH averaged 0.8 percent, slower than the U.S. system average annual enplanement growth rate of 2.5 percent.
- CMH maintained an annual share of U.S. system enplanements between 0.37 and 0.50 percent—0.39 percent in 2016 and 2017, and 0.40 percent through September 2018.

National events such as the economic recession in 2001, the terrorist attacks in 2001, and the Great Recession in 2008-2009 decreased the Airport's enplanements, as they did the U.S. system enplanements. In addition, the Airport faced significant changes in air service, mostly with adverse effects on the Airport's enplanement levels:

- Just when air travel demand was beginning to recover from the 2001 recession and terrorist attacks, America West, the Airport's largest passenger carrier at the time, reduced its service at CMH, causing a significant decrease in CMH enplanements in 2003. America West eventually merged into US Airways in September 2005.
- In 2007, Skybus and JetBlue began service at CMH, causing a significant increase in the Airport's total enplanements. Skybus was a Columbus-based, start-up that marketed itself as an ultra-low-cost carrier offering point-to-point service from CMH to major markets. Skybus lasted less than a year, beginning service in May 2007 and ending service in April 2008 when the airline went out of business. JetBlue's service at CMH was also short-lived, beginning in October 2006 and ending in January 2008. The cessation of Skybus' and JetBlue's service in 2008 aggravated the decrease in the Airport's enplanements during the Great Recession.
- When the Great Recession ended, traffic recovery at CMH—as in other medium hub and smaller airports—lagged U.S. system recovery, because airlines continued to restrain growth in capacity at medium hub and smaller airports. Enplanement levels at CMH remained essentially flat from 2010 through 2014, while U.S. system enplanements began a slow but steady recovery.
- Aided by a strong economic recovery and an increase in airline capacity, CMH has been catching up with systemwide traffic growth. Between 2014 and 2017, the Airport's enplanements grew 6.1 percent per year on average, while U.S. system enplanements grew 4.2 percent per year. With the introduction of service from an ultra low-cost carrier (Spirit) in 2018, enplanements at CMH grew 7.3 percent through September (year-over-year), while U.S. system enplanements grew 5.1 percent over the same period.

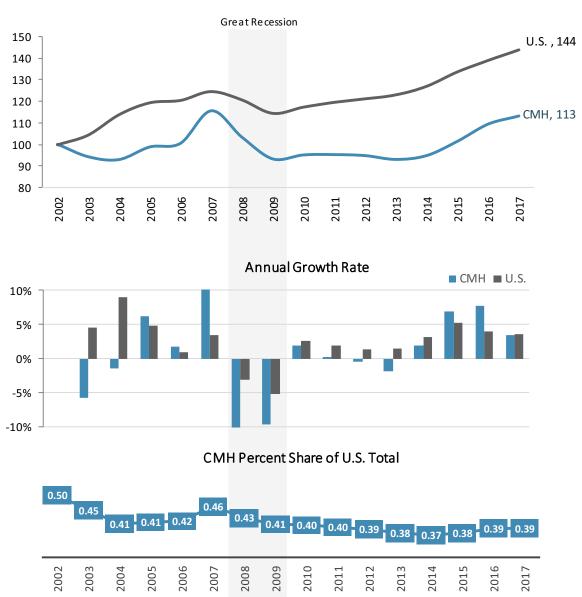
Table 6 | CMH and U.S. System Enplanements

	Enplanem	ents (1,000s)	СМН
Year	СМН	U.S.	Share
2002	3,348	670,604	0.50%
2003	3,157	700,864	0.45%
2004	3,113	763,710	0.41%
2005	3,307	800,850	0.41%
2006	3,363	808,103	0.42%
2007	3,865	835,510	0.46%
2008	3,459	809,822	0.43%
2009	3,123	767,817	0.41%
2010	3,184	787,478	0.40%
2011	3,190	802,135	0.40%
2012	3,175	813,123	0.39%
2013	3,115	825,322	0.38%
2014	3,173	851,850	0.37%
2015	3,394	896,632	0.38%
2016	3,659	931,989	0.39%
2017	3,785	964,765	0.39%
Jan-Sep 2017	2,808	724,303	0.39%
Jan-Sep 2018	3,013	760,911	0.40%
	Compound Ann	nual Growth Rate	
2002-2017	0.8%	2.5%	
Jan-Sep 2017-2018	7.3%	5.1%	

Sources: CRAA for CMH enplanements for 2007-2018 (through September), and U.S. Department of Transportation T-100 Market Data for CMH enplanements for 2002-2006 and U.S. system enplanements for 2002-2018 (through September).

Figure 23 | CMH and U.S. System Enplanement Growth Trends

# Enplanement Index (2000 level = 100)



Sources: CRAA for CMH enplanements for 2007-2017, and U.S. Department of Transportation T-100 Market for CMH enplanements for 2002-2006 and U.S. system enplanements for 2002-2017.

#### Composition of Passenger Traffic

CMH serves predominately domestic origin-and-destination (O&D) traffic—passengers who begin and end their air travel at the Airport. Domestic O&D traffic accounts for at least 99 percent of annual passengers.

Having predominantly O&D traffic reduces an airport's vulnerability to changes in airline route networks. Unlike connecting traffic which is brought by an airline and can go away with changes in airline routing, O&D traffic is generated by an airport's service area. As long as O&D traffic is strong, airlines will come to serve an airport.

Residents make up approximately three-fifths of CMH passengers and visitors make up the remaining two-fifths (Figure 24). This distribution has changed little since 2012, with the visitor share increasing slightly.



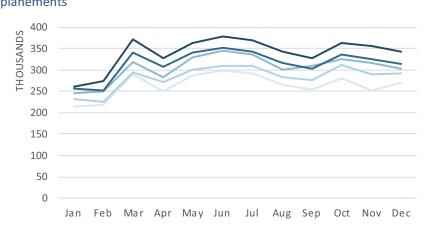
Figure 24 | CMH Passenger Traffic Split Between Residents and Visitors

Source: Estimates by Unison Consulting, Inc., based on U.S. Department of Transportation DB1B coupon data.

#### Seasonality in Enplanements

As shown in Figure 25, monthly enplanement levels at CMH tend to increase in early spring and continue to rise through the summer months. They begin to decrease in August and reach their lowest levels in January and February. The seasonal traffic patterns at CMH are consistent with those observed at most other U.S. airports.

Figure 25 | CMH Monthly Enplanements Average Share by Month Jan 6.7% Feb 6.7% Mar 8.9% Apr 8.0% 9.0% May 9.3% Jun Jul 9.1% 8.3% Aug Sep 8.1% Oct 8.9% Nov 8.5% Dec 8.4%



2016

**-** 2017 **-**

Source: CRAA.

#### Airline Market Shares

The recent wave of airline consolidation left the industry with four major airlines controlling the large majority of U.S. passenger traffic. The same four major airlines accounted for 92 percent of CMH passenger traffic in 2018, with Southwest Airlines holding the largest share (36 percent), followed by American (23 percent), Delta (21 percent), and United (12 percent). The remaining 8 percent of CMH passenger traffic was shared by Frontier, Air Canada, Spirit, OneJet, and nonscheduled service. The traffic distribution by airline at CHM is diversified with no single airline controlling a majority share.

2014

2015

Table 7 shows total passengers by airline, and Figure 26 contains charts to show the trends by airline more clearly. The overall increase in CMH total passengers from 2010 to 2017 was 1.8 million. Forty-four percent of this increase was due to Southwest Airlines, with Spirit, Delta, and American as the next three largest contributors.

Southwest Airlines has maintained its position as the market leader at CMH, increasing its share of CMH total passengers slightly from 33 percent in 2010 to 36 percent in the last three years. Together the smaller airlines—Spirit, Frontier, Air Canada, OneJet—and all other nonscheduled service also increased their share from 2 percent in 2010 to 7 percent in 2018, helping improve airline diversification at CMH.

Table 7 | CMH Passengers by Airline

, m	110 2011	24.0																		
			2012 2	2013	2014	2015	2016	2017	2018	Level	Percent	2010	2011	2012	2013	2014	2015	2016	2017	2018
	33 3	36	34	39	44	53	92	69	73	41	125%	0.5%	%9.0	0.5%	%9'0	0.7%	0.8%	%6:0	%6:0	%6:0
Mainline 43	1,698 1,7 437 46	1,734 1,7 462 4	1,731 1, 488 5	1,760 1 525	1,872	1,854	1,860	1,845	1,873	174	10%	26.7%	27.2%	27.3%	28.2%	29.4%	27.3%	25.4%	24.3%	23.0%
Regional 1,2						1,272	1,289	1,273	1,258			19.8%	19.9%	19.6%	19.8%	19.7%	18.7%	17.6%	16.8%	15.5%
Delta 1,4	1,431 1,4	1,452 1,4	1,483 1,	1,426 1	1,471	1,558	1,606	1,633	1,744	314	22%	22.5%	22.8%	23.3%	22.9%	23.1%	22.9%	21.9%	21.5%	21.4%
Mainline 58	585 63	634 7			818	688	918	206	961			9.2%	%6.6	11.1%	12.3%	12.9%	13.1%	12.5%	12.0%	11.8%
Regional 84	846 81	818 7	9 08/	661	653	899	889	725	783			13.3%	12.8%	12.3%	10.6%	10.3%	8.6	9.4%	%9.6	%9.6
Frontier 99	8 66	81 1	15	19	0.5		151	289	162	63	64%	1.5%	1.3%	0.2%	0.3%	0.01%		2.1%	3.8%	2.0%
OneJet								9.0	1.6	1.6									0.01%	0.02%
Southwest <sup>2</sup> 2,1	2,108 2,1	2,177 2,:	2,166 2,	2,075 2	2,111	2,377	2,645	2,753	2,891	783	37%	33.1%	34.1%	34.1%	33.3%	33.2%	35.0%	36.1%	36.3%	35.5%
Spirit									353	353		%0:0	%0.0	%0:0	%0:0	%0:0	%0:0	%0:0	%0:0	4.3%
United³ 97 Mainline 30 Regional 67	977 88 302 21 675 66	883 9 216 1 668 7	905 8 192 1 712 7	898 1111 787	835 80 755	917 175 742	961 253 707	947 229 718	1,004 220 784	27	%8	15.4% 4.8% 10.6%	13.8% 3.4% 10.5%	14.2% 3.0% 11.2%	14.4% 1.8% 12.6%	13.1% 1.3% 11.9%	13.5% 2.6% 10.9%	13.1% 3.5% 9.7%	12.5% 3.0% 9.5%	12.3% 2.7% 9.6%
Subtotal Scheduled 6,348 Mainline 3,534 Regional 2,815		6,362 6,3 3,569 3,1 2,794 2,7	6,332 6, 3,563 3, 2,769 2,	6,218 6 3,496 3 2,722 2	6,333 3,627 2,706	6,758 4,023 2,735	7,288 4,537 2,751	7,536 4,750 2,786	8,102 5,202 2,900	1,754	28% 47% 3%	99.7% 55.5% 44.2%	99.7% 55.9% 43.8%	99.7% 56.1% 43.6%	99.7% 56.0% 43.7%	99.6% 57.1% 42.6%	99.4% 59.2% 40.2%	99.5% 61.9% 37.6%	99.5% 62.7% 36.8%	99.5% 63.9% 35.6%
Others 18	18 1	16 1	19	18	23	38	36	41	40	22	120%	0.3%	0.3%	0.3%	0.3%	0.4%	%9:0	0.5%	0.5%	0.5%
Total 6,3	6,366 6,379		6,350 6,	6,237 6	6,356	96,796	7,324	7,577	8,142	1,775	78%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<sup>1</sup> Including US Airways through 2016. <sup>2</sup> Including Air Tran through 2014. <sup>3</sup> Including Continental through 2011. Source: CRAA.	ys throu through :al throu	gh 2016 2014. gh 2011	,; i																	

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■ All Others

■ United (inc. Continental)

American (inc. US Airways)Southwest (inc. AirTran

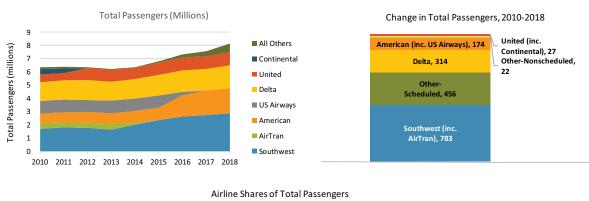


Figure 26 | CMH Passenger Traffic Trends by Airline

2012

2013

2014

2015

2016

2017

Source: CRAA.

Figure 27 shows another noteworthy trend: a decrease in the share of passenger traffic carried by regional aircraft operators from 44 percent in the early 2010s to 37 percent in 2017. Mainline service increased in share of CMH passenger traffic from 56 percent to 63 percent, a trend consistent with aircraft upgauging, a strategy to reduce cost and increase revenue on each flight.

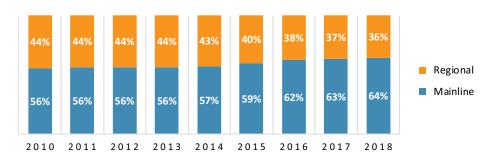


Figure 27 | Distribution of CMH Scheduled Passenger Traffic, Mainline and Regional Service

Mainline service represents flights operated by an airline's main operating unit. Regional service represents flights operated by the airlines' subsidiaries or affiliates.

Source: CRAA.

### Top Ten O&D Markets

Figure 28 show the Airport's top 10 domestic O&D markets in the four quarters ending third quarter 2018, ranked by average number of passengers daily each way (PDEW). These 10 markets accounted for more than 50 percent of passengers at CMH

#### Scheduled Passenger Airline Service

Figure 29 shows the trends in scheduled passenger airline service. According to flight schedule records for 2018, the Airport has scheduled nonstop passenger service to 46 other airports—44 in the United States and 2 abroad. The two airport destinations abroad are in Toronto, Canada, and Cancun, Mexico. In the previous four years, the number of nonstop airport destinations from CHM varied from 36 to 42.

In 2018 the average number of flight departures per day was 137; it ranged from 129 to 134 in the previous four years. American Airlines accounted for the largest share (30 percent) of flights. The average number of departing seats per day was 13,946, with Southwest Airlines accounting for the largest share (36 percent). Seats increased steadily from an average of 11,471 per day in 2014. Reflecting the industry's switch toward using aircraft with more seats (aircraft upgauging), the average number of seats per flight departure increased steadily from 89 in 2014 to 102 in 2018.

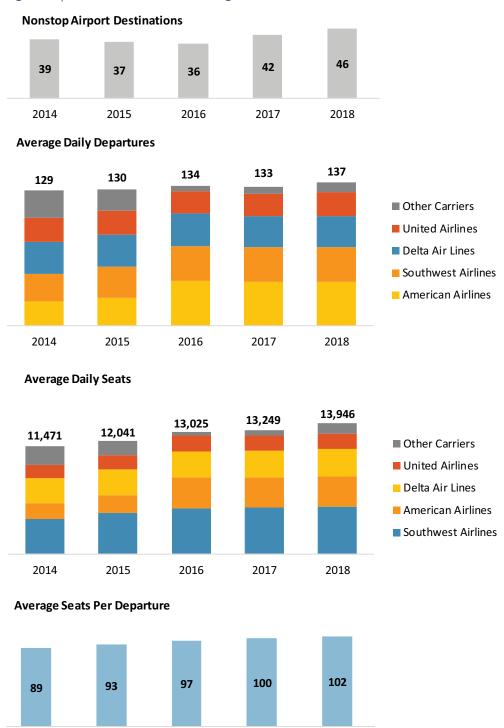
Figure 30 shows the nonstop destinations from CMH for the 12-month period ending January 2019. It includes the following new nonstop service: Alaska Airlines' service to Seattle beginning in March 2019, Delta Air Lines' service to Salt Lake City beginning in June 2019, and United Airlines' service to San Francisco beginning in June 2019.



Figure 28 | CMH's Top 10 O&D Markets in the Four Quarters Ending Third Quarter 2018

Source: U.S. Department of Transportation data accessed via Diio online portal, YE3Q2018.

Figure 29 | Trends in Scheduled Passenger Service at CMH



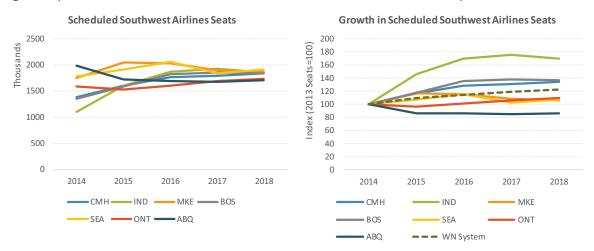
Source: OAG Schedules Analyzer.



Figure 30 | Nonstop Destinations from CMH

As shown in Figure 31, the trends in scheduled Southwest Airlines' seats departing from CMH compare favorably with trends at five of six comparison airports. They also compare favorably to systemwide growth in Southwest Airlines' scheduled seats. From 2014 to 2018, Southwest Airlines' scheduled seats at CMH increased 36 percent, compared with a 23 percent increase in Southwest's entire system.

Figure 31 | Southwest Airlines Scheduled Seats from CMH and Selected Other Airports<sup>1</sup>



These airports are closest to CMH in total scheduled seats by Southwest Airlines in 2018:

IND - Indianapolis International Airport

MKE - General Mitchell International Airport

BOS – Boston Logan International Airport

SEA - Seattle-Tacoma International Airport

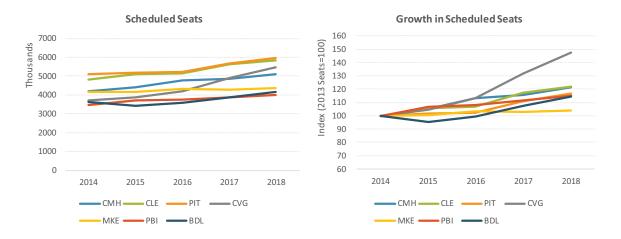
ONT - Ontario International Airport

ABQ - Albuquerque International Sunport

Source: Airline flight schedules accessed using OAG Schedules Analyzer.

Figure 32 shows that the growth in total scheduled seats at CMH also compares favorably with the trends at other medium hub airports closest to CMH by total passengers. From 2014 to 2018, the cumulative growth in total scheduled seats at CMH (22 percent) outpaced growth in scheduled seats at four of the six comparison airports.

Figure 32 | Trends in Scheduled Seats by All Airlines from CMH and Selected Medium Hubs<sup>1</sup>



These medium hub airports are closest to CMH in total passengers in 2018:

CLE - Cleveland Hopkins International Airport

PIT - Pittsburgh International Airport

CVG - Cincinnati/Northern Kentucky International Airport

MKE - General Mitchell International Airport

PBI - Palm Beach International Airport

BDL - Bradley International Airport

Source: Airline flight schedules accessed using OAG Schedules Analyzer.

2014

2015

2016

2017

#### Passenger Yield

Lower airfares attract passengers. A common measure of airfares that controls for trip length is passenger yield—the average airline revenue per revenue passenger mile. Figure 33 show the domestic passenger yields at CMH and comparable medium hub airports, compared to the U.S. average. The trends in the average domestic passenger yield at CMH followed the trends in the systemwide average domestic passenger yield over the past 20 years, although the average domestic passenger yield at CMH has risen above the national average since 2010.

When passenger traffic began to recover after the Great Recession, airlines restrained growth in seat capacity and were able to increase air fares faster than general inflation. For the first time since 2009, U.S. domestic yields decreased in 2015 and continued to decrease in 2016 and 2017, likely due to the sharp decrease in jet fuel costs in 2015 and the growth of ultra-low-cost carriers. Yields at CMH also began to decrease in 2015, after steady increases in the preceding five years.

Neighboring Ohio airports CVG and CLE have seen their yields decrease in recent years more sharply than at CMH. Unlike CMH, these two airports experienced "dehubbing" by their dominant carriers. At CVG, Delta Air Lines cut seat capacity by 15 percent overall from 2013 to 2018. At CLE, United Airlines cut seat capacity by 60 percent over the same period. The dehubbing opened the door for other carriers, including ULCCs, to expand service at these airports. At CLE, however, the expansion of service by other airlines has not yet completely made up for the loss in service due to United's dehubbing. Total scheduled seats at CLE in 2018 are still slightly down from 2013. In comparison, scheduled seats are up 43 percent at CVG and up 20 percent at CMH.

Average Domestic Yield (Current \$ per revenue passenger mile)

0.40

110

0.30

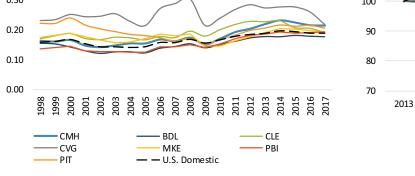
0.20

Domestic Yield Index (2013 = 100)

100

90

Figure 33 | Domestic Passenger Yield at CMH and Comparable Medium Hubs



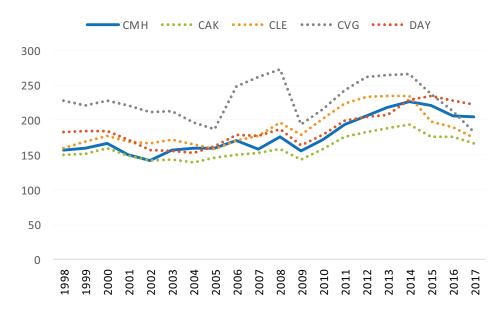
Source: U.S. Department of Transportation 10%-sample airline ticket survey.

Note: One-way equivalent airline yields for trips beginning at CMH and other airports.

# Average Fare at CMH and Commercial Passenger Service Airports Within a Two-Hour Drive

Figure 34 compares the average fare at CMH with those at CAK, CLE, CVG, and DAY. As of 2017, the average air fare at CMH was the second highest, after DAY's. It has risen from being the lowest or second lowest before 2004.

Figure 34 | Passenger-Weighted Average Fares (Domestic, Current \$) at CMH and Commercial Passenger Service Airports Within a Two-Hour Drive



Source: U.S. Department of Transportation DB1B Market.

# Forecast Passenger Traffic

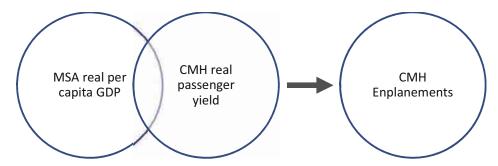
Passenger traffic growth drives growth in airport rental car demand. This section presents enplanement forecasts for the years 2019-2028, to be used developing forecasts of rental car transaction days in Section 5.

Unison's enplanement forecasting approach features a hybrid forecasting framework and multivariate time series regression analysis. The hybrid forecasting framework incorporates both air service supply and demand considerations, with the resulting forecasts largely capacity-driven in the near-term (2019) and demand-driven in the long run (beyond 2019). The near-term forecast is based on scheduled airline service through July 2019. Airlines publish scheduled flights and seats for up to nine months ahead based on passenger airline bookings. These published airline schedules reflect current market demand.

For the long-term forecasts, multivariate time series regression analysis links trends in enplanements to trends in key market demand drivers. A number of explanatory variables were evaluated, and Figure 35 shows the following two market demand drivers that proved the best in explaining growth trends in enplanements at the Airport:

- Columbus MSA real per capita GDP as an indicator of income.
- CMH average real passenger yield as an indicator of the price of air travel.

Figure 35 | Key Drivers of Enplanement Growth



Multivariate time series regression analysis quantifies the relationships between market demand drivers and the growth in enplanements. The regression model is specified with CMH's total enplanements as the dependent variable and the two market demand drivers as the key explanatory variables (independent variables):

Regional economic trends – The regression model uses real per capita GDP in the Columbus MSA to capture regional economic trends. After decreasing over 5 percent through Great Recession, the MSA's real per capita GDP increased 1.6 percent annually on average from 2010 to 2018, slightly outpacing increases in the U.S. real per capita GDP averaging 1.5 percent annually for the same period. The Columbus MSA's economic growth has outpaced

U.S. economic growth since 2010. Moody's Analytics' economic forecast for the Columbus MSA expects the Columbus MSA economy to continue outperforming the U.S. economy, projecting real per capita GDP for the MSA to continue increasing at an annual average rate of 1.6 percent through 2029, faster than the forecast average annual increase of 1.5 percent for the U.S. real per capita GDP. Moody's Analytics' economic forecasts anticipate a slowing of economic growth in some years, but no downturns.

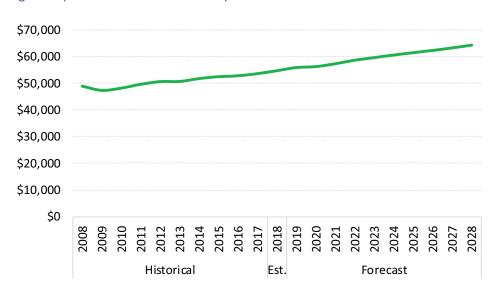


Figure 36 | Columbus MSA Real Per Capita GDP

Sources: U.S. Bureau of Economic Analysis (BEA) for historical data and Moody's Analytics for forecast data.

• Passenger yield trends – Consumer demand is inversely related to price. Demand increases when price decreases, and decreases when price increases, holding all other factors constant. The regression model uses the average real passenger yield at CMH as the indicator for the price of air travel. Passenger yield, which is the average airline revenue per passenger mile, is a better price indicator than the average fare, because it controls for trip distance. The average real passenger yield at CMH increased rapidly between 2009 and 2014 (6.8 percent compound annual rate of increase), before decreasing nearly 10 percent through 2017 (3.3 percent compound annual rate of decrease). For the CMH enplanement forecasts, the future trends in average real passenger yield at CMH are assumed to follow the FAA's projections for real domestic mainline passenger yields of continued decreases averaging around 0.3 percent annually in the latest FAA Aerospace Forecasts.

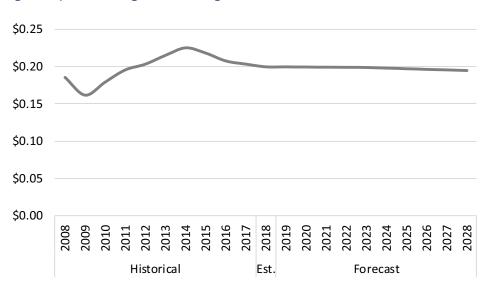


Figure 37 | CMH Average Real Passenger Yield

 $Sources: U.S.\ Bureau\ of\ Transportation\ Statistics\ (DB1B\ 10\%\ ticket\ survey)\ and\ Federal\ Aviation\ Administration.$ 

The regression model includes other variables to control for (1) structural changes that have unfolded in the airline industry and the U.S. air travel market since 2001, and (2) changes in airline service at CMH that caused significant fluctuations in enplanement levels, beyond those explained by economic and yield trends. The regression model also controls for seasonality in enplanement trends and serial correlation inherent in the time series data used for estimating the model.

Calibrated with the estimated coefficients measuring the contributions of market drivers to growth in CMH's enplanements, the regression model was used to project growth in enplanements beyond 2019, given the projected trends in the identified key market demand drivers shown in Figure 38.

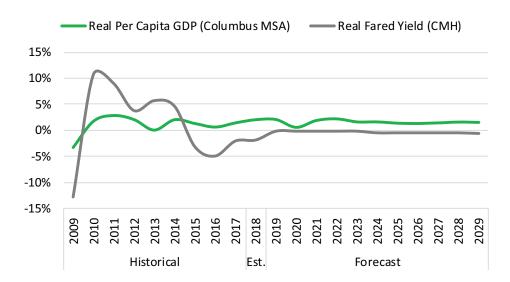


Figure 38 | Historical and Forecast Annual Change in the Key Explanatory Variables

Sources: U.S. Bureau of Transportation Statistics (DB1B 10% ticket survey) and Federal Aviation Administration for CMH real passenger yield projections; U.S. Bureau of Economic Analysis (BEA) and Moody's Analytics for real per-capita GDP in Columbus, Ohio MSA.

#### Results: Enplanement Forecast for CMH

The regression model coefficient estimates measuring the contributions of market drivers to growth in CMH's enplanements, along with the projections for the two key market demand drivers (Columbus MSA real per-capita GDP and passenger yield at CMH), produce the forecast growth in enplanements beyond 2019. The regression model also controls for seasonality in enplanement trends and serial correlation inherent in the time series data used for estimating the model.

The economic forecasts from Moody's Analytics serve as the basis for the base forecast of enplanements. They anticipate slowing of economic growth in some years, but no downturns.

Recognizing uncertainty in the future trends of key market drivers, alternative forecasts were developed using Monte Carlo simulation. A comprehensive approach to forecast risk analysis, Monte Carlo simulation uses probability distributions and random sampling techniques for assigning future values to the three key explanatory variables of the regression model. The simulation, involving 5,000 iterations, produced a wide range of possible scenarios for future enplanement growth and corresponding percentile rankings. Percentiles provide an indication of the likelihood of each of the forecast scenarios. 10

#### **Interpretation of Percentiles**

A percentile indicates the value at or below which a given percentage of results fall. For example, if we arrange 100 forecast results for one year from lowest to highest, 25 results (25 percent) will be at or below the 25-percentile, 75 results (75 percent) will be at or below the 75-percentile, and 50 results (50 percent) will be at or below the 50-percentile (also known as the median). A percentile gives the probability that actual outcome will be as forecast or lower.

The following examples illustrate how the percentile results can be used to indicate forecast probability:

- The 75-percentile results have a 25 percent probability that actual enplanements will exceed the forecast and an 75 percent probability that actual enplanements will be at or below the forecast.
- The 25-percentile results have an 75 percent probability that actual enplanements will exceed the forecast and a 25 percent probability that actual enplanements will be at or below the forecast.

The range of forecasts bounded by the 25-percentile and the 75-percentile is called the interquartile range—the middle 50 percent of results fall within this range.

 $<sup>^{10}</sup>$  The probability distributions for the input variables in the Monte Carlo simulation were specified based on their historical trends.

#### Base Forecast

The regression model coefficient estimates and the projections for the key market drivers described above produce the base enplanement forecast, where increase from 4.08 million in 2018 to 5.02 million by 2029 (Table 8). Based on airline scheduled seats through July 2019, enplanements are estimated to increase 4.0 percent in 2019. This estimate is based on a conservative assumption that the annual growth in traffic will reflect approximately half of the fast pace growth scheduled by airlines through July 2019. After 2019, enplanements grow by an average of approximately 1.7 percent annually through 2029.

#### Low Forecast

A low forecast is designated for financial sensitivity analysis in Section 6 to anticipate less favorable market conditions. The low forecast takes the 25-percentile forecast levels resulting from Monte Carlo simulation. Enplanements decrease slightly from 2019 to 2020, before increasing each year to 4.79 million in 2029. The average annual growth rate from 2019 to 2029 is 1.2 percent.

Table 8 | CMH Enplanements Forecasts

		C	MH Enplanen	nents (Millio	ns)
	CY	Base	AGR	Low	AGR
Historical	2008	3.46		3.46	
	2009	3.12	-9.7%	3.12	-9.7%
	2010	3.18	1.9%	3.18	1.9%
	2011	3.19	0.2%	3.19	0.2%
	2012	3.17	-0.5%	3.17	-0.5%
	2013	3.11	-1.9%	3.11	-1.9%
	2014	3.17	1.9%	3.17	1.9%
	2015	3.39	6.9%	3.39	6.9%
	2016	3.66	7.8%	3.66	7.8%
	2017	3.78	3.4%	3.78	3.4%
	2018	4.08	7.7%	4.08	7.7%
Estimate	2019	4.24	4.0%	4.24	4.0%
Forecast	2020	4.27	0.7%	4.23	-0.3%
	2021	4.36	2.1%	4.28	1.2%
	2022	4.46	2.4%	4.34	1.4%
	2023	4.54	1.8%	4.40	1.3%
	2024	4.62	1.8%	4.46	1.4%
	2025	4.70	1.6%	4.52	1.4%
	2026	4.77	1.5%	4.59	1.5%
	2027	4.85	1.6%	4.66	1.5%
	2028	4.93	1.8%	4.72	1.3%
	2029	5.02	1.7%	4.79	1.5%
		C	ompound Ann	ual Growth Ra	ite
	2008-2018	1.7%		1.7%	
	2019-2029	1.7%		1.2%	

Sources: CRAA and Unison Consulting, Inc.

The 2019 estimate is based on airline schedules for January through July 2019. After 2019, forecasts are based on growth rates predicted from the regression model.

### Comparison of Enplanement Forecasts with FAA Terminal Area Forecast (TAF)

The FAA develops annual airport forecasts for planning, budgeting, and staffing purposes (the Terminal Area Forecast, or TAF). Published in February 2019, the most recent TAF shows forecast enplanements for CMH that are very close to this study's base forecast (Table 9). The TAF includes only scheduled enplanements, which are forecast to grow to 4.92 million in 2029 at an average annual growth rate of 1.5 percent between 2019 and 2029.

Table 9 | Comparison Between the Base Forecast and the FAA TAF

		Enj	planemo	ents (Millions)	
	CY	Unison Base	AGR	FAA TAF	AGR
Estimate	2019	4.24	4.0%	4.24	6.8%
Forecast	2020	4.27	0.7%	4.32	2.0%
	2021	4.36	2.1%	4.40	1.8%
	2022	4.46	2.4%	4.47	1.6%
	2023	4.54	1.8%	4.54	1.5%
	2024	4.62	1.8%	4.60	1.4%
	2025	4.70	1.6%	4.66	1.4%
	2026	4.77	1.5%	4.72	1.3%
	2027	4.85	1.6%	4.79	1.4%
	2028	4.93	1.8%	4.86	1.4%
	2029	5.02	1.7%	4.92	1.4%
		Compound Anr	nual Gro	wth Rate	
	2008-2018	1.7%		1.6%	
	2019-2029	1.7%		1.5%	

Sources: Unison Consulting, Inc., and FAA TAF as of February 2019.

The FAA TAF includes only scheduled enplanements.

Figure 39 shows the FAA TAF forecast enplanements and this study's base and low forecast enplanements along with select Monte Carlo simulation results. The TAF enplanement figures have been adjusted to represent calendar year totals. The FAA TAF forecast grows with the base and median forecasts in 2019, and briefly rises above the base from 2020 to 2022. It dips slightly below the base and median forecasts through the remaining forecast period. The base enplanement forecast is close to the 50-percentile (median) during most of the forecast period. Following the low forecast trends, the base forecast enplanements slow down in 2020 before rising to catch up with the median by 2022.

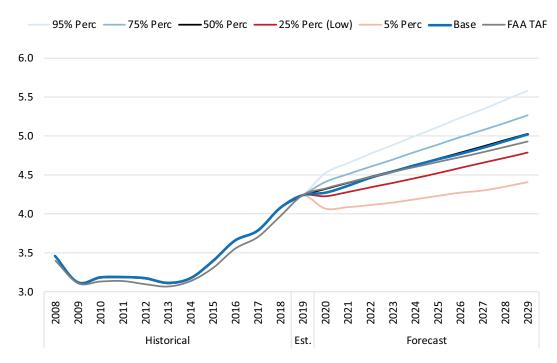


Figure 39 | Forecast CMH Enplanements (Millions)

Sources: CRAA, Unison Consulting, Inc., and Federal Aviation Administration.

The 2019 estimate is based on airline schedules for January through July 2019. After 2019, forecasts are based on growth rates predicted from the regression model.

### Forecast Uncertainty and Risk Factors

The forecasts of enplanements are based on information available at the time of analysis, measurable factors that drive air travel demand, and assumptions about the availability and characteristics of airline service at the Airport. These assumptions may not hold in the future, so that actual enplanements could differ from forecasts and the differences could be material. In addition, broader factors affect the aviation industry and the Airport and could bring risk and uncertainty into the forecasts. Several of these factors are discussed below.

### **Economic Conditions**

National and regional economic conditions affect airport traffic trends. The national economy is a major driver of the regional economy as a whole, and it is an important determinant of air travel demand. Economic expansions increase income, boost consumer confidence, stimulate business activity, and increase demand. In contrast, economic recessions reduce income, diminish consumer confidence, dampen business activity, and weaken demand. Generally, air travel demand declines during economic recessions and grows during economic recoveries and expansions. While the diversity of the regional economy helps temper the effects of business cycles, the regional economy can be vulnerable to a national economic recession as deep as the Great Recession in 2008-2009.

The U.S. economy is now on its tenth year of expansion after the Great Recession. Driven by growth in consumer spending and business investment, the U.S. economy is predicted to continue growing over the next few years, although the recession risk is also rising. The sources of economic risks include political and economic policy uncertainty, international trade tensions, tightening monetary policy, the high level of U.S. government and private debt, tightening labor market, stock market volatility, slowing global economy, and continuing political tensions abroad.

#### Trends in Oil Prices and Jet Fuel Prices

Oil prices affect one of the largest components of airline costs—jet fuel. The sharp increases in oil prices (Figure 40) in the past decade caused sharp increases in jet fuel costs (Figure 41). The U.S. airline industry suffered huge financial losses, pushing many airlines into bankruptcy and prompting significant changes in airlines' operations and business practices. In contrast, the sharp decrease in oil prices since June 2014 has brought airlines windfall profits, allowing them to renew their fleets and invest in other service improvements.

World oil prices slowly recovered after June 2017, raising the average spot price per barrel for 2017 to \$50.79. Prices continued to increase to nearly \$71 through October 2018, before dropping down to \$49.52 within two months in December 2018. According to the U.S. Energy Information Administration forecast, WTI spot prices could average around \$54 per barrel in 2019 and around \$61 per barrel in 2020. 11

U.S. airlines yet again face increases in jet fuel prices, although this time with more fuel-efficient fleet, more cost-efficient business operations, and better financial conditions.

<sup>&</sup>lt;sup>11</sup> U.S. Energy Information Administration Short-Term Energy Outlook, May 8, 2018.

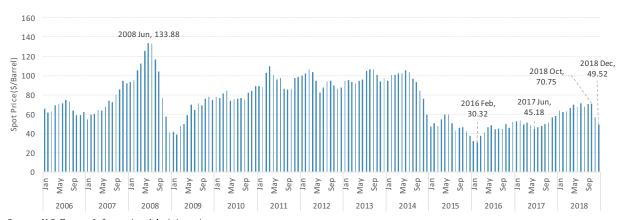


Figure 40 | Monthly Crude Oil Spot Prices (Cushing, OK WTI)

Source: U.S. Energy Information Administration.

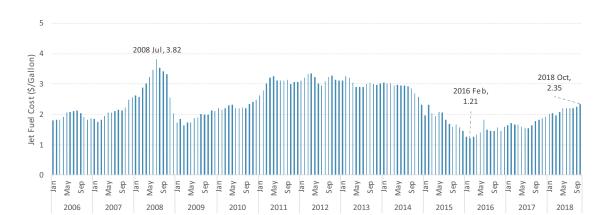


Figure 41 | U.S. Jet Fuel Cost

Source: U.S. Bureau of Transportation Statistics.

## Financial Health of the U.S. Airline Industry

Since 2000, the U.S. airline industry has incurred losses in seven years, totaling \$83.9 billion, and has made profits in more than 11 years, totaling \$125 billion (Figure 42). The period since 2010 has been one of the industry's most profitable periods.

The losses were incurred prior to 2010, when the demand for air travel declined following the September 2001 terrorist attacks and during the Great Recession, and when fuel prices increased to record levels. Jet fuel prices increased steadily from 2002 to 2008. The greatest increase in jet fuel prices—a 44 percent increase—occurred in 2005, and the airline industry also posted their greatest quarterly loss in 2005. Mounting financial difficulties forced many airlines into bankruptcy

and liquidation. Surviving airlines merged, cut costs, retired fuel-inefficient aircraft, scaled back networks, changed pricing of airline services, and took many other measures to improve financial results. Airlines began to see profits in 2006, but they were unable to sustain them through the Great Recession in 2008 and 2009.

The airline industry has been earning profits more steadily since 2010, reaping the benefits of lower fuel prices, capacity discipline, traffic recovery along with global and U.S. economic recovery. Amid strong air travel demand, airlines have been able to raise airfares and earn substantial revenues from ancillary services. Airports have benefitted with increases in airline service.

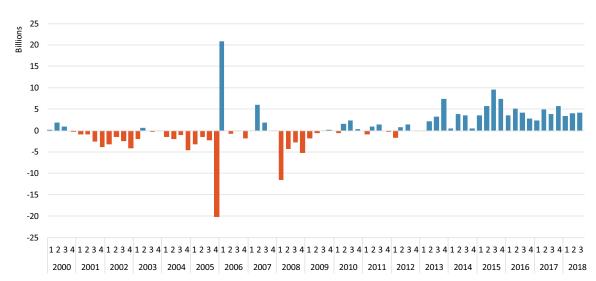


Figure 42 | U.S. Carrier Quarterly Net Profit, Q1 2000-Q3 2018

Source: U.S. Bureau of Transportation Statistics F41 Schedule P12 data.

## Performance of the Largest Airlines Serving the Airport

The market performance of major airlines can affect future Airport traffic. The four major airlines accounted for approximately 92 percent of the Airport's total passengers in 2018—Southwest (36 percent), American (23 percent), Delta (21 percent), and United (12 percent). Their combined share of CMH passenger traffic decreased slightly in recent years, as smaller carriers led by Spirit and Frontier Airlines increased market share.

In recent years, all four carriers have been earning profits, aided by the continuing economic expansion and relatively stable fuel prices. They have also been adding capacity as shown in Figure 43 for the U.S. domestic market.

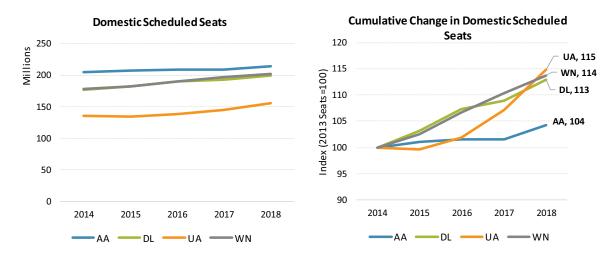


Figure 43 | Domestic Scheduled Seats by the Four Major U.S. Airlines

AA - American Airlines (includes US Airways in 2013-2015)

DL - Delta Air Lines

UA - United Airlines

WN - Southwest Airlines (includes AirTran Airways in 2013-2014)

Source: OAG Schedules Analyzer.

#### Southwest Airlines

Southwest is the second largest scheduled domestic market U.S. carrier, based on its share of U.S. system revenue passenger miles (18.2 percent in 2017). In 2018, Southwest reported its 46<sup>th</sup> consecutive annual net income of \$2.5 billion, maintaining its record as the only major U.S. airline that has remained consistently profitable through all the downturns in the airline industry. Southwest's business strategy centers on cost discipline and profitably charging competitively low fares. Adjusted for stage length, Southwest has lower unit costs, on average, than the majority of major domestic carriers.

Southwest is able to keep its costs low by (1) using a single aircraft type, the Boeing 737, (2) operating an efficient point-to-point route structure, and (3) achieving high labor productivity. Southwest began flying Boeing's new 737 MAX 8 aircraft in October 2016, believed to be the best narrow-body airplane of comparable size in the world in terms of fuel efficiency and noise reduction. As of December 31, 2018, Southwest had 31 737 MAX 8 in its fleet of 750 Boeing 737 aircraft. Southwest expects to grow its fleet to 794 aircraft by the end of 2019.

Like other airlines, Southwest cut capacity during the last recession and the early years of economic recovery. Like other airlines, it began increasing capacity in recent years—2015 was the turning point for Southwest's domestic capacity as shown in Figure 43. Southwest's scheduled domestic

seats in 2018 were up 14 percent from 2014. Southwest expects to continue its strategic capacity increases in 2019.12

## **American Airlines**

American is the largest scheduled domestic market U.S. passenger carrier, based on its 18.3 percent share of U.S. system revenue passenger miles in 2017. American earned a net income of \$1.41 billion in 2018. It has been profitable in every year since emerging from bankruptcy and merging with U.S. Airways in December 2013. As a result of the merger, US Airways Group became a subsidiary of AMR Corporation, which changed its name to American Airlines Group Inc. (AAG). US Airways operations were fully integrated into American Airlines in late 2015.

As of year-end 2018, American had 956 aircraft in its mainline fleet and 595 aircraft in its regional fleet. As of January 2019, American expects to expand its mainline fleet with 47 new Boeing 787s to replace retiring aircraft in its fleet.

As shown in Figure 43, American has steadily increased domestic seat capacity since 2014, albeit very slowly. American's scheduled domestic seats in 2018 were up 4 percent from 2014.<sup>13</sup>

#### **Delta Air Lines**

Delta is the third largest scheduled domestic market U.S. carrier, accounting for 16.8 percent of U.S. system revenue passenger miles in 2017. Delta earned a net income of \$5.1 billion in 2018, consistently earning an annual profit since 2010.<sup>14</sup> Delta merged with Northwest Airlines in October 2008 and completed the integration of the two airlines in 2010.

As of December 31, 2018, Delta has 1,025 aircraft in its fleet. Delta took delivery of 68 new aircraft in 2018, including five Airbus A350s and four Airbus A220s, toward meeting its target of 30 percent mainline fleet renewal by 2020.15

As shown in Figure 43, Delta has steadily increased domestic seat capacity since 2014, posting a cumulative increase of 13 percent from 2014. Delta plans to continue increasing seat capacity in 2019.

#### **United Airlines**

United is the fourth largest scheduled domestic market U.S. passenger carrier, as measured by its share of U.S. system revenue passenger miles (14.9 percent in 2017). United merged with Continental Airlines in October 2010 and began operating as a single airline in November 2011. United reported \$2.1 billion in net income for 2018. It has consistently earned a net annual profit since 2013.

<sup>&</sup>lt;sup>12</sup> Southwest Airlines Co. Fourth Quarter -Form 10K, February 5, 2019.

<sup>&</sup>lt;sup>13</sup> American Airlines Investor Relations Update, January 24, 2019.

<sup>&</sup>lt;sup>14</sup> Delta Air Lines Earnings Releases, various years.

<sup>&</sup>lt;sup>15</sup> Delta Air Lines Investor Day 2017, December 14, 2017.

In 2018, United added 21 new Boeing aircraft to its fleet, including four 777-300ER, four 787-9, three 787-10 and ten 737 MAX 9 aircraft. As of December 2018, United had 770 aircraft in its mainline fleet and 559 aircraft in its regional fleet. United plans to expand its mainline and regional fleets to 803 and 568, respectively, by the end of 2019. 16

As shown in Figure 43, United continued to cut its domestic seats through 2015, but has since turned around to increase its scheduled domestic seats in 2018 by 15 percent more than its 2014 schedules.

### Grounding of the Boeing 737 MAX

Following the Ethiopian Airlines 737 MAX crash on March 10, 2019, the FAA ordered the grounding of those airplanes. As of March 2019, there are 34 in Southwest Airlines' fleet, 24 Boeing 737 MAX in American Airlines' fleet, and 14 in United Airlines' fleet. The grounding of this aircraft over an extended period could limit the ability of these airlines to implement their planned capacity increases.

### **Airline Competition**

Competition within the airline industry is intense and highly unpredictable—one of the main reasons for the volatility of the airline industry. Airlines compete on various factors including (1) pricing and cost structure, (2) routes, frequent flyer programs, and schedules; and (3) customer service, operational reliability, and amenities. Airlines also face competition from other forms of transportation and alternatives to travel such as videoconferencing and the internet.

Pricing is a significant competitive factor in the airline industry because airfares are an important consideration for customers when choosing flights. The internet has made it easy for customers to compare fares and identify competitor promotions and discounts.

The significant growth of ultra-low-cost carriers (ULCCs) has made price competition even more fierce. ULCCs offer "a la carte" service offerings, promoting extremely low relative base fares while separately charging for related services and products. Certain major U.S. airlines have responded by introducing a new "Basic Economy" fare product, offering a lower base fare to compete with a ULCC base fare but with significant restrictions on related amenities and services. This price competition has led to lower fares across the industry.<sup>18</sup>

#### **Airline Mergers**

Responding to competition, cost and regulatory pressures, the airline industry has been consolidating. The most recent examples of large mergers include Delta and Northwest in 2008,

<sup>&</sup>lt;sup>16</sup> United Airlines Reports on Full-Year and Fourth-Quarter 2018 Performance, and Investor Update, January 15, 2019.

<sup>&</sup>lt;sup>17</sup> Airlines' fleet details in Planespotters.net.

<sup>&</sup>lt;sup>18</sup> Southwest Airlines Co. 2017 Annual Report to Shareholders, April 3, 2018.

United and Continental in 2010, Southwest and AirTran in 2011, American and US Airways in 2013, and Alaska and Virgin America in 2016.

Airline mergers affect service and traffic at airports, when they consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports usually plays out within a few years—sometimes immediately—following the merger. The impact can be significant or trivial, depending upon whether the merging airlines have a large market share at an airport, whether they have overlapping routes from the airport, and whether they carry significant connecting traffic through the airport.

Since 2010, CMH has faced three large mergers—United-Continental, Southwest-AirTran, and American-US Airways—and experienced decreases in the combined passenger traffic of merging airlines following each merger (Figure 44). The decreases were relatively most significant for United following its merger with Continental, and they were relatively mildest for American following its merger with US Airways.

Cumulative Change in Combined Passengers of Merging Airlines at CMH 140 Index (PTotal Passengers at Year of 132.8 130 120 American-US Airways, 2013 Merger=100) 110 102.7 106.4 100 Southwest-AirTran, 2011 90 United-Continental, 2010 80 70 60 0 1 2 3 5 7 8 Year from Merger

Figure 44 | Airline Merger Impacts at CMH

Sources: Airport data and Unison's calculations.

By 2018, the total passengers of each surviving airline at CMH exceeded the combined traffic of merging airlines at the time of merger. United's enplanements at CMH in 2018, eight years after its merger with Continental, were around 3 percent more than the combined enplanements of United and Continental in 2010. In 2018, American had 6.4 percent more than its combined enplanements with US Airways in 2013.

Traffic rebounded soonest for Southwest following its merger with AirTran in 2011. Since the merger, Southwest's enplanements at CMH decreased to their lowest level two years later in 2013, about 5 percent lower than the combined enplanements of Southwest and AirTran in 2011. They

returned to the 2011 level in less than four years. In 2018, seven years after the merger, Southwest's enplanements at CMH were 33 percent higher than the combined total for Southwest and AirTran in 2011.

#### Aviation Security, Health and Safety Concerns

Concerns about security, health, and safety influence consumer travel behavior. Even with tightened security measures implemented by the Department of Homeland Security, terrorism remains a serious threat to the aviation industry. Additionally, the stringent airport security screening and long waits at security screening lines discourage air travel particularly to destinations that can be reached by ground transportation within a reasonable amount of time. Health and safety concerns can also cause temporary dips in traffic in affected routes.

#### Structural Changes in Travel Demand

Consumers alter their travel patterns in response to changes at airports, changes in airline business practices, and changes in technology. For example, the stringent airport security screening and long wait times at airports after the 2001 terrorist attacks decreased the demand for air travel for short-haul trips. Intense fare competition and the ease of comparison shopping allowed by the internet have made consumers more price-sensitive. The widespread use of tele- and videoconferencing has decreased the need for business travel.

## **Summary**

Trends in airport passenger traffic drive trends in airport rental car demand. This section reviews the historical trends in commercial passenger traffic at CMH and presents forecasts of enplanements, which serve as a key driver of forecast transaction days in Section 5.

The past 20 years were eventful for the U.S. aviation industry and the Airport. Significant events caused structural changes in the airline industry, the air travel market, and airline service at the Airport, many with lasting impacts on airline service and passenger traffic trends at the Airport. CMH experienced fluctuations in passenger traffic coinciding with adverse events, although over the long term its passenger enplanements grew from 3.24 million in 1998 to 4.08 million in 2018. The average annual growth rate in CMH enplanements was 1.2 percent over the 20 years between 1998 and 2018.

This section presents a range of forecasts of enplanements at CMH, designating the following base and low planning forecasts:

- Base forecast Enplanements are forecast to increase from 4.08 million in 2018 to 5.02 million by 2019, increasing 4.0 percent in 2019 and an average rate of 1.7 percent annually after 2019.
- Low forecast Enplanements decrease slightly from 2019 to 2020, before increasing to 4.79 million in 2029, resulting in an average annual growth rate of 1.2 percent from 2019 to 2029.

# SECTION 4 | U.S. RENTAL CAR INDUSTRY

This section describes the U.S. rental car industry, recent market and industry developments, and the rental car companies that serve the Airport's market. It sets the context for the detailed examination of the rental car market at the Airport in Section 5.

The U.S. rental car industry has two distinct market segments: (1) the airport market and (2) the local retail and insurance replacement market (local market). This report focuses on the airport market, which consists of business and leisure air travelers renting cars at airports for ground transportation at their destinations.

The early rental car companies in the United States operated in downtown areas, usually at hotels and train stations. The Hertz Corporation, the oldest rental car company, traces its history to 1918 with the opening of the first rental car operation in Chicago. In 1932, Hertz expanded into the airport market when it opened a location at Chicago Midway Airport. The post-World War II economic prosperity led to enormous growth in consumer demand for a variety of goods and services, including air travel. Warren Avis opened rental car locations at Detroit's Willow Run Airport and Miami International Airport in 1947 and at airports in Chicago, Dallas, Houston, Los Angeles, New York, and Washington, D.C. in 1948. Today the U.S. rental car industry is made up of a number of companies marketing several brands. Recognizing air travelers' need for a convenient mode of ground transportation at their destinations, rental car companies operate at most commercial service airports in the United States.

## Major Rental Car Companies

The U.S. rental car industry went through a wave of consolidation during the last decade. Now three companies, each selling multiple brands, control approximately 95 percent of the U.S. rental car market:

- Enterprise Holdings, Inc. which owns the Enterprise, National and Alamo brands. 19
- Hertz Global Holdings, Inc. which owns the Hertz, Dollar and Thrifty brands.<sup>20</sup>
- Avis Budget Group, Inc. which owns the Avis, Budget, Payless, and Zipcar brands.

Figure 45 shows the three companies along with the rental car brands they own. Table 10 shows rental car revenue and revenue share by company. Enterprise Holdings, Inc., has been the largest

<sup>&</sup>lt;sup>19</sup> At CMH, the National and Alamo brands are operated by a local franchisee, Midwest Car Corporation. Therefore, the three brands owned nationally by Enterprise Holdings, Inc. are operated at CMH pursuant to the following two separate Concessionaire Agreements: EAN Holdings (Enterprise) and Midwest Car Corporation (National and Alamo).

<sup>&</sup>lt;sup>20</sup> At CMH, the Hertz brand is operated by a local franchisee, Byers Car Rental LLC, and the Dollar and Thrifty brands are operated by another local franchisee, DTG Operations, Inc. Therefore, the three brands owned nationally by Hertz Global Holdings, Inc. are operated at CMH pursuant to the following two separate Concessionaire Agreements: Byers Car Rental LLC (Hertz) and DTG Operations, Inc. (Dollar and Thifty).

rental car parent company since 2008, with annual industry revenue shares ranging from 47.5 percent to 56.6 percent. Hertz Global, Inc., has historically accounted for the second largest share ranging from 20.9 percent to 27.7 percent, followed by Avis Budget Group, Inc., with the third largest share ranging from 17.3 percent to 21.9 percent.

Table 11 shows each company's revenue share. Figure 46 shows the gross revenue trends and the breakdown by company from 2008 to 2018.

Avis Budget Enterprise Hertz Global Holdings, Inc. Holdings, Inc. Group, Inc. Enterprise Hertz Avis Dollar Alamo **Budget** National Thrifty **Payless** Zipcar

Figure 45 | Ownership of Major Rental Car Brands

Table 10 | U.S. Rental Car Company Revenue (In Millions)

Year	Enterprise Holdings	Hertz Global <sup>124</sup>	Avis Budget	Subtotal - Enterprise, Hertz, and Avis	Others 4	Total
2008	\$10,400	\$5,510	\$4,800	\$20,710	\$1,169	\$21,879
2009	\$10,700	\$4,830	\$3,940	\$19,470	\$994	\$20,464
2010	\$9,800	\$5,698	\$3,850	\$19,348	\$1,203	\$20,551
2011	\$11,100	\$5,886	\$4,110	\$21,096	\$1,300	\$22,396
2012	\$11,500	\$6,223	\$4,510	\$22,233	\$1,395	\$23,628
2013	\$11,900	\$6,300	\$5,200	\$23,400	\$1,146	\$24,546
2014	\$12,850	\$6,400	\$5,500	\$24,750	\$1,377	\$26,127
2015	\$13,880	\$6,350	\$5,445	\$25,675	\$1,431	\$27,106
2016	\$15,314	\$6,114	\$5,550	\$26,978	\$1,461	\$28,439
2017	\$16,200	\$5,975	\$5,000	\$27,175	\$1,451	\$28,626
2018	\$16,900	\$6,430	\$5,200	\$28,530	\$1,498	\$30,028

 $<sup>^{\</sup>mbox{\tiny 1}}$  Includes Dollar Thrifty which Hertz acquired in 2012.

Source: Auto Rental News.

 $<sup>^{\</sup>rm 2}$  Includes Advantage from 2009 to 2012. Advantage was sold in 2012.

 $<sup>^{\</sup>scriptscriptstyle 3}$  Does not include Zipcar which Avis acquired in 2013.

 $<sup>^{\</sup>rm 4}$  Gross Revenues are estimated by Auto Rental News.

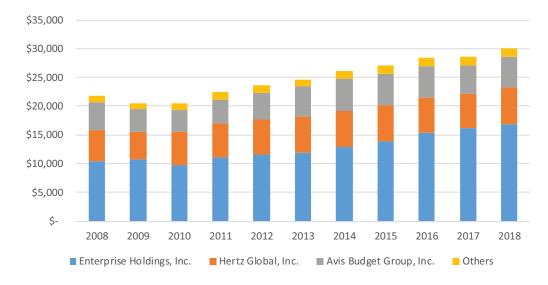
Table 11 | U.S. Rental Car Revenue Share by Company

Year	Enterprise Holdings	Hertz Global <sup>124</sup>	Avis Budget	Subtotal - Enterprise, Hertz, and Avis	Others <sup>4</sup>	Total
2008	47.5%	25.2%	21.9%	94.7%	5.3%	100.0%
2009	52.3%	23.6%	19.3%	95.1%	4.9%	100.0%
2010	47.7%	27.7%	18.7%	94.1%	5.9%	100.0%
2011	49.6%	26.3%	18.4%	94.2%	5.8%	100.0%
2012	48.7%	26.3%	19.1%	94.1%	5.9%	100.0%
2013	48.5%	25.7%	21.2%	95.3%	4.7%	100.0%
2014	49.2%	24.5%	21.1%	94.7%	5.3%	100.0%
2015	51.2%	23.4%	20.1%	94.7%	5.3%	100.0%
2016	53.8%	21.5%	19.5%	94.9%	5.1%	100.0%
2017	56.6%	20.9%	17.5%	94.9%	5.1%	100.0%
2018	56.3%	21.4%	17.3%	95.0%	5.0%	100.0%

<sup>&</sup>lt;sup>1</sup> Includes Dollar Thrifty which Hertz acquired in 2012.

Source: Auto Rental News.

Figure 46 | U.S. Rental Car Industry Gross Revenue (In Millions) and Share by Company



Source: Auto Rental News.

### Enterprise Holdings, Inc.

Enterprise Holdings owns the Enterprise, Alamo and National rental car brands. The privately held St. Louis-based company has the world's largest rental car fleet of 1.2 million in 2018. The company has 100,000 employees and more than 9,000 fully staffed neighborhood and airport locations. Collegegrad.com has ranked Enterprise as the leading entry-level employer for 2019. The

<sup>&</sup>lt;sup>2</sup> Includes Advantage from 2009 to 2012. Advantage was sold in 2012.

<sup>&</sup>lt;sup>3</sup> Does not include Zipcar which Avis acquired in 2013.

<sup>&</sup>lt;sup>4</sup> Gross Revenues are estimated by Auto Rental News.

company's annual revenues increased steadily in the last five years. A privately held corporation, Enterprise Holdings does not release financial information other than revenues.

Enterprise Holdings originated from a vehicle leasing company called Executive Leasing that Jack Taylor founded in St. Louis in 1957. Rent-a-car operation was launched in 1962, and in 1969, Executive Leasing changed its name to Enterprise Leasing Company and began expanding its operations outside St. Louis. Enterprise and its subsidiaries historically focused on customers who needed a replacement car because of a car accident, mechanical repair or theft. Several years ago, they expanded into the airport market, becoming one of the major airport rental car brands. In August 2007, Enterprise acquired Vanguard Car Rental USA Inc. which operates the Alamo and National brands.

Alamo serves primarily families and leisure travelers. The company began operations in 1974 at four Florida locations (Miami, Fort Lauderdale, Tampa and Orlando) serving the local replacement market. It expanded its operations nationwide, serving both airport and local markets. In December 1996, Alamo merged with Republic Industries, Inc., which later became known as AutoNation, Inc. In January 2000, AutoNation, Inc. spun off its rental car unit into a separate, publicly traded company, ANC Rental Corporation.

National Car Rental Systems, Inc. was incorporated in 1959, but the company was established by 24 independent rental car operators in 1947. National was based in St. Louis until 1961 when an investment group relocated the corporate headquarters to Minneapolis. National was acquired by General Motors in 1992, and by ANC Rental Corporation in January 2000.

ANC Rental Corporation implemented dual branding of Alamo and National at many airports—renting both brands from the same counter space under a single concession agreement. In 2003, ANC Rental Corporation filed for bankruptcy, was acquired by Cerberus Capital Management and became Vanguard Car Rental USA Inc. In August 2007, Vanguard Car Rental USA Inc. was acquired by Enterprise Holdings. As a subsidiary of Enterprise Holdings, Vanguard Car Rental USA Inc. continues to sell the Alamo and National brands.

#### Hertz Global, Inc.

In 2018, Hertz Global Holdings had an average of 506,200 cars in service and operated 4,200 locations in the United States, generating more than one-half of its U.S. car rental revenues from airport locations. The company operates approximately 10,200 locations, including franchises, in North America, Europe, the Caribbean, South America, Central America, Africa, the Middle East, and Australia. Hertz Global Holdings employs more than 30,000 people worldwide. The company's financial performance has not been consistent in recent years, reporting net profits in 2013, 2015 and 2017 and net losses in 2014 and 2016. The company earned a positive net income in the third quarter of 2018 after posting net losses in the first and second quarters.

Hertz Global Holdings is the oldest rental car company in the industry, tracing its beginnings to 1918, when Walter L. Jacobs opened his first car rental operation in Chicago. The company took the name of Hertz in 1923 when it was sold to John Hertz. Hertz became a subsidiary of the Ford Motor Company (Ford) in 1994 and a publicly traded company in 1997. In 2001, Ford reacquired the

Hertz' outstanding shares, and in December 2005 sold all of its shares of Hertz common stock to an investor group of private equity firms (the Sponsors). Hertz completed an initial public offering in 2006 and a secondary public offering in 2007 which decreased the Sponsors' ownership percentage to approximately 55 percent. In April 2009, Hertz acquired Advantage Rent A Car. In November 2012, Hertz purchased Dollar Thrifty Automotive Group and, as required by the Federal Trade Commission, divested itself of Advantage Rent A Car.

The Dollar and Thrifty brands represent a value-priced rental vehicle targeted to leisure customers, small businesses, and independent business travelers. Dollar Rent A Car Systems, Inc., began operating in Los Angeles, California, in 1965 where its executive offices remained until relocating to Tulsa, Oklahoma, in 1994. In 1990 Dollar Rent A Car Systems, Inc., was acquired by Chrysler Corporation. Thrifty Rent-A-Car System, Inc., was incorporated in 1950 and began car rental operations at off-airport locations in Tulsa, Oklahoma. The company was acquired by Chrysler Corporation in 1989.

Chrysler created Pentastar Transportation Group, Inc. (PTG) to operate the rental car subsidiaries. In 1997 PTG merged all rental car subsidiaries into the Dollar Thrifty Automotive Group, Inc. (DTG) and completed an initial public offering of its common stock. DTG operated the Dollar and Thrifty brands under a brand-based corporate structure until January 1, 2003 when it adopted a functional corporate structure, combining the management of operations and administrative functions for both the Dollar and Thrifty brands.

In November 2012 DTG was acquired by Hertz Global Holdings and became a wholly-owned subsidiary of Hertz. At the time of the acquisition, DTG had a fleet of approximately 122,000 cars and operations in about 470 domestic locations.

#### Avis Budget Group, Inc.

In 2018 Avis Budget Group operated a fleet of more than 365,000 vehicles from more than 3,000 domestic locations, employing 31,000 people. It derives 70 percent of its revenue from airport locations. Avis Budget Group emerged from the consolidation of two rental car companies, Avis Group Holdings and Budget Rent A Car System. The company has consistently reported net profits since 2012. It has not reported its financial results for 2018 but is anticipating an increase in net income.

Avis Group Holdings began operations in 1946 at Detroit's Willow Run Airport and at Miami Airport. By 1946, Avis had expanded to locations in Chicago, Dallas, Houston, New York, Los Angeles, and Washington, D.C. Over the years, the corporate ownership of Avis changed. In 1987 the company was purchased by its Employee Stock Ownership Plan, becoming one of the largest employee-owned companies in the United States. In 1989 General Motors Corporation acquired minority ownership interest in the company. Avis was purchased by Hospitality Franchise Systems (HFS) in 1996 and became a publicly traded company in 1997. In March 2001 Cendant Corporation, a successor in interest in HFS, acquired 100 percent ownership of Avis.

Budget Rent a Car System was founded in Los Angeles in 1958 as a rental car company for the value conscious renter. It expanded its leisure traveler segment of the airport market during the 1960s

and 1970s. Budget was acquired by Ford Motor Company and remained a subsidiary of Ford Motor Company until April 1997 when it was acquired by Team Rental Group, later renamed Budget Group, Inc. In November 2002, Cendant Corporation acquired Budget and merged its administrative functions with those of Avis. In 2006, Cendant Corporation separated into four publicly-traded companies; Avis and Budget became Avis Budget Group.

In 2013 Avis Budget Group acquired Zipcar, Inc. (Zipcar), the world's leading car sharing network, offering its members self-service vehicles available by the hour, day, or week. In 2017 Zipcar had more than one million members, more than 12,000 vehicles, and operations in over 500 cities, at more than 600 college campuses, and 50 airports in the United States, Canada and Europe.

In 2013, Avis Budget Group also acquired Payless Car Rental (Payless). Payless was founded in 1971 in Spokane Washington. In 2017 Payless operated approximately 116 rental locations in the United States, Canada, Europe and South America, including many in major airports. Payless targets price-conscious leisure and business travelers and generates approximately \$80 million in annual revenue.

#### Rental Car Fleet

As of 2018, the U.S. rental car industry operated a fleet of more than 2.2 million cars, growing 22.1 percent from 2008 (Figure 47). Although the fleet grew 2.0 percent per year on average from 2008 to 2018, the trend has not been steady. The fleet size decreased in some years—in 2009 and in 2010 because of the economic recession, and in 2017. The recent decrease in industry fleet size reflects a conscious effort by rental car companies to keep their fleets in line with demand (fleet right-sizing). Car manufactures are also contributing to this trend by limiting rental fleet sales.<sup>21</sup> In addition to reducing fleet size, rental car companies are also changing the composition of their fleet to add more sports utility vehicles (SUVs) to respond to customer preferences. In 2018, the industry fleet size recovered slightly (1.2 percent) from the 5.5 percent dip in 2017.

<sup>&</sup>lt;sup>21</sup> Chris Brown, "Auto Focus - Market Forces Driving Car Rental in 2018," Auto Rental News, March 19, 2018.

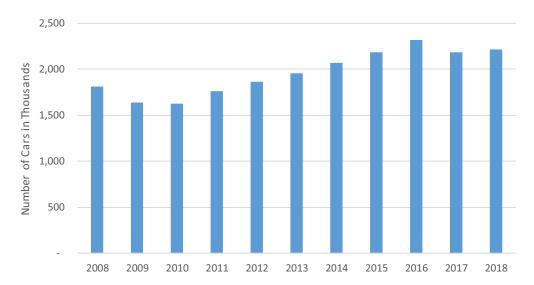


Figure 47 | U.S. Rental Car Industry Fleet (Number of Cars in Thousands)

Source: Auto Rental News.

### Rental Car Market Revenue

The U.S. rental car industry's market revenue show similar trends to the industry's fleet size (Figure 48), although the revenue decrease in 2009 (6.5 percent) due to the economic recession was relatively smaller compared with the decline in the size of the fleet in the same year (9.7 percent). In 2017, market revenue continued to grow, but the annual growth rate slowed to 0.7 percent from about 4 to 9 percent in the previous six years. Market revenue grew nearly 5 percent in 2018, eclipsing \$30 billion for the first time. From 2008 to 2018, annual revenue grew 37.2 percent, an annual average of 3.2 percent, from \$21.88 billion to \$30.03 billion.

Transportation network companies (TNCs) like Uber and Lyft have taken a share of the rental car market—especially from corporate travel and largely for short-distance trips—since expanding their services in the country in 2014. The growing use of TNCs has likely contributed to the slowing of growth in the U.S. rental car industry's revenue in the past year. The U.S. rental car industry, however, has found a new market niche in TNCs. Renting to TNC drivers is now a business segment and a profitable one. Rental car companies are dedicating an increasing portion of their fleet to this new business segment.<sup>22</sup>

<sup>&</sup>lt;sup>22</sup> Ibid.

\$35 \$30 Gross Rental Revenue in Billions \$25 \$20 \$15 \$10 \$5 \$-2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

Figure 48 | U.S. Rental Car Industry Revenue

Source: Auto Rental News.

The average revenue generated from each car in the fleet, which ranged between \$12,000 and \$12,800 in 2008-2016, surpassed \$13,000 for the first time in 2017 (Figure 49). The average revenue increased 6.5 percent in 2017 and 3.7 percent in 2018. This is evidence that the fleet right-sizing efforts are producing the desired result.

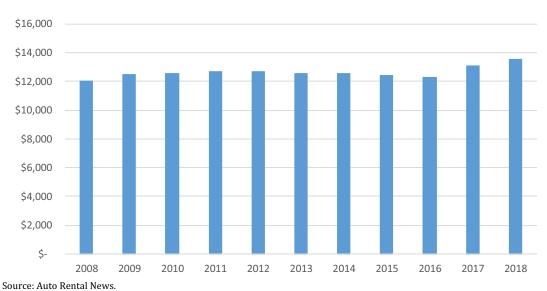


Figure 49 | Average Annual Revenue per Car in the Rental Car Industry Fleet

Source: Auto Rental News.

## Market Trends Affecting the U.S. Rental Car Industry

The U.S. rental car industry is evolving. Some of causes and consequences of this evolution are discussed below.

### **Digital Technology**

The use of smartphones is now widespread, prompting the rental car industry to adapt and incorporate this technology into their services. Rental car companies developed mobile based apps to make it easy for customers to book car rentals using their smartphones.

#### Competition from TNCs

The widespread use of smartphones has also fueled the emergence of TNCs (also called ride-hailing services) as convenient, on-demand ground transportation alternative. TNCs have taken a share of the rental car market—especially from corporate travel<sup>23</sup> and largely for short-distance trips in urban areas.<sup>24</sup>

The SpendSmart Report prepared by the online travel and expense management provider, Certify, shows evidence of the growing market penetration of TNCs taking market share from rental cars and other ground transportation modes. Certify tracks data from business expense reports. From the first quarter of 2014, when Certify began tracking business expenses for ground transportation including TNCs, to the first quarter of 2018, TNCs' share increased from 8 percent to 71 percent. Over the same period, the rental car share decreased from 55 percent to 23 percent, and the taxi share decreased from 37 percent to 6 percent (Figure 50). TNCs are likely generating induced demand, effectively increasing the size of the market for "for-hire" modes of ground transportation.

TNCs have also penetrated the airport ground access market. As of 2017, Uber operated at over 140 airports and Lyft at over 300 airports across the country, including CMH, according to a study conducted under the Airport Cooperative Research Program (ACRP).<sup>25</sup> Since permitted TNC service at airports began only in 2014, there is yet no organized industry data collection on TNC activity at airports. Anecdotal evidence does show that TNCs are taking customers away from rental cars and other ground access modes at airports. A recent study by Moody's Investor Service finds that the average revenue per O&D enplanement that airports generate from rental car concessions

<sup>&</sup>lt;sup>23</sup> Certify Spendsmart Reports.

<sup>&</sup>lt;sup>24</sup> Avis Budget Group, Inc., *Form 10-K for the fiscal year ended December 31, 2018*, filed on February 21, 2019, page 18; and Hertz Global Holdings, Inc., *Form 10-K for the fiscal year ended December 31, 2018*, filed on February 25, 2019, page 11.

<sup>&</sup>lt;sup>25</sup> Peter Mandle and Stephanie Box, "Transportation Network Companies: Challenges and Opportunities for Airport Operators," *ACRP Synthesis 84*, Airport Cooperative Research Program, Transportation Research Board, National Academies of Sciences, Engineering, and Medicine, 2017.

decreased from 2015 to 2017, although the observed decrease is still relatively small and the trend from 2016 to 2017 is essentially flat. $^{26}$  The earlier ACRP study found less definitive results. $^{27}$ 

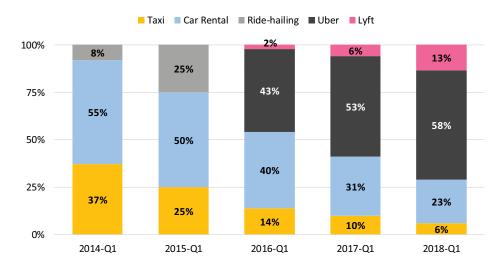


Figure 50 | Ground Transportation Modal Shifts in Business Travel

Source: Certify SpendSmart Report and Unison Consulting, Inc. Certify's data come from actual expenses reported in business expense reports.

### Rentals to TNC Drivers as a New Business Segment

While TNCs are taking away traditional rental car customers, they are also creating a new market for rental cars: TNC drivers. Rental car companies are renting cars to TNC drivers and now have dedicated fleet to this profitable new business segment.

For example, Hertz Global Holdings has partnered with certain U.S. TNC companies to offer vehicle rentals to their drivers. For Hertz, its TNC rental market has more than doubled in 2018, from 2017. Hertz offer rentals to TNC drivers in approximately 90 locations in select U.S. cities across 18 states and has a dedicated rental fleet of 30,000 average vehicles for use by its TNC partners.<sup>28</sup>

<sup>&</sup>lt;sup>26</sup> Moody's Investors Service, "Airports – US: Parking and CFC bonds face credit pressure from Uber, Lyft, but airports are protected," *Sector In-Depth*, April 16, 2018.

<sup>&</sup>lt;sup>27</sup> Peter Mandle and Stephanie Box, "Transportation Network Companies: Challenges and Opportunities for Airport Operators," *ACRP Synthesis 84*, Airport Cooperative Research Program, Transportation Research Board, National Academies of Sciences, Engineering, and Medicine, 2017.

<sup>&</sup>lt;sup>28</sup> Hertz Global Holdings, Inc., Form 10-K for the fiscal year ended December 31, 2018, filed on February 25, 2019, page 7.

In 2017, the Avis Budget Group also began a partnership with Lyft to allow Lyft drivers across North America to rent Avis vehicles on a monthly and weekly basis as an alternative to using their personal vehicles.<sup>29</sup>

#### Peer-to-Peer Car-Sharing Platforms

The digital revolution has also spawned peer-to-peer car-sharing platforms such as Turo, and Getaround Inc., presenting another competition to traditional rental car companies. These peer-to-peer car-sharing platforms allow individual car owners to rent their cars via apps. Customers use an app to rent another person's car and set a spot to pick up the car. They can rent cars for an hourly or a daily fee—Turo customers pay an average of \$45 per day. There are now nearly 3 million users of peer-to-peer car-sharing services in North America, according to the Transportation Sustainability Research Center at the University of California, Berkeley.<sup>30</sup>

Another peer-to-peer car-sharing platform HyreCar competes with traditional rental car companies on rentals to TNC drivers. HyreCar offers a peer-to-peer marketplace in which private parties can rent out personal vehicles to TNC drivers. HyreCar vehicles rent for an average of 14 days.<sup>31</sup> Launched in 2015, HyreCar operates in 29 states as of February 2018.<sup>32</sup>

While these peer-to-peer car-sharing platforms compete with traditional rental car companies in serving end-customers, they are also presenting a new market segment for traditional rental car companies. HyreCar and Turo have begun tapping traditional rental car companies' fleets in sourcing cars to rent, allowing traditional rental car companies to reach new local markets using excess inventory without having to make traditional business expansion investments.<sup>33</sup>

#### **Autonomous Fleet**

Autonomous vehicles are in advance stages of development and pilot testing, with General Motors, Waymo, and Uber expected to make significant additions to their fleets in 2019.<sup>34</sup> Rental car companies are well-positioned to offer fleet management services for autonomous vehicles. Avis, which has been the most public of its initiatives concerning autonomous vehicles, entered into contract in June 2017 to manage and maintain Waymo's growing fleet in Phoenix, Arizona.<sup>35</sup>

<sup>&</sup>lt;sup>29</sup> Avis Budget Group, Inc., Form 10-K for the fiscal year ended December 31, 2018, filed on February 21, 2019, page 7.

<sup>&</sup>lt;sup>30</sup> Adrienne Roberts, "Want to Rent Out Your Car? You Might Be Regulated," Wall Street Journal, June 19, 2018.

<sup>31</sup> Chris Brown, "Renting Cars for the Ride-Hailing Revolution," Auto Rental News, September 9, 2016.

 $<sup>^{\</sup>rm 32}$  "HyreCar Launches in New York,"  $\it Auto~Rental~News, February 13, 2018.$ 

<sup>&</sup>lt;sup>33</sup> Chris Brown, "How Technology is Addressing Car Rental Underutilization," Auto Rental News, June 29, 2018.

<sup>&</sup>lt;sup>34</sup> IHS Markit forecast cited in "Global Autonomous Vehicle Sales to Reach 33M by 2040," Auto Rental News, January 3, 2018.

<sup>35</sup> Avis Budget Group, Inc., Form 10-K for the fiscal year ended December 31, 2018, filed on February 21, 2019, page 7.

#### Carsharing Business Model

Avis is the first U.S. rental car company to embrace carsharing as business model for the future. In 2013 Avis Budget Group acquired Zipcar, the world's leading car sharing network. Zipcar operates a membership-based car sharing network, providing members with on-demand, self-service vehicles in reserved parking spaces located in neighborhoods, business districts, office complexes, college campuses, and airports, as an alternative to car ownership. Members can reserve vehicles online, on a mobile device or over the phone, by the minute, hour or day.<sup>36</sup>

## **Business Strategies**

Rental car companies continually hone their business strategies:

- Fleet management Rental car companies are taking measures to contain fleet holding costs. Measures include fleet right-sizing, better alignment of fleet mix to consumer vehicle preferences, and fleet remarketing outside of auctions.
- Pricing Price has become even more competitive for rental car companies, facing
  competition not only from each other but also from TNCs. Rental car companies are
  implementing "big-data" systems to better manage demand, yields, and fleet.
- Efficiency Rental car companies are working to reduce the time it takes for a consumer to complete the rental process through the use of technology and streamlined membership services.
- Ancillary Revenue Rental car companies have restructured their websites and offered
  mobile apps to improve ancillary revenues. Hertz, in particular, has adopted the more
  customer-friendly term "value-added services" to shift the focus on customer benefits.

#### Summary

This section described the U.S. rental car industry and recent market and industry developments, setting the context for the detailed examination of the rental car market at the Airport in Section 5. The U.S. rental car industry has two distinct market segments: (1) the airport market and (2) the local retail and insurance replacement market (local market).

In the last decade, the U.S. rental car industry went through a wave of consolidation leaving three companies, each selling multiple brands, with control of approximately 95 percent of the U.S. rental car market. These three companies are (1) Enterprise Holdings, Inc. which owns the Enterprise, National and Alamo brands; (2) Hertz Global Holdings, Inc. which owns the Hertz, Dollar and Thrifty brands; and (3) Avis Budget Group, Inc. which owns the Avis, Budget, Payless, and Zipcar brands.

36	Ibid,	page	11.

The U.S. rental car industry continues to grow. As of 2018, the U.S. rental car industry operated a fleet of 2.2 million cars, growing 22.1 percent from 2008. From 2008 to 2018, annual revenue grew 37.2 percent, an annual average of 3.2 percent, from \$21.88 billion to \$30.03 billion.

The U.S. rental car industry is also evolving to adapt to changes in the marketplace and competition from within the rental car industry and from new modes of on-demand ground transportation such as TNCs. Rental car companies have been implementing strategies to better manage fleet, increase revenues, reduce costs, and develop new business segments.

# SECTION 5 | AIRPORT RENTAL CAR ACTIVITY

This section reviews the historical trends in rental car demand at CMH since 2014 and presents forecasts of rental car transaction days for calendar years 2019 through 2029. Forecast development also uses multivariate time series regression techniques to quantify the contributions of the key factors driving airport rental car demand—trends in passenger traffic, overall price of a rental car, and customer income—and the effect of competition from TNCs.

## Rental Car Activity at the Airport

In 2018 the RACs earned a total gross revenue of approximately \$91.1 million from operating eight brands at CMH. The eight rental car brands are operated at CMH pursuant to five Concessionaire Agreements. As described in Section 6, three Concessionaires operate two brands each (Avis/Budget, National/Alamo, and Dollar/Thrifty), while the Hertz and Enterprise brands are each operated by a separate Concessionaire. Figure 51 shows revenue shares by Concessionaire. Avis/Budget accounted for 28.3 percent, followed by National/Alamo (22.3 percent) Hertz (20.0 percent), Enterprise (18.4), and Dollar/Thrifty (11.0 percent). The largest share held by a single brand was 20.0 percent for Hertz.

11.0%

DOLLAR/THRIFTY
Dollar, 5.0%
Thrifty, 6.0%

18.4%

ENTERPRISE

20.0%

HERTZ

NATIONAL/ALAMO
National, 16.7%
Alamo, 5.5%

AVIS/BUDGET
Avis, 16.7%
Budget, 11.6%

Figure 51 | Gross Rental Revenue Shares by Brand Ownership, 2018

Source: Gross revenue data from RACs.

We track rental car market activity using the following indicators: transaction days, transactions, contract duration, gross rental revenue, and average rental rate. Table 12 presents data on these indicators for calendar years 2008-2018 and the compound annual growth rates (CAGR) for three periods:

- 2008-2018, the entire period for which data are available, to show how the airport rental car market fared over a long period that includes business cycle changes.
- 2010-2018, the period excluding the recession years, to show how the airport rental car market performed during economic recovery and expansion.
- 2014-2018, the period from the first full year of TNC operations in Columbus to show how
  the rental car market has fared with competition from TNCs. Uber and Lyft launched in
  Columbus in October 2013 and February 2014, respectively. Lyft suspended operations
  from January 2015 to March 2016. Lyft and Uber signed agreements to operate at CMH on
  March 24, 2016, and July 5, 2016, respectively.

Table 12 | CMH Rental Car Activity, 2008-2018

	Demand Indicators			Revenue Indicators			
Calendar	Transaction	Rental	Avg. Contract	Gross	Avg. Nominal	Avg. Real	
Year	Days <sup>1</sup>	<b>Contracts</b> <sup>1</sup>	Duration (Days) <sup>2</sup>	Revenue <sup>1</sup>	Rental Rate <sup>3</sup>	Rental Rate <sup>4</sup>	
2008	1,375,125	504,384	2.73	\$78,951,885	\$57.41	\$57.23	
2009	1,200,549	418,457	2.87	\$72,121,452	\$60.07	\$60.07	
2010	1,209,325	434,385	2.78	\$79,419,722	\$65.67	\$64.62	
2011	1,277,272	461,280	2.77	\$82,490,934	\$64.58	\$61.61	
2012	1,351,060	480,513	2.81	\$83,267,985	\$61.63	\$57.60	
2013	1,439,416	492,522	2.92	\$83,501,495	\$58.01	\$53.43	
2014	1,399,421	493,842	2.83	\$88,988,529	\$63.59	\$57.64	
2015	1,557,016	530,864	2.93	\$92,264,444	\$59.26	\$53.65	
2016	1,674,560	535,403	3.13	\$92,033,407	\$54.96	\$49.13	
2017	1,610,476	508,647	3.17	\$87,119,712	\$54.10	\$47.35	
2018	1,694,319	522,894	3.24	\$91,146,224	\$53.80	\$45.97	
	Compound Annual Growth Rate						
2008-2018	2.1%	0.4%	1.7%	1.4%	-0.6%	-2.2%	
2010-2018 <sup>5</sup>	4.3%	2.3%	1.9%	1.7%	-2.5%	-4.2%	
2014-2018	4.9%	1.4%	3.4%	0.6%	-4.1%	-5.5%	

<sup>&</sup>lt;sup>1</sup> Data received from RACs.

The trends in each rental car market indicator are described below.

#### Transaction days

A transaction day represents a 24-hour rental period and is the basis for assessing the CFC. Total transaction days—the total number of days vehicles are rented—are the basis for projecting CFC revenue and determining an appropriate CFC rate. Despite the recession in 2008 and 2009,

<sup>&</sup>lt;sup>2</sup> The average contract duration is calculated by dividing transaction days by rental contracts.

<sup>&</sup>lt;sup>3</sup> The average nominal rental rate is calculated by dividing gross rental revenues by transaction days. The nominal rate is expressed in current dollars.

<sup>&</sup>lt;sup>4</sup> The average real rental rate is expressed in constant 2009 dollars. It represents the price of renting a car per day, adjusted for inflation.

<sup>&</sup>lt;sup>5</sup> Excluding recession years 2008 and 2009.

transaction days increased from 1.38 million in 2008 and to 1.69 million in 2018, with a CAGR of 2.1 percent. They posted a much higher CAGR of 4.2 percent from 2010 and an even higher CAGR of 4.9 percent from 2014, driven by both the growth in rental contracts and the increase in contract durations. Over the period since 2008, transaction days posted their highest annual growth rate of 11.3 percent in 2015. That year, enplanements increased 7 percent, and one rental car brand recorded a significant increase in activity. Transaction days continued to increase through 2016. They decreased 3.8 percent in 2017 but rebounded in 2018, growing 5.2 percent. Two factors contributed to the decrease in transaction days in 2017: (1) TNCs increased operations after signing agreements to operate at CMH in 2016, and (2) rental car companies stopped accepting debit cards for payment.

#### Rental contracts

A rental contract represents one rental transaction or customer. Rental contracts increased from approximately 504,000 in 2008 to 523,000 in 2018. Compared with transaction days, rental contracts posted slower CAGRs of 0.4 percent from 2008, 2.3 percent from 2010, and 1.4 percent from 2014. The slowing of growth in rental contracts since 2014 likely reflects the impact of competition from TNCs, mitigated by the increase in the average contract duration. Rental contracts also posted their highest annual growth rate since 2008 of 7.5 percent in 2015. They continued to grow in 2016 before decreasing 5 percent in 2017, and then rebounded 2.8 percent in 2018.

#### Contract duration

Contract duration represents the number of rental days in one rental contract. Calculated by dividing the number of transaction days by the number of rental contracts, the average contract duration increased from 2.73 days in 2008 to 3.24 days in 2018. The average contract duration exceeded 3 days beginning in 2016. The long-term trend of increase in the average contract duration was likely driven by the economic expansion, and the competition from TNCs attracting customers who would have been short-term renters contributed to this trend in the last three years.

#### Gross revenues

Gross rental revenues include all revenues rental car companies earn at the Airport that are subject to a concession fee. Gross revenues increased from approximately \$79 million in 2008 to \$91 million in 2018, achieving a CAGR of 1.4 percent since 2008, 1.7 percent since 2010, and 0.6 percent since 2014. The growth in gross revenues lagged the growth in transaction days because of a decreasing trend in rental rates.

## Average daily rental rate

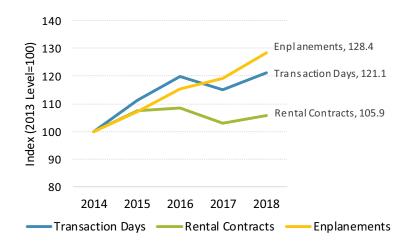
The average daily rental rate, calculated as the annual gross revenues divided by the annual transaction days, measures the average rental rate. Rental car companies adjust their rates in response to market conditions. Since 2014, the average daily rental rate has decreased steadily, reflecting in part new competition from TNCs. The rate of decrease, however, has slowed in the past two years. Between 2008 and 2018, the average rental rate decreased at an annual average rate of 0.6 percent in nominal terms and at 2.2 percent in real terms (after inflation). All other things being equal, a decrease in the average daily rental rate stimulates rental car demand and, conversely, an

increase in the average daily rental rate dampens rental car demand. The inverse relationship between price and quantity demanded is called the law of demand, and the responsiveness of demand to price changes is called price elasticity.

The decreases in transaction days and rental contracts in 2017 occurred despite continuing growth in enplanements (Figure 52), although enplanement growth slowed to 3.4 percent in 2017 from 7 to 8 percent in each of the previous two years. CMH saw a significant increase in TNC transactions, estimated to have more than doubled since 2016 and to have increased six-fold since 2015. Shown in Figure 52, from 2014 to 2018, transaction days increased a total of 21.1 percent, rental contracts increased 5.9 percent, and enplanements increased 28.4 percent. Shown in Figure 53, the ratios of transaction days and rental contracts to enplanements decreased:

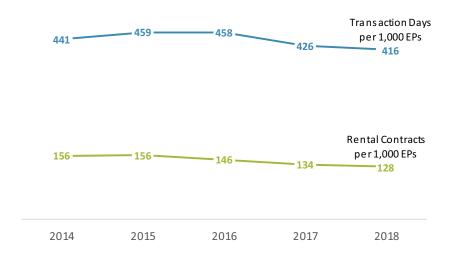
- For transactions days, from 441 to 416 per 1,000 enplanements
- For rental contracts, from 156 to 128 per 1,000 enplanements

Figure 52 | Comparison of Growth Trends in Transaction Days, Rental Contracts and Enplanements at CMH Since 2014



Sources: RACs, Airport records, and calculations by Unison Consulting, Inc.

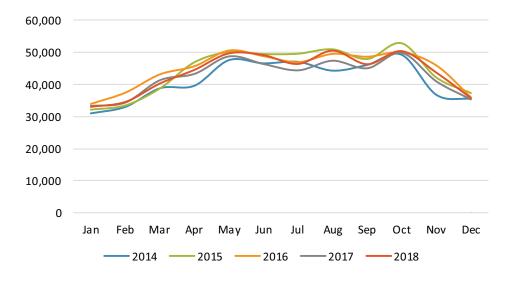
Figure 53 | Ratios of Transaction Days and Rental Contracts to Enplanements



Sources: RACs, Airport records, and calculations by Unison Consulting, Inc.

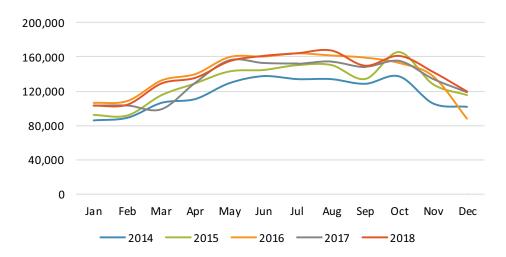
Figure 54 through Figure 58 show the monthly trends in the rental car demand and revenue indicators for January 2014 through December 2018. The seasonal trends in rental car demand at CMH are evident in these figures. Historically, transaction days and rental contracts have been higher in the summer months and in the month of October.

Figure 54 | Monthly Transactions, January 2014-December 2018



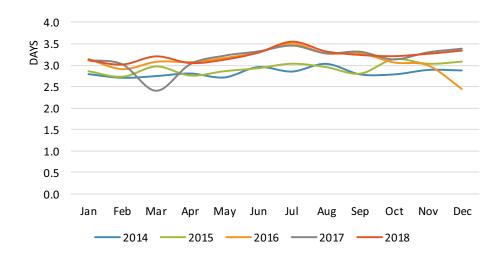
Source: RACs.

Figure 55 | Monthly Transaction Days, January 2014-December 2018



Source: RACs.

Figure 56 | Monthly Average Contract Duration, January 2014-December 2018

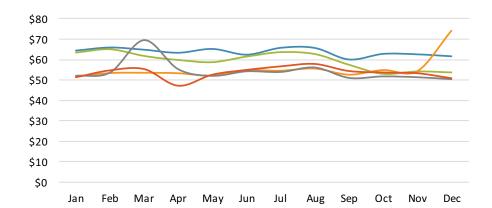


Sources: RACs and calculations by Unison Consulting, Inc.

\$10 MILLIONS \$8 \$6 \$4 \$2 \$-Oct Dec Jan Feh Jun Aug Nov 2018 2014 2015 2016 2017

Figure 57 | Monthly Gross Revenue, January 2014-December 2018

Source: RACs.



2016 -

2015

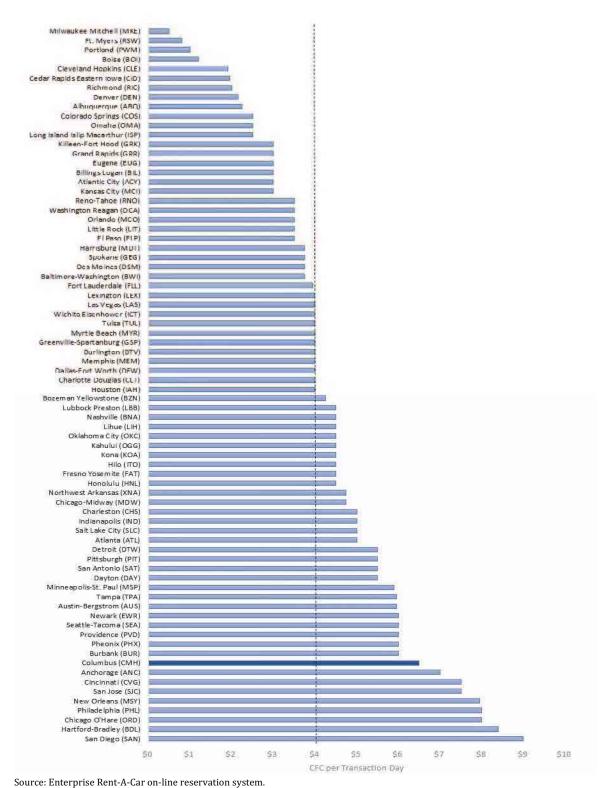
Figure 58 | Monthly Average Nominal Rate, January 2014-December 2018

Sources: RACs and calculations by Unison Consulting, Inc.

## **Customer Facility Charge**

Effective July 1, 2007, the Authority implemented the CFC, which adds to the cost of a rental car. Rental car companies collect the CFC from rental car customers. The CFC was initially set at a rate of \$2.00 per transaction day, assessed on up to five transaction days per rental contract. This cap on the number of transaction days subject to the CFC per rental contract was raised to seven transaction days effective September 1, 2015. The CFC also increased five times to its current rate of \$6.50 per transaction day, which took effect on January 1, 2017. The current CFC of \$6.50 is above the \$4.00 median for the sample of airports shown in Figure 59.

Figure 59 | Comparison of CFCs at U.S. Airports



## **Forecast Transaction Days**

This section presents forecasts of rental car demand in terms of transaction days—the basis for calculating CFC revenues. To forecast transaction days, the relationship between transaction days and relevant explanatory variables are quantified using multivariate time-series regression analysis. Explanatory variables are identified based on the underlying economic theory of demand, analysis of historical car rental market trends at the Airport, factors that have contributed to those trends, and knowledge of the rental car and airport markets.

The demand for any product or service, including rental cars, is a function of price and income. At airports, the demand for rental cars is a derived demand—derived from the demand for air travel to a particular destination. Visitors who fly to CMH require ground transportation from the Airport to their destinations in the Columbus metro area. They constitute the market for the Airport rental cars.

### Multivariate Time Series Regression Analysis

Multivariate time series regression analysis links transaction days with measurable explanatory variables. It combines elements of multiple regression and time series regression methods, offering the ability to quantify the contribution of many explanatory variables while accounting for seasonality and any serial correlation in time series data.<sup>37</sup> This approach also facilitates forecast risk analysis. By design, regression analysis reduces subjective inputs, and the use of the least squares method minimizes forecast errors.

To generate forecasts of transaction days, we tested two alternative modeling approaches:

- One-equation model. Estimate a regression model with transaction days as the dependent variable and use the model to forecast transaction days directly.
- Three-equation model. Estimate regression models of the two components of transaction days—rental contracts and contract duration—and calculate transaction days from forecasts of rental contracts and contract duration.

For the rental car market at CMH, the first modeling approach, using a reduced-form equation with transaction days as the dependent variable, was selected since it provided improved goodness-of-fit and predictive performance compared with the second modeling approach.

The regression model specification is based on the underlying theory of consumer demand—particularly derived demand for airport ground transportation—and the dynamics in the Airport's rental car market. The regression coefficients that measure the contributions of market demand drivers (explanatory variables) to changes in transaction days at CMH are estimated using historical monthly data from June 2007. The estimated regression coefficients are then used to

<sup>&</sup>lt;sup>37</sup> Serial correlation refers to the relationship between present and past values, typically observed in time series data.

generate forecasts of transaction days based on projected trends for explanatory variables of the model.

For the regression model of rental car demand, transaction days serve as the dependent variable. The key explanatory variables (independent variables) are passenger enplanements, real U.S. GDP (an economic indicator), rental rate (an indicator for price), and a control for the impact of Transportation Network Companies (TNCs). The model coefficient estimates, measuring the contributions of enplanements and other market drivers to changes in transaction days at CMH, along with projected trends of the explanatory variables, are used to project growth in transaction days beyond the first year of the forecast period.

Figure 60 through Figure 62 show the historical and projected trends in the key explanatory variables (market demand factors).

#### Airport passenger traffic

Arriving passengers (deplanements), particularly those ending their flights at CMH, constitute the market for airport rental cars. An increase in airport passenger traffic tends to increase the demand for rental cars. Enplanements are used as the measure of passenger traffic, which is generally evenly split between enplanements and deplanements. The positive coefficient estimate for enplanements confirm the positive contribution of passenger traffic growth to growth in transaction days and the negative contribution of a decrease in passenger traffic. Figure 60 shows the historical and forecast trends in enplanements at CMH. See Section 3 for details in forecast development for CMH enplanements. For the Base Forecast scenario, enplanements are projected to increase 4.0 percent in 2019 and continue increasing at an annual average rate of 1.7 percent through 2029.

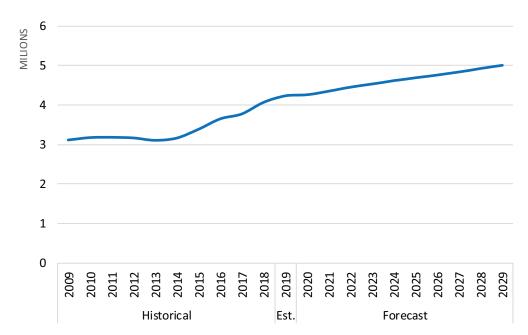


Figure 60 | Passenger Enplanements at CMH (Millions)

Sources: Airport statistics through 2018 and Unison's projections through 2029.

#### Economic trends

Demand tends to increase with income. Customers are more likely to rent cars and rent them for longer durations when their disposable income increases. The U.S. real GDP (Figure 61), which reflects national economic trends, is an important determinant of consumer demand, including demand for airport rental cars. A national measure of economic growth was used, instead of a local measure, because rental car customers at the Airport typically come from outside the local area.

The positive regression coefficient estimate for this variable confirms its expected impact on the Airport's transaction days. Holding all other factors constant, increases in GDP, indicating overall national economic growth, promote growth in transaction days. Conversely, decreases in GDP dampens growth in transaction days.

Historical and forecast data on U.S. GDP were obtained from the U.S. Bureau of Economic Analysis and Moody's Analytics, Inc. U.S. real GDP is projected to grow 2.7 percent in 2019 and continue growing, on average, at 2.0 percent annually through 2029. The forecast from Moody's Analytics anticipates some cyclical variations but no deep downturns in the regional and national economies.

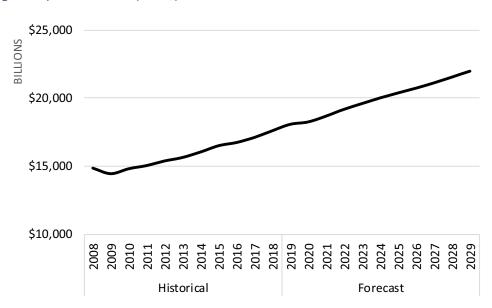


Figure 61 | U.S. Real GDP (2009\$)

Sources: U.S. Bureau of Economic Analysis and Moody's Analytics.

#### Price of renting a car

Demand is inversely related to price. Holding all other factors constant, an increase in price decreases demand, and a decrease in price increases demand. In the case of rental cars, an increase in price can decrease transaction days by decreasing either or both rental contracts and contract duration. In contrast, a decrease in price can increase transaction days increasing either or both rental contracts and contract duration. The negative coefficient estimate for the rental rate variable confirms the expected inverse relationship.

The average daily rental rate has been decreasing in recent years. In nominal terms, it is projected to continue its current decline for a few years, eventually taper, and then increase gradually so that its rate of increase would keep pace with inflation by the end of the forecast period (2029). Thus, in real terms, rental rates will gradually slow their decline to taper by 2029. The decline in both nominal and real rates over the early years of the forecast period will promote growth in transaction days, all other things equal.

The regression model uses a comprehensive measure of price that includes the daily rental rate, a CFC of \$6.50 per transaction day, and a sales tax of 7.5 percent. The CFC and the sales tax are assumed to remain at their current rates throughout the forecast period. Figure 62 shows the historical and projected trends in the average real daily rental rate, with fees and taxes included.

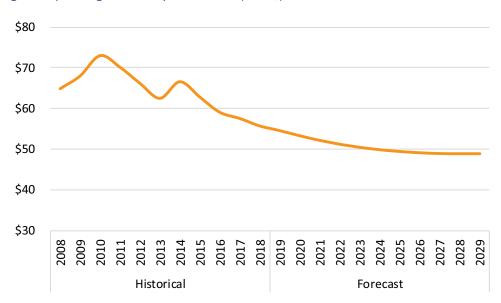


Figure 62 | Average Real Daily Rental Rate (2009\$)

Source: Airport statistics for historical series and Unison Consulting, Inc. projections through 2029.

#### Impact of Transportation Network Companies (TNCs)

Ride-hailing services are increasingly becoming available in urban areas across the country. Companies like Uber Technologies (Uber) and Lyft are growing their presence at various airport terminals, providing travelers ground transportation to-and-from airports. These ride-hailing services attract passengers away from rental cars and other ground transportation modes, as discussed in Section 4.

The regression model of transaction days includes a variable to model the effect of TNC operations on rental car demand at CMH. Lyft and Uber signed agreements to operate at CMH on March 24, 2016, and July 5, 2016, respectively. Prior to January 1, 2019, CRAA charged Lyft and Uber a fee of \$3 per pick up. Effective January 1, 2019, this fee was increased to \$4, assessed on both pick-ups and drop-offs. The Airport began collecting TNC activity and revenue data in April 2016, although TNCs likely began serving CMH passengers prior to April 2016. Figure 63 shows monthly TNC transactions at CMH through December 2018, including estimates for months prior to April 2016.

TNC transactions at CMH have doubled since 2016. The average number of TNC transactions per 100 enplanements increased from about 4.2 in 2016 to around 9 in 2018. We expect TNC use by CMH passengers to continue growing, although not at the same rate as it had grown over the past two years. TNCs are not perfect substitutes for rental cars. They may easily attract customers for one-day rentals, but not customers for multi-day rentals. The price advantage of TNCs over rental cars also diminishes with trip distance and number of trip destinations. For forecast development for transaction days at CMH, we assume that the rate of TNC use by CMH passengers will increase to 16 transactions per 100 enplanements by 2028, nearly doubling the current TNC use rate.

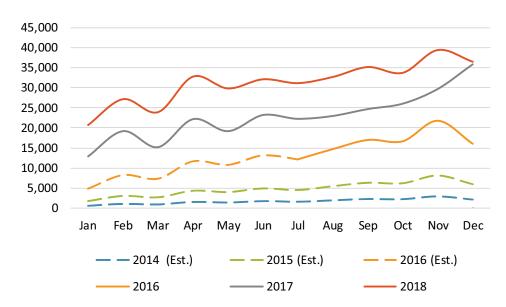


Figure 63 | TNC Monthly Transactions, January 2014-December 2018

Sources: Airport statistics and Unison Consulting, Inc.

### **Forecast Transaction Days**

Table 13 provides forecast transaction days under two scenarios, base and low. To quantify the uncertainty in the future trends of key market drivers, Monte Carlo simulation was also used to produce a range of forecasts for transaction days. The simulations for forecast transaction days and forecast enplanements (see Section 3) were performed simultaneously. Figure 64 compares these base and low forecasts with select percentile results from Monte Carlo simulation. Percentiles provide an indication of the likelihood of each forecast.

#### **Base Forecast**

The regression analysis and assumptions for the explanatory variables described above produce the base forecast transaction days, where transaction days grow 3.3 percent in 2019 over 2018 levels. After 2019, transaction days grow at an annual average rate of 2.4 percent through 2029. This growth rate is faster than the growth rate projected for enplanements over the same period. Annual transaction days will exceed two million beginning in 2024 and will reach 2.21 million in 2029. The forecast slowdown in growth in rental car transaction days in 2020 is due largely to forecast trends in enplanements and real U.S. GDP.

 $<sup>^{38}</sup>$  Enplanements are projected to grow by an average of around 1.7 percent annually over the forecast period. Enplanements are forecast to reach 5.02 million by 2029.

Compared with the Monte Carlo simulation results, the base forecast transaction days remain between the projected 50-percentile (median) and 75-percentile ranges. They remain closest to the projected median levels through 2029.

#### **Low Forecast**

The low forecast transaction days reflect the impact of less favorable economic conditions and greater TNC substitution. They represent the 25-percentile of a second Monte Carlo simulation assuming the TNC activity at CMH reaches 24 transactions per 100 enplanements by 2029.<sup>39</sup>

Transaction days continue to grow under the low growth scenario, but at a much slower annual average rate, 1.2 percent from 2019 to 2029, one-half of the average annual growth rate of the base forecast transaction days (2.4 percent). Annual transaction days will remain under two million through 2029, reaching 1.92 million in 2029.

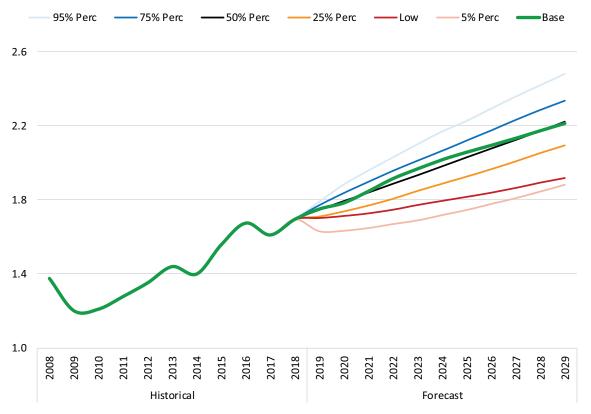
<sup>&</sup>lt;sup>39</sup> The base forecast assumes that TNC transactions per 100 enplanements increases to 16 by 2028.

Table 13 | Forecast Transaction Days

			Transactio	on Days	
	CY	Base	AGR	Low	AGR
	2008	1,375,125		1,375,125	
	2009	1,200,549	-12.7%	1,200,549	-12.7%
	2010	1,209,325	0.7%	1,209,325	0.7%
	2011	1,277,272	5.6%	1,277,272	5.6%
	2012	1,351,060	5.8%	1,351,060	5.8%
Historical	2013	1,439,416	6.5%	1,439,416	6.5%
	2014	1,399,421	-2.8%	1,399,421	-2.8%
	2015	1,557,016	11.3%	1,557,016	11.3%
	2016	1,674,560	7.5%	1,674,560	7.5%
	2017	1,610,476	-3.8%	1,610,476	-3.8%
	2018	1,694,319	5.2%	1,694,319	5.2%
	2019	1,750,467	3.3%	1,701,776	0.4%
	2020	1,783,112	1.9%	1,712,714	0.6%
	2021	1,846,471	3.6%	1,727,135	0.8%
	2022	1,914,297	3.7%	1,746,987	1.1%
	2023	1,966,452	2.7%	1,772,148	1.4%
Forecast	2024	2,016,014	2.5%	1,794,776	1.3%
	2025	2,056,603	2.0%	1,815,798	1.2%
	2026	2,093,841	1.8%	1,839,128	1.3%
	2027	2,131,990	1.8%	1,864,705	1.4%
	2028	2,172,984	1.9%	1,892,606	1.5%
	2029	2,212,432	1.8%	1,917,825	1.3%
		Compound	l Annual G	rowth Rate	
	2008-2018	2.1%		2.1%	
	2019-2029	2.4%		1.2%	

Sources: Airport statistics and Unison Consulting, Inc.

Figure 64 | Forecast Transaction Days (Millions)



Sources: Airport statistics and Unison Consulting, Inc.

Table 14 shows enplanements, transaction days, and corresponding rental contracts and average contract duration for the base growth scenario.

Table 14 | Base Forecasts of Enplanements, Transaction Days, Rental Contracts, and Contract Duration

						Rental		Rental			
		Enplanements		Transaction		Contracts		Contracts/		Avg. Contract	
	Year	(EPs) (000)	AGR	Days (000)	AGR	(000)	AGR	1,000 EPs	AGR	Duration	AGR
Historical	2008	3,459		1,375		504		145.8		2.73	
	2009	3,123	-9.7%	1,201	-12.7%	418	-17.0%	134.0	-8.1%	2.87	5.2%
	2010	3,184	1.9%	1,209	0.7%	434	3.8%	136.4	1.8%	2.78	-3.0%
	2011	3,190	0.2%	1,277	5.6%	461	6.2%	144.6	6.0%	2.77	-0.5%
	2012	3,175	-0.5%	1,351	5.8%	481	4.2%	151.4	4.7%	2.81	1.5%
	2013	3,115	-1.9%	1,439	6.5%	493	2.5%	158.1	4.5%	2.92	3.9%
	2014	3,173	1.9%	1,399	-2.8%	494	0.3%	155.6	-1.6%	2.83	-3.0%
	2015	3,394	6.9%	1,557	11.3%	531	7.5%	156.4	0.5%	2.93	3.5%
	2016	3,659	7.8%	1,675	7.5%	535	0.9%	146.3	-6.5%	3.13	6.6%
	2017	3,785	3.4%	1,610	-3.8%	509	-5.0%	134.4	-8.2%	3.17	1.2%
	2018	4,076	7.7%	1,694	5.2%	523	2.8%	128.3	-4.5%	3.24	2.3%
Forecast	2019	4,240	4.0%	1,750	3.3%	535	2.3%	126.2	-1.6%	3.27	0.9%
	2020	4,269	0.7%	1,783	1.9%	539	0.6%	126.2	0.0%	3.31	1.2%
	2021	4,357	2.1%	1,846	3.6%	557	3.4%	127.8	1.3%	3.32	0.2%
	2022	4,461	2.4%	1,914	3.7%	578	3.9%	129.6	1.5%	3.31	-0.2%
	2023	4,540	1.8%	1,966	2.7%	594	2.8%	130.9	1.0%	3.31	-0.1%
	2024	4,624	1.8%	2,016	2.5%	611	2.8%	132.1	0.9%	3.30	-0.2%
	2025	4,697	1.6%	2,057	2.0%	624	2.2%	133.0	0.6%	3.29	-0.2%
	2026	4,768	1.5%	2,094	1.8%	638	2.1%	133.8	0.6%	3.28	-0.3%
	2027	4,845	1.6%	2,132	1.8%	652	2.3%	134.6	0.7%	3.27	-0.5%
	2028	4,932	1.8%	2,173	1.9%	669	2.6%	135.7	0.8%	3.25	-0.6%
	2029	5,017	1.7%	2,212	1.8%	686	2.5%	136.7	0.7%	3.23	-0.7%

## Forecast Risk Factors for Rental Car Demand

The forecasts of transaction days have been developed based on specific assumptions about the Airport rental car market, key measurable factors that drive demand, and information available at the time of the analysis. These assumptions may not hold in the future, and actual transaction days could differ materially from the forecasts. In addition, other broad factors could introduce risk and uncertainty into the forecasts.

## Recent Trends in the U.S. Rental Car Industry

Section 4 of this report provides a comprehensive review of the U.S. rental car industry, including structural changes and financial challenges faced by the industry. Events, ownership changes, and the strategy of dual branding, and emerging trends in marketing are discussed. The central issue in all of the dynamic changes remains the financial viability of the RACs. The ability of the RACs to adjust in a timely manner to national economic and travel trends will be critical to the industry's sustained profitability over the forecast period.

## **Alternative Modes of Ground Transportation**

Apart from renting a car or using private automobiles, arriving passengers may choose from several other modes of ground transportation available at the Airport. These alternative modes of

transportation differ in terms of convenience, service, price, and time requirements. The following modes of ground transportation are available at the Airport:<sup>40</sup>

- Bus System AirConnect's direct bus rides, operated by the Central Ohio Transit Authority, are
  available between CMH and downtown Columbus. Running every 30 minutes, the bus service
  provides inexpensive (\$2.75 per ride) access to the Greater Columbus Convention Center and
  hotels in the city's central business district. The transit authority also runs the "number 7,
  Mount Vernon" bus line for easy access to the Airport's International terminal.
- Taxicab, Car and Van Service Taxicabs are available at CMH throughout the day and provide rides to downtown Columbus for around \$25 per trip. Given that taxicabs are available on demand and provide exclusive door-to-door service, they are good substitutes for rental cars when travelers need to go to a single or limited number of destinations. In the case of multiple trips, taxicabs can become expensive and therefore cost prohibitive for the average air traveler. A number of limousine, private car, and shuttle services are also available at the CMH, providing door-to-door service to the Airport's passengers.
- Peer-to-Peer Car-Sharing Platforms Mobile apps have also allowed individual car owners to rent their cars for an hourly or a daily fee, spawning companies like Turo and Getaround Inc. that now compete with rental car companies for customers at airports. CRAA has received an application from Turo and similar services to operate at CMH.
- Transportation Network Companies (TNCs) As part of the broader sharing or on-demand economy, ride-hailing companies use websites and mobile applications to link passengers with drivers who provide transportation service in their non-commercial vehicle. Travelers value the convenience of ordering a ride-hailing service from their phone, compared with arranging taxi or car rental services. TNCs also charge lower fares—as much as 65 percent lower—than taxis, based on recent data on business travel expenses collected by Certify, Inc. National trends strongly suggest that ride hailing services are taking market shares from both taxis and rental car companies. At CMH, the regression analysis and forecast results in this section confirm that an increase in TNC adoption dampens growth in airport rental car demand, although rental car demand has continued to grow with passenger traffic growth.

#### Autonomous Vehicles (AVs)

Recent developments in the technology supporting self-driving cars has increased the likelihood that AVs will be deployed for commercial use. It is still unclear whether AVs would take a share of rental car demand or offer a new rental car product as part of rental car fleets. Rental car companies are paying close attention to developments in AV adoption. By partnering with startup companies specializing in self-driving cars, rental car companies are preemptively adjusting their business models to support and potentially include driverless vehicles.

 $<sup>^{40}</sup>$  Most of the information relating to ground transportation was obtained from the Columbus Regional Airport Authority's website.

Driverless vehicles, deployed as shared AVs or in commercial fleets, are currently being tested across various cities, where they would provide on-demand transportation, similar to TNCs. Although some companies leading the introduction of AVs, including major car manufacturers and TNCs, have suggested that AVs might be deployed for commercial use as early as 2021, technology experts in the field do not expect full AVs to be in service for at least 10 to 15 years.

Beyond the sensory and control technology onboard driverless cars, other infrastructure hurdles have to be overcome for widespread adoption of AVs. These challenges include the rollout of the latest standard for wireless data networks, "5G" or "fifth generation", needed to facilitate communications between vehicles, and between vehicles and surrounding infrastructure. While current capabilities have allowed for some AV deployments, they are limited to dense urban environments or dedicated areas and roads.

Similar to TNCs, AVs are raising public policy concerns related to mobility, reliability, and safety. The documented environmental and traffic impacts of TNCs largely apply to AVs, as they will likely divert users away from public transit and taxicab services. Given the additional safety concerns associated with driverless vehicles, AVs adoption is set to face more regulatory scrutiny than TNC adoption.

## Summary

Section 5 presented an analysis of the historical trends in rental car market activity at CMH and developed forecasts of transaction days, the basis for calculating CFC revenues.

Although annual trends in transaction days have been unsteady over the past decade, they increased by 23 percent between 2008 and 2018, an average annual growth rate of 2.1 percent. Transaction days are forecast to grow by 3.3 percent in 2019 and continue growing at an average annual rate of 2.4 percent from 2019 through 2029, reaching 2.21 million in 2029. The low forecast assumes less favorable conditions for the drivers of rental car demand. Under this scenario, transaction days are forecast to grow at a slower annual average rate of 1.2 percent between 2019 and 2029, to reach 1.92 million in 2029.

The following factors drive future trends in transaction days:

- The projected growth in CMH enplanements averaging 1.7 percent per year beyond 2019, promotes growth in transaction days.
- The projected growth in U.S. real GDP, averaging 2.0 percent per year beyond 2019, promotes growth in transaction days.
- The projected trends in the overall price of renting a car, decreasing in real terms, promote growth in transaction days.
- The projected increase in TNC adoption dampens growth in transaction days.

## SECTION 6 | FINANCIAL ANALYSIS

This section discusses the financial aspects of the ConRAC, including the legal framework for the financing and operation of the ConRAC; the plan of finance; and projections of CFC collections and certain financial requirements pursuant to the CFC documents.

### Legal Framework for the Financing and Operation of the ConRAC

The financing and operation of the ConRAC are governed by the following documents:

- The CFC Resolution
- Customer Facility Charge Master Trust Agreement
- Customer Facility Charge First Supplemental Trust Agreement
- Rental Car Concessionaire Agreements

#### **CFC** Resolution

On January 30, 2007, the Board adopted Resolution No. 03-07 which was amended by subsequent resolutions adopted in 2008, 2011, 2015, and 2016 (collectively referred to as the "CFC Resolution"). The CFC Resolution authorized the implementation of the collection of CFCs by the rental car companies operating at the Airport. The Authority implemented the CFC, effective July 1, 2007 at a rate of \$2.00 per transaction day. The CFC Resolution and the CFC rate may be amended from time to time by the Board. The CFC rate has been increased as follows, since its implementation at \$2.00:

- \$3.85 effective November 1, 2008
- \$4.50 effective June 1, 2011
- \$5.50 effective September 1, 2015
- \$6.00 effective September 1, 2016
- \$6.50 effective January 1, 2017

The current CFC rate remains at \$6.50 per transaction day, up to a maximum of seven days.

## Customer Facility Charge Master Trust Agreement

The Customer Facility Charge Master Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated May 2, 2019 (the CFC Master Trust Agreement) defines the obligations of the Authority to the Trustee and the bondholders related to the Series 2019 Bonds and any subsequent bonds issued pursuant to the CFC Master Trust Agreement.

The Series 2019 Bonds and any such subsequent bonds are special obligations of the Authority payable solely from and secured by a lien on Pledged Revenues and Pledged Funds, which are terms defined in the CFC Master Trust Agreement (see Section 1 of this Report for the definitions of those terms). No revenues or funds of the Authority, other than the Pledged Revenues and Pledged Funds, are pledged to the payment of the Series 2019 Bonds.

The CFC Master Trust Agreement defines the funds and accounts related to CFC funds, and the flow of CFC funds. All CFC Revenues are to be deposited with the Authority in the CFC Revenue Fund when received. The CFC Master Trust Agreement sets forth a flow of funds for the following two time periods:

- 1. Before Substantial Completion of the ConRAC<sup>41</sup>
- 2. After Substantial Completion of the ConRAC

During the time period after Substantial Completion, the moneys in the CFC Revenue Fund are to be disbursed and applied in the order of priority indicated in Figure 65. During the time period before Substantial Completion, all CFC Revenues held in the CFC Revenue Fund (except for the CFC Supplemental Reserve Account) are to be (i) disbursed and applied to satisfy the deposit requirements for the items labeled A through E indicated in Figure 65; and (ii) to pay cost overruns or shortfalls in the cost of constructing the Series 2019 Project, to the extent the Authority anticipates deficiencies in the CFC Construction Fund. If there are any Pledged Revenues not needed for items (i) or (ii) before Substantial Completion, such Pledged Revenues (except for the CFC Supplemental Reserve Account) are to remain in the CFC Revenue Fund. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds.

## Customer Facility Charge First Supplemental Trust Agreement

The Customer Facility Charge First Supplemental Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated \_\_\_\_, 2019 (the CFC First Supplemental Trust Agreement) sets forth the terms relating specifically to the issuance of the Series 2019 Bonds.

<sup>&</sup>lt;sup>41</sup> "Substantial Completion" is defined in the CFC Master Trust Agreement as the point in time when (i) the Concessionaire is able to take possession of the premises in the ConRAC to be used exclusively by the Concessionaire (Exclusive Premises) and (ii) the Concessionaire has received a Certificate of Occupancy and /or a Temporary Certificate of Occupancy from the appropriate governmental agencies and is able to open for business.

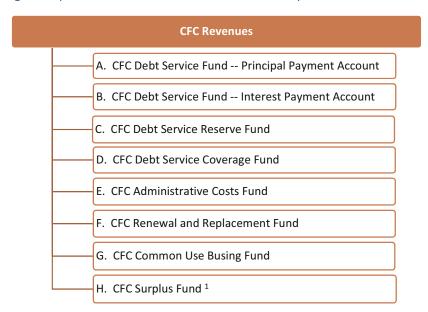


Figure 65 | Flow of CFC Funds After Substantial Completion of the ConRAC

## **Rental Car Concessionaire Agreements**

As of January 1, 2018, the Authority entered into an Agreement for the Operation of a Rental Car Concession (Concessionaire Agreements) with each of five rental car companies (the Concessionaires), which represent the following eight brands: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty. The five Concessionaires, and the brands operated by each, are the following:

- Avis Budget Car Rental, LLC (Avis and Budget)
- DTG Operations Inc. (Dollar and Thrifty)
- EAN Holdings, LLC (Enterprise)
- Byers Car Rental LLC (Hertz)
- Midwest Car Corporation (National and Alamo)

The term of the Concessionaire Agreements will begin effective with the opening of the ConRAC to the public (currently estimated to occur in mid-2021) and will terminate thirty years after the date of issuance of the Series 2019 Bonds. The Authority has the option to renegotiate the terms of the Concessionaire Agreements one year prior to the expected occupancy of the proposed new passenger terminal, and every five years thereafter.

Under the provisions of the Concessionaire Agreements, the Authority has agreed to construct the Series 2019 Project, and the Concessionaires have agreed to collect the CFC and to remit CFC

<sup>&</sup>lt;sup>1</sup> At Substantial Completion of the ConRAC, \$4.0 million will be set aside in the Supplemental CFC Reserve Account within the CFC Surplus Fund.

collections to the Authority on a monthly basis, by no later than the  $20^{\rm th}$  day of the month following collection.

The Concessionaires have also agreed to pay any amounts referred to as Concessionaire Deficiency Payments. Each year of the Concessionaire Agreements (Agreement Year), the Authority shall calculate whether there is a "CFC Deficiency" for that Agreement Year. The "CFC Deficiency" is defined in the Concessionaire Agreements as "the amount, if any, computed on an annual basis, by which available CFC revenues paid to the Authority for any Agreement Year are not sufficient to pay Debt Service on the Bonds, to maintain the coverage requirements defined in the documentation relating to or authorizing the Bonds (Minimum Annual Requirement), reserve funds, as well as other costs covered by the CFCs." If, after consultation with the Concessionaires, the Authority reasonably determines that there is a deficiency of CFC Revenues necessary to meet the required payment obligations (the Annual Obligation Requirements) during a current Agreement Year, or forecasted to be collected for any upcoming Agreement Year, the Authority will initiate the following actions, at the Authority's sole discretion, in the indicated order of priority:

- 1. Determine if an increase in the CFC rate is reasonably appropriate to cover all or a portion of the CFC Deficiency.
- 2. Determine if there are available CFC funds held in any CFC reserve accounts not required for the Bonds, which could be used to offset all or part of the CFC Deficiency for any applicable Agreement Year.
- 3. Identify if anticipated expenditures not funded with Bond proceeds can be deferred or reduced in scope, to offset in whole or in part the CFC Deficiency for any applicable Agreement Year.

The Concessionaire Deficiency Payment will commence on the first day of the month following thirty days' prior written notice from the Authority to the Concessionaires.

Each Concessionaire will be allocated a portion of the Customer Service Building, Ready/Return Areas, Storage Area, and QTA Areas, to be used on an exclusive basis. Other areas of the ConRAC, such as roadways, ramps, other non-public areas of the ConRAC, and the ground upon which the ConRAC will be located, will be used in common by all of the Concessionaires. The entire ConRAC will be operated, managed, and maintained by a third party facility manager selected by the Concessionaires as a group, subject to Authority approval.

In addition to remitting to the Authority the CFCs collected each month, the Concessionaires are required to pay to the Authority a Land Use Fee for the underlying land upon which the ConRAC will be located. The Land Use Fee will be due in 12 equal monthly installments each year, with the first monthly installment due on the Commencement Date, which is defined in the Concessionaire Agreements as the day the ConRAC opens and is available to the public. For each Agreement Year, the Concessionaires are also obligated to pay a Privilege Fee, which is defined as the greater of 10 percent of a Concessionaire's Gross Revenue (as defined in the Concessionaire Agreements) for the applicable Agreement Year or the Concessionaire's Minimum Annual Guarantee (MAG). The Privilege Fee for each Agreement Year is due in 12 monthly installments. Neither the Land Use Fee

payments nor the Privilege Fee payments remitted to the Authority pursuant to the Concessionaire Agreements are pledged as security for the payment of the Series 2019 Bonds.

#### Plan of Finance

The financial analysis assumes that a portion of the capital costs of the Series 2019 Project will be funded with CFCs collected prior to the issuance of the Series 2019 Bonds. The estimated sources and uses of funds for the Series 2019 Bond are presented on Table 15. The estimated costs and funding sources of the Series 2019 Project are summarized on Table 16.

Table 15 | Estimated Sources and Uses of Funds for the Series 2019 Bonds

Categories	Amount
Bond Par Amount	\$95,345,000
Total Sources	\$95,345,000
Deposit to Project Fund	\$86,330,834
Deposit to CFC Debt Service Reserve Fund	6,457,248
Deposit to CFC Debt Service Coverage Fund	1,614,312
Costs of Issuance	942,606
Total Uses	\$95,345,000

Source: PFM Financial Advisors LLC.

Table 16 | Estimated Costs and Funding Sources of the Series 2019 Project

Categories	Amount
Estimated Series 2019 Project Costs	\$152,700,000
Funding Sources:  Bond Proceeds Deposited to Series 2019 Project Fund and Interest Thereon	\$87,515,120
Accumulated CFC Collections Prior to Issuance of Series 2019 Bonds	65,184,880
Total Funding Sources	\$152,700,000

Source: The Authority and PFM Financial Advisors LLC.

## **Debt Service**

The annual debt service schedule is presented on Table 17. The annual amounts are based on the timing of the required payments to the Trustee, which are estimated to equal approximately \$2.9 million in 2019, \$4.7 million in 2020, and then increase to \$6.5 million from 2021 and through maturity of the Series 2019 Bonds in 2048.

Table 17 | Estimated Annual Debt Service

Year	Principal	Interest	Total
2019	\$0	\$2,918,462	\$2,918,462
2020	0	4,690,385	4,690,385
2021	1,765,000	4,690,385	6,455,385
2022	1,830,000	4,625,327	6,455,327
2023	1,895,000	4,557,343	6,452,343
2024	1,970,000	4,485,049	6,455,049
2025	2,045,000	4,407,923	6,452,923
2026	2,130,000	4,326,123	6,456,123
2027	2,220,000	4,236,748	6,456,748
2028	2,315,000	4,141,377	6,456,377
2029	2,415,000	4,039,610	6,454,610
2030	2,525,000	3,931,031	6,456,031
2031	2,640,000	3,816,245	6,456,245
2032	2,760,000	3,694,910	6,454,910
2033	2,890,000	3,566,681	6,456,681
2034	3,025,000	3,430,967	6,455,967
2035	3,175,000	3,279,021	6,454,021
2036	3,335,000	3,118,588	6,453,588
2037	3,505,000	2,949,403	6,454,403
2038	3,685,000	2,770,894	6,455,894
2039	3,870,000	2,582,480	6,452,480
2040	4,075,000	2,380,737	6,455,737
2041	4,285,000	2,168,307	6,453,307
2042	4,510,000	1,944,930	6,454,930
2043	4,745,000	1,709,823	6,454,823
2044	4,990,000	1,462,466	6,452,466
2045	5,255,000	1,199,343	6,454,343
2046	5,535,000	922,247	6,457,247
2047	5,825,000	630,387	6,455,387
2048	6,130,000	323,235	6,453,235

Source: PFM Financial Advisors LLC., based on an assumed par amount of \$95.3 million, 30-year bond amortization period, and an estimated true interest cost (TIC) of approximately 5.08%. The annual amounts shown reflect the timing of the payments to the Trustee.

## **Projected CFC Revenues**

Projected CFC Revenues under the base and low transaction day forecasts are shown on Table 18. It is assumed that the CFC rate will be maintained at the current level of \$6.50 per transaction day throughout the forecast period, up to a maximum of seven days per rental contract. CFC Revenues are projected to increase from approximately \$10.8 million in 2019 to \$13.7 million in 2029 under the base forecast, and from \$10.5 million in 2019 to \$11.8 million in 2029 under the low forecast.

Table 18 | Projected CFC Revenues Base and Low Transaction Day Forecasts

		Base Forecas	st		Low Forecas	st
	Transaction			Transaction		
Year	Days	CFC Rate	CFC Revenues	Days	CFC Rate	CFC Revenues
2019	1,750,467	\$6.50	\$10,809,137	1,701,776	\$6.50	\$10,508,467
2020	1,783,112	\$6.50	\$11,010,714	1,712,714	\$6.50	\$10,576,012
2021	1,846,471	\$6.50	\$11,401,957	1,727,135	\$6.50	\$10,665,060
2022	1,914,297	\$6.50	\$11,820,781	1,746,987	\$6.50	\$10,787,643
2023	1,966,452	\$6.50	\$12,142,841	1,772,148	\$6.50	\$10,943,014
2024	2,016,014	\$6.50	\$12,448,888	1,794,776	\$6.50	\$11,082,741
2025	2,056,603	\$6.50	\$12,699,521	1,815,798	\$6.50	\$11,212,551
2026	2,093,841	\$6.50	\$12,929,467	1,839,128	\$6.50	\$11,356,613
2027	2,131,990	\$6.50	\$13,165,038	1,864,705	\$6.50	\$11,514,553
2028	2,172,984	\$6.50	\$13,418,174	1,892,606	\$6.50	\$11,686,841
2029	2,212,432	\$6.50	\$13,661,766	1,917,825	\$6.50	\$11,842,570

## **Application of CFC Revenues**

The application of CFC Revenues, pursuant to the flow of funds established in the Master CFC Master Trust Agreement, assuming the base and low forecasts of transaction days, is presented on Table 19 and Table 20, respectively. Projected CFC Revenues are shown for the period prior to issuance of the Series 2019 Bonds and for the period after the issuance of the Series 2019 Bonds.

CFCs collected prior to the issuance of the Series 2019 Bonds are deposited into the Authority's CFC Fund, which is not part of the flow of funds set forth in the CFC Master Trust Agreement (the conditions of which will become effective at the time of the issuance of the Series 2019 Bonds). The Authority plans to use a portion of the CFCs collected prior to Bond issuance for the costs of certain enabling projects, and certain preliminary costs of the Series 2019 Project. The Authority plans to transfer a portion of the CFCs collected prior to Bond issuance, and the moneys remaining in the Authority's CFC Fund as of the date of the issuance of the Series 2019 Bonds into the CFC Revenue Fund (which is defined in the CFC Master Trust Agreement).

On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. After Substantial Completion, the CFC Supplemental Reserve Account shall be transferred

Table 19 | Application of CFC Revenues Assuming Base Forecast of Transaction Days

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
CFC Fund											
Beginning Balance	\$59,060,429	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFCs prior to Bond Issuance	3,026,558	0	0	0	0	0	0	0	0	0	0
Less CFCs applied to:											
Construction Account <sup>1</sup>	(55,086,987)	0	0	0	0	0	0	0	0	0	0
Garage restoration costs	(3,000,000)	0	0	0	0	0	0	0	0	0	0
Transfer to CFC Revenue Fund	(4,000,000)	0	0	0	0	0	0	0	0	0	0
Ending Balance	0\$	\$0	\$0	\$0	\$0	\$0	0\$	\$0	0\$	0\$	\$0
CFC Revenue Fund											
CFC Collections after Bond Issuance	\$7,782,578	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Transfer from CFC Fund <sup>2</sup>	4,000,000	0	0	0	0	0	0	0	0	0	0
Total Deposits to CFC Revenue Fund	\$11,782,578 \$1	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Application of CFC Revenues											
Deposits to CFC Revenue Fund	\$11,782,578	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Transfers to:											
CFC Debt Service Fund	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
<b>CFC Debt Service Reserve Fund</b>	0	0	0	0	0	0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC R&R Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
CFC Common Use Busing Fund	0	0	936,000	1,909,440	1,985,818	2,065,250	2,147,860	2,233,775	2,323,126	2,439,737	2,537,327
CFC Revenue Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Surplus Fund	0	0	18,495,017	2,056,014	2,304,680	2,528,589	2,698,738	3,381,842	4,069,710	4,206,605	4,354,375
Total Application of CFC Revenues	\$2,918,462	\$4,690,385	\$26,586,402	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Increase (Decrease) in CFC Rev. Fund	8,864,116	6,320,329	(15,184,445)	0	0	0	0	0	0	0	0
Ending Balance in CFC Revenue Fund	\$8,864,116	\$15,184,445	0\$	0\$	0\$	0\$	0\$	0\$	0\$	0\$	\$0
CFC Surplus Fund	ć	4	(	, , , ,		, , , ,			200	, , ,	
beginning balance	0,4	0,	18 405 017	\$18,495,017	\$20,551,032	27,725,712	525,384,300	\$28,083,038 2,281,842	331,464,880	435,534,590	539,/41,194 4 254 225
Deposits	D			2,036,014	2,304,660	696,926,2	2,090,730	2,301,042	4,009,710	4,200,603	4,534,575
Ending Blance *	\$0	\$0	\$18,495,017	\$20,551,032	\$22,855,712	\$25,384,300	\$28,083,038	\$31,464,880	\$35,534,590	\$39,741,194	\$44,095,569

<sup>&</sup>lt;sup>2</sup> On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve <sup>1</sup> Amount to be deposited to the Construction Account in 2019 is in addition to approximately \$9.9 million in CFCs previously applied to the Series 2019 Project costs. Account in the CFC Revenue Fund. After Substantial Completion, the CFC Supplemental Reserve Account shall be transferred

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Table 20 | Application of CFC Revenues Assuming Low Forecast of Transaction Days

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
CFC Fund											
Beginning Balance	\$59,060,429	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFCs prior to Bond Issuance Less CFCs applied to:	2,942,371	0	0	0	0	0	0	0	0	0	0
Construction Account	(55,002,800)	C	C	C	C	C	C	C	C	C	C
Garage restoration costs	(3,000,000)	o c	0 0	o c	0 0	0 0	o c	o c	o c	o c	o c
	(000,000,0)		•			•		•	·		<b>&gt;</b> '
Transfer to CFC Revenue Fund <sup>2</sup>	(4,000,000)	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFC Revenue Fund											
<b>CFC Collections after Bond Issuance</b>	\$7,566,096	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Transfer from CFC Fund	4,000,000	0	0	0	0	0	0	0	0	0	0
Total Deposits to CFC Revenue Fund	\$11,566,096 \$1	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Application of CFC Revenues											
Deposits to CFC Revenue Fund	\$11,566,096	\$11,566,096 \$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Transfers to:											
CFC Debt Service Fund	\$2,918,462	\$4,690,385	\$6,455,385	\$6,455,327	\$6,452,343	\$6,455,049	\$6,452,923	\$6,456,123	\$6,456,748	\$6,456,377	\$6,454,610
CFC Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
<b>CFC Administrative Costs Fund</b>	0	0	0	0	0	0	0	0	0	0	0
CFC R&R Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
CFC Common Use Busing Fund	0	0	936,000	1,909,440	1,985,818	2,065,250	2,147,860	2,233,775	2,323,126	2,439,737	2,537,327
CFC Surplus Fund	0	0	17,106,936	1,022,876	1,104,853	1,162,442	1,211,768	1,808,988	2,419,225	2,475,272	2,535,178
Total Application of CFC Revenues	\$2,918,462	\$4,690,385	\$25,198,321	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Increase (Decrease) in CFC Rev. Fund	8,647,634	5,885,627	(14,533,261)	0	0	0	0	0	0	0	0
Ending Balance in CFC Revenue Fund	\$8,647,634	\$14,533,261	\$0	\$0	\$0	\$0	0\$	\$0	\$0	\$0	\$0
CFC Surplus Fund	ý	ç	ý	\$17.106.936	¢18 179 812	¢19 231 665	\$20.397.107	\$21,608,874	\$22 417 863	¢75 837 088	¢78317350
Deposits	0	0	17,106,936			1,162,442		1,808,988	2,419,225	2,475,272	
Ending Balance <sup>2</sup>	\$0	\$0	\$17,106,936	\$18,129,812	\$19,234,665	\$20,397,107	\$21,608,874	\$23,417,863	\$25,837,088	\$28,312,359	\$30,847,537

<sup>1</sup> Amount to be deposited to the Construction Account in 2019 is in addition to approximately \$9.9 million in CFCs previously applied to the Series 2019 Project costs.

On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. After Substantial Completion, the CFC Supplemental Reserve Account shall be transferred

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to and maintained as a separate account in the CFC Surplus Fund. Moneys in the CFC Supplemental Reserve Account shall continue to be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. All other moneys in the CFC Revenue Fund shall be disbursed and applied by the Authority in the manner and order of priority specified in the CFC Master Trust Agreement.

The amounts deposited into the CFC Revenue Fund are projected to be applied in the order specified in the CFC Master Trust Indenture, as follows:

- 1. Required deposits to the Debt Service Fund, to pay the annual Principal and Interest obligations on the Series 2019 Bonds. No deposits are projected to be required throughout the projection period for the next three (3) funds in the order of priority of the flow of funds: CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Administrative Costs Fund. Therefore, prior to Substantial Completion of the ConRAC (currently estimated to occur in mid-2021), all remaining CFC Revenues are projected to remain in the CFC Revenue Fund. Upon the Substantial Completion of the ConRAC, the balance remaining in the CFC Revenue Fund will be transferred to the Surplus Fund, as described below. After Substantial Completion of the ConRAC, the annual CFC Revenues in excess of the annual deposits into the Debt Service Fund will be applied to the remaining funds (depicted below), as specified in the flow of funds.
- 2. Deposits to the CFC Renewal and Replacement Fund are estimated by the Authority at an annual amount of \$1.4 million for the first five years of operation of the ConRAC (mid-2021 through mid-2026) and \$315,455 beginning in mid-2026 and throughout the remainder of the forecast period.
- 3. Deposits to the CFC Common Use Busing Fund, to cover all or a portion of the projected costs of the busing operation. The Concessionaire Agreements specify the maximum annual amounts to be paid from CFC Revenues each year. The maximum amounts, which are used in this financial analysis, are scheduled to begin at \$1.9 million in mid-2021 and increase each year thereafter, to approximately \$2.5 million in 2029. Any amounts incurred for the Common Use Busing fleet in excess of the maximum annual amounts specified in the Concessionaire Agreements will be the financial responsibility of the concessionaires.
- 4. All remaining moneys deposited into the CFC Revenue Fund after the above deposits have been completed (including the balance in the CFC Revenue Fund at Substantial Completion of the ConRAC) will be transferred into the CFC Surplus Fund. Moneys in the CFC Supplemental Reserve Account shall continue to be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. The Authority in its sole discretion may, but shall not be obligated to, replenish the CFC Supplemental Reserve Account from available moneys in the CFC Surplus Fund. The annual deposits to the CFC Surplus Fund from 2020 through 2029, assuming the base forecast of transaction days, are projected to increase

from approximately \$2.1 million in 2022 to \$4.4 million in 2029. Under the base forecast, the balance in the CFC Surplus Fund is projected to increase to approximately \$44.1 million in 2029. Assuming the low forecast of transaction days, the annual deposits to the CFC Surplus Fund are projected to increase from approximately \$1.0 million in 2021 to \$2.5 million in 2029. Under the low forecast, the balance in the CFC Surplus Fund is projected to increase to approximately \$30.8 million in 2029.

#### Rate Covenant

Pursuant to the CFC Master Trust Agreement, the Authority covenants that it will maintain, collect and remit to the Trustee a CFC in accordance with the CFC Resolution and the Concessionaire Agreements to produce sufficient CFC Revenues, together with any Concessionaire Deficiency Payments and any amounts the Authority transfers from the CFC Surplus Fund to the CFC Revenue Fund, to equal the greater of:

- 100 percent of the amounts required to be deposited into the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund, and the CFC Renewal and Replacement Fund, or
- ii. 125 percent of the amount of Debt Service for the Fiscal Year.

The Rate Covenant calculations for each year during the forecast period, assuming the base and low forecasts of transaction days, are presented on Table 21 and Table 22, respectively. Following are summaries of the calculations:

Base forecast of transaction days: The calculation specified in (i) above yields a projected debt service coverage of 2.67 in 2019 and 2.35 in 2020 before decreasing to 1.50 in 2022, and then increasing each year thereafter, to 2.02 in 2029. The calculation specified in (ii) above yields a debt service coverage of 2.67 in 2019 and 2.35 in 2020 before decreasing to 1.77 in 2021, and then increasing to 2.12 in 2029. Including the debt service coverage amount, debt service coverage is projected to increase from 2.02 in 2021 to 2.37 in 2029.

Low forecast of transaction days: The calculation specified in (i) above yields a projected debt service coverage of 2.59 in 2019 and 2.25 in 2020 before decreasing to 1.37 in 2022, and then increasing each year thereafter, to 1.75 in 2029. The calculation specified in (ii) above yields a debt service coverage of 2.59 in 2019 and 2.25 in 2020 before decreasing to 1.65 in 2021, and then increasing to 1.83 in 2029. Including the debt service coverage amount, debt service coverage is projected to increase from 1.91 in 2021 to 2.10 in 2029.

Table 21 | Debt Service Coverage Assuming Base Forecast of Transaction Days

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Pledged Revenues CFC Revenues Concessionaire Deficiency Payments	\$7,782,578	\$11,010,714 0	\$11,401,957	\$11,820,781	\$12,142,841 0	\$11,010,714 \$11,401,957 \$11,820,781 \$12,142,841 \$12,448,888 \$12,699,521 \$12,929,467 \$13,165,038 \$13,418,174 \$13,661,766 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	\$12,699,521 0	\$12,929,467	\$13,165,038 0	\$13,418,174 0	\$13,661,766
Total Pledged Revenues	\$7,782,578	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$11,010,714 \$11,401,957 \$11,820,781 \$12,142,841 \$12,448,888 \$12,699,521 \$12,929,467 \$13,165,038 \$13,418,174 \$13,661,766	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Deposits to: CFC Debt Service Fund	2,918,462	4,690,385	6,455,385	6,455,327		6,452,343 6,455,049 6,452,923	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
CFC Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Renewal & Replacement Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
Total Required Deposits	2,918,462	4,690,385	7,155,385	7,855,327	7,852,343	7,855,049	7,852,923	7,313,851	6,772,203	6,771,832	6,770,065
Rate Covenant											
CFC Revenues must be the greater of at least:											
(i) 100% (1.00) of Deposits to Funds	2.67	2.35	1.59	1.50	1.55	1.58	1.62	1.77	1.94	1.98	2.02
(ii) 125% (1.25) of Debt Service	2.67	2.35	1.77	1.83	1.88	1.93	1.97	2.00	2.04	2.08	2.12

-		
,	9000	
	9	200
		5
:	2	

Pledged Revenues	\$7,782,578	\$11,010,714	\$11,401,957	\$11,010,714 \$11,401,957 \$11,820,781 \$12,142,841 \$12,448,888 \$12,699,521 \$12,929,467 \$13,165,038 \$13,418,174 \$13,661,766	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Add: Debt Service Coverage Fund	1,614,312	1,614,312	1,614,312	$1,614,312 \qquad 1,614,312 \qquad 1,61$	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312
Total Available for Debt Service	\$9,396,890	\$12,625,026	\$13,016,269	\$12,625,026 \$13,016,269 \$13,435,093 \$13,757,153 \$14,063,200 \$14,313,833 \$14,543,779 \$14,779,350 \$15,032,486 \$15,276,078	\$13,757,153	\$14,063,200	\$14,313,833	\$14,543,779	\$14,779,350	\$15,032,486	\$15,276,078
Debt Service	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049 6,	6,452,923	6,452,923 6,456,123	6,456,748 6	6,456,377	6,454,610
Ratio with Debt Service Coverage Fund	3.22	2.69	2.02	2.08	2.13	2.18	2.22	2.25	2.29	2.33	2.37

<sup>&</sup>lt;sup>1</sup>The Rate Covenant calculation presentation in the middle of the table is pursuant to the Rate Covenant definition in the CFC Master Trust Agreement. The debt service coverage calculation including the balance in the Debt Service Coverage Fund (presented at the bottom of the table) is not part of the Rate Covenant. It is included in this table to demonstrate the coverage if all available funds are considered.

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Table 22 | Debt Service Coverage Assuming Low Forecast of Transaction Days

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Pledged Revenues CFC Revenues Concessionaire Deficiency Payments	960'995'2\$	\$10,576,012 0	\$10,665,060	\$10,787,643 0	\$10,943,014 0	\$10,576,012 \$10,665,060 \$10,787,643 \$10,943,014 \$11,082,741 \$11,212,551 \$11,356,613 \$11,514,553 \$11,686,841 \$11,842,570 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	\$11,212,551 0	\$11,356,613 0	\$11,514,553 0	\$11,686,841	\$11,842,570
Total Pledged Revenues	960'995'2\$	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$10,576,012 \$10,665,060 \$10,787,643 \$10,943,014 \$11,082,741 \$11,212,551 \$11,356,613 \$11,514,553	\$11,212,551	\$11,356,613	\$11,514,553		\$11,686,841 \$11,842,570
Deposits to: CFC Debt Service Fund	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
CFC Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Renewal & Replacement Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
Total Required Deposits	2,918,462	4,690,385	7,155,385	7,855,327	7,852,343	7,855,049	7,852,923	7,313,851	6,772,203	6,771,832	6,770,065
Rate Covenant											
CFC Revenues must be the greater of at least:											
(i) 100% (1.00) of Deposits to Funds	2.59	2.25	1.49	1.37	1.39	1.41	1.43	1.55	1.70	1.73	1.75
(ii) 125% (1.25) of Debt Service	2.59	2.25	1.65	1.67	1.70	1.72	1.74	1.76	1.78	1.81	1.83

## \$9,260,944 \$12,270,860 \$12,359,908 \$12,482,491 \$12,637,862 \$12,777,589 \$12,907,399 \$13,051,461 \$13,209,401 \$13,381,689 \$13,537,418 6,454,610 \$7,566,096 \$10,576,012 \$10,665,060 \$10,787,643 \$10,943,014 \$11,082,741 \$11,212,551 \$11,356,613 \$11,514,553 \$11,686,841 \$11,842,570 6,456,377 6,456,748 1,694,848 6,456,123 1,694,848 6,452,923 6,455,049 1,694,848 6,452,343 1,694,848 6,455,327 1,694,848 6,455,385 1,694,848 4,690,385 2,918,462 Ratio with Debt Service Coverage Fund Add: Debt Service Coverage Fund Total Available for Debt Service Pledged Revenues

Including Debt Service Coverage 1

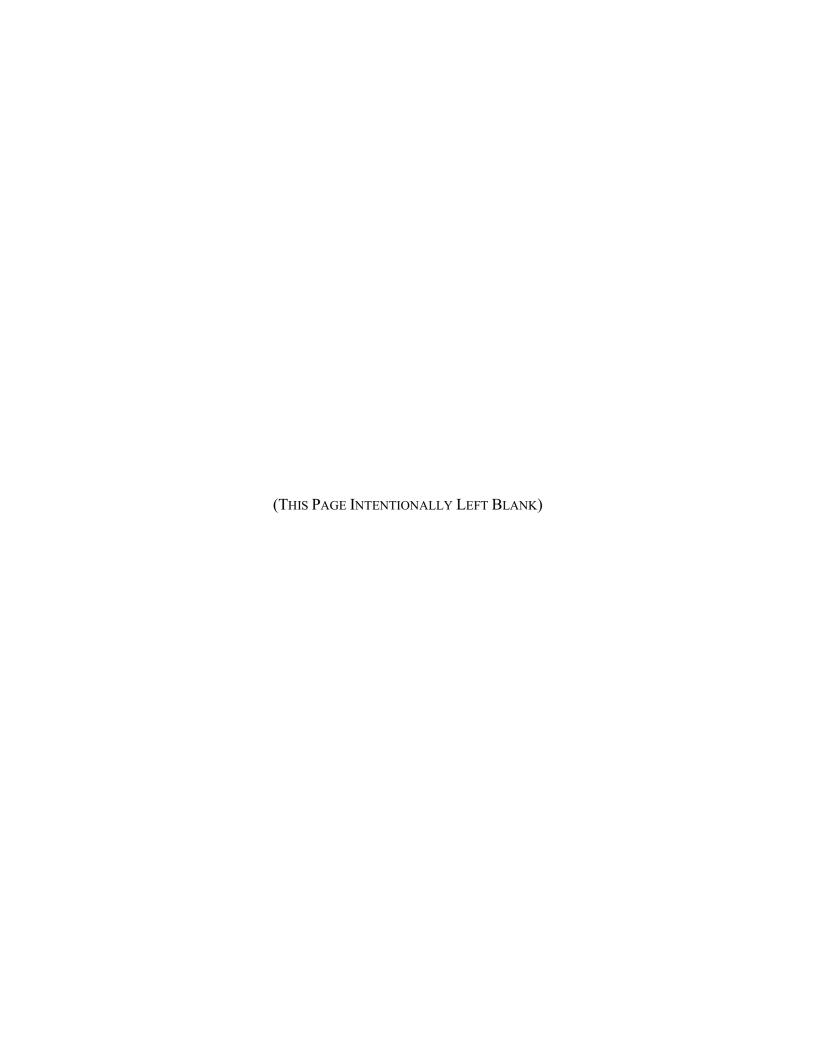
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<sup>&</sup>lt;sup>1</sup>The Rate Covenant calculation presentation in the middle of the table is pursuant to the Rate Covenant definition in the CFC Master Trust Agreement. The debt service coverage calculation including the balance in the Debt Service Coverage Fund (presented at the bottom of the table) is not part of the Rate Covenant. It is included in this table to demonstrate the coverage if all available funds are considered.

#### APPENDIX B

## **Audited Financial Statements**

The following report in this APPENDIX B is subject to review and acceptance by the Ohio Auditor of State's office, and the requirements of Ohio Revised Code Section 117.25 are not met until the Ohio Auditor of State certifies this report. This process will be completed by the Ohio Auditor of State in a reasonable timeframe and reports are subject to change if the Ohio Auditor of State determines that modification of a report is necessary to comply with required accounting or auditing standards or Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.





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### **Independent Auditor's Report**

To the Board of Directors
Columbus Regional Airport Authority

#### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of Columbus Regional Airport Authority (the "Authority") as of and for the years ended December 31, 2018 and 2017 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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 of America 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Columbus Regional Airport Authority as of December 31, 2018 and 2017 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter

As described in Note 17 to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which resulted in the Authority restating net position for the recognition of the Authority's other postemployment benefit-related activity incurred prior to January 1, 2018. Our opinion is not modified with respect to this matter.



To the Board of Directors
Columbus Regional Airport Authority

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Columbus Regional Airport Authority's basic financial statements. The supplemental schedule of revenue and expenses: budget vs. actual - budget basis, schedule of expenditures of federal awards, and schedule of expenditures of passenger facility charges, the introductory section, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance").

The supplemental schedule of revenue and expenses: budget vs. actual - budget basis, schedule of expenditures of federal awards, and schedule of expenditures of passenger facility charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of revenue and expenses: budget vs. actual - budget basis, schedule of expenditures of federal awards, and schedule of expenditures of passenger facility charges are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2019 on our consideration of Columbus Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering Columbus Regional Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 20, 2019

## **Management's Discussion**

## and Analysis

The following unaudited Management's Discussion and Analysis (MD&A) of the Columbus Regional Airport Authority's (the Authority) financial performance provides an introduction to the financial statements for the years ended December 31, 2018 and 2017. The information contained in this MD&A should be considered in conjunction with the information contained in the Authority's financial statements.

## Overview of the **Financial Statements**

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated (except land and construction in progress) over their estimated useful lives. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following this MD&A are the basic financial statements of the Authority together with the notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The **Statements of Net Position** present information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position.

The **Statements of Revenues, Expenses, and Changes in Net Position** present information showing how the Authority's net position changed during the most recent years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

The **Statements of Cash Flows** relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in these statements. A reconciliation is provided at the bottom of the Statements of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income or loss.

In addition to the basic financial statements and accompanying notes, this report also presents the Required Supplementary Information Schedule of the Authority's Proportionate Share of the Net Pension Liability, Required Supplementary Information Schedule of the Authority's Pension Contributions and Supplemental Schedule of Revenues and Expenses – Budget vs. Actual – Budget Basis.

In 2001, the County of Franklin, Ohio (the County) Board of Commissioners approached the Mayor and officials of the City of Columbus, Ohio (the City) with the idea of creating one port authority to oversee the airports managed by the Columbus Municipal Airport Authority (CMAA) and the Rickenbacker Port Authority (RPA). The County and the City formed a committee, the Regional Port Authority Study Committee that evaluated and concluded that there was the potential for achieving cost savings, operational efficiencies and other intangible synergies by creating a single

regional airport authority to oversee the operations of Port Columbus International (CMH), Rickenbacker International (LCK) and Bolton Field (TZR) airports. On December 12, 2002, the County, the City and the CMAA entered into the Port Authority Consolidation and Joinder Agreement (the 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 (the Authority). The assets of the RPA were recorded on the Authority's records at net book value. Additional information may be found in Note 1 of the accompanying notes.

## Significant **Events**

## John Glenn and Rickenbacker airports experience continued growth during 2018

John Glenn Columbus International Airport (CMH) and Rickenbacker International Airport (LCK) helped drive the growth of Columbus, the fastest-growing metropolitan area in the Midwest, with expanded flights for both passengers and cargo. Passengers at CMH and LCK totaled 8.4 million, with more than 8.1 million passengers traveling through CMH in 2018, up 7.5 percent from 2017 making it the airport's busiest year in history. While more than 300 million pounds of cargo flew through LCK in 2018, which represents a nearly 18 percent increase from 2017.

## John Glenn International Airport approves construction of new Rental-Car Facility

John Glenn Columbus International Airport announced the approval of a construction of \$140 million consolidated rental-car facility to alleviate unprecedented demand on garage parking. The construction which begins in 2019 will allow the Authority to reclaim 2 levels of the long term parking garage and add an additional 1,400 parking places for the public.

## \$12.9 billion economic impact from CRAA airports and Foreign Trade Zone 138

The airports and business segments operated by the Columbus Regional Airport Authority (CRAA) generate more than 58,730 jobs that create \$3.1 billion in annual payroll, driving \$12.9 billion in annual economic activity in the state of Ohio, according to an independent economic impact study findings. This reflects a significant growth since 2012 and touts the claim of one of the fastest growing metropolitan areas in the Midwest.

## Financial Highlights

The Authority's overall financial position improved during 2018 as evidenced by our continued growth in total net position and the reduction in outstanding debt as well as our continued strong liquidity position.

## A summary of the Authority's financial highlights for the year 2018 is as follows:

The Authority's Total Assets increased \$22.4 million over 2017. Current Assets increased \$2.2 million as a result of increased short term investments. Non-Current Assets (Unrestricted and Restricted) increased \$20.3 million primarily due to increased restricted cash and equivalents.

Total Liabilities increased \$497,000 over 2017. The increase is primarily the result of \$1.7 million increase in current liabilities related to tenant prepayments offset by a \$1.2 million decrease in long-term liabilities related to long-term debt.

Total 2018 Operating Revenues were favorable to budget by \$4.4 million as a result of increased parking, concession and cargo revenues offset by a decrease in airline revenues. Compared to 2017, total Operating Revenues increased \$4.1 million. The increase is primarily a result of higher revenue received from parking, concession and cargo operations.

Total 2018 Operating Expenses were unfavorable to budget by \$5.0 million related to increased pension and OPEB expense and parking services. Compared to 2017, total Operating Expenses increased \$4.0 million. The increase is primarily a result of an increase associated with employee wages & benefits and purchased services.

## A summary of the Authority's financial highlights for the year 2017 is as follows:

The Authority's Total Assets increased \$10.6 million over 2016. Current Assets decreased \$4.5 million as a result of decreased cash and equivalents and short term investments. Non-Current Assets (Unrestricted and Restricted) increased \$15.0 million primarily due to increased restricted and unrestricted investments, and restricted cash and equivalents offset by a decrease in Capital Assets.

Total Liabilities decreased \$4.5 million over 2016. The decrease is primarily the result of a decrease in unearned rental income and long-term debt offset by an increase in net pension liability.

Total 2017 Operating Revenues were favorable to budget by \$305,374 as a result of increased airline, concession and cargo revenues offset by a decrease in parking revenues. Compared to 2016, total Operating Revenues increased \$8.4 million. The increase is primarily a result of higher revenue received from parking, airlines and cargo operations.

Total 2017 Operating Expenses were unfavorable to budget by \$4.5 million related to increased employee wages & benefits and purchase of services. Compared to 2016, total Operating Expenses increased \$8.0 million. The increase is primarily a result of an increase associated with employee wages & benefits and purchased services.

Financial Position

The following represents the Authority's financial position for the years ended December 31:

	Dollars in 000's						% Cha	nge
		2018		2017		2016	2018	2017
ASSETS								
Current Assets - Unrestricted	\$	73,726	\$	71,541	\$	75,994	3.1	-5.9
Capital Assets		760,545		758,463		760,733	0.3	-0.3
Other Non-Current Assets - Unrestricted		31,857		34,091		29,859	-6.6	14.2
Other Non-Current Assets - Restricted		104,162		83,747		70,702	24.4	18.5
Total Assets		970,290		947,842		937,288	2.4	1.1
DEFERRED OUTFLOWS OF RESOURCES								
Pensions and OPEB		9,187		16,904		12,027	-45.7	40.6
<b>Total Deferred Outflows of Resources</b>		9,187		16,904		12,027	-45.7	40.6
LIABILITIES								
Current Liabilities - Unrestricted		28,687		26,994		28,321	6.3	-4.7
Long-Term Liabilities - Restricted		21,144		20,151		19,388	4.9	3.9
Long-Term Liabilities - Unrestricted		110,850		113,037		116,965	-1.9	-3.4
Total Liabilities		160,681		160,182		164,674	0.3	-2.7
DEFERRED INFLOWS OF RESOURCES								
Bond Refunding, Pensions, and OPEB		8,329		678		1,028	1128.5	-34.0
Total Deferred Inflows of Resources		8,329		678		1,028	1128.5	-34.0
NET POSITION								
Net Investment In Capital Assets		679,579		667,630		660,463	1.8	1.1
Net Position - Restricted		102,829		83,063		70,192	23.8	18.3
Net Position - Unrestricted		28,059		53,193		52,958	-47.3	0.4
Total Net Position	\$	810,467	\$	803,886	\$	783,613	0.8	2.6

## An analysis of significant changes in assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for the year 2018 is as follows:

The net pension liability (NPL) reported by the Authority at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding

approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service

2Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This

implementation also had the effect of restating net position at December 31, 2018, from \$803,885,797 to \$785,277,941.

The Authority's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows by \$810.5 million, a \$6.6 million increase over December 31, 2017. The largest portion of the Authority's net position each year (\$679.6 million or 83.85% at December 31, 2018) represents its investment in capital assets, less the related debt outstanding used to acquire those capital assets. The Authority uses these capital assets to provide services to its aviation partners, passengers and visitors to the airports; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net position (\$102.8 million or 12.7% at December 31, 2018) represents resources that are restricted for the funding of bond reserves and capital projects. These resources are not available for new spending because they have already been committed to fund bond reserves and capital projects.

The remaining unrestricted net position of \$28.1 million may be used to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future capital expenditures and to maintain adequate levels of working capital.

## An analysis of significant changes in assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for the year 2017 is as follows:

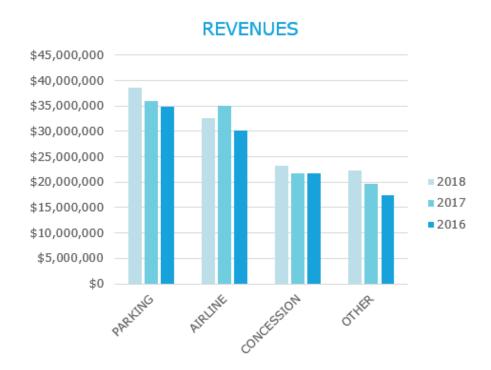
The Authority's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows by \$803.9 million, a \$20.3 million increase over December 31, 2016. The largest portion of the Authority's net position each year (\$667.6 million or 83.05% at December 31, 2017) represents its investment in capital assets, less the related debt outstanding used to acquire those capital assets. The Authority uses these capital assets to provide services to its aviation partners, passengers and visitors to the airports; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net position (\$83.1 million or 10.3% at December 31, 2017) represents resources that are restricted for the funding of bond reserves and capital projects. These resources are not available for new spending because they have already been committed to fund bond reserves and capital projects.

The remaining unrestricted net position of \$53.0 million may be used to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future capital expenditures and to maintain adequate levels of working capital.

The following represents the Authority's summary of operating revenues by source for the years ended December 31:

	Dollars in 000's							% Ch	ange
		2018		2017		2016		2018	2017
Parking Revenue	\$	38,694	\$	36,006	\$	34,821		7.5	3.4
Airline Revenue		32,676		35,125		30,215		-7.0	16.3
Concession Revenue		23,152		21,800		21,791		6.2	0.0
Cargo Operations Revenue		7,791		6,488		5,338		20.1	21.5
Hotel Operations Revenue		4,615		4,492		4,605		2.7	-2.5
General Aviation Revenue		3,631		3,524		3,276		3.0	7.6
Foreign Trade Zone Fees		310		320		325		-3.1	-1.5
Other Revenue		5,869		4,820		3,846		21.8	25.3
<b>Total Operating Revenues</b>	\$	116,738	\$	112,575	\$	104,217		3.7	8.0



## An analysis of significant changes in revenues for the year 2018 is as follows:

- Parking Revenue increased \$2.7 million or 7.5%. This increase is related to an increase in enplaned passengers utilizing parking facilities over 2017.
- Cargo Operations Revenue increased \$1.3 million or 20.1%. This is the result of increased landing fees and fuel fees over 2017.

## An analysis of significant changes in revenues for the year 2017 is as follows:

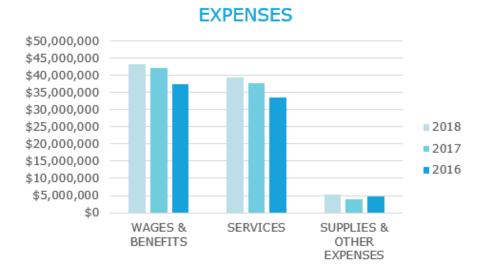
- Airline Revenue increased \$4.9 million or 16.3%. This increase is related to an increase in landing fees and rental rates offset by a decrease in airline credits over 2016.
- Cargo Operations Revenue increased \$1.2 million or 21.5%. This is the result of increased landing fees and fuel fees over 2016.

## The following represents the Authority's summary of operating expenses by source for the years ended December 31:

	Dollars in 000's							% Cha	nge
		2018		2017		2016		2018	2017
Employee Wages & Benefits	\$	43,310	\$	42,287	\$	37,606		2.4	12.4
Purchase of Services		36,750		35,126		31,138		4.6	12.8
Materials & Supplies		5,293		3,964		4,607		33.5	-14.0
Hotel Services		2,576		2,487		2,437		3.6	2.1
Other Expenses		57		25		138		128.0	-81.9
<b>Total Operating Expenses</b>	\$	87,986	\$	83,889	\$	75,926		4.9	10.5

<sup>\*</sup> The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 and 2016 operating expenses still include OPEB expense of \$281,964 and \$488,880 computed under GASB 45, respectively. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$1,416,245. Consequently, in order to compare 2018 to 2017 total operating expense, the following adjustments are needed:

Total 2018 Operating Expenses under GASB 75	5	87,986,375
Less: OPEB Expense under GASB 75		(1,416,245)
Add: 2018 Contractually Required Contribution		
Adjusted 2018 Operating Expenses		86,570,130
Total 2017 Operating Expense under GASB 45		83,888,713
Increase in Operating Expenses Not Related to OPEB Expense	\$	2,681,417



## An analysis of significant changes in expenses for the year 2018 is as follows:

- Employee Wages & Benefits increased by \$1.0 million or 2.4% due to increased pension expense related to GASB 68 and GASB 75.
- Purchased Services increased by \$1.6 million or 4.6% due to increased contract labor related to ground handling services at Rickenbacker Inland Port and parking services as well as increased airport maintenance and professional services over 2017.

## An analysis of significant changes in expenses for the year 2017 is as follows:

- Employee Wages & Benefits increased by \$4.7 million or 12.4% due to increased pension expense related to GASB 68.
- Purchased Services increased by \$4.0 million or 12.8% due to increased contract labor related to ground handling services at Rickenbacker Inland Port and parking services as well as increased airport maintenance and professional services over 2016.

#### The following represents the Authority's summary of changes in net position for the years ended December 31:

	D	ollars in 000	's	% Cha	ange
	2018	2017	2016	2018	2017
Total Operating Revenues	\$ 116,738	\$ 112,576	\$ 104,218	3.7	8.0
Total Operating Expenses	(87,986)	(83,888)	(75,926)	4.9	10.5
Operating Income before Depreciation	28,751	28,688	28,292	0.2	1.4
Depreciation	(47,232)	(46,107)	(44,160)	2.4	4.4
Operating Loss	(18,481)	(17,419)	(15,868)	6.1	9.8
Investment Income	1,493	986	662	51.4	48.9
Passenger Facility Charges	16,701	14,802	14,436	12.8	2.5
Rental Car Facility Charges	11,521	10,582	9,768	8.9	8.3
Interest Expense	(1,708)	(1,782)	(3,477)	-4.2	-48.7
Loss on Securities	(96)	(232)	(170)	-58.6	36.5
Amortization of Deferred Charges	58	58	(158)	0.0	-136.7
Gain on Disposal of Assets	7,111	1,303	7,767	445.7	-83.2
Other Non-Operating Revenue	155	640	394	-75.8	62.4
Income before Capital Contributions	16,754	8,938	13,354	87.4	-33.1
Capital Contributions	8,435	11,335	19,006	-25.6	-40.4
Increase in Net Position	25,189	20,273	32,360	24.2	-37.4
Net Position - Beginning of Year	803,886	783,613	751,251	2.6	4.3
Restatement for GASB 75	(18,608)	-	-	-	-
Net Position - End of Year	810,467	803,886	783,611	0.8	2.6

## An analysis of significant changes in net position for the year 2018 is as follows:

- Passenger Facility Charges increased by \$1.9 million or 12.8% related to an increase in passenger traffic.
- Gain on Disposal of Assets increased by \$5.8 million or 445.7% due to land sales near Rickenbacker International Airport.
- Capital Contributions from federal and state funding sources decreased by \$2.9 million or 25.6% due to the completion of snow removal equipment and jetbridge related projects at John Glenn International.

## An analysis of significant changes in net position for the year 2017 is as follows:

- Interest Expense decreased by \$1.7 million or 48.7% related to the refunding of revenue bonds, series 2007 in late 2016.
- Capital Contributions from federal and state funding sources decreased by \$7.7 million or 40.4% due to the completion of north runway and jetbridge related projects at John Glenn International.

## Capital **Assets**

The Authority's capital assets as of December 31, 2018, totaled \$760.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings & building improvements, runways, taxiways & roads, construction in progress, furniture, and machinery & equipment. The total increase in the Authority's investment in capital assets before accumulated depreciation for 2018 was 3.48% or \$48.3 million.

#### Major capital projects in progress and expenditures incurred during 2018 included the following:

Twy Rehab & MOS Phase 1A & 1B
Rehab Terminal Apron & Txwy E Asphalt
Consolidated Rental Car Facility
Parking Access Revenue Control System
Intermodal Pkwy Extension Cul-de-sac

\$ 8,019,419
7,228,119
6,553,065
2,691,463
2,097,443

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. Acquisitions are funded using a variety of financing techniques, including federal and state grants, passenger facility charges, debt issuance, and the Authority revenues and reserves. Additional information on the Authority's capital assets can be found in Note 2 of the accompanying notes.

## **Debt Administration**

## Airport Refunding Revenue Bonds, Series 2013AB

On October 8, 2013, the Authority issued Airport Refunding Revenue Bonds, Series 2013AB in the principal amount of \$17,600,000. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2003AB. The bonds are due at maturity in monthly principal and interest installments of \$214,650 beginning February 2014 through April 2021.

The balance outstanding as of December 31, 2018 was \$5,912,451.

## Airport Refunding Revenue Bonds, Series 2015 (AMT)

On March 31, 2015, the Authority issued Airport Refunding Revenue Bonds, Series 2015(AMT) in the principal amount of \$40,000,000. The bond proceeds were used to partially refund the Authority's outstanding Credit Facility Bonds, Series 2012B. The bonds are due at maturity in monthly principal and interest installments of \$280,662 beginning January 2016 through January 2030.

The balance outstanding as of December 31, 2018 was \$32,608,201.

#### Airport Refunding Revenue Bonds, Series 2016

On October 6, 2016, the Authority issued \$41,982,000 of Airport Refunding Revenue Bonds, Series 2016. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2007. The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of \$463,020 beginning February 2017 through November 2023.

The balance outstanding as of December 31, 2018 was \$32,495,965. Bond principal and interest are paid from the general revenues of the Authority. Additional details may be found in Note 8 of the accompanying notes.

## Passenger Facility Charge (PFC)

In October 1992, the Authority received approval from the Federal Aviation Administration (the FAA) to impose a PFC of \$3.00 per enplaned passenger. In January 2002, the FAA approved the Authority's request to increase the PFC level to \$4.50 on certain eligible projects. The new collection rate commenced on April 1, 2002. In 2007, the Authority received approval to collect on its application effective December 26, 2007, in the amount of \$71.1 million. The newest application, which was approved on January 28, 2011 adds an additional \$185.0 million to the collectible amount and will extend the collection date to June 1, 2020. Through December 31, 2018, the Authority has collected PFCs, including interest earnings thereon, totaling \$332.2 million.

## Airline Rates and Charges

The Authority and certain airlines negotiated an agreement effective from January 1, 2015, through December 31, 2019, which in part establishes how the airlines that sign the agreement (signatory airlines) will be assessed annual rates and charges for their use of CMH. Landing fees and terminal rental rates for non-signatory airlines are assessed at 150 percent of the signatory rates.

The rates and charges net of credits billed to the signatory airlines at CMH were as follows:

Landing Fees - Net of General Airline Credit (per 1,000 lbs)
Terminal Rental Rate (Average)
Apron Fee - Square Foot Rate Component
Apron Fee - Landed Weight Component (per 1,000 lbs)

			% Cha	ange
2018	2017	2016	2018	2017
\$ 1.91	\$ 2.37	\$ 2.77	-19.4	-14.4
78.25	73.70	73.15	6.2	0.8
1.78	1.77	2.28	0.6	-22.4
0.37	0.36	0.47	2.8	-23.4

The Authority also charges a signatory landing fee to airlines for their use of LCK. Landing fees for non-signatory airlines are assessed at 150 percent of the signatory rate.

#### LCK landing fees were as follows:

2018 2017 2016 % Change 2018 2017 Landing Fees - (per 1,000 lbs) \$ 3.18 \$ 3.03 \$ 2.83 5.0 7.1

## **Request for Information**

This report is designed to provide detailed information on the Authority's operations to all with an interest in the Authority's financial affairs and to demonstrate the Authority's accountability for the assets it controls and the funds it receives and expends. Questions concerning any of the information provided in this report or any request for additional information should be emailed to pstreitenberger@columbusairports.com or sent in writing to Paul Streitenberger, Director, Accounting and Finance, Columbus Regional Airport Authority, 4600 International Gateway, Columbus, Ohio 43219.

# **Statements of Net Position**As of December 31, 2018 and 2017

	2018	2017
ASSETS		
Current Assets - Unrestricted		
Cash & Cash Equivalents	\$ 33,106,395	\$ 40,112,498
Other Investments	21,510,738	8,190,922
Accounts Receivable - Trade & Capital Grants, Net	13,883,408	18,114,244
Accounts Receivable - Other	1,683,896	1,966,700
Interest Receivable	317,025	216,582
Deposits, Prepaid Items, & Other	3,224,811	2,940,254
Total Current Assets	73,726,273	71,541,200
Non-Current Assets - Unrestricted		
Other Investments	31,041,044	33,585,717
Accounts Receivable - Other	317,092	295,177
Net Pension Asset	497,888	210,007
Land	95,282,252	95,088,175
Construction in Progress	33,960,219	30,161,781
Depreciable Capital Assets - Net of Accumulated Depreciation	631,302,940	633,213,253
Total Non-Current Assets - Unrestricted	792,401,435	792,554,110
Non-Current Assets - Restricted		
Cash & Cash Equivalents	41,188,024	21,428,023
Other Investments	62,974,312	62,319,435
Total Non-Current Assets - Restricted	104,162,336	83,747,458
Total Non-Current Assets	896,563,771	876,301,568
Total Assets	970,290,044	947,842,768
DEFERRED OUTFLOWS OF RESOURCES		
OPEB:	1,472,235	-
Pensions:		40.000.000
Ohio Public Employees Retirement System - Traditional Plan	3,624,040	12,830,896
Ohio Public Employees Retirement System - Combined Plan	53,259	103,996
Ohio Public Employees Retirement System - Member-Directed Plan	29,181	21,164
Ohio Public Employees Retirement System Contributions - All Plans	4,008,097	3,947,490
Total Pensions	7,714,577	16,903,546
Takal Deferred Outflows of Bossess	# 0.10C.01C	A 16 000 F46
Total Deferred Outflows of Resources	\$ 9,186,812	\$ 16,903,546

See accompanying notes to the financial statements

**Statements of Net Position**As of December 31, 2018 and 2017 (continued)

	2018	2017
LIABILITIES		
Current Liabilities - Unrestricted Accounts Payable - Trade	¢ 9.694.409	\$ 8,511,878
Accrued Interest Payable	\$ 8,684,408 142,688	\$ 8,511,878 134,806
Accrued & Withheld Employee Benefits	7,457,603	7,151,594
Unearned Rent	391,174	363,531
Customer Deposits & Other	434,784	429,592
Other Accrued Expenses	11,576,263	10,402,748
Total Current Liabilities	28,686,920	26,994,149
Long-Term Liabilities		
Payable from Restricted Assets - Due Within 1 Year		
Retainages on Construction Contracts	1,332,729	684,939
Current Portion of Long-Term Debt	10,152,352	9,966,491
Revolving Bank Loan  Total Payable from Restricted Assets - Due Within 1 Year	9,658,562 21,143,643	9,500,000 20,151,430
Total Fuyable Holl Restricted Assets - Bue William 1 Fedi	21/115/015	20/131/130
Payable from Unrestricted Assets - Due in more than 1 Year		
Compensated Absences	1,449,259	1,285,566
Unearned Rent	1,952,554	2,069,310
Net Pension Liability Net OPEB Liability	26,577,458 20,006,021	38,665,876
Long-Term Debt, Less Current Portion, Net	60,864,264	71,016,616
Total Payable from Restricted Assets - Due in More Than 1 Year	110,849,556	113,037,368
Total Long-Term Liabilites	131,993,199	133,188,798
Total Liabilities	160,680,119	160,182,947
	160,680,119	160,182,947
DEFERRED INFLOWS OF RESOURCES	160,680,119	160,182,947
DEFERRED INFLOWS OF RESOURCES Deferred Gain on Bond Refunding		
DEFERRED INFLOWS OF RESOURCES Deferred Gain on Bond Refunding (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)	291,412	<b>160,182,947</b> 349,695
DEFERRED INFLOWS OF RESOURCES Deferred Gain on Bond Refunding (Net of Accumulated Amortization of \$58,282 in 2018 and 2017) OPEB:		
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions:	291,412 1,490,315	
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan	291,412 1,490,315 6,319,644	349,695 - 217,326
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan	291,412 1,490,315 6,319,644 222,239	349,695 - 217,326 108,042
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions:  Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan	291,412 1,490,315 6,319,644 222,239 5,888	349,695 - 217,326 108,042 2,507
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan	291,412 1,490,315 6,319,644 222,239	349,695 - 217,326 108,042
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions:  Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan	291,412 1,490,315 6,319,644 222,239 5,888	349,695 - 217,326 108,042 2,507
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan Total Pensions  Total Deferred Inflows of Resources	291,412 1,490,315 6,319,644 222,239 5,888 6,547,771	349,695 - 217,326 108,042 2,507 327,875
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan Total Pensions  Total Deferred Inflows of Resources  NET POSITION	291,412 1,490,315 6,319,644 222,239 5,888 6,547,771 <b>8,329,498</b>	349,695 - 217,326 108,042 2,507 327,875 <b>677,570</b>
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan Total Pensions  Total Deferred Inflows of Resources	291,412 1,490,315 6,319,644 222,239 5,888 6,547,771	349,695 - 217,326 108,042 2,507 327,875
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan  Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets	291,412 1,490,315 6,319,644 222,239 5,888 6,547,771 <b>8,329,498</b>	349,695 - 217,326 108,042 2,507 327,875 <b>677,570</b>
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan  Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets Restricted: Passenger Facility Charges Customer Facility Charges (Rental Cars)	291,412 1,490,315 6,319,644 222,239 5,888 6,547,771 <b>8,329,498</b> 679,578,821 30,184,924 59,060,429	349,695 - 217,326 108,042 2,507 327,875 677,570 667,630,407 15,593,206 53,967,596
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan  Total Pensions  Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets Restricted: Passenger Facility Charges Customer Facility Charges Customer Facility Charges (Rental Cars) Bond Reserves	291,412 1,490,315 6,319,644 222,239 5,888 6,547,771 <b>8,329,498</b> 679,578,821 30,184,924 59,060,429 13,584,254	349,695 - 217,326 108,042 2,507 327,875  677,570  667,630,407 15,593,206 53,967,596 13,501,717
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan  Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets Restricted: Passenger Facility Charges Customer Facility Charges (Rental Cars)	291,412 1,490,315 6,319,644 222,239 5,888 6,547,771 <b>8,329,498</b> 679,578,821 30,184,924 59,060,429	349,695 - 217,326 108,042 2,507 327,875 677,570 667,630,407 15,593,206 53,967,596
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan  Total Pensions  Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets Restricted: Passenger Facility Charges Customer Facility Charges Customer Facility Charges (Rental Cars) Bond Reserves	291,412 1,490,315 6,319,644 222,239 5,888 6,547,771 <b>8,329,498</b> 679,578,821 30,184,924 59,060,429 13,584,254	349,695 - 217,326 108,042 2,507 327,875  677,570  667,630,407 15,593,206 53,967,596 13,501,717
DEFERRED INFLOWS OF RESOURCES  Deferred Gain on Bond Refunding  (Net of Accumulated Amortization of \$58,282 in 2018 and 2017)  OPEB: Pensions: Ohio Public Employees Retirement System - Traditional Plan Ohio Public Employees Retirement System - Combined Plan Ohio Public Employees Retirement System - Member-Directed Plan  Total Pensions  Total Pensions  Total Deferred Inflows of Resources  NET POSITION Net Investment in Capital Assets Restricted: Passenger Facility Charges Customer Facility Charges (Rental Cars) Bond Reserves Total Restricted Net Position	291,412 1,490,315 6,319,644 222,239 5,888 6,547,771 <b>8,329,498</b> 679,578,821 30,184,924 59,060,429 13,584,254 102,829,607	349,695 - 217,326 108,042 2,507 327,875  677,570  667,630,407 15,593,206 53,967,596 13,501,717 83,062,519

See accompanying notes to the financial statements

# Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES	20.604.220	26 005 065
Parking Revenue Airline Revenue	38,694,330	36,005,865
Concession Revenue	32,676,307 23,151,139	35,124,629 21,800,112
Cargo Operations Revenue	7,790,597	6,487,800
Hotel Operations Revenue	4,614,937	4,492,392
General Aviation Revenue	3,631,307	3,523,886
Foreign Trade Zone Fees	310,000	320,000
Other Revenue	5,869,076	4,820,439
Total Operating Revenues	116,737,693	112,575,123
OPERATING EXPENSES		
Employee Wages & Benefits	43,310,190	42,287,061
Purchase of Services	36,749,704	35,124,298
Materials & Supplies	5,293,357	3,964,397
Hotel Services	2,575,793	2,487,491
Other Expenses	57,331	25,466
Total Operating Expenses	87,986,375	83,888,713
	, ,	, ,
Operating Income Before Depreciation	28,751,318	28,686,410
Less: Depreciation	47,231,773	46,106,597
Operating Loss	(18,480,455)	(17,420,187)
· ·	(18,480,455)	(17,420,187)
NON-OPERATING REVENUES (EXPENSES)		
NON-OPERATING REVENUES (EXPENSES) Investment Income	1,492,736	986,411
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges	1,492,736 16,701,097	986,411 14,802,169
NON-OPERATING REVENUES (EXPENSES) Investment Income	1,492,736 16,701,097 11,520,767	986,411
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges	1,492,736 16,701,097	986,411 14,802,169 10,582,265
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense	1,492,736 16,701,097 11,520,767 (1,707,767)	986,411 14,802,169 10,582,265 (1,781,678)
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093)	986,411 14,802,169 10,582,265 (1,781,678) (231,548)
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 <b>26,357,435</b>
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 <b>26,357,435</b>
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 <b>26,357,435</b>
NON-OPERATING REVENUES (EXPENSES) Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions Capital Contributions	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160  16,754,705 8,434,593	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 <b>26,357,435</b> <b>8,937,248</b> 11,335,210
NON-OPERATING REVENUES (EXPENSES)  Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions Capital Contributions Increase in Net Position	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160  16,754,705 8,434,593 25,189,298	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 26,357,435  8,937,248 11,335,210 20,272,458
NON-OPERATING REVENUES (EXPENSES)  Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions Capital Contributions Increase in Net Position  Total Net Position - Beginning of Year, Restated per Note 17	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160  16,754,705 8,434,593 25,189,298 803,885,797	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 26,357,435  8,937,248 11,335,210 20,272,458
NON-OPERATING REVENUES (EXPENSES)  Investment Income Passenger Facility Charges Rental Car Facility Charges Interest Expense Loss on Securities Amortization of Deferred Gain (Loss) on Bond Refunding Gain on Disposal of Assets Other Non-Operating Revenues  Total Non-Operating Revenues  Income Before Capital Contributions Capital Contributions Increase in Net Position  Total Net Position - Beginning of Year, Restated per Note 17 Cummulative Effect of Change in Accounting Principle	1,492,736 16,701,097 11,520,767 (1,707,767) (96,093) 58,282 7,110,991 155,146 35,235,160  16,754,705 8,434,593 25,189,298  803,885,797 (18,607,856)	986,411 14,802,169 10,582,265 (1,781,678) (231,548) 58,282 1,302,582 638,952 26,357,435  8,937,248 11,335,210 20,272,458

See accompanying notes to the financial statements

**Statements of Cash Flows**For the Years Ended December 31, 2018 and 2017

		2010		2017
CASH FLOWS FROM OPERATING ACTIVITIES		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES		446 505 400		112 005 256
Cash Received from Customers	\$	116,595,488	\$	112,905,256
Cash Paid to Employees		(38,391,677)		(36,293,574)
Cash Paid to Suppliers		(43,552,174)		(43,563,222)
Other Payments		(57,331)		(25,466)
Net Cash Provided by Operating Activities		34,594,306		33,022,994
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
		455 446		620.052
Proceeds from Federal, State, & Local Funded Operating Grants		155,146		638,952
Net Cash Provided by Noncapital Financing Activities		155,146		638,952
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Property, Plant, & Equipment		(44,907,238)		(47,684,890)
Contributed Capital, Passenger Facility Charges, & Rental Car Facility Charges		41,290,387		36,347,094
Proceeds from Revolving Bank Loan		9,658,562		30,347,034
Payments on Revolving Bank Loan		(9,500,000)		-
Interest Paid on Bonds, Notes and Loan				(1,796,191)
·		(1,699,885)		
Principal Payments on Bonds, Notes, & Loan		(9,966,491)		(9,378,367)
Proceeds from the Sale of Capital Assets		3,262,931		887,674
Net Cash Used in Capital and Related Financing Activities		(11,861,733)		(21,624,680)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments		(95,288,887)		(66,229,335)
Proceeds from the Sale of Investments		83,858,867		63,396,610
Income Received on Cash and Investments		1,296,199		738,790
Net Cash Used in Investing Activities		(10,133,821)		(2,093,935)
· · · · · · · · · · · · · · · · · · ·				(-,,
Net Increase in Cash & Cash Equivalents		12,753,898		9,943,331
Net Increase in Cash & Cash Equivalents Cash & Cash Equivalents - Beginning of Year		<b>12,753,898</b> 61,540,521		<b>9,943,331</b> 51,597,190
	\$		\$	
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year	\$	61,540,521	\$	51,597,190
Cash & Cash Equivalents - Beginning of Year	\$	61,540,521	\$	51,597,190
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year	\$	61,540,521	\$	51,597,190
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY	<b>\$</b>	61,540,521	<b>\$</b>	51,597,190
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		61,540,521 <b>74,294,419</b>		51,597,190 <b>61,540,521</b>
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss		61,540,521 <b>74,294,419</b>		51,597,190 <b>61,540,521</b>
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		61,540,521 <b>74,294,419</b> (18,480,455)		51,597,190 <b>61,540,521</b> (17,420,187)
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation		61,540,521 <b>74,294,419</b> (18,480,455) 47,231,773		51,597,190 <b>61,540,521</b> (17,420,187) 46,106,597
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation Pension Expense Not Affecting Cash		61,540,521 <b>74,294,419</b> (18,480,455) 47,231,773 3,032,565		51,597,190 <b>61,540,521</b> (17,420,187) 46,106,597
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation  Pension Expense Not Affecting Cash  OPEB Expense Not Affecting Cash		61,540,521 <b>74,294,419</b> (18,480,455) 47,231,773 3,032,565		51,597,190 <b>61,540,521</b> (17,420,187) 46,106,597
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation  Pension Expense Not Affecting Cash OPEB Expense Not Affecting Cash (Increase) Decrease in Assets:		61,540,521 <b>74,294,419</b> (18,480,455) 47,231,773 3,032,565 1,416,245 (403,093)		51,597,190 61,540,521  (17,420,187) 46,106,597 5,556,231 - 1,604,653
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation Pension Expense Not Affecting Cash OPEB Expense Not Affecting Cash (Increase) Decrease in Assets:  Accounts Receivable - Trade Accounts Receivable - Other		61,540,521 <b>74,294,419</b> (18,480,455) 47,231,773 3,032,565 1,416,245 (403,093) 260,889		51,597,190 <b>61,540,521</b> (17,420,187) 46,106,597 5,556,231
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation  Pension Expense Not Affecting Cash OPEB Expense Not Affecting Cash (Increase) Decrease in Assets:  Accounts Receivable - Trade Accounts Receivable - Other Deposits, Prepaid Items, and Other		61,540,521 <b>74,294,419</b> (18,480,455) 47,231,773 3,032,565 1,416,245 (403,093)		51,597,190 <b>61,540,521</b> (17,420,187) 46,106,597 5,556,231 - 1,604,653 (1,274,520)
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation Pension Expense Not Affecting Cash OPEB Expense Not Affecting Cash (Increase) Decrease in Assets:  Accounts Receivable - Trade Accounts Receivable - Other		61,540,521 <b>74,294,419</b> (18,480,455) 47,231,773 3,032,565 1,416,245 (403,093) 260,889		51,597,190 <b>61,540,521</b> (17,420,187) 46,106,597 5,556,231 - 1,604,653 (1,274,520)
Cash & Cash Equivalents - Beginning of Year  Cash & Cash Equivalents - End of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation  Pension Expense Not Affecting Cash OPEB Expense Not Affecting Cash (Increase) Decrease in Assets:  Accounts Receivable - Trade Accounts Receivable - Other Deposits, Prepaid Items, and Other Increase (Decrease) in Liabilities:		61,540,521 <b>74,294,419</b> (18,480,455)  47,231,773  3,032,565  1,416,245  (403,093)  260,889 (284,557)  172,530		51,597,190 61,540,521  (17,420,187) 46,106,597 5,556,231 - 1,604,653 (1,274,520) 34,271 1,400,971
Cash & Cash Equivalents - Beginning of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation  Pension Expense Not Affecting Cash OPEB Expense Not Affecting Cash (Increase) Decrease in Assets:  Accounts Receivable - Trade Accounts Receivable - Other Deposits, Prepaid Items, and Other Increase (Decrease) in Liabilities:  Accounts Payable Accrued Liabilities		61,540,521 <b>74,294,419</b> (18,480,455)  47,231,773  3,032,565  1,416,245  (403,093)  260,889 (284,557)  172,530 1,643,217		51,597,190 61,540,521  (17,420,187) 46,106,597 5,556,231 - 1,604,653 (1,274,520) 34,271 1,400,971 (2,967,886)
Cash & Cash Equivalents - Beginning of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation  Pension Expense Not Affecting Cash OPEB Expense Not Affecting Cash (Increase) Decrease in Assets:  Accounts Receivable - Trade Accounts Receivable - Other Deposits, Prepaid Items, and Other Increase (Decrease) in Liabilities:  Accounts Payable Accrued Liabilities Customer Deposits	\$	61,540,521 <b>74,294,419</b> (18,480,455)  47,231,773 3,032,565 1,416,245  (403,093) 260,889 (284,557)  172,530 1,643,217 5,192	\$	51,597,190 61,540,521  (17,420,187) 46,106,597 5,556,231 - 1,604,653 (1,274,520) 34,271  1,400,971 (2,967,886) (17,136)
Cash & Cash Equivalents - Beginning of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation  Pension Expense Not Affecting Cash OPEB Expense Not Affecting Cash (Increase) Decrease in Assets:  Accounts Receivable - Trade Accounts Receivable - Other Deposits, Prepaid Items, and Other Increase (Decrease) in Liabilities:  Accounts Payable Accrued Liabilities		61,540,521 <b>74,294,419</b> (18,480,455)  47,231,773  3,032,565  1,416,245  (403,093)  260,889 (284,557)  172,530 1,643,217		51,597,190 61,540,521  (17,420,187) 46,106,597 5,556,231 - 1,604,653 (1,274,520) 34,271 1,400,971 (2,967,886)
Cash & Cash Equivalents - Beginning of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation  Pension Expense Not Affecting Cash OPEB Expense Not Affecting Cash (Increase) Decrease in Assets:  Accounts Receivable - Trade Accounts Receivable - Other Deposits, Prepaid Items, and Other Increase (Decrease) in Liabilities:  Accounts Payable Accrued Liabilities Customer Deposits	\$	61,540,521 <b>74,294,419</b> (18,480,455)  47,231,773 3,032,565 1,416,245  (403,093) 260,889 (284,557)  172,530 1,643,217 5,192	\$	51,597,190 61,540,521  (17,420,187) 46,106,597 5,556,231 - 1,604,653 (1,274,520) 34,271  1,400,971 (2,967,886) (17,136)
Cash & Cash Equivalents - Beginning of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation  Pension Expense Not Affecting Cash OPEB Expense Not Affecting Cash (Increase) Decrease in Assets:  Accounts Receivable - Trade Accounts Receivable - Other Deposits, Prepaid Items, and Other Increase (Decrease) in Liabilities:  Accounts Payable Accrued Liabilities Customer Deposits  Net Cash Provided by Operating Activities	\$	61,540,521 <b>74,294,419</b> (18,480,455)  47,231,773 3,032,565 1,416,245  (403,093) 260,889 (284,557)  172,530 1,643,217 5,192	\$	51,597,190 61,540,521  (17,420,187) 46,106,597 5,556,231 - 1,604,653 (1,274,520) 34,271  1,400,971 (2,967,886) (17,136)
Cash & Cash Equivalents - Beginning of Year  RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES  Operating Loss  Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:  Depreciation  Pension Expense Not Affecting Cash OPEB Expense Not Affecting Cash (Increase) Decrease in Assets:  Accounts Receivable - Trade Accounts Receivable - Other Deposits, Prepaid Items, and Other Increase (Decrease) in Liabilities: Accounts Payable Accrued Liabilities Customer Deposits  Net Cash Provided by Operating Activities  SUPPLEMENTAL INFORMATION	\$	61,540,521 <b>74,294,419</b> (18,480,455)  47,231,773 3,032,565 1,416,245  (403,093) 260,889 (284,557)  172,530 1,643,217 5,192	\$	51,597,190 61,540,521  (17,420,187) 46,106,597 5,556,231 - 1,604,653 (1,274,520) 34,271  1,400,971 (2,967,886) (17,136)

See accompanying notes to the financial statements

## **Notes to Financial Statements** December 31, 2018

The accounting methods and procedures adopted by the Columbus Regional Airport Authority (the Authority) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The following notes are an integral part of the Authority's financial statements.

## Note 1 - Organization and Reporting Entity

## Organization

The Authority is an independent, special purpose political subdivision of the State of Ohio. As a political subdivision, the Authority is distinct from, and is not, an agency of the State of Ohio or any other local governmental unit. On December 12, 2002, the Columbus Municipal Airport Authority (CMAA), the City of Columbus, Ohio (the City) and the County of Franklin, Ohio (the County) entered into the Port Authority Consolidation and Joinder Agreement (Agreement) with an effective date of January 1, 2003, which created a single regional authority to oversee the airports formerly managed by the CMAA and the Rickenbacker Port Authority (RPA). Agreement the RPA was dissolved and the CMAA, the surviving entity, was renamed the Columbus Regional Airport Authority. The Agreement provided for the ultimate transfer of all of the RPA's rights, title and interests in all of the assets and liabilities to the Authority. The assets were recorded on the Authority's records at net book value. The newly created Authority merged the operations of the RPA and the CMAA. The Authority administers an airport system comprised of John Glenn Columbus International (CMH), Rickenbacker International (LCK) and a reliever airport, Bolton Field (TZR).

The governing board for the Authority is jointly appointed by the City and the County. Four members are appointed by the Mayor of Columbus with the advice and consent of the City Council, four members are appointed by the County Commissioners and one member is jointly appointed. The members first appointed serve staggered terms. Thereafter, each successor serves for a term of four years, except that any person appointed to fill a vacancy is to be appointed to serve only the unexpired term. Members of the Board are eligible for reappointment. The Board controls the employment of the President & CEO of the Authority who is responsible for staffing the respective departments and overseeing the day-to-day operations.

The CMAA was created on July 30, 1990, pursuant to the provisions of Chapter 4582, Ohio Revised Code (ORC), as a body corporate and politic. On November 10, 1991, the transfer date, the CMAA began operations under a use agreement with the City for the purpose of providing airport facilities to the general public. On this date, the City transferred the use of all assets and liabilities of the airport enterprise fund to the CMAA. This transfer was recorded at the net book value. In 2007, the Authority paid the remaining balance of the City bonds, which resulted in the termination of the use agreement and title to the airport property was transferred to the Authority.

The RPA was formed under ORC Chapter 4582 in 1979 by the County for the purpose of serving as a local reuse agency, which included, in part, acquiring and owning land (including improvements thereon) situated in Franklin and Pickaway counties and consisting of a part of the former Rickenbacker Air Force Base. This property was deemed to be surplus by the United States Government and was transferred to the RPA at no cost, other than certain costs associated with the transfer. Title to the land is subject to certain covenants, conditions and restrictions and reverts to the United States Government at the Government's option if any covenant is violated and not cured within 60 days. At December 31, 2018, the Authority owns approximately 3,820 acres of land contiguous to certain airfield property owned by the United States Government at LCK.

The Authority is not subject to federal, state, or local income taxes or sales tax.

## Reporting Entity

The Authority's financial reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 80,m "Blending Requirements for Certain Component Units" an amendment of GASB Statement No. 61 "The Reporting Entity: Omnibus" an amendment of GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 14, "The Reporting Entity." The financial statements include all departments and operations for which the Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability also may be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organizations other than the Authority itself are included in the financial reporting entity.

The Authority is a joint venture of the County.

# Note 2 - Summary of Significant Accounting Policies

## Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Revenues from rent and turn fees, landing fees, parking revenue, hotel revenue and other miscellaneous revenue are reported as operating revenues. Transactions, which are capital, financing or investing related, are reported as non-operating revenues. Passenger Facility Charges and Rental Car Facility Charges are reported as non-operating revenues. Expenses from employee wages and benefits, purchases of services, materials and supplies, hotel services and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Pursuant to GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", the Authority follows the GASB guidance as applicable to enterprise funds.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **Budgetary Data**

For budgetary purposes, the Authority recognizes gains or losses from investment securities at the time that the security has matured or is sold. This is different from the accrual basis which recognizes such gains and losses at the time the fair market value of the security changes. All other revenues and expenses are reported consistent with the accrual basis. State statute does not require a specific budgetary basis of accounting under ORC Chapter 4582. The Authority has adopted this basis of accounting to comply with certain airline agreements currently in effect.

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 & CEO is responsible to submit 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.

## Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

## **Investments**

The Authority follows Governmental Accounting Standards Board ("GASB") Statement No. 72 "Fair Value Measurement and Application." GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

## Capital Contributions

Certain expenditures for airport capital improvements are significantly federally funded through the Airport Improvement Program of the Federal Aviation Administration (FAA) with certain matching funds provided by the State of Ohio and the Authority, or from other various state, county or federal grant programs. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for the acquisition and construction of land, property and certain types of equipment are reported in the Statements of Revenues, Expenses and Changes in Net Position, under the classification of capital contributions. Contributed capital assets are valued at acquisition value.

## Receivables

Receivables are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history, aviation industry trends and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected.

An estimated receivable amount has been recorded for services rendered but not yet billed as of December 31, 2018 and 2017. The receivable was arrived at primarily by taking the subsequent collection of commissions and real estate taxes, which are received after year-end, and recording the portions earned through year end.

## Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses) until then. The Authority recorded a deferred outflow of resources for OPEB and pensions, which are explained in Note 9 and 10.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the Authority these amounts consists of pension, which are explained in Note 10 and a deferred gain on bond refunding, which are explained in Note 8.

## Restricted Assets

Restricted assets consist of monies and other resources, which are restricted legally or by enabling legislation. These restrictions are described below:

**Restricted for Construction Retainages** - These assets are restricted for certain capital projects and cannot be expended on any other item.

**Restricted for Bond Reserves** - These assets are restricted for the retirement of the Airport Revenue Bonds, Series 2013A, 2013B, 2015, and 2016.

**Restricted for Passenger Facility Charges** - These assets represent Passenger Facility Charge (PFC) collections based on an approved FAA application to impose such charges on enplaned passengers at CMH and are restricted for designated capital projects.

**Restricted for Consolidated Rental Car Facility Charges** - These assets represent Customer Facility Charges (Rental Cars) collections based on a board approved resolution to impose such charges on customers of the rental car concessionaires and are restricted for designated capital projects.

## **Restricted Net Position**

At December 31, 2018, \$30,184,924 of the Authority's net position on the Statement of Net Position was restricted by enabling legislation for Passenger Facility Charges as defined by GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation." At December 31, 2017, \$15,593,206 of the Authority's net position on the Statement of Net Position was restricted by enabling legislation for Passenger Facility Charges.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

At December 31, 2018, \$59,060,429 of the Authority's net position on the Statement of Net Position was restricted by enabling legislation by means of the Authority's Board designation for specific use to construct a consolidated rental car facility as defined by GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation." At December 31, 2017, \$53,967,596 of the Authority's position on the Statement of Net Position was restricted by enabling legislation by means of the Authority's board designation for specific use to construct a consolidated rental car facility.

## Capital Assets

Capital assets are stated at historical cost or estimated historical cost and include expenditures, which substantially increase the useful lives of existing assets. The Authority's policy is to capitalize assets with a cost of \$10,000 or more, and with a useful life of more than 1 year. Routine maintenance and repairs are expensed as incurred. Certain net interest costs have been included as a component of the asset under construction rather than reported as an expense of the period.

	Total				Total
	12/31/2017	Additions	Deletions	Transfers	12/31/2018
DEPRECIABLE CAPITAL ASSETS:					
Buildings	\$ 474,260,689	\$ 357,438	\$ (3,500)	\$ 2,849,545	\$ 477,464,172
Runways & Other	694,787,246	66,296	(6,000)	31,150,140	725,997,682
Machinery	91,905,439	10,847,294	(1,080,918)	-	101,671,815
Furniture	2,669,074	139,902	(1,155)	-	2,807,821
Total Depreciable Capital Assets	1,263,622,448	11,410,930	(1,091,573)	33,999,685	1,307,941,490
LESS ACCUMULATED DEPRECIATION:					
Buildings	189,617,899	11,677,525	(525)	-	201,294,899
Runways & Other	381,449,164	27,918,588	(300)	-	409,367,452
Machinery	56,886,278	7,567,256	(1,000,437)	-	63,453,097
Furniture	2,455,854	68,403	(1,155)	-	2,523,102
Total Accumulated Depreciation	630,409,195	47,231,772	(1,002,417)	-	676,638,550
Depreciable Capital Assets, Net	\$ 633,213,253	\$ (35,820,842)	\$ (89,156)	\$ 33,999,685	\$ 631,302,940
NONDEPRECIABLE CAPITAL ASSETS:					
Land	\$ 95,088,175	\$ 319,353	\$ (125,276)	\$ -	\$ 95,282,252
Construction In Progress	30,161,781	37,798,121	-	(33,999,683)	33,960,219
<b>Total Nondepreciable Capital Assets</b>	\$ 125,249,956	\$ 38,117,474	\$ (125,276)	\$ (33,999,683)	\$ 129,242,471

Total 12/31/2016 Additions Deletions Transfe		Total
12/21/2016 Additions Deletions Transfe		TOLAT
	ers	12/31/2017
DEPRECIABLE CAPITAL ASSETS:		
Buildings \$ 471,422,977 \$ 534,994 \$ (47,213) \$ 2,34	49,931 \$	474,260,689
Runways & Other 681,647,443 2,359,830 - 10,77	79,973	694,787,246
Machinery 84,424,508 10,203,154 (2,722,223)	-	91,905,439
Furniture 2,632,477 49,545 (12,948)	-	2,669,074
Total Depreciable Capital Assets 1,240,127,405 13,147,523 (2,782,384) 13,129	9,904	1,263,622,448
LESS ACCUMULATED DEPRECIATION:		
Buildings 177,981,248 11,654,356 (17,705)	-	189,617,899
Runways & Other 353,952,287 27,496,877 -	-	381,449,164
Machinery 52,672,324 6,879,869 (2,665,915)	-	56,886,278
Furniture 2,393,308 75,494 (12,948)	-	2,455,854
Total Accumulated Depreciation 586,999,167 46,106,596 (2,696,568)	-	630,409,195
Depreciable Capital Assets, Net \$ 653,128,238 \$ (32,959,073) \$ (85,816) \$ 13,129	9,904 \$	633,213,253
NONDEPRECIABLE CAPITAL ASSETS:		
Land \$ 97,301,692 \$ 524,478 \$ (2,737,995) \$	- \$	95,088,175
	29,904)	30,161,781
Total Nondepreciable Capital Assets \$ 107,604,370 \$ 33,513,485 \$ (2,737,995) \$ (13,12)		
ψ	-,, φ	

Depreciation of property and equipment is computed under the straight-line method at various rates considered adequate to allocate the cost over the estimated useful lives of such assets. The estimated useful lives by general classification are as follows:

	Years
Buildings and Building Improvements	5-40
Runways, Taxiways, and Other	20
Machinery and Equipment	5-10
Furniture and Fixtures	7

## Compensated Absences

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences," the Authority accrues vacation and sick pay benefits as earned by its employees utilizing the vesting method.

A summary of the changes in compensated absences for the year ended December 31, 2018 is summarized as follows:

	Total 12/31/2017	Additions	Payments	Total 12/31/2018	Current Portion
Compensated Absences	\$4,685,566	\$3,698,917	\$3,435,223	\$4,949,260	\$3,500,000

A summary of the changes in compensated absences for the year ended December 31, 2017 is summarized as follows:

	Total 12/31/2017	Additions	Payments	Total 12/31/2017	Current Portion
Compensated Absences	\$4,703,439	\$3,335,148	\$3,353,021	\$4,685,566	\$3,400,000

## Risk Management

It is the policy of the Authority to eliminate or transfer risk. Where possible, lease agreements contain insurance requirements and hold harmless clauses. Contractors are required to maintain appropriate amounts of insurance and bonding.

The Authority carries property insurance on airport property and equipment in the aggregate sum of approximately \$518 million and \$665 million as of December 31, 2018 and 2017, respectively. The Authority carries liability insurance coverage in the amount of approximately \$808 million and \$805 million as of December 31, 2018 and 2017, respectively.

The Authority self-insures cost associated with workers' compensation up to certain limits. Insurance reserves are established for estimates of the loss that will ultimately be incurred on reported claims, as well as estimates of claims that have been incurred but not yet reported. Recorded balances are based on reserve levels determined by outside actuaries, who incorporate historical loss experience and judgments about the present and expected levels of cost per claim.

## A summary of the changes in this accrual are as follows:

Beginning Balance Payments Claims	\$ 2018 235,101 (318,654) 328,929	\$	2017 298,114 (302,104) 239,091	\$ 2016 373,830 (271,596) 195,880
Ending Balance	\$ 245,376	\$	235,101	\$ 298,114

There have been no significant changes in coverage or settlements in excess of insurance coverage during the past year.

The Authority began providing medical and dental coverage for its employees on a self-insurance basis up to a certain limit on May 1, 2016. Expenses for claims are recorded on an accrual basis based on the date claims are incurred and are shown on the Statements of Net Position under Other Accrued Expenses.

## A summary of the changes in this accrual are as follows:

	2018	2017	2016
Beginning Balance	\$ 600,000	\$ 400,000	\$ -
Accruals Claims Paid	4,847,295 (4,847,295)	4,585,720 (4,385,720)	3,316,134 (2,916,134)
Ending Balance	\$ 600,000	\$ 600,000	\$ 400,000

Liability for claims is accrued based on estimates of the claims liabilities made by the Authority's third-party actuary. These estimates are based on past experience and current claims outstanding. Actual claims experience may differ from the estimate.

## Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System Pension Plan (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPERS report investments at fair value (see Note 10).

## Other Postemployment Benefits

For year ended December 31, 2018, the Authority has adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". For purposes of measuring the net other postemployment benefit (OPEB) liability in, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS pension plan and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For year ended December 31, 2017, the Authority adopted GASB Statement No. 45,

"Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions." OPERS provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under OPERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45 (see Note 9).

## Revenue

Rental income is recorded from the majority of leases maintained by the Authority, which are accounted for as operating leases. Rental income is generally recognized as it is earned over the respective lease terms.

Other types of revenue are recognized when earned, as the underlying exchange transaction occurs.

Landing fees are based upon projections of operations and are recalculated annually.

## Passenger Facility Charges

Passenger Facility Charges (PFCs), along with related interest income, are recognized and recorded in the year the PFC is levied and collected by the air carrier, net of an allowance for estimated ticket refunds.

PFC monies are legally restricted for capital projects and related expenditures and cannot be used for any other purpose. The PFC monies will be used to assist in funding the Authority's capital improvement program involving runway, taxiway and apron improvements, the funding of debt service associated with these projects, and various other projects.

## Customer Facility Charges (Rental Cars)

The Authority collects a Customer Facility Charge (CFC) from all rental car concessionaires that operate facilities on the airport. Under an adopting resolution, CFC's may be pledged or dedicated for the benefit of the rental car concessionaires. The Authority has identified a need for a consolidated rental car facility, and the CFC monies will be used to assist in funding the construction of a garage.

## **Upcoming Accounting Pronouncements**

In November 2016, the GASB issued Statement No. 83, "Certain Asset Retirement Obligations", which addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This ARO statement will require the Authority to recognize a liability associated with legal obligations to perform future asset retirement activities related to its tangible capital assets and disclosure of information about the nature of the Authority's ARO's, the methods and assumptions used for estimates of liabilities, and the estimated remaining useful life of the associate tangible capital assets. The Authority is currently evaluating the impact

this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2019.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2020.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period", which simplifies accounting for interest cost incurred before the end of construction requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2021.

# Note 3 - Cash and Cash Equivalents

The Authority follows the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", and GASB Statement No. 79 "Certain External Investment Pools and Pool Participants." The Authority records all investments at their fair value.

The investment and deposit of Authority monies is governed by the provisions of the ORC. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool and obligations of the United States government or certain agencies thereof. The Authority may also

enter into repurchase agreements with any eligible depository for a period not exceeding 30 days. The Authority has an investment policy consistent with Ohio Senate Bill 81.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but has adopted GASB Statement No. 79, "Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants." Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2018 and 2017. STAR Ohio maintains a stable net asset value per share by using the amortized cost method of portfolio valuation. STAR Ohio has established procedures to stabilize the net asset value per share, as computed for the purpose of purchase and redemption, at a single value of \$1.00. For the years ended December 31, 2018 and 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Public depositories must give security for all public funds on deposit. In 2017, the Treasurer of State created the Ohio Pooled Collateral Program (OPCP) under ORC 135.182 which requires institutions designated as a public depository to pledge to the Treasurer of State a single pool of eligible securities for the benefit of all public depositors at the public depository to secure the repayment of all uninsured public deposits at the public depository. The market value of the pledged securities is to be at least equal 102% of total amount of the uninsured public deposits or an amount determined by the rules of the Treasurer of State for determining the aggregate market value of the pool of eligible securities pledged by a public depository. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Authority's name.

## Deposits with Financial Institutions

At December 31, 2018, the carrying amount of the Authority's deposits with financial institutions was \$25,562,359 and the bank balance was \$26,087,895. Based upon criteria described in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements," \$750,000 of the bank balance was covered by deposit insurance provided by the FDIC; and \$25,337,895 was uncollateralized as defined by the GASB. These uncollateralized deposits were, however, covered by a pledged collateral pool in accordance with the ORC as discussed above.

At December 31, 2017, the carrying amount of the Authority's deposits with financial institutions was \$28,621,803 and the bank balance was \$16,749,073. Based upon criteria described in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements," \$750,000 of the bank balance was covered by deposit insurance

provided by the FDIC; and \$15,999,073 was uncollateralized as defined by the GASB. These uncollateralized deposits were, however, covered by a pledged collateral pool in accordance with the ORC as discussed above.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in possession of an outside party. For depository accounts, the Authority has chosen to require deposits to be secured by collateral less the amount of the FDIC insurance based on the daily available bank balances which was 102% under the OPCP program for 2018 and 102% for 2017 to limit its exposure to custodial credit risk.

In addition, the Authority had \$20,100 and \$16,900 in cash on hand at December 31, 2018 and 2017 respectively.

## Investments

The Authority follows GASB Statement No. 72, "Fair Value Measurement and Application", which requires the Authority to categorize its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

As of December 31, 2018, the Authority has the following recurring fair value measurements.

- U.S. Agencies of \$88,781,761 are valued using other observable inputs including active markets (Level 2 inputs).
- U.S. Treasuries of \$5,938,410 are valued using observable standard inputs including active markets and interdealer brokers (Level 1 inputs).
- Commercial papers of \$20,805,923 are valued using other observable inputs including active markets (Level 2 inputs).

## As of December 31, 2018, the Authority had the following investments and maturities:

Type of Investment	Fair Value	Rating	Weighted Average Days to Maturity
Federal Agency Obligations & Notes	\$ 94,720,171	Aaa	642
Commerical Paper	20,805,923	P-1	144
Total	\$ 115,526,094		

As of December 31, 2017, the Authority has the following recurring fair value measurements.

- U.S. Agencies of \$70,914,503 are valued using other observable inputs including active markets (Level 2 inputs).
- U.S. Treasuries of \$4,744,974 are valued using observable standard inputs including active markets and interdealer brokers (Level 1 inputs).
- Commercial papers of \$28,436,597 are valued using other observable inputs including active markets (Level 2 inputs).

## As of December 31, 2017, the Authority had the following investments and maturities:

Type of Investment	Fair Value	Rating	Weighted Average Days to Maturity
Federal Agency Obligations & Notes	\$ 75,659,477	Aaa	642
Commerical Paper	28,436,597	P-1	144
Total	\$ 104,096,074		

The Authority's unrestricted and restricted cash and cash equivalents included \$12,885,098 of money market funds, and \$35,760,314 of STAR Ohio funds as of December 31, 2018. The Authority's unrestricted and restricted cash and cash equivalents included \$20,851,717 of money market funds, and \$25,195,291 of STAR Ohio funds as of December 31, 2017. Standard & Poor's rating for the STAR Ohio fund is AAAm.

The Authority's investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements.

Interest Rate Risk - The market value of securities in the portfolio will increase or

decrease based upon changes in the general level of interest rates. Investments with longer maturity dates are subject to greater degrees of increases or decreases in market value as interest rates change. The Authority's written investment policy addresses the effects of market value fluctuations. The Authority mitigates interest rate risk by maintaining adequate liquidity so that current obligations can be met without a sale of securities and by diversifying both maturities and assets in the portfolio.

**Credit Risk** – Credit risk is the risk of loss due to the failure of a security issuer to pay principal or interest, or the failure of the issuer to make timely payments of principal or interest. Eligible investments, pursuant to Section 135.14 ORC, affected by credit risk include certificates of deposit, commercial paper, bankers' acceptances and counterparties involved in repurchase agreements. The Authority's written investment policy does not consider U.S. Treasury obligations, obligations guaranteed by the U.S. Treasury and federal agency securities as having credit risk. Credit risk is minimized by diversifying assets by issuer; ensuring that required, minimum credit quality ratings as described by nationally recognized rating organizations and agencies exist prior to the purchase of commercial paper and bankers' acceptances; and maintaining adequate collateralization of certificates of deposits.

**Custodial Credit Risk** –The Authority's unrestricted and restricted investments at December 31, 2018 and 2017, are insured, registered, or are held by the Authority or its agent in the Authority's name. The Authority's investment policy is silent on custodial credit risk.

**Concentration of Risk** – A risk of concentration refers to an exposure with the potential to produce losses large enough to threaten the Authority's financial health or ability to maintain its core operations. Risk concentrations can arise through a combination of exposures across broad categories. The potential for loss reflects the size of position and the extent of any losses given a particular adverse circumstance. The Concentration of Risk category excludes U.S. Treasury issues, issues guaranteed by the U.S. Treasury, federal agency issues, eligible money market mutual funds and the Ohio Treasurer's investment pool, STAR Ohio. The Authority's written investment policy states that the portfolio shall contain less than 5 percent, based upon purchase cost, in any one issuer with credit risk as a percentage of the portfolio's book value at the time of purchase. Additionally, the Authority's written investment policy establishes maximum percentages allowed for callable and variable rate investments issued by federal agencies, commercial paper, bankers' acceptances, repurchase agreements and certificate of deposits.

## Note 4 - Restricted Cash and Investments

The following amounts represent restricted cash and investments as of December 31, 2018 and 2017:

	2018	2017
CASH AND INVESTMENTS:		
Restricted for Customer Facility Charge	\$ 59,060,429	\$ 53,967,596
Restricted for Passenger Facility Charge	30,184,924	15,593,206
Restricted for Debt Service	13,584,254	13,501,717
Retainages on Construction Contracts	1,332,729	684,939
Total Restricted Cash & Investments	\$ 104,162,336	\$ 83,747,458

## Note 5 - Receivables

The following amounts represent receivables due to the Authority at December 31, 2018 and 2017.:

	2018	2017
UNRESTRICTED		
Current:		
Accounts Receivable - Trade	\$ 10,439,818	\$ 10,007,734
Accounts Receivable - Capital Grants	3,523,318	8,157,249
Less Allowance for Uncollectables	(79,729)	(50,739)
Total Current Unrestricted Trade Receivables	13,883,407	18,114,244
Accounts Receivable - Other	1,683,896	1,966,700
Non-Current:		
Accounts Receivable - Other	317,092	295,177
Total Unrestricted Receivables	\$ 15,884,395	\$ 20,376,121

# Note 6 - Revolving Bank Loan & Credit Facility

The Authority defeased Subordinated Obligations Trust Indenture and Credit Facility Agreement dated June 14, 2012 with PNC Bank with the issuance of the Subordinated Obligation Trust Indenture dated December 12, 2018 with Bank of America NA. The Authority is authorized via a revolving loan in the form of Credit Facility Bonds to borrow up to \$75 million from the 2018 Credit Facility Provider. Under the 2012 Agreement, the authorized maximum commitment was \$40 million beginning January 1, 2017 until maturity of the agreement on December 12, 2018. Both facility agreements are subordinated to the Authority's senior revenue bonds (See Note 8) and payable on a subordinated basis from the Authority's Net Revenues and investment income.

The borrowings in the form of three series credit facility bonds (Series 2018A-Tax-

exempt, Non-AMT; Series 2018B-Tax-exempt, AMT; and Series 2018C-Taxable) may be used to finance authorized capital and construction projects.

The outstanding principal on the 2018 Series tax-exempt, non-bank qualified credit facility bears interest at a variable rate equal to the sum of the LIBOR RATE for that One-Month LIBOR Period multiplied by 0.80 plus 45 basis points (0.45%). The taxable rate equivalent would be 1 month LIBOR plus 55 basis points (0.55%). If more than 50% of the available facility remains unused, the Authority incurs a commitment fee of 25 basis points (0.25%) on the unused portion of the facility. The outstanding principal on the 2012 Series tax-exempt, non-bank qualified credit facility bears interest at a variable rate equal to the sum of the LIBOR RATE for that One-Month LIBOR Period multiplied by 0.72 plus 85 basis points (0.85%). The taxable rate equivalent would be 1 month LIBOR plus 120 basis points (1.2%). The Authority incurs a commitment fee of 10 basis points (0.1%) on the unused portion of the facility.

The Authority had tax-exempt outstanding borrowings of \$9,658,562 at a rate of approximately 2.47% at December 31, 2018 and \$9,500,000 at a rate of approximately 1.20% as of December 31, 2017.

## Credit Facility Agreement information and activity as of and for the year ended December 31, 2018 is presented below:

	Total 12/31/2017	Additions	Payments	Total 12/31/2018	Current Portion
Series 2018A	\$ -	\$ 125,000	\$ -	\$ 125,000	\$ 125,000
Series 2018B	-	9,533,562	-	\$ 9,533,562	9,533,562
Series 2012A	-	-	-	\$ -	-
Series 2012B	9,500,000	-	9,500,000	-	-
Total	\$ 9,500,000	\$ 9,658,562	\$ 9,500,000	\$ 9,658,562	\$ 9,658,562

## Credit Facility Agreement information and activity as of and for the year ended December 31, 2017 is presented below:

	Total 12/31/2016	A	dditions	Payments	Total 12/31/2017	Current Portion
Series 2012A	\$ -	\$	-	\$ -	\$ -	\$ -
Series 2012B	9,500,000		-	-	9,500,000	9,500,000
Total	\$ 9,500,000	\$	-	\$ -	\$ 9,500,000	\$ 9,500,000

# Note 7 - Unearned Income

### Unearned income activity for the year ended December 31, 2018 is summarized as follows:

	1	Total 2/31/2017	Additions	P	ayments	1	Total 2/31/2018	Current Portion
Unearned Rent -								
Net Discount	\$	2,114,598	\$ 92,947	\$	209,704	\$	1,997,841	\$ 45,289
Advance Grants & Other		318,243	21,916		(5,728)		345,887	345,885
Total	\$	2,432,841	\$ 114,863	\$	203,976	\$	2,343,728	\$ 391,174

### Unearned income activity for the year ended December 31, 2017 is summarized as follows:

	1	Total 2/31/2016	Additions	Payments	1	Total 12/31/2017	Current Portion
Unearned Rent -							
Net Discount	\$	6,582,714	\$ 82,299	\$ 4,550,415	\$	2,114,598	\$ 45,289
Advance Grants & Other		287,673	7,759	(22,811)		318,243	318,242
Total	\$	6,870,387	\$ 90,058	\$ 4,527,604	\$	2,432,841	\$ 363,531

# Note 8 - Long-Term Debt

## Revenue bonds

On October 8, 2013, the Authority issued \$13,805,000 of Airport Refunding Revenue Bonds, Series 2013A. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2003A. The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of \$169,250 beginning February 2014 through April 2021. Interest rate is fixed at 1.663%. Revenue bonds payable at December 31, 2018 are \$4,582,492. Revenue bonds payable at December 31, 2017, were \$6,519,790. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On October 8, 2013, the Authority issued \$3,795,000 of Airport Refunding Revenue Bonds, Series 2013B. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2003B. The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of \$45,400 beginning February 2014 through April 2021. The interest rate is fixed at 1.663%. Revenue bonds payable at December 31, 2018 are \$1,329,959. Revenue bonds payable at December 31, 2017 were \$1,847,981. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On March 31, 2015, the Authority issued \$40,000,000 of Airport Refunding Revenue

Bonds, Series 2015 (AMT). The bond proceeds were used to partially refund the Authority's outstanding Credit Facility Bonds, Series 2012B (See Note 6). The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of \$280,662 beginning January 2016 through January 2030. The interest rate is fixed at 2.48%. Revenue bonds payable at December 31, 2018 are \$32,608,201. Revenue bonds payable at December 31, 2017 were \$35,133,422. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On October 6, 2016, the Authority issued \$41,982,000 of Airport Refunding Revenue Bonds, Series 2016. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2007. The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of \$463,020 beginning February 2017 through November 2023. The interest rate is fixed at 1.62%. Revenue bonds payable at December 31, 2018 are \$32,495,965. Revenue bonds payable at December 31, 2017 were \$37,481,915. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

Net revenue of the John Glenn International Airport is pledged toward the repayment of the Airport Revenue Bonds. Net revenue consists of operating revenue, investment income, other non-operating revenues, gain (loss) on securities, and gain (loss) on disposal of assets reduced by operating expenses not including depreciation. For December 31, 2018, the net revenue was \$28.7 million compared to the net debt service (principal and interest) of \$11.8 million.

## Revenue bond and loan activity for the year ended December 31, 2018 is summarized as follows:

	Beginning Balance	New Debt	Net Principal Repayment	Ending Balance
BONDS:				
2013A	\$ 6,519,790	\$	- \$ (1,937,298)	\$ 4,582,492
2013B	1,847,980		- (518,021)	1,329,959
2015	35,133,422		- (2,525,221)	32,608,201
2016	37,481,915		- (4,985,950)	32,495,965
	80,983,107	\$	- (\$9,966,490)	71,016,617
Less: Current Portion	9,966,491			10,152,352
	\$ 71,016,616			\$ 60,864,265

Revenue bond and loan activity for the year ended December 31, 2017 is summarized as follows:

	Beginning Balance	New Debt	Net Principal Repayment	Ending Balance
BONDS:				
2013A	\$ 8,425,159	\$	- \$ (1,905,369)	\$ 6,519,790
2013B	2,357,464		- (509,484)	1,847,980
2015	37,596,851		(2,463,429)	35,133,422
2016	41,982,000		- (4,500,085)	37,481,915
	90,361,474	\$	- \$ (9,378,367)	80,983,107
Less: Current Portion	9,378,367			9,966,491
	\$ 80,983,107			\$ 71,016,616

Maturities and interest on bonds payable for the next five years and in subsequent five-year periods as of December 31, 2018 are as follows:

	Principal	Interest
2019	\$ 10,152,352	\$ 1,252,659
2020	10,341,821	1,047,344
2021	10,594,986	824,480
2022	10,675,306	623,955
2023	10,252,571	503,823
2024-2028	15,403,204	1,404,738
2029-2031	3,596,376	44,810
	\$ 71,016,616	\$ 5,701,809

# Note 9 - Other Post Retirement Benefits

## Plan Description

OPERS administers the 115 Health Care Trust, a cost-sharing, multiple-employer defined benefit post-employment health care trust. OPERS health care program includes medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Currently, Medicare eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Although participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional and Combined plans, a portion of employer contributions is allocated to a retiree medical account. Upon retirement or separation, participants may be reimbursed for qualified medical expenses from these accounts.

All benefits of the System, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145. OPERS Board has elected

to maintain funds to provide health care coverage to eligible Traditional Pension Plan and Combined Plan retirees and survivors of members. Health care coverage does not vest and is not required. As a result, coverage may be reduced or eliminated at the discretion of OPERS. To qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must be at least age 60 with 20 or more years of qualifying Ohio service. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

OPERS issues a publicly available financial report that includes financial statements, required supplementary information, information about the OPEB plan's fiduciary net position, and the Plan Statement with OPEB plan details. The reports may be obtained by contacting:

Ohio Public Employees 277 East Town Street (800) 222-7377 Retirement System Columbus, Ohio 53215 <u>www.opers.org</u>

## **Funding Policy**

The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 0% in 2018 and 1.0% in 2017. Employer contributions as a percent of covered payroll deposited for the Member-Directed Plan participants' health care accounts for both 2018 and 2017 was 4.0%. Based upon the portion of each employer's contribution to OPERS set aside for funding OPEB as described above, the Authority's contribution allocated to OPEB for the 12 months ended December 31, 2018 and 2017, was approximately \$0 and \$281,963, respectively.

## Net OPEB Liability

At December 31, 2018, the Authority reported a liability for its proportionate share of the net OPEB liability of OPERS. For December 31, 2018, the net OPEB liability was measured as of December 31, 2017 for the OPERS plan. The proportionate share of the net OPEB liability of earlier years has been reported as a restatement of beginning net position in the Statements of Revenues, Expenses and Changes in Net Position. The total net OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. The Authority's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating units, actuarially determined.

	Measurement	Net OPEB Liability	Proportionate Share
Plan	Date	2018	2018
OPERS	December 31	\$ 20,006,021	0.184230%

# OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Authority recognized OPEB expense of \$1,416,245. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Difference Between Expected and Actual Experience Net Difference Between Expected and Actual Investment Earnings Changes in Assumptions

Total

		2018	
De	eferred		Deferred
Out	flows of		Inflows of
Re	sources		Resources
\$	15,585 - 1,456,650	\$	- 1,490,315 -
\$	1,472,235	\$	1,490,315

Amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEN expense):

Years Ending	
December, 31	Amount
2019	\$ 331,301
2020	331,301
2021	(308, 103)
2022	(372,579)
2023	-
Thereafter	-
Total	\$ (18,080)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2019).

## **Actuarial Assumptions**

The total OPEB liability in the December 31, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods in the measurement:

		forma	

Actuarial Valuation Date
Rolled-Forward Measurement Date

Experience Study

Actuarial Cost Method

Actuarial Assumptions
Single Discount Rate
Investment Rate of Return
Municipal Bond Rate
Wage Inflation

Projected Salary Increases

Health Care Cost Trend Rate

## OPEB

December 31, 2016 December 31, 2017 5 Year Period Ended December 31, 2015

Individual entry age normal

3.85% 6.50% 3.31% 3.25%

3.25% - 10.75% (includes wage inflation at 3.25%)

7.5% initial, 3.25% ultimate in 2028

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The actuarial assumptions used in the December 31, 2017 valuations were based on the results of an actuarial experience study for the 2-year periods ended December 31, 2015. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

The long-term expected rate of return on the health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long term expected best estimates of arithmetical rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The table below displays the OPERS Board approved asset allocation policy for December 2017 and the expected real rates of return.

	OPERS - As of 12/31/17						
		Weighted Average Long-Term					
		Expected Rate of Return					
Asset Clas	Target Allocation	(Arthmetic)					
Fixed Income	34.00%	1.88%					
Domestic Equities	21.00	6.37					
REITs	6.00	5.91					
International Equities	22.00	7.88					
Other Investments	17.00	5.39					
Total	100.00%	4.98%					

## Discount Rate

A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through expense and inflation) are developed for each major asset class. 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

## Sensitivity to Changes in the Discount Rate

For 2018, the following Authority's proportionate share of the net OPEB liability calculated using the discount rate of 3.85%, as well as what the Authority's proportionate share of the net OPEB liability would be if calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

Authority's Proportionate Share of the Net OPEB Liability/(Asset)

OPEB

\$26,578,862

2017

Current Discount Rate

3.85%

4.85%

4.85%

\$20,006,021

\$14,688,658

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate:

		Current Heatlh Care	
Authority's Proportionate Share		Cost Trend Rate	
of the Net OPEB Liability/(Asset)	1% Decrease	Assumption	1% Increase
0050	040 444 407	000 000 004	000 000 054
OPEB	\$19,141,497	\$20,006,021	\$20,899,051

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

# Note 10 - Pension and Retirement Plans

## Plan Description

The Authority's employees participate in OPERS, a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: the Traditional Pension Plan, a cost-sharing multiple-employer defined benefit pension plan; the Combined Plan, a retirement plan with both a defined benefit and a defined contribution component; and the Member-Directed Plan, a defined contribution plan.

OPERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code (ORC Chapter 145). In 2000, legislation required OPERS to establish one or more defined contribution plans to be offered to members in addition to the existing Traditional Pension Plan. OPERS began offering three retirement plans to its members on January 1, 2003. The plans include the Traditional Pension Plan, the Member-Directed Plan, and the Combined Plan.

In 2011, the employer was required to contribute 14.0% of active member payroll. For full-time employees hired on April 1, 2011 and thereafter, the portion of an

employee's contribution is equal to 10.0% to be paid by the employee. For full-time employees hired prior to April 1, 2011, the portion of an employee's contribution is equal to a maximum of 1.0% to be picked up (assumed and paid) on behalf of the employee, and in lieu of payment by the employee, by the Authority and a minimum of 9.0% to be paid by the employee as of 12/31/18. This amendment was accepted by OPERS and acknowledged as in compliance with IRS guidelines.

The portion of the employee's contribution made to PERS-LE equal to a maximum of 2.0% of the Police Officer employee's earned compensation shall be picked up (assumed and paid) on behalf of the Police Officer employee, and in lieu of payment by the Police Officer employee, by the Authority.

## Funding Policy

The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for State and Local employer units and 18.1% for the Law Enforcement divisions. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10% of covered payroll. The 2018 and 2017 member contribution rate for State and Local members was 10.0% of covered payroll. The 2018 member contribution rate for the Law Enforcement division is 13.0% of covered payroll.

The contribution rate for State and Local employers in 2018 and 2017 was 14.0%. The contribution rate for Law Enforcement divisions in 2018 and 2017 was 18.1%. The portion of the employer's contribution used to fund pension benefits is net of postemployment health care benefits. Employer contribution rates are actuarially determined.

The Authority's contractually required contribution to OPERS was \$3,533,193 for fiscal year 2018, which is reported as a deferred outflow of resources. The Authority's contractually required contribution to OPERS was \$3,947,490 for fiscal year 2017, which is reported as a deferred outflow of resources.

## Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

# Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

At December 31, 2018 the Authority reported the following information related to the proportionate share and pension expense:

	Tradition	OPERS al Pension Plan	OPERS Combined Plan	Mem	OPERS ber-Directed Plan	Total All Plans
Proportionate Share of the Net Pension Liability		0.169412%	0.356141%		0.374346%	
Proportion of the Net Liability (Asset)	\$	26,577,458	\$ (484,823)	\$	(13,065)	\$ 26,079,570
Pension Expense	\$	3,533,193	\$ 228,094	\$	246,811	\$ 4,008,098

At December 31, 2017 the Authority reported the following information related to the proportionate share and pension expense:

	Traditiona	OPERS al Pension Plan	OPERS Combined Plan	Mem	OPERS ber-Directed Plan	Total All Plans
Proportionate Share of the Net Pension Liability		0.170272%	0.374223%		0.414349%	
Proportion of the Net Liability (Asset)	\$	38,665,876	\$ (208,281)	\$	(1,726)	\$ 38,455,869
Pension Expense	\$	3,439,735	\$ 227,639	\$	280,116	\$ 3,947,490

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		OPERS	OPERS	OPERS	
Deferred Outflows of Resources	Traditiona	l Pension Plan	Combined Plan	Member-Directed	Total
Difference Between Expected and Actual Experience	\$	27,142	\$ -	\$ 25,412	\$ 52,554
Changes in Assumptions		3,176,184	42,368	1,549	3,220,101
Change in Proportionate Share		420,714	10,891	2,220	433,825
		3,624,040	53,259	29,181	3,706,480
Authority's Contribution Subsequent					
to the Measure Date - All Plans		3,533,192	228,094	246,811	4,008,097
	_				
Total Deferred Outflows of Resources	- \$	7,157,232	\$ 281,353	\$ 275,992	\$ 7,714,577
		OPERS	OPERS	OPERS	
Deferred Inflows of Resources	Traditiona	I Pension Plan	Combined Plan	Member-Directed	Total
Deletted lilliows of Resources	Hadidona	ii relision rian	Combined Fidir	Member-birected	Total
Difference Between Expected and Actual Experience	\$	523.758	\$ 144.432	\$ _	\$ 668,190
Net Difference Between Expected and Actual Investment Earnings		5,705,830	76,493	3,681	5,786,004
Changes in Assumptions			· _	· _	· · ·
		00.050	4044	0.007	00.577
Change in Proportionate Share		90,056	1,314	2,207	93,577
Total Deferred Inflows of Resources	\$	6,319,644	\$ 222,239	\$ 5,888	\$ 6,547,771

At December 31, 2017 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	OPERS Traditional Pension Plan	OPERS Combined Plan	OPERS Member-Directed	Total
Difference Between Expected and Actual Experience Net Difference Between Expected and Actual Investment Earnings Changes in Assumptions Change in Proportionate Share	\$ 39,617 5,758,241 6,132,881 900,157	\$ - 50,817 50,763 2,416	\$ 17,572 1,486 1,941 165	\$ 57,189 5,810,544 6,185,585 902,738
Authority's Contribution Subsequent to the Measure Date - All Plans	12,830,896 3,439,735	103,996 227,639	21,164 280,116	12,956,056 3,947,490
Total Deferred Outflows of Resources	\$ 16,270,631	\$ 331,635	\$ 301,280	\$ 16,903,546
Deferred Inflows of Resources	OPERS Traditional Pension Plan	OPERS Combined Plan	OPERS Member-Directed	Total
Difference Between Expected and Actual Experience Changes in Assumptions Change in Proportionate Share	\$ 217,326 - -	\$ 106,523 - 1,519	\$ - - 2,507	\$ 323,849 - 4,026
Total Deferred Inflows of Resources	\$ 217,326	\$ 108,042	\$ 2,507	\$ 327,875

Contributions of \$4,008,097 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as increases or (decreases) in pension expense as follows:

# DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES BY YEAR TO BE RECOGNIZED IN FUTURE PENSION EXPENSE

Year Ending December 31	Deferred In	al Pension Plan Net aflows/(Outflows) of desources	Inflows	ined Plan Net Deferred G/(Outflows) of Desources	Inflows	ined Plan Net Deferred s/(Outflows) of esources
2019 2020 2021 2022	\$	2,723,517 (561,967) (2,512,609) (2,344,609)	\$	(23,171) (25,264) (42,401) (40,592)	\$	2,873 2,783 2,278 2,366
2023 Thereafter Total	\$	(2,695,668)	\$	(13,734) (23,817) (168,979)	\$	3,495 9,498 23,293

For the year ended December 31, 2018 and 2017, the Authority had \$579,898, and \$376,918, respectively due to the Plan for contractually required contributions.

## **Actuarial Assumptions - OPERS**

The total pension liability in the December 31, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

# KEY METHODS AND ASSUMPTIONS USED IN VALUATION OF TOTAL PENSION LIABILITY

Actuarial Information
Valuation Date
Experience Study
Actuarial Cost Method
A -4

Actuarial Assumptions Investment Rate of Return Wage Inflation

Projected Salary Increases

Cost of Living Adjustments

Traditional Pension Plan
December 31, 2017 and 2016

5 Year Period Ended December 31, 2015

Individual entry age

7.50% 3.25%

3.25% - 10.75% (includes wage inflation at 3.25%)

Pre - 1/7/2013 Retirees: 3% Simple Post - 1/7/2013 Retirees: 3% Simple through 2018, then 2.15% Simple Combined Plan

December 31, 2017 and 2016

5 Year Period Ended December 31, 2015

Individual entry age

7.50% 3.25%

3.25% - 8.25% (includes wage inflation at 3.25%)

Pre - 1/7/2013 Retirees: 3% Simple Post - 1/7/2013 Retirees: 3% Simple through 2018, then 2.15% Simple Member Directed Plan

December 31, 2017 and 2016

5 Year Period Ended December 31, 2015

Individual entry age

7.50% 3.25%

3.25% - 8.25% (includes wage inflation at 3.25%)

Pre - 1/7/2013 Retirees: 3% Simple Post - 1/7/2013 Retirees: 3% Simple through 2018, then 2.15% Simple

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above-described tables.

The actuarial assumptions used in the December 31, 2017 and 2016 valuations were based on the results of an actuarial experience study for the 5 year periods ended December 31, 2015. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

The following table displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return.

		Weighted	d Average Long
	Target	Term Exp	ected Real Rate
Asset Class	Allocation	of Retur	rn (Arithmetic)
Fixed Income	23.00%		2.20%
Domestic Equities	19.00%		6.37%
Real Estate Private	10.00%		5.26%
Private Equity	10.00%		8.97%
International Equities	20.00%		7.88%
Other Investments	18.00%		5.26%
Total	100.00%		5.66%

The following table displays the Board-approved Asset allocation policy for 2016 and the long-term expected real rates of return.

		Weighted Average Long
	<b>Target Allocation</b>	Term Expected Real Rate
Asset Class	for 2016	of Return (Arithmetic)
Fixed Income	23.00%	2.75%
Domestic Equities	20.70%	6.34%
Real Estate Private	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equities	18.30%	7.95%
Other Investments	18.00%	4.92%
Total	100.00%	5.66%

## Discount Rate

The discount rate used to measure the total pension liability was 7.5% and 7.5% for both the Traditional Pension Plan, Combined Plan and Member-Directed Plan as of December 31, 2017 and 2016 respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan, Combined Plan and Member-Directed Plan was

applied to all periods of projected benefit payments to determine the total pension liability.

# Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Authority's share of the net pension liability or asset calculated using the discount rate of 7.5%, as well as the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower (6.5%) or 1.0% higher (8.5%) than the current rate.

Authority's Proportionate Share of the Net Pension Liability/(Asset)	1% Decrease 6.50%	2018 Current Discount Rate 7.50%	1% Increase 8.50%
Traditional Pension Plan	\$ 47,194,795	\$ 26,577,458	\$ 9,388,813
Combined Plan	(263,544)	(484,823)	(637,492)
Member-Directed Plan	(7,487)	(13,065)	(18,717)

## Additional Financial and Actuarial Information

OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position. That report may be obtained by visiting the OPERS website at www.opers.org. Additional information supporting the preparation of the Schedules of Collective Pension Amounts and Employer Allocations (including the disclosure of the net pension liability/(asset), required supplementary information on the net pension liability/(asset), and the unmodified audit opinion on the combined financial statements) is located in OPERS 2017 CAFR. This CAFR is available at https://www.opers.org/financial/reports.shtml or by contacting OPERS at: OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-7377.

# Note 11 - Capital Contributions

The Authority received capital contributions by means of federal, state and local grants as follows:

	2018	2017
Federal	\$ 7,892,030	\$ 11,073,317
State & Local	542,564	261,893
Total	\$ 8,434,594	\$ 11,335,210

# Note 12 - Commitments and Contingencies

## Capital Improvements

As of December 31, 2018, the Authority was obligated for completion of certain airport improvements under commitments of approximately \$54.8 million. An estimated \$5.6 million is eligible for reimbursement from the FAA and Ohio Development Services Agency. The remaining amount is expected to be funded from bond proceeds, current available resources, PFCs, RCFC's, and future operations.

## Federally Assisted Programs - Compliance Audits

The Authority participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of December 31, 2018, significant amounts of grant expenditures have not been audited but the Authority believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Authority.

# Note 13 - Property Leased to Others

The Authority is a lessor of space in CMH terminal along with other land and buildings on a fixed fee as well as a contingent rental basis. Many of the leases provide for a periodic review and redetermination of the rental amounts. Substantially all of the land and building costs in the Statements of Net Position are held by the Authority for the purpose of rental or related use. The cost and net book value of property held for operating leases as of December 31, 2018 are \$482,224,528 and \$275,312,803, respectively. The cost and net book value of property held for operating leases as of December 31, 2017 are \$478,418,816 and \$281,970,995, respectively.

Minimum future rentals on non-cancelable operating leases to be received in each of

the next five years and thereafter are as follows:

2019	\$	20,122,506
2020		14,996,641
2021		13,621,921
2022		6,091,428
2023		4,344,344
2024 - 2028		22,192,464
2029 - 2033		13,700,432
2034 - 2038		9,103,658
2039 - 2043		5,869,545
2044 - 2048		3,315,566
2049 - 2053		2,575,888
2054 - 2058		2,468,997
2059 - 2062		2,320,161
Total	\$1	20,723,551

Certain airline agreements to lease space in the terminal building and terminal apron areas are subject to fluctuating rates.

Contingent operating revenue aggregated approximately \$31,000,000, and \$30,000,000, respectively, in 2018 and 2017.

# **Note 14 - Related Party Transactions**

## County of Franklin, Ohio

In 2015, the County agreed to contribute \$1.75 million in the form of a grant to support the construction of an air traffic control tower and associated infrastructure improvements at the Rickenbacker airport. The grant was paid to the Authority in 2016.

## City of Columbus, Ohio

In 2015, The City agreed to contribute \$1.5 million in the form of a grant to support the capital improvement program at Rickenbacker airport. The grant was paid to the Authority in 2017.

In 2017, The City along with the Northern Pickaway County Joint Economic Development District (JEDD) agreed to contribute \$300,000 and \$100,000 respectively to support sanitary sewer capital improvements at Rickenbacker airport. The funds are to be paid to the Authority by December 31, 2019.

### Note 15 - Conduit Debt - Private Sector Entities

From time to time, the Authority has issued certificates of participation, industrial revenue bonds, revenue bonds and revenue notes to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments on the underlying mortgage loans. Upon repayment of the obligations, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the Authority, nor the County, nor any political subdivisions thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2018 and 2017, there were 8 series of bonds outstanding with aggregate principal balances of \$132,449,798 and \$143,347,221, respectively. The original issue amounts for these 8 series totaled \$528,172,079.

# Note 16- Conduit Debt - Flight Safety International, Inc.

In February 2015, the Board of Directors of the Authority authorized the issuance of \$75,000,000 in revenue bonds as Series 2015 for the purpose of financing a portion of the costs of acquiring, constructing, and otherwise improving real and personal property comprising Authority facilities for lease, together with the land and existing improvements thereon to Flight Safety International Inc. (the Company). The obligations of the Company to make rental payments shall be absolute and unconditional general contractual obligations and will survive any termination of the lease until such time that the related bonds have been paid in full.

The Series 2015 Bonds do not represent or constitute a general obligation debt, or bonded indebtedness or a pledge of the faith and general credit or the taxing powers of the Authority or the State of Ohio or any political subdivision thereof, and the Holders have no right to have taxes levied by the General Assembly of the State of Ohio or the taxing authority of any political subdivision of the State of Ohio for the payment of Bond Service Charges and the Tender Price of Series 2015 Bonds. Investors are advised to rely solely upon the Guaranty and the credit of Berkshire Hathaway as security for the payment of the Bond Service Charges and the Tender Price of Series 2015 Bonds. Although Series 2015 conduit debt instruments bear the name of the Authority, the Authority has no obligation for the debt beyond the resources provided by the lease or loan with the Company.

Despite the fact that the Authority retains title to the project assets during and after the lease, and the nature of the lease to the Company, the conditions under GASB 62, for capital lease accounting are not met. The Authority will not record an asset (either capital or capital lease receivable) during the bond repayment period given the conduit nature of the debt. The Authority will record an asset and associated contributed capital representing the fair market value of the asset at the time conduit debt is paid in full.

As of December 31, 2018 and 2017, there were 2015 series of bonds outstanding with aggregate principal balances of \$73,600,000. The original issue amounts for these 2015 series totaled \$75,000,000.

## Note 17 - Changes in Accounting Principals

For 2018, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

Statement No. 75 requires governments providing other postemployment benefit (OPEB) plans to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with the statements, the Authority has reported a change in accounting principle adjustment to unrestricted net position of \$18,607,856, which is the net of the net OPEB liability and related deferred outflows of resources as of January 1, 2018. December 31, 2017 amounts have not been restated to reflect the impact of GASB No. 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ended December 31, 2017.

Net Position, December 31, 2017 – As previously stated	\$803,885,797
Authority Share of Beginning Plan Net Pension Liability	<u>(18,607,856)</u>
Net Position, December 31, 2017 - As restated	\$785,277,941

## **Required Supplementary Information**

### Schedule of the Authority's Proportionate

**Share of the Net Pension Liability**For the Fiscal Years Ended December 31

Traditional Pension Plan	2018	2017	2016	2015
Authority's proportion of the net pension liability (asset)	0.169412%	0.170272%	0.161166%	0.158207%
Authority's proportionate share of the net pension liability (asset)	\$26,577,458	\$38,665,876	\$27,915,973	\$19,081,519
Authority's covered-employee payroll	23,965,155	24,569,536	18,866,692	18,472,175
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	110.90%	157.37%	147.96%	103.30%
Plan fiduciary net position as a percentage of the total pension liability (asset)	84.66%	77.25%	81.19%	86.45%
Combined Plan				
Authority's proportion of the net pension liability (asset)	0.356141%	0.374223%	0.379940%	0.373312%
Authority's proportionate share of the net pension liability (asset)	\$ (484,823)	\$ (208,281)	\$ (184,887)	\$ (143,734)
Authority's covered-employee payroll	1,547,127	1,625,993	1,248,584	1,282,687
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-31.34%	-12.81%	-14.81%	-11.21%
Plan fiduciary net position as a percentage of the total pension liability (asset)	137.28%	116.55%	116.90%	114.83%
Member-Directed Plan				
Authority's proportion of the net pension liability (asset)	0.374346%	0.414439%	0.344976%	0.000000%
Authority's proportionate share of the net pension liability (asset)	\$ (13,065)	\$ (1,726)	\$ -	\$ -
Authority's covered-employee payroll	1,674,082	2,000,829	1,536,413	1,751,680
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.78%	-0.09%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	124.46%	103.40%	103.91%	0.00%

roi die ristal reala cildea b	ecember 51									
	2018	2017	<b>20</b> 1B	2015	2014	2013	2012	2011	2010	2009
Contractus & Dequies Constactus & Dequies Consibution	\$ 8,538,783	s 3,439,795 s	2 011.357   5	2 588,128   \$	2,718,218	2.761385 \$	2,605,823 4	2,531,772 (	2,197,583 \$	2.153.067
Contributions in Relation for the Contribution, Dequired Cool (but on	(8,577, 93)	(3.439.735)	(2,64 (357)	(2,588 (73)	0.7.8245	Ø 76 (36F)	(2,605,823)	12,571,7721	(2, 97 F83)	(2, 53 167)
Contribution Deficiency (E-coss)	*	a - a	- 8	- *	- +	- +	- 1	- 4	- 8	-
Authority Covered Payrol	\$ 28,955,155	s 21,569,598 s	18.568.382 s	18 472,175 🗼	19,380,332	19,724,065 \$	18.313 023 4	18,054,102 4	15 696,573 s	15.879.054
Consider one as a Percentage of Covered Employees Usundi	14 74%	14 (5)	74 11 %	7411.15	7411192	14 (1) (52	14 1112:	14 11 62	14 15:	74 11 %
Contraction And Contraction, Regulac Contribution	\$ 223.094	ь 327.539 в	74.3C2 v	179.57€ \$	81.837 \$	79.155 \$	⊭2.705 <b>≱</b>	124,371 *	0.0∸1 ⊍	8700
Contributions in Relation to the Contractual C Required Contribution	1223.0941	1227,5891	ı 74.3C21	(179.576)	í 81.837 <sup>-</sup>	1 79,155	'¥ 2 705i	112(1,37))	10 0° li	187 0 01
Constitution Deficients Universit		3 - 3	- 3	- 8	- €	- 1	- 3	- 3	- 3	-
Authority Covered Payrol	1517.127	s 1,625,833 s	1,248,564 s	1.282.857	1.239.195	1278700 \$	1019,321 4	883 568 1	721.720 s	621.502
Consider one as a Percentage of Covered Employees the coll	14 74%	14 (15)	74 11 %	74 H 15	7411193	14 (18)	14 1112	14 1182	14 185	74 11 %
MEMBER-DIRECTED PLAN Contraction, Requirection of the contraction of t	8 241 11	3 √II(πi 3	<b>ភា</b> (ពួក ខ	245(2.1 €	241(62) - €	270(417 E	10,992.3	FIGHT 8	or an a	42/4101
Contributions in Relation to the Contractual, Requires Contribution	(248.511)	(280, 118)	(215,058)	(245,235)	(220,622)	(212,461)	(183,972)	(125,219)	173.5971	142.403)
Contribution Helinianny (E-cent)	ŧ	ય ય	ų	ŧ	4	4	*	*	υ	
Actionally Counsed Playing	<b>8</b> 1,074,002	a 2,000,129 a	1,900,410 8	1,751,000 \$	1,575,070 ₹	1.17,500 - \$	1,314,004 3	094,420 8	920,249 8	102,370
Contributions as a Personage of Colleged Employed Pakroll	1: 74%	И 20%	И.ЭС»	4.00%	4.00%	M.00%	PL003	F.00:	K 20%	И ЭС%

## Schedule of the Authority's Proportionate Share of the Net OPEB Liability For the Fiscal Year Ended December 31

All Plans	2018
Authority's proportion of the net pension liability (asset)	0.184230%
Authority's proportionate share of the net pension liability (asset)	\$ 20,006,021
Authority's covered payroll	27,186,364
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.59%
Plan fiduciary net position as a percentage of the total pension liability (asset)	54.14%

Note: Information prior to fiscal year 2018 is not available.

# Supplemental Schedule of the Authority's OPEB Contributions to State Pension Fund

For the Fiscal Year Ended December 31

	2018
ALL PLANS Contractually Required Contribution	\$ -
Contributions in Relation to the Contractually Required Contribution	-
Contribution Deficiency (Excess)	\$ -
Authority Covered Employee Payroll	\$ 27,186,364
Contributions as a Percentage of Covered Employee Payroll	0.00%

Note: OPERS allocated 0% of Pension Contributions to OPEB in 2018. Information prior to fiscal year 2018 is not available.

## NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

#### Note A

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for the Plan years ended December 31, 2017 and 2016, respectively.

Changes in assumptions: There were no changes in benefit terms from the amounts reported for the Plan year 2017. During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75 percent and 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables changed from RP-2000 to RP-2014.

Calculation of employer allocations: OPERS Health care funding is discretionary and dependent on both the pension funding and future projections. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0% for 2017. The 2018 allocation is expected to be 0.0% for health care funding, and expected to continue at that rate thereafter.

## Other **Supplementary Information**

# Schedule of Revenues and Expenses-Budget vs. Actual - Budget Basis For the Year Ended December 31, 2018

Net Income Adjusted to the Budetary Basis of Accounting	5 4,343,878	\$ 21,299,607	\$ 16,955,729
Total Adjustments	(9)	4,544,903	4,544,903
Captial Contributions Budgeted To New Income Loss on Securities Pension & OPEB Adjustments - GASB 68 and 75	3	96,093 4,448,810	96,093 4,448,810
Income Before Capital Contributions  Adjustments To Reconcile GAAP Net Income Before	4,343,878	16,754,705	12,410,827
Total Non-Operating Revenues	24,320,796	35,235,160	10,914,364
Gain (Loss) on Disposal of Assets		7,110,991	7,110,991
Amortization of Deferred Charges	:0:	58,282	58,282
Gein (Loss) an Securities	(1,721,392)	(96,093)	(96,093
Rental Car Facility Charges Interest Expense	10,000,000 (1,721,592)	11,520,767	1,520,767
Passenger Facility Charges	14,408,660	16,701,097	2,292,437
Other Non-Operating Revenues	572,028	155,146	(416,882
NON-OPERATING REVENUES (EXPENSES) Investment Income	1,061,700	1,492,736	431,036
Operating Loss	(19,976,918)	(18,480,455)	1,496,463
Less: Depreciation	49,289,280	47,231,773	2,057,507
Operating Income before Depreciation	29,312,362	28,751,318	(561,044
Total Operating Expenses	82,982,274	87,986,375	(5,004,101
Other Expenses		57,331	(57,331
Hotel Services	2,403,721	2,575,793	(172,07)
Materials & Supplies	36,448,537 4,839,717	36,749,704 5,293,357	(301,167
Employee Wages & Benefits Purchase of Services	39,290,299	43,310,190	(4,019,891
OPERATING EXPENSES			
Other Revenue  Total Operating Revenues	112,294,636	116,737,693	4,443,057
Other Revenue	5,146,643	5,869,076	722,433
Foreign Trade Zone Fees	312,500	310,000	(2,500
General Aviation Revenue	3,364,814	3,631,307	266,493
Cargo Operations Revenue Hotel Operations Revenue	6,551,377 4,494,483	7,790,597 4,614,937	1,239,220
Concession Revenue	21,252,177	23,151,139	1,898,96
Airline Revenue	33,905,147	32,676,307	(1,228,840
Parking Revenue	\$ 37,267,495	\$ 38,694,330	\$ 1,426,835
OPERATING REVENUES			
	(Unaudited)	Actual	Budget



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 

Independent Auditor's Report

To Management and the Board of Directors Columbus Regional Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Columbus Regional Airport Authority (the "Authority") as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 20, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Columbus Regional Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Directors Columbus Regional Airport Authority

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Columbus Regional Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 20, 2019



Plante & Moran, PLLC Suite 200 537 E. Pete Rose Way Cincinnati, OH 45202-357 Tel: 513.595.8800 Fax: 513.595.8806

plantemoran.com

Report on Compliance for Each Major Federal Program and Passenger Facility Charge Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Directors
Columbus Regional Airport Authority

## Report on Compliance for Each Major Federal Program and Passenger Facility Charge Program

We have audited Columbus Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In addition, we audited compliance with the applicable requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the "Guide") for the year ended December 31, 2018. Columbus Regional Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The passenger facility charge program is identified in the passenger facility charge expenditure schedule.

#### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Columbus Regional Airport Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"); and the applicable requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration. Those standards, the Uniform Guidance, and the Guide require that we plan and perform the audit to obtain reasonable assur-

ance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Columbus Regional Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and passenger facility charge program. However, our audit does not provide a legal determination of Columbus Regional Airport Authority's compliance.

Opinion on Each Major Federal Program and Passenger Facility Charge Program

In our opinion, Columbus Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and passenger facility charge program for the year ended December 31, 2018.

#### **Report on Internal Control Over Compliance**

Management of Columbus Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Columbus Regional Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and passenger facility charge program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Passenger Facility Charge Audit Guide for Public Agencies. Accordingly, this report is not suitable for any other purpose.

Alente 1 Morse, PLLC

March 20, 2019

## **Schedule of Expenditures of Federal Awards**For the Year Ended December 31, 2018

	Federal CFDA	Grant	Federal	Total Amount Provided to	Federal
Federal Grantor	Number	Number	Receipts	Subrecipients	Expenditures
DEPARTMENT OF TRANSPORTATION:					
Direct:					
Federal Aviation Administration					
Airport Improvement Program (AIP):	20.106				
VALE Infrastructure		3-39-0025-83	\$ 261,735.00	\$ -	\$ -
Replacement R/W Projects		3-39-0025-85	52,743	-	52,743
Acquire 3 Pieces of Multi-Tasking Equipment Snow Removal Equipment		3-39-0025-86	1,379,708	-	1,379,708
Rehabilitate Runway 4/22, Taxiways (A1, A2, A4, A5, and A6), Remove Taxiway	A3	3-39-0026-25	2,031,544	-	2,031,544
Acquire Snow Removal Equipment (2 Replacement Snowbrooms)		3-39-0117-41	-	-	83,968
Update Airport Master Plan Study		3-39-0117-42	740,054	-	740,054
LCK MOS Ph. 1A and 1B Improvements and Update Pavement Mgmt. Program		3-39-0117-43	1,049,137	-	1,049,137
LCK MOS Ph. 1 Improvements		3-39-0117-44	5,198,027	-	5,198,027
VALE Infrastructure		3-39-0117-45	503,157	-	503,157
Subtotal Federal Aviation Administration			11,216,105	-	11,038,338
Pass Through:					
Ohio Dept. of Transportation	20.205				
Rehabilitate Runway 4/22, Taxiways (A1, A2, A4, A5, and A6), Remove Taxiway A3		ODOT #M17-14	112,864	-	112,864
Subtotal Ohio Department of Transportation			112,864	-	112,864
National Highway Traffic Safety Administration					
Minimum Penalties for Repeat Offenders for Driving					
While Intoxicated	20.608	DUI FFY 2018	3,496	-	1,082
SubTotal National Highway Traffic Safety Administration			3,496	-	1,082
TOTAL DEPARTMENT OF TRANSPORTATION			11,332,465	-	11,152,284
DEPARTMENT OF JUSTICE:					
Direct:					
Drug Enforcement Agency -					
Equitable Sharing Program	16.922	N/A	369,947	_	125,579
TOTAL DEPARTMENT OF JUSTICE	10.522	,,,	369,947	-	125,579
			3,22,72,23		120,010
TOTAL FEDERAL AWARDS			\$ 11,702,412	\$ -	\$ 11,277,863

See Accompanying Notes to Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges

# **Schedule of Passenger Facility Charges**For the Year Ended December 31, 2018

Program	Receipts	Ex	penditures
Passenger Facility Charges	\$ 17,436,616	\$	2,844,899

See Accompanying Notes to Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges

# Notes to Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges For the Year Ended December 31, 2018

### Note 1 - Summary of Significant Accounting Policies

**General** - The accompanying schedule of expenditures of federal awards and schedule of passenger facility charges present the activity of all federal assistance programs of the Columbus Regional Airport Authority (the "Authority"). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Airport, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Airport.

The Authority has not elected to use the 10-percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

### Note 2 - Basis of Accounting

**Basis of Accounting** – The accompanying schedule of expenditures of federal awards and schedule of passenger facility charges are prepared on the basis of cash receipts and disbursements. Consequently, revenues are recognized when received rather than when earned, and expenses are recognized when paid and requested rather than when the obligations are incurred. The basis for determining when federal awards are expended is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. In addition, expenditures reported on the Schedule are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

# **Schedule of Findings and Questioned Costs**For the Year Ended December 31, 2018

### Section 1 – Summary of Auditor's Results

- 1. The independent auditors' report on the financial statements expressed an unmodified opinion.
- 2. No significant deficiencies or material weaknesses in internal control over financial reporting were identified.
- 3. No instance of noncompliance considered material to the financial statements was disclosed.
- 4. No significant deficiencies or material weaknesses in internal control over compliance with requirements applicable to major federal awards programs were identified.
- 5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unmodified opinion.
- 6. The audit disclosed no findings, which are required to be reported by Section 2 CFR 200.516 (a).
- 7. The organization's major program was:

Airport Improvement Program ("AIP") (CFDA #20.106).

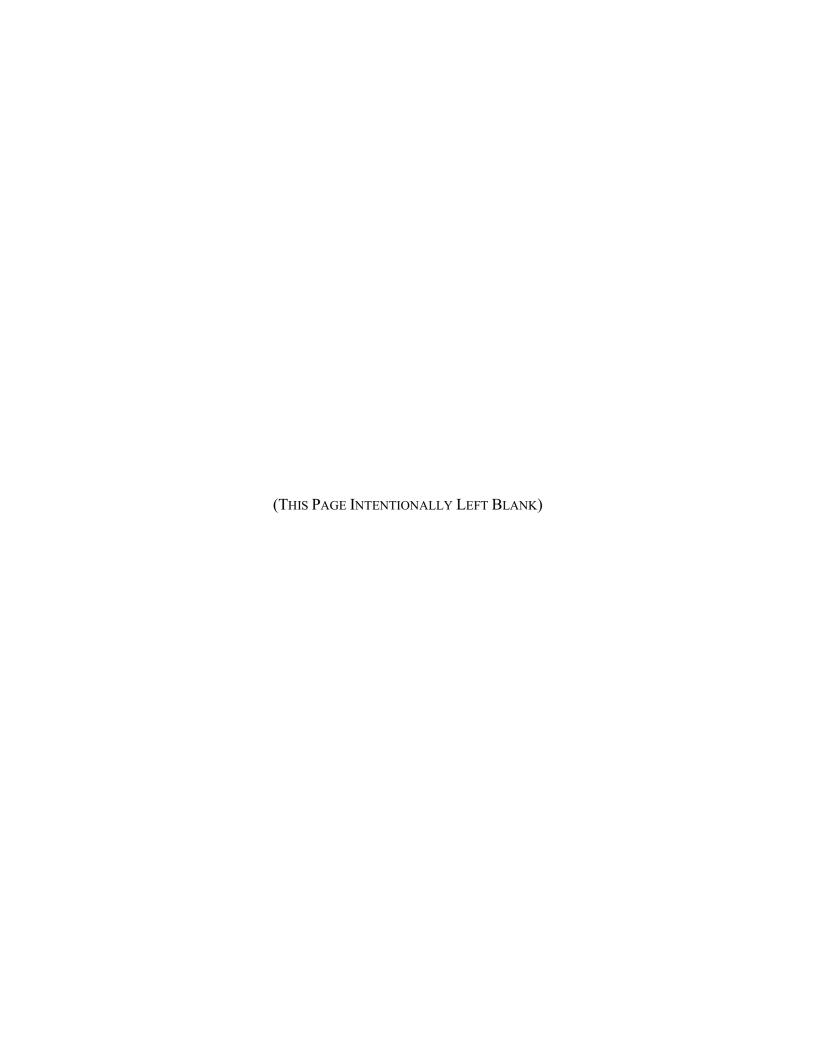
- 8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
- 9. The Auditee did qualify as a low-risk auditee as that term is defined in the Uniform Guidance.

### Section II - Financial Statement Findings Section

No matters were noted.

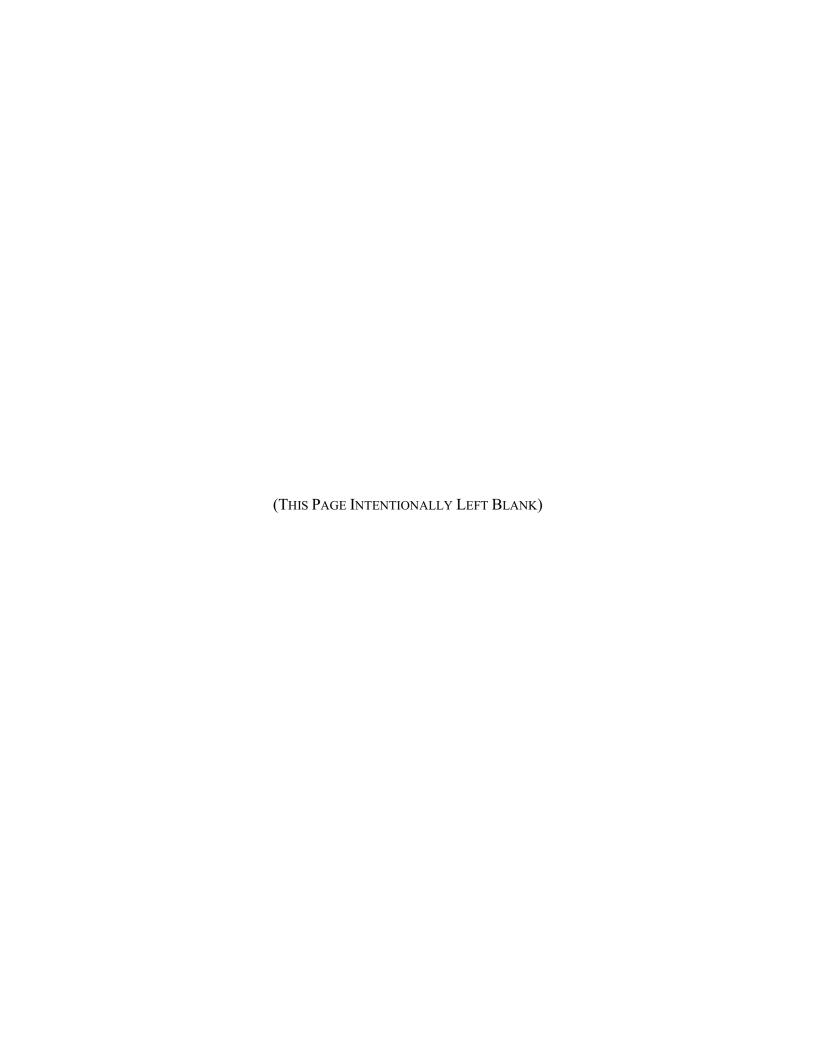
# Section III - Federal Award Findings and Questioned Cost Section

No matters were noted.



## APPENDIX C

Form of CFC Master Trust Agreement and CFC First Supplemental Trust Agreement



# CUSTOMER FACILITY CHARGE MASTER TRUST AGREEMENT

By and Between

### COLUMBUS REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

\_\_\_\_\_

Securing

COLUMBUS REGIONAL AIRPORT AUTHORITY CUSTOMER FACILITY CHARGE REVENUE BONDS

\_\_\_\_\_

Dated

May 2, 2019

Squire Patton Boggs (US) LLP Bond Counsel

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# (This Index is not a part of the CFC Master Trust Agreement but rather is for convenience of reference only.)

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## CUSTOMER FACILITY CHARGE MASTER TRUST AGREEMENT

THIS CUSTOMER FACILITY CHARGE MASTER TRUST AGREEMENT (this "CFC Master Trust Agreement") dated May 2, 2019 is made by and between the COLUMBUS REGIONAL AIRPORT AUTHORITY (the "Authority"), a port authority, a political subdivision and a body corporate and politic, duly created and validly existing under and by virtue of the laws of the State of Ohio (the "State") and U.S. BANK NATIONAL ASSOCIATION (the "Trustee"), a national banking association duly organized and validly existing under the laws of the United States of America and duly authorized and qualified to exercise corporate trust powers in the State, with its designated corporate trust office located in Columbus, Ohio, as trustee hereunder, under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses being used therein as defined in Article I hereof):

- A. Pursuant to the Act and other proceedings, the Authority has heretofore entered into a Master Trust Indenture, which Master Trust Indenture generally authorizes the issuance from time to time of GARB Bonds and further provides therein for the issuance of Special Facility Revenue Bonds for the purpose of paying the costs of Special Facilities and excludes from the definition of Revenues pledged to pay the debt service charges on the GARB Bonds any revenue or income from any present or future Special Facility to the extent that such revenue or income is pledged by the Authority to pay principal, interest and redemption premiums, if any, for Special Facility Revenue Bonds, or to the extent that such revenue or income is for the use of the Authority to pay or reimburse the Authority for the costs of operation or maintenance required to be paid by the user pursuant to a Special Facilities Agreement (other than reimbursement for any of the Authority's administrative costs relating to any Special Facility); and
- B. Pursuant to the Act and the General Bond Resolution, the Authority is authorized to enter into this CFC Master Trust Agreement and to do or cause to be done all the acts and things herein provided or required to be done, and to issue Bonds for the purpose of paying the Costs of Improvements and refunding Bonds or Subordinated Obligations, all as hereinafter provided; and
- C. The Authority intends and has heretofore determined that (i) the receipts from the CFC shall not constitute Revenues, (ii) the CFC Facilities, including the ConRAC, contemplated by the CFC Resolution constitute Special Facilities and (iii) the Bonds to be issued hereunder constitute Special Facility Revenue Bonds; and
- D. The Authority has determined to sell the Series 2019 Bonds and to enter into this CFC Master Trust Agreement to secure the Series 2019 Bonds and any Additional Bonds issued hereunder; and
- E. All conditions, acts and things required to exist, happen and be performed precedent to and in the execution and delivery of this CFC Master Trust Agreement exist and have happened and been performed in order to make the Bonds, when authorized and issued in accordance with the terms of the CFC Trust Agreement, valid special obligations of the Authority in accordance with the terms thereof and hereof, and in order to make this CFC Master Trust Agreement a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

F. The Trustee has accepted the trusts created by this CFC Master Trust Agreement and in evidence thereof has joined in the execution of this CFC Master Trust Agreement;

NOW, THEREFORE, THIS CFC MASTER TRUST AGREEMENT WITNESSETH, that to secure the payment of Debt Service Charges on the Bonds according to their true intent and meaning, and to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained in the Bonds and in this CFC Master Trust Agreement, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the holders, and for other good and valuable consideration the receipt of which is acknowledged, the Authority has signed and delivered this CFC Master Trust Agreement and does hereby pledge and assign to the Trustee and to its successors in trust, and its and their assigns, and grant a lien upon, the Pledged Revenues and the Pledged Funds, to the extent and with the exceptions provided in this CFC Master Trust Agreement;

<u>PROVIDED</u>, <u>HOWEVER</u>, that any pledge or assignment of, or lien on, any fund, account, receivables, revenues, money or other intangible property not in the custody of the Trustee shall be valid and enforceable only to the extent permitted by law.

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions of the CFC Trust Agreement,

- (a) except as provided otherwise in the CFC Trust Agreement, for the equal and proportionate benefit, security and protection of all present and future Bondholders,
- (b) for the enforcement of the payment of the Debt Service Charges when payable, according to the true intent and meaning of the Bonds and of the CFC Trust Agreement, and
- (c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of the CFC Trust Agreement,

in each case, except as authorized or provided otherwise in the CFC Trust Agreement, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of series designation, number, date of Bond authorization, issuance, sale, execution, authentication, delivery or maturity, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under the CFC Trust Agreement, and shall be secured equally and ratably hereby, it being intended that the lien and security of the CFC Trust Agreement shall take effect from its date, without regard to the actual date of issue, sale or delivery of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value;

PROVIDED FURTHER, HOWEVER, that if all Debt Service Charges, including any premium required to be paid for redemption of any of the Bonds prior to maturity, shall be paid or caused to be paid in accordance with Sections 9.01 and 9.02 herein, the Authority shall well

and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the CFC Trust Agreement to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, Bond Registrars, Authenticating Agents and Paying Agents all moneys due or to become due to them in accordance with the terms and provisions of the CFC Trust Agreement, then the CFC Trust Agreement and the rights granted by the CFC Trust Agreement shall cease, determine and be void, except as provided in Section 9.03 herein with respect to the survival of certain provisions of the CFC Trust Agreement; otherwise, the CFC Trust Agreement shall be and remain in full force and effect as and to the effect provided in it.

It is expressly declared that all Bonds issued and secured under the CFC Trust Agreement are to be issued, authenticated and delivered, and that all Pledged Revenues and the CFC Construction Fund, the CFC Revenue Fund, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in the CFC Trust Agreement, and the Authority has agreed and covenanted, and does hereby further agree and covenant with the Trustee and with the respective holders from time to time of the Bonds, as follows in the CFC Trust Agreement.

It is expressly recognized and declared that to the extent permitted by law, the Authority may issue Subordinated Obligations, the payment of which may be secured by a pledge of or lien on the Pledged Revenues or certain of the Funds subordinate to that of the Bonds.

(End of Recitals and Granting Clauses)

#### ARTICLE I

#### **DEFINITIONS**

Section 1.01 <u>Definitions</u>. In addition to or supplementing the words and terms elsewhere defined in this CFC Master Trust Agreement, including those defined in the General Bond Resolution, where used in this CFC Master Trust Agreement (including its recitals and granting clauses) or CFC Supplemental Trust Agreements the following words and terms shall have the following meanings unless the context or use clearly indicates another or different meaning or intent:

"Act" means Sections 4582.21 through 4582.99 of the Ohio Revised Code.

"Additional Bonds" means additional obligations issued pursuant to the CFC Trust Agreement after the issuance of the Series 2019 Bonds.

"Aggregate Outstanding Principal Amount" means, with respect to Bonds outstanding as of any date:

- (a) With respect to any Outstanding Bonds on which no interest is payable, the aggregate discounted offering price at which the Bonds are initially sold to the public, disregarding any purchase price discount to the Original Purchaser;
- (b) With respect to any Outstanding Bonds on which no interest is payable prior to principal maturity, their aggregate face amount;
- (c) With respect to any Outstanding Bonds involving other compound accreted amounts or accreted values, the Aggregate Outstanding Principal Amount of those Bonds as defined in and calculated in accordance with the Bond Proceedings authorizing them or, if no such definition or provision for that calculation is so provided, then in accordance with generally accepted accounting principles; and
  - (d) With respect to any other Outstanding Bonds, their aggregate face amount.

For purposes of any consent or other action to be taken by the holders of a specified percentage of the Aggregate Outstanding Principal Amount of all Bonds or Bonds of any series, Bonds held by or for the account of the Authority shall be excluded.

"Airport" means the John Glenn Columbus International Airport, which is owned and operated by the Authority, and also includes any additions, extensions, and improvements thereto hereafter constructed.

"Assumed Amortization Period" means the period of time specified in paragraph (a) or paragraph (b) below, as selected by the Chief Financial Officer:

(a) Five years; or

(b) The period of time exceeding five years set forth in a written certificate delivered to the Authority by a municipal advisor or investment banker selected by the Authority and experienced in the underwriting of indebtedness of the character of the Bonds as being not longer than the maximum period of time over which indebtedness having comparable terms and security issued or incurred by similar issuers of comparable credit standing would, if then being offered, be marketable on reasonable and customary terms.

"Assumed Interest Rate" means the rate per annum (determined as of the last day of the calendar month next preceding the month in which the determination of Assumed Interest Rate is being made) set forth in a certificate delivered to the Authority by a municipal advisor or investment banker selected by the Authority and experienced in the underwriting of indebtedness of the character of the Bonds as being not lower than the lowest rate of interest at which indebtedness having comparable terms, security and federal tax status amortized on a level debt service basis over a period of time equal to the Assumed Amortization Period, and issued or incurred by similar issuers of comparable credit standing would, if being offered as of such last day of the calendar month, be marketable on reasonable and customary terms.

"Authenticating Agent" means the Trustee and any other bank, trust company or other person designated as an Authenticating Agent for a series of Bonds by or in accordance with the CFC Trust Agreement, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934 as amended.

"Authority" means the Columbus Regional Airport Authority.

"Authorized Denominations" means the denominations designated as such for each series of Bonds in or pursuant to the related CFC Supplemental Trust Agreement.

"Authorized Officer" means any officer or employee of the Authority authorized by or pursuant to the Act, the Bond Proceedings or Authority resolution to perform the particular act or sign the particular document, and if there is no specific authorization, means the Chief Executive Officer and/or the Chief Financial Officer, as appropriate.

"Balloon Bonds" means any series of Bonds or any portion of a series of Bonds designated by the Authority in a resolution as Balloon Bonds, (a) 25% or more of the principal payments (including Mandatory Sinking Fund Requirements) of which are due in a single year, or (b) 25% or more of the principal of which may, at the option of the holder or holders thereof, be redeemed at one time.

"beneficial interests" means the interests of the ultimate purchasers of beneficial interests in Bonds issued in book entry form.

"Board" means the Board of Directors of the Authority.

"Bond Legislation" means the General Bond Resolution to the extent applicable, and the Series Bond Resolution authorizing the issuance of the series of Bonds and any Certificate of Award identified as part of the "Bond Legislation" in the applicable Series Bond Resolution, and all other Series Bond Resolutions to the extent applicable.

"Bond Proceedings" means this CFC Master Trust Agreement and the applicable Bond Legislation, CFC Supplemental Trust Agreement, and other resolutions, Credit Support Instruments, agreements, and certificates, and amendments of and supplements to or any combination of them, authorizing or providing for the terms and conditions and agreements applicable to, or providing for the security for, liquidity or sale of, or the terms contained in, the applicable Bonds.

"Bond Registrar" means the person that keeps and maintains the Register for the applicable Bonds, which shall be the Trustee except as may otherwise be provided pursuant to the CFC Trust Agreement.

"Bondholder" or "holder" or "holder of Bonds", "Registered Owner" or "registered owner", or any similar term means the person in whose name a Bond is registered, or the holder or owner of Bonds as may otherwise be prescribed by applicable Bond Legislation.

"Bonds" means the Series 2019 Bonds and any Additional Bonds.

"book entry form", "book entry system", "Book Entry Form" or "Book Entry System" means a form or system under which (a) the ownership of beneficial interests in the Bonds and the principal of and interest and any premium on the Bonds may be transferred only through a book entry, and (b) physical Bond certificates in fully registered form are issued by the Authority and payable only to a Securities Depository or its nominee as registered owner, with the certificates deposited with and "immobilized" in the custody of the Securities Depository or its designated agent for that purpose. The book entry maintained by others than the Authority is the record that identifies the owners of beneficial interests in the Bonds and that principal and interest.

"Business Day" means any day, other than a Saturday or Sunday, and other than a day on which the Trustee or a Paying Agent (other than the Trustee), as applicable, is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

"Capital Appreciation Bonds" means the Bonds of any series of Bonds designated as such in or pursuant to the related CFC Supplemental Trust Agreement. For purposes of the CFC Trust Agreement, unless the context clearly indicates otherwise, "interest" when used with respect to a Capital Appreciation Bond refers to an amount equal to the amount by which the Compound Accreted Amount of the Capital Appreciation Bond exceeds the original principal amount of the Capital Appreciation Bond or any Predecessor Bond or Bonds, as of any relevant date, and "principal" when used with respect to a Capital Appreciation Bond means the original principal amount of the Capital Appreciation Bond or any Predecessor Bond or Bonds.

"Certificate of Award" means, with respect to any series of Bonds, the certificate delivered by the Chief Financial Officer awarding that series of Bonds.

"CFC", "CFCs" or "Customer Facility Charge" means the customer facility charge implemented by the Authority pursuant to the CFC Resolution on rental car transactions occurring on or about the Airport and required to be collected by the Concessionaires and

remitted to the Authority or to the Trustee, as an assignee of the Authority, as further described in the Concessionaire Agreements.

"CFC Administrative Costs Fund" means the CFC Administrative Costs Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Common Use Busing Fund" means the CFC Common Use Busing Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Construction Fund" means the CFC Construction Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Debt Service Coverage Fund" means the CFC Debt Service Coverage Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Debt Service Coverage Fund Requirement" means for each series of Bonds, as of the date of any calculation, the amount, if any, designated as such for the series of Bonds in or pursuant to a CFC Supplemental Trust Agreement to be on deposit in or credited to an account in the CFC Debt Service Coverage Fund, which amount may take the form of a Credit Support Instrument provided for or pursuant to the related CFC Supplemental Trust Agreement.

"CFC Debt Service Fund" means the CFC Debt Service Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Debt Service Reserve Fund" means the CFC Debt Service Reserve Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Debt Service Reserve Fund Requirement" means for each series of Bonds, as of the date of any calculation, the amount, if any, designated as such for the series of Bonds in or pursuant to a CFC Supplemental Trust Agreement to be on deposit in or credited to an account in the CFC Debt Service Reserve Fund, which amount may take the form of a Credit Support Instrument provided for or pursuant to the related CFC Supplemental Trust Agreement.

"CFC Facilities" or "CFC Facility" means, collectively, any equipment or facilities designated by the Authority as facilitating the provision of rental car operations at the Airport, including but not limited to the ConRAC and any related common-use transportation equipment and facilities.

"CFC Master Trust Agreement" means this Customer Facility Charge Master Trust Agreement, as may be amended or supplemented from time to time.

"CFC Renewal and Replacement Fund" means the CFC Renewal and Replacement Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Renewal and Replacement Fund Requirement" means an amount equal to \$13,940,000.

"CFC Resolution" means, collectively, Resolution No. 03-07 adopted by the Board on January 30, 2007, as amended and supplemented by Resolution No. 95-08 adopted by the Board on September 30, 2008, Resolution No. 26-11 adopted by the Board on May 24, 2011, Resolution No. 45-15 adopted by the Board on July 28, 2015 and Resolution No. 51-16 adopted by the Board on July 26, 2016, as such resolutions may be amended and supplemented from time to time, and any other resolution that may be adopted by the Board in the future with respect to the imposition of the CFC by the Authority on rental car transactions occurring on or about the Airport.

"CFC Revenue Fund" means the CFC Revenue Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Revenues" means all the funds received by or on behalf of the Authority from the Concessionaires pursuant to the Authority's imposition of the CFC.

"CFC Supplemental Reserve Account" means the CFC Supplemental Reserve Account created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Supplemental Trust Agreement" means a CFC Supplemental Trust Agreement approved or authorized by the Authority and entered into by the Authority and the Trustee pursuant to this CFC Master Trust Agreement.

"CFC Surplus Fund" means the CFC Surplus Fund created in Section 5.01 of this CFC Master Trust Agreement.

"CFC Trust Agreement" means, collectively, this CFC Master Trust Agreement and any CFC Supplemental Trust Agreements.

"Chief Executive Officer" means the President and CEO of the Authority or the person performing the functions of that office as certified by the Chair of the Board.

"Chief Financial Officer" means the Chief Financial Officer of the Authority or the person performing the functions of that office as certified by the Chair of the Board.

"Code" means the Internal Revenue Code of 1986, as amended, together with all applicable Treasury Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, any amendments of, or successor provisions to, the foregoing, and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a section of the Code includes any applicable successor section or provision and such applicable Treasury Regulations, rulings, announcements, notices, procedures and determinations pertinent to that section.

"Compound Accreted Amount" means the original principal amount of any Capital Appreciation Bond plus interest accrued and compounded on the dates and in the manner provided in or pursuant to a CFC Supplemental Trust Agreement to the date of maturity or other date of determination.

"Concessionaire" means each rental car entity that, at the time, is a signatory to a Concessionaire Agreement.

"Concessionaire Agreement" means each Agreement for the Operation of a Rental Car Concession between the Authority and a Concessionaire entitled to exclusive premises at the ConRAC pursuant to the terms thereof, as the same may be re-executed, modified, amended or replaced from time to time.

"Concessionaire Deficiency Payments" means the payments, if any, made by Concessionaires pursuant to their respective Concessionaire Agreements (or any successor provisions thereof) as contingent payments to cover in each contract year under the Concessionaire Agreement after Substantial Completion, deficiencies if any in the amount of CFCs needed to fund the Annual Obligation Requirement (as defined in the Concessionaire Agreement).

"ConRAC" means a consolidated rental car facility, including all associated repairs and improvements associated therewith and all associated structures, roadways, commercial curbs, terminal connections, facilities, utilities, and other infrastructure improvements related thereto including, without limitation, (i) customer service areas, (ii) the exclusive premises for the Concessionaires, (iii) a ready/return area, (iv) a quick turnaround area dedicated to fueling, vacuuming, washing and servicing rental vehicles, together with a dedicated roadway for rental vehicle use, (v) storage/service facilities, (vi) service centers for rental car maintenance, and (vii) common concessionaire areas and common public areas, in each case together with any other ancillary facilities and any expansions, additions, extensions and/or improvements thereto.

"Construction Period" means the period between the beginning of the acquisition, construction and installation of Improvements to be financed from the proceeds of any series of Bonds, and the date of Substantial Completion of those Improvements as certified pursuant to Section 4.03.

"Consultant" means a recognized firm of independent management consultants knowledgeable and experienced in the operations and finances of airports and airport facilities, designated by the Authority. The Consultant may be an Independent Engineer.

"Costs of Improvements" means costs of or related to Improvements, and the financing and refinancing of those costs, including costs relating to the issuance and payment of Bonds.

"Credit Support Instrument" means an insurance policy, including a policy of bond insurance, letter of credit or other credit enhancement, support or liquidity device provided pursuant to an agreement to which the Authority is a party and which is used to enhance the security or liquidity of any Bonds or series or two or more series or part of a series of Bonds, or to provide, in whole or in part, the CFC Debt Service Reserve Fund Requirement or the CFC Debt Service Coverage Fund Requirement for any series of Bonds.

"Credit Support Provider" means any provider of a Credit Support Instrument relating to provision of all or part of the CFC Debt Service Reserve Fund Requirement or CFC Debt Service Coverage Fund Requirement relating to any series of Bonds so long as those Bonds are outstanding, and so long as that Credit Support Instrument is in effect.

"Debt Service Charges" means the principal (as payable at stated maturity or otherwise), interest and any redemption premium required to be paid by the Authority on the Bonds, and includes any Mandatory Sinking Fund Requirements. In the case of payment of Debt Service Charges by a person other than the Authority pursuant to a Credit Support Instrument, "Debt Service Charges" means the reimbursement by the Authority to the provider of that Credit Support Instrument of the amount so paid. In determining Debt Service Charges for a Fiscal Year or any other period, (i) Mandatory Sinking Fund Requirements for that Fiscal Year or period shall be taken into account, and principal maturities or interest payments for which Mandatory Sinking Fund Requirements are imposed and complied with in a prior Fiscal Year or period, to that extent, shall be excluded and (ii) principal maturities of Interim Indebtedness, to the extent such amounts are certified by an Authorized Officer as being payable from the proceeds of anticipated Bonds or of renewal Interim Indebtedness, shall be excluded.

"Deposit Date" means the first Business Day of each calendar month or such other day designated as such in the Bond Legislation or CFC Supplemental Trust Agreement relating to the issuance of any Bonds.

"Direct Obligations" means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the U.S. Department of the Treasury), or obligations of any agency, corporation or public body that is controlled or supervised by and acting as an instrumentality of the United States of America, the timely payment of the principal of and interest on which is fully guaranteed by the United States of America, provided that the full faith and credit of the United States of America is pledged to any such direct obligations or guarantee.

"Eligible Investments" means any investments permitted under Section 135.14 of the Ohio Revised Code.

"Event of Default" means any of the Events of Default described in Section 7.01 of this CFC Master Trust Agreement.

"Extraordinary Services" and "Extraordinary Expenses" means all services rendered and all reasonable expenses (including reasonable legal counsel fees) properly incurred under the CFC Trust Agreement by the Trustee, the Bond Registrar and any Authenticating Agent and Paying Agent, other than Ordinary Services and Ordinary Expenses, including, after the occurrence of an Event of Default, nonministerial services and reasonable counsel and other advisory fees incurred by the Trustee.

"Fiscal Year" means a period of 12 consecutive months commencing on the first day of January of any year and ending on the last day of December of that year, or, as to be evidenced for purposes of the CFC Trust Agreement by a certificate of an Authorized Officer filed with the Trustee, such other consecutive 12-month period as may hereafter be established as the fiscal year for Authority budgeting, appropriations and accounting purposes.

"Fitch" means Fitch Ratings, New York, New York, or any successor Rating Service.

"Funds" means any of the funds established pursuant to Section 5.01 of this CFC Master Trust Agreement, including Special Funds and Accounts.

"GARB Bonds" means those obligations that may be issued from time to time under the Master Trust Indenture.

"General Bond Resolution" means Resolution No. 22-19 as adopted by the Board of Directors of the Authority on March 26, 2019.

"Improvements" means, collectively, any design, construction, expansion, addition, improvement, extension, equipping, furnishing, or installation of any CFC Facility and facilities ancillary and/or necessary and appurtenant thereto.

"Independent Engineer" means an engineer or firm of engineers, independent of the Authority, and licensed by or permitted to practice in the State, experienced in the design, construction and supervision of construction of CFC Facilities.

"Insurance Consultant" means a person who is not an officer or employee of the Authority, or a firm that does not have a partner, principal director, officer, member or substantial stockholder who is an officer or employee of the Authority, designated by the Authority and qualified to survey risks and to recommend insurance coverage for facilities similar to those of the CFC Facilities, and having a favorable reputation for skill and experience in such surveys and recommendations. The Insurance Consultant may be a broker or agent with whom the Authority transacts other business so long as the preceding requirements are met.

*"Interest Payment Account"* means the Interest Payment Account of the CFC Debt Service Fund created in Section 5.01 of this CFC Master Trust Agreement.

"Interest Payment Dates" means, with respect to any series of Bonds, the dates on which interest is payable on that series of Bonds.

"Interim Indebtedness" means Additional Bonds that are bonds or bond anticipation notes with a final maturity of not more than five years and issued pursuant to this CFC Master Trust Agreement in anticipation of being funded or refunded by Additional Bonds.

"Issuance Date" means, with respect to any series of Bonds, the date of physical delivery of, and payment of the purchase price for, that series of Bonds as specified in the CFC Supplemental Trust Agreement for that series of Bonds.

"Kroll" means Kroll Bond Rating Agency, Inc., New York, New York, or any successor Rating Service.

"Long Term Bonds" means an issue of Additional Bonds having a final maturity of more than five years and issued pursuant to this CFC Master Trust Agreement.

"Mandatory Redemption Obligation" or "Mandatory Redemption" or "Mandatory Sinking Fund Redemption" means mandatory prior redemption of Term Bonds (or other term Bonds) pursuant to Mandatory Sinking Fund Requirements.

"Mandatory Sinking Fund Requirements" means amounts required by any Bond Proceedings to be deposited to the CFC Debt Service Fund in any Fiscal Year for the purpose, as

provided in those Bond Proceedings, of retiring, at their stated maturities or by mandatory prior redemption or other prior retirement, principal maturities of Bonds, or of paying interest or interest equivalent on Bonds, which by the terms of the Bonds are due and payable in any subsequent Fiscal Year.

"Master Trust Indenture" mean the Master Trust Indenture, dated as of July 15, 1994, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, which has heretofore and may hereafter be amended and supplemented from time to time, and which provides for the issuance of GARB Bonds from time to time.

"Moody's" means Moody's Investors Service, Inc., New York, New York, or any successor Rating Service.

"Most Recent Audit Year" means the first Fiscal Year immediately preceding the Fiscal Year in which Additional Bonds are issued and in respect of which the Authority's financial statements have been audited by either the Ohio Auditor of State or an independent firm of certified public accountants.

"Notice Address" means as to the:

Authority: Columbus Regional Airport Authority

John Glenn Columbus International Airport

4600 International Gateway Columbus, Ohio 43219

Attention: Chief Financial Officer

Depository: The Depository Trust Company

Call Notification Department Muni Reorganization Manager

711 Stewart Avenue

Garden County, New York 11530

Trustee: U.S. Bank National Association

10 West Broad Street, 12<sup>th</sup> Floor

Columbus, Ohio 43215

Attention:

And as to any other parties, the Notice Address specified in the applicable CFC Supplemental Trust Agreement.

"Ordinary Services" or "Ordinary Expenses" means those services normally rendered, and those expenses (including legal counsel's fees) normally incurred, by a trustee, registrar, authenticating agent or paying agent, as applicable, under instruments similar to this CFC Master Trust Agreement.

"Original Purchaser" means, with respect to any series of Bonds, the person or persons named in, or in a certificate authorized by, the applicable Bond Proceedings as the original purchaser of those Bonds from the Authority.

- "Outstanding Bonds" or "Bonds outstanding" or "outstanding" as applied to particular Bonds, to Bonds of any series, or to all Bonds, means, as of any date, the Bonds to which the reference applies and which have been authenticated and delivered, or are then being authenticated and delivered, by the Trustee under the CFC Trust Agreement except:
- (a) Bonds canceled or retained in safekeeping upon surrender, exchange or transfer, or canceled by reason of payment or redemption on or prior to that date;
- (b) Bonds, or the portion of Bonds, for the payment, redemption or purchase for cancellation of which sufficient moneys have been deposited prior to that date with the Trustee or Paying Agents (whether upon or prior to the maturity or redemption date of those Bonds), or which are deemed to have been paid or caused to be paid, as provided in Article IX of this CFC Master Trust Agreement; provided (i) that if those Bonds are to be redeemed prior to their stated maturity, notice of that redemption has been given or arrangements satisfactory to the Trustee have been made for giving that notice, or waiver of that notice satisfactory in form to the Trustee has been filed with the Trustee, and (ii) that if those Bonds are to be purchased for cancellation, a firm offer for sale stating the price has been received and accepted; and
- (c) Lost, stolen, mutilated or destroyed Bonds in lieu of which others have been authenticated (or payment when due of which is made without replacement) under the CFC Trust Agreement.

"Paying Agents" means the Trustee and any other banks or trust companies designated as the paying agencies or places of payment for Bonds by or pursuant to the applicable Bond Proceedings, and their successors designated pursuant to this CFC Master Trust Agreement.

"Period of Review" means that period beginning on the first day of the Fiscal Year in which any 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: (a) the third anniversary of the date of issuance of such Additional Bonds or (b) the later to occur of the (i) scheduled completion date of the project to be financed with proceeds of such Additional Bonds or (ii) first anniversary of the date on which capitalized interest with respect to such project is projected to be exhausted, whichever date described in clauses (a) or (b) is later.

## "Permitted Encumbrances" means any of the following:

(a) Liens or encumbrances upon, or title defects relating to, rights-of-way held by the Authority if (i) the Authority has, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority), power under eminent domain or similar laws to eliminate those liens, encumbrances or defects or power to acquire by eminent domain or acquire easements or rights-of-way sufficient for the Authority's purposes over the land covered by the rights-of-way in question or other lands adjacent thereto and can do so, in the opinion of an Authorized Officer, at a cost not in excess of funds then available to the Authority for that purpose, or (ii) if, in the opinion of an Independent Engineer, the facilities installed or to be installed in the rights-of-way can be relocated so as not to affect the land so covered thereby and at a cost not in excess of funds then available to the Authority for that purpose.

- (b) Mechanic's, laborer's, materialman's, supplier's or vendor's liens, if any such lien is contested as permitted under Section 4.06 of this CFC Master Trust Agreement, and attested accounts with respect to which funds have been detained in accordance with Section 1311.28 of the Ohio Revised Code.
- (c) In the case of rights-of-way held by the Authority, the lien of taxes, assessments and other governmental charges if proceedings for the foreclosure thereof or for the forfeiture of the underlying fee title would not, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority), operate to extinguish those rights-of-way or if, in the opinion of an Authorized Officer, that lien can if necessary be discharged by the Authority at a cost not in excess of funds then available to the Authority for that purpose.
- (d) A lien for specified taxes or assessments not then delinquent or if delinquent, being contested as provided by Section 4.07 of this CFC Master Trust Agreement.
- (e) Restrictions and rights as to use, and easements for streets, alleys, highways, rights-of-way, railroad and utility purposes over, upon and across any of the properties of the Authority which, in the opinion of an Independent Engineer, will not materially interfere with the use of the properties of the Authority by the Authority for the purpose intended.
  - (f) Any lien of the CFC Trust Agreement.
- (g) Liens, encumbrances or title defects which, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority, and which opinion may be based on certificates of engineers or appraisers satisfactory to the Trustee), either (i) have been or can be adequately guarded against by bond or contract of indemnity, guarantee or insurance and, if not yet obtained, such bond, contract of indemnity, guarantee or insurance can be obtained at a cost not in excess of funds then available to the Authority for that purpose, or (ii) can be cured by eminent domain proceedings at a cost not in excess of funds then available to the Authority for that purpose.

"person" or words importing "person" means any natural person, firm, corporation, public body or other entity, and any combination of those persons.

"Pledged Funds" means, collectively and except as may be modified in this CFC Master Trust Agreement, the Special Funds and Accounts, and the CFC Revenue Fund to the extent that money in that Fund constitutes Pledged Revenues. The CFC Construction Fund, the CFC Administrative Costs Fund, which includes the CFC Rebate Account, the CFC Administration Account and the CFC Insurance Account, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund (except for the CFC Supplemental Reserve Account), and any accounts (other than the CFC Supplemental Reserve Account) created in those Funds, shall not be a "Pledged Fund".

"Pledged Revenues" means, collectively, (a) all CFC Revenues, (b) any Concessionaire Deficiency Payments received by or on behalf of the Authority, (c) any investment income realized from any investment made from any money credited to the CFC Revenue Fund, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, (d) and other money pledged in a CFC Supplemental Trust Agreement to secure the Bonds

issued hereunder. Pledged Revenues shall not include (a) any income resulting from investment of money on deposit in the CFC Construction Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund or the CFC Surplus Fund, (b) proceeds of Bonds, (c) proceeds of the sale of any portion of the Airport (including CFC Facilities) or the profit or loss from the sale or other disposition, not in the ordinary course of business, of any fixed or capital assets of the Airport (including CFC Facilities), (d) proceeds of insurance (other than insurance that provides for lost CFC Revenues when the Airport is unable to function) or eminent domain proceedings, or (e) any receipts of the Authority which are characterized as Revenues.

"Predecessor Bond" means every previous Bond evidencing all or a portion of the same obligation as that evidenced by a particular Bond. For this purpose, any Bond authenticated and delivered under Section 2.08 of this CFC Master Trust Agreement shall be deemed to evidence, except as otherwise provided in Section 2.08 of this CFC Master Trust Agreement, the same debt as the lost, stolen or destroyed Bond.

"Principal Payment Account" means the Principal Payment Account of the CFC Debt Service Fund created in Section 5.01 of this CFC Master Trust Agreement.

"Principal Payment Date" or "Principal Payment Dates" means, with respect to any series of Bonds, the date or dates on which principal is stated to be payable on Bonds at stated maturity or pursuant to Mandatory Sinking Fund Requirements and Mandatory Redemption Obligations.

"Rate Covenant" means the rate covenant of the Authority set forth in Section 4.02 of this CFC Master Trust Agreement to fix, revise, maintain and collect CFC Revenues in the manner described therein.

*"Rating Service"* means Fitch, Kroll, Moody's, S&P or any other nationally recognized entity assigning credit ratings to securities issued by public bodies and designated for the purpose by the Authority and, if required by a Credit Support Instrument, satisfactory to the Credit Support Provider.

"Rebate Amount" means any amount payable to the United States in accordance with Section 148(f) of the Code in connection with a series of Bonds as provided in or pursuant to the related CFC Supplemental Trust Agreement.

"Register" means the books kept and maintained by the Bond Registrar pursuant to this CFC Master Trust Agreement for the registration, exchange and transfer of Bonds.

"Registered Bonds" means fully registered Bonds registered as to both principal and interest in the name of the owner or holder, including Bonds issued under a book entry system.

"Regular Record Date" means, with respect to any series of Bonds, the date designated as a Regular Record Date in the applicable Bond Proceedings.

"Responsible Officer" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice

president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this CFC Trust Agreement.

"Revenues" shall have the meaning set forth in the Master Trust Indenture.

"S&P" means S&P Global Ratings Services, New York, New York, or any successor Rating Service.

"Securities Depository" or "Depository" means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership and effect transfers of beneficial interests in bonds, and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

*"Series 2019 Bonds"* means the Authority's \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019, dated May 2, 2019 and issued pursuant to the General Bond Resolution, the applicable Series Bond Resolution and the CFC Trust Agreement.

"Series Bond Resolution" means a resolution of the Authority authorizing the issuance of a series of Bonds in accordance with this CFC Master Trust Agreement, and includes any resolution or certificate providing for or evidencing the award and specific terms of Bonds authorized by that Series Bond Resolution.

"Special Facility" or "Special Facilities" shall have the meaning set forth in the Master Trust Indenture.

"Special Facility Agreement" or "Special Facilities Agreement" shall have the meaning set forth in the Master Trust Indenture.

"Special Facility Revenue Bonds" shall have the meaning set forth in the Master Trust Indenture.

"Special Funds" or "Special Funds and Accounts" means, collectively, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account, together with any accounts in those Funds, and any fund or account relating to a Credit Support Instrument permitted by or established under, and identified as a Special Fund or Account in, this CFC Master Trust Agreement or a Series Bond Resolution or CFC Supplemental Trust Agreement.

"Special Record Date" means, with respect to any series of Bond, the date established by the Trustee in connection with the payment of overdue interest on that Bond pursuant to Section 2.07 of this CFC Master Trust Agreement.

"State" means the State of Ohio.

"Subordinated Debt Service Charges" means, for any period of time, amounts required to be paid by the Authority in connection with Subordinated Obligations pursuant to a Subordinated Obligations Trust Indenture, including the principal of (at maturity or pursuant to any optional and mandatory sinking fund requirements) and interest on Subordinated Obligations.

"Subordinated Obligations" means any revenue obligations of the Authority expressly subordinated to the Bonds and payable out of the CFC Surplus Fund as may be secured as provided in this CFC Master Trust Agreement and in a Subordinated Obligations Trust Agreement between the Authority and a trustee, and issued for the same purposes for which the Bonds may be issued.

"Subordinated Obligations Debt Service Account" means the Subordinated Obligations Debt Service Account created by Section 5.01 of the CFC Master Trust Agreement.

"Subordinated Obligations Trust Agreement" means the trust indenture and any supplement thereto, as the case may be, securing Subordinated Obligations.

"Substantial Completion" means the substantial completion of the ConRAC initially funded with the initial series of Bonds issued hereunder as specified in the related CFC Supplemental Trust Agreement with respect to such series of Bonds, which shall be deemed to occur, as reasonably determined by Authority, so that (i) in the case of Authority's work, Concessionaire is able to take possession of its Exclusive Premises (as defined in the Concessionaire Agreement) for the purpose of performing the Approved Project (as defined in the Concessionaire Agreement), or (ii) in the case of Approved Project work, Concessionaire has received a Certificate of Occupancy and/or a Temporary Certificate of Occupancy from the appropriate governmental agencies and is able to occupy the Exclusive Premises for the purpose of opening for business. In no event will Substantial Completion of any work occur prior to the issuance by Authority of the Notice to Proceed (as defined in the Concessionaire Agreement).

"Term Bonds" means, with respect to any series of Bonds, those Bonds designated as such, if any, and maturing on the date or dates set forth in the Bond Proceedings, bearing interest payable on each Interest Payment Date, and subject to Mandatory Redemption pursuant to Mandatory Sinking Fund Requirements.

"Treasury Regulations" means Treasury Regulations issued pursuant to the Code or to the statutory predecessor of the Code.

"Trustee" means U.S. Bank National Association, as trustee under the CFC Trust Agreement, and any successor trustee pursuant to the CFC Trust Agreement.

"Variable Rate Additional Bonds" means Additional Bonds that do not have a fixed interest rate or rates.

"Variable Rate Debt Interest Rate" means, with respect to any Variable Rate Additional Bonds, a fixed interest rate equal to the higher of (a) 7% or (b) the highest interest rate borne at any time during the 24 months prior to the date of determination by any outstanding Variable Rate Additional Bonds or, if there are not any such Variable Rate Additional Bonds outstanding on the date of determination, the interest rate determined pursuant to a written statement obtained

from a municipal advisor or an investment banker experienced in the underwriting of variable rate debt obligations setting forth, in the opinion of such municipal advisor or investment banker, the highest interest rate borne at any time during the preceding 24 months by debt obligations (i) the interest on which is treated for federal income tax purposes in the same manner as interest on the Variable Rate Additional Bonds, (ii) that are assigned ratings by a Rating Service comparable to the ratings assigned or to be assigned to the Variable Rate Additional Bonds, and (iii) the interest rate on which is adjusted on the same periodic basis as the interest rate on the Variable Rate Additional Bonds.

"Year" means either the calendar year, or a period of 12 consecutive calendar months, as appropriate in the context and unless otherwise specified.

Section 1.02 <u>Interpretation; Section and Article References; Captions</u>. Any reference in the Bond Proceedings to the Authority, to the Board or officers or to employees of the Authority, shall include those that succeed to their functions, duties or responsibilities pursuant to or by operation of law or otherwise are lawfully performing their functions.

Any reference in the Bond Proceedings to a section or provision of the Ohio Revised Code or to the Act or to the laws of Ohio or Authority resolutions shall include that section or provision and the Act and those laws and resolutions as from time to time amended, modified, revised, supplemented or superseded. No amendment, modification, revision, supplement or superseding section or provision shall be applicable solely by reason of this provision, if it constitutes in any way an impairment of the rights or obligations of the Authority, the holders, the Trustee, any Credit Support Provider, or the Bond Registrar, under the CFC Trust Agreement, the Bond Legislation, the Bonds or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Debt Service Charges in the amount and manner, at the times and from the sources provided in the Bond Proceedings and the Bonds, except as permitted in the CFC Trust Agreement.

Unless the context otherwise indicates, words in the Bond Proceedings importing the singular number include the plural number and vice versa.

References in this CFC Master Trust Agreement to a Section, unless otherwise stated, are to a Section of this CFC Master Trust Agreement. The terms "hereof", "herein", "hereby", "hereto", and "hereunder", and similar terms, mean and refer to this CFC Master Trust Agreement.

(End of Article I)

#### **ARTICLE II**

### **AUTHORIZATION, TERMS AND DELIVERY OF BONDS**

Section 2.01 General.

- (a) The Bonds shall be issued pursuant to the Act. No Bonds may be issued under the provisions of this CFC Master Trust Agreement except in accordance with this Article.
- (b) Anything in this CFC Master Trust Agreement to the contrary notwithstanding, the aggregate principal amount of Bonds that may be executed, authenticated and delivered pursuant to this CFC Master Trust Agreement may be limited or additional conditions to their issuance may be imposed, or a combination of both, at any time at the election of the Authority pursuant to a CFC Supplemental Trust Agreement specifying that limitation or those additional conditions. However, no such CFC Supplemental Trust Agreement may increase the duties or obligations of the Trustee without its consent.
- (c) To the extent provided in and except as otherwise permitted by the CFC Trust Agreement, (i) the Bonds shall be payable equally and ratably solely from the Pledged Revenues and the Pledged Funds and (ii) the payment of Debt Service Charges shall be secured by (A) the CFC Master Trust Agreement and (B) a pledge and assignment of and a lien on the Pledged Revenues and the Pledged Funds. Nothing in the CFC Trust Agreement shall prevent the Debt Service Charges on one series of Bonds being otherwise secured by funds, property or investments not applicable to another series of Bonds.
- (d) The Bonds shall be special obligations of the Authority. The Bonds will not constitute a debt, or a pledge of the faith and credit, of the Authority, the State or any other political subdivision of the State, and the holders or owners of the Bonds have no right to have taxes levied by the General Assembly of Ohio or the taxing authority of any political subdivision of the State to pay Debt Service Charges on the Bonds, and each Bond shall contain a statement to that effect. However, nothing in the CFC Trust Agreement or the Bonds shall be deemed to prohibit the Authority, of its own volition, from using to the extent lawfully authorized to do so any resource for the fulfillment of the terms or obligations of the CFC Trust Agreement and the Bonds.
- (e) In case any officer whose signature or a facsimile of whose signature appears on any Bond shall cease to be that officer before the issuance of the Bond, his signature or facsimile signature nevertheless shall be valid and sufficient for all purposes, the same as if he had remained in office until that time. Any Bond may be signed on behalf of the Authority by an officer who, on the date of signing is the proper officer, although on the date of the Bond that person was not the proper officer.
- Section 2.02 <u>Variation of Terms of the Bonds</u>. The following provisions of each series of Bonds shall be provided in or pursuant to the related CFC Supplemental Trust Agreement:
- (a) the authorized principal amount and the interest rate or rates or the method of determining the same, which may be any method then permitted by law, including, without limitation, fixed or variable interest rates with or without provision for conversion to other fixed

or variable interest rates, and accretion of principal payable at maturity in lieu of interest or current interest payments;

- (b) the purposes for which issued as permitted by the Act and this CFC Master Trust Agreement;
- (c) the date, Regular Record Date, Principal Payment Dates and the Interest Payment Dates;
- (d) the series and any other designation that may be necessary or advisable to distinguish them from Bonds of any other series;
  - (e) the Authorized Denominations and manner of numbering;
- (f) redemption provisions, if any, including any premium to be paid upon redemption;
  - (g) any Mandatory Sinking Fund Requirements;
  - (h) the Paying Agent or Agents, if other than the Trustee;
  - (i) any special terms or conditions for sale;
  - (j) the disposition of proceeds from issuance;
  - (k) provisions for any Credit Support Instrument;
  - (1) the form of the Bonds; and
- (m) any other provisions considered appropriate or advisable by the Authority, including without limitation, description of any additional security to be provided.

Section 2.03 <u>Form of Bonds</u>. The Bonds shall be substantially in the form or forms provided for, authorized or set forth in the CFC Supplemental Trust Agreement entered into in connection with the issuance of the particular series of Bonds, all consistent with the terms of this CFC Master Trust Agreement.

# Section 2.04 Authentication and Delivery of Bonds.

(a) <u>Authentication</u>. No Bond shall be valid or become obligatory for any purpose or entitled to any security or benefit under this CFC Master Trust Agreement unless and until an authentication certificate, substantially in the form set forth below, has been endorsed on that Bond. The authentication certificate may be executed by any person authorized to do so by an Authenticating Agent, but it shall not be necessary that the same person sign the authentication certificates on all the Bonds or on all the Bonds of any series. The authentication certificate shall be in substantially the following form:

"This Bond is one of the Bonds issued under the provisions of the within mentioned Customer Facility Charge Master Trust

Agreement	and	the	Customer	Facility	Charge	
Supplementa	st Agı	reement."				

The authentication of any Bond by any authorized person shall be conclusive evidence that Bond has been duly authenticated and delivered, and is entitled to the security and benefit, under this CFC Master Trust Agreement.

- (b) <u>Conditions to Authentication</u>. Before any series of Bonds are initially authenticated by an Authenticating Agent and delivered by or on behalf of the Trustee, there shall have been filed with the Trustee the following:
  - (i) A copy, certified by an Authorized Officer, of the applicable Bond Legislation authorizing the issuance and delivery of those Bonds.
  - (ii) A certificate of an Authorized Officer stating that to the best of that official's knowledge, the Authority is not on the date of issuance of the Bonds, and by issuance of the Bonds will not be, in default in the performance of any of its covenants, agreements or obligations provided for in the Bond Legislation, the Bonds, this CFC Master Trust Agreement or any CFC Supplemental Trust Agreement.
  - (iii) An originally executed counterpart of the CFC Supplemental Trust Agreement entered into in connection with the issuance of those Bonds.
  - (iv) In the case of Additional Bonds, the certificate and evidence required by Section 2.05.
  - (v) A request and authorization to the Trustee on behalf of the Authority, signed by an Authorized Officer, to authenticate and deliver the Bonds to or on the order of the Original Purchaser identified, and upon payment of an amount specified, in that request and authorization, which amount shall be applied as provided in the applicable Bond Proceedings.
  - The written opinion of legal counsel retained or designated by the Authority to the effect that documents submitted to the Trustee in connection with that request and authorization comply with the requirements of this CFC Master Trust Agreement, and that all legal conditions precedent to the issuance of those Bonds as provided in this CFC Master Trust Agreement have been complied with, and a written opinion of nationally recognized bond counsel for or designated by the Authority, who may also be the legal counsel referred to above in this subparagraph (vi), that those Bonds, when duly executed, authenticated and delivered, will be valid and legal special obligations of the Authority, enforceable in accordance with their terms subject to reasonable exceptions, such as for bankruptcy, insolvency and laws affecting creditors' rights and the exercise of judicial discretion and application of equitable principles, and will be secured with, if applicable, all other then outstanding Bonds as to the security of this CFC Master Trust Agreement and the pledge of the Pledged Revenues and the Pledged Funds (except as to any provision made under Section 2.11 or 3.04 of this CFC Master Trust Agreement) to provide for payment of Debt Service Charges, and, if Additional Bonds, the issuance of those Bonds will not cause the interest on then

Outstanding Bonds to become includable in the gross income of holders for federal income tax purposes.

- (vii) Such additional certificates or opinions as may be required by the applicable Bond Proceedings or purchase agreement pertaining to those Additional Bonds.
- (c) <u>Delivery</u>. When the documents and opinions referred to in Section 2.04(b) have been filed with the Trustee and the Bonds have been executed and authenticated, the Trustee, itself or by an agent authorized to do so by the Trustee, shall deliver those Bonds to or on the order of the Original Purchaser identified in the request and authorization referred to in Section 2.04(b)(v), upon payment of the amount specified in that request and authorization.
- (d) <u>Replacement Bonds</u>. All Bonds authenticated and delivered upon any transfer or exchange or partial redemption of Bonds, or pursuant to Section 2.08, shall be valid special obligations of the Authority, evidencing the same obligation, and entitled to the same security and benefit under this CFC Master Trust Agreement, as the Predecessor Bonds surrendered or replaced.

#### Section 2.05 Additional Bonds.

(a) The Authority shall have the right from time to time to issue Additional Bonds, including Long Term Bonds and Interim Indebtedness, for the purposes only of (i) providing moneys to finance Improvements, (ii) providing additional moneys, if necessary, to complete any Improvement for which Bonds have been issued, (iii) refunding and advance refunding for any lawful purpose any Outstanding Bonds or Subordinated Obligations, or (iv) any combination of (i), (ii) or (iii). The proceeds from the sale of Additional Bonds shall be allocated and deposited in the Funds in the manner provided in the Bond Proceedings relating to those Additional Bonds.

Those Additional Bonds shall be on a parity with the Series 2019 Bonds and any Additional Bonds theretofore or thereafter issued as to the security of this CFC Master Trust Agreement and the pledge of the Pledged Revenues and the Pledged Funds (except as otherwise provided or authorized in this CFC Master Trust Agreement, and except as to any provision made under Section 2.11 or 3.04) to provide for payment of Debt Service Charges on the Bonds.

- (b) Prior to initial authentication of any Additional Bonds, the Authority shall have furnished either of the following to the Trustee:
  - (i) A certificate of a Consultant to the effect that the CFC Revenues expected to be collected by the Authority during the Period of Review, adjusted to reflect, if necessary, rates of CFCs approved by the Authority before the issuance of those Additional Bonds, will aggregate in an amount not less than the sum of (A) One hundred percent (100%) of the amounts required by Section 5.03 to be deposited into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund in each Fiscal Year of the Period of Review plus (B) One hundred twenty-five percent (125%) of the maximum amount required to be paid as Debt Service Charges in each Fiscal Year of the

Period of Review on account of all Bonds then Outstanding, including the Additional Bonds proposed to be issued,

or

(ii) A certificate of the Chief Financial Officer to the effect that the CFC Revenues, during the Most Recent Audit Year, adjusted to reflect, if necessary, rates of CFCs approved by the Authority before the issuance of those Additional Bonds, will aggregate in an amount not less than the sum of (A) One hundred percent (100%) of the amounts required by Section 5.03 to have been deposited into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund during such Most Recent Audit Year plus (B) One hundred twenty-five percent (125%) of the maximum amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on account of all Bonds then Outstanding, including the Additional Bonds proposed to be issued.

However, notwithstanding the foregoing, Additional Bonds may be issued to provide for the completion of any Improvement if the principal amount of the Additional Bonds for the purpose does not exceed 10% of the total cost of that Improvement, or to refund or advance refund Bonds if the Debt Service Charge requirements for the Additional Bonds do not exceed by more than 5% in any Fiscal Year the Debt Service Charge requirements in the same Fiscal Year on the Bonds being refunded, in each case without the necessity of the written statement by the Consultant or certification by the Chief Financial Officer as otherwise required under this paragraph (b).

- (iii) If the Additional Bonds are in whole or in part to refund or advance refund any Outstanding Bonds or Subordinated Obligations, evidence satisfactory to the Trustee that either:
  - (A) Provision has been made to assure that moneys sufficient to retire the Bonds or the Subordinated Obligations to be refunded will be available in the possession of the Trustee, in accordance with, as applicable, this CFC Master Trust Agreement, at the time provided for retirement thereof under the plan for refunding, and are committed to that purpose,

or

(B) If the Additional Bonds are in whole or in part to refund Outstanding Bonds or Subordinated Obligations which at the time of issuance of the Additional Bonds will not be deemed to have been paid and discharged under this CFC Master Trust Agreement, or an applicable Subordinated Obligations Trust Agreement, money sufficient to pay interest accrued and to accrue and any principal payable on such Additional Bonds prior to the retirement of the refunded Bonds or Subordinated Obligations has been deposited in the CFC Debt Service Fund or the Subordinated Obligations Debt Service Account, respectively, without impairment of any provision or covenant of this CFC Master Trust

Agreement or of the Bond Legislation or CFC Supplemental Trust Agreement authorizing the issuance of Additional Bonds, or the Subordinated Obligations Trust Agreement authorizing the issuance of the Subordinated Obligations, and from appropriate sources other than the CFC Revenue Fund and the CFC Debt Service Reserve Fund, or the Subordinated Obligations Debt Service Account in the case of any Subordinated Obligations, except to the extent of any money in those funds in excess of the balances required to be maintained in them under the provisions of this CFC Master Trust Agreement (the transfer of which excess money for such purpose is hereby authorized) or an applicable Subordinated Obligations Trust Agreement or will be deposited directly in the CFC Debt Service Fund or the Subordinated Obligations Debt Service Account, respectively, from appropriate portions of the proceeds from the sale of such Additional Bonds pursuant to the related Bond Legislation and CFC Supplemental Trust Agreement.

- (c) In the event any Bonds Outstanding are or any proposed series of Bonds are to be Balloon Bonds, then Debt Service Charges on such Balloon Bonds shall be deemed to be calculated for purposes of Sections 2.05 and 4.02, whether for any period prior to or after the date of calculation, as follows:
  - (i) If such Balloon Bonds are not Capital Appreciation Bonds, by assuming that such Bonds will be amortized on the basis of level debt service over the Assumed Amortization Period beginning on the date on which principal on the Balloon Bonds is payable and that such Bonds bear interest at the Assumed Interest Rate.
  - (ii) If such Balloon Bonds are Capital Appreciation Bonds, by assuming that the Compound Accreted Amount of such Bonds at maturity is to be amortized on the basis of level principal payments over the Assumed Amortization Period.
- (d) In the event any Bonds Outstanding are or any proposed series of Bonds are to be Variable Rate Additional Bonds, then Debt Service Charges on such Variable Rate Additional Bonds shall be deemed to be calculated for purposes of Sections 2.05 and 4.02, whether for any period prior to or after the date of calculation, by assuming that such Bonds will be amortized on the basis of level debt service over the Assumed Amortization Period beginning on the date on which principal on the Variable Rate Additional Bonds is payable and that such Bonds bear interest at the Variable Rate Debt Interest Rate.
- (e) In making the calculation for purposes of the written statements of the Consultant or the certificate of the Chief Financial Officer under Subsection (b) above, in the case of the issuance of Additional Bonds to refund or advance refund any Outstanding Bonds and provided that such Outstanding Bonds to be refunded or advance refunded have been defeased in accordance with Article IX hereof, payments into the CFC Debt Service Fund on account of Debt Service Charge requirements on the Additional Bonds will be used in lieu of such payments on account of Debt Service Charge requirements on the Bonds being refunded.
- (f) In making the calculation for purposes of the written statements of the Consultant under Subsection (b) above, the Consultant may (i) assume that the rate of the levy of CFCs in

effect on the date of issuance of such Series of Bonds will be in effect for the entire forecast period, (ii) assume a higher rate to the extent the Authority has officially imposed an increase in CFCs prior to the date of the Consultant's report and (iii) take into account projected rental transactions days based in part on its projection of the growth in enplaned passengers within the Airport for the Period of Review, as reflected in an accompanying financial analysis provided in connection with the issuance of such Additional Bonds.

Section 2.06 <u>Registered Bonds</u>. Registered Bonds shall be issued in Authorized Denominations as provided in the applicable Bond Proceedings. Except as may be otherwise provided in the applicable Bond Proceedings, each Registered Bond shall be of a single maturity of the same series and shall be dated as provided in the applicable Bond Proceedings. So long as any Registered Bonds remain unpaid, the Authority will cause the Register to be maintained and kept at the principal office of the Bond Registrar for those Bonds.

# Section 2.07 Payment, Transfer, Exchange and Registration of Registered Bonds.

(a) <u>Payment</u>. Unless otherwise permitted in this CFC Master Trust Agreement or otherwise provided in the applicable CFC Supplemental Trust Agreement, the principal of and any redemption premium on Registered Bonds shall be payable on presentation and surrender of the Bonds at the designated corporate trust office of the Trustee (provided however, presentation shall not be required in connection with payments related to any Mandatory Sinking Fund Requirements), and payment of the interest on Registered Bonds shall be by check mailed by the Trustee on each Interest Payment Date to the Registered Owner of the Bond at the close of business on the Regular Record Date, and to the address of that owner as it then appears on the Register, provided that such payment to a Securities Depository may be made by wire transfer of federal funds.

If and to the extent that the Authority shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the person who was the Registered Owner of that Bond (or of one or more Predecessor Bonds) as of the applicable Regular Record Date. When money becomes available for payment of the interest, (i) the Trustee shall establish, pursuant to Section 7.09, a Special Record Date for the payment of that interest, which Special Record Date shall be not more than 15 or fewer than 10 days prior to the date of the proposed payment, and (ii) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed to each Registered Owner at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable to the persons who are the Registered Owners of the applicable Bonds (or their respective Predecessor Bonds) at the close of business on the Special Record Date.

Except as otherwise provided in this Section or Section 2.08, the Registered Owner shall be deemed and regarded as the absolute owner of that Bond for all purposes, and payment of or on account of the Debt Service Charges on that Bond shall be made to or upon the order of that holder or his legal representative, and the Authority, the Trustee or any Authenticating Agent, Bond Registrar or Paying Agent shall not be affected by any notice to the contrary, but the registration may be changed as provided in or permitted by this CFC Master Trust Agreement.

All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bond, including any interest on it, to the extent of the sum or sums so paid.

(b) Transfer and Exchange. A Registered Bond may be transferred or exchanged only upon the Register, upon its surrender at the designated office of an Authenticating Agent together with an assignment or request for exchange duly executed by the Registered Owner or his duly authorized attorney in such form as is satisfactory to the Bond Registrar. Upon the transfer or exchange of any Registered Bond and on request of the Bond Registrar, the Authority shall cause to be executed in the name of the transferee or the Registered Owner a new Registered Bond or Bonds of the same series, of any denomination or denominations permitted by the applicable Bond Proceedings, in an aggregate principal amount equal to that amount of the Predecessor Bond, and bearing any interest at the same rate (or determined in the same manner) and maturing on the same date or dates as the Predecessor Bond.

In all cases in which Registered Bonds are transferred or exchanged, the Authority shall cause to be executed and an Authenticating Agent shall authenticate and deliver Bonds in accordance with the provisions of this CFC Master Trust Agreement. Except as may otherwise be provided in an applicable CFC Supplemental Trust Agreement as to the series of Bonds authorized thereunder, the Authority and an Authenticating Agent:

- (i) Shall not be required to make any transfer or exchange of any Bond then subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption and ending at the close of business on the day of the mailing, or of any Bond so selected for redemption in whole or in part.
- (ii) Shall make the transfer or exchange without charge, except that the Authority and the Authenticating Agent may make a charge sufficient to reimburse them for any tax, excise or governmental charge required to be paid with respect to the transfer or exchange, which charge shall be paid before a new Bond is delivered.

For purposes of this Section, the "designated corporate trust office" of the Trustee as an Authenticating Agent shall be its principal corporate trust office designated by the Trustee, and of any other Authenticating Agent shall be as established by the Trustee or by the applicable Bond Proceedings.

(c) <u>Variation of Provisions</u>. The provisions of this Section may be varied as to all or portions of Registered Bonds of a series by the applicable Bond Proceedings, including varied provisions relating to Bonds in a book entry system.

Section 2.08 <u>Mutilated, Lost, Wrongfully Taken or Destroyed Bonds</u>. If any Bond is mutilated, lost, wrongfully taken or destroyed (for ease of reference, referred to in this Section as a "lost Bond"), in the absence of written notice to the Authority or the Trustee that the lost Bond has been acquired by a bona fide purchaser, the Authority shall cause to be executed and the Trustee shall cause to be authenticated a new Bond of like date, maturity and denomination, and bearing any interest at the same rate (or determined in the same manner), as that lost Bond.

In the case of a mutilated Bond, the mutilated Bond shall first be surrendered to the Trustee. In case of a lost, wrongfully taken or destroyed Bond, there first shall be furnished to the Authority and the Trustee evidence of the loss, wrongful taking or destruction satisfactory to the Trustee, together with indemnity satisfactory to the Trustee.

If the lost Bond has matured, instead of issuing a new Bond the Authority may pay, or may direct the Trustee to pay, the Bond without surrender or issuance of a new Bond upon the furnishing of the evidence and, if applicable, satisfactory indemnity as in the case of issuance of a new Bond.

The Authority and the Trustee may charge the holder of the applicable Bond for reasonable fees and expenses, including legal fees and printing expenses, in connection with actions pursuant to this Section.

Every new Bond issued pursuant to this Section shall constitute, consistent with the provisions of the Predecessor Bond, an additional contractual obligation of the Authority, whether or not the predecessor Bond shall be found at any time. Any new Bond issued pursuant to this Section may contain or have imprinted or stamped on it a statement to the effect, or a symbol indicating, that it is issued to replace a lost Bond.

All Bonds shall be held and owned on the express condition that the provisions of this Section are exclusive with respect to the replacement or payment of lost Bonds and shall preclude any and all other rights or remedies, notwithstanding any law or statute to the contrary now in effect or hereafter enacted with respect to the replacement or payment of negotiable instruments or investment securities or other securities without their surrender.

The Trustee shall promptly advise in writing any other Authenticating Agents or Paying Agents for the applicable series of the issuance of any new Bonds or the payment of any matured Bond pursuant to this Section.

Section 2.09 <u>Safekeeping and Cancellation of Bonds</u>. Unless otherwise provided by the applicable Bond Proceedings, any Bond surrendered for the purpose of payment or retirement, or for transfer or exchange, or for replacement or payment pursuant to Section 2.08, shall be canceled upon surrender to the Trustee, an Authenticating Agent or any Paying Agent. Any Bond so canceled by any Authenticating Agent or a Paying Agent other than the Trustee shall be promptly transmitted by the Authenticating Agent or Paying Agent to the Trustee. Upon request, certification of such surrender and cancellation shall be provided by the Trustee to the Authority.

The Authority at any time may deliver to the Trustee for cancellation any Bonds previously authenticated and delivered under this CFC Master Trust Agreement, which the Authority may have acquired in any manner whatsoever. All Bonds so delivered shall be canceled promptly by the Trustee.

Unless otherwise directed by the Authority, canceled Bonds shall be retained and stored, or microfilm copies made and retained, by the Trustee for a period of at least six years after their cancellation. Those canceled Bonds may be destroyed by the Trustee by shredding or incineration six years after their cancellation, or if microfilmed, six months after their cancellation, or at any earlier time directed by the Authority. Upon request, certification of any

destruction of canceled Bonds, describing the manner of destruction, shall be provided by the Trustee to the Authority.

Section 2.10 Varied Provisions for Payment; Wire Transfer. Notwithstanding any other provision of this CFC Master Trust Agreement or of any Bond to the contrary, with the approval of the Authority the Trustee may, upon the written request of the Registered Owner of any Registered Bond, enter into an agreement with that owner providing for payments to that owner of Debt Service Charges on that owner's Bond or Bonds, or any portion of them, other than any payment of the entire unpaid principal amount of a Bond, at a place and in a manner (including the wire transfer of federal funds or other form of transmittal) other than as provided elsewhere in this Trust Agreement or in the applicable Bond Proceedings, and other than in the case of principal or premium, without prior presentation or surrender of the Bond, upon any conditions satisfactory to the Trustee and the Authority. That payment in any event shall be made to the person who is on these dates the Registered Owner: (i) as to principal or premium, on the date that principal or premium is due, and (ii) as to interest, on the applicable Regular or Special The Trustee will furnish a copy of each of those agreements to all other Authenticating Agents or Paying Agents for the applicable Bonds, and to the Authority. Any payment of Debt Service Charges pursuant to such an agreement shall constitute payment of those Debt Service Charges pursuant to, and for all purposes of, this CFC Master Trust Agreement.

All expenses incurred by the Trustee as a result of any such special agreement, other than any agreement with a Depository entered into in connection with the original issuance and delivery of a series of Bonds, shall constitute Extraordinary Expenses to the extent those expenses exceed the expenses that would have been incurred by the Trustee in the absence of that agreement and to the extent that provision is not made in that agreement for payment of those expenses by the owner entering into that agreement with the Trustee.

Section 2.11 Nonpresentment; Uncashed Checks. If a Bond is not presented for payment when due in whole or in part, whether at maturity, prior redemption or otherwise, or a check for interest is uncashed, and if moneys for the purpose of paying and sufficient to pay the amount involved have been made available to the Trustee for the benefit of the Bondholder, all liability of the Authority to that holder for that payment shall thereupon cease and be discharged completely, and it shall thereupon be the duty of the Paying Agents to hold those moneys in trust, without liability for interest on them, for the exclusive benefit of that holder. Subject to the provisions of this Section, that Bondholder (and successive owners of that Bond) shall thereafter be restricted exclusively to those moneys for any claim of whatever nature on that Bondholder's part under this CFC Master Trust Agreement or on or with respect to that amount then due on that Bond or that check.

Any moneys so held by the Paying Agents and remaining unclaimed by the holder (or successive holders) of that Bond, for a period of three years after the date on which that Bond became payable as provided above or on which that check was issued, shall upon request in writing by the Authority be paid to the Authority and thereafter the holder (or successive holders) of that Bond shall look only to the Authority for payment and then only to the amounts so received by the Authority without any interest on those amounts, and the Paying Agents and Trustee shall have no further responsibility with respect to those moneys.

The moneys paid to the Authority pursuant to this Section shall be credited to a special subaccount in the CFC Debt Service Fund. The Chief Financial Officer shall keep a record of the amounts with respect to each series of Bonds, and to Bonds of such series, so deposited in the special subaccount, and moneys in that subaccount shall be applied to payment of Debt Service Charges on the Bonds with respect to which such moneys are transferred to the Authority. Investment income from moneys in that subaccount shall be credited to the general portion of the CFC Debt Service Fund.

Section 2.12 <u>Subordinated Obligations</u>. The Authority may provide for the issuance of Subordinated Obligations to be payable and which may be secured as provided herein and in a Subordinated Obligations Trust Agreement. Subordinated Obligations do not constitute Bonds and may be secured by a pledge of the Subordinated Obligations Debt Service Account, but shall not be secured by a pledge of any other Fund or Account. Subordinated Obligations may be secured by a pledge of Pledged Revenues expressly subordinate to the pledge of Pledged Revenues provided herein and may be payable from Pledged Revenues only after provision has been made for payment of Debt Service Charges on the Bonds and provided in the CFC Trust Agreement.

(End of Article II)

#### **ARTICLE III**

#### PRIOR REDEMPTION OF BONDS

Section 3.01 <u>Privilege of Redemption</u>. Each series of Bonds shall be subject to redemption prior to maturity to the extent, at such times and in the manner provided in this CFC Master Trust Agreement and the related CFC Supplemental Trust Agreement.

(a) <u>Mandatory Sinking Fund Redemption</u>. The aggregate of the amounts to be deposited in the Principal Payment Account of the CFC Debt Service Fund pursuant to Section 5.03 hereof shall include amounts sufficient to redeem any Bonds subject to mandatory redemption pursuant to Mandatory Sinking Fund Requirements. The Trustee, on behalf of the Authority, shall cause such Bonds to be redeemed in the manner provided in this Article on each mandatory redemption date in the aggregate principal amount set forth in the CFC Trust Agreement.

The Authority shall have the option to deliver to the Trustee for cancellation any Bonds subject to Mandatory Sinking Fund Requirements in any aggregate principal amount and to receive a credit against any Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) of the Authority for Bonds of the same series and maturity. That option shall be exercised by the Authority, on or before the 45<sup>th</sup> day preceding the applicable mandatory redemption date, by furnishing the Trustee a certificate, signed by an Authorized Officer setting forth the extent of the credit to be applied and the Mandatory Sinking Fund Requirement to be credited. The Bonds upon which that certificate is based shall be delivered to the Trustee for cancellation on the applicable mandatory redemption date. If the certificate is not timely furnished to the Trustee or the Bonds are not so delivered, the Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) shall not be reduced. A credit against the then current Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) of a series of Bonds shall be received by the Authority for any Bonds of the same series and maturity, which prior thereto have been redeemed (other than through the operation of the Mandatory Sinking Fund Requirements) or purchased for cancellation and canceled by the Trustee, to the extent not applied theretofore as a credit against any redemption obligation.

Each Bond so delivered, or previously redeemed, or purchased and canceled, shall be credited by the Trustee at 100% of the principal amount thereof against the designated or then current Mandatory Sinking Fund Requirement (and corresponding mandatory redemption obligation) for the series of Bonds so delivered. Any excess of that amount over the designated or then current Mandatory Sinking Fund Requirement shall be credited against subsequent mandatory redemption obligations in the order directed by the Authority.

(b) Optional Redemption. To exercise any right of optional redemption, the Authority shall give written notice to the Trustee of its election to redeem and of the redemption date and the principal amount to be redeemed and shall pay to the Trustee prior to the redemption date, funds that, in addition to any other money available therefor and held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the redeemable Bonds for which notice of redemption is to be given.

That notice shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee.

Section 3.02 Partial Redemption. If fewer than all of the Outstanding Bonds of a series that are stated to mature on different dates are called for redemption at one time, those Bonds that are called shall be called as designated by the Chief Financial Officer without regard to the order of the maturities of the Bonds of that series to be redeemed. If fewer than all of the Bonds of a single maturity of a series are to be redeemed, the selection of Bonds to be redeemed, or portions thereof in Authorized Denominations thereof, shall be made by lot in any manner that the Trustee may determine; provided, however, that, if Bonds subject to mandatory sinking fund redemption are called for optional redemption, the credit to the Mandatory Sinking Fund Requirements (and corresponding mandatory sinking fund redemption obligation) of the Authority shall be designated by the Chief Financial Officer. If Bonds of a series are to be selected for mandatory redemption and for optional redemption on the same date, the Trustee or its designee shall first select the Bonds to be redeemed pursuant to optional redemption. In the case of a partial redemption of Bonds by lot when Bonds of Authorized Denominations greater than the minimum Authorized Denomination are then Outstanding, each minimum Authorized Denomination thereof shall be treated as though it were a separate Bond of the minimum Authorized Denomination. If it is determined that one or more, but not all of the minimum Authorized Denominations represented by a Bond are to be called for redemption, then upon notice of redemption of a minimum Authorized Denomination the Holder of that Bond shall surrender the Bond to the Trustee (a) for payment of the redemption price of the minimum Authorized Denomination called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium), and (b) for issuance, without charge to the Holder thereof, of a new Bond or Bonds of the same series, of any Authorized Denomination or Denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date or dates as, the Bond surrendered.

Section 3.03 Notice of Redemption. The notice of the call for redemption of Bonds shall identify (a) by designation, letters, numbers or other distinguishing marks, the Bonds or portions thereof to be redeemed, (b) the redemption price to be paid, (c) the date fixed for redemption, and (d) the place or places where the amounts due upon redemption are payable. The notice shall be given by the Trustee on behalf of the Authority by mailing a copy of the redemption notice by first-class mail, postage prepaid, at least 30 days prior to the date fixed for redemption, to the Holder of each Bond subject to redemption in whole or in part at the Holder's address shown on the Register on the 15<sup>th</sup> day preceding that mailing; provided that any failure to receive notice by mailing, and any defect in that notice, as to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond.

Section 3.04 Payment of Redeemed Bonds. Notice having been mailed in the manner provided in Section 3.03 hereof, the Bonds and portions thereof called for redemption shall become due and payable on the redemption date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price plus accrued interest to the redemption date.

If money for the redemption of all of the Bonds and portions thereof to be redeemed, together with any interest accrued thereon to the redemption date, is held by the Trustee or any Paying Agent on the redemption date, so as to be available therefor on that date and, if notice of redemption shall have been mailed in the manner provided in Section 3.03 hereof, then from and after the redemption date those Bonds and portions thereof called for redemption shall cease to bear interest and no longer shall be considered to be Outstanding hereunder. If that money shall not be so available on the redemption date, or that notice shall not have been mailed as aforesaid, those Bonds and portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption.

All money deposited in the CFC Debt Service Fund and held by the Trustee or a Paying Agent for the redemption of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds or to the Authority pursuant to Section 2.11 hereof in the absence of such presentation.

Section 3.05 <u>Conditional Notice</u>. A conditional notice of redemption may be given pursuant to Section 3.03. The Bonds to which such conditional notice pertains shall be deemed Outstanding until the conditions to such redemption have been satisfied, whereupon the notice shall become irrevocable. If a conditional notice of redemption has been given, the failure of the Authority to make funds available in whole or in part on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give notice to the affected Holders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding. Any extraordinary costs incurred by the Trustee in connection with a rescission of a redemption shall be paid by the Authority.

Section 3.06 <u>Variation of Redemption Provisions</u>. The provisions of this Article, insofar as they apply to issuance of any series of Bonds, may be varied by the related CFC Supplemental Trust Agreement.

(End of Article III)

#### **ARTICLE IV**

### REPRESENTATIONS, COVENANTS AND AGREEMENTS OF THE AUTHORITY

Section 4.01 <u>Representations; Certain Covenants and Agreements.</u>

- (a) The Authority represents and warrants that:
- (i) <u>Authorization</u>. It is duly authorized by the Act and the Bond Legislation to issue the Bonds, to execute and deliver this CFC Master Trust Agreement and to provide the security for payment of the Debt Service Charges in the manner and to the extent set forth in this CFC Master Trust Agreement.
- (ii) <u>Actions</u>. All actions required on its part to be performed for the execution and delivery of this CFC Master Trust Agreement have been or will be taken.
- (b) In addition to other covenants and agreements of the Authority contained elsewhere in the Bond Proceedings, which are hereby incorporated into this CFC Master Trust Agreement by this reference, the Authority covenants and agrees with the holders and the Trustee as follows:
  - (i) <u>Payment of Debt Service Charges</u>. The Authority will pay, or cause to be paid, all Debt Service Charges solely from the sources provided, on the dates, at the places and in the manner provided in, this CFC Master Trust Agreement and the applicable Bond Proceedings.
  - (ii) <u>No Impairment</u>. The Authority covenants that so long as Bonds are outstanding under this CFC Master Trust Agreement, it will not take any action or omit to take any action with respect to the Pledged Revenues if such action or omission would jeopardize the validity or enforceability of the imposition of CFCs or the Concessionaire Deficiency Payments, as the case may be, or impede the Authority's ability to impose and collect CFCs or Concessionaire Deficiency Payments in the amounts contemplated in this CFC Master Trust Agreement.
  - (iii) <u>Pursuit of Rights and Remedies under Concessionaire Agreement</u>. The Authority covenants that so long as Bonds are outstanding under this CFC Master Trust Agreement, it will act in good faith to enforce its rights and pursue any remedies reasonably available to it in connection with a material breach of a Concessionaire Agreement by any Concessionaire.
  - (iv) <u>Register</u>. At reasonable times and under reasonable regulations established by the Bond Registrar, the Register may be inspected and copied by the Trustee, by the Authority, and by holders (or designated representative of the holders) of 25% or more in Aggregate Outstanding Principal Amount of the Bonds.
  - (v) <u>Recordation</u>. The Authority will record, register, file and renew the CFC Trust Agreement and all such documents as may be required by law in order to maintain the lien of the CFC Trust Agreement, all in such manner, at such times and in such places

as may be required by law in order fully to preserve and protect the security for the Bonds and the rights of the Trustee. The Authority will pay all recording fees incident to the recording of the CFC Trust Agreement, and will comply with all requirements of law affecting the due recording, filing and refiling of the CFC Trust Agreement, and will do whatever else may be necessary in order to perfect and continue the lien of the CFC Trust Agreement upon the property assigned hereunder or intended so to be.

## Section 4.02 Rate Covenant.

- (a) The Authority covenants, subject to all applicable requirements and restrictions imposed by law, that at all times it will prescribe, charge, revise from time to time when necessary, maintain, collect, and remit to the Trustee, as assignee of the Authority, a CFC in accordance with the CFC Resolution and the Concessionaire Agreements that will, together with any Concessionaire Deficiency Payments and any amounts the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund, produce monies sufficient in amount to pay in each Fiscal Year, in accordance with the provisions of this CFC Master Trust Agreement, the greater of:
  - (i) One hundred percent (100%) of the amounts required to be deposited into the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund and the CFC Renewal and Replacement Fund, in such Fiscal Year as contemplated in Section 5.03; or
  - (ii) One hundred twenty-five percent (125%) of the amount required to be paid as Debt Service Charges for such Fiscal Year.

Notwithstanding the actual amount which the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund in any Fiscal Year, the amount of such transfer which may be included in the preceding computations shall be limited to the lesser of (A) the actual amount transferred or (B) twenty-five percent (25%) of the Debt Service Charges payable in the Fiscal Year in which the computation is determined.

- (b) The Authority further covenants that if in any Fiscal Year the CFC Revenues shall be less than the amount required under Section 4.02(a), it will employ a Consultant, within 30 days following receipt by the Authority of its annual financial statements, but in any event no later than June 30 of the immediately following Year, to make recommendations within 45 days as to a revision of the CFC that will result in producing the amount so required in the Fiscal Year next succeeding its receipt of those recommendations. The Authority shall give written notice to the Trustee of any such employment of a Consultant and provide to the Trustee a copy of the Consultant's recommendations. The Authority covenants and agrees that it will, promptly upon its receipt of such recommendations, revise the CFC, and take such other action as shall be in conformity with such recommendations to the extent the Authority feasibly may do so. The Trustee has no duty or obligation to monitor the Authority's compliance with any recommendations of the Consultant.
- (c) If the Authority complies with all recommendations of the Consultant referred to in Section 4.02(b) with respect to the CFC, the failure of the sum of (i) the CFC Revenues, (ii)

the Concessionaire Deficiency Payments and (iii) any amounts the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund to meet the requirements of Section 4.02(a) shall not in and of itself constitute an Event of Default under this CFC Master Trust Agreement unless for two consecutive Fiscal Years the sum of (i) the CFC Revenues, (ii) the Concessionaire Deficiency Payments and (iii) any amounts the Authority determines to transfer from the CFC Surplus Fund to the CFC Revenue Fund is less than 100% of the amount required to be paid into the CFC Debt Service Fund in each such Fiscal Year. If requested, the Authority shall provide the Trustee with a written certification that the Authority has, to the extent feasible, revised the CFC, and taken such other actions as are in conformity with the recommendations of the Consultant referred to in Section 4.02(b) and the Trustee shall be fully protected in relying on such written certification.

(d) Except as otherwise expressly provided in this CFC Master Trust Agreement, nothing in the Agreement shall be construed as requiring the Authority to use for its performance under this CFC Master Trust Agreement any funds, money or revenues from any source other than the Pledged Revenues and the Pledged Funds.

# Section 4.03 <u>Acquisition, Construction, Operation and Maintenance</u>.

- (a) The Authority shall cause the acquisition and construction of all Improvements that are commenced to be completed in a diligent manner and shall acquire any real estate or interests in real estate, machinery, appliances, appurtenances, incidentals, materials or equipment necessary or useful for those Improvements.
- (b) After Substantial Completion of Improvements to be financed with the proceeds of Bonds, the Authority will deliver to the Trustee (i) a written statement of a Consultant, stating that those Improvements have been substantially completed in accordance with the plans and specifications therefor approved from time to time by the Authority and (ii) a certificate, signed by an Authorized Officer, stating (A) that those Improvements have been substantially completed, (B) their total cost, (C) that all Costs of Improvements then or theretofore due and payable have been paid except as otherwise specified in the certificate, and (D) setting forth the amount, if any, then remaining in the CFC Construction Fund, including any amount being retained for the payment of Costs of Improvements not yet due or for liabilities which the Authority is contesting or which otherwise should be retained and the reasons such amounts are being retained.
- (c) The Authority shall operate the Airport (including the CFC Facilities) as a revenue producing facility under the provisions of the Act and shall charge all users (other than the Authority) provided with service by the Airport (including the CFC Facilities) in accordance with the system of rates, charges and rentals adopted by the Authority from time to time, shall properly maintain and efficiently carry on the operations and business of the Airport (including the CFC Facilities), and shall keep the properties of the Airport (including the CFC Facilities), and every part of those properties, in good condition, repair and working order, replacing any part or parts of the Airport (including the CFC Facilities) which may become worn out or injured with other suitable property having comparable usefulness in the operation of the Airport (including the CFC Facilities). Nothing contained in this CFC Master Trust Agreement shall prevent the Authority from discontinuing the use and operation of any property or equipment

either forming a nonessential part of the Airport (including the CFC Facilities) or for which adequate replacement has been provided, if it is no longer profitable to use and operate that property or equipment.

Section 4.04 <u>Title to CFC Facilities</u>. The Authority represents that it is (or will be at the Issuance Date of the Series 2019 Bonds and the Issuance Date of any series of Additional Bonds) the owner, free and clear of liens and encumbrances other than Permitted Encumbrances, of good and marketable title in fee simple to that portion of the property of the CFC Facilities that is at the time purported to be held in fee simple, and of sufficient other interests in or rights to use the other real property on which substantial facilities of the CFC Facilities are located, to permit the Authority to use those portions of the Airport as intended and to operate the CFC Facilities fully, effectively and efficiently. Except as otherwise provided in this CFC Master Trust Agreement, the Authority has and will preserve good and indefeasible title to all personal property now or hereafter included in the properties of the CFC Facilities.

Section 4.05 After-Acquired Property, Further Assurances. All property and rights of every kind, real, personal or mixed, tangible or intangible, that may be acquired by the Authority from Pledged Revenues or Bond proceeds used directly in connection with the CFC Facilities after the date of this CFC Master Trust Agreement, and all such property constituting Pledged Revenues or deposited in any Pledged Fund, shall become and be subject to this CFC Master Trust Agreement immediately upon the acquisition or deposit thereof, without any further pledge or assignment, as fully and completely as though now owned by the Authority and specifically described and pledged in the granting clauses of this CFC Master Trust Agreement. At any and all times the Authority will do, execute, acknowledge and deliver, or shall cause to be done, all such further acts and things, and cause to be executed, acknowledged and delivered all such further pledges, assignments and assurances for the better pledging, assigning, assuring and confirming unto the Trustee any and all moneys, funds and rights hereby pledged and assigned or intended to be pledged and assigned, as the Trustee may reasonably require for better accomplishing the provisions and purposes of this CFC Master Trust Agreement, and for securing the payment of the Debt Service Charges.

## Section 4.06 Special Covenants.

- (a) The Authority covenants that it will not, except as otherwise permitted by this CFC Master Trust Agreement, sell or otherwise dispose of all or any part of the properties of the CFC Facilities, or directly or indirectly create or suffer to be created or to remain any debt, mortgage, lien, encumbrance or charge upon, pledge of, security interest in or conditional sale or other title retention agreement with respect to the CFC Facilities or the interest of the Authority or of the Trustee in the Pledged Funds or the Pledged Revenues, or any part thereof, other than Permitted Encumbrances, that would constitute a lien prior to or upon a parity with the lien of this CFC Master Trust Agreement upon the Pledged Funds or the Pledged Revenues.
- (b) The Authority covenants that it will satisfy or cause to be discharged, or will make adequate provision to satisfy and discharge, within 60 days after the same shall accrue, all lawful claims and demands (excepting such as may arise from or in connection with the acquisition and construction of Improvements and that are payable from proceeds of Bonds) for labor, materials, supplies or other items that, if not satisfied, might by law become a lien upon

any of the properties and money of the CFC Facilities, including, without limitation, the Pledged Revenues and Pledged Funds. If any such lien shall be filed against the interest of the Authority in any such properties or money, or asserted against any amounts payable under this CFC Master Trust Agreement, by reason of work, labor, services or materials supplied or claimed to have been supplied on or to the CFC Facilities at the request or with the permission of the Authority or of anyone claiming under the Authority, the Authority shall, within 30 days after it receives notice of the filing or the assertion against such amounts, cause the same to be discharged of record, or effectively prevent the enforcement or foreclosure thereof against any of the properties and money of the CFC Facilities or against such amounts, by contest, payment, deposit, bond, order of court or otherwise.

- (c) Nothing in this Section shall require the Authority to satisfy or discharge any lien, encumbrance, charge, claim or demand so long as its validity is being contested in good faith and by appropriate legal proceedings. In connection with any such contest, the Authority shall furnish the Trustee with a bond or cash deposit equal to at least the amount so contested or with an opinion of legal counsel to the effect that by nonpayment of any such items the lien created by this CFC Master Trust Agreement will not be materially affected or any of the properties and money of the CFC Facilities, including, without limitation, any Pledged Revenues or Pledged Funds, will not be subject to imminent loss or forfeiture, the Authority promptly shall cause such lien to be discharged of record. The proceeds of the bond or the cash deposit may be used by the Trustee to satisfy the lien, encumbrance, charge, claim or demand if action is taken to enforce the lien, encumbrance, charge, claim or demand and such action is not stayed. The bond or cash deposit shall be returned to the Authority if the lien, encumbrance, charge, claim or demand is successfully contested. If the Authority is unable or otherwise fails to obtain such a bond or provide such a cash deposit or such an opinion of legal counsel, the Authority shall cause such liens, encumbrances, charges, claims or demands to be paid promptly.
- (d) If the Authority were to be finally adjudged to be liable for damages for actions or inactions arising out of activities of the Authority, other than the operation of the CFC Facilities, if necessary to avoid any lien or charge being imposed upon any of the properties and money of the CFC Facilities, including, without limitation, any Pledged Revenues or Pledged Funds except as permitted by this CFC Master Trust Agreement, the Authority shall pay such judgment from available funds of the Authority exclusive of Pledged Revenues, and, if necessary to pay such judgment, shall issue final judgment or claim settlement bonds or notes to the extent permitted by law.

Section 4.07 <u>Assessments, Taxes and Other Charges</u>. The Authority covenants to pay when due all assessments, levies and taxes of every kind and nature relating to the whole or any part of the CFC Facilities or any interest in them, and all costs, expenses, liabilities and charges of every kind and nature, including charges for gas, electricity, water, sewer and other utilities, relating to the maintenance, repair, replacement and improvement of the CFC Facilities or any part of it or any facilities, machinery or equipment, or relating to the operations or services conducted or provided on or in connection with it that may arise or accrue. However, (a) nothing contained in this Section shall be deemed to constitute an admission that, or consent to, the Authority or any of the Authority's properties is or being subject to assessments or taxes, (b) the Authority shall not be under any obligation to pay any such item if and to the extent it is payable by any contractor in providing improvements, and (c) with respect to the obligations imposed

upon it under this Section, the Authority may exercise the right to contest the claims to the same extent and in the same manner as is provided in Section 4.06.

# Section 4.08 <u>Substitutions, Disposition and Removal of Property.</u>

- (a) The Authority shall not have any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary personal property constituting part of the CFC Facilities. In any instance in which the Authority in its sole discretion determines that any items of such personal property have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Authority may remove such items of personal property from the CFC Facilities and sell, trade in, exchange or otherwise dispose of them (as a whole or in part), provided that the Authority substitutes and installs in the CFC Facilities (subject to the provisions of the next sentence) other personal property having comparable utility (but not necessarily having the same function) in the operation of the CFC Facilities and provided further that such removal and substitution shall not impair the operating viability of the CFC Facilities. The Authority shall not be required to install other personal property in substitution for any personal property removed pursuant to the preceding sentence if, in the reasonable opinion of the Authorized Officer, such substitution is not necessary to preserve the operating viability of the CFC Facilities.
- (b) As provided in this Section, the Authority shall have the right to dispose of any land, improvement or other interest in real property constituting a portion of the CFC Facilities so long as such disposition, taking into account the manner and circumstances thereof and any consideration received by the Authority therefor, will not impair the operating viability of the CFC Facilities. Prior to any such disposition, the Authority shall provide to the Trustee a certificate of an Authorized Officer stating that the conditions set forth in the first sentence of this paragraph have been met. If the aggregate value of any land, improvement or other interest in real property proposed to be disposed in any Year, together with any land, improvement or other interest in real property previously disposed in that Year, would exceed \$150,000, such certificate shall be supported by a written statement of a Consultant to the effect that such disposition will not impair the operating viability of the CFC Facilities.
- (c) Upon any removal or other disposition under the provisions of this Section, the Authority shall notify the Trustee of the property so removed or disposed of and the amount and application of the proceeds thereof. The proceeds of any such removal or disposition remaining after allowing for the Authority's costs in connection therewith shall be deposited into the CFC Debt Service Coverage Fund.
- (d) All buildings, structures, improvements, machinery, equipment and other property that shall be constructed, placed or installed in or upon the properties of the CFC Facilities in connection with the operation of the CFC Facilities as an addition or substitute or renewal or replacement, shall become a part of the CFC Facilities and be subject to the foregoing provisions of this Section in connection with any subsequently proposed removal or disposition.
- (e) The Authority may at any time and from time to time grant any easements, licenses, party wall rights and rights of lateral support with respect to the CFC Facilities,

provided that an Authorized Officer shall have first determined that such will not impair the operating viability of the CFC Facilities.

(f) None of the above provisions of this Section shall impair in any manner the validity, or except as specifically provided herein the priority, of this CFC Master Trust Agreement.

Section 4.09 Compliance with Requirements of Law. The Authority shall comply with all laws, rules, regulations and orders of any governmental body or officers exercising any power of regulation or supervision over it with respect to the CFC Facilities or over any part of the CFC Facilities, and the Authority shall make or cause to be made any repairs to the CFC Facilities or any part thereof that may be required by any of those laws, rules, regulations or orders or that may be necessary to maintain in force any insurance required hereby with respect to any part of the CFC Facilities. However, the Authority shall have the right to contest in good faith the validity of any law, rule, regulation or order in any reasonable manner and to delay or refuse to comply with it if the Authority determines in good faith that the contest will not affect materially and adversely the pledges and lien under this CFC Master Trust Agreement on the money and funds pledged and assigned pursuant to the granting clauses, the conduct of the business of the CFC Facilities, or the maintenance of the physical condition of the CFC Facilities.

# Section 4.10 Books of Record and Account; Financial Reports.

- (a) The Authority shall segregate, for accounting purposes, the Pledged Revenues and Funds from all other revenues and funds of the Authority and shall keep or cause to be kept proper books of record and account (separate and distinct from all other records and accounts of the Authority) in such manner as is necessary to show the complete financial results of operation of the CFC Facilities, all capital expenditures for Improvements, Pledged Revenues and amounts deposited in the Funds.
- (b) The Authority shall furnish to the Trustee, and to any Credit Support Provider, an annual financial report (which may be included in a more comprehensive financial report of the Authority) with respect to the CFC Facilities in such form and containing such information as is required by the laws of the State. Neither the Trustee nor the Credit Support Provider shall have any obligation to review or analyze any such financial report furnished to it or to make any recommendations based upon any such review or analysis.
- (c) The Authority shall permit the authorized representative of the Trustee, of an Original Purchaser, of the holders of at least 25% in Aggregate Outstanding Principal Amount of the Bonds, or of any Credit Support Provider to inspect the CFC Facilities and all records, accounts and data of the CFC Facilities at all reasonable times.
- (d) The Authority agrees that it shall request the State Auditor to conduct annual audits of its financial statements. If the State Auditor has not commenced such audit on or before December 31 of the Year following the Fiscal Year with respect to which audited financial statements are required to be produced, the Authority agrees that it shall request the State Auditor to immediately commence such an audit, and if the State Auditor is unable to so commence such an audit, shall request the State Auditor to authorize the Authority to engage an

independent certified public accountant to conduct the required audit. If so authorized, the Authority agrees that it shall engage an independent certified public accountant to conduct the required audit.

# Section 4.11 <u>Maintenance of Insurance; Application of Insurance Proceeds.</u>

- (a) During construction of Improvements, the Authority shall cause those Improvements to be insured under builder's risks or other appropriate insurance policies insuring against damage and destruction to those Improvements during construction.
- The Authority shall obtain or cause to be obtained from responsible insurance (b) companies, or otherwise as provided below, and at all times shall maintain at its or the Concessionaire's expense, insurance upon all the property and equipment from time to time comprising the CFC Facilities that is of a type that typically is insured by public bodies in the State operating governmental airport systems of similar size and type, in an amount at least equal to the greater of either (i) the aggregate principal amount of Bonds then outstanding (but not exceeding the full insurable replacement value of the property and equipment of the CFC Facilities that is insured in the event of its total destruction), or (ii) 90% of the full insurable replacement value of the property and equipment of the CFC Facilities that is insured in the event of its total destruction, as determined by an Insurance Consultant. Such requirement shall not apply with respect to (i) property or equipment that comprises part of Improvements so long as and to the extent that Improvements are under construction and that property or equipment is insured under builder's risk or other appropriate insurance policies insuring against damage and destruction to that property or equipment during construction, and (ii) discrete portions of property or pieces of equipment with an insurable replacement value of under \$25,000. The Authority may include aggregate deductibles or self-insurance retention of up to \$100,000 per year in any such policies. Such policies shall provide fire and standard extended coverage and insure against loss or damage by fire, lightning, vandalism and malicious mischief and all other perils covered by standard "extended coverage" or "all risks" policies and against such other risks as are normally insured against by entities engaged in operations similar to the CFC Facilities. All such policies shall contain standard mortgagee clauses requiring all proceeds resulting from any claim for loss or damage in excess of \$2,000,000 to be paid to the Trustee.

The Authority promptly shall give or cause to be given written notice of any damage to or destruction of any material part of the CFC Facilities to the Trustee generally describing the nature and extent of the damage or destruction. Regardless of whether the net proceeds of insurance, if any, received on account of that damage or destruction will be sufficient for such purpose, the Authority promptly shall commence and complete, or cause to be commenced and completed, the repair or restoration of the CFC Facilities as nearly as practicable to its value, condition and character existing immediately prior to the damage or destruction, with such changes or alterations as the Authority may deem necessary for proper operation of the CFC Facilities and as shall not impair or diminish, in the judgment of the Authority, the suitability of the CFC Facilities as car rental and transportation-related facilities.

If the net proceeds of property insurance received as a result of any single occurrence is less than \$2,000,000, that amount shall be paid to the Authority for application as necessary for repair and restoration. If those net proceeds are \$2,000,000 or more, that amount shall be paid to

and held by the Trustee in a separate insurance loss account for application as necessary for the payment of the costs of repair or restoration, either on completion or as the work progresses, as directed by the Authority. Money in any insurance loss account held by the Trustee shall be invested in Eligible Investments, maturing not later than the times when that money is required for the payment of costs of repair and restoration, as directed by the Chief Financial Officer. If the Trustee is not provided with written investment directions from the Chief Financial Officer, the Trustee shall hold such amounts uninvested in cash, with no liability for interest. Each disbursement from the insurance loss account shall be requested in a written instrument submitted to the Trustee by an Authorized Officer describing the work or material for the payment or reimbursement of which that disbursement is to be applied, stating that such work or material is necessary for the repair or restoration of the CFC Facilities and certifying that none of the items described has formed the basis for any previous disbursement made from the insurance loss account. The Trustee shall be fully protected in releasing the amounts so requested and has no duty or obligation to confirm that the released amounts are used for the purposes so described.

The Trustee, prior to authorizing payment from any such insurance loss account, shall have received (i) a written statement from a Consultant approving the plans and specifications as satisfactory in order to accomplish the repair and restoration and stating that the cost estimates with respect thereto are reasonable, and (ii) a certificate of the Chief Financial Officer that net proceeds, in the Chief Financial Officer's best judgment, will be sufficient to complete the cost of repair or restoration to be undertaken or that any additional funds necessary in connection therewith have been appropriated and are available. The Trustee shall not be obligated to make any payment from the insurance loss account if there exists an Event of Default. Any balance of the net proceeds held by the Trustee remaining after receipt of a certificate of the Chief Financial Officer stating that payment of all costs of the repair or restoration have been completed shall be deposited in the CFC Debt Service Coverage Fund.

- (c) The Authority shall procure and maintain workers' compensation coverage as required by the laws of the State.
- (d) The Authority shall obtain from responsible insurance companies, or otherwise as provided below, and at all times shall maintain at its expense, comprehensive general, accident and public liability insurance policies covering bodily injury or death to persons and property damage in an aggregate amount of not less than \$500,000 resulting from any one occurrence in connection with the CFC Facilities. The Authority may include aggregate deductibles or self-insurance retention of up to \$100,000 per occurrence in any one year in such policies. Payments made under the policies shall be used to settle or pay claims covered by such insurance or to reimburse the Authority for payments made to settle or pay claims covered by such insurance.
- (e) When so requested in writing by the Trustee, the Authority shall cause the insurance described in the preceding Subsections (b), (c) and (d) then maintained by it to be reviewed by the Insurance Consultant. The Trustee shall have no duty to make such a request, and no such request shall be made more frequently than once a Year. The Authority promptly shall effectuate any change in that insurance as may be recommended. In the event of any claim under those policies, the Authority may compromise, adjust and settle any claim upon behalf of the insured parties. Upon request, originals or duplicate originals of the policies, or certificates evidencing the policies, shall be delivered to the Trustee.

- In the event the Authority in good faith determines that any insurance required by this Section is not commercially available at a reasonable cost with reasonable terms, the Authority shall so certify to the Trustee and advise the Trustee that it proposes to engage an Insurance Consultant, identifying the Insurance Consultant by name and qualifications, to verify such determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Authority (taking into consideration the costs and practices of other governmental airport systems of similar size and type in the State to the extent such information is available) and alternative or supplementary programs to provide protection against the types of risks covered by such insurance. The Board may, by legislation adopted in good faith and upon the recommendations of the Insurance Consultant, adopt alternative or supplemental risk management programs that the Board determines to be reasonable, including, without limitation, the right, to the extent permitted by law or combination to do any one or more of the following: to self-insure in whole or in part; to organize either solely or in connection with other political subdivisions, or organizations, captive insurance companies; to participate in programs of captive insurance companies organized by others; to establish a self-insurance trust fund; to participate in mutual or other cooperative insurance or other risk management programs or pools with other political subdivisions or organizations; to participate in or enter into agreements with local, State or federal governments in order to achieve such insurance; to participate in other alternative risk management programs. A copy of any such recommendations by that Insurance Consultant shall be filed with the Trustee, and the Authority shall promptly deliver to the Trustee in writing a copy of each alternative risk management program that has been adopted by the Board. Such program may be implemented after the 30th day following the delivery of a written copy of it to the Trustee. The Trustee has made no evaluation as to the sufficiency of the insurance requirements set forth this Section and will not make an evaluation as to recommendations, if any, made by an Insurance Consultant.
- (g) Notwithstanding any provision of this CFC Master Trust Agreement to the contrary, the insurance required to be maintained by this Section may be obtained by the Authority through a cooperative or pool program that provides insurance to one or more other political subdivisions of the State. In the event of any claim under those policies, the Authority may compromise, adjust and settle any claim on behalf of the insured parties.

(End of Article IV)

### **ARTICLE V**

#### **FUNDS AND PAYMENTS**

Section 5.01 <u>Creation of Funds</u>. The Funds and accounts described in this Section are established or referred to in the General Bond Resolution and are designated as indicated. Each Fund is to be maintained in the custody of the Authority or the Trustee, as indicated, as a separate account (except when invested in Eligible Investments). The Funds and accounts are:

- CFC Construction Fund
- CFC Revenue Fund, in which there shall be the CFC Supplemental Reserve Account maintained therein before Substantial Completion
- CFC Debt Service Fund, in which there shall be the CFC Interest Payment Account, the CFC Principal Payment Account and the CFC Redemption Account
- CFC Debt Service Reserve Fund
- CFC Debt Service Coverage Fund
- CFC Administrative Costs Fund, in which there shall be the CFC Administration Account, the CFC Insurance Account and the CFC Rebate Account
- CFC Renewal and Replacement Fund
- CFC Common Use Busing Fund
- CFC Surplus Fund, in which there shall be the CFC Supplemental Reserve Account maintained therein after Substantial Completion, and the Subordinated Obligations Debt Service Account

The *CFC Construction Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority. The Authority may establish separate accounts in the CFC Construction Fund for accounting purposes. Money in the CFC Construction Fund shall be disbursed for the purposes and in accordance with the provisions of Section 5.02. If the unexpended proceeds of a prior issue of Bonds remain in the CFC Construction Fund upon the issuance of any subsequent issue of Additional Bonds, the Authority shall establish a separate account within the CFC Construction Fund, for accounting purposes, for the deposit of the proceeds of the subsequent issue of Additional Bonds in accordance with this Section.

The *CFC Revenue Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority, and shall be comprised of such account or accounts (including the separate account therein to be known as the CFC Supplemental Reserve Account and maintained therein before Substantial Completion) as the Authority may establish on its books of record and account to account for the deposit of Pledged Revenues required to be deposited in the CFC Revenue Fund and the disbursement of Pledged

Revenues under this CFC Master Trust Agreement. So long as any of the Bonds remain outstanding, all Pledged Revenues, except for investment income on any Fund (which investment income shall be credited and deposited as provided in Section 5.04) and money that is paid and deposited directly into the CFC Debt Service Fund, shall be deposited in the CFC Revenue Fund. On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. The moneys on deposit in the CFC Revenue Fund shall be allocated as provided in Section 5.03.

The CFC Debt Service Fund, the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund shall be maintained in the custody of the Trustee as trust funds and shall be used, subject to Section 7.09, solely for the payment of Debt Service Charges, and to the extent provided below, for the purchase for cancellation or redemption of Bonds. For each series of Bonds, the related CFC Supplemental Trust Agreement shall either (a) create separate accounts within the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund or (b) designate previously created accounts within the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund, if permitted, for the deposit of the CFC Debt Service Reserve Fund Requirement and the CFC Debt Service Coverage Fund Requirement, respectively, for the applicable series of Bonds. Moneys from the appropriate account in the CFC Debt Service Reserve Fund shall be paid to the CFC Debt Service Fund, to the extent necessary from time to time, and only after applying to that purpose all moneys in the CFC Debt Service Coverage Fund, to permit the timely payment of the applicable Bonds payable from the CFC Debt Service Fund. If at any time the Trustee shall have money and investments then on deposit in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund in an amount sufficient to permit the purchase for cancellation or call for redemption on the next available redemption date(s) or Principal Payment Date(s) of any outstanding Bonds, without thereby reducing the balance thereafter remaining in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund below the amount that on such purchase or redemption date would be required by this CFC Master Trust Agreement to be on deposit therein with respect to Bonds not to be so purchased or redeemed, the Trustee, at the request of the Authority, shall cause such money to be used out of the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, in the amounts required, together with any other money provided by the Authority, to accomplish that purchase or redemption.

The *CFC Administrative Costs Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Administrative Costs Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Administrative Costs Fund shall be used for costs of CFC administration, CFC Facilities property insurance or payments of Rebate Amounts to the United States or, with moneys in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and other moneys made

available by the Authority, to retire by purchase for cancellation or by call for redemption, all or part of the Bonds from time to time outstanding.

The *CFC Renewal and Replacement Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Renewal and Replacement Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Renewal and Replacement Fund shall be used for Improvements and other capital projects including the replacement of obsolete or worn-out equipment or making other Improvements to the CFC Facilities or, with moneys in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and other moneys made available by the Authority, to retire by purchase for cancellation or by call for redemption, all or part of the Bonds from time to time outstanding.

The *CFC Common Use Busing Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Common Use Busing Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Common Use Busing Fund shall be used by the Authority for any lawful purpose, including but not limited to, any purpose described in the Concessionaire Agreement or, with moneys in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and other moneys made available by the Authority, to retire by purchase for cancellation or by call for redemption, all or part of the Bonds from time to time outstanding.

The *CFC Surplus Fund* shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be comprised of such accounts (including the separate account therein to be known as the CFC Supplemental Reserve Account and maintained therein after Substantial Completion) as the Authority may establish from time to time on its books of record and account for the purpose. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. All other moneys in the CFC Surplus Fund may be paid by the Authority to the CFC Debt Service Fund, to the extent necessary from time to time, after applying to that purpose any moneys then in the CFC Debt Service Coverage Fund, to permit the payment of all obligations payable from the CFC Debt Service Fund without drawing on the CFC Debt Service Reserve Fund. Otherwise, moneys in the CFC Surplus Fund shall be used by the Authority for any lawful purpose, including but not limited to, any purpose described in the Concessionaire Agreement or for deposit into the Subordinated Obligations Debt Service Account for the

payment by the Authority of Subordinated Debt Service Charges on Subordinated Obligations. The Subordinated Obligations Debt Service Account shall be maintained in the custody of the Authority as a trust fund separate and distinct from all other funds of the Authority and shall be used solely for the payment by the Authority of Subordinated Debt Service Charges on Subordinated Obligations. Unless otherwise provided in a CFC Supplemental Trust Agreement or a Subordinated Obligations Trust Agreement, any amount remaining in the Subordinated Obligations Debt Service Account after all Subordinated Obligations have been paid and discharged shall be transferred into the CFC Revenue Fund.

# Section 5.02 <u>Application of CFC Construction Fund</u>.

- (a) Subject to the provisions below, disbursements from the CFC Construction Fund shall be made only to pay for Costs of Improvements to be financed with the proceeds of Bonds, including:
  - (i) Obligations incurred for labor, materials and services and to contractors, builders and others in connection with the acquisition, construction and installation of Improvements, for utilities and landscaping, for the restoration or relocation of any property damaged or destroyed in connection with such construction and installation, for the removal or relocation of any structures and for the clearing of lands and further including such improvements as the Authority determines to be reasonably necessary in connection with Improvements;
  - (ii) The cost of acquiring such other lands, property, rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient by the Authority for the construction and installation of Improvements, including costs of abstracts of title, title insurance, title guaranty, and surveys, and other expenses in connection with such acquisition, and the cost of demolishing or removing any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved and the amount of any damages incident to or consequent upon the acquisition, construction and installation of Improvements;
  - (iii) Interest on the series of Bonds issued to finance the Costs of Improvements during the applicable Construction Period;
  - (iv) The reasonable fees and expenses of the Trustee, Authenticating Agent, Paying Agent and Registrar for their services during the applicable Construction Period, and payments, taxes or other governmental charges on the properties of the CFC Facilities or on any property hereafter acquired, and premiums on any insurance, during that Construction Period;
  - (v) The cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing and installing Improvements, and fees and expenses of engineers, architects and management and other consultants for making studies, surveys and estimates of costs and of revenues and other estimates, fees and expenses of engineers and architects for preparing plans and specifications and

supervising construction, as well as for the performance of all other duties of engineers and architects referred to in this CFC Master Trust Agreement and the fees and expenses of construction managers or project supervisors, all in relation to the acquisition, construction and installation of those Improvements and the issuance of Bonds for them; and

- All costs and expenses relating to the authorization, issuance, sale, delivery, authentication, deposit, custody, clearing, registration, transfer, exchange, fractionalization, replacement, payment, redemption, refunding, and servicing of Bonds, including, without limitation, costs and expenses for or relating to publication and printing, postage, delivery, preliminary and final official statements, offering circulars, and informational statements, compliance with annual disclosure undertakings, travel and transportation, underwriters, placement agents, investment bankers, Trustee (including Ordinary and Extraordinary Expenses as defined in this CFC Master Trust Agreement), Paying Agents, Registrars, Authenticating Agents, remarketing agents, custodians, clearing agencies or corporations, Securities Depositories, financial advisory services, certifications, audits, federal or state regulatory agencies, accounting and computation services, legal services and obtaining legal opinions, credit ratings, redemption premiums, and Credit Support Instruments, rebate payments (or payments in lieu of rebate) required to be made to the United States, and all other items of expense not specified elsewhere in this Section and incident to the acquisition, construction and installation of Improvements and their financing, and all expenses of administration properly chargeable to the acquisition, construction and installation of those Improvements.
- If any money remains in the account in the CFC Construction Fund created for the proceeds of a series of Bonds at the end of the applicable Construction Period and payment, or provision for payment, in full of the Costs of Improvements to be financed with the proceeds of that series of Bonds, then such money shall be used promptly, unless otherwise provided in the applicable Bond Proceedings, for one or more of the following purposes at the direction of an Authorized Officer: (i) payment of costs of additional Improvements to the CFC Facilities; (ii) payment of interest as it becomes due on that series of Bonds until all such excess amount is so used; (iii) if that series of Bonds is issued and sold as obligations to which Section 103 of the Code does not apply and the interest thereon is included in gross income for federal income tax purposes, payment of principal as it becomes due on that series of Bonds until all such excess amount is so used; (iv) deposit into the CFC Debt Service Fund for payment of Debt Service Charges on Bonds other than Bonds of that series; provided that with respect to clauses (ii) and (iv) such use and the manner in which it is proposed to be made will not, in the opinion of nationally recognized bond counsel or under ruling of the Internal Revenue Service, adversely affect the exclusion of the interest on any series of Bonds from the gross income of the holders thereof for federal income tax purposes. Any money remaining in an account in the CFC Construction Fund for an Improvement after completion of the particular Improvement shall be invested in such manner as not to adversely affect the exclusion of the interest on any Bonds from the gross income of the holders of those Bonds.

## Section 5.03 Application of Pledged Revenues; Flow of Funds.

- (a) On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. From and after the original delivery of the Series 2019 Bonds and so long as any Bonds remain outstanding, all Pledged Revenues, except for investment income on any Fund (which shall be credited and deposited as provided in Section 5.04), shall be deposited promptly in the CFC Revenue Fund.
- (b) Before the date of Substantial Completion, all Pledged Revenues held in the CFC Revenue Fund (except for the CFC Supplemental Reserve Account) shall be disbursed and applied by the Authority to satisfy the deposit requirements in the amounts and manner contemplated in Section 5.03(c) paragraphs **First** through **Fourth** and to pay cost overruns or shortfalls in the cost of constructing the ConRAC to the extent the Authority anticipates deficiencies in the funds set aside for such purpose in the account established in the CFC Construction Fund for such ConRAC. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. Prior to Substantial Completion, Pledged Revenues not needed for the purposes described in the preceding sentences shall remain in the CFC Revenue Fund.
- (c) Upon Substantial Completion, the CFC Supplemental Reserve Account shall be transferred to and maintained as a separate account in the CFC Surplus Fund. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. On and after the date of Substantial Completion, the Authority will apply all other funds then on deposit in the CFC Revenue Fund in the following manner and order of priority:

### First: Into the CFC Debt Service Fund

- (i) On or before each Deposit Date, into the Interest Payment Account not less than the amount provided in any CFC Supplemental Trust Agreement, sufficient to pay interest due on the Outstanding Bonds; provided that each CFC Supplemental Trust Agreement shall require approximately equal monthly deposits in an amount sufficient to pay the interest payments on such series of Outstanding Bonds as they become due taking into account on the first monthly Deposit Date following an Interest Payment Date any amount determined by the Trustee then on deposit in the Interest Payment Account to be available to pay interest on the Outstanding Bonds on the next Interest Payment Date; and
- (ii) On or before each Deposit Date, into the Principal Payment Account not less than the amount provided in any CFC Supplemental Trust Agreement, sufficient to pay principal due on the Outstanding Bonds; provided that each CFC Supplemental Trust Agreement shall require approximately equal monthly deposits in an amount sufficient to pay the principal payments on such series of Outstanding Bonds as they become due

taking into account on the first monthly Deposit Date following a Principal Payment Date any amount determined by the Trustee then on deposit in the Principal Payment Account to be available to pay principal on the Outstanding Bonds on the next Principal Payment Date.

The Bond Legislation and CFC Supplemental Trust Agreement providing for the issuance of each issue of Additional Bonds with fixed interest rates comprised in whole or in part of Bonds subject to Mandatory Sinking Fund Redemption, or providing for Variable Rate Additional Bonds, shall make provision for deposits under this Paragraph First, and payments from the CFC Revenue Fund shall be made into the CFC Debt Service Fund at the times and in the amounts for which provision is made in that Bond Legislation and CFC Supplemental Trust Agreement.

To the extent that the amounts of deposits required to be made under this Paragraph First are to be determined on the basis of the principal of Interim Indebtedness payable on the next Principal Payment Date, the principal amount to be paid from the proceeds of the anticipated Bonds or of renewal Interim Indebtedness, as certified by an Authorized Officer, shall be disregarded.

The deposits into the CFC Debt Service Fund for all Bonds then outstanding shall be discontinued at such time as there shall be credited to the CFC Debt Service Fund and the applicable account in the CFC Debt Service Reserve Fund for that series of Bonds an aggregate amount sufficient to retire (by call or otherwise) at or before maturity all of the Bonds of that series then outstanding and that amount so credited then shall be used solely for that purpose.

## Second: Into the CFC Debt Service Reserve Fund

On or before each Deposit Date, into the accounts created or designated in the CFC Debt Service Reserve Fund, the amounts (if any) as provided for in any CFC Supplemental Trust Agreement. On or before each Deposit Date, beginning whenever it is determined on a date of valuation of the CFC Debt Service Reserve Fund as provided for in Section 5.05 that the balance in any account of the CFC Debt Service Reserve Fund is less than the CFC Debt Service Reserve Fund Requirement for the applicable series of Bonds, into that account of the CFC Debt Service Reserve Fund an amount available in the CFC Revenue Fund for deposit into that account of the CFC Debt Service Reserve Fund necessary to restore the CFC Debt Service Reserve Fund Requirement for the applicable series of Bonds, and provided that in any event any deficiency in any account of the CFC Debt Service Reserve Fund shall be restored within one year of its occurrence.

## Third: Into the CFC Debt Service Coverage Fund

On or before each Deposit Date, into the accounts created or designated in the CFC Debt Service Coverage Fund, the amounts (if any) as provided for in any CFC Supplemental Trust Agreement. On or before each Deposit Date, beginning whenever it is determined on a date of valuation of the CFC Debt Service Coverage Fund as provided for in Section 5.05 that the balance in the CFC Debt Service Coverage Fund is less than the CFC Debt

Service Coverage Fund Requirement, into the CFC Debt Service Coverage Fund an amount available in the CFC Revenue Fund for deposit into the CFC Debt Service Coverage Fund necessary to restore the CFC Debt Service Coverage Fund Requirement, and provided that in any event any deficiency in the CFC Debt Service Coverage Fund shall be restored within one year of its occurrence.

#### Fourth: Into the CFC Administrative Costs Fund

On or before each Deposit Date, into the CFC Administrative Costs Fund such amount that the Authority determines is reasonably necessary to be deposited therein to provide for the purposes of that Fund as described in Section 5.01.

## Fifth: Into the CFC Renewal and Replacement Fund

On or before each Deposit Date, into the CFC Renewal and Replacement Fund approximately equal monthly deposits in an amount sufficient to aggregate in total \$1,400,000 per Year (or the pro rata portion of such amount for any partial Year) for each of the first five Years once deposits into the CFC Renewal and Replacement Fund begin, and \$315,455 per Year (or the pro rata portion of such amount for any partial Year) for each succeeding Year the Bonds are Outstanding until the cumulative balance of deposits made (not counting any withdrawals therefrom) is equal to the CFC Renewal and Replacement Fund Requirement. If the required annual amount is not deposited into the CFC Renewal and Replacement Fund in any Year, the monthly deposits in the following Year shall be increased in amount such that the required balance to be deposited therein shall be restored within one Year.

## Sixth: Into the CFC Common Use Busing Fund

On or before each Deposit Date, into the CFC Common Use Busing Fund such amount that the Authority determines is reasonably necessary to be deposited therein to provide for the purposes of that Fund as described in Section 5.01.

## Seventh: Into the CFC Surplus Fund

On or before each Deposit Date, into the CFC Surplus Fund the Pledged Revenues remaining in the CFC Revenue Fund after making all the payments required by the preceding paragraphs.

Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. The Authority in its sole discretion may, but shall not be obligated to, replenish the CFC Supplemental Reserve Account from available moneys in the CFC Surplus Fund.

- (d) To the extent provided for in a CFC Supplemental Trust Agreement, within five Business Days following each date of valuation, there shall be transferred by the Trustee from each account of the CFC Debt Service Reserve Fund and from the CFC Debt Service Coverage Fund to the Interest Payment Account of the CFC Debt Service Fund for a respective series of Bonds, any moneys in such account or accounts of the CFC Debt Service Reserve Fund and in such CFC Debt Service Coverage Fund in excess of the CFC Debt Service Reserve Fund Requirement and the CFC Debt Service Coverage Fund Requirement, respectively, for such series of Bonds as of that date.
- (e) Notwithstanding any CFC Debt Service Reserve Fund and CFC Debt Service Coverage Fund provisions of this Section, but subject to the extent provided for in a CFC Supplemental Trust Agreement, in lieu of any required deposits of cash or Eligible Investments into the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, or in substitution for any cash or Eligible Investments on deposit in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, the Authority may cause the CFC Debt Service Reserve Fund Requirement or the CFC Debt Service Coverage Fund Requirement, as applicable, for any series of Bonds to be provided in whole or in part by an appropriate Credit Support Instrument.

Any amounts in excess of the CFC Debt Service Reserve Fund Requirement or the CFC Debt Service Coverage Fund Requirement, as applicable, created by virtue of a deposit of a Credit Support Instrument into an account of the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund shall be transferred, at the Authority's option, to either the (i) CFC Debt Service Fund and allocated to the accounts in that Fund which relate to the series of Bonds in respect of which the Credit Support Instrument was originally provided, or (ii) CFC Construction Fund and used to finance Improvements; provided, however, no such amounts shall be transferred to the CFC Construction Fund unless the Trustee or the Authority has received an opinion of nationally recognized bond counsel or a ruling of the Internal Revenue Service that such transfer will not adversely affect the exclusion on any series of Bonds from the gross income of the interest of the holders thereof for federal income tax purposes.

## Section 5.04 <u>Investment of Funds</u>.

(a) Money in the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Chief Financial Officer. In the absence of such direction, all funds held by the Trustee shall be held uninvested in cash, without liability for interest. The Trustee may conclusively rely upon the Chief Financial Officer's written instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Eligible Investments. Those investments shall mature or be redeemable at the option of the Trustee at the times and in the amounts necessary at the best prices then reasonably available to provide money to pay Debt Service Charges as they become due at stated maturity or pursuant to any Mandatory Sinking Fund Requirements. Money in the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund may be invested and reinvested only in obligations that mature or are redeemable within than five years from the date of purchase. Subject to any directions from the Chief Financial Officer with respect thereto, from time to time the Trustee may sell those

investments and reinvest the proceeds from those investments in Eligible Investments maturing or redeemable as required under this Subsection. The Trustee shall sell or redeem investments credited to the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund to produce sufficient money at the times required for the purpose of paying Debt Service Charges when due, and shall do so without necessity for any order on behalf of the Authority and without restriction by reason of any order.

- (b) Money in the CFC Revenue Fund, the CFC Construction Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund shall be invested by the Authority in Eligible Investments. Money on deposit in the CFC Construction Fund shall be invested in Eligible Investments maturing or redeemable at the option of the Authority not later than the times when that money is projected to be required for the payment of costs of the applicable Improvements (determined in accordance with Section 5.02). Money in the CFC Revenue Fund shall be invested by the Authority in Eligible Investments maturing or redeemable at the option of the Authority at the times and in the amounts necessary to permit the payments required by Section 5.03 to be made from that Fund.
- (c) An investment made from money credited to any Fund shall constitute part of that Fund and each Fund shall be credited with all proceeds of sale and income from the investment of money credited to it. Any investments constituting Eligible Investments may be purchased from or sold to the Trustee, the Bond Registrar, an Authenticating Agent or a Paying Agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing.
- (d) At no time shall the Authority direct the Trustee that any funds constituting gross proceeds of any series of Bonds, which are issued and sold as obligations to which Section 103 of the Code applies, be used or invested in any manner as would constitute failure of compliance with Section 148 of the Code.

## Section 5.05 Valuation.

(a) For the purpose of determining the amount on deposit to the credit of any Fund or Account, the value of obligations in which money in that Fund or Account shall have been invested shall be computed by the Trustee or the Authority, as applicable, on a monthly basis, except as otherwise provided in this Section.

The Authority acknowledges and agrees that the Trustee shall (i) only be required to report the value of any assets on statements, books, and records according to the price provided by pricing services and sources reasonably relied upon by the Trustee, and (ii) not have any duty to independently value any asset or an obligation to report a value other than the price provided by pricing services and sources reasonably relied upon by Trustee.

- (b) Neither the Trustee nor the Authority shall be responsible for any depreciation in the value of any investments or for any loss arising from investments, provided that those investments are Eligible Investments.
- (c) The Trustee shall value the Eligible Investments in the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund on the 10<sup>th</sup> Business Day of each calendar

quarter, commencing with the first quarter of 2019 and immediately upon any withdrawal from the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund. If as of any date on which the value of Eligible Investments in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund is determined, the balance in any such account therein, including any Credit Support Instrument providing all or part of the applicable CFC Debt Service Reserve Fund Requirement or CFC Debt Service Coverage Fund Requirement and accrued interest to the date of valuation, is less than the CFC Debt Service Reserve Fund Requirement or CFC Debt Service Coverage Fund Requirement or CFC Debt Service Reserve Fund Requirement, the Trustee shall compute the amount by which the CFC Debt Service Reserve Fund Requirement, as applicable, exceeds such balance and shall immediately give the Authority notice of such deficiency and the amount necessary to cure the same. If as of any such date the balance in any account of the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, including accrued interest to the date of valuation, is more than the applicable CFC Debt Service Reserve Fund Requirement, the Trustee shall transfer the excess amount in accordance with Sections 5.03(d) and (e).

(d) The Authority shall value the Eligible Investments in the CFC Revenue Fund on the last Business Day of each month, and, if the Authority proposes to transfer any money from the CFC Revenue Fund to the CFC Surplus Fund on such last Business Day of the month, identify any amount that is to be deposited in the CFC Surplus Fund on that date in accordance with Section 5.03.

(End of Article V)

#### ARTICLE VI

# THE TRUSTEE AND REGISTRAR, PAYING AGENTS AND AUTHENTICATING AGENTS

Section 6.01 <u>Trustee's Acceptance and Responsibilities</u>. The Trustee accepts the trusts imposed upon it by this CFC Master Trust Agreement, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Holders agree:

- (a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, as provided in paragraph (f) of Section 6.02 hereof, or of which by that paragraph the Trustee is deemed to have notice, and after the cure or waiver of all Events of Default that may have occurred:
  - (i) the Trustee undertakes to perform only those duties and obligations that are set forth specifically in this CFC Master Trust Agreement, and no duties or obligations shall be implied to the Trustee, and
  - (ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this CFC Master Trust Agreement; but in the case of any such certificates or opinions that by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this CFC Master Trust Agreement.
- (b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified, as provided in paragraph (f) of Section 6.02 hereof, or of which by that paragraph the Trustee is deemed to have notice), the Trustee shall exercise those rights and powers vested in it by this CFC Master Trust Agreement and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.
- (c) No provision of this CFC Master Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:
  - (i) this paragraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(i) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(ii) of this Section,
  - (ii) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts,

- (iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than 66-2/3 % in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this CFC Master Trust Agreement, and
- (iv) no provision of this CFC Master Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers hereunder, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.
- (d) Whether or not therein expressly so provided, every provision of this CFC Master Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.
- Section 6.02 <u>Certain Rights and Obligations of the Trustee</u>. Except as otherwise provided in Section 6.01 hereof:
- (a) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable therefor only in accordance with the standard specified above), (ii) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder, and (iii) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof and, subject to Section 6.03 hereof, shall be entitled to be reimbursed for those payments. The Trustee may act upon the written opinion or advice of any attorney (who may be the attorney or attorneys for the Authority) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.
- (b) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:
  - (i) any recital in this CFC Master Trust Agreement or in the Bonds,
  - (ii) the validity, priority, recording, re-recording, filing or re-filing of this CFC Master Trust Agreement or any CFC Supplemental Trust Indenture,
  - (iii) any instrument or document of further assurance or collateral assignment or pledge, or
    - (iv) insurance of the CFC Facilities or collection of insurance moneys.
- (c) The Trustee shall not be accountable for the application by the Authority of the proceeds of any Bonds authenticated or delivered hereunder.

- (d) The Trustee shall be protected, in the absence of bad faith on its part, in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this CFC Master Trust Agreement upon the request or authority or consent of any person who is the Holder of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Holders of the same Bond and of Bonds issued in exchange therefor or in place thereof.
- (e) As to the existence or nonexistence of any fact for which the Authority may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Authority by an Authorized Officer as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default hereunder of which the Trustee has been notified, as provided in paragraph (f) of this Section, or of which by that paragraph the Trustee is deemed to have notice, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; *provided*, that the Trustee in its discretion may require and obtain any further evidence that it deems to be necessary or advisable; and, *provided further*, that the Trustee shall not be bound to secure any further evidence. The Trustee may accept a certificate of the Secretary to the effect that legislation has been enacted by the Board in the form recited in that certificate, as conclusive evidence that the legislation has been duly enacted and is in full force and effect.
- (f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Default described in paragraphs (a) and (b) of Section 7.01 hereof, unless a Responsible Officer of the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Authority or by the Holders of at least 25% of the Aggregate Principal Amount of Bonds then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.
- (g) At any reasonable time, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives (i) may inspect and copy fully all books, papers and records of the Authority pertaining to the CFC Facilities and the Bonds, and (ii) may make any memoranda from and in regard thereto as the Trustee may desire.
- (h) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.
- (i) Notwithstanding anything contained elsewhere in this CFC Master Trust Agreement, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and any corporate action and evidence thereof, in addition to that required by the terms hereof, as a condition to the authentication of any Bonds or the taking of any action whatsoever within the purview of this CFC Master Trust Agreement, if the Trustee deems it to be desirable for the purpose of establishing the right of the Authority to the authentication of any

Bonds or the right of any person to the taking of any other action by the Trustee; provided that the Trustee shall not be required to make that demand.

- (j) Before taking action hereunder pursuant to Section 6.04 or Article VII hereof (with the exception of any action required to be taken under Section 7.02 hereof), the Trustee may require that a satisfactory indemnity bond be furnished to it by the Authority or the Holders for the reimbursement of all expenses (including reasonable counsel fees) that it may incur and to protect it against all liability by reason of any action so taken, except liability that is adjudicated to have resulted from its negligence, willful default or other breaches of its obligations under Section 6.01 hereof.
- (k) Unless otherwise provided herein, all money received by the Trustee under this CFC Master Trust Agreement shall be held in trust for the purposes for which that money was received, until that money is used, applied or invested as provided herein; *provided* that such money need not be segregated from other money, except to the extent required by this CFC Master Trust Agreement or by law. The Trustee shall not have any liability for interest on any money received hereunder.
- (l) Any legislation of the Board, and any opinions, certificates and other instruments and documents for which provision is made in this CFC Master Trust Agreement, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

Section 6.03 Fees, Charges and Expenses of Trustee, Registrar, Paying Agents and Authenticating Agents. The Trustee, the Registrar and any Paying Agents and Authenticating Agents shall be entitled to payment or reimbursement by the Authority for reasonable fees for their Ordinary Services rendered hereunder and for all advances, counsel fees and other Ordinary Expenses reasonably and necessarily paid or incurred by them in connection with the provision of Ordinary Services. For purposes hereof, fees for Ordinary Services provided for in an agreement between the Authority and the Trustee shall be considered reasonable. In the event that it should become necessary for any of them to perform Extraordinary Services, they shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith. The Trustee, the Registrar and any Paying Agents and Authenticating Agents shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses occasioned by their neglect, willful misconduct or other breaches of their obligations under Section 6.01 hereof.

Without creating a default or an Event of Default hereunder, the Authority may contest in good faith the necessity for any Extraordinary Service or Extraordinary Expense and the reasonableness of any fee, charge or expense.

The reasonable fees for the respective services and charges of the Trustee, the Registrar and any Paying Agents and Authenticating Agents and reimbursement for all reasonable expenses of such parties shall be payable from the Pledged Revenues.

It is hereby agreed that all fees and expenses of the Trustee (including reasonable counsel fees) are intended to constitute administrative expenses in any bankruptcy proceeding.

Any amounts payable to the Trustee, the Registrar or any Paying Agent or Authenticating Agent pursuant to this Section shall be payable upon demand and shall bear interest from 45 days after the date of demand therefor at a rate that is the rate announced by the Trustee in its lending capacity as a bank as its "prime rate" or "base rate" on the date of such demand.

Section 6.04 <u>Intervention by Trustee</u>. The Trustee may, but shall not be obligated to, intervene on behalf of the Holders, and shall intervene if requested to do so in writing by the Holders of at least 25% of the Aggregate Principal Amount of Bonds then Outstanding, in any judicial proceeding to which the Authority is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Holders of the Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with Section 6.02 hereof before it takes action hereunder. The Trustee shall not have any obligation to monitor or take notice of any litigation to which the Authority is a party.

## Section 6.05 <u>Successor Trustee</u>. Anything herein to the contrary notwithstanding,

- (a) any corporation or association (i) into which the Trustee may be converted or merged, (ii) with which the Trustee or any successor to it may be consolidated, or (iii) to which it may sell or transfer its assets and trust business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Trustee hereunder and shall be vested with all of the title to the whole property or trust estate hereunder; and
- (b) that corporation or association shall be vested further, as was its predecessor, with each and every trust, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title and interest expressed or intended by this CFC Master Trust Agreement to be exercised by, vested in or conveyed to the Trustee, without the signing or filing of any instrument or document or any further act on the part of any of the parties hereto.

Any successor Trustee, however, (a) shall be a trust company or a bank having the powers of a trust company, (b) shall be in good standing within the State, (c) shall be duly authorized to exercise trust powers within the State, (d) shall be subject to examination by federal or State authorities, and (e) shall have an unimpaired reported capital and surplus of not less than \$75,000,000.

Section 6.06 <u>Resignation by the Trustee</u>. The Trustee may resign at any time from the trusts created hereby by giving written notice of the resignation to the Authority, the Registrar, any Paying Agents and Authenticating Agents and the Original Purchaser of each series of Bonds then Outstanding and by mailing written notice of the resignation to the Holders as their names and addresses appear on the Register at the close of business three days prior to the mailing. The resignation shall take effect only upon the appointment of a successor Trustee and

the acceptance by the successor Trustee of the duties of the Trustee under this CFC Master Trust Agreement.

Section 6.07 <u>Removal of the Trustee</u>. The Trustee may be removed at any time upon 30 days' notice by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Authority, the Registrar, any Paying Agents and Authenticating Agents, and signed by or on behalf of the Holders of not less than a majority in Aggregate Principal Amount of the Bonds then Outstanding.

Unless an Event of Default has occurred and is continuing, the Trustee may be removed at any time by written instrument delivered to the Trustee by the Authority, with copies thereof mailed to the Registrar, any Paying Agents and Authenticating Agents.

The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding under this CFC Master Trust Agreement.

Any removal of a Trustee under this CFC Master Trust Agreement shall take effect only upon the appointment of a successor Trustee and the acceptance by the successor Trustee of the duties of the Trustee under this CFC Master Trust Agreement.

Section 6.08 Appointment of Successor Trustee. If (a) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (b) the Trustee shall be taken under the control of any public officer or officers, (c) a receiver shall be appointed for the Trustee by a court or (d) the Trustee shall have an order for relief entered in any case commenced by it or against it under federal bankruptcy laws or commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days, then a successor Trustee shall be appointed by the Authority; provided that if a successor Trustee is not so appointed within twenty (20) Business Days after (i) a notice of resignation or an instrument or document of removal is given or received by the Authority, as provided in Sections 6.06 and 6.07 hereof, respectively, or (ii) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting, a receiver is appointed or any of the circumstances described in clause (d) occur, in each case, as provided above, then, if the Authority shall not have appointed a successor Trustee, the Holders of a majority in Aggregate Principal Amount of Bonds then Outstanding (excluding Bonds then held or owned by the Authority) may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 90 days after the occurrence of an event described in clause (i) or (ii) of this paragraph, the Holder of any Bond outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court thereupon may appoint, after such notice, if any, as such court may deem proper and prescribe, a successor Trustee. All costs, fees and expenses related to such application to any court shall be paid by the Authority.

Every successor Trustee appointed pursuant to this Section (a) shall be a trust company or a bank having the powers of a trust company, (b) shall be in good standing within the State, shall be duly authorized to exercise trust powers within the State, (d) shall be subject to examination by federal or State authorities, (e) shall be willing to accept the trusteeship under the terms and conditions of this CFC Master Trust Agreement, and (f) shall have an unimpaired reported capital and surplus of not less than \$75,000,000.

Every successor Trustee appointed hereunder shall sign, and acknowledge and deliver to its predecessor and the Authority, an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor Trustee shall become vested with all of the trusts, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles and interests of its predecessor. Upon the written request of its successor or the Authority, the predecessor Trustee (a) shall sign and deliver an instrument or document transferring to its successor all of the trusts, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles and interests of the predecessor Trustee hereunder, and (b) shall take any other action necessary to duly assign, transfer and deliver to its successor all property and records (including without limitation, all money) held by it as Trustee less unpaid Ordinary and Extraordinary Expenses including reasonable counsel fees. Should any instrument or document in writing from the Authority be requested by any successor Trustee for vesting and conveying more fully and certainly in and to that successor the trusts, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles and interests vested or conveyed or intended to be vested or conveyed hereby in or to the predecessor Trustee, the Authority shall sign, acknowledge and deliver that instrument or document.

In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any money that it may hold pursuant to this CFC Master Trust Agreement and shall cease to be Registrar, an Authenticating Agent and a Paying Agent for any of the Bonds, to the extent it served in any of those capacities. The successor Trustee shall become custodian and, if applicable, Registrar, an Authenticating Agent and a Paying Agent.

Section 6.09 <u>Adoption of Authentication</u>. In case any of the Bonds shall have been authenticated, but shall not have been delivered, any successor Trustee, Registrar or Authenticating Agent may adopt the certificate of authentication of any predecessor Trustee, Registrar or Authenticating Agent and may deliver those Bonds so authenticated as provided herein. In case any Bonds shall not have been authenticated, any successor Trustee, Registrar or Authenticating Agent may authenticate those Bonds either in the name of any predecessor or in its own name. In all cases, the certificate of authentication shall have the same force and effect as provided in the Bonds or in this CFC Master Trust Agreement with respect to the certificate of authentication of the predecessor Trustee, Registrar or Authenticating Agent.

## Section 6.10 Registrar.

- (a) <u>Succession</u>. Anything herein to the contrary notwithstanding, any corporation or association (i) into which a Registrar may be converted or merged, (ii) with which a Registrar or any successor to it may be consolidated, or (iii) to which it may sell or transfer all or substantially all of its assets, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become the successor Registrar of that Registrar hereunder and shall be vested with each and every power, right, duty, obligation, discretion and privilege expressed or intended by this CFC Master Trust Agreement to be exercised by or vested in the predecessor Registrar, without the signing or filing of any instrument or document or any further act on the part of any of the parties hereto.
- (b) Resignation. A Registrar may resign at any time by giving written notice of its resignation specifying the date that resignation is to take effect, to the Authority, the Trustee, the Original Purchaser of each series of Bonds then Outstanding for which it is Registrar, and to each Paying Agent and Authenticating Agent for those series of Bonds, at least 90 days before the resignation is to take effect. The resignation shall take effect immediately, however, upon the appointment of a successor Registrar, if the successor Registrar is appointed and accepts that appointment before the time stated in the notice. Except with the consent of the Authority, the Trustee may not resign as Registrar unless it also resigns as Trustee.
- (c) <u>Removal</u>. The Registrar may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Registrar, with copies thereof mailed to the Authority, the Trustee, the Paying Agents and Authenticating Agents, and signed by or on behalf of the Holders of not less than a majority in Aggregate Principal Amount of the Bonds then Outstanding (excluding Bonds then owned or held by the Authority).

The Registrant may be removed by the Authority at its discretion at any time by an instrument or document in writing delivered to the Registrar, with copies thereof mailed to the Trustee, the Paying Agents and Authenticating Agents.

The Registrar also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Registrar by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding under this CFC Master Trust Agreement.

(d) Appointment of Successors. If (i) a Registrar shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (ii) a Registrar shall be taken under the control of any public officer or officers, (iii) a receiver shall be appointed for a Registrar by a court, or (iv) a Registrar shall have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws or commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, then a

successor Registrar shall be appointed by an Authorized Officer, with the written consent of the Trustee; provided that if a successor Registrar is not so appointed within twenty (20) Business Days after (A) a notice of resignation or an instrument or document of removal is delivered or received by the Authority, as provided above, or (B) the Registrar is dissolved, taken under control, becomes otherwise incapable of acting, a receiver is appointed or any of the circumstances described in clause (iv) occur, in each case, as provided above, then, if an Authorized Officer shall not have appointed a successor Registrar, the Trustee or the Holders of a majority in Aggregate Principal Amount of Bonds then Outstanding (excluding Bonds then owned by the Authority) may designate a successor Registrar by an instrument or document or concurrent instruments or documents in writing signed by the Trustee, or in the case of the Holders, by or on behalf of those Holders.

Every successor Registrar appointed hereunder shall sign and acknowledge, and shall deliver to its predecessor, the Authority and the Trustee, an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the powers, rights, duties, obligations, discretions and privileges of its predecessor. Upon the written request of its successor or the Authority, a predecessor Registrar (i) shall sign and deliver an instrument or document transferring to its successor all of the powers, rights, duties, obligations, discretions and privileges of it as predecessor Registrar hereunder, and (ii) shall take any other action necessary to duly assign, transfer and deliver to its successor all property and records (including without limitation, the Register and any canceled Bonds) held by it as Registrar. Should any instrument or document in writing from the Authority be requested by any successor Registrar for vesting and conveying more fully and certainly in and to that successor the powers, rights, duties, obligations, discretions and privileges, vested or conveyed or intended to be vested or conveyed hereby in or to a predecessor Registrar, the Authority shall sign, acknowledge and deliver that instrument or document.

Section 6.11 <u>Designation and Succession of Paying Agents</u>. The Trustee and any other Paying Agents designated in the Bond Legislation for a series of Bonds shall be Paying Agents for that series of Bonds. With the consent of the Authority, the Trustee may appoint, and upon the request of the Authority the Trustee shall appoint, a Paying Agent or Agents with power to act on its behalf and subject to its direction in the payment of Debt Service Charges on any series of Bonds. It is the responsibility of the Trustee to establish the duties and responsibilities of any Paying Agent for the purposes of this CFC Master Trust Agreement to the extent not specified herein but subject to the terms of an agreement between the Authority and the Trustee.

Any agreement between the Trustee and a Paying Agent shall provide, without limitation, that such Paying Agent will (a) hold all amounts held by it for the payment of principal of or interest or any premium on Bonds in trust for the benefit of the Holders entitled thereto until such amounts shall be paid to such Holders or otherwise disposed of as herein provided, and at any time during the continuance of an Event of Default, upon the written request of the Trustee, forthwith pay to the Trustee all amounts so held in trust by such Paying Agent.

Any corporation or association with or into which any Paying Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or conversion to which any Paying Agent shall be a party, or any corporation or association succeeding to the trust business of any Paying Agent, shall be the

successor of that Paying Agent hereunder, if that successor corporation or association is otherwise eligible hereunder, without the signing or filing of any paper or any further act on the part of the parties hereto or the Paying Agent or that successor corporation or association.

Any Paying Agent may resign at any time by giving 90 days written notice of resignation to the Trustee, to the Registrar and to the Authority. The Trustee may terminate the agency of any Paying Agent at any time by giving written notice of termination to such Paying Agent, to the Registrar, and to the Authority. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Paying Agent shall cease to be eligible under this Section, the Trustee, with the approval of the Authority which shall not be unreasonably withheld, may appoint a successor Paying Agent. The Trustee shall give written notice of appointment of a successor Paying Agent to the Authority and the Registrar and shall mail notice thereof, within ten days after that appointment, to all Holders as their names and addresses appear on the Register on the date of that appointment. Except with the consent of the Authority, the Trustee may not resign as a Paying Agent unless it also resigns as Trustee.

The Paying Agent also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Paying Agent by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding under this CFC Master Trust Agreement.

The Trustee shall pay to any Paying Agent from time to time reasonable compensation as authorized in Section 6.03 hereof and subject to the agreement provided for therein for its services, and the Trustee shall be entitled to be reimbursed for such payments, subject to Section 6.03 hereof and that agreement.

The provisions of Section 2.07(a) and Section 6.02(d) hereof shall be applicable to any Paying Agent.

Section 6.12 <u>Designation and Succession of Authenticating Agents</u>. With the consent of the Authority, the Trustee may appoint, and upon the request of the Authority the Trustee shall appoint, an Authenticating Agent or Agents, in addition to the Registrar, with power to act on its behalf and subject to its direction in the authentication and delivery of Bonds in connection with transfers and exchanges under Sections 2.07 and 3.02 hereof. For all purposes of this CFC Master Trust Agreement, the authentication and delivery of Bonds by an Authenticating Agent pursuant to this Section shall be deemed to be authentication and delivery of those Bonds by the Trustee.

Any corporation or association with or into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or conversion to which any Authenticating Agent shall be a party, or any corporation or association succeeding to the trust business of any Authenticating Agent, shall be the successor of that Authenticating Agent hereunder if that successor corporation or association is otherwise eligible hereunder, without the signing or filing

of any paper or any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may resign at any time by giving 90 days written notice of resignation to the Trustee, to the Registrar and to the Authority. The Trustee may terminate the agency of any Authenticating Agent at any time by giving written notice of termination to such Authenticating Agent, to the Registrar and to the Authority. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee may appoint a successor Authenticating Agent. The Trustee shall give written notice of appointment of a successor Authenticating Agent to the Authority and the Registrar and shall mail notice thereof, within ten days after that appointment, to all Holders as their names and addresses appear on the Register on the date of that appointment. Except with the consent of the Authority, the Trustee may not resign as Authenticating Agent unless it also resigns as Trustee.

The Authenticating Agent also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this CFC Master Trust Agreement with respect to the duties and obligations of the Authenticating Agent by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then outstanding under this CFC Master Trust Agreement.

The Trustee shall pay to any Authenticating Agent from time to time reasonable compensation for its services, and the Trustee shall be entitled to be reimbursed for such payments, subject to Section 6.03 hereof and the agreement provided for therein.

The provisions of Sections 2.07(b) and paragraphs (b), (c), (d), (h) and (i) of Section 6.02 shall be applicable to any Authenticating Agent.

Section 6.13 <u>Dealing in Bonds</u>. The Trustee, any Registrar, any Paying Agent and any Authenticating Agent, their affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owners of Bonds secured hereby with the same rights that it or they would have hereunder if the Trustee, the Registrar, Paying Agents or Authenticating Agents did not serve in those capacities.

Section 6.14 Representations and Covenants of the Trustee. The Trustee hereby represents that it is a national banking association duly organized and validly existing under and by virtue of the laws of the United States of America and duly authorized and qualified to exercise corporate trust powers in the State of Ohio, and with an unimpaired reported capital and surplus of not less than \$75,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise corporate trust powers in the State and that it will maintain an unimpaired reported capital and surplus of not less than \$75,000,000. The Trustee accepts and agrees to observe and perform the duties and obligations of the Trustee to which reference is made in this CFC Master Trust Agreement.

Section 6.15 Right of Trustee to Pay Taxes and Other Charges. The Trustee is authorized, but not obligated, after prior written notice to any Credit Support Provider, to

advance moneys on hand whenever necessary and advisable to do so because of the failure of the Authority to observe or perform any covenant or agreement under this CFC Master Trust Agreement. The making by the Trustee of those advances shall not constitute a waiver of, and shall not prejudice, any rights of the Trustee or holders against the Authority for failure of the Authority to do so.

Any amount so paid at any time, with interest thereon at a rate that is the rate announced by the Trustee in its lending capacity as a bank as its "prime rate" or "base rate" on the date of such payment, (i) shall be an additional obligation secured by this CFC Master Trust Agreement, (ii) shall be given a preference in payment over any Debt Service Charges, and (iii) shall be paid by the Authority out of the Pledged Revenues. The Trustee shall make the advance if it shall have been requested to do so by the holders of at least 25% of the Aggregate Outstanding Principal Amount of Bonds then outstanding and shall have been provided with adequate moneys for the purpose of making the advance.

Whenever the Trustee shall have received a written notice from the holders of not less than 25% in Aggregate Outstanding Principal Amount of the Bonds requesting it to take any action, including the making of advances or expenditures, authorized by the provisions of this CFC Master Trust Agreement, and shall have been offered indemnity as provided in Section 6.02, and shall have refused to take, or for a period of 60 days shall not have taken, that action, then the holders making the request may take that action and shall be entitled to the same rights and remedies as the Trustee would have been entitled if that action had been taken by the Trustee.

(End of Article VI)

#### **ARTICLE VII**

# DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

## Section 7.01 Events of Default.

- (a) The occurrence of any of the following events, subject to the provisions of Sections 4.02(c), 7.03 and 7.07, is declared to be and to constitute an Event of Default under this CFC Master Trust Agreement:
  - (i) Failure of the Authority to pay any interest on any Bond, when and as the same shall have become due and payable.
  - (ii) Failure of the Authority to pay the principal of or any redemption premium on any Bond, when and as the same shall have become due and payable, whether at maturity or by call for redemption.
  - (iii) Failure by the Authority to perform or observe duly or punctually any other covenant, condition or agreement contained in the Bonds or this CFC Master Trust Agreement and to be performed by the Authority, which failure shall have continued for a period of 60 days after written notice of it to the Authority given by the Trustee or the holders of not less than 25% in Aggregate Outstanding Principal Amount of affected Bonds or any Credit Support Provider. If the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, then that failure shall not constitute an Event of Default so long as the Authority institutes curative action within the applicable period and diligently pursues that action to completion and provides the Trustee with a certification to that effect.
  - (iv) The Authority shall commence a proceeding under any federal bankruptcy, insolvency, reorganization or similar law, or have a receiver or trustee appointed for it or for the whole or any substantial part of its property.
- (b) The term "default" or "failure" as used in this Article means a default or failure by the Authority in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in this CFC Master Trust Agreement or in the Bonds, exclusive of any period of grace or notice required to constitute a default or failure or an Event of Default, as provided in Subsection (a) above.
- (c) Notwithstanding the foregoing, if, by reason of *force majeure*, the Authority is unable to observe or perform any covenant, agreement or obligation that would give rise to an Event of Default under Section 7.01(a)(iii), the Authority shall not be deemed in default during the continuance of such inability. However, the Authority promptly shall give notice to the Trustee of the existence of an event of *force majeure* and shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other such disturbances shall be entirely within its discretion. The term *force majeure* shall mean, without limitation, the following: acts of God; strikes, lockouts or other such disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their

departments, agencies, political subdivisions or officials, except the Authority or its officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage; malfunction or accident to facilities, machinery, or transmission pipes; partial or entire failure of utilities serving the Airport; shortages of labor, materials, supplies or transportation; or any cause, circumstance or event not reasonably within the control of the Authority.

- (d) The declaration of an Event of Default under this Section and the exercise of remedies upon any such declaration shall be subject to any applicable limitations of bankruptcy laws affecting or precluding such declaration or exercise during the pendency of or immediately following any insolvency, bankruptcy, liquidation or reorganization proceedings.
- (e) The Trustee shall not be required to take notice, and shall not be deemed to have notice or knowledge, of any Event of Default described in Subsections (a)(iii) or (iv) above, unless a Responsible Officer of the Trustee is notified specifically of the Event of Default in a written instrument delivered to it by the Authority, by the holders of at least 10% of the Aggregate Outstanding Principal Amount of Bonds or by a Credit Support Provider. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default as described in Subsections (a)(iii) or (iv) above.

Section 7.02 <u>Notices of Events of Default</u>. If an Event of Default occurs the Trustee, within five days after having knowledge of that Event of Default, shall give written notice of that Event of Default to the Authority.

The Trustee shall give to the Bondholders, and to any other Paying Agents and Authenticating Agents, and to any Credit Support Provider, written notice by mail of each Event of Default known to the Trustee within 90 days after having knowledge of its occurrence, unless the Event of Default has been remedied or cured before the giving of that notice. Except in the case of an Event of Default described in subparagraph (a) or (b) of Section 7.01, the Trustee shall be protected in withholding that notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers, of the Trustee in good faith determines that the withholding of that notice is in the interests of the Bondholders.

Notice to the Bondholders shall be given by mailing or otherwise sending notice to all holders of Registered Bonds, as their names and addresses appear on the Register at the close of business 15 days prior to the mailing of that notice.

## Section 7.03 Remedies.

(a) If an Event of Default as described in Subsections 7.01(a)(i) or (ii) has occurred and is continuing, the Trustee shall, and if an Event of Default as described in Subsections 7.01(a)(iii) or (iv) has occurred and is continuing, the Trustee may and upon the written request of the holders of not less than 25% in Aggregate Outstanding Principal Amount of Bonds shall, subject to the provisions of Article VI, proceed in its own name to protect and enforce its rights and the rights of the Bondholders under this CFC Master Trust Agreement by such of the

following remedies as the Trustee, being advised by legal counsel, shall deem most effective to protect and enforce those rights:

- (i) By mandamus or other suit, action or proceeding at law or in equity enforce all the rights of the Bondholders, including the compelling of the performance of all duties of the Authority under the Bond Proceedings and the enforcement of the payment of Debt Service Charges;
  - (ii) Bring suit upon the Bonds;
- (iii) Enjoin unlawful activities or activities in violation of the rights of the Bondholders under the Agreement;
- (iv) In the case of an Event of Default described in Subsections 7.01(a)(i) or (ii), apply to a court having jurisdiction of the cause to appoint a receiver (which may be the Trustee) to receive and administer the Pledged Revenues, with full power to pay and to provide for payment of Debt Service Charges, and with such powers, subject to the discretion of the court, as are accorded receivers in general equity cases, excluding any power (A) to pledge additional revenues or receipts or other income or moneys of the Authority to the payment of those Debt Service Charges or (B) to take possession of, mortgage or cause the sale or otherwise dispose of any CFC Facilities;
- Supplementing Subsection 7.03(a)(iv) above, if an Event of Default shall have occurred and be continuing, the Trustee shall be entitled, as a matter of right and to the extent permitted by applicable law, to the appointment of a receiver for all or any part of the CFC Facilities and all of the Pledged Revenues, and the Authority hereby consents to the appointment of such a receiver and covenants not to oppose any such appointment. Whenever there shall have been commenced or shall be pending any litigation in any court having jurisdiction thereof, to which the Authority shall be a party, involving the operation or administration of the CFC Facilities or the wrongful performance or failure to perform any of the terms and conditions of this CFC Master Trust Agreement or if an Event of Default shall occur or shall have occurred and be continuing, the court having jurisdiction of the cause may appoint a receiver to administer and operate the CFC Facilities on behalf of the Authority with full power to pay and to provide for the payment of Debt Service Charges, and to apply the income and revenue derived from that operation, including the Funds in the custody of the Authority, in accordance with the provisions of this CFC Master Trust Agreement and of the Bonds, and with such other powers, subject to the direction of the court, as are accorded to receivers in general equity cases; provided that the power of the receiver to make such provision for the payment of Debt Service Charges shall not be construed as including power to pledge the general credit of the Authority, including but not limited to the Revenues, or its taxing power (if any) to the payment of those Debt Service Charges.
- (c) No series of Bonds issued under this CFC Master Trust Agreement shall be subject to acceleration. Upon the occurrence and continuation of an Event of Default, no optional redemption of the Bonds pursuant to Article III shall occur unless all of the Bonds of the Series where an Event of Default has occurred will be redeemed or 100% of the Holders of the Outstanding Bonds of such Series of Bonds shall have agreed to such redemption.

## Section 7.04 Enforcement of Rights Under Agreement.

- (a) In the enforcement of any remedy under this CFC Master Trust Agreement the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming due and at any time remaining unpaid on account of principal, interest or otherwise under any of the provisions of this CFC Master Trust Agreement or of the Bonds, with interest on overdue payments at the rate or rates of interest specified or provided for in those Bonds or the applicable Bond Proceedings, together with any and all costs and expenses of collection and of all proceedings under this CFC Master Trust Agreement and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Authority, but solely as provided in this CFC Master Trust Agreement and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the Pledged Revenues and the Pledged Funds from which the Bonds are payable) in any manner provided by law, the moneys adjudged or decreed to be payable.
- (b) The holders of not less than a majority in Aggregate Outstanding Principal Amount of the Bonds shall have the right at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any and all remedial proceedings under this CFC Master Trust Agreement. However, (i) that direction shall not be otherwise than in accordance with the provisions of law or of this CFC Master Trust Agreement, (ii) the Trustee shall be indemnified as provided in Article VI, and (iii) the Trustee shall have the right to decline to follow any such direction which in its opinion would be unjustly prejudicial to Bondholders not parties to that direction.
- (c) No remedy by the terms of this CFC Master Trust Agreement conferred upon or reserved to the Trustee (or to the holders of the Bonds) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and in addition to any other remedy given to the Trustee or to the holders of the Bonds under this CFC Master Trust Agreement or now or hereafter existing.
- (d) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of or acquiescence in that default or Event of Default. Every such right and power may be exercised from time to time and as often as may be deemed expedient.
- (e) On the occurrence of an Event of Default, neither the Authority nor anyone claiming through or under it shall set up, claim, or seek to take advantage of any laws now or hereafter in force, in order to prevent or hinder the enforcement of this CFC Master Trust Agreement, but the Authority, for itself and all who claim through or under it, hereby waives, to the extent it may lawfully do so, the benefit of all such laws to which it may be entitled.
- Section 7.05 <u>Effect of Abandonment of or Adverse Decision in Any Proceeding or Recovery of Judgment</u>. If any proceeding taken by the Trustee on account of any Event of Default is discontinued or abandoned for any reason, or is determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former

respective positions and rights under this CFC Master Trust Agreement, and all right, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

No recovery of any judgment by the Trustee, and no levy of any execution under any judgment under this CFC Master Trust Agreement, shall affect in any manner or to any extent the rights and duties provided for in this CFC Master Trust Agreement, or any rights, powers or remedies of the Trustee under this CFC Master Trust Agreement, or any rights, powers or remedies of the holders of the Bonds, but those rights, powers and remedies of the Trustee and of the holders of the Bonds shall continue unimpaired as before.

Section 7.06 <u>Remedies Vested in Trustee</u>. All rights of action (including the right to file proof of claims) under this CFC Master Trust Agreement and under any of the Bonds may be enforced by the Trustee without possession of any of the Bonds and without production of any of the Bonds at any trial or other proceedings relative thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds. Any recovery of judgment shall be for the benefit of the holders of the Bonds then outstanding, subject to the provisions of this CFC Master Trust Agreement.

Section 7.07 <u>Waivers of Events of Default</u>. At any time the Trustee may in its discretion waive any Event of Default and its consequences, and shall do so upon the written request of the holders of (a) at least a majority in Aggregate Outstanding Principal Amount of all the Bonds in respect of which an Event of Default in the payment of Debt Service Charges has occurred, or (b) at least 25% in Aggregate Outstanding Principal Amount of all Bonds in case of any other Event of Default. In case of any such waiver or rescission, the Authority, the Trustee, and the Bondholders shall be restored to their common respective positions and rights under this CFC Master Trust Agreement. No such waiver or rescission shall extend to or impair any rights consequent on any subsequent or other Event of Default.

Section 7.08 Limitations on Remedial Action by Bondholders. No holder of any Bond shall have the right to institute any suit, action or proceeding for the enforcement of or for the execution of any trust of this CFC Master Trust Agreement or for the appointment of a receiver or any other remedy under this CFC Master Trust Agreement unless (a) an Event of Default has occurred, (b) that holder or another holder has previously given to the Trustee written notice of that Event of Default, (c) the holders of at least 25% in Aggregate Outstanding Principal Amount of Bonds have made written request to the Trustee and afforded the Trustee reasonable opportunity to proceed to exercise the powers granted above in this Article, or to institute such action, suit or proceeding in its own name and have also offered to the Trustee indemnity as provided in Article VI and (d) the Trustee shall thereafter have failed or refused to exercise the powers granted above in this Article, or to institute such action, suit or proceeding in its own name, within a reasonable time. That notification, request and offer of indemnity are in every case to be, at the option of the Trustee, conditions precedent to the execution of the powers and trusts of this CFC Master Trust Agreement, and to any action or cause of action for the enforcement of this CFC Master Trust Agreement or for the appointment of a receiver or for any other remedy under this CFC Master Trust Agreement.

It is understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the benefit of this CFC Master Trust Agreement by its or their action or to enforce any right under this CFC Master Trust Agreement except in the manner provided in this CFC Master Trust Agreement, and that the proceedings shall be instituted, had and maintained in the manner provided in this CFC Master Trust Agreement and for the benefit of the holders of all Bonds then outstanding. Subject to the foregoing, each Bondholder shall have a right of action to enforce the payment of the principal of and interest on any Bond owned by that holder at and after the due date thereof at the place, from the sources and in manner stated in that Bond.

## Section 7.09 Application of Moneys.

(a) All moneys received by the Trustee or a receiver pursuant to any right given or action taken under the provisions of this Article, subject to any provisions made pursuant to the General Bond Resolution or Sections 2.11 or 3.04, and after payment of the costs, expenses, liabilities and advances incurred or made by the Trustee or receiver and the creation of a reasonable reserve for anticipated fees, costs and expenses, shall be applied as follows:

<u>First</u>: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the due dates of the installments of that interest and beginning with the earliest due date, and if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the persons entitled thereto, without any discrimination or privilege except as to any difference in the respective rates of interest specified in the Bonds; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of this CFC Master Trust Agreement), whether at stated maturity, by redemption or pursuant to any Mandatory Sinking Fund Requirements, in order of their due dates and beginning with the earliest due date, with interest on the Bonds from the respective dates upon which they became due, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with all such interest, then to the payment of the Bonds ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, those moneys shall be applied as provided in this Section at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon that date interest on the amounts of principal to be paid on that date, and for which moneys are available, shall cease to accrue. Unless otherwise provided in a CFC Supplemental Trust Agreement, the Trustee shall give such notice as it may deem appropriate of the deposit of any such moneys and of fixing of any such date, and the Trustee shall not be required to direct payment to the holder of any unpaid Bond until that Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

- (c) Whenever all Bonds and interest thereon have been paid under the provisions of this Section, and all expenses and charges of the Trustee, Authenticating Agents, Bond Registrars and Paying Agents and all other expenses payable under this CFC Master Trust Agreement have been paid, any balance remaining in the CFC Debt Service Fund or other Special Funds or Accounts shall be paid to the CFC Revenue Fund.
- (d) The provisions of this Section are in all respects subject to the provisions of Article VI.

Section 7.10 No Claims Against Trustee. Nothing contained in this CFC Master Trust Agreement shall constitute any request by the Trustee, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the CFC Facilities or any part thereof, or be construed to give the Authority any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would provide the basis for any claim either against the Trustee or that any lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the lien of this CFC Master Trust Agreement.

Section 7.11 <u>Provisions Subject to Applicable Law</u>. All rights, powers and remedies provided in this Article may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this CFC Master Trust Agreement invalid, unenforceable or, if ever applicable, not entitled to be recorded, registered or filed under any applicable law.

(End of Article VII)

#### **ARTICLE VIII**

## CFC SUPPLEMENTAL TRUST AGREEMENTS

Section 8.01 <u>CFC Supplemental Trust Agreements Not Requiring Consent of Holders.</u> The Authority and the Trustee may enter into agreements supplemental to this CFC Master Trust Agreement without the consent of or notice to any of the holders, but with notice to any Credit Support Provider, for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in this CFC Master Trust Agreement.
- (b) To grant to or confer upon the Trustee for the benefit of the holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the holders or the Trustee.
- (c) To submit additional revenues to the lien and pledge of this CFC Master Trust Agreement.
- (d) To add to the Authority's covenants and agreements under this CFC Master Trust Agreement other covenants and agreements thereafter to be observed for the protection of all or particular holders, or to surrender or limit any right, power or authority herein reserved to or conferred upon the Authority in this CFC Master Trust Agreement, including the limitation of rights of redemption so that in certain instances Bonds of different series will be redeemed in some prescribed relation to one another.
- (e) To evidence any succession to the Authority and the assumption by that successor of the Authority's covenants and agreements in the Bonds and this CFC Master Trust Agreement.
- (f) To permit the use of a book entry system to identify the owner of an interest in a Bond issued by the Authority under this CFC Master Trust Agreement, whether that obligation was formerly, or could be, evidenced by a physical security and to facilitate (i) the transfer of Bonds from one Depository to another, (ii) the succession of Depositories, or (iii) the withdrawal of Bonds issued to a Depository for use in a book entry system and the issuance of replacement Bonds in fully registered form to others than a Depository.
  - (g) To permit the Trustee to comply with any obligations imposed upon it by law.
- (h) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Bond Registrar and any Authenticating Agents or Paying Agents.
- (i) To permit compliance with any applicable federal securities or tax law or regulations.

- (j) To adopt or amend procedures or agreements for the disclosure of information to holders and others with respect to the Bonds and the Authority in accordance with any applicable State or federal regulations.
- (k) To accept additional security and instruments and documents of further assurance with respect to the CFC Facilities.
- (l) In connection with the issuance of Additional Bonds as referred to in Section 2.05, including any provision for a Credit Support Provider and bond insurance and other security provisions consistent with the General Bond Resolution.
- (m) To limit the Eligible Investments of moneys in the CFC Debt Service Fund, CFC Debt Service Reserve Fund or CFC Debt Service Coverage Fund, or to add to that list other Eligible Investments. If there be such a Rating Service at the time, the addition of Eligible Investments must be approved for the purpose by each Rating Service that has at the Authority's request assigned a rating to, and at the time maintains a rating on, outstanding Bonds.
- (n) Any other amendment which is not to the prejudice of the Trustee and will not materially adversely affect the interest of the Bondholders.

The provisions of paragraphs (g) and (i) above shall not be deemed to constitute a waiver by the Trustee, the Bond Registrar, the Authority or any holder of any right that it may have in the absence of those provisions to contest the application of any change in law to this CFC Master Trust Agreement or the Bonds.

## Section 8.02 <u>CFC Supplemental Trust Agreements Requiring Consent of Holders.</u>

- (a) Exclusive of Supplemental Agreements referred to in Section 8.01, and subject to the terms, provisions and limitations contained in this Section and not otherwise, with the consent of the holders of not less than a majority in Aggregate Outstanding Principal Amount of the Bonds evidenced as provided in this CFC Master Trust Agreement, and the prior written consent of any Credit Support Provider, the Authority and the Trustee may execute and deliver CFC Supplemental Trust Agreements adding any provisions to, changing in any manner or eliminating any of the provisions of this CFC Master Trust Agreement or any CFC Supplemental Trust Agreement or restricting in any manner the rights of the holders. Nothing in this Section or Section 8.01, however, shall permit or be construed as permitting any of the following:
  - (i) Without the consent of the holder of each Bond so affected, and the prior written consent of any Credit Support Provider, an extension of the maturity of the principal of or the interest on any Bond, or a reduction in the principal amount of any Bond or the rate of interest or premium thereon, or the creation of a right in the Authority to call any Bond for redemption prior to its maturity, or the advancement of the time or reduction of the redemption price at which any existing right of the Authority to call Bonds for redemption may be exercised, or a reduction in the amount or extension of the time of payment of any Mandatory Sinking Fund Requirements or Mandatory Redemption Obligations, or

- (ii) Without the consent of the holders of all Bonds then outstanding, and the prior written consent of any Credit Support Provider, the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or a reduction in the aggregate principal amount of the Bonds required for consent to a CFC Supplemental Trust Agreement.
- (b) Bonds owned or held by or for the account of the Authority shall not be deemed outstanding for the purpose of consent or other action or any calculation of outstanding Bonds provided for in this Section, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Section. At the time of any consent or other action taken under this Section, the Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.
- (c) If at any time the Authority requests the Trustee to enter into a CFC Supplemental Trust Agreement for any of the purposes of this Section, the Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause written notice of the proposed execution of that CFC Supplemental Trust Agreement to be sent to all holders of Bonds then outstanding at their addresses as they appear in the Register, and to any Credit Support Provider. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to send, or the failure of the Bondholder to receive, the notice required by this Section, and any such failure shall not affect the validity of that CFC Supplemental Trust Agreement when consented to and approved as provided in this Section. The notice shall be prepared by the Authority, shall briefly set forth the nature of the proposed CFC Supplemental Trust Agreement and shall state that copies of it are on file at the office of the Trustee for inspection by all Bondholders.

If within such period as shall be prescribed by the Authority, not exceeding 12 months, following the sending of that notice the Trustee receives instruments purporting to be executed by the holders of not less than a majority in Aggregate Outstanding Principal Amount of the Bonds and any Credit Support Provider and which instruments refer to the proposed CFC Supplemental Trust Agreement described in the notice and specifically consent to and approve the execution of it in substantially the form of the copy referred to in the notice as on file with the Trustee, thereupon, but not otherwise, the Trustee shall execute that CFC Supplemental Trust Agreement in substantially that form, without liability or responsibility to any holder of any Bond, whether or not that holder shall have consented thereto.

That consent shall be binding upon any Credit Support Provider as the holder of the Bond giving that consent and, anything in Section 8.01 to the contrary notwithstanding, upon any subsequent holder of that Bond and of any Bond issued in exchange for it, whether or not that subsequent holder has notice of the consent. However, the consent may be revoked by the holder of the Bond who gave the consent if still the holder, or by a subsequent holder of that Bond, by filing a written revocation with the Trustee prior to the date of execution by the Trustee of the CFC Supplemental Trust Agreement. Promptly after the holders of the required percentage of Bonds have filed their consents to the CFC Supplemental Trust Agreement, the Trustee shall make and file with the Authority a written statement to that effect. That written statement shall be conclusive evidence that those consents have been so filed.

(d) If the holders of the required percentage in Aggregate Outstanding Principal Amount of the Bonds have consented to and approved the execution of the CFC Supplemental Trust Agreement as provided in this Section, no holder of any Bond shall have any right to object to the execution of that CFC Supplemental Trust Agreement, or to object to any of the terms and provisions contained in or the operation of that CFC Supplemental Trust Agreement, or in any manner to question the propriety of the execution of that CFC Supplemental Trust Agreement or to enjoin or restrain the Trustee or the Authority from executing it or from taking any action pursuant to its provisions.

## Section 8.03 <u>Authorization to Trustee; Effect of Supplement.</u>

- (a) The Trustee is authorized to join with the Authority in the execution and delivery of any CFC Supplemental Trust Agreement provided for in this Article and to make the further agreements and stipulations that may be contained in that CFC Supplemental Trust Agreement.
- (b) Any CFC Supplemental Trust Agreement executed in accordance with the provisions of this Article shall thereafter form a part of this CFC Master Trust Agreement and all the terms and conditions contained in it as to any provision authorized to be contained in it shall be and shall be deemed to be part of the terms and conditions of this CFC Master Trust Agreement for any and all purposes; this CFC Master Trust Agreement shall be and shall be deemed to be modified and amended in accordance therewith; and the respective rights, limitations of rights, duties, immunities and obligations under this CFC Master Trust Agreement of the Authority, the Trustee, Authenticating Agents, Bond Registrars, Paying Agents and all holders of Bonds then outstanding shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modifications and amendments.

Express reference to an executed CFC Supplemental Trust Agreement may be made in the text of any Bonds thereafter issued if deemed necessary or desirable by the Trustee or the Authority.

- (c) A copy of any CFC Supplemental Trust Agreement provided for in this Article shall be mailed by the Trustee to any Credit Support Provider, and to each Rating Service that the Authority advices the Trustee has at the Authority's request assigned a rating to each series of Bonds affected by it.
- (d) The execution and delivery of each CFC Supplemental Trust Agreement in which a Series Bond Resolution is set forth shall constitute certification and conclusive evidence that the Series Bond Resolution as set forth in it is a true and exact copy of that legislation as passed or authorized by the Authority and in effect at the time of execution and delivery of that CFC Supplemental Trust Agreement.

Section 8.04 <u>Opinion of Counsel</u>. The Trustee shall be provided with, and shall be fully protected in relying upon, the opinion of any legal counsel approved by it, who may be counsel for or designated by the Authority, as conclusive evidence that any proposed CFC Supplemental Trust Agreement complies with the provisions of this CFC Master Trust Agreement, and that it is proper for the Trustee, under the provisions of this Article, to join in its execution.

Section 8.05 <u>Modification by Unanimous Consent.</u> Notwithstanding anything contained elsewhere in this CFC Master Trust Agreement, the rights and obligations of the Authority and of the holders of the Bonds, and the terms and provisions of the Bonds and this CFC Master Trust Agreement or any CFC Supplemental Trust Agreement, may be modified or altered in any respect with the consents of the Authority and of the holders of all of the Bonds then outstanding affected, as determined by the Authority, by the modification or alteration, and any Credit Support Provider if required by the Credit Support Instrument. The Trustee shall not be required to sign any such CFC Supplemental Trust Agreement containing provisions adverse to the Trustee or increasing the duties or obligations of the Trustee.

(End of Article VIII)

#### ARTICLE IX

## **DEFEASANCE**

Section 9.01 Release of CFC Master Trust Agreement. If (a) the Authority shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Debt Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other amounts payable hereunder, then the Trust Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of Section 9.03 hereof), and the covenants, agreements and obligations of the Authority hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of Section 9.02 if applicable,

- (a) The Trustee shall release the CFC Master Trust Agreement (except for those provisions surviving by reason of Section 9.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 9.02 hereof) and shall sign and deliver to the Authority any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Authority but shall not be responsible for preparation of such documents, and
- (b) The Trustee and any other Paying Agents shall assign and deliver to the Authority any property then subject to the lien of the CFC Master Trust Agreement and which then may be in their possession, except amounts in the CFC Debt Service Fund required to be held by the Trustee and the Paying Agents under Section 5.01 hereof or otherwise for the payment of Debt Service Charges.
- Section 9.02 <u>Payment and Discharge of Bonds</u>. All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this CFC Master Trust Agreement, including without limitation Section 9.01, if:
- (a) the Trustee as paying agent and any Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient money, or
- (b) the Trustee shall have received, in trust for and irrevocably committed thereto, cash and Direct Obligations that are certified by an independent public accounting firm of national reputation selected by the Authority to be of such amounts, maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in paragraph (a) of this Section, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein),

for the payment of all Debt Service Charges on those Bonds, at their maturity or redemption dates, as the case may be, or if a default in payment shall have occurred on any maturity or redemption date, then for the payment of all Debt Service Charges thereon to the date of the tender of payment; provided that if any of those Bonds are to be redeemed prior to the maturity

thereof, notice of that redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of that notice.

Any money held by the Trustee in accordance with the provisions of this Section may be held in cash or invested by the Trustee only in Direct Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this Section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination to the Authority free of any trust or lien.

If any Bonds shall be deemed paid and discharged pursuant to this Section, the Trustee shall cause a written notice to be given within 15 days after such Bonds are so deemed paid and discharged to each Holder of such Bonds as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds of a particular series are deemed paid and discharged, set forth a description of the obligations held pursuant to paragraph (b) of this Section and specify any date or dates on which any of the Bonds are to be called for redemption pursuant to notice of redemption given or irrevocable provisions made for such notice pursuant to the first paragraph of this Section.

Section 9.03 <u>Survival of Certain Provisions</u>. The provisions of this Trust Agreement that relate to the (a) maturity of the Bonds, (b) interest payments and Interest Payment Dates, (c) optional and mandatory redemption provisions, (d) credit against Mandatory Sinking Fund Requirements, (e) exchange, transfer and registration of Bonds, (f) replacement of mutilated, destroyed, lost or wrongfully taken Bonds, (g) safekeeping and cancellation of Bonds, (h) non-presentment of Bonds and unclaimed moneys, (i) holding of moneys in trust, (j) payment or reimbursement of fees, charges and expenses of the Trustee, the Bond Registrar and any Paying Agents and Authenticating Agents, (k) repayments to the Authority from the CFC Debt Service Fund, the CFC Debt Service Reserve Fund and the CFC Debt Service Coverage Fund, and (l) the duties of the Trustee, the Authority, the Paying Agents or the Authenticating Agents in connection with the foregoing, shall remain in effect and be binding upon the Trustee, the Authority, the Authenticating Agents, the Paying Agents and the holders notwithstanding release and discharge of this CFC Master Trust Agreement under Section 9.01, or as to Bonds or series of Bonds affected under Section 9.03. The provisions of this Article shall survive any release, discharge and satisfaction of this CFC Master Trust Agreement.

Section 9.04 <u>Variation of Defeasance Provisions</u>. The provisions of this Article may be varied as to any series of Bonds or as to certain of the Bonds of that series by the Bond Proceedings providing for that series.

(End of Article IX)

#### **ARTICLE X**

## **MEETINGS OF HOLDERS**

Section 10.01 <u>Purposes of Meetings</u>. Subject to the provisions of Section 7.08 which limits the ability of holders of Bonds to take certain actions or to direct certain actions to be taken, a meeting of holders, or of the holders of any series of Bonds, may be called at any time and from time to time pursuant to the provisions of this Article, to the extent relevant to the holders of all of the Bonds or of Bonds of that series, as the case may be, to take any action authorized to be taken by or on behalf of the holders of any specified Aggregate Outstanding Principal Amount of the Bonds, or of that series, or under any provision of this CFC Master Trust Agreement or authorized or permitted by law.

## Section 10.02 Call of Meetings.

- (a) The Trustee may call at any time a meeting of holders pursuant to Section 10.01 to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed not fewer than 15 or more than 90 days prior to the date of the meeting to any Credit Support Provider and to the holders at their addresses as they appear on the Register on the fifteenth day preceding such mailing, which fifteenth day preceding the mailing shall be the record date for the meeting.
- (b) If at any time the Board, the holders of at least 25% in Aggregate Outstanding Principal Amount of the Bonds or, if applicable, of the affected series of Bonds, then outstanding, or any Credit Support Provider, shall have requested the Trustee to call a meeting of holders, by written request setting forth the purpose of the meeting, and the Trustee shall not have mailed the notice of the meeting within 20 days after receipt of the request, then the Authority, the holders of Bonds in the amount above specified or the Credit Support Provider, whichever made the request, may determine the time and the place of the meeting and may call the meeting to take any action authorized in Section 10.01, by mailing notice thereof.
- (c) Any meetings of holders, or the holders of any series of Bonds affected by a particular matter, shall be valid without notice, if the holders of all Bonds, or if applicable, of the affected series of Bonds, then outstanding are present in person or by proxy, or if notice is waived before or after the meeting by the holders of all Bonds, or if applicable, the affected series of Bonds, outstanding who were not so present at the meeting, and if the Authority, the Trustee and any Credit Support Provider was entitled to notice thereof, are either present by duly authorized representatives or have waived notice, before or after the meeting.

Section 10.03 <u>Voting</u>. To be entitled to vote at any meeting of holders, a person shall be either (a) a holder of one or more outstanding Bonds, or if applicable, of the affected series of Bonds, as of the record date for the meeting as determined above, or (b) a person appointed by an instrument or document in writing as proxy by a person who is a holder as of the record date for the meeting, of one or more outstanding Bonds or, if applicable, of the affected series of Bonds. Each holder or proxy shall be entitled to one vote for each \$5,000 Aggregate Outstanding Principal Amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of holders shall be by written ballots on which shall be subscribed the signatures of the holders of Bonds or of their representatives by proxy and the identifying number or numbers of the Bonds held or represented by them.

Section 10.04 <u>Meetings</u>. Notwithstanding any other provisions of this CFC Master Trust Agreement, the Trustee may make any reasonable rules that it may deem to be advisable for meetings of holders, with regard to any of the following: proof of the holding of Bonds and of the appointment of proxies, or the appointment and duties of inspectors of votes, or recordation of the proceedings of those meetings, the signing, submission and examination of proxies and other evidence of the right to vote, or any other matters concerning the conduct, adjournment or reconvening of meetings that it may think fit.

The Trustee shall appoint a temporary chair of the meeting by an instrument in writing, unless the meeting shall have been called by the Authority, by the Credit Support Provider or by the holders as provided in Section 10.02, in which case the Authority, the Credit Support Provider or the holders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be elected by vote of the holders of a majority in Aggregate Outstanding Principal Amount of the Bonds represented at the meeting and entitled to vote.

The only persons who shall be entitled to be present or to speak at any meeting of holders shall be the persons entitled to vote at the meeting, any representatives of the Trustee or Bond Registrar or of the Authority or of any Credit Support Provider, and its or their respective legal counsel.

Section 10.05 <u>Miscellaneous</u>. Nothing contained in this Article shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee, a Credit Support Provider or the holders under any of the provisions of this CFC Master Trust Agreement or of the Bonds by reason of any call of a meeting of holders or any rights conferred expressly or impliedly hereunder to make a call.

(End of Article X)

#### **ARTICLE XI**

## **MISCELLANEOUS**

Section 11.01 <u>Limitation of Rights; Credit Support Provider Third Party Beneficiary.</u>
With the exception of rights conferred or referred to expressly in this CFC Master Trust Agreement, nothing expressed or mentioned in or to be implied from this CFC Master Trust Agreement or the Bonds is intended or shall be construed to give to any Person other than the Authority and Trustee, any Credit Support Provider and the holders of the Bonds, any legal or equitable right, remedy, power or claim under or with respect to this CFC Master Trust Agreement or any covenants, agreements, conditions and provisions contained in it. This CFC Master Trust Agreement and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties to it, any applicable Credit Support Provider, and the holders of the Bonds, as provided in this CFC Master Trust Agreement.

To the extent that this CFC Master Trust Agreement confers upon or gives or grants to any Credit Support Provider any right, remedy or claim by reason of this CFC Master Trust Agreement, that Credit Support Provider is hereby explicitly recognized as being a third-party beneficiary under this CFC Master Trust Agreement and may enforce any such right, remedy or claim conferred, given or granted under it. Notwithstanding anything to the contrary in any provision of this CFC Master Trust Agreement, any provision of this CFC Master Trust Agreement expressly recognizing or granting rights in or to a Credit Support Provider may not be amended in any manner that affects the rights of that Credit Support Provider under this CFC Master Trust Agreement without the prior written consent of that Credit Support Provider.

Section 11.02 <u>Severability</u>. In case any section or provision of this CFC Master Trust Agreement, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this CFC Master Trust Agreement, or any application thereof, is for any reason held to be illegal or invalid, that illegality or invalidity shall not affect the remainder thereof or any other section or provision of this CFC Master Trust Agreement or any other covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this CFC Master Trust Agreement, which shall be construed and enforced as if the illegal or invalid portion were not contained in it.

Any such illegality, invalidity or inoperability or any application thereof shall not affect any legal and valid application thereof, and each such section, provision, covenant, agreement, stipulation, obligation, act or action, or part thereof, shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent from time to time permitted by law.

## Section 11.03 Notices.

(a) Except as provided in Section 7.02 and as otherwise provided in this Section, it shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document if it is mailed, postage prepaid, addressed to the appropriate Notice Address of the particular Person.

- (b) A copy of any notice, including without limitation notice of any redemption of or payment or provision for payment of Bonds, given to holders by either the Authority or the Trustee or of any notice, request, complaint, demand or other instrument or document given by the Trustee to the Authority or by the Authority to the Trustee, and any certificate rendered pursuant to this CFC Master Trust Agreement relating to the security for the Bonds, shall be given to the applicable Credit Support Provider. The foregoing parties may designate, by notice given under this Section, any particular, further or different addresses to which any notice, request, complaint, demand or other instrument or document shall be sent. The Trustee shall designate, by notice to the Authority and to any Credit Support Provider, the addresses to which notices or copies thereof shall be sent to the Bond Registrar, the Authenticating Agents and the Paying Agents.
- (c) In connection with any notice sent pursuant to the provisions of this CFC Master Trust Agreement, a certificate of the Trustee, the Authority, an Original Purchaser, the Bond Registrar, any Credit Support Provider, the Authenticating Agents or the holders of the Bonds, whichever or whoever sent that notice, that the notice was so sent shall be conclusive evidence of the proper sending of the notice.
- any Person shall be unable to mail by the required class of mail any notice required to be mailed or sent by the provisions of this CFC Master Trust Agreement, or if in the judgment of the sender sending by other means is desirable or preferable, then that notice shall be sent in such other manner as in the judgment of the person giving it most effectively approximates mailing of that notice, and the sending of that notice in that manner for all purposes of this CFC Master Trust Agreement shall be deemed to be in compliance with the requirements for sending of that notice. Except as otherwise provided in this CFC Master Trust Agreement, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail, and the sending of any notice by any other means of physical delivery shall be deemed complete upon receipt of the notice by the delivery service and by means of electronic transmission shall be deemed complete upon receipt of the notice at the receiver of the intended recipient (with an automatic "read receipt" or similar notice not constituting an acknowledgement of an email receipt for purposes of this subsection).

Section 11.04 Payments Due on Saturdays, Sundays and Holidays. If any Interest Payment Date, date of maturity of the principal of any Bonds, or date fixed for redemption of any Bonds, is not a Business Day (a) for the Trustee, then payment of interest, principal and any redemption premium need not be made by the Trustee or any Paying Agent on that date, but that payment may be made on the next succeeding Business Day for the Trustee and Paying Agent with the same force and effect as if that payment were made on the applicable date, and no interest shall accrue for the period after that date, or (b) for a Paying Agent other than the Trustee, then payment of interest, principal and any redemption premium need not be made by that Paying Agent on that date, but that payment may be made on the next succeeding Business Day with the same force and effect as if that payment were made on the applicable date, and no interest shall accrue for the period after that date.

If, however, the Trustee is open for business on the applicable date, it shall make any payment with respect to interest on Outstanding Bonds and principal of and premium on Bonds

presented to it for payment, regardless of whether any other Paying Agent is open for business or closed on that date.

Section 11.05 <u>Instruments of Bondholders</u>. Any consent, request, direction, approval, objection or other instrument required under this CFC Master Trust Agreement to be signed by any holder may be in any number of concurrent writings of similar tenor and may be signed by that holder in person or by an agent or attorney appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent or attorney, and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this CFC Master Trust Agreement, and shall be conclusive in favor of the Trustee with regard to any action taken under such instrument, namely:

- (a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within that jurisdiction that the person signing that writing acknowledged before him the execution thereof, or by affidavit of any witness to that execution.
  - (b) The fact of ownership of Registered Bonds shall be proved by the Register.

Nothing contained in this Section shall be construed as limiting the Trustee to such proof. It is intended that the Trustee may accept any other or additional evidence which it deems to be sufficient. Any consent or request of the Holder of any Predecessor Bond shall bind every future Holder of the same Bond with respect to anything done or suffered to be done by the Authority, the Trustee, the Bond Registrar or any Paying Agent or Authenticating Agent pursuant to that request or consent.

Section 11.06 <u>Priority of Agreement</u>. This CFC Master Trust Agreement shall be superior to any liens that may be placed upon the Pledged Revenues or any Pledged Funds.

Section 11.07 Extent of Covenants; No Personal Liability. All of the covenants, stipulations, obligations and agreements of the Authority contained in this CFC Master Trust Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized and permitted by the Act. No such covenant, stipulation, obligation or agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Authority or the Board in an individual capacity, or in any other than an official capacity. Neither the members of the Board nor any official signing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of their issuance.

Section 11.08 <u>Binding Effect</u>. This CFC Master Trust Agreement shall inure to the benefit of and shall be binding upon the Authority and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this CFC Master Trust Agreement.

Section 11.09 <u>Counterparts</u>. This CFC Master Trust Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 11.10 <u>Governing Law</u>. This CFC Master Trust Agreement and the Bonds shall be deemed to be contracts made under the laws of the State of Ohio and for all purposes shall be governed by and construed in accordance with the laws of that State.

(End of Article XI)

IN WITNESS WHEREOF, the Authority has caused this CFC Master Trust Agreement to be signed for it and in its name and on its behalf by its Authorized Officers; and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this CFC Master Trust Agreement to be signed for it and in its name and on its behalf by its duly authorized officer.

# COLUMBUS REGIONAL AIRPORT AUTHORITY

By:	
•	President and CEO
By:	
•	Chief Financial Officer
	BANK NATIONAL ASSOCIATION, rustee
as 1.	rusiee
By:	
Title	;

## CHIEF FINANCIAL OFFICER'S CERTIFICATE

I, the Chief Financial Officer of the Columbus Regional Airport Authority, certify that the money required to meet the obligations of the Authority under this CFC Master Trust Agreement for Fiscal Year 2019 has been lawfully appropriated by the Board of Directors of the Authority for that purpose and is in the Treasury of the Authority or is in the process of collection to the credit of an appropriate fund, free from any previous encumbrances, and is not appropriated for any other purpose. This certificate is given consistently with Sections 5705.41 and 5705.44 of the Ohio Revised Code.

Dated: May 2, 2019	
•	Chief Financial Officer
	Columbus Regional Airport Authority

# CUSTOMER FACILITY CHARGE FIRST SUPPLEMENTAL TRUST AGREEMENT

By and Between

COLUMBUS REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Securing

\$94,325,000 Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019

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Dated

May 2, 2019

Squire Patton Boggs (US) LLP Bond Counsel

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(This Index is not a part of the CFC First Supplemental Trust Agreement but rather is for convenience of reference only.)

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## CUSTOMER FACILITY CHARGE FIRST SUPPLEMENTAL TRUST AGREEMENT

### Pertaining to

\$94,325,000

Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019

THIS CUSTOMER FACILITY CHARGE FIRST SUPPLEMENTAL TRUST AGREEMENT (this "CFC First Supplemental Trust Agreement") dated May 2, 2019, is made by and between the COLUMBUS REGIONAL AIRPORT AUTHORITY (the "Authority"), a port authority, a political subdivision and a body corporate and politic, duly created and validly existing under and by virtue of the laws of the State of Ohio (the "State"), and U.S. BANK NATIONAL ASSOCIATION (the "Trustee"), a national banking association duly organized and validly existing under the laws of the United States of America and duly authorized and qualified to exercise corporate trust powers in the State, with its designated corporate trust office located in Columbus, Ohio, as trustee hereunder and under the CFC Master Trust Agreement hereinafter mentioned, under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses being used therein as defined in Article I hereof):

- A. By virtue of the Act and the General Bond Resolution, the Authority heretofore has entered into the CFC Master Trust Agreement with the Trustee providing for the issuance from time to time of Bonds, with each series of Bonds to be authorized by a Series Bond Resolution, which Series Bond Resolution shall authorize a Supplemental Trust Agreement, supplementing the CFC Master Trust Agreement, pertaining to that issue of Bonds; and
- B. The Authority has, for the purpose of paying the cost of Improvements of the Authority's ConRAC, determined to sell the Series 2019 Bonds and to enter into this CFC First Supplemental Trust Agreement to secure the Series 2019 Bonds; and
- C. The Authority, pursuant to the Series 2019 Resolution, has provided for the issuance of the Series 2019 Bonds and the execution and delivery of this CFC First Supplemental Trust Agreement; and
- D. All conditions, acts and things required to exist, happen and be performed precedent to and in the issuance of the Series 2019 Bonds and the execution and delivery of this CFC First Supplemental Trust Agreement exist and have happened and been performed and will have been met to make the Series 2019 Bonds, when issued, delivered and authenticated, valid special obligations of the Authority in accordance with the terms thereof and hereof, and in order to make the CFC Trust Agreement a valid, binding and legal trust agreement for the security of the Series 2019 Bonds in accordance with its terms; and
- E. The Trustee has accepted the trusts created by this CFC First Supplemental Trust Agreement, and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS CFC FIRST SUPPLEMENTAL TRUST AGREEMENT, WITNESSETH, that to secure the payment of the Debt Service Charges on the Series 2019 Bonds according to their true intent and meaning, and to secure the performance and observance of all the covenants, agreements, obligations and conditions contained in the CFC Trust Agreement, and to declare the terms and conditions upon and subject to which the Series 2019 Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Series 2019 Bonds by the holders, and for other good and valuable consideration, the receipt of which is acknowledged, the Authority has signed and delivered this CFC First Supplemental Trust Agreement and does hereby affirm its pledge and assignment to the Trustee and to its successors in trust, and its and their assigns, and its granting a lien upon the Pledged Revenues and Pledged Funds, to the extent and with the exceptions provided in the CFC Trust Agreement;

PROVIDED, HOWEVER, that any pledge or assignment of, or lien on, any fund, account, receivables, revenues, money or other intangible property not in the custody of the Trustee shall be valid and enforceable only to the extent permitted by law.

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions of the CFC Trust Agreement,

- (a) except as provided otherwise in the CFC Trust Agreement, for the equal and proportionate benefit, security and protection of all present and future Bondholders,
- (b) for the enforcement of the payment of the Debt Service Charges when payable, according to the true intent and meaning of the Bonds and of the CFC Trust Agreement, and
- (c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of the CFC Trust Agreement,

in each case, except as authorized or provided otherwise in the CFC Trust Agreement, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of series designation, number, date of Bond authorization, issuance, sale, execution, authentication, delivery or maturity, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under the CFC Trust Agreement, and shall be secured equally and ratably hereby, it being intended that the lien and security of the CFC Trust Agreement shall take effect from its date, without regard to the actual date of issue, sale or delivery of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value;

## PROVIDED FURTHER, HOWEVER, that if

(i) the Debt Service Charges on the Series 2019 Bonds shall be well and truly paid at the times and in the manner to which reference is made in the Series 2019 Bonds,

according to the true intent and meaning thereof, or the Series 2019 Bonds shall have been paid and discharged or deemed paid and discharged in accordance with Article IX of the CFC Master Trust Agreement, and

(ii) all of the covenants, agreements, obligations, terms and conditions of the Authority under the CFC Trust Agreement with respect to the Series 2019 Bonds shall have been kept, performed and observed, and there shall have been paid to the Trustee, the Bond Registrar, the Paying Agents and the Authenticating Agents all sums of money due or to become due to them in accordance with the terms and provisions hereof,

then this CFC First Supplemental Trust Agreement and the rights assigned hereby shall cease, determine and be void, except as provided in Article IX of the CFC Master Trust Agreement with respect to the survival of certain provisions hereof; otherwise, this CFC First Supplemental Trust Agreement shall be and remain in full force and effect.

It is expressly declared that all Series 2019 Bonds issued and secured hereunder are to be issued, authenticated and delivered, and that all Pledged Revenues and the Pledged Funds are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in the CFC Trust Agreement, and the Authority has agreed and covenanted, and does hereby further agree and covenant with the Trustee and with the respective holders from time to time of the Series 2019 Bonds, as follows in this CFC First Supplemental Trust Agreement.

(End of Recitals and Granting Clauses)

#### ARTICLE I

#### **DEFINITIONS**

Section 1.01 <u>Definitions</u>. Except when the context indicates otherwise or unless otherwise defined herein, the terms used but not defined herein shall have the meaning ascribed to them in the CFC Master Trust Agreement. In addition thereto, and in addition to words and terms elsewhere defined in this CFC First Supplemental Trust Agreement, unless the context or use clearly indicates another or different meaning or intent, the following terms shall have the following meanings:

"Authority" means the Columbus Regional Airport Authority.

"Authorized Denominations" means, with respect to the Series 2019 Bonds, \$5,000 or any integral multiple thereof.

"Board" means the Board of Directors of the Authority.

"Bond Legislation" means when used with respect to the Series 2019 Bonds, the General Bond Resolution and the Series 2019 Resolution.

"Bond Registrar" or "Registrar" means initially the Trustee who shall be the keeper of the Register, and any successor to the Trustee.

"Certificate of Award" means, with respect to the Series 2019 Bonds, the certificate authorized by the Series 2019 Resolution, dated April 17, 2019, executed by the Chief Financial Officer, setting forth and determining those terms or other matters pertaining to the Series 2019 Bonds and their issuance, sale and delivery as the Series 2019 Resolution provides may or shall be set forth or determined therein.

"CFC First Supplemental Trust Agreement" means this Customer Facility Charge First Supplemental Trust Agreement, dated May 2, 2019, by and between the Authority and the Trustee, as amended and supplemented from time to time, supplementing and amending the CFC Master Trust Agreement.

"CFC Master Trust Agreement" means the Customer Facility Charge Master Trust Agreement dated May 2, 2019, by and between the Authority and the Trustee, as may be amended or supplemented from time to time.

"Deposit Date" means, with respect to the Series 2019 Bonds, the first Business Day of each calendar month.

"Feasibility Report" means the Financial Feasibility Report dated April 8, 2019, prepared for the Authority by Unison Consulting.

"General Bond Resolution" means Resolution No. 22-19 as adopted by the Board on March 26, 2019.

- "Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Insured Bonds when due.
- "Insurer" means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.
- "Insured Bonds" means the Series 2019 Bonds maturing on December 15 in the years 2030 through 2032.
  - "Insured Bondholders" means the registered owners of the Insured Bonds.
- "Interest Payment Dates" means each June 15 and December 15, commencing June 15, 2019, in the years the Series 2019 Bonds are outstanding.
- *"Issuance Costs"* means, with respect to the Series 2019 Bonds, any financial, legal, administrative and other fees or costs incurred in connection with the issuance of the Series 2019 Bonds, including any underwriting compensation withheld from the Issue Price.
  - "Issuance Date" means, with respect to the Series 2019 Bonds, May 2, 2019.
- "Mandatory Sinking Fund Requirements" means the deposits required to be made with respect to the Mandatory Redemption Obligations indicated in Section 2.03(b).
- "Principal Payment Date" means December 15 in each of the years from and including 2021 to and including 2048.
- "Regular Record Date" means, with respect to the Series 2019 Bonds, the 15<sup>th</sup> day next preceding an Interest Payment Date.
- "Series 2019 Bonds" means the \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019.
- "Series 2019 Construction Account" means the Series 2019 Construction Account maintained within the CFC Construction Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.
- "Series 2019 Cost of Issuance Subaccount" means the Series 2019 Cost of Issuance Subaccount maintained within the Series 2019 Construction Account and created by Section 3.01 of this CFC First Supplemental Trust Agreement.
- "Series 2019 Debt Service Coverage Account" means the Series 2019 Debt Service Coverage Account maintained within the CFC Debt Service Coverage Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.
- "Series 2019 Debt Service Coverage Account Required Reserve" means, with respect to the Series 2019 Bonds as of the date of any calculation, an amount equal to 25% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds in the then current or any succeeding Fiscal Year. In connection with the issuance of any series of

Additional Bonds which are also to be secured by the Series 2019 Debt Service Coverage Account, such amount shall be increased to an amount that is equal to 25% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds and any such Additional Bonds in the then current or any succeeding Fiscal Year.

"Series 2019 Debt Service Reserve Account" means the Series 2019 Debt Service Reserve Account maintained within the CFC Debt Service Reserve Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement. To the extent that the Authority issues any Additional Bonds which are also to be secured by this Account, the Authority may rename this Account to more accurately describe its intended use.

"Series 2019 Debt Service Reserve Account Required Reserve" means initially, with respect to the Series 2019 Bonds, an amount equal to \$5,693,398.10. Upon the date that any Series 2019 Bonds shall be defeased in accordance with Article IX of the CFC Master Trust Agreement, the Series 2019 Debt Service Reserve Account Required Reserve shall be recomputed as of the date of such defeasance to be an amount that does not exceed the least of (a) 10% of the issue price or principal amount, as applicable, of the Series 2019 Bonds and any Additional Bonds then Outstanding and determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, (b) 125% of the average amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any Additional Bonds then Outstanding, or (c) 100% of the maximum amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any Additional Bonds then Outstanding.

In connection with the issuance of any series of Additional Bonds which are also to be secured by the Series 2019 Debt Service Reserve Account, the amount held in the Series 2019 Debt Service Reserve Account may be increased to an amount that does not exceed the least of (a) 10% of the issue price or principal amount, as applicable, of the Series 2019 Bonds and any such Additional Bonds determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, (b) 125% of the average amount required to be paid as Debt Service Charges in the then current or any succeeding Fiscal Year on the Series 2019 Bonds and any such Additional Bonds, or (c) 100% of the maximum amount required to be paid as Debt Service Charges on the Series 2019 Bonds and any such Additional Bonds in the then current or any succeeding Fiscal Year; provided that in no event in connection with the sale of Additional Bonds which are also secured by the Series 2019 Debt Service Reserve Account shall (a) the amount deposited in the Series 2019 Debt Service Reserve Account from the proceeds of the sale of such series of Additional Bonds exceed 10% of the proceeds or principal amount, as applicable, from that sale of Additional Bonds, as determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, and (b) the portion of the Series 2019 Debt Service Reserve Account allocated to a series of Bonds that is invested in higher yielding investments (as defined in Section 148(b) of the Code) exceed 10% of the proceeds or principal amount, as applicable, of such Bonds determined in accordance with Section 148(d) of the Code and the Treasury regulations thereunder, unless, as to the immediately preceding clause (b), the Authority and the Trustee receive the written opinion of nationally recognized bond counsel that exceeding the 10% limit will not cause interest on such Bonds to be included in gross income for federal income tax purposes.

"Series 2019 Interest Payment Subaccount" means the Series 2019 Interest Payment Subaccount maintained within the Interest Payment Account in the CFC Debt Service Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.

"Series 2019 Principal Payment Subaccount" means the Series 2019 Principal Payment Subaccount maintained within the Principal Payment Account in the CFC Debt Service Fund and created by Section 3.01 of this CFC First Supplemental Trust Agreement.

"Series 2019 Project" means the construction of a consolidated rental car facility, including access roadway and utility infrastructure improvements, as further described in the Feasibility Report.

"Series 2019 Resolution" means Resolution No. 23-19 adopted by the Board on March 26, 2019, authorizing the issuance of the Series 2019 Bonds, including upon its execution the Certificate of Award which is deemed to be incorporated therein and made a part thereof, being a Series Bond Resolution under the CFC Trust Agreement.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available not more than 45 days and not less than four Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2019 Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Section 1.02 <u>Interpretation; Section and Article References; Captions</u>. Any reference in this CFC First Supplemental Trust Agreement to the Authority, or to the Board or officers or to other employees of the Authority, shall include those that succeed to their functions, duties or responsibilities pursuant to or by operation of law or otherwise are lawfully performing their functions.

Any reference in this CFC First Supplemental Trust Agreement to a section or provision of the Ohio Revised Code or to the Act or to the laws of Ohio or Authority resolutions shall include that section or provision and the Act and those laws and ordinances as from time to time amended, modified, revised, supplemented or superseded. No amendment, modification, revision, supplement or superseding section or provision shall be applicable solely by reason of this provision, if it constitutes in any way an impairment of the rights or obligations of the Authority, the holders, the Trustee or the Bond Registrar, under the CFC Trust Agreement, the Bond Legislation, the Bonds or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Debt Service Charges in the amount and manner, at the times and from the sources provided in the Bond Proceedings and the Bonds, except as permitted in the CFC Trust Agreement.

Unless the context otherwise indicates, words in this CFC First Supplemental Trust Agreement importing the singular number include the plural number and vice versa.

References in this CFC First Supplemental Trust Agreement to a Section, unless otherwise stated, are to a Section of this CFC First Supplemental Trust Agreement. The terms "hereof", "herein", "hereby", "hereto", and "hereunder", and similar terms, mean and refer to this CFC First Supplemental Trust Agreement.

(End of Article I)

#### ARTICLE II

#### AUTHORIZATION, TERMS AND DELIVERY OF SERIES 2019 BONDS

Section 2.01 <u>Authorization and Purposes of Series 2019 Bonds</u>. The issuance, sale and delivery of the Series 2019 Bonds is authorized by the Act and laws of the State (particularly the Act), the CFC Master Trust Agreement, the Bond Legislation, and this CFC First Supplemental Trust Agreement. The Series 2019 Bonds are being issued to (a) pay a portion of the costs of the Series 2019 Project, (b) to fund the Series 2019 Debt Service Reserve Account and the Series 2019 Debt Service Coverage Account, and (c) to pay the Issuance Costs of the Series 2019 Bonds.

## Section 2.02 Terms and Provisions Applicable to Series 2019 Bonds.

- (a) Form, Numbering, Transfer and Exchange. The Series 2019 Bonds shall be issued only in fully registered form substantially as set forth as Exhibit A. The Series 2019 Bonds shall be initially numbered as determined by the Chief Financial Officer, and shall be executed, authenticated, delivered, transferred and exchanged (except as provided in clause (b) below) as provided herein, the Series 2019 Resolution and the CFC Master Trust Agreement.
- (b) <u>Denominations and Depository</u>. The Series 2019 Bonds shall be dated May 2, 2019, and shall be issued only in Authorized Denominations. Initially the Series 2019 Bonds shall be issuable only in Book Entry Form and registered to the Depository or its nominee; and initially so long as the Series 2019 Bonds are in a Book Entry System, there shall be a single Bond certificate for each maturity of Series 2019 Bonds in the aggregate principal amount for each maturity of such Series 2019 Bonds.

The Depository shall be considered to be the holder of the Series 2019 Bonds for all purposes of the CFC Trust Agreement, including, without limitation, payment of Debt Service Charges thereon, and receipt of notices and exercises of rights of holders of the Series 2019 Bonds. So long as the Series 2019 Bonds are in a Book Entry System, they shall not be transferable of exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Authority.

(c) Payment, Place of Payment, and Paying Agent. Principal of and any redemption premium on Series 2019 Bonds, at maturity or upon redemption, shall be payable to the holders thereof, upon presentation and surrender of such Bonds at the principal corporate office of the Trustee. Interest on the Series 2019 Bonds when due shall be payable, except as otherwise provided in Section 3.04 of the CFC Master Trust Agreement, by check or draft mailed by the Trustee on each Interest Payment Date to the holders thereof as of the close of business on the Regular Record Date applicable to that Interest Payment Date at the holder's address as it appears on the Register, provided that such payment of interest to a Depository may be made by the Trustee by wire transfer of federal funds.

#### Section 2.03 Series 2019 Bonds.

(a) <u>Maturities and Interest of Series 2019 Bonds</u>. The Series 2019 Bonds shall mature on the Principal Payment Date in the years and in the principal amounts, and shall bear interest to be paid on the Interest Payment Dates at the rates per annum (calculated on the basis of a 360-day year of twelve 30-day months), as set forth below:

Year	Principal Amount	Interest Rate
1001	1 Hillount	<u> Rate</u>
2021	\$2,020,000	2.675%
2022	2,075,000	2.798
2023	2,135,000	2.948
2024	2,195,000	3.091
2025	2,265,000	3.191
2026	2,335,000	3.269
2027	2,415,000	3.369
2028	2,495,000	3.539
2029	2,585,000	3.639
2030*	2,675,000	3.639
2031*	2,775,000	3.689
2032*	2,875,000	3.739
2033	2,985,000	3.889
2034	3,100,000	3.919
2039	17,465,000	4.059
2048	41,930,000	4.199
* Insured Bonds	, ,	

(b) <u>Mandatory Redemption</u>. The Series 2019 Bonds maturing on December 15, 2039 (the "2039 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2035 through 2038 (with the balance of \$3,775,000 to be paid at stated maturity on December 15, 2039), at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Type</u>	<u>Total</u>
2035	Mandatory Redemption	\$3,220,000
2036	Mandatory Redemption	3,350,000
2037	Mandatory Redemption	3,490,000
2038	Mandatory Redemption	3,630,000

The Series 2019 Bonds maturing on December 15, 2048 (the "2048 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2040 through 2047 (with the balance of \$5,460,000 to be

paid at stated maturity on December 15, 2048), at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Type</u>	<u>Total</u>
2040	M 1-4 D - 1	#2 020 000
2040	Mandatory Redemption	\$3,930,000
2041	Mandatory Redemption	4,095,000
2042	Mandatory Redemption	4,265,000
2043	Mandatory Redemption	4,445,000
2044	Mandatory Redemption	4,635,000
2045	Mandatory Redemption	4,830,000
2046	Mandatory Redemption	5,030,000
2047	Mandatory Redemption	5,240,000

(c) <u>Optional Redemption</u>. The Series 2019 Bonds maturing on or after December 15, 2030, are also subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 2029 at par, plus in each case accrued interest to the redemption date.

Section 2.04 <u>Change of Depository.</u> If any Depository determines not to continue to act as a Depository for the Series 2019 Bonds in a Book Entry System, the Authority may attempt to have established a Securities Depository/Book Entry System relationship with another Depository. If the Authority does not or is unable to establish such a relationship, the Authority and the Trustee, after the Trustee has made provision for notification to the owners of beneficial interests in writing or by means of a facsimile transmission by the then Depository and any other arrangements the Authority deems necessary, shall permit withdrawal of the Series 2019 Bonds from the Depository, and authenticate and deliver Series 2019 Bond certificates, in fully registered form, in Authorized Denominations, to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Series 2019 Bonds), of the persons requesting such authentication and delivery unless Authority action or inaction shall have been the cause of the termination of the Bonds in a Book Entry System, in which event such cost and expense shall be borne by the Authority.

Section 2.05 <u>Provisions Relating to the Insurance Policy for the Insured Bonds.</u> Provided that the Insurance Policy is in full force and effect and the Insurer has made and is continuing to make all payments and meet all obligations under the Insurance Policy and is not in liquidation proceedings, the provisions of this Section shall be in full force and effect, anything in the CFC Trust Agreement to the contrary notwithstanding; provided that to the extent the Insurer has paid any principal or interest on the Insured Bonds it shall retain its rights of subrogation.

(a) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the CFC Debt Service Reserve Fund. Notwithstanding anything to the contrary set forth in the CFC Trust Agreement, amounts on deposit in the CFC Debt Service Reserve Fund shall be applied solely to the payment of Debt Service Charges due on the Bonds.

- The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Insured Bondholders are entitled to take pursuant to the CFC Trust Agreement pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the CFC Trust Agreement and each Insured Bond, the Trustee and each Insured Bondholder appoint the Insurer as their agent and attorneyin-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Authority under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedes or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Bondholder of an Insured Bond delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Insured Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Bondholders of Insured Bonds shall expressly include mandamus. The agreements of the Trustee under this paragraph are made subject to the rights of the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding (with the Insurer deemed to be the sole holder of the Insured Bonds under this paragraph (a)) to direct proceedings under Section 7.04 of the CFC Master Trust Agreement.
- (c) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.
  - (d) The Insurer is a third party beneficiary to the CFC Trust Agreement.
- (e) Any amendment, supplement, modification to, or waiver of, the CFC Trust Agreement or any other transaction document, including any underlying security agreement (each a "*Related Document*"), that requires the consent of Bondholders or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.
- (f) The rights granted to the Insurer under the CFC Trust Agreement or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders, and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondholders or any other person is required in addition to the consent of the Insurer.
- (g) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and

individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Insured Bonds unless the Insurer otherwise approves.

To accomplish defeasance of Insured Bonds, the Authority shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Insured Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Insured Bonds are no longer "Outstanding" under the CFC Trust Agreement and (iv) a certificate of discharge of the Trustee with respect to the Insured Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, Trustee and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Insured Bonds shall be deemed "Outstanding" under the CFC Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

- (h) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the CFC Trust Agreement, and the Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the CFC Trust Agreement. The CFC Trust Agreement shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.
- (i) Each of the Authority and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate (i.e., the Pledged Revenues and the Pledged Funds) under applicable law.
  - (j) Claims Upon the Insurance Policy and Payments by and to the Insurer:

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the CFC Trust Agreement, moneys sufficient to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to

pay interest on the Insured Bonds and the amount required to pay principal of the Insured Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on Insured Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Authority on any Insured Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders of Insured Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of such Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to such Bondholders in the same manner as principal and interest payments are to be made with respect to the Insured Bonds under the sections hereof regarding payment of Insured Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Authority agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) to the extent permitted by law, interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Pledged Revenues and payable from such Pledged Revenues on a parity with debt service due on the Insured Bonds and the Authority shall not be obligated to pay such amounts from any source other than Pledged Revenues.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

- (k) The Insurer shall, to the extent it makes any payment of principal of or interest on the Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Authority to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.
- (l) The Authority shall, to the extent permitted by law and subject to the appropriation of funds, pay or reimburse the Insurer any and all charges, fees, out-of-pocket costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the CFC Trust Agreement or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the CFC Trust Agreement or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the CFC Trust Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the CFC Trust Agreement or any other Related Document.
- (m) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Authority or rebate only after the payment of past due and current debt service on the Insured Bonds.
- (n) The Insurer shall be entitled to pay principal or interest on the Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy) and any amounts due on the Insured Bonds as a result of acceleration of the maturity thereof in accordance with the CFC Trust Agreement, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.
- (o) The notice address of the Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director Surveillance, Re: Policy No. 219365-N, Telephone: (212) 974-0100; Telecopier: (212) 339-3556; email: <a href="munidisclosure@agltd.com">munidisclosure@agltd.com</a>. In each case in which notice or other communication refers to an Event of Default, then a paper copy of such notice or other communication shall also be sent to the mailing address shown above to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."
- (p) The Insurer shall be provided with the following information by the Authority or Trustee, as the case may be:

- (i) By the Authority, annual audited financial statements as soon as such financial statements are filed in accordance with the Continuing Disclosure Agreement (together with a certification of the Authority that it is not aware of any default or Event of Default under the CFC Trust Agreement), and the Authority's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;
- (ii) By the Trustee, notice of any draw upon the CFC Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the CFC Debt Service Reserve Fund Requirement and (ii) withdrawals in connection with a refunding of Bonds;
- (iii) By the Authority or the Trustee, as applicable, notice of any default known to the Trustee or Authority within five Business Days after knowledge thereof;
- (iv) By the Authority prior notice of the advance refunding or redemption of any of the Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof;
- (v) By the Trustee, notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
- (vi) By the Authority, notice of the commencement of any proceeding by or against the Authority commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");
- (vii) By the Authority, notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;
- (viii) By the Authority, a full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and
- (ix) By the Authority or the Trustee, as applicable, all reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

In addition, to the extent that the Authority has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Bonds, all information furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information. If the Authority has posted on the EMMA (Electronic Municipal Market Access) website any information that it is required by this Section to provide to the Insurer, then the Insurer agrees that the Authority's giving the Insurer notice of such posting shall fulfill the Authority's obligation under this Section with respect to such information.

- (q) The Insurer shall have the right to receive such additional information as it may reasonably request.
- (r) The Authority will permit the Insurer to discuss the affairs, finances and accounts of the Authority or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Authority and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Authority on any business day upon reasonable prior notice.
- (s) The Trustee, to the extent the Trustee has actual knowledge, shall notify the Insurer of any failure of the Authority to provide notices, certificates and other information under the transaction documents.
- (t) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the CFC Trust Agreement, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the CFC Debt Service Reserve Fund is fully funded at the amount then required by the CFC Trust Agreement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless (A) otherwise permitted by the Insurer or (B) following such issuance, all of the Insured Bonds and Additional Bonds insured by the Insurer have been paid or legally defeased.
- (u) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the CFC Trust Agreement would adversely affect the security for the Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.
- (v) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer (such consent not to be unreasonably withheld).

(End of Article II)

#### ARTICLE III

#### APPLICATION OF PROCEEDS OF SERIES 2019 BONDS AND PAYMENTS

Section 3.01 <u>Establishment of Accounts and Subaccounts for Series 2019 Bonds.</u> Pursuant to Section 5.01 of the CFC Master Trust Agreement:

- (a) <u>Series 2019 Principal Payment Subaccount</u>. There is established in the custody of the Trustee a subaccount within the Principal Payment Account of the CFC Debt Service Fund to be designated "Series 2019 Principal Payment Subaccount". Subject to Section 7.09 of the CFC Master Trust Agreement, amounts on deposit in the Series 2019 Principal Payment Subaccount will be used to pay the principal of the Series 2019 Bonds.
- (b) <u>Series 2019 Interest Payment Subaccount</u>. There is established in the custody of the Trustee a subaccount within the Interest Payment Account of the CFC Debt Service Fund to be designated "Series 2019 Interest Payment Subaccount". Subject to Section 7.09 of the CFC Master Trust Agreement, amounts on deposit in the Series 2019 Interest Payment Subaccount will be used to pay the interest on the Series 2019 Bonds.
- (c) <u>Series 2019 Debt Service Reserve Account</u>. There is established in the custody of the Trustee an account within the CFC Debt Service Reserve Fund to be designated "Series 2019 Debt Service Reserve Account". Amounts on deposit in the Series 2019 Debt Service Reserve Account shall be used as otherwise required or permitted by the CFC Trust Agreement. To the extent that any Additional Bonds shall also be secured by the Series 2019 Debt Service Reserve Account, the name of such Account may be modified to appropriately reflect the Bonds which it secures.
- (d) <u>Series 2019 Debt Service Coverage Account</u>. There is established in the custody of the Trustee an account within the CFC Debt Service Coverage Fund to be designated "Series 2019 Debt Service Coverage Account". Amounts on deposit in the Series 2019 Debt Service Coverage Account shall be used as otherwise required or permitted by the CFC Trust Agreement. To the extent that any Additional Bonds shall also be secured by the Series 2019 Debt Service Coverage Account, the name of such Account may be modified to appropriately reflect the Bonds which it secures.
- (e) <u>Series 2019 Construction Account</u>. There is established in the custody of the Authority an account within the CFC Construction Fund to be designated "Series 2019 Construction Account". Amounts on deposit in the Series 2019 Construction Account shall be used as otherwise required or permitted by Section 5.02 of the CFC Trust Agreement.
- (f) <u>Series 2019 Cost of Issuance Subaccount</u>. There is established in the custody of the Authority a subaccount within the Series 2019 Construction Account to be designated "Series 2019 Cost of Issuance Subaccount." Amounts on deposit in the Series 2019 Cost of Issuance Subaccount shall be used to pay any Issuance Costs, and thereafter shall be used as required or permitted by Section 5.02 of the CFC Master Trust Agreement.
- Section 3.02 <u>Allocation of Proceeds of the Series 2019 Bonds and Other Authority Moneys</u>. The proceeds from the sale of the Series 2019 Bonds received by the Authority and any

other available monies of the Authority as determined by the Chief Financial Officer in the Certificate of Award shall be allocated and deposited as follows:

- (a) *First*, from Series 2019 Bond proceeds, \$601,025.00 into the Series 2019 Cost of Issuance Subaccount. The Original Purchasers, at the request of the Authority, have agreed to withhold \$27,476.92 from the proceeds of Series 2019 Bonds and to wire transfer that amount directly to the Bond Insurer to pay the premium for the municipal bond insurance policy that will insure the Insured Bonds.
- (b) **Second**, from Series 2019 Bond proceeds, \$5,693,398.10 into the Series 2019 Debt Service Reserve Account, which is equal to the Series 2019 Debt Service Reserve Account Required Reserve;
- (c) *Third*, from Series 2019 Bond proceeds, \$1,423,349.53 into the Series 2019 Debt Service Coverage Account, which is equal to the Series 2019 Debt Service Coverage Account Required Reserve;
- (d) *Fourth*, from Series 2019 Bond proceeds, \$86,337,358.77 into the Series 2019 Construction Account; and
- (e) *Fifth*, from previously collected CFC Revenues, \$4,000,000 into the CFC Supplemental Reserve Account in the CFC Revenue Fund.

## Section 3.03 Required Deposits into the CFC Debt Service Fund.

- (a) Into the Series 2019 Interest Payment Subaccount, beginning on June 3, 2019 and on each Deposit Date thereafter, after giving effect to any amounts on deposit in the Series 2019 Interest Payment Subaccount, an amount such that, if the same amount were paid on each Deposit Date preceding the next Interest Payment Date, the aggregate of the amounts so paid would be sufficient to pay the interest due and payable on the outstanding Series 2019 Bonds on that next Interest Payment Date;
- (b) Into the Series 2019 Principal Payment Subaccount, beginning on June 3, 2019 and on each Deposit Date thereafter, after giving effect to any amounts on deposit in the Series 2019 Principal Payment Subaccount, an amount such that, if the same amount were paid on each Deposit Date preceding the next Principal Payment Date, the aggregate of the amounts so paid would be sufficient to pay the principal due and payable on the outstanding Series 2019 Bonds on that next Principal Payment Date.
- Section 3.04 Series 2019 Debt Service Reserve Account. The Series 2019 Debt Service Reserve Account is pledged to and shall be used solely for the payment of Debt Service Charges on the Series 2019 Bonds. Amounts in excess of the Series 2019 Debt Service Reserve Account Required Reserve in the Series 2019 Debt Service Account, calculated in accordance with Section 5.05 of the CFC Master Trust Agreement, shall be transferred to the Series 2019 Interest Payment Subaccount for payment of Debt Service Charges on the Series 2019 Bonds.
- Section 3.05 <u>Series 2019 Debt Service Coverage Account.</u> The Series 2019 Debt Service Coverage Account is pledged to and shall be used solely for the payment of Debt Service

Charges on the Series 2019 Bonds. Amounts in excess of the Series 2019 Debt Service Coverage Account Required Reserve in the Series 2019 Debt Service Coverage Account, calculated in accordance with Section 5.05 of the CFC Master Trust Agreement, shall be transferred to the Series 2019 Interest Payment Subaccount for payment of Debt Service Charges on the Series 2019 Bonds.

Section 3.06 <u>Use of Credit Support Instruments</u>. So long as no Event of Default exists under the CFC Trust Agreement, the Authority may deposit in lieu of or substitute for funds on deposit in the Series 2019 Debt Service Reserve Account and/or the Series 2019 Debt Service Coverage Account a Credit Support Instrument provided that the following criteria are satisfied: (a) the Credit Support Instrument has a term of at least one year, (b) the issuer of the Credit Support Instrument does not have a security interest, securing reimbursement to such issuer, in the assets of the Authority, (c) 30 days prior to the expiration of such Credit Support Instrument, the Authority will fund, or cause to be fully funded, the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account in the amount of the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds or deliver to the Trustee a substitute Credit Support Instrument as provided below, (d) if the rating assigned by a Rating Service to the organization issuing the Credit Support Instrument falls below the rating required for a Credit Support Instrument, the Authority, within 120 days after the rating falls, will either fully fund, or cause to be fully funded, the Series 2019 Debt Service Reserve Account and/or the Series 2019 Debt Service Coverage Account to the extent that the affected Credit Support Instrument was on deposit in that Account in the amount of the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds or deliver to the Trustee a substitute Credit Support Instrument. In the event that such a Credit Support Instrument is delivered to the Trustee and will expire before the Series 2019 Debt Service Reserve Account and/or the Series 2019 Debt Service Coverage Account will be released in accordance with the terms of the CFC Trust Agreement, the replacement therefor, whether in the form of cash, Eligible Investments, or Credit Support Instrument, shall be delivered to the Trustee and, if applicable, be effective at least 30 days before the stated expiration of the prior Credit Support Instrument, in which case the prior Credit Support Instrument shall immediately thereupon be canceled and returned to the issuer of the Credit Support Instrument.

The Credit Support Instrument shall permit the Trustee to draw an amount up to the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds for deposit into the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account, respectively, on any Interest Payment Date for any deficiency in the CFC Debt Service Fund on that date with respect to the Series 2019 Bonds. Upon a draw by the Trustee on the Credit Support Instrument, the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account, as applicable, shall be restored to the then applicable Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Bonds, unless the Credit Support Instrument is fully reinstated to the amount of the applicable Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Reserve Account Required Reserve or the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Debt Service Coverage Account Required Reserve, respectively, for the Series 2019 Bonds. If on any Interest Payment Date there shall

exist a deficiency in the Series 2019 Interest Payment Subaccount or the Series 2019 Principal Payment Subaccount, the Trustee shall (a) draw upon the Credit Support Instrument, if any, and deposit in the CFC Debt Service Fund an amount equal to the deficiency pursuant to the Credit Support Instrument or (b) transfer from the Series 2019 Debt Service Reserve Account or the Series 2019 Debt Service Coverage Account, as applicable, or the extent of any money therein, to the CFC Debt Service Fund an amount equal to any remaining deficiency.

(End of Article III)

#### ARTICLE IV

#### MISCELLANEOUS

Section 4.01 <u>Concerning the Trustee</u>. The Trustee accepts the trust herein declared and provided and agrees to perform the same upon the terms and conditions in the CFC Master Trust Agreement and herein.

Section 4.02 <u>Copies and Notices to be Provided</u>. So long as the Series 2019 Bonds are outstanding, copies of any amendments to the CFC Trust Agreement shall be provided by the Authority to the Rating Services at the following Notice Addresses:

Fitch: 33 Whitehall Street

New York, NY 10004

Attention:

Kroll: 805 Third Avenue, 29<sup>th</sup> Floor

New York, NY 10022

Attention: Public Finance Surveillance

Moody's: 7 World Trade Center

250 Greenwich Street New York, NY 10007

Attention:

Section 4.03 <u>Binding Effect</u>. This CFC First Supplemental Trust Agreement shall inure to the benefit of and shall be binding upon the Authority and the Trustee and their respective successors and assigns, subject to the limitations contained in the CFC Trust Agreement.

Section 4.04 <u>Limitation of Rights</u>. With the exception of rights conferred expressly in this CFC First Supplemental Trust Agreement, nothing expressed or mentioned in or to be implied from the CFC First Supplemental Trust Agreement or the Series 2019 Bonds is intended or shall be construed to give any Person other than the parties hereto, the Registrar, the Authenticating Agents, the Paying Agents and the holders of Series 2019 Bonds any legal or equitable right, remedy, power or claim under or with respect to this CFC First Supplemental Trust Agreement or any covenants, agreements, conditions and provisions contained therein. The CFC First Supplemental Trust Agreement and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto and the holders of Series 2019 Bonds, as provided herein.

Section 4.05 <u>Counterparts</u>. This CFC First Supplemental Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(End of Article IV)

IN WITNESS WHEREOF, the Authority has caused this CFC First Supplemental Trust Agreement to be signed for it and in its name and on its behalf by its Authorized Officers; and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this CFC First Supplemental Trust Agreement to be signed for it and in its name and on its behalf by its duly authorized officer.

# COLUMBUS REGIONAL AIRPORT AUTHORITY

By:
President and CEO
By:
Chief Financial Officer
U.S. BANK NATIONAL ASSOCIATION, as Trustee
By:
Title:

## FISCAL OFFICER'S CERTIFICATE

I, the fiscal officer of the Columbus Regional Airport Authority, certify that the money required to meet the obligations of the Authority under this CFC First Supplemental Trust Agreement for Fiscal Year 2019 has been lawfully appropriated by the Board of the Authority for that purpose and is in the Treasury of the Authority or is in the process of collection to the credit of an appropriate fund, free from any previous encumbrances, and is not appropriated for any other purpose. This certificate is given consistently with Sections 5705.41 and 5705.44 of the Ohio Revised Code.

Dated: May 2, 2019	
•	Chief Financial Officer
	Columbus Regional Airport Authority

#### EXHIBIT A

#### FORM OF SERIES 2019 BOND

REGISTERED REGISTERED \$

## UNITED STATES OF AMERICA STATE OF OHIO COUNTY OF FRANKLIN

## COLUMBUS REGIONAL AIRPORT AUTHORITY CUSTOMER FACILITY CHARGE REVENUE BOND, SERIES 2019

INTEREST RATE:% per year	MATURITY DATE: December 15, 20	DATED: May 2, 2019	CUSIP:
REGISTERED OWNER:	CEDE & CO.		
PRINCIPAL AMOUNT:			DOLLARS

The Columbus Regional Airport Authority (the "Authority"), for value received, promises to pay to the Registered Owner named above, or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount on the Maturity Date, each as stated above, unless this Series 2019 Bond is called for earlier redemption, and to pay from those sources interest thereon at the Interest Rate stated above on June 15 and December 15 of each year, commencing June 15, 2019 (the "Interest Payment Dates") until the Principal Amount is paid or duly provided for. This Series 2019 Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date.

The principal of this Series 2019 Bond is payable when due upon presentation and surrender hereof at the designated corporate trust office of U.S. Bank National Association, in Columbus, Ohio, as trustee (the "Trustee"). Interest is payable on each Interest Payment Date by check mailed to the person in whose name this Series 2019 Bond (or one or more predecessor bonds) is registered (the "holder") at the close of business on the 15<sup>th</sup> day next preceding that Interest Payment Date (the "Regular Record Date") on the registration books for this issue (the "Register") maintained by the Trustee, as registrar, at the address appearing therein; provided, that a holder of Series 2019 Bonds may enter into an agreement with the Trustee, with the approval of the Authority, providing for making all payments to that holder of principal of and interest on this Series 2019 Bond at a place and in a manner (including wire transfer of federal funds) other than as provided in this Series 2019 Bond. Interest on this Series 2019 Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Any interest that is not timely paid or duly provided for shall cease to be payable to the holder hereof (or of one or more predecessor bonds) as of the Regular Record Date and shall be payable to the holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to

be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to holders not fewer than 10 days prior thereto. The principal of and interest on this Series 2019 Bond are payable in lawful money of the United States of America, without deduction for the services of the Trustee or any other paying agent subsequently designated.

The Series 2019 Bonds are special obligations of the Authority and do not constitute general obligations or pledge the faith and credit of the Authority but are payable solely from the sources hereinafter described. This Series 2019 Bond is one of a series of a duly authorized issue of Customer Facility Charge Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), issued under the Customer Facility Charge Master Trust Agreement dated May 2, 2019 (the "CFC Master Trust Agreement") as supplemented by the Customer Facility Charge First Supplemental Trust Agreement dated May 2, 2019 (the "CFC First Supplemental Trust Agreement" and together with the CFC Master Trust Agreement, the "CFC Trust Agreement"), each by and between the Authority and the Trustee, aggregating in the principal amount of \$94,325,000 and issued for the purpose to pay "costs" of "port authority facilities" as those terms are defined in Sections 4582.21 through 4582.99 of the Ohio Revised Code (the "Act"), including, to (i) pay a portion of the costs of constructing the Series 2019 Project, (ii) fund a debt service reserve fund and a debt service coverage fund, and (iii) pay costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds, together with debt service on any other obligations issued and outstanding on a parity with the Series 2019 Bonds as provided in the CFC Trust Agreement (collectively with the Series 2019 Bonds, the "Bonds"), are special obligations of the Authority, issued or to be issued under, and to be secured and entitled equally and ratably to the protection given by, the CFC Trust Agreement. The Series 2019 Bonds are issued pursuant to the Constitution of the State of Ohio, the Act, resolutions duly adopted by the Authority, including the Certificate of Award executed by the Authority (collectively, the "Bond Legislation"), and the CFC Trust Agreement.

Reference is made to the Bond Legislation and the CFC Trust Agreement and the proceedings authorized therein (as defined in the Bond Legislation), for a more complete description of the Series 2019 Project, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Authority, the Trustee and the holders or beneficial owners of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each holder and beneficial owner assents, by its acceptance hereof, to all of the provisions of the Bond Legislation, the CFC Trust Agreement and those proceedings. A copy of the CFC Trust Agreement is on file at the designated corporate trust office of the Trustee.

The principal of and interest on the Bonds (collectively, "Debt Service Charges") are payable equally and ratably solely from the Pledged Revenues, the CFC Revenue Fund, and the Special Funds (being the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account), all as defined and as provided in the CFC Trust Agreement, and are not otherwise an obligation of the Authority. The payment of Debt Service Charges is secured (a) by the CFC Master Trust Agreement, and (b) by a pledge and assignment of and a lien on (i) the Pledged Revenues and (ii) the Special Funds, which are required to be maintained in the custody of the Trustee; provided, however, that any pledge or assignment of or lien on any fund, account, receivables, revenues, money or other

intangible property not in the custody of the Trustee is valid and enforceable only to the extent permitted by law.

NOTHING IN THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT SHALL CONSTITUTE A GENERAL OBLIGATION, DEBT OR BONDED INDEBTEDNESS OF THE AUTHORITY; NEITHER THE GENERAL RESOURCES OF THE AUTHORITY SHALL BE REQUIRED TO BE USED, NOR THE GENERAL CREDIT OR TAXING POWER OF THE AUTHORITY PLEDGED, FOR THE PERFORMANCE OF ANY DUTY UNDER THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT; AND FURTHER, NOTHING IN THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT GIVES THE HOLDERS OF BONDS, AND THEY DO NOT HAVE, THE RIGHT TO HAVE EXCISES OR TAXES LEVIED BY THE AUTHORITY, FOR THE PAYMENT OF DEBT SERVICE CHARGES.

The Bonds are not secured by a mortgage or mortgage lien upon property of the Authority.

The Series 2019 Bonds are issuable only as fully registered bonds and initially registered in the name of CEDE & CO., as nominee of The Depository Trust Company, New York, New York (DTC), a Depository (as defined in the CFC Trust Agreement), which shall be considered to be the holder of the Series 2019 Bonds for all purposes of the CFC Trust Agreement, including, without limitation, payment of Debt Service Charges thereon, and receipt of notices and exercise of rights of holders of the Series 2019 Bonds. There shall be a single Series 2019 Bond certificate for each maturity of Series 2019 Bonds. As long as the Series 2019 Bonds are in a Book Entry System (as defined in the CFC Trust Agreement), the Series 2019 Bonds shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository without further action by the Authority.

If any Depository determines not to continue to act as a Depository for the Series 2019 Bonds for use in a book entry system, the Authority may attempt to have established a securities depository/book entry system relationship with another Depository. If the Authority does not or is unable to do so, the Authority and the Trustee, after the Trustee has made provision for notification of the beneficial owners by notice in writing or by means of facsimile transmission to the then Depository, shall permit withdrawal of the Series 2019 Bonds from the Depository, and authenticate and deliver Series 2019 Bond certificates in fully registered form (in denominations of \$5,000 or any integral multiple thereof) to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Series 2019 Bonds), of those persons requesting such authentication and delivery unless Authority action or inaction shall have been the cause of the termination of the Bonds in a Book Entry System.

The Series 2019 Bonds maturing on December 15, 2039 (the "2039 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2035 through 2038 (with the balance of \$3,775,000 to be paid at stated maturity on December 15, 2039), at a redemption price equal to 100% of the

principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Type</u>	<u>Total</u>
2035	Mandatory Redemption	\$3,220,000
2036	Mandatory Redemption	3,350,000
2037	Mandatory Redemption	3,490,000
2038	Mandatory Redemption	3,630,000

The Series 2019 Bonds maturing on December 15, 2048 (the "2048 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2040 through 2047 (with the balance of \$5,460,000 to be paid at stated maturity on December 15, 2048), at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Type</u>	<u>Total</u>
2040	Mandatory Redemption	\$3,930,000
2041	Mandatory Redemption	4,095,000
2042	Mandatory Redemption	4,265,000
2043	Mandatory Redemption	4,445,000
2044	Mandatory Redemption	4,635,000
2045	Mandatory Redemption	4,830,000
2046	Mandatory Redemption	5,030,000
2047	Mandatory Redemption	5,240,000

Term Bonds redeemed by other than Mandatory Redemption, or purchased for cancellation, may be credited against the applicable Mandatory Redemption Requirement.

The Series 2019 Bonds maturing on or after December 15, 2030, are subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 2029 at par, plus in each case accrued interest to the redemption date.

Notice of redemption shall be given to the holder of this Series 2019 Bond to be redeemed by mailing notice of redemption by first-class mail, postage prepaid, to such holder at least 30 days prior to the redemption date at the address of such holder appearing on the Register on the fifteenth day preceding that mailing.

If fewer than all of the outstanding Series 2019 Bonds are to be redeemed, the selection of Bonds to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiples thereof, shall be made by the Trustee by lot in a manner determined by the Trustee. If Series 2019 Bonds or portions thereof are called for redemption and if on the redemption date money for the redemption thereof is held by the Trustee, including any interest accrued thereon to the

redemption date, thereafter those Series 2019 Bonds or portions thereof to be redeemed shall cease to bear interest and shall cease to be secured by, and shall not be deemed to be outstanding under, the CFC Trust Agreement.

The CFC Trust Agreement permits certain amendments or supplements to the CFC Trust Agreement not prejudicial to the holders to be made without the consent of or notice to the holders, and other amendments or supplements thereto to be made with the consent of the holders of not less than a majority in Aggregate Outstanding Principal Amount (as defined in the CFC Trust Agreement) of the Bonds then outstanding.

[FOR INSURED BONDS - Payment of principal of and interest on this Series 2019 Bond when due is insured by a municipal bond insurance policy issued by Assured Guaranty Municipal Corp. (the "Insurer"), as described more fully in the "Statement of Insurance" hereinafter set forth. The CFC First Supplemental Trust Agreement provides that the Insurer is entitled, subject to certain conditions, to exercise certain rights on behalf of the holders of the insured Series 2019 Bonds with respect to the declaration of an Event of Default, the exercise of remedies upon the occurrence of an Event of Default, the approval of amendments to the CFC Trust Agreement, the appointment of a successor Trustee, and the making or giving of other consents, directions or approvals permitted or required under the CFC Trust Agreement to be made or given by the holders of Bonds.]

The holder of this Series 2019 Bond has only those remedies provided in the CFC Trust Agreement. The Series 2019 Bonds do not and shall not constitute the personal obligation, either jointly or severally, of the members of the Board of Directors or of any other officer of the Authority. This Series 2019 Bond shall not be entitled to any security or benefit under the CFC Trust Agreement or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee or by any authenticating agent on behalf of the Trustee.

It is certified and recited that there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by the Authority or to have happened precedent to and in the issuing of the Series 2019 Bonds in order to make them legal, valid and binding special obligations of the Authority, and precedent to and in the execution and delivery of the CFC Trust Agreement; that payment in full for the Series 2019 Bonds has been received; and that the Series 2019 Bonds do not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Authority has caused this Series 2019 Bond to be executed by the facsimile signatures of the President and CEO and the Chief Financial Officer of the Authority as of the date stated above.

President and CEO		
Chief Financial Officer		

# **CERTIFICATE OF AUTHENTICATION**

This Series 2019 Bond is the only one of the Series 2019 Bonds issued under the provisions of the within-mentioned CFC Trust Agreement.

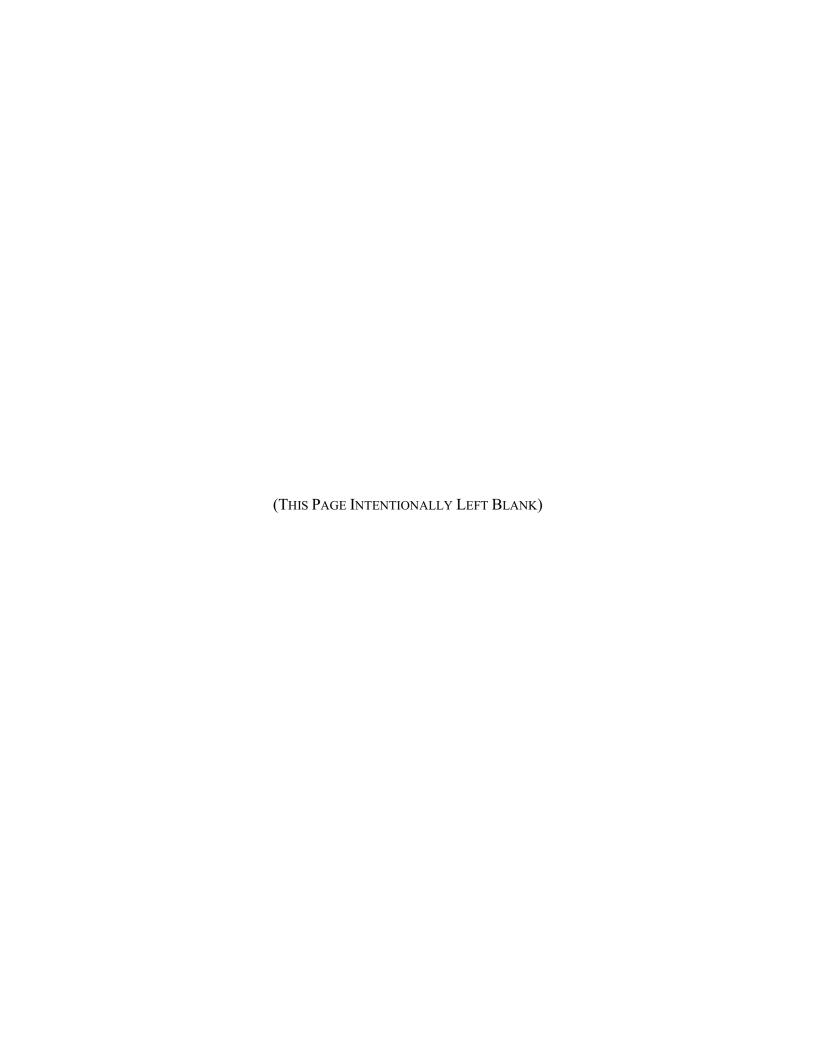
Date of Registration and Authentication: May 2, 2019
U.S. Bank National Association, as Trustee
By:
By: Authorized Signer
Registrable and Payable at the designated corporate trust office of U.S. Bank National Association, in Columbus, Ohio
[FOR INSURED BONDS —
STATEMENT OF INSURANCE
Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on the Series 2019 Bonds maturing on December 15 of the years 2030 through 2032, inclusive (the "Insured Bonds"), to U.S. Bank National Association, Columbus, Ohio, or its successor, as paying agent for the Insured Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Insured Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.]
ASSIGNMENT
For value received, the undersigned hereby sells, assigns, and transfers this Series 2019  Bond to (print or type name, address, zip code and social security number or other identification number of transferee) and does hereby irrevocably constitute and appoint as attorney to transfer this Series 2019 Bond on the books kept for registration of this Series 2019 Bond, with full power of substitution in the premises.  Dated:

Notice: (a) The assignor's signature on this
assignment must correspond exactly with the
name as it appears upon the face of this Series
2019 Bond. (b) Transfer of this Series 2019
Bond is subject to the provisions stated in this
Series 2019 Bond.

Signature Guaranteed:

# APPENDIX D

# Form of Concessionaire Agreements



#### **AGREEMENT**

#### FOR THE OPERATION OF A

#### RENTAL CAR CONCESSION

This CONCESSION AGREEMENT ("Agreement")	is made as of January 8, 2018 ("Effective Date") by
and between Columbus Regional Airport Authority	("Authority"), the operator of John Columbus
International Airport ("Airport"), and	("Concessionaire"), a limited liability
company organized under the laws of the State of	and authorized to do business in the
State of Ohio.	

### 1. Definitions

#### 1.1 Definitions

- A. Agreement: This Agreement, including all exhibits, schedules, and attachments hereto and any subsequent amendments thereto.
- B. Agreement Dates:
  - a. Commencement Date: The day the CONRAC opens/is available to the public, which shall be the later of July 1, 2020 or four (4) months after Substantial Completion. Concessionaire will execute the attached Exhibit H within thirty (30) days of the Authority establishing an opening date for the CONRAC.
  - b. Effective Date: The date of full execution of this Agreement by the Parties.
  - c. Termination Date: The earlier of thirty (30) years from the Commencement Date. Except as otherwise provided in this Agreement, in no event will the Termination Date be earlier than the thirtieth (30th) anniversary of the date of issuance of the initial series of Bonds.
  - d. Required Completion Date: The date set forth in the Notice to Proceed by which Concessionaire must achieve Substantial Completion of an Approved Project, except as such date may be extended in accordance with the provisions herein. The Required Completion Date shall be no sooner than the Commencement Date.
  - e. Access Date: The date on which the Authority authorizes Concessionaire to access the CONRAC for the purpose of commencing construction of the Concessionaire's Approved Project within Concessionaire's Exclusive Premises.
  - f. Term Agreement Date: The Authority will confirm, no later than thirty (30) days after the Commencement Date, the actual Commencement Date and Termination Date. Such confirmation will be in the form of the Term Agreement attached as Exhibit H without need for formal amendment to the Agreement.
- C. Agreement Year: (a) the first Agreement Year during the Term shall be either: i) the period commencing on the Commencement Date and continuing through the end of Authority's Fiscal Year in which the Commencement Date occurs in the event the Commencement Date occurs prior to June 30 of any year or, ii) the period commencing on the Commencement Date and continuing through the end of the Authority's next Fiscal Year in the event the Commencement Date occurs on July 1 or later of any year, and (b) with respect to each Agreement Year thereafter during the

- Term, each twelve-month period commencing on the first day of Authority's Fiscal Year and ending on the last day of Authority's subsequent Fiscal Year, provided that if the Term expires or is terminated on a day other than the last day of an Agreement Year, the last Agreement Year will then end as of the date of such expiration or termination.
- D. Airport: The airport currently known as John Glenn Columbus International Airport located at 4600 International Gateway, Columbus, Ohio, or such other address at which any future terminal may be constructed to serve the passengers at Airport.
- E. Airport Customer: A person or person(s) who rents, picks-up, or enters into a Vehicle Rental Agreement for the rental of a vehicle from a Concessionaire at the CONRAC at the Airport or other offsite location serving passengers of Airport.
- F. Airport Terminals: The passenger transportation facility at the Airport, now existing, or to be constructed during the Term of this Agreement, known individually as the Terminal, including but not limited to all user movement areas, areas leased exclusively or preferentially to any third party or parties, common areas and baggage claim areas therein, and interconnecting hallways, concourses, parking areas, and bridges.
- G. Approved Project: As it applies to any portion of the Exclusive Premises, Concessionaire's construction, furnishing, fixturing, and remodeling of such portion of the Exclusive Premises as reviewed and approved by Authority in accordance with Authority's Tenant Work Permit Manual.
- H. Authority Contact: The Authority employee designated by Authority's President & CEO to manage and oversee this Agreement.
- I. Authority's Fiscal Year: The twelve-month period beginning January 1<sup>st</sup> through December 31<sup>st</sup> of the calendar year.
- Authority's Work: The work to be done by or on behalf of Authority to construct the CONRAC.
- K. Bond Documents: The documents and authorizations relating to the issuance, financing, investment, application, and retirement of the Bonds.
- L. Bonds: Collectively, the John Glenn Columbus International Airport Customer Facility Charge Revenue Bonds (or such other designation as may be given to those Bonds), and any additional bonds from time to time issued and outstanding, the proceeds of which are used to pay the cost of design, construction, approved modifications, replacements, expansions, enabling projects, busing, and/or improvements to the CONRAC, including related costs of issuance, and any other Eligible Costs.
- M. Common Concessionaire Areas: Those areas of the CONRAC designed for the non-exclusive use in common by the Concessionaires pursuant to this Agreement, including those which are more particularly described on Exhibit A, "Common Concessionaire Areas", attached hereto and made a part hereof. Common Concessionaire Areas include, but are not limited to, roadways, ramps, or other facilities within the CONRAC as designated by Authority. These areas will be maintained by CONRAC Facility Manager at Concessionaires expense.
- N. Common Fluid System: Collectively, the elements of the washer fluid receipt, storage, transmission, delivery and dispensing systems and related facilities, fixtures, equipment and other real and personal property used in conjunction therewith and as otherwise constructed by Authority as part of the CONRAC (including but not limited to storage tanks, piping, dispensers, nozzles, and related equipment and computer management systems), and thereafter operated and maintained by the CONRAC Facility Manager at Concessionaires expense.

- O. Common Fuel System: Collectively, all the elements of the fuel receipt, storage, transmission, delivery and dispensing systems and related facilities, fixtures, equipment and other real and personal property used in conjunction therewith and as otherwise constructed by Authority as part of the CONRAC (including but not limited to UST's, piping, dispensers, nozzles, and related equipment and computer management systems), and thereafter operated and maintained by the CONRAC Facility Manager at Concessionaires expense.
- P. Common Public Areas: Those portions of the CONRAC designated for the non-exclusive use in common by the public, Concessionaires, and other Authority authorized users of the CONRAC pursuant to this Agreement. Common Public Areas include, but are not limited to, public circulation space, lobbies, elevators, sidewalks, bus areas, escalators, restrooms, or other facilities within or outside the CONRAC as designated by Authority. These areas will be maintained by the CONRAC Facility Manager at Concessionaires expense.
- Q. Concession: The rights granted to Concessionaire by Authority to operate an on-airport vehicle rental business at the CONRAC in accordance with the terms and conditions of this Agreement.
- R. Concessionaire: The legal entity that is party to this Agreement and that is bound by this Agreement to operate an on-airport vehicle rental business at the CONRAC. In all provisions of this Agreement that require a person to comply with a specific provision requiring representation of Concessionaire, this person will be an authorized official of Concessionaire.
- S. Concessionaires: Concessionaire and those other rental car companies from time to time that are parties to a valid contract with the Authority to operate an on-airport vehicle rental business at the CONRAC.
- T. Concessionaire's Deficiency Payments: Those payments required to be made by Concessionaire as defined in Section 4 of this Agreement.
- U. Concessionaire's Operating Obligations: The various maintenance, repair, and operating responsibilities and obligations in this Agreement to be performed by Concessionaire, at its own cost and expense, in the performance of the Concession. The performance of these obligations by the Concessionaire, or payment to a third party for the performance of these obligations, are not rental payments or other considerations for the right to occupy real property, but are acknowledgements by the Concessionaire of its obligation to maintain and repair the CONRAC, as further described in Exhibit D, CONRAC Operations & Maintenance Standards, attached hereto and made a part hereof.
- V. Concessionaire's Proportionate Share: The percentage determined by dividing the aggregate square footage of Concessionaire's Exclusive Premises as depicted in Exhibit B(which is deemed to be \_\_\_\_\_\_ square feet) by the aggregate square footage of all Concessionaires' Exclusive Premises (which is deemed to be \_\_\_\_\_ square feet), which is acknowledged and agreed to be \_\_\_\_\_ percent (\_\_\_\_\_%) as of the Effective Date hereof, or otherwise as determined by the Authority from time to time based upon any increases, decreases or reconfigurations or reallocations of space. (to be amended consistent with Section 4.1)
- W. CONRAC (also referred to herein as "Primary Operating Area"): As shown on Exhibit A, the Consolidated Rental Car Facility and any modifications, replacements, expansions, and/or improvements thereto, including the associated structures, roadways, facilities, infrastructure improvements to utilities, and other infrastructure to be constructed consisting of: (i) customer service area; (ii) the Exclusive Premises; (iii) Ready/Return Area; (iv) the QTA, together with a

- dedicated roadway for rental vehicle use; (v) storage/service facilities; and (vi) the portion of the Common Concessionaire Areas and Common Public Areas of the CONRAC allocated and dedicated to the Concessionaires, as reasonably determined by the Authority.
- X. CONRAC Facility Manager: The third-party property manager hired from time to time by the Concessionaires, subject to the approval of the Authority, for the operation management and maintenance of the CONRAC.
- Y. CONRAC Project: The permitting, design, development, construction, equipping, furnishing, and acquisition of the CONRAC, including the associated structures, site preparation, roadways, facilities, infrastructure improvements to utilities, and any other infrastructure projects and improvements to support the CONRAC.
- Z. Customer Facility Charge or "CFC": The rates or fees imposed by the Authority on Concessionaires which may be adjusted from time to time by the Authority's Board of Directors. Such fees do not constitute a rental charge for the use of a vehicle or for the use of real property.
- AA. Day(s): Unless otherwise stated, means calendar day(s).
- BB. Debt Service: The principal and interest payments, and redemption premiums, if any, due on the Bonds from time to time, puts and mandatory or optional tenders with respect to variable rate demand obligations, and any related required costs, payments, or deposits in connection with any of the foregoing, including, without limitation, costs of issuance, costs of on-going tax compliance, reimbursements, fees, costs and expenses of trustees, credit and liquidity providers, remarketing agents, tender agents and the like, financing and administration costs and charges, and reserves, and further including, specifically, the amounts of any required deposits into each of the funds specifically referenced and defined in the Bond Documents and any amounts required to meet the coverage requirements of the Bond Documents, together with all deposits required in connection with any of the foregoing (except to the extent that any such costs, payments, deposits, credit and liquidity fees, or reserves are funded from the initial proceeds of the Bonds and comprise part of the principal and interest payments, it being understood and agreed that there will be no "double counting" of any such amounts for purposes hereof).
- CC. Default Rate: The rate of four percent (4%) higher than the prime rate as published in The Wall Street Journal. For purposes of this definition, the prime rate will be measured on November 1st and May 1st of each calendar year during the term of the Agreement. The prime rate on November 1st or May 1st will be used to determine interest, penalties and late charges for the subsequent six (6) month period until the next day for determining the prime rate under this provision arises. In addition to interest, monthly default rate at the rate of six percent (6%) per annum (or as established periodically) of the amount due will be assessed on the unpaid portion of accounts more than ninety (90) days past due. Or the maximum rate permitted by law, whichever is less.
- DD. Eligible Costs: Costs required to complete the CONRAC Project to potentially include, but not limited to, the following:
- Total Construction Costs (including but not limited to CONRAC and support costs, Design Costs, Program Management Costs, Authority's Project Costs, Environmental Remediation)

- b. Enabling Projects A percentage share of Utility Corridor, RTR relocation, stormwater detention, Cell Phone Lot relocation, demolition of buildings/lots on the CONRAC site, Existing Parking Garage Reclamation Costs
- c. CONRAC Soft Costs (Construction Manager at Risk, Planning Studies, Consultants, Staff, Etc.)
- d. Testing & Inspection
- e. Limited ongoing costs (i.e.: RACTR, Common Busing (see section x.xx)).
- EE. Excess CFCs: Those CFC amounts above an amount equal to the most recent four (4) months of CFC's collected, but not more than \$4,000,000. This maximum amount is subject to CPI adjustment using the same methodology as the Land Use Fee CPI adjustment in Section 4.1.
- FF. Exclusive Premises (also referred to herein as "Concessionaire's Operating Area"): Those areas of the CONRAC which are leased exclusively to Concessionaire pursuant to this Agreement which are more particularly described on Exhibit B.
- GG. FAA: The U.S. Department of Transportation Federal Aviation Administration or any successor thereto.
- HH. Hazardous Materials: The term "Hazardous Materials" shall mean any substance, chemical, or waste which at any time shall be defined as hazardous, toxic, or dangerous under applicable federal, state, or local laws or regulations that govern (i) the existence, cleanup, or remedy of contamination on property, (ii) the protection of the environment from spilled, deposited or otherwise in place contamination, (iii) control of hazardous wastes, or (iv) the use, generation, transport, treatment, removal or recovery of hazardous substances, including building materials.
- II. Impositions: All real property taxes, assessments, license fees, license taxes, business license fees (excluding Privilege Fee and Minimum Annual Guarantee), commercial rental taxes, levies, charges, improvement bonds, taxes, water and sewer rents and charges, utilities and communications taxes and charges, and similar or dissimilar impositions imposed by any authority having the direct power to tax, including any city, county, state, or federal government, or any school, agricultural, lighting, drainage, water management or other improvement or special assessment district thereof, or any other governmental charge, general and special, ordinary and extraordinary, foreseen and unforeseen, which may be assessed against any legal or equitable interest of the Authority or Concessionaire in connection with the CONRAC, or any portion or portions thereof, including, without limitation, (i) any tax on the Authority's "right" to rent or "right" to other income from the CONRAC, or as against the Authority's business of leasing the CONRAC; (ii) any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy, or charge previously included within real property tax, it being acknowledged by Concessionaire and the Authority that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, it being the intention of Concessionaire and the Authority that all such new and increased assessments, taxes, fees, levies, and charges be included within the definition of "Impositions" for the purposes of this Agreement; (iii) any assessment, tax, fee, levy or charge allocable to or measured by the area of the CONRAC, or the rent payable by Concessionaire hereunder, including, without limitation, any gross receipts tax or excise tax levied by state, city, or federal government, or any political subdivision thereof,

with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use, or occupancy by CONRAC, or any portion thereof, but not on the Authority's other operations; (iv) any assessment, tax, fee, levy or charge upon this Agreement or any document to which Concessionaire is a party, creating or transferring an interest or an estate in the CONRAC; (v) any assessment, tax, fee, levy, or charge by any governmental agency related to any transportation plan, fund, or system (including assessment districts) instituted within the geographic area of which the CONRAC are a part; and/or (vi) any costs and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred in attempting to protest, reduce or minimize such impositions.

Any obligation of a Concessionaire to pay any tax, assessment, fee, levy, charge, or any other obligation imposed by any governmental or semi-governmental entity or authority, or by a regulated or unregulated utility or telecommunications provider, and defined as an "Imposition" herein or elsewhere in this Agreement, is not deemed to be a rental payment or a payment in lieu of rent, or any form of payment by the Concessionaire, on behalf of the Authority or any of its related agencies or entities (as landlord). However, its exclusion as any form of rent (or substitution of rent) does not affect the Concessionaire's obligation to make such payments as otherwise required under this Agreement, together with any attendant interest, penalties, or attorneys' fees.

- JJ. Land Use Fee: The amount paid by Concessionaire to Authority for the use of the land area on which the CONRAC is situated.
- KK. Market Share Percentage(also referred to herein as "Market Share"): Shall mean the average of:
  - 1. The percentage that a Concessionaire's Gross Revenues generated in the Primary Operating Area is of the total of all Gross Revenues generated for all Concessionaires under this or similar concession agreements, for the period at issue, and
  - 2. The percentage that Concessionaire's transactions generated is of the total of all transactions generated for all Concessionaires under this or similar concession agreements, for the period at issue.

For the purpose of this definition a transaction is defined as vehicle rental that results in at least one day of CFC collection. For example, concessionaire rents a vehicle for three (3) Days, this counts as one (1) transaction.

- LL. Mid-Field Development Program: Multi-year project that will develop a new CONRAC, parking facility, and terminal along International Gateway.
- MM. Month(s): Unless otherwise stated, means calendar month(s).
- NN.New Market Entrant: A Concessionaire that either: 1) has a Market Share Percentage of two percent (2%) or less on the Effective Date, or 2) was not a party to a rental car concession agreement on the Commencement Date.
- OO. Notice to Proceed: As it applies to any portion of the Exclusive Premises, the written notice from Authority to Concessionaire delivering possession of such portion of the Exclusive Premises to Concessionaire to commence Concessionaire's initial Approved Project for such portion of the Exclusive Premises, and which establishes the Access Date and Required Completion Date for such portion of the Exclusive Premises.

- PP. Petroleum Storage and Fuel Systems: That part of the CONRAC consisting of the entire fueling system, including underground tanks, dispensers, piping, and all supporting equipment and structures servicing the CONRAC.
- QQ. Privilege Fee: The annual fee paid by Concessionaire to Authority as consideration for the privilege of concession rights at the Airport that as further described in Section 4.4.
- RR. Quick Turn-Around Area or "QTA": The areas located within the CONRAC dedicated to fueling, vacuuming, washing and servicing rental vehicles.
- SS. Ready/Return Area: The area comprising a portion of the CONRAC in which rental vehicles are parked and/or staged for Airport Customer pick-up or return.
- TT. Rental Agreement Day: The period of time up to twenty four (24) hours from the opening of the Vehicle Rental Agreement to the close of the Vehicle Rental Agreement. In the event Concessionaire offers a grace period for the vehicle rental returns, such grace period will be considered as included in the preceding Rental Agreement Day. If a vehicle rental return exceeds Concessionaire's grace period, then another Rental Agreement Day will be applicable even if the Airport Customer is charged hourly and not a full additional day. The number of Rental Agreement Days will be applicable to the calculation of CFCs due to the Authority pursuant to this Agreement and applicable Resolutions.
- UU. Renewal and Replacement Fund: The fund established and maintained pursuant to the CFC Agreement and held by the Authority to pay the cost of modifications, repairs, and replacements of the CONRAC.
- VV. Substantial Completion: The stage in the process of any construction or other work when such work is sufficiently complete, as reasonably determined by Authority, so that (i) in the case of Authority's Work, Concessionaire is able to take possession of its Exclusive Premises for the purpose of performing the Approved Project, or (ii) in the case of Approved Project work, Concessionaire has received a Certificate of Occupancy and/or a Temporary Certificate of Occupancy from the appropriate governmental agencies and is able to occupy the Exclusive Premises for the purpose of opening for business. In no event will Substantial Completion of any work occur prior to the issuance by Authority of the Notice to Proceed.
- WW. Tenant Improvement Handbook: Authority's CONRAC design and construction standards governing all aspects of the Concessionaire's design and construction of the Exclusive Premises, attached hereto as Exhibit E and incorporated herein. Authority reserves the right to amend the Tenant Improvement Handbook during the Term. Any amendment will be binding on Concessionaire without need for amendment of this Agreement. Authority will provide Concessionaire with any amendment to the Tenant Improvement Handbook.
- XX. Tenant Improvements: All exclusive use improvements made directly by Concessionaire or by the Authority on behalf of Concessionaire. Tenant Improvement Costs are not included in the Initial Project Cost. Subject to confirmation of the Initial Project Cost and availability, Authority will allocate up to a total of \$2.0 million dollars of CFC revenues among Concessionaires as an allowance for Tenant Improvement costs. Use of CFC revenues in this fashion, if any, shall be allocated between concessionaires according to a formula to be developed by the Authority prior to the Commencement Date based on final initial occupancy and/or Market Share.
- YY. Tenant Work Permit Application: Authority's standards, procedures, requirements, and rules and regulations governing Concessionaire's construction activities at the Airport, attached hereto as

Exhibit E and incorporated herein. Authority reserves the right to amend the Tenant Work Permit Application during the Term. Any such amendment will be binding on Concessionaire without need for amendment of this Agreement, provided that such amendment of the Tenant Work Permit Application does not conflict with the other terms and conditions of this Agreement. Authority will provide Concessionaire with any amendment to the Tenant Work Permit Application.

- ZZ. Term: The period of time beginning on the Commencement Date and ending on the Termination Date.
- AAA. TSA: The U.S. Department of Homeland Security Transportation Security Administration or any successor thereto.
- BBB. Vehicle Rental Agreement: The written or electronic contract or other agreement under which a vehicle is rented at the CONRAC to an Airport Customer by Concessionaire.

# 2. TERM

#### 2.1 Term

The Term of this Agreement is for a period of thirty (30) years from the Commencement Date. The Commencement Date and the Termination Date will be identified by the Term Agreement (attached hereto as Exhibit H) which shall be executed by both parties upon occupancy. Except as otherwise provided in this Agreement, in no event will the Termination Date be earlier than the thirtieth (30th) anniversary of the date of issuance of the initial series of Bonds.

# 2.2 Operating Period

The "Operating Period" shall be for the term of this Agreement, beginning on the Commencement Date and ending on the Termination Date, unless the Term of the Agreement is extended by separate agreement between the parties, in which case the Operating Period shall be extended as agreed to by the parties.

#### 2.2.1 Right to Re-open

The Authority reserves the right to re-open business terms the earlier of one (1) year prior to beneficial occupancy of the new terminal that is part of the Mid-Field Development Program and then every five (5) years thereafter. In such event Authority will notify Concessionaire no later than twelve (12) months prior to the expected beneficial occupancy of the new terminal and then twelve (12) months prior to the expiration of every succeeding fifth (5th) Agreement Year of its election to re-open this Agreement and the agreements of the other concessionaires. Concessionaire hereby acknowledges and agrees that the Authority has advised Concessionaire of the Authority's right and option to require the periodic re-open of the business terms of this Agreement for negotiation. If after good faith negotiations, Authority and Concessionaire are unable to agree to new business terms, the Concessionaire will vacate the CONRAC and terminate the Agreement.

# 2.3 No Privilege of Renewal

There shall be no privilege of renewal hereunder.

#### 2.4 Holdover

At the Authority's option, any holding over by Concessionaire after the expiration or termination of this Agreement shall be from month to month which may be terminated at any time by the Authority or Concessionaire, giving thirty (30) days written notice to the other party. All activities during such holding over period shall be pursuant to the terms and conditions of this Agreement

Concessionaire must pay the Land Use Fee and Privilege Fee for the entire holdover period for that portion of Exclusive Premises where the Agreement has expired or been terminated ("Holdover Premises"). Unless the holdover is consented to by the Authority, the Land Use Fee for Holdover Premises will be payable at double the annual rate for that portion of the Exclusive Premises during the preceding Agreement Year. No occupancy of any portion of the Exclusive Premises by Concessionaire after the expiration or other termination of this Agreement with respect to such portion of the Exclusive Premises shall extend the Term, except as a holdover tenancy. Also, in the event of such holdover tenancy, Concessionaire will indemnify Authority against all damages arising out of the Concessionaire's holdover tenancy, including but not limited to, any costs incurred by Authority to evict Concessionaire, and all insurance policies and payment securities required to be obtained and maintained by Concessionaire as set forth in this Agreement will continue in full force and effect. Any costs of eviction incurred by Authority shall include attorneys' fees and expert fees in preparation, at trial or in any ancillary proceeding or appeal.

### 3. OPERATING AREAS

# 3.1 Operating Areas

### 3.1.1 Primary Operating Area

The "Primary Operating Area" shall be the CONRAC at the Airport including all its improvements and amenities. The Primary Operating Area is in the entire structure as designated on the drawings attached as Exhibit A, and includes the following elements (1) office, check-in counter space, and identified lobby space (collectively, "Customer Service Building"), (2) unleased lobby and restrooms on each level of the Customer Service Building and facility (collectively, "Common Area"), (3) the covered parking space (often referred to as ready-return parking space) on the first, second, and third levels of the parking structure ("Ready-Return"), (4) the uncovered parking space to be used for vehicle storage only on the fourth level of the parking structure ("Storage Area"), (5) any uncovered parking space identified for surface level vehicle storage, and (6) "Quick Turnaround Area" or "QTA" adjacent to the Ready-Return structure for stacking, light maintenance, fueling, and washing vehicles, and maneuvering and queuing vehicles for the same.

### 3.1.2 Concessionaire's Operating Area

The "Concessionaire's Operating Area" (also referred to herein as Exclusive Use Premises) shall be that portion of the Primary Operating Area during the Term specifically designated for or exclusively

occupied by Concessionaire in Exhibit B, along with any areas designated for common use by rental car concessionaires.

# 3.2 Designated Service Facility

No later than the Commencement Date, Concessionaire shall designate a facility for vehicles maintenance and storage for all vehicles used as part of its airport rental car concession. Such facility shall be known as Concessionaire's Designated Service Facility. Any other facility which is used to accommodate Concessionaire's airport rental car concession shall also constitute a part of the Designated Service Facility. All Gross Revenues generated at a Designated Service Facility or any off-airport business location within one (1) mile of the CONRAC shall constitute Gross Revenues covered by this Agreement. This measurement is to be based on a direct, straight line distance from the North West corner of the QTA.

# 3.3 Allocation of Parking Space

The first, second, and third Levels of the CONRAC will be available to accommodate ready/return parking space blocks (collectively, "Parking Space Blocks"). A portion of the ground level between the Ready Return Area and QTA level and forth level of the Ready Return Area and QTA will be available to accommodate storage ("Storage Blocks"). Unless otherwise agreed to by the Authority, each rental car concessionaire will be required to utilize exclusively its Market Share of Parking Space Blocks and Storage Blocks in the CONRAC.

#### 3.3.1 Initial Allocation

Sixteen (16) months prior to the Commencement Date, the Authority will confirm and distribute the relative Market Share Percentage of each Concessionaire operating at the Airport using the market share data available for the most recent twelve month period. In the event the Market Share Percentage shall dictate an adjustment of the initial location and allocations (as set forth in the chart contained in Exhibit C), the Concessionaire along with all other Concessionaires will attempt to determine an equitable adjustment of the initial location and allocations pursuant to this Section. If after thirty (30) days, the Concessionaires are unable to agree on an equitable adjustment of the initial location and allocation, the Authority shall have thirty (30) days to create an equitable allocation plan. Upon determination of an equitable adjustment, the Authority shall, in its sole discretion, amend the Exclusive Premises allocated to Concessionaire (and to the other Concessionaires similarly affected) in conformance with such shift in Market Share Percentage. Upon such Authority's determination, the Authority shall send a written notice ("Market Share Percentage Confirmation Notice") to Concessionaire (and to the other Concessionaire s similarly affected) no later than 360 days prior to DBO, amending this Agreement with respect to the Premises set forth in Section B.

#### 3.3.2 Reallocation

Reallocation of the Exclusive Premises, shall occur pursuant to the intervals, triggers and minimums as set forth in Exhibit F and subject to the provisions of this Agreement unless all affected Concessionaires unanimously agree to remain in their Exclusive Premises. In the event the Market Share Percentage shall dictate an adjustment of the location and allocations (as set forth in the chart contained in Exhibit C), the Concessionaire along with all other Concessionaires will attempt to determine an

equitable adjustment of the location and allocations pursuant to this sub-Section. If after thirty (30) days, the Concessionaires are unable to agree on an equitable adjustment of the location and allocation, the Authority shall have thirty (30) days to create an equitable allocation plan. Upon determination of an equitable adjustment, the Authority shall, in its sole discretion, amend the Exclusive Premises allocated to Concessionaire (and to the other Concessionaires similarly affected) in conformance with such shift in Market Share Percentage. Upon such Authority's determination, the Authority shall send a written notice ("Market Share Percentage Confirmation Notice") to Concessionaire (and to the other Concessionaires similarly affected) no later than 180 days from the notice, amending this Agreement with respect to Concessionaire's Exclusive Premises.

Commencing with the Commencement Date, the Authority shall provide a Market Share Percentage report on each two year anniversary (for ready/return, fuel positions and stacking lanes) and five year anniversary (for counters, back office, queuing, car wash bays and maintenance bays) indicating which Concessionaires, if any, have triggered a component reallocation as set forth in this Section.

Any such reallocation as provided hereunder will be reflected in an exhibit detailing such reallocation. The effective date and the applicable square footage(s) will be attached to this Agreement by letter from the Authority and the amounts payable hereunder will be adjusted as necessary according to the square footage of the resulting space, without the need for amendment of this Agreement.

#### 3.3.3 Reallocation Plan

Concessionaires shall attempt to create a reallocation plan in a manner that maintains the operational efficiency of the Facility and all Concessionaires. In the event the Concessionaires are unable to reach a reallocation plan within thirty (30) days, the Authority shall determine a reallocation plan. In no event shall a Concessionaire be entitled to reallocation if in the Authority's discretion such relocation materially and negatively impacts the operation of the CONRAC.

# 3.3.4 Reallocation Costs

Each Concessionaire shall be responsible for the costs it incurs for its own Exclusive Premises. Reallocation costs for Common Areas will be allocated amongst affected Concessionaires on that floor based upon their respective Market Share Percentage. In no event shall a Concessionaire be required to pay any costs associated with a reallocation in which their Exclusive Premises are not reallocated. Reallocation costs associated with common elements such as moving, adding or eliminating bollards will be split equally among those Concessionaires directly impacted by the common element.

#### 3.3.5 New Entrant

If pursuant to Section 2.2.1 the Agreement is re-opened and results in a New Market Entrant, then the space allocated to the New Market Entrant will be negotiated at that time. In the event that the Authority and concessionaire/Concessionaires are not able to reach agreement as to space allocation then the New Market Entrant upon execution of a rental car concession and all other agreements related to the operation and maintenance of the CONRAC shall be provided approximately two percent (2%) of the

total Ready Return Area in the CONRAC, two fueling and vacuum nozzles, and adequate customer service counter, office space, and QTA space or as otherwise determined by the Authority. All costs under this Agreement and will be adjusted proportionately based on the actual space allocated to the New Market Entrant. The Authority may, at its discretion, initiate an unscheduled reallocation no sooner than two (2) Agreement Years after any New Market Entrant begins operations in the CONRAC regardless of the market share trigger identified on Exhibit F.

#### 3.3.6 Facility Design

The provisions set forth in this Section are based on the Facility design as December 2017. In the event the Facility design is altered to increase, decrease or otherwise materially alter the operational nature of the counters, back office, queuing area, ready/return, fuel positions, stacking lanes, car wash bays or maintenance bays, Concessionaire along with all other Concessionaires shall revise the chart contained in this Section and alter any and all allocation plans, if necessary, to maintain the allocation principles contained herein. Concessionaires may adjust any of the individual components identified above to equalize the space (for example, Concessionaire may accept additional Ready Return space and give up fourth floor storage space to another concessionaire).

### 3.4 Counters and Office Space

#### 3.4.1 Counter and Office Space

Unless otherwise agreed to by the Authority, each rental car concessionaire will be required to rent exclusively its Market Share of counter space in the Rental Car Facility. Concessionaires may agree to redistribute or exchange counter and office space allocations, provided that each Concessionaire rents sufficient counter and lobby space to match customer demand. Where possible, the office space allocated to a concessionaire shall be directly behind the counter space allocated to that concessionaire.

### 3.4.2 Lobby Common Area

Concessionaire shall have the use in common with other rental car concessionaires the lobby area directly in front of their rental car counters.

### 3.5 QTA

# 3.5.1 Multi-level QTA

As a multi-level QTA, the Authority will attempt to assign QTA space on same level of Ready Return operation. In the event of a split ready-return operation, the Authority will assign QTA space at its discretion. Stacking Space, Fuel Island, maintenance bays, and wash bay assignment will be allocated among the rental car concessionaires based upon Market Share. The Authority shall have the right to reallocate each rental car concessionaire's space during the Agreement based on Concessionaire's Market Share when the Ready-Return space is reallocated. The allocation of Stacking Space, Fuel Island, maintenance bay, and wash bay assignment to Concessionaire shall be determined by the Authority after consultation with the Concessionaires.

Concessionaire shall utilize the QTA only for automobile fueling, washing, cleaning, light maintenance, fluid replenishment, vacuuming, and related activities as are reasonably necessary for

preparing its automobiles for rental pursuant to this Agreement. Concessionaire shall not utilize the QTA for heavy or extensive maintenance or for the storage of damaged vehicles. Such maintenance shall be conducted at the Concessionaire s Designated Service Facility. Further, the Concessionaire shall not allow its customers or the general public to enter the QTA. The Concessionaire may provide temporary staging of its on-Airport automobiles in the Fuel and Wash Areas prior to their return to the Concessionaire's parking spaces, but no other vehicle parking, including employee parking, shall otherwise be permitted in or about the Fuel and Wash Areas

#### 3.5.2 Fuel Islands and Vacuum

The Fuel Islands and vacuum nozzles on each floor shall be allocated by the Authority with each concessionaire entitled to the use of at least two fuel nozzles and two vacuum nozzles, and additional Fuel Islands based on Market Share allocation. Concessionaire may be required to share the Fuel Island assigned to them with the other concessionaires. The location of Concessionaire's Fuel Island(s) shall be determined by the Authority.

# 3.5.3 Wash and Vacuum Bays

The three (3) Wash Bays on each floor shall be allocated by the Authority with each Concessionaire with a Market Share of greater than 10 percent (10%). entitled to the use of at least one Wash Bay, All Concessionaires may be required to share the Wash Bay assigned to them. The Wash Bay(s) allocated to Concessionaire shall be adjacent to the Fuel Island(s) allocated to Concessionaire.

### 3.5.4 Common QTA Area

In addition to the foregoing allocated space, if approved by the Authority, first floor Concessionaire shall have the use of the remaining areas adjacent to the QTA not utilized for a drive lane or other purposes on the same level as its Ready-Return space in common with all other first floor Concessionaires under similar agreements with the Authority for maneuvering space ("QTA Common Area"). The Authority, at its discretion however, may allocated this space to any Concessionaire within the CONRAC.

The Concessionaire hereby acknowledges that since the QTA is a joint use facility, and due to the nature of its operation, it is conceivable that damage, malfunction, or other occurrences involving another concessionaire's premises or equipment may adversely affect the operation or use of the Concessionaire's premises. The Concessionaire shall conduct and coordinate its operations and activities with all other concessionaires, so as to avoid conflicts with other concessionaries and foster a safe and efficient operation for all tenants of the QTA. Upon receiving written notice from either another concessionaire that Concessionaire's operations are adversely affecting or damaging the concessionaire, or from Concessionaire that another concessionaire is failing to coordinate its operations in and about the QTA with those of the Concessionaire, the Authority shall promptly investigate the matter and within five (5) business days of the conclusion of such investigation take such action as the Authority, at its sole discretion, may deem necessary or appropriate. However, the Authority shall not in any event be liable in any way to the Concessionaire for any damages suffered by reason of the activities of another concessionaire, by reason of the failure of another concessionaire to coordinate its operations with the Concessionaire's operation, by reason or the failure of another concessionaire to carry out the directions

of the Authority, or by reason of another concessionaire's default in the performance of its obligations with regard to the QTA. However, in the event of repeated difficulties in coordination of operation, the Authority reserves the right to develop a schedule of liquidated damages to be imposed on Concessionaire for its failure to comply with this paragraph.

#### 3.5.5 Maintenance Bay

The Maintenance Bays on each floor shall be allocated by the Authority with each concessionaire entitled to the use of at least one Maintenance Bay. The location of Concessionaire's Maintenance Bay shall be determined by the Authority.

# 3.5.6 Signage in QTA

No signage or banners, other than corporate logo, regulatory signage, or employee oriented or warning signs will be allowed within the QTA without the prior written permission of the Authority. Additional items placed in the QTA, such as vending machines, dumpsters, etc. must be approved from an safety, aesthetics, and visibility standpoint for placement in advance by the Authority. The Authority shall not withhold approval unreasonably.

### 3.5.7 Improvements and Refurbishment to the QTA

The Concessionaire may construct or install such additional fixtures to the QTA as are necessary to conduct the QTA operations described herein. The Concessionaire acknowledges and agrees that it shall be entitled to no reimbursement or buy-out from the Authority for any facilities or improvements installed by the Concessionaire during the Term of this Agreement. All improvements, equipment, or personal property installed by Concessionaire may be removed by Concessionaire during the Term of this Agreement and at the expiration or earlier termination of this Agreement provided that Concessionaire repairs any damage caused by such removal.

# 3.5.8 Surrender of QTA at the End of Term

The Concessionaire's right to occupy its assigned space within the QTA shall expire with the Termination of this Agreement or upon reallocation. At the end of Term the Concessionaire shall vacate its assigned space within the QTA.

# 3.6 Adjustments to Rental Car Garage Facilities

The Authority may unilaterally change the Operating Areas identified in this Agreement from time to time, as deemed necessary by the Authority to further the efficient utilization of the Airport's facilities. This includes accommodation of Airport construction activities and operations, provided that the Authority:

- 1. shall give Concessionaire commercially reasonable advance notice of each substantial change,
- 2. shall make a reasonable effort to minimize changes and to structure the changes that are made to minimize adverse impacts on Concessionaire's business, to the extent minimization is operationally and financially reasonable under the circumstances, and
- 3. work with the Concessionaire to identify and pay for all direct costs associated with reducing the Operating Area and relocating the Concessionaires.

If the Authority reduces the overall Operating Area for non-rental car purposes the Authority will identify comparable replacement space as well as identify appropriate adjustments in Land Use Fee and Debt Service. This section does not apply to adjustments made due to reallocation of the rental car concessionaires or changes in operation required as part of the new terminal construction or opening.

### 3.7 Adjustments to Allocations

If an Authority audit reveals an error in the reporting of Gross Revenue or transactions of any concessionaire, the Authority, at its sole discretion, may reallocate or refuse to reallocate the Operating Area based upon the calculation described above using the corrected Market Share Percentage.

# 3.8 Use of the Operating Areas

Concessionaire may use the Operating Areas only for the purposes specifically established by this section.

#### 3.9 Use

### 3.9.1 Use by Other Concessionaires

The Exclusive Premises allocated to Concessionaire shall be used only by Concessionaire, and no other Concessionaires, without the prior written approval of the Authority. Concessionaire may only sublease its Exclusive Premises to another Concessionaire. Any sublease is prohibited without Authority's prior written consent. Any revenues paid to Concessionaire for the use of Concessionaire's allocated Exclusive Area above the apportioned Land Use Fee and other approved amounts shall be paid by Concessionaire to the Authority.

# 3.9.2 Garage Signage

The spaces and any general Exclusive Premises signage shall be appropriately planned and installed by the Concessionaire at its expense with such signs installed in a manner approved by the Authority, which approval shall not be unreasonably withheld or delayed. The signage shall conform to the Authority's sign standards and must be approved in writing by the Authority.

# 3.9.3 Check-in Counter and Office Space

Concessionaire may use the check-in counter space for customer rental, return, and related transactions approved by the Authority, and for an administrative office.

# 3.9.4 Employee Parking

Other than two (2) manager's vehicles at a time, vehicle parking for employees, contractors, and third parties hired by Concessionaire is prohibited throughout the CONRAC, including the Exclusive Area, unless approved by the Authority. The storage/stacking of Concessionaire's vehicles in non-leased areas by Concessionaire is prohibited. In the event of repeated violations, the Authority shall have the right to impose Liquidated Damages as indicated on Attachment A.

#### 3.10 Rights of Third Party Ingress and Egress

Concessionaire's use of the CONRAC is subject to reasonable concurrent ingress and egress by the Authority and its employees, contractors, and representatives, by the car renting public, and by third parties for police, fire, safety, construction, maintenance, inspection, and other activities reasonably related to Airport business. Subject to the requirements of this Agreement, Concessionaire shall be responsible for regulating activities in the CONRAC, other than activities by the Authority or the Authority's employees, contractors, or representatives. Nothing in this subsection shall be deemed to interfere with the Authority's right to enforce the provisions of this Agreement, including but not limited to rules adopted by the Authority. Nothing in this subsection shall be deemed to interfere with the Authority's ability to exercise its police powers.

#### 3.11 Concessions Rights Granted

The Authority hereby grants to the Concessionaire the right, privilege and obligation to conduct and operate a high-quality, well-managed, and efficiently run car rental concession at the Airport, during the Term of this Agreement and from the Exclusive Premises assigned to it. This grant shall include the right, privilege and obligation to service and maintain only passenger-type rental vehicles, to dispense fuel (expressly limited to vehicles used in the airport rental car business of the Concessionaire), to rent and check in airport rental vehicles, including the right to offer for sale related loss and collision damage waiver protection, personal injury and accident insurance, supplemental liability, uninsured motorist, and personal effects insurance, and to provide customer service features including but not limited to baby car seats and cellular phones rented along with vehicles. Any additional rights shall be approved by the Authority in writing prior to implementation by the Concessionaire, and provided that (i) such rights must be of a type that customarily are offered for sale or rent at other major airport car rental facilities, and (ii) such rights must not conflict with a concession right or privilege of other Concessionaires. All rights and privileges not specifically granted to the Concessionaire in this Agreement shall be reserved to the Authority.

# 3.12 Concessionaire's Covenants Regarding Use of the Premises

In the conduct of its business, Concessionaire covenants and agrees to restrict its activities on the Exclusive Premises for the purposes specified in this Agreement. Concessionaire shall not at any time vacate the Exclusive Premises or use the Exclusive Premises for any other purpose without the prior written consent of the Authority. Concessionaire may rent from the Exclusive Premises any passenger motor vehicle, including vans, sport utility vehicles, and station wagons. The terms "passenger motor vehicle", "automobile", and "car" shall not include trucks, motorcycles, and large special purpose vehicles unless otherwise agreed to in writing by the Authority. The vehicle height restriction for each level will be separately identified by the Authority.

#### 3.13 Promotions

Except for its corporate signage approved in advance by the Authority, and except as otherwise authorized by the Authority in writing, Concessionaire shall not permit any signs, brochures, racks, promotional materials or similar items to be displayed or placed on counters within the CONRAC other than within the Exclusive Premises in a manner that does not interfere with adjacent Concessionaires.

Concessionaire may provide a sign at its flexible stanchions for informing its customers of particular information, however such sign must first be approved by the Authority and may not interfere with adjacent Concessionaires. Concessionaire may also request Authority approval to utilize an overhead signing system above the counter space to provide information to its customers if developed in the final design of the CONRAC.

#### 3.14 Used Car Sales

With the exception of sales to wholesalers, Concessionaire may not sell vehicles from the CONRAC.

#### 3.15 Other Business Concessions

# 3.15.1 Limit On Other Concessions by Concessionaire

Concessionaire must have the Authority's prior written consent before engaging in any concession not expressly and specifically permitted by this Agreement, including but not limited to the sale of food, beverages, maps or newspapers, and may be required as a condition of that consent to pay the Authority a fee, which may include, but is not necessarily limited to, a percentage of gross revenue from the concession.

# 3.15.2 Limits on Advertising

Concessionaire expressly acknowledges that the Authority maintains separate advertising concessions for the dissemination of local and national advertising on the Airport. Concessionaire warrants that it shall not engage in any conduct which may conflict with such other concessions and further agrees that it shall not publish or distribute in any manner any advertising or magazine on the CONRAC, in any Exclusive Premises or Common Public area it may maintain in conjunction with its operations in the CONRAC, or in any vehicles leased to passengers that use the CONRAC, except for magazines and other promotional material consisting solely of in-house promotional materials confined strictly to Concessionaire's products and that does not contain any advertising or promotional messages for any other person, whether or not Concessionaire receives any consideration from such person for disseminating such advertising or promotional messages. In the event Concessionaire requests the written consent of Authority to display partner advertising/marketing for special events in the local market, provided the brand is a partner of the event, the materials are targeted to the event, limited in time to the specific event (no more than two weeks), and provided the Concessionaire pays an additional fee the Authority for the materials. The fee will be determined at the time of the request by the Authority based upon the size and nature of the request.

# 3.16 Rights of Ingress and Egress

Concessionaire shall have the right of ingress to and egress from Concessionaire's Operating Area over public walkways and roadways. Concessionaire shall have the right to use common use roadways. Concessionaire's rights of ingress and egress and use of common use roadways shall be subject to all applicable laws and to regulations established by the Authority.

#### 3.17 Other Rental Car Concessions

The concession rights and privileges granted by this Agreement are not exclusive. The Authority may grant similar rental car concession rights to others, and by entering into this Agreement, Concessionaire acknowledges that the Authority is entering into similar agreements with other Concessionaires for similar services under similar terms. In the event that any concession agreement contains any provision more favorable to such Concessionaire than the terms herein granted, then at the option of the Authority this Agreement shall be amended to include such more favorable terms.

### 3.18 Operating Obligations/Standards for Service

#### 3.18.1 Rentals

Concessionaire shall operate a rental car concession continuously during the Term of this Agreement, and shall operate it in a first class manner to serve passengers and other users.

#### 3.18.2 Adequate Numbers of Vehicles

Concessionaire shall maintain on hand at the Airport an adequate number of vehicles to meet all commercially and reasonably foreseeable demands of the traveling public. The model year of the vehicles shall not be more than two (2) years older than the current model year. All vehicles shall be maintained in good and safe operating order, free from any known mechanical defects, and shall be kept clean, neat and attractive inside and out. Concessionaire may offer for rental antique, vintage, classic or other luxury or prestige automobiles or handicapped operated vehicles which are of good quality, free from any known defect and clean and attractive both inside and out. The Authority may disapprove any vehicles provided by Concessionaire for public use at the Airport if the vehicle fails to comply with the requirements of this Agreement. Upon receipt of the Authority's written notice of disapproval with a statement of grounds, Concessionaire shall immediately withdraw the disapproved vehicles from use as rentals at this Airport and shall not return the vehicles to rental use at the Airport until the grounds for disapproval have been eliminated to the Authority's satisfaction.

#### 3.18.3 Credit and Reservations

Concessionaire shall accept at least three (3) nationally recognized credit cards for payment of vehicle rentals, and provide for a national reservation system for services of Concessionaire at the Airport.

# 3.18.4 Information Regarding Fees and Charges

Concessionaire shall not misrepresent to the public its prices or the terms and provisions of its rental agreements or those of its competitors. Concessionaire shall comply with all applicable rules and regulations of the Federal Trade Commission and all other governmental agencies. Concessionaire shall fully inform each customer, prior to the execution of such customer's rental agreement, of all fees and charges applicable to such customer's rental. If the Authority determines, after notice and opportunity for Concessionaire to comment, that any of Concessionaire's business practices are unreasonable, deceptive or unconscionable, Concessionaire shall immediately cease such practices upon receipt of a written order to do so from the Authority. The Authority will give advance notice to Concessionaire that

the Authority considers a certain practice to be unlawful or discriminatory and Concessionaire shall have an opportunity to respond to the allegation.

# 3.18.5 Orderly Premises

Concessionaire shall at all times maintain Concessionaire's Operating Area and all fixed improvements and other personal property located on Concessionaire's Operating Area in a safe, clean, orderly, attractive and first-class condition satisfactory to the Authority. Any sign or other item on the Concessionaire's Operating Areas which the Authority deems to be offensive to the public shall, upon notice from the Authority, be promptly and permanently removed from the Concessionaire's Operating Areas by Concessionaire. Concessionaire shall not permit any nuisance, waste or injury to be committed on the Concessionaire's Operating Area.

### 3.18.6 Quality of Service

Concessionaire shall furnish prompt, courteous, and efficient service on a fair, reasonable, and nondiscriminatory basis to any member of the public. Concessionaire shall keep Concessionaire's Operating Area in a safe, clean, orderly and inviting condition. All services and property rented by Concessionaire must conform in all respects to federal, state, county and municipal laws, ordinances, and regulations, and to any applicable rules adopted by the Authority. Concessionaire shall conduct its operation in an orderly and proper manner and so as not to annoy, disturb, or be offensive to customers, patrons or other tenants at the Airport.

### 3.18.7 Manager

Throughout the Term of this Agreement, Concessionaire shall engage a full-time rental car concession manager who (i) is active, qualified and experienced, (ii) has full authority to control the day to day operations of the car rental concession at the Airport, and (iii) has authority to respond to emergencies, including the cleanup of a Hazardous Substance Release in a timely and appropriate manner. The manager or the manager's designee shall be stationed at the Airport and shall be present at the Airport during regular business hours. In the manager's absence, a qualified subordinate shall be present at the Airport to assume and be directly responsible for carrying out the duties of such manager.

### 3.18.8 Staff

Concessionaire shall maintain a sufficient number of trained personnel to insure that (i) Concessionaire's customers will receive prompt and courteous service at all times, and (ii) vehicle maintenance, car handling, and office and administrative duties are performed in an efficient and effective manner.

# 3.18.9 Staff Conduct

Concessionaire shall be responsible for the conduct, demeanor, and appearance of its officers, agents, employees, and representatives. Employees on duty shall wear uniforms or other suitable business attire. Uniforms shall be kept neat, orderly, and clean. Customer service personnel and attendants shall be trained by Concessionaire to render high quality, courteous, and efficient service. Concessionaire shall closely supervise service personnel to assure a high standard of service to rental car

concession customers. Upon receipt of a written objection from the Authority concerning the conduct or demeanor of any of Concessionaire's employees, Concessionaire shall promptly eliminate the basis for the objection, including if necessary the initiation of steps that could lead to the discharge of the offending employee in accordance with Concessionaire's employment policies and any applicable collective bargaining agreements, and shall take any action reasonably necessary to prevent a recurrence of the same or similar conduct or demeanor.

#### 3.18.10 Solicitation Prohibited

Concessionaire shall not permit its agents or employees to use pressure sales tactics or to overtly solicit for car rentals or related services offered by Concessionaire under this Agreement. The Authority shall be the sole judge of whether conduct amounts to a violation of this subsection. Upon written notice from the Authority, Concessionaire shall take all necessary steps to eliminate conduct in violation of this subsection and to prevent its recurrence.

#### 3.18.11 Customer Complaints

In the event Concessionaire receives (or the Authority receives and forwards to Concessionaire) any written complaint (including via social media or other electronic communication the Authority receives and forwards to Concessionaire) concerning Concessionaire's operation of the Concession, Concessionaire shall promptly respond to such complaint in writing within thirty (30) days of its receipt and make a good-faith attempt to explain, resolve or rectify the cause of such complaint provided the originator of the complaint can be identified. Without further notice or demand, Concessionaire shall keep a copy of each such complaint and Concessionaire's written response for a period of one (1) year from the date of the complaint and shall make the complaint and the written response available to the Authority upon its request.

### 3.18.12 Authority's Shopping Service

The Authority shall have the right, at any time and without limitation, to monitor and test the quality and effectiveness of Concessionaire's services and credit card/cash-handling procedures through the use of a professional shopping service employed by the Authority. In the event such shopping service determines either that the level of Concessionaire's service is below that required in the provisions of this Agreement, or the goods and services or prices offered by Concessionaire are being misrepresented, Concessionaire shall take corrective action, subject to the approval of the Authority.

# 3.18.13 Relationship with Competitors

Concessionaire shall maintain cooperative, albeit competitive, relationships with its competitors at the Airport, and shall not engage in open, notorious, or public disputes, disagreements, or conflicts with competitors that would tend to interfere with quality of the rental car concessions at the Airport or in any way reflect poorly on the services provided to the public at the Airport.

### 3.18.14 Fueling Procedures

Concessionaire, or third party manager, shall establish, and provide upon the request of the Authority, written operating procedures for review and approval by the Authority covering the receipt,

storage and dispensing of automobile fuel. These written operating procedures shall include, but not be limited to, the installation, maintenance, safety checks, and safety procedures applicable to storage and dispensing equipment. Said procedures and equipment shall comply with the applicable laws, rules, regulations and standards of the federal, state, and local governmental bodies, including the Authority, having jurisdiction over said fuel and fuel dispensing procedures, equipment, or facilities.

# 3.18.15 Compliance with Rules

In addition to complying with the requirements of this Agreement and with all applicable federal, state, and local laws, rules, and regulations, including but not limited to the requirements of the Americans with Disabilities Act, Concessionaire shall comply with reasonable rules adopted by the Authority, regarding the use of, entry on, and access to the Authority's property.

# 4. PAYMENTS, OTHER CHARGES, REPORTING, AND ACCOUNTING RECORDS

### 4.1 Land Use Fee

Concessionaire will pay an annual Land Use Fee for the underlying land for the Facility, which is calculated to be \_\_\_\_\_\_ square feet based on Concessionaire's Proportionate Share of the land underlying the CONRAC, which is calculated to be \_\_\_\_\_ square feet. The initial annual Land Use Fee is \_\_\_\_ dollar and \_\_\_/100 (\$\_\_\_\_\_) per square foot. (this amount will be set pursuant to the formula identified in the 2017 LOI and updated by amendment).

The annual Land Use Fee, subject to adjustment as hereinafter provided, will be paid by the Concessionaire in twelve (12) equal monthly installments, in advance and without demand, set off or deduction. The first monthly installment of annual Land Use Fee will be paid on the Commencement Date. Thereafter monthly installments of annual Land Use Fee will be payable in advance on the 1st day of each and every Month during the Term. If the Commencement Date does not occur on the 1st day of a Month, then a partial payment of annual Land Use Fee will be due, which will be an amount equal to the number of calendar Days remaining in the Month, together with all applicable sales taxes thereon.

Authority and Concessionaire agree that following the Commencement Date, the annual Land Use Fee established above will be adjusted on the first day of each subsequent Agreement Year based on the percentage increase in the CPI. Said CPI is the Consumer Price Index-Urban (CPI-U) as published by the U.S. Department of Labor, Bureau of Labor Statistics, or the generally accepted national replacement or successor index, as readjusted to the base month and computed by comparison with the index of the preceding October compared to the immediately preceding year. In no event will the Land Use Fee be less the Land Use Fee paid to the Authority for the First Agreement Year. Such adjusted annual Land Use Fee (together with applicable sales taxes thereon) shall be the new annual Land Use Fee for the succeeding Agreement Year (subject to adjustment as hereinafter provided), and shall be payable in twelve equal monthly installments.

#### 4.2 Gross Revenue

As used herein, the term "Gross Revenue" shall mean the total amount charged by Concessionaire during an Agreement Year, including separately stated fees, surcharges or other charges, for or in connection with (i) Concessionaire's rental car business in the Operating Area or in Concessionaire's

Designated Service Facility under this Agreement, (ii) any activities related directly or indirectly to that business, and (iii) any other business of Concessionaire in the Operating Areas or elsewhere on the Airport. Regardless of where, how (cash, credit, or barter) or by whom the payment is made or where the vehicle is returned. Unless revenues from Concessionaire's Concession are expressly and particularly excluded from "Gross Revenue" under this Agreement, such revenues shall be included in Gross Revenue. Revenues derived from sources similar but not identical to those described herein shall also be included in Gross Revenue unless expressly excluded by this Agreement. The retroactive adjustment by Concessionaire of Gross Revenues designated as volume discounts or any other designation or for any other purpose is prohibited.

#### Gross Revenue will not include:

- A. Any federal, state, county, or city sales tax separately stated to and collected from Customers of Concessionaire and which are payable directly to the taxing authority by Concessionaire. No exclusion shall be allowed for taxes levied on Concessionaire's activities, facilities, equipment, or real or personal property, payroll taxes, income taxes, taxes on frequent flyer miles paid directly to the airline, license or tag fees, or any charge which recoup operating costs;
- B. Any amounts received as insurance proceeds or otherwise for damage to automobiles or other property of Concessionaire, or for loss, conversion, or abandonment of such automobiles or other property;
- C. Any amounts received for payment and administration of traffic tickets, parking tickets, tolls, towing, impound fees, red light tickets and other governmental fines/ tolls/fees paid to Concessionaire, or to a third party collecting on behalf of Concessionaire. If these amounts include an additional fee for collection through a third party, and that fee is paid entirely to a third party not owned or managed by the Concessionaire, Concessionaire's parent company, or in any direct or indirect chain of ownership of Concessionaire or Concessionaire's parent company, then the fee that is passed through is also excluded;
- D. Revenue from the wholesale transfer of salvage vehicles or for any vehicles sold wholesale; and
  - E. The Customer Facility Charge.

It is understood and agreed that all losses or chargebacks (including bad debt expenses) are to be borne solely by Concessionaire. The Authority is to be paid on Gross Revenue without charge or reduction for costs of losses. As indicated above, Loss of Use payments by Airport customers or insurance companies (actual payment amount(s) - not claim amount(s)) received by Concessionaire in lieu of rental fees and charges for those vehicles are considered Gross Revenue.

# 4.2.1 Diversions

Concessionaire shall not intentionally divert, through direct or indirect means, any of Concessionaire's rental car or related business with Airport customers to off-airport locations of Concessionaire or affiliates of Concessionaire without including the Gross Revenue and the collection of

CFC's from such transactions, in Concessionaire's reported Gross Revenue. Diversion shall include, but not be limited to, the following situations:

- shortage of rental cars at the Airport while having rental cars available elsewhere in the Columbus Metropolitan Area then renting such cars to a potential customer when Concessionaire knew, or should have known that the potential customer arrived at the Airport and not including the rental car revenue resulting from such transaction in Gross Revenues and the collection of CFC's from such transactions as defined under the Agreement, or
- 2) Advising, directing, or otherwise suggesting to a potential customer arriving at the Airport or prospective Airport Customer that the customer rent a car at a location other than the Airport regardless whether from Concessionaire or some other rental car provider, regardless of the basis or reason for such advice, direction, or suggestion, and not including the rental car revenue resulting from such transaction in Gross Revenues and the collection of CFC's from such transactions.

If the Authority determines, in its sole discretion, that a pattern of intentional diversion of Gross Revenue and/or non-payment of CFC's have occurred as identified in 1) and 2) above such diversions shall constitute a Default under this Agreement and Authority shall have the right to immediately terminate this Agreement. Only for purposes of this subsection, the phrase, "Airport related customers" shall mean customers who will arrive at the Airport, or who have within the preceding 24 hours, arrived on a flight at the Airport. Concessionaire shall not modify its accounting treatment or rename or redefine services or products which under the terms of this Agreement would be subject to the Percentage Fee unless approved in writing by the Authority.

#### 4.3 Minimum Annual Guarantee

### 4.3.1 Minimum Annual Guarantee

Concessionaire's Minimum Annual Guarantee ("MAG") for the first full Agreement Year is \$\(\) (this amount will be set pursuant to the formula identified in the 2017 LOI and updated by amendment). Beginning on the Commencement Date and continuing through the Agreement Year in which the Commencement Date occurs, Concessionaire's MAG will be pro-rated to include only the period of time from the Commencement Date to the end of that Agreement Year.

In the event the Commencement Date of this Agreement occurs on July 1 or later of any year, the initial MAG shall apply to a period from the Commencement Date until the end of the Authority's next Fiscal Year and shall be calculated by taking 85% of Concessionaire's total Privilege Fee payable for the last twelve (12) months of the previous agreement, dividing it by 12 and multiplying it by the number of months between the Commencement Date and the end of the Authority's next Fiscal Year. The Authority may due to timing requirements and at its option, utilize the most recently reported twelve month's Privilege Fees Payable to calculate the MAG. For example, if the Commencement Date is October 1 and Company A's Privilege Fee payable for the last twelve months was \$120,000, Company A's initial MAG would be \$127,500 (\$120,000 divided by 12, multiplied by 85%, and multiplied by 15 months. In this

instance, the initial MAG will be considered to apply to a period that includes the first full Agreement Year. In no event will the first MAG adjustment occur later than as identified in Section 4.3.2 below.

In the event the Commencement Date of this Agreement occurs on June 30 or earlier of any year, the initial MAG shall apply to a period from the Commencement Date until the end of the Authority's Fiscal Year and shall be calculated by taking 85% of Concessionaire's total Privilege Fee payable for the last twelve (12) months, dividing it by 12 and multiplying it by the number of months between the Commencement Date and the end of the Authority's Fiscal Year. The Authority may due to timing requirements and at its option, utilize the most recently reported twelve month's Privilege Fees Payable to calculate the MAG. For example, if the Commencement Date is April 1 and Company A's Privilege Fee payable for the last twelve months was \$120,000, Company A's initial MAG would be \$76,500 (\$120,000 divided by 12, multiplied by 85%, and multiplied by 9 months. In this instance, the initial MAG will be considered to apply to a stub period and the MAG for the first full Agreement Year shall begin at the commencement of the Authority's next Fiscal Year. In no event will the first MAG adjustment occur later than as identified in Section 4.3.2 below.

### 4.3.2 Adjustment

Beginning with the second full Agreement Year and for each Agreement Year thereafter, the MAG will be equal to eighty-five percent (85%) of the Privilege Fee payable by Concessionaire to the Authority for the previous Agreement Year, but will never be less than the ninety-five percent (95%) of Concessionaire's MAG during the first full Agreement year (subject to adjustment as identified in 4.3.3 below). The MAG calculation will be completed as soon as practical after the Jan.-Dec. reports are submitted by the Concessionaire. The Authority may due to timing requirements and at its option, utilize the most recently reported twelve month's Privilege Fees Payable to calculate the subsequent Agreement Year's MAG.

The MAG applicable to the last Agreement Year of this Agreement will be pro-rated if such Agreement Year is less than 12 months.

#### 4.3.3 MAG Reduction

After the Second Agreement Year, if at the beginning (Jan. 1) and midpoint (July 1) of any Agreement Year, the number of non-connecting deplaned passengers at the Airport falls below a threshold of eighty-five (85%) of the number of non-connecting deplaned passengers at the Airport during the previous twenty-four (24) month period for the immediately preceding two Agreement Years, then:

- A. If calculated at the beginning of an Agreement Year, then Concessionaires' MAG for that Agreement Year shall be the amount equal to eighty-five percent (85%) of Concessionaire's total Privilege Fee payable to the Authority over the immediately preceding Agreement Year, then reduced by the percent of the non-connecting deplaned passengers greater than 15% at the Airport during the twenty-four (24) month period immediately preceding this calculation.
- B. If calculated at the midpoint of an Agreement Year, then Concessionaire's MAG for that Agreement Year shall be the amount equal to eighty-five percent (85%) of Concessionaire's total Privilege Fee payable to the Authority over the immediately preceding Agreement Year, then reduced by the

percent of the non-connecting deplaned passengers greater than 15% at the Airport during the twenty-four (24) month period immediately preceding this calculation. Concessionaire's MAG calculation for the then current Agreement year shall be subject to this recalculation.

Any adjustment in the MAG consistent with this section can result in a MAG lower than the floor identified in Section 4.3.2. above. If an adjustment does result in a MAG lower than the floor identified in XX.X, B. above, then this new MAG is the floor for the purposes of XX.X, B. above. In no event will a recalculation consistent with this section occur more than once every twelve (12) months. Concessionaire may, at its discretion, delay the calculation for six (6) months. In no event will Concessionaire pay less than the total Privilege Fee due for any Agreement Year. The beginning and midpoint calculations will be made using a full six (6) months' data for each half year, and will be completed as soon as practical after the Jan.-June/July-Dec. reports are submitted by the Concessionaire and airlines. The Authority may due to timing requirements and at its option, utilize the most recent twelve months' Privilege Fees Payable to calculate the subsequent Agreement Year's MAG.

# 4.3.4 Payment of MAG

On or before the first (1st) day of each Month after the Commencement Date, Concessionaire will pay to Authority, in advance and without set off, deduction, prior notice, or demand, one-twelfth (1/12th) of the MAG. For any payment period of less than one Month, the MAG payment will be paid on a pro rata basis in the same proportion that the number of days in the payment period bears to the total number of Days in the Month for which the MAG is payable.

#### 4.3.5 New Market Entrants

The MAGs of all Concessionaires will be adjusted in the event there is a New Market Entrant. MAG will be adjusted proportionally based upon the percentage of the New Market Entrant MAG compared to the MAG paid by Concessionaire's the prior Agreement Year.

# 4.4 Privilege Fee

An annual "Privilege Fee" for equal to the greater of the applicable Minimum Annual Guarantee ("MAG") or ten percent (10%) of Concessionaire's Gross Revenue for the Agreement Year in question. The Privilege Fee shall be paid in monthly installments, when and as identified in Section 4.4.2, which shall be the greater of one twelfth (1/12) of the applicable Minimum Annual Guarantee or ten percent (10%) of Concessionaire's Gross Revenue for the month.

#### 4.4.1 Pass Through

Concessionaire acknowledges that the Concession Fee payments by Concessionaire to the Authority under this Agreement are for Concessionaire's use of the facilities and access to the airport market, and that none of those payments reflect a fee that is imposed by the Authority upon customers renting vehicles from Concessionaire. The Authority does not require, but will not prohibit, the separate statement of the Privilege Fee on customer invoices or rental contracts, provided that Concessionaire meets all the following conditions:

- A. Such fee is titled "Concession Recovery Fee" and shall not exceed 11.11% of concessionable revenue;
- B. Such fee shall be indicated immediately below all concessionable items and not immediately adjacent to taxes on customer invoices;
- C. Concessionaire complies with all applicable laws including Federal Trade Commission requirements;
- D. Concessionaire shall not identify, treat or refer to the Concession Recovery Fee as a tax; and
- E. Concessionaire shall not pass through, unbundle, or list any fees (other than a Concession Recovery Fee and CFC, or similar if CFC is replaced per Section 4.6.2) payable to the Authority as a separate item on its customer invoices, except with the Authority's written approval.

#### 4.5 CFC Collections

The Authority adopted Resolution No. 03-07 and subsequent amendments thereto (collectively, as amended from time to time, the "CFC Resolution") to mandate the implementation and collection of a CFC for the planning, design, construction, and other associated costs related to the CONRAC. The CFC Resolution and the rate of the CFC may be amended and approved from time to time by the Authority's Board of Directors after the Effective Date. Concessionaire's obligations with respect to CFC's hereunder will be in addition to, and not in substitution for, Concessionaire's obligations for Land Use Fee, the MAG, the Percentage Fee, Concessionaire's Deficiency Payments and other charges.

- A. Concessionaire shall promptly remit to the Authority (regardless of whether such amounts are charged to or collected from Airport Customers) the CFC's which it collects in accordance with the terms and provisions of this Agreement and the CFC Resolution. Concessionaire's failure to not charge or collect CFC's will not relieve Concessionaire from its responsibility to pay the full amount of such CFC's due and payable to the Authority. Upon receiving such CFCs, Authority will deposit them in accordance with the requirements of the CFC Resolution and any documentation relating to or providing for the issuance of the Bonds (as applicable).
- B. Concessionaire will include in its Monthly Gross Revenue Report, in substantially the form set forth in Exhibit B hereto, the: (i) total number of Vehicle Rental Contracts entered into by Concessionaire with Airport Customers, (ii) total number of Rental Agreement Days thereunder, and (iii) total amount of CFC's payable by Concessionaire in connection with such Vehicle Rental Contracts. Authority reserves the right to change the monthly reporting forms and information submittal process at any time with thirty (30) Days' written notice to Concessionaire. Additionally, at the Authority's discretion, Exhibit B may be required in electronic format or by utilizing a portal system. Concessionaire will remit to the Authority the total amount of CFC's due and payable for the previous Month. Any such CFC's which are not paid by the 20<sup>th</sup> Day of the Month shall bear interest at the Default Rate until paid. In the event Concessionaire will fail to timely furnish to the Authority any Monthly Gross Revenue Report required under this Section, the Authority will have the right (but not the obligation), with seven (7) days' written notice, to conduct an audit of Concessionaire's books and records, which books and records will be

prepared and maintained in accordance with, and will include all of the information required under, Section XX.X hereof, and to prepare such Monthly Gross Revenue Report at Concessionaire's expense. Moreover, in the event that Concessionaire fails to timely furnish any such Monthly Gross Revenue Report or fails to make available its books and records, the Authority will have the right to estimate the CFC's due and payable hereunder. In such case, the Authority will furnish to Concessionaire, on a monthly basis, a report showing, in the aggregate, the total number of Agreement Days and the total amount of CFC's payable in connection with such Agreement Days hereunder, which shall be binding on Concessionaire.

- C. The audit rights set forth in Section 5.5-5.6.4 of this Agreement will apply and will be available to the Authority with respect to the CFC's and collections thereof hereunder; provided, (i) if any such audit with respect to CFC's will disclose that Concessionaire's Monthly Gross Revenue Report understated CFC collections to the extent of two percent (2%) or more, Concessionaire will promptly pay to the Authority the cost of said audit in addition to the deficiency (together with interest on such deficiency at the Default Rate from the date due until paid), which deficiency will be payable in any event, or (ii) if any such audit with respect to CFC collections thereof discloses that Concessionaire's Monthly Gross Revenue Report understated CFC collections by less than two percent (2%), Concessionaire will promptly pay to the Authority one-half (1/2) of the cost of said audit in addition to the deficiency (together with interest on such deficiency at the Default Rate from the date due until paid), which deficiency will be payable in any event. If the Authority requires or performs more than one (1) audit during any Agreement Year during the Term hereof, the cost of any such additional audit will be paid by the Authority (except to the extent that the initial or prior audit for such Agreement Year revealed a deficiency of two percent (2%) or more, in which case the aforementioned provisions will apply).
- D. The Authority is authorized to mandate the manner in which Concessionaire identifies the CFC on Vehicle Rental Contracts.
- E. As identified in Section 4.2.1 Concessionaire will not intentionally divert vehicle rentals to other locations for any purpose including to avoid the imposition or collection of CFC's. All CFC's which would otherwise have been imposed upon Concessionaire from such intentionally diverted rentals may, including other remedies under this Agreement and at the option of the Authority, be charged to and will be due and payable by Concessionaire as CFCs hereunder.
- F. Concessionaire covenants and agrees that Concessionaire will not be entitled to any rights to offset or other reduction in the requirements herein and will be required to remit to the Authority all CFCs imposed upon Concessionaire regardless of any amounts that may be owed or due to Concessionaire by the Authority.

### 4.5.1 CFC Covenant

Without limiting the provisions provided in the CFC Resolution, Concessionaire and Authority hereby acknowledge that future improvements to the CONRAC are being undertaken for improved customer service, enhanced operational efficiency, and business growth related to the rental car program at the Airport. Concessionaire and Authority also acknowledge: (1) CFC and/or the proceeds of the Bonds will be the principal funding source for the original design, construction and equipment related to the CONRAC, supporting equipment and infrastructure, and the Common Use Bus System. Concessionaire

hereby expressly covenants to abide by the requirements and obligations set forth in the CFC Resolution, as same may be amended, and further expressly agrees (1) it will not initiate or facilitate the initiation of a legal proceeding challenging the legality of the adoption of the CFC Resolution, the imposition, collection, remittance or use of the CFC, or the issuance, sale, delivery and use of the proceeds of the Bonds and (2) to cooperate with the Authority in the Authority's defense of any challenge the legality of the adoption of the CFC Resolution, the imposition, collection, remittance or use of the CFC or the issuance, sale, delivery and use of the proceeds of the Bonds. The Authority and Concessionaire also covenant to use reasonable efforts to oppose any challenges to the CFC Resolution or the CFC, and agree that CFC revenues may be used by the Authority for the legal defense of any such challenge. This covenant shall survive the expiration or other termination of this Agreement.

Concessionaire acknowledges that the Authority will provide for the issuance, sale and delivery of the Bonds and in connection with the delivery of those Bonds. Concessionaire agrees to promptly comply with all reasonable requests of the Authority which are necessary to facilitate that delivery, including but not limited to, provision of documentation evidencing due authorization of this Agreement by the Concessionaire, documentation evidencing incumbency and signatory authority of Concessionaire officials executing this Agreement and an opinion of legal counsel to the Concessionaire as to the due authorization, validity, enforceability of this Agreement as against the Concessionaire.

# 4.5.2 CFC Obligation Requirements

CFC's, CFC Deficiency payments, and/or Obligation Payments (defined below) will be utilized to pay the Annual Obligation Requirements to be defined as:

- a. First. To pay Debt Service (including a minimum coverage requirement of 1.4x, and other Debt Service requirements under the documentation relating to or authorizing the issuance of the Bonds ("Debt Service Fund");
- b. Second. Deposits to and maintenance of a reserve fund to provide for the payment of Debt Service as may be required by the documentation relating to or authorizing the issuance of the Bonds ("Debt Service Reserve Fund");
- c. Third. Deposits to and maintenance of a coverage fund to provide for rolling coverage of the Debt Service as may be required by the documentation relating to or authorizing the Bonds ("Debt Service Coverage Fund");
- d. Fourth. Deposits to and maintenance of an administrative costs fund to pay any arbitrage rebate requirements related to the Bonds, costs of CFC administration, and Facility property insurance ("Administrative Costs Fund");
- e. Fifth. Deposits to and maintenance of a renewal and replacement fund in an amount not to exceed five (5%) of the program costs, or \$1.5 million dollars per year, for a total amount not to exceed \$13.94 million dollars (\$13,940,000), to pay the costs of unforeseeable expenditures, and provide for the renewal and replacement of the CONRAC elements ("Renewal and Replacement Fund") as more fully described in the documentation relating to or authorizing the Bonds;

f. Sixth. To pay for the annual Common Use Busing Costs more fully described in Exhibit G "Common Use Busing System".

### 4.5.3 Annual Obligation Requirements

Once items in Section 4.5.2 (a.-f.) are fully funded, the Authority will create a CFC Surplus Fund ("CFC Surplus Fund") to be available in the following order of priority: (i) provide additional funds for terminal connection and related costs, and Phase II expansion; (ii) after consideration and agreement by the Authority fund a Minimum Annual Requirement Deficiency Payment Account, to directly pay for a CFC Deficiency or to reimburse previously-paid Minimum Annual Requirement Deficiency Payments; (iii) fund a Common Busing Cost Deficiency Payment Account to reimburse previously paid Common Use Busing System Cost Deficiency Payments (See Section X.X); (iv) fund an Excess CFC account, and (v) for any other purpose permitted by the Authority's CFC Resolution, as may be amended from time to time.

#### 4.6 RESERVED

# 4.7 Customer Facility Charge - CFC Deficiency

"CFC Deficiency" shall mean the amount, if any, computed on an annual basis, by which available CFC revenues paid to the Authority for any Agreement Year are not sufficient to pay Debt Service on the Bonds, to maintain the coverage requirements defined in the documentation relating to or authorizing the Bonds ("Minimum Annual Requirement"), reserve funds, as well as other costs covered by the CFC's. Deficiency Payments, if any, will be paid by Concessionaire as and when required under Sections 4.9(B) below, and in all events without set-off, deduction, credit, or discount, except for such credits for overpayments as are expressly permitted hereunder. For each Agreement Year or partial Agreement Year of the Term commencing with the Effective Date, the Authority shall prepare and deliver to the concessionaires the Annual Bond Year Report of the Rate Consultant and/or other related documentation and, upon delivery of such reports, shall meet with the concessionaires to review the CFC revenues in relation to the Annual Obligation Requirement as defined in Section 4.5.3, and address any other CONRAC related matters. If after consultation with the concessionaires, the Authority reasonably determines that there is a deficiency between the CFC revenues necessary to meet the Annual Obligation Requirement and the actual CFC revenues collected during a current Agreement Year, or forecasted to be collected for any upcoming Agreement Year, during the Term the Authority will initiate the following actions listed in the order of priority:

1. The Authority, acting promptly and using good faith efforts, will determine if an increase in the CFC rate is reasonably appropriate to cover all or a portion of the CFC Deficiency for the applicable Agreement Year and/or subsequent Agreement Years of the Term. If the Authority determines in its sole discretion that an increase to the CFC rate is in the best interest of the Airport, the Authority may, but is not obligated to make a recommendation to the Authority Board of Directors. Such increase shall be subject to the provisions of the Trust Indenture and the CFC Resolution, and subject to the formal approval of the Authority Board of Directors to be effective. The actions taken to increase the CFC rate for any Agreement Year may be modified from time to time at the Authority's sole discretion to reflect the changing circumstances related to changes whether current or forecasted in the CFC Deficiency.

- 2. The Authority will determine if there are available CFC funds held in any CFC reserve account not required for the Bonds for which all or a portion thereof could be used to offset or partially offset the CFC Deficiency for any applicable Agreement Year. Any reserve funds required under the Trust Indenture for the Bonds are not available for offset or partial offset of a CFC Deficiency. The Authority will use reasonable efforts to determine whether other reserve funds can be released for offset to the CFC Deficiency at its sole discretion. Any actions taken to offset a CFC Deficiency with CFC funds held in a CFC reserve account for any Agreement Year may be modified from time to time by the Authority to reflect the circumstances related to changes, whether current or forecasted, in the CFC Deficiency.
- 3. The Authority, acting promptly and using good faith efforts, will identify if anticipated capital expenditures for the CONRAC and/or the CONRAC Share of the Common Use Busing System not funded with Bonds can be deferred or reduced in scope, to further offset or partially offset the CFC Deficiency for any applicable Agreement Year. The actions taken to defer or reduce in scope anticipated capital expenditures for the CONRAC and/or the CONRAC Share of the Common Use Busing System not funded with Bonds for any Agreement Year may be modified from time to time by the Authority to reflect the circumstances related to changes whether current or forecasted in the CFC Deficiency.

# 4.8 CFC Deficiency Payment

Should the actions set forth in Section 4.7 fail to completely offset the CFC Deficiency necessary to meet the Annual Obligation Requirement, or if the passage of time to achieve the completion of the actions set forth in Section 4.7 above fails to meet the Annual Obligation Requirement timeframes for any Agreement Year, the Authority acting promptly and using good faith efforts, will determine if the concessionaires will be required to pay to Authority a payment, to offset the CFC Deficiency for any applicable Agreement Year ("CFC Deficiency Payment"). The imposition of CFC Deficiency Payment to the concessionaires by the Authority is subject to the following:

- The CFC Deficiency Payment will commence upon the first day of the month following thirty (30) day's prior written notice from Authority to the concessionaires. In the event that a CFC Deficiency Payment was imposed during the Term and subsequently thereto, CFC revenues in any Agreement Year exceed or are forecasted to exceed the Annual Obligation Requirement, Authority shall promptly notify the concessionaires in writing of the date of the termination of the CFC Deficiency Payment obligation.
- 2. The CFC Deficiency Payment obligation and the use of CFC funds are and will remain subject to the rights provided to the Authority under the CFC Resolution. In the event of a CFC Deficiency Payment obligation, the Authority agrees that it will take no action voluntarily to reduce the CFC rate set forth in the CFC Resolution during the life of the Bonds and, as set forth above, will use its best efforts to request a reasonable increase if deemed appropriate by the Authority to the CFC rate to address a CFC Deficiency. The foregoing and the provisions of Section 4.7 notwithstanding, in the event a CFC Deficiency Payment is imposed on the concessionaires, the concessionaires may not pass through, unbundle, or list CFC Deficiency Payment as a separate item on its customer invoices or Vehicle Rental Agreements.

3. For any Agreement Year or partial Agreement Year of the Term, Concessionaire's share of any CFC Deficiency Payment shall be determined by applying the Market Share Percentage.

# 4.9 Concessionaire's Deficiency Payments, Operating Expenses, and Imposition

Concessionaire will pay in monthly installments in accordance with the terms set forth in Sections 4.8, Concessionaire's Deficiency Payments for each Agreement Year under this Agreement. For purposes hereof, the "Concessionaire's Deficiency Payments" shall mean the Concessionaire's Proportionate Share of the total CFC Deficiency using the Market Share Percentage.

In the event there are Excess CFC's, the Authority will apply such Excess CFC revenues to previous Deficiency Payments, but may structure, spread or defer any payment or credit to the concessionaires under this Section for a time frame up to thirty-six (36) months, unless within thirty-six (36) months of the Termination Date. As long as Excess CFC's are available within thirty-six (36) months of the Termination Date the repayment structure will be shortened to match the remaining term. The Authority will have no obligation to reimburse, or continue reimbursement from Excess CFC's after the termination of this Agreement.

During the Term, provided there are Excess CFC's, Paid CFC Deficiency Payments shall be reimbursed as and when the excess CFC revenues are received by the Authority for any Agreement Year and such repayment to the concessionaires shall be paid as such revenues are received based on the same Share Calculation Formula basis as the CFC Deficiency Payment was paid. Authority shall provide a reimbursement credit (which may be at the Authority's discretion in the form of rent credits against future rental/payment obligations) to the concessionaires for the Paid CFC Deficiency Payments.

# 4.10 Taxes

Concessionaire will bear, at its own expense, all costs of operating its business including all applicable sales, use, intangible and ad valorem taxes of any kind, against the Facility, the underlying land for the Facility, Concessionaire's Exclusive Premises, the real property and any improvements thereto, trade fixtures and other personal property used in the performance of the Concession or Exclusive Premises, or which result from Concessionaire's occupancy or use of the Exclusive Premises or assessed on any payments made by Concessionaire hereunder, whether levied against Concessionaire or Authority. Concessionaire will also pay any other taxes, fees, or assessments against the Facility, the underlying land for the Facility, or the Exclusive Premises. Concessionaire will pay the taxes, fees, or assessments reflected in a notice Concessionaire receives from the Authority within thirty (30) Days after Concessionaire's receipt of that notice or within the time period prescribed in the tax bill. Concessionaire may reserve the right to contest such taxes, fees, or assessments and but may not withhold payment if the tax, fee, or assessment is paid by the Authority. Any such tax challenge on the part of Concessionaire will be done so consistent with the requirements of applicable law, including but not limited to, the payment of the amount admitted in good faith to be due and owing.

#### 4.11 Other Fees and Charges

#### 4.11.1. Utilities

Concessionaire will pay for all utilities necessary in the operation of the Concession and CONRAC, with the CONRAC portion to be allocated among Concessionaires as follows: All charges, including, but not limited to, deposits, installation costs, connection charges, usage, service charges, and applicable taxes for utility services whether metered directly to the Exclusive Premises or pro-rated by usage, or if unable to determine by meter or usage then by Market Share Percentage, will be paid by Concessionaire, regardless of whether the utility services are furnished by Authority or other utility service entities. Any utility payments due to the Authority are due thirty (30) days from the date of invoice.

# 4.11.2 Other Charges

Concessionaire agrees to pay Authority within thirty (30) days from date of invoice, other charges and fees as Authority assesses, which may include, but are not limited to, reimbursables and administrative costs in accordance with its procedures and requirements and that Concessionaire incurs in the normal course of its Concession business.

# 4.11.3 Failure to Make Timely Payments

Without waiving any other right or action available to Authority, in the event Concessionaire is delinquent in the payment of Land Use Fee, MAG, Privilege Fees, other fees or charges hereunder or rightly due and owing by an audit of Concessionaire's books and records as provided in Section 5.5-5.6.4, and in the event Concessionaire is delinquent in paying to Authority any such Land Use Fee, MAG, Privilege Fees, other fees or charges for a period of seven (7) Days after the payment is due, Authority reserves the right to charge Concessionaire the Default Rate, whichever is higher, until such payments are received. In the event the Authority provides notice of the non-payment and any such Land Use Fee, MAG, Privilege Fees, other fees or charges remain unpaid for a period of seven (7) Days or more after the payment is due the Authority reserves the right to charge Concessionaire a late fee of \$100 per day or continue charging the Default Rate, whichever is higher, until such payments are received.

In the event of a dispute as to the amount to be paid, Authority will accept the sum tendered without prejudice and, if a deficiency is determined to exist, interest will apply only to the deficiency. The acceptance of any such payment will not constitute a waiver, modification or accord and satisfaction with respect to the total amount due and owing under the Agreement.

The right of Authority to require payment of interest and the obligation of the Concessionaire to pay same will be in addition to and not in lieu of the right of Authority to enforce other provisions herein, including termination of this Agreement, and to pursue other remedies provided by law.

The failure of Authority to take action in the event of a delinquent payment or series of payments will in no way waive the right of Authority to take such action at a subsequent time. Authority expects all rent, fees and charges to be paid on time and Concessionaire agrees to pay on time.

Notwithstanding other provisions of this Agreement, and without limiting the other provisions of this Agreement concerning, among other things, events deemed to constitute default of Concessionaire, Authority may, in Authority's reasonably exercised discretion, terminate this Agreement upon written notice to Concessionaire if there are two (2) instances during any Agreement Year in which (i) Concessionaire's payments required hereunder (including payments to third party obligations under this

Agreement) are not timely or are insufficient to cover sums actually due and payable; or (ii) Concessionaire fails to maintain adequate records and accounts reflecting its Concession at the Airport and calculation of Gross Revenue under this Agreement; or (iii) Concessionaire fails or refuses to submit the formal supporting paperwork as required herein.

### 4.12 Authority's Lien

Subject to then existing prior encumbrances or other vehicle liens required for financing, the Authority will have a lien on all the inventory and other property including tenant improvements of the Concessionaire placed in or on the Exclusive Premises, to the extent permitted by law, for the purpose of securing the payment of all sums of money that may be due to Authority from Concessionaire under this Agreement.

### 4.13 Bad Debts

Concessionaire shall have the right to conduct all or a part of its business on a credit basis, provided, however, that the risk of such operation shall be borne solely by Concessionaire, and Concessionaire shall include in Gross Revenues any charge the Concessionaire customarily makes for goods and services even though Concessionaire fails to actually collect such a charge.

# 4.14 Advertising and Customer Bills

Concessionaire acknowledges that percentage fee payments by Concessionaire to the Authority under this Agreement are for Concessionaire's privilege to use the Airport facilities and access the Airport market and are not fees imposed by the Authority upon Concessionaire's customers. The Authority does not require, but will not prohibit, a separate statement of and charge for the percentage fee on customer invoices or rental agreements (such separate charge being referred to herein as the "Concession Recovery Fee" or "Concession Recoupment Fee"), provided that such Concession Recovery Fee meets all of the following conditions: (a) such Concession Recovery Fee is not permitted by applicable laws, including, without limitation, Federal Trade Commission requirements, as such laws exist as of the Commencement Date of this Agreement, or as such laws may hereafter be amended, (b) such Concession Recovery Fee shall be titled "Concession Recovery Fee", "Concession Recoupment Fee", or such other name as is first approved by the Authority in writing; (c) the Concession Recovery Fee must be shown on the customer rental car agreement and invoiced with other Concessionaire charges (i.e. "above the tax line"); (d) the Concession Recovery Fee as stated on the invoice and charged to the customer shall be no more than Eleven and 11/100 percent (11.11%) of Gross Revenues (and specifically included in Gross Revenues for purposes of this calculation the Concession Recovery Fee); and (e) Concessionaire shall neither identify, treat, or refer to the Concession Recovery Fee as a tax or levy, nor state or imply that the Authority is requiring the pass-through or collection of such Concession Recovery Fee or contain the following words, or any form of these words: Airport, Authority, Government, John Glenn Columbus Airport, Columbus, Access, Passage, Cost of Doing Business, Toll, Assessment, or Tax in identifying any surcharge the Concessionaire may impose on customers, except to the extent that these words are used in a description of the surcharge which is truthful and not misleading or potentially misleading.

# 5. MONTHLY STATEMENTS/BOOKS & RECORDS

# 5.1 General Requirements

Along with payment of the Privilege Fee, Concessionaire shall submit an Itemized Certified Statement to the Authority in such form and detail which the Authority may reasonably request, including a level of detail equivalent to Concessionaire's own general ledger delineations which (i) sets forth Concessionaire's entire Gross Revenues by separate rental car brand for the prior calendar month or adjustments to Gross Revenues, (ii) separately identifies by rental car brand any exclusions from Gross Revenues as provided herein, (iii) identifies the amount of any CFCs collected by separate rental car brand, (iv) by separate rental car brand lists the number of rental transactions, Vehicle Rental Days during the Month, and (v) is signed by an authorized official of Concessionaire. These items shall be submitted to the Authority by Concessionaire on or before the 20th day of each Month, even if no Privilege Fee is due for the preceding month. If Concessionaire has multiple rental car brands, Concessionaire may request separate billing by brand. This separate billing is for Concessionaire's convenience and accounting purposes only.

Authority reserves the right to change the monthly reporting forms and information submittal process at any time with thirty (30) Days written notice to Concessionaire. Additionally, at the Authority's discretion, Exhibit B may be required in electronic format or by utilizing a web based portal system.

# 5.2 Liquidated Damages

The parties recognize that the Authority will incur additional administrative costs if Concessionaire is late in providing the monthly statements required by this section and that the amount of those costs is difficult to determine with certainty. Consequently, the parties agree that Concessionaire shall pay the Authority one hundred dollars (\$100.00) as liquidated damages each time Concessionaire is more than ten (10) calendar days late in submitting the monthly statement required by this section.

#### 5.3 Annual Statement

Sixty (60) calendar days after the end of each Agreement Year, the Authority may undertake an audit of Gross Revenues. The costs of such audits shall be done by the Authority unless the results of such audits reveal an underpayment as described in Section 5.6, or if circumstances arise whereby Concessionaire causes the auditor to incur excess costs due to lack of timely preparation for the audit or a lack of appropriate attention during the course of the audit. The Authority shall issue its audit report (Annual Statement) within sixty (60) days from the start of the audit. The Annual Statement shall reflect a reconciliation of reported Gross Revenues with those reflected in the Concessionaire's Books and Records. If the Annual Statement discloses the Concessionaire owes additional amounts to the Authority, Concessionaire shall pay those amounts in accordance with Section 5.6. If the Annual Statement discloses that a refund is due to Concessionaire, credit for the amount shall be taken against the next Monthly Statement, unless the term of the agreement has expired and such amount shall be refunded by the Authority to Concessionaire within thirty (30) calendar days after completion of the audit by the Authority.

# 5.4 Payments

# 5.4.1 Monthly Payment

The Concessionaire agrees to pay a Concession Fee to the Authority as a percentage of gross revenues; or a MAG, whichever is greater. The Concessionaire shall pay to the Authority on the first day of each month, in advance, one-twelfth (1/12) of the MAG.

### 5.4.2 Payment of Privilege Fee

On or before the twentieth (20th) day of each month during the Term of this Agreement, and of the month following the expiration or termination of this Agreement, Concessionaire shall pay to the Authority any amount by which the monthly installment of the Privilege Fee for the preceding month exceeds one-twelfth (1/12th) of the Minimum Annual Guarantee. If Concessionaire has paid to Authority an amount greater than Concessionaire is required to pay as Privilege Fee for an Agreement Year under the terms hereof, Concessionaire will be entitled to a credit which must be used against the next monthly invoice.

### 5.4.3 Method of Payment

All payment due under this Agreement shall be payable to the "Columbus Regional Airport Authority" and forwarded to:

Attn: Accounts Receivable Columbus Regional Airport Authority CRAA L-3459 Columbus, Ohio 43260

All payments must be accompanied by a statement setting forth the purpose and the period for which payment is being made. Concessionaire shall make payments due under this Agreement automatically, including but not limited to interest accrued on late payments. Payments under this Agreement shall be by wire, draft, or check on a bank authorized to engage in banking in the United States and shall be payable in U S dollars Payments shall be made without abatement, offset, or deductions.

## 5.4.4 Interest Rate, Penalties and Late Charges

Without waiving any other right of action available to the Authority in the event of default in payment of charges and fees hereunder, if Concessionaire fails to make a payment when due and said failure continues for a consecutive period of ten (10) calendar days, late charges will be assessed. Late charges may consist of interest and penalties. Thereafter, late charges will be assessed for each additional thirty (30) day period or portion thereof that the payment is late. The Interest Rate shall be at the rate Default Rate.

### 5.5 Books and Records of Concessionaire

## 5.5.1 Maintenance of Accounting Records

Concessionaire shall maintain adequate accounting records in accordance with generally accepted accounting principles, generally accepted auditing standards and the requirements of this Agreement, for (i) all transactions relevant to this Agreement (collectively, "Books and Records"), and (ii) all exclusions from Gross Revenue claimed by Concessionaire. Concessionaire shall cause to be installed on Concessionaire's Operating Area, and shall at all times use, such cash registers, invoicing machines,

sales slips and other accounting equipment, devices and firms as are reasonably necessary to record properly, accurately and completely all sales at the Airport of Concessionaire's Gross Revenues.

### 5.5.2 Books and Records

Books and records shall include detailed analysis listing all of Concessionaire's operations at the Airport in the form of printed, written or electronic media. The rental contract forms shall be either sequentially numbered in a series designated for use only with this Concession Agreement, or numbered in a way that provides for the ready identification of transactions that identify Concessionaire's operations at the Airport to the Authority's satisfaction. Books and records shall also include, but is not limited to (i) all original accounting source documents detailing transactions relevant to this Agreement (collectively, "Records"), including but not limited to (A) original rental contacts, (B) operating/financial statements, (C) a complete (cumulative) general ledger, (D) monthly sales journals detailing each rental transaction for the month, (E) reconciliations between the financial records and monthly reports submitted to the Authority, (F) bank statements applicable to the operation of this Concession at the Airport, (G) corporate trial balances, (H) corporate contracts with corporate customers, (I) annual audited financial statements and related reports on internal controls (including management representation letters), (J) electronic media documenting accounting records, and (K) other sales related documents, and (ii ) all exclusions from Gross Revenue claimed by Concessionaire. For exclusions or adjustments to Gross Revenue, the Records shall include, but are not limited to: (i) all agreements between Concessionaire and corporate or volume customers establishing the customers' contractual rights to rebates, (ii) lists of all individual rental transactions with all corporate or volume customers, (iii) all individual rental agreements with all corporate or volume customers, and (iv) any documentation or records supporting additional reductions to Gross Revenue.

#### 5.5.3 Computer Records

In those situations where Concessionaire's records have been generated from computerized data (whether mainframe, minicomputer, or PC-BASED computer systems), Concessionaire agrees to provide the Authority's representative with extracts of data files in a computer readable format on data disks, E-mail with attached files or suitable alternative computer data exchange formats. This computerized data must contain the original accounting source details.

# 5.5.4 Cooperation by Concessionaire

Concessionaire shall provide the name and telephone number of Concessionaire's accounting manager or the like who has a thorough knowledge of the accounting system as it pertains to this Agreement and who will assist the Authority with its audit. Concessionaire will also allow interviews of past and present employees who were involved in the financial or operational activities of Concessionaire.

#### 5.5.5 Maintenance of Records

Concessionaire shall keep all records identified in Section 4 for at least five (5) years after the end of the applicable Agreement Year, or in the event of a claim by the Authority, until such claim of Authority has been fully ascertained, fixed and paid. The records requirements of this section shall also extend to any of Concessionaire's subsidiaries, partners, joint venturers, and sub-concessionaires or the like.

#### 5.6 Audits

## 5.6.1 Audit Findings

The Authority shall have the right to authorize one or more audits of Concessionaire's records pertaining to any of its operations at the Airport. If either an annual audit or an audit performed by the Authority discloses an under reporting of Gross Revenue, Concessionaire shall pay to Authority any amounts due under this Agreement within fifteen (15) calendar days of written notice by the Authority, plus interest calculated in accordance with the Default Rate. If an audit conducted by the Authority or at the Authority's expense discloses an under reporting of Gross Revenue by two percent (2.0%) or more for any twelve (12) month period, Concessionaire shall reimburse the Authority for the full cost of the audit, interest calculated in accordance with the Default Rate, any applicable legal fees as explained below, and shall pay a one-time penalty of ten percent (10.0%) of the under reported Privilege Fee. If an audit conducted by the Authority or at the Authority's expenses discloses an under reporting of Gross Revenue by ten percent (10.0%) or more for any twelve (12) month Period, Concessionaire shall reimburse the Authority for the full cost of the audit, interest calculated in accordance with the Default Rate, and any applicable legal fees as explained below, and shall pay a one-time penalty of fifty percent (50.0%) of the under reported Privilege Fee. If an audit conducted by the Authority or at the Authority's expenses discloses an under reporting of Gross Revenue by twenty-five percent (25.0%) or more for any twelve (12) month Period, Concessionaire shall reimbursement the Authority for the full cost of the audit, interest calculated in accordance with the Default Rate, any applicable legal fees as explained below, and shall pay a one-time penalty of fifty percent (50.0%) of the under reported Privilege Fee and the Authority reserves the right to terminate this agreement. The Authority's rights under this subsection shall be in addition to any other rights or remedies the Authority may have.

## 5.6.2 Legal Fees

In the event that the Authority deems it necessary to utilize the services of internal or external legal counsel in connection with collecting the reimbursement for an audit, then Concessionaire shall reimbursement the Authority for reasonable attorney's fees and litigation expenses as part of the aforementioned costs incurred.

## 5.6.3 Provision of Audit Workspace

Concessionaire agrees to provide appropriate work space to conduct the audit and free access to copiers, fax machines and other needed office equipment. Concessionaire will also make the requested original books and records available within ten (10) working days from the date of request by the Authority or the Authority's representative and will freely lend its own assistance in conducting the audit. If Concessionaire does not make the books and records available within ten (10) working days, a charge of one hundred dollars (\$100.00) per day for each day the records are late will be applied against Concessionaire's performance guarantee, regardless of form. If such books and records are maintained outside the City of Columbus and cannot be provided locally, Concessionaire agrees to reimbursement the Authority for expenses incurred in sending representatives to wherever such records are maintained. Such expense will include transportation, lodging, food and other out-of-pocket expenses resulting from the necessity to leave Columbus.

#### 5.6.4 Survival of Concessionaire's Duties and Authority's Rights

The Concession's duty to maintain books and records and the Authority's rights under this Agreement to inspect and audit the books and records of Concessionaire shall survive the expiration or earlier termination of this Agreement.

### 5.7 Plans and Specifications, Compliance with Law

## 5.7.1 Authority Approval of Capital Additions

No fixtures, improvements or installations by Concessionaire shall be made, removed, demolished, or relocated in the Operating Area without the Authority's prior written approval, which shall not be unreasonably withheld provided Concessionaire complied with the provisions of the Tenant Improvement Handbook and Tenant Work Permit Application. The Authority may require plans and specifications and the issuance of a permit from the Authority. All fixtures, improvements and installations shall conform to the Authority's design criteria and architectural requirements of Authority.

## 5.7.2 Compliance with Laws and Building Codes

Concessionaire shall ensure that all additions, improvements, equipment, furnishings, fixtures and tenant finishes constructed or installed by Concessionaire, or Concessionaire's concessionaire, conform in all respects to applicable federal, state, and local laws, rules, and building codes, the Authority's approval shall not be construed as a representation or warranty of conformance. The Authority may withhold approval based upon, among other grounds, engineering, architectural, or aesthetic considerations.

### 5.8 Compliance

### 5.8.1 Compliance with Laws

Concessionaire shall comply with all Authority, county, state, and federal laws, ordinances, regulations and orders governing or regulating the Airport and the Operating Area, its use by Concessionaire, and the operation of its concession hereunder.

## 5.8.2 Traffic Violations

Concessionaire shall pay for or cause its employees or contractors to pay all traffic violation notices issued by Airport police to Concessionaire's vehicles while such vehicles are under the control or operation of Concessionaire's employees or contractors.

## 5.8.3 Cooperation with Successor Operator of Automobile Rental Car Concession

Upon the expiration or earlier termination of this Agreement Concessionaire agrees to cooperate fully with the Authority and with any and all successor concessionaires to ensure a smooth transition from Concessionaire to such successor.

## 5.9 Prohibition Against Interference

Concessionaire shall not do or permit to be done anything at or about the Airport that may interfere with the effectiveness or accessibility of the drainage and sewage systems, fire hydrants and hoses, heat, air-conditioning, elevators, electrical systems, and plumbing installed or located on or within the CONRAC or Exclusive Premises or on the Airport. At the Parking Structure and the QTA, Concessionaire shall report any malfunction of the drainage and sewage systems, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, heat and air-conditioning systems, electrical systems, and plumbing installed or located on or within the CONRAC or Exclusive Premisesto the Authority in accordance with Airport rules, regulations, and instructions and orders as soon as discovered.

## 5.10 Utilities

## 5.11 Hazard, Potential Hazard, Nuisance, or Annoyance

Concessionaire shall correct at its own cost and expense any hazardous or potentially hazardous condition, nuisance, or annoyance immediately upon receipt of oral or written notice from the Authority. The Authority may order the closure of the Concessionaire's Exclusive Premises until the corrective action is complete.

#### 5.12 Deliveries

All deliveries to Concessionaire in the CONRAC, or otherwise at or about the terminal, will be in a manner and location approved by the Authority.

## 5.13 Right to Enter

The Authority shall have the right to enter the CONRAC and Exclusive Premises to:

- Conduct Inspections: The Authority and its authorized representatives and agents, shall have the
  right to view any and all of the CONRAC and Exclusive Premises hereunder at any reasonable time
  for the purpose of inspecting or maintaining the CONRAC and Exclusive Premises or of doing any
  other act therein which may be necessary for the proper operation of the Airport. In performing
  such inspections, the Authority and its authorized representatives and agents, will exercise their
  best efforts not to interfere with Concessionaire's use of the CONRAC and Exclusive Premises,
- Perform Any of Concessionaire's Obligations: Perform any of Concessionaire's obligations under this Agreement that Concessionaire has failed to perform after reasonable notice to do so, including but not limited to maintenance, repairs, and replacements in the CONRAC and Exclusive Premises, and recover cost consistent with this Agreement,
- 3. Police: Exercise Authority's police power, and
- 4. Emergency: Respond as appropriate to any emergency.

### 6. PERMITTED USES

#### 6.1 Permitted Uses

The Authority hereby grants to the Concessionaire the right, privilege and obligation to conduct and operate a high-quality, well-managed, and efficiently run vehicle rental concession at the Airport, during the term of this Agreement and from its Exclusive Premises. This grant shall include the right to rent and check in airport rental vehicles as well as support functions such as the washing, fueling (expressly limited to vehicles used in the airport rental car business of the Concessionaire), light maintenance, and storage of vehicles held for rental. Additionally, Concessionaire may include the right to offer for sale related loss and collision damage waiver protection, personal injury and accident insurance, supplemental liability, uninsured motorist, and personal effects insurance, and to provide customer service features including but not limited to baby car seats and cellular phones rented along with vehicles. Any additional rights shall be approved by the Authority in writing prior to implementation by the Concessionaire, and provided that (i) such rights must be of a type that customarily are offered for sale or rent at other major airport car rental facilities, and (ii) such rights must not conflict with a concession right or privilege of other Airport Concessionaires. All rights and privileges not specifically granted to the Concessionaire in this Agreement shall be reserved to the Authority.

## 6.2 Support Functions

Concessionaire may use the QTA portion of the Exclusive Premises for support functions such as the washing, fueling, light maintenance, and storage of vehicles held for rental.

#### 6.3 Common Areas

Subject to the Rules and Regulations promulgated by the Authority from time to time, (i) Concessionaire will have the non-exclusive right to the Common Concessionaire Areas and Common Public Areas at the CONRAC, and (ii) Concessionaire or any subcontractor of Concessionaire is prohibited from transporting Airport Customers between the Terminal and CONRAC.

#### 6.4 Limitations

All of the operations of Concessionaire hereunder, including all Airport-related vehicle rental transactions conducted by Concessionaire, will take place at the CONRAC and from no other location at, on, or from the Airport or at Concessionaire's service facility.

## 6.5 Parking

Concessionaire will not permit parking on the Exclusive Premises and/or the CONRAC of vehicles of persons (other than employees as identified in Section 3.9.4), it being acknowledged and agreed that no public parking will be allowed other than in designated location adjacent to the Facility.

### 6.6 Common Use Busing System

Concessionaire will also have a non-exclusive right and license during the Term hereof for use of the common busing system. Concessionaire will not interfere with non-Concessionaire customers utilizing the Common Use Busing System. This includes, but is not limited to: off-airport rental car companies and

their customers using the common busing system, other parties as permitted by the Authority, and, solely in the event of an emergency, temporary shutdown or inaccessibility of other transportation systems or means of ingress and egress to and from the Airport, or other exigent circumstances. Concessionaire will not interfere with such other parties as the Authority will reasonably direct from time to time to so utilize the common busing system; provided, in all such instances, such use will not unreasonably disrupt the use of the common busing system by Concessionaire and the Authority will charge such other parties a proportionate share directly for use of the Common Use Busing System.

The Authority, at its sole discretion, may permit limited pick up in designated areas (if available) under separate agreement and at an additional cost. Nothing herein will guarantee the development of such a program or limitation on CFC collection and share of busing and other costs based on Market Share Percentage.

## 6.7 Non-Exclusive Rights

The rights granted herein for the performance of the Concession specifically provide that they are non-exclusive and that other concessionaires of the Authority are engaged in the vehicle rental business at the Airport.

#### 6.8 Concessionaire Disputes

In the event of a dispute between Concessionaire and any other concessionaires operating at the CONRAC or the Airport as to the rights of the parties under their respective agreements, Authority will determine the rights of each party and Concessionaire agrees to be bound by Authority's decision.

### 6.9 Restrictions

Nothing in this Article will be construed as authorizing Concessionaire to conduct its Concession in any areas at, on, or from the Airport other than the CONRAC.

Any and all rights and privileges not specifically granted to Concessionaire for its use of and operations at the Airport pursuant to this Agreement are hereby reserved for and to Authority.

#### 6.10 Permits and Licenses

Concessionaire will obtain and maintain throughout the Term all permits, certificates, licenses, or other authorizations required in connection with the operation of the Concession. Copies of all required permits, certificates, licenses, or other authorizations will be appropriately displayed within the Exclusive Premises and forwarded to Authority upon issuance and each renewal.

# 7. OPERATIONS AND PERFORMANCE STANDARDS

## 7.1 Authority's Right To Monitor Performance

It is Authority's intention that Concessionaire's business be conducted in a manner so as to meet the needs of Airport Customers and employees and in a manner that will reflect positively upon the Concessionaire and Authority. The Concessionaire will equip, organize and efficiently manage the Concession to provide service in a clean, attractive, and pleasant atmosphere. Authority in its sole discretion will have the right to raise objections to the condition of the Exclusive Premises, the quality and the character of the service, the hours of operation, and/or the appearance and performance of service personnel, and to require any such conditions or practices objectionable to Authority to be promptly remedied by Concessionaire. If requested by Concessionaire, Authority will submit its objections in writing and provide Concessionaire an opportunity to reply to the objections. Such reply will be given consideration by Authority.

### 7.2 Performance Audits

The Authority and Concessionaire acknowledge that the operation of the business of Concessionaire in the CONRAC, as well as Concessionaire's performance of its obligations under this Agreement with respect thereto, will enhance the economic development of the Authority, and that the rights of Concessionaire to use the CONRAC are subject to the rights of the Authority, as landlord, to monitor compliance with this Agreement to ensure that the CONRAC is used and operated as required by this Agreement.

Authority reserves the right to conduct periodic performance audits of the Exclusive Premises or of Concessionaire's Operation to assure that all of the operational, safety, and compliance standards of this Agreement are consistently performed by Concessionaire. This audit may include the secret shopping of the rental car transaction and evaluation of the facility, the customer experience, and/or vehicle condition. Concessionaire acknowledges that performance audits will be conducted by Authority, or its representative, and hereby agrees to cooperate with all performance audits.

Performance audits may include minimum objective standards in any or all of the areas of (i) customer service; and (ii) cleanliness and maintenance. Authority reserves the right to issue written notices of violation of performance standards.

In order to assure consistent adherence to performance standards throughout the Term, the Authority will use a rolling twelve (12)-month cycle in the recording of incidents of failure to meet performance standards. Authority reserves the right to issue written notices of violation of performance standards.

Repeated violations and deficiencies in performance by Concessionaire may be cause, at Authority's sole discretion, to terminate this Agreement.

## 7.3 Permits and Licenses

Concessionaire will obtain and maintain throughout the term all permits, certificates, licenses, or other authorizations required for conduct of its operations at the Exclusive Premises and the CONRAC, all in accordance with applicable laws. Upon commencement of operations at the CONRAC and thereafter at the Authority's reasonable request, Concessionaire will provide evidence to the Authority that Concessionaire has obtained or caused to be obtained and renewed such permits and registrations.

## 7.4 CONRAC Facility Manager

Throughout the Term, the management and operation of the Concessionaire's vehicle rental business at the CONRAC will be under the supervision and direction of the CONRAC Facility Manager. The

CONRAC Facility Manager will be generally available, either in person or by phone, during regular business hours.

# 7.5 Hours of Operation

Concessionaire shall provide vehicle rental services at the customer check-in counter and in the ready return and rental areas in the CONRAC seven days per week, beginning at least one hour before the first scheduled departure and for at least one hour after the last arrival for which any customer has reservations for a car rental from Concessionaire. The Authority in its sole discretion and upon Concessionaire's written request, may authorize deviations from the requirements of this Agreement

#### 7.6 Limitation on Use

Concessionaire will not use or occupy or permit the Exclusive Premises and/or the CONRAC to be used or occupied, or do or permit anything to be done in or on the Exclusive Premises and/or the CONRAC, in whole or in part, in a manner which would in any way violate any certificate of occupancy affecting the Exclusive Premises and/or the CONRAC, or make void or voidable any insurance then in force with respect thereto, or which may make it impossible to obtain fire or other insurance thereon required to be furnished by Concessionaire under this Agreement, or which will constitute a public or private nuisance, or which will disrupt the safe, efficient, and normal operations of the Airport.

Concessionaire will not use or occupy the Exclusive Premises and/or the CONRAC, or permit the Exclusive Premises and/or the CONRAC to be used or occupied, in whole or in part, in a manner which may violate Permitted Uses, and Concessionaire will at all times comply with all applicable governmental laws, ordinances, regulations, codes and permits in the conduct of its operations under this Agreement including, but not limited to, Authority and TSA rules and regulations.

Concessionaire will not engage in any activity prohibited by Authority Rules and Regulations and Operating Directives as may be modified during the Term. If any prohibited act is not corrected as directed by Authority within ten (10) days written notice, Authority or its representative will have the right to enter upon the Exclusive Premises and take the corrective action, and Concessionaire agrees to promptly reimburse Authority for any related costs, plus an administrative fee equal to fifteen percent (15%) of the corrective action costs.

Concessionaire will not place excessive loads on the walls, ceilings, and floor or pavement areas of the CONRAC or Exclusive Premises and will repair any area damaged by excessive loading to the satisfaction of Authority.

# 7.7 Concessionaire's Maintenance and Repair

A. Concessionaire will, at all times during the Term hereof, at its sole cost and expense, operate and keep its Exclusive Premises in good condition and repair, in a safe, secure, clean and sanitary condition, and in full compliance with any and all applicable laws and such Rules, Regulations and standards as the Authority will maintain in effect from time to time, including, without limitation, the CONRAC Operations & Maintenance Standards attached as Exhibit D hereto and made a part hereof. Concessionaire will be responsible for all maintenance, repair and replacements of any kind or nature whatsoever to its Exclusive Premises as further specified in Exhibit D. Concessionaire will keep its Exclusive

Premises free from trash, filth, overloading, danger of fire or any pest or nuisance, and repairing and/or replacing any damage or breakage done by Concessionaire, or any of its respective officers, agents, employees, contractors, guests, invitees, or licensees, including, without limitation, damage done by installation of Concessionaire's improvements. If any portion of the exclusive Premises or any system or equipment in the Exclusive Premises which Concessionaire is obligated to maintain or repair cannot be fully repaired or restored, Concessionaire will promptly replace such portion of the Exclusive Premises or such system or equipment. Concessionaire will maintain a preventive maintenance contract providing for the regular inspection and maintenance of any system installed that serves the Exclusive Premises only under a contract and contractor to be approved by the Authority. In the event that Concessionaire fails to perform any of its obligations hereunder, and fails to cure or commence to cure such failure within fourteen (14) Days after written notice from the Authority, or to thereafter diligently proceed to complete such cure, the Authority may, but will not be obligated to, enter the Exclusive Premises at any time to undertake any maintenance, repairs, alterations, improvements or additions as the Authority will direct or deem necessary for the maintenance, repair, safety, protection, preservation, or improvement of the Exclusive Premises, or as the Authority may be required to do by any governmental department or agency, or by the order or decree of any court or by any other proper authority. Any and all costs and expenses of such repairs, alterations, improvements or additions made by the Authority hereunder will include a fifteen percent (15%) administrative fee and will be due and payable by Concessionaire to the Authority within fifteen (15) Days following the Authority's invoice therefore. If not paid within such fifteen (15) Day period, such costs and expenses will bear interest at the Default Rate until paid. Concessionaire and other Concessionaires may contract with a third party to fulfill these responsibilities.

B. Common Concessionaire Areas. Concessionaire will be responsible with other Concessionaires to perform such other maintenance, repair, and replacement of the Common Concessionaire Areas as specified in Exhibit A. Concessionaire and other Concessionaires shall contract with a third party to fulfill these responsibilities. In the event that Concessionaire fails to perform any of its obligations hereunder, and fails to cure or commence to cure such failure within fourteen (14) Days after written notice from the Authority, or to thereafter diligently proceed to complete such cure, the Authority may, but will not be obligated to, enter the Common Concessionaire Areas at any time to audit or otherwise confirm Concessionaire's meeting its obligations under this section, to undertake any maintenance, repairs, alterations, improvements or additions as the Authority will direct or deem necessary for the maintenance, repair, safety, protection, preservation, or improvement of the Exclusive Premises, or as the Authority may be required to do by any governmental department or agency, or by the order or decree of any court or by any other proper authority. Any and all costs and expenses of such repairs, alterations, improvements or additions made by the Authority hereunder will include a fifteen percent (15%) administrative fee and will be due and payable by Concessionaire to the Authority within fifteen (15) Days following the Authority's invoice therefore. If not paid within such fifteen (15) Day period, such costs and expenses will bear interest at the default Rate until paid.

C. Operating Agreement. No later than one (1) year prior to the Commencement Date, Concessionaire and each of the other Concessionaires will create and enter into an operating agreement (the "Operating Agreement") establishing a consortium of the Concessionaires (the "RAC Consortium") which provides, among other things, for (i) the maintenance and repair of the Common Concessionaire Areas; (ii) the operation, maintenance, repair, and replacement of the QTA pursuant to, and in accordance

with, the terms and provisions of this Contract then (or to be) in effect; (iii) the hiring of a CONRAC Facility Manager, reasonably acceptable to the Authority; (iv) disbursement mechanisms among the Concessionaires for reimbursements received by the Authority; and (v) the allocation and assumption of liability for sums due and payable by Concessionaire hereunder and sums due and payable by the other Concessionaires then (or that will be) operating and occupying a portion or portions of the CONRAC from time to time.

D. The Operating Agreement shall be acceptable to the Authority in form and substance, shall remain in full force and effect, and shall not dissolve or be terminated during the Term without providing for a replacement Operating Agreement consistent with the provisions of this section.

The Operating Agreement shall provide for execution of additional agreements or other operative documents to provide for the parties' rights and obligations relating to Concessionaire and the CONRAC. The Operating Agreement shall provide for the circumstance when a new Concessionaire replaces an existing Concessionaire. Further, the Operating Agreement shall provide for the circumstance when, following a termination of a contract due to default by a Concessionaire thereunder, the Authority either replaces the Concessionaire with a new Concessionaire by entering into a new contract or, until replacement, permits the terminated concessionaire's spaces and areas to be re-allocated among the remaining Concessionaires in the manner described herein.

The Operating Agreement shall also provide for the circumstance where the Authority, at its sole option, may require the addition of another concessionaire to the RAC Consortium from time to time. Once a concessionaire's contract is terminated, Authority shall not permit it to occupy any portion of the CONRAC. The Operating Agreement will include provisions providing that responsibility for all Operating Expenses, any costs arising from compliance with Section 7.7, and any other expenses which relate to the CONRAC will be payable by the Concessionaires which operate concessions at the CONRAC; provided, however, that such provisions must provide that in the event of non-payment of any such amounts when due by any such concessionaire, such amount shall at all times be the obligation of the Concessionaires and not the Authority. Without the Authority's consent, the Operating Agreement may not provide for any cross-default between the Operating Agreement and any other agreement between Concessionaire and other concessionaires; permit a termination of the Operating Agreement, except as expressly provided in the Operating Agreement; collect Revenues more than one (1) month in advance (except for the initial investment in the Operating Agreement); evict any Concessionaire under the Operating Agreement; waive, cancel, release, modify, excuse, discount, set off, compromise, or discharge the Concessionaire under the Operating Agreement from any obligations under the Operating Agreement; amend or extend the Operating Agreement; or enter into any collateral agreement with the other concessionaires relating to the Exclusive Premises which is not included in the Operating Agreement.

E. The Operating Agreement shall acknowledge this Agreement, be consistent with this Agreement, and require Concessionaire and other Concessionaires to comply with the terms of this Agreement or such other Concessionaires' Agreement. The Operating Agreement shall require the other Concessionaires to give notice to the Authority of any default by any concessionaire thereunder and provide the Authority with the option to elect to cure any such default within a period commensurate with any cure period given to Concessionaire under the Operating Agreement. In addition to the foregoing, the Operating Agreement shall be expressly subordinated to this Agreement.

F. The RAC Consortium shall promptly notify the Authority of any non-payment (to the extent that the RAC Consortium has actual knowledge of any such non-payment of such financial obligation) or other default by a Concessionaire under the Operating Agreement or of any notice of default received by the RAC Consortium under the Operating Agreement.

G. Concessionaire will be solely responsible for the ongoing illumination of the CONRAC, which will comply with all FAA and Authority requirements. Any signs installed by Concessionaire on the Exclusive Premises will be limited to the purpose of identifying Concessionaire (including, without limitation, trade names, trademarks, logos, and brand names), and not for any third party advertising. The number, general type, size, design, and location of such signs, and any modifications or replacements thereof, will be subject to the prior written approval of the Authority in each instance, which approval will not be unreasonably withheld or delayed so long as such signage complies with applicable laws and applicable Airport signage standards, and is otherwise consistent with the appearance and architectural integrity of the CONRAC. Signage will be approved separately or as part of the Concessionaire improvement plans. No exterior or roof signs are permitted other than as identified in the initial design. All signage will comply with such design standards and future terminal development guidelines as the Authority will have in effect from time to time or thereafter approved by the Authority.

# 7.8 Obstructions/Interference

Unless approved in writing in advance by Authority, which approval is in Authority's sole discretion, Concessionaire will not keep or display anything on or within, or otherwise obstruct, any part of the CONRAC outside of the Exclusive Premises. Concessionaire will keep all service corridors, hallways, stairways, and doorways leading to and from the Exclusive Premises free and clear of all obstructions.

Concessionaire will not interfere or permit interference with the use, operation, or maintenance of Airport, including but not limited to, the effectiveness or accessibility of the drainage, sewerage, water, communications, fire protection, utility, electrical, or other systems installed or located from time to time at Airport.

## 7.9 Quality of Work

Concessionaire will be solely responsible for the quality of all work performed by Concessionaire, its employees and/or its subcontractors under this Agreement. All services furnished by Concessionaire, its employees and/or its subcontractors must be performed in accordance with best management practices and professional judgment, in a timely manner, and must be fit and suitable for the purposes intended by Authority. Concessionaire's services and deliverables must conform with all applicable laws, regulations, and ordinances.

# 7.10 Rules and Regulations

The occupancy and use by Concessionaire of the CONRAC and the rights herein conferred upon Concessionaire will be subject to Authority Rules and Regulations and Operating Directives as are now or may hereafter be prescribed by Authority. Additionally, Concessionaire will ensure that all personnel engaged in the performance of the Concession will comply with Authority Rules and Regulations and Operating Directives.

#### 7.11 Condition

Concessionaire will ensure that the Concession is maintained and operated in a manner that the Exclusive Premises are kept in a safe, clean, orderly and inviting condition at all times in a manner satisfactory to Authority. To comply with these requirements, Concessionaire must regularly review or cause to be reviewed the Exclusive Premises and Concessionaire's operations at the Airport.

Concessionaire agrees to employ sufficient personnel and provide necessary equipment to keep the Exclusive Premises, and all furniture, furnishings, fixtures and equipment thereon, clean, neat, safe, sanitary and in good working order and condition at all times pursuant to the maintenance requirements of this Agreement.

## 7.12 Janitorial/Pest Control

Concessionaire will, at its own cost and expense, provide all janitorial services for the Exclusive Premises. Concessionaire, at its cost and expense, is responsible for pest control within the Exclusive Premises. Concessionaire will contract with a professional pest control service to provide pest control services on a regular basis and at any other times as needed. Concessionaire will coordinate its pest control service with third parties as directed by Authority. Upon request, Concessionaire must furnish Authority a copy of its pest control contract and monthly service reports.

#### 7.13 Preventative Maintenance

No less than thirty (30) Days prior to the Commencement Date, Authority and Concessionaire will finalize a preventive and routine cleaning and maintenance program for the Exclusive Premises. The provisions of the program will be subject to the initial written approval of and periodic review by Authority. Upon request by Authority, Concessionaire will be required to update and/or adjust Concessionaire's cleaning and maintenance program.

Authority will be the sole judge of the quality of Concessionaire's maintenance of the Exclusive Premises. Authority or its representative may at any time, without notice, enter the Exclusive Premises to determine if maintenance satisfactory to Authority is being performed. Performance by Concessionaire of maintenance pursuant to a written maintenance plan previously approved by Authority will be conclusive evidence of satisfactory maintenance unless Authority determines that there is a present and substantial danger or safety hazard within the Exclusive Premises. If Authority determines that maintenance is not satisfactory, Authority will notify Concessionaire in writing. Concessionaire will perform the required maintenance, to Authority's satisfaction, within fifteen (15) Days after receipt of written notice or Authority or its representative will have the right to enter upon the Exclusive Premises and perform the maintenance. Concessionaire agrees to promptly reimburse Authority for the cost thereof, plus an administrative fee of fifteen percent (15%) of such costs.

# 7.14 Customer Service Program

If Authority establishes a customer service training program for the employees of concessionaires at the Airport, Authority, after first giving reasonable notice to Concessionaire, will require all Concessionaire's customer facing employees to complete the training program or incorporate the Authority's initiative into Concessionaire's program. Concessionaire will comply as follows:

- 1. Concessionaire's public facing employees as of the date of implementation of the Authority's customer service training program must complete the training within six (6) months of the date of notice from the Authority.
- Concessionaire's public facing employees hired after the date of implementation of the Authority's customer service training program must complete the training within one (1) month of being employed.

If established, the Authority customer service training program will be conducted at the Airport, and will be evidenced by a Certificate of Completion issued to each employee upon successful completion. The Authority customer service training program will be offered at no cost to Concessionaire; however Concessionaire will be responsible for employees' wages, benefits and other employment costs incurred as a result of the training. Notwithstanding the above, in the event Concessionaire has its own employee training program, in lieu of employees attending the Authority's program, Concessionaire may agree to disseminate and include any and all of the Authority's initiatives into their own training program.

## 7.15 Vending

Unless approved in writing in advance by Authority, which approval is at Authority's sole discretion, Concessionaire will not install or permit to be installed vending machines on the Exclusive Premises. Authority reserves the right to install and maintain, through independent contractors, vending machines at the Airport, including in Common Concessionaire Areas and Common Public Areas.

# 7.16 Liquidated Damages

Concessionaire hereby reaffirms its obligation to abide by the provisions of this Agreement and agrees that failure to do so damages Authority. Authority may, in addition to any other remedies provided for herein, impose liquidated damages as set forth in Attachment A upon Concessionaire if the specified requirements are not being met. The parties agree that it is the intent of these provisions to ensure the provision of high quality service, consistent hours of operation, and use of Premises. While the liquidated damages are an enforcement mechanism that the Authority may use, it is not the intent of these provisions to be unduly punitive. Except where deficiencies create a threat to public safety the Authority agrees to implement a system of warnings and allowing for circumstances beyond Concessionaire's control (not including third party contractors working for Concessionaire) provided that good contingency planning procedures are implemented. However, in the event of repeated deficiencies of a similar nature, the Authority has the right to forgo further warnings and implement the liquidated damages upon the occurrence of violations.

## 7.17 Authority Inspection of the Parking Structure

At least annually during the Term, the Authority shall inspect the CONRAC and Exclusive Premises, to determine if such facilities are in working order. The Authority shall forward a report to Concessionaire which determines whether such facilities are in acceptable working order and in good repair, reasonable wear and tear excepted. Those facilities requiring repair shall be undertaken by Concessionaire or Facility Manager, as appropriate, within a thirty (30) calendar day period from the date of receipt of notification by the Authority. A follow-up inspection to ascertain such repair or refurbishment shall be conducted by

the Authority within sixty (60) calendar days following notification to Concessionaire by the Authority. Unless in the case of an emergency the Authority will provide seven (7) Days notice for this inspection.

# 7.18 Administration of the Agreement

In order to assure the effective administration and enforcement of the terms and conditions of the Agreement, the Authority may elect to appoint a party responsible for the on-site administration and enforcement of the terms and conditions of this Agreement in all areas, provided, however, that such individual does not have the authority to issue orders or instructions to Concessionaire which would change any of the terms or conditions of this Agreement.

# 7.19 Authority's Right to Repair or Alter Facilities

## 7.19.1 Repairs and Alteration of Facilities

Notwithstanding any other provision contained in this Agreement, the Authority, or its designated agent, shall have the absolute right to maintain and to make any repairs, alterations and additions to the CONRAC and Exclusive Premises, as well as the right to enter the CONRAC and Exclusive Premises for the purpose of doing so, free from any and all liability to Concessionaire for any loss of business or damages sustained by Concessionaire as a result of the Authority's making any such repairs, alterations or additions. If the Authority negligently or intentionally damages Concessionaire's Exclusive Premises while making any repairs, alterations and additions, the Authority shall repair or compensate Concessionaire for such damage, provided that immediate documentation of such damage and its cause is provided to the. The Authority shall provide advance notice to Concessionaire or Facility Manager as appropriate of such repairs, alterations, and additions.

## 7.19.2 Construction Disruption

The Authority shall have no responsibility for disruptions of Concessionaire's operations or temporary interruptions of Concessionaire's use of any part of the CONRAC and Exclusive Premises due to construction, repair, or alteration activities by the Authority or the Authority's Contractors.

## 8. ENVIRONMENTAL REGULATIONS

## 8.1 Environmental Regulations

Concessionaire shall comply with all provisions of Authority, Airport, local, state, and federal environmental orders, regulations and statutes applicable to Concessionaire's operations. Prior to occupancy, the Authority will provide a Phase 1 environmental report that includes the CONRAC premises.

## 8.2 Response

Concessionaire shall promptly respond to and clean up any release or threatened release of any Hazardous Material into the drainage systems, soils, groundwater, waters, or atmosphere caused by Concessionaire, in a safe manner, in accordance with applicable federal, State, and local statutes, ordinances, and regulations, and as authorized or approved by all federal, State, or local agencies having authority to regulate the permitting, handling, and cleanup of Hazardous Materials. Any Hazardous

Materials shall be handled, stored, transported, and disposed of in accordance with all applicable federal, State, and local statutes, ordinances, and regulations.

## 8.3 Additional Hazardous Materials

Except for automobile washing soaps, window washing fluids, and fuel and oil products necessary to its operation of the Concession which can be safely stored and used on the Operating Area, Concessionaire shall not store, use, or dispose of on the Operating Area, any Hazardous Materials which are explosive, toxic or otherwise hazardous unless Concessionaire has first received the written authorization of the Authority and Concessionaire complies with any conditions as the Authority may impose, including the submission to the Authority of all Material Safety Data Sheets (MSDS) for the chemicals stored on the Operating Area. The Authority shall be responsible for all hazardous materials existing on the Operating Area prior to commencement of the Agreement, as well as for any hazardous materials that migrate onto the Operating Area from adjacent areas not related to the activities of Concessionaire, or other concessionaires.

# 8.4 Hazardous Machinery

No machinery or apparatus shall be used or operated on the Operating Area that will injure or damage the Operating Area or the areas adjacent to the Operating Area.

### 9. UNDERGROUND STORAGE TANKS

#### 9.1 Installation

There are a total of four (4) Underground Storage Tanks ("USTs") and connecting piping to the QTA. No other tanks shall be installed except with the explicit written approval of the Authority and subject to any conditions the Authority sets.

## 9.2 Operation and Maintenance

Concessionaire, in cooperation with the other rental car concessionaires, shall be responsible for the operation of the Common Fuel System and Common Fluid System. The coordination and operation of the USTs shall be subject to the overview of the Authority and a third party facility manager with all costs for operation, maintenance, repair, licensing, permiting, and replacement the responsibility of Concessionaire and other rental car concessionaires.

## 9.3 Leak Detection

The Authority shall be responsible for coordinating the regularly monitoring and inspecting the USTs and for performing leak detection tests thereon in accordance with federal and state law. All costs for this activity are the responsibility of the concessionaires based on Market Share Percentage. The Authority shall be notified immediately of any leaks or releases discovered at any time by Concessionaire.

## 9.4 Insurance

Concessionaire, together with the other rental car concessionaires, shall be responsible for requiring suppliers of gasoline for all rental car concessions to carry adequate insurance for their fuel supplying services to the heretofore identified USTs. Concessionaire, in conjunction with other

concessionaires under similar agreements, shall furnish to the Authority a certificate or certificates of insurance in the form satisfactory to the Authority demonstrating that suppliers of gasoline are insured to the satisfaction of the Authority.

### 9.5 Remediation of Gasoline and Waste Oil Releases by Concessionaire

In the event of any release of gasoline, waste oil or other petroleum product to the environment from a UST caused by Concessionaire or its employees, contractors or agents, but not due to a defect in the design or installation of the UST, Concessionaire shall be responsible for the initial abatement, site characterization and corrective action in accordance with the requirements of all applicable federal and state law. All reports and proposals shall be submitted to the Authority simultaneously with submission to the federal and state officials. Concessionaire shall continue remediation for as long as required by applicable federal or state law and shall remain liable for any future expenses from incomplete remediation of the release which may later be discovered. Concessionaire shall be responsible for proper management and disposal of removed contaminated soils pursuant to all applicable federal, State or local laws or regulations. Without prior approval contaminated soils not be disposed directly to a landfill. Concessionaire shall work with the Authority to minimize the disruption caused by the remediation activities. If the response to a release is not undertaken and completed by Concessionaire in a timely manner, the Authority reserves the right to undertake the response itself and Concessionaire shall be responsible for all the Authority's expenses incurred in connection with the response to the release of petroleum product plus an overhead fee of fifteen (15) percent.

# 10. STORMWATER AND INDUSTRIAL WASTEWATER

# 10.1 Stormwater Conveyance

Concessionaire is authorized to discharge stormwater into the Authority-owned stormwater discharge conveyance or storage system ("System") Concessionaire's discharge shall be limited to stormwater discharged pursuant the Authority's stormwater permit, if any, and shall comply with this Agreement, all terms of any stormwater permit issued by the Ohio EPA to the Authority, all applicable terms of any stormwater pollution control plans ("Plans"), if any, the terms of any other applicable agreements between Concessionaire and the Authority and any applicable rules governing stormwater adopted by the Authority in response to changes of law or stormwater permit terms.

### 10.2 Discharge and Treatment of Industrial Waste Water

Concessionaire shall not, and shall also ensure that its employees, agents, Concessionaires, and invitees do not, discharge any industrial wastewater into any portion of the System Concessionaire shall be responsible for making Concessionaire's own arrangements to discharge into the municipal sanitary sewer system. The Authority shall have the right to review and approve or disapprove any industrial wastewater discharge treatment system of any kind to be installed or utilized upon the Operating Area, and the right to decide whether or not to allow or condition the installation or utilization of such an industrial waste water discharge treatment system on the Operating Area shall be within the sole discretion of the Authority. Without limiting the generality of the obligations of Concessionaire set forth in this Section, Concessionaire shall permit and treat all industrial waste water generated by Concessionaire's operations to comply with all Environmental Laws and shall obtain the required permit(s)

needed to allow Concessionaire to recycle, discharge, or otherwise dispose of all industrial waste water into a sanitary sewer facility on the Operating Area.

# 10.3 Environmental Inspection

The Authority reserves the right, at any time, and from time to time, after notice to Concessionaire, to inspect the Operating Area and Concessionaire's operations on and use of the Operating Area (i) for the presence of and/or Concessionaire's management of Hazardous Substances, (ii) for compliance with Environmental Laws or the environmental provisions of this Agreement, and (iii) to facilitate the Authority's environmental management, permitting and analysis related to the Operating Area or any other property of the Authority.

## 11. <u>ENVIRONMENTAL REMEDIATION</u>

### 11.1 Releases and Violations

In the event of a violation of an Environmental Law, a violation of an environmental provision of this Agreement, a Hazardous Substance Release, or the threat or reasonable suspicion of the same, for which Concessionaire is responsible under this Agreement, Concessionaire shall immediately undertake all acts necessary or appropriate to cure or correct the violation or investigate, contain and stop the Hazardous Substance Release Concessionaire shall promptly undertake all remedial and/or removal actions necessary or appropriate to ensure that any Hazardous Substance Release is eliminated and that any violation of any Environmental Law or environmental provision of this Agreement is cured or corrected. Concessionaire shall remove, at Concessionaire's sole expense, all Hazardous Substances for which Concessionaire is liable under this Agreement or under any Environmental Law, and shall restore the Operating Area or other affected property or water to, as nearly as possible, its natural condition. In the event that any remediation or removal required by this Agreement cannot reasonably be completed prior to the termination or expiration of this Agreement Concessionaire shall not be in default of its remediation obligations so long as Concessionaire immediately commences all investigation, containment, remediation and removal activities within thirty (30) days, or sooner if, required by Environmental Laws, and diligently and continuously pursues such activities until completion. Within thirty (30) days following completion of any investigatory, containment, remediation and/or removal action required by this Agreement, Concessionaire shall provide the Authority with a written report outlining in detail what has been done and the results thereof.

### 11.2 The Authority's Right to Approve

The Authority shall have the right to approve or disapprove all investigatory, containment, remediation and removal procedures and the companies and/or individuals conducting such procedures which are required by this Agreement or by any Environmental Laws, whether on the Operating Area or any affected property or water. Concessionaire shall not initiate any risk assessment based remediation or closure without the prior written consent of the Authority, which consent may be withheld or conditioned in the Authority's sole discretion. The Authority will have the right to require Concessionaire. to request oversight from the OEPA of any investigatory, containment, remediation and removal activities and/or require Concessionaire to seek a statement from OEPA of No Further Action. Concessionaire shall promptly notify the Authority upon becoming aware of (i) a violation or alleged violation of any

Environmental Law related to the Operating Area or to Concessionaire's occupation or use of the Operating Area or any environmental provision of this Agreement, (ii) any Hazardous Substance Release on, under or adjacent to the Operating Area, or threat of or reasonable suspicion of any of the same, (iii) any notice or communication from a governmental agency or any other person directed to Concessionaire relating to any Hazardous Substance Release or any violation or alleged violation of any Environmental Laws which relate to the Operating Area or to Concessionaire's occupation or use of the Operating Area, and (iv) any Hazardous Substance Release or violation of Environmental Law discovered by Concessionaire on property or in the air or water adjacent to the Operating Area.

### 11.3 Environmental Record Keeping

Concessionaire, or third party manager, shall maintain, for the duration of the Agreement for periodic inspection by the Authority, and deliver to the Authority at the Authority's request, true and correct copies of all records required to be maintained pursuant to any Environmental Laws related to the Operating Area or to Concessionaire's occupation or use of the Operating Area. Such records shall include, but not be limited to, Material Safety Data Sheets ("MSDS"), for all Hazardous Substances used or stored on the Operating Area MSDS information shall be kept current and in a place known to and accessible to the Authority.

## 11.4 The Authority's Right to Perform

In the event Concessionaire fails to perform any of its obligations under this section or any Environmental Laws, the Authority shall have the right, upon giving Concessionaire ten (10) business days written notice, except no prior notice shall be required in the event of an emergency, to perform such obligations and charge Concessionaire all resulting costs associated with performing Concessionaire's obligations ("Environmental Costs"). The Authority may not commence performance on behalf of Concessionaire under this section if during the ten (10) business day period, Concessionaire promptly begins and diligently pursues to completion the performance of the obligations set forth in the Authority' notice. In the event the Authority determines that an emergency exists and Concessionaire is unavailable, unwilling or unable to take immediate and appropriate action, the Authority may take whatever immediate action it deems necessary and charge Concessionaire the resulting Environmental Costs.

## 12. <u>DEFAULTS BY CONCESSIONAIRE</u>

### 12.1 Types of Default

Concessionaire shall be in Default under this Agreement if, after ten (10) calendar days written notice or whatever notice is specifically provided for elsewhere in this Agreement, whichever is greater, Concessionaire fails to remedy or commence remediation if the remedy cannot reasonably be completed within ten (10) calendar days, any of the following occurrences:

- 1. Concessionaire's failure to comply with a material provision of this Agreement, including but not limited to a failure to pay any fee or other amount due under this Agreement within ten (10) calendar days after it is due, or any different period expressly provided by this Agreement or by applicable law.
- 2. To the extent permitted by the United States Bankruptcy Code,

- a. Concessionaire's insolvency,
- b. An assignment by Concessionaire for the benefit of creditors,
- c. Concessionaire's filing of a voluntary petition in bankruptcy,
- d. An adjudication that Concessionaire is bankrupt,
- e. The appointment of a receiver with respect to Concessionaire's property, and the receiver is not discharged within thirty (30) calendar days,
- f. The filing of an involuntary petition of bankruptcy and Concessionaire's failure to secure a dismissal of the petition within thirty (30) calendar days after filing;
- g. Attachment of or the levying of execution on any interest in this Agreement and Concessionaire's failure to secure discharge of the attachment or release of the levy of execution within ten (10) calendar days,
- h. Concessionaire becomes a corporation in dissolution or voluntarily or involuntarily forfeits its corporate charter.
- 3. Concessionaire's failure to comply with all applicable federal, state, and local laws and rules, including but not limited to Authority ordinances and reasonable rules established by the Authority for more than thirty (30) calendar days after Concessionaire's receipt of written notice of the failure, or a reasonable longer period if Concessionaire promptly undertakes and works diligently toward effecting a cure of the breach.
- 4. Concessionaire's failure to timely commence operating a rental car concession in Concessionaire's Operating Area.
- 5. Concessionaire's abandonment of rental car concession operations in all or any part of Concessionaire's Operating Area.
- 6. Concessionaire's default under its Service Facility lease with the Authority.

#### 12.2 Notice of Termination

This Agreement is subject to the limitation that, if a Default occurs, the Authority may give to Concessionaire a Notice of Termination of this Agreement. The Notice shall specify the termination date and the reason for the Notice. The termination date may occur no sooner than seven (7) calendar days from the date of service of the Notice. Termination cannot occur unless a Notice of Termination has been served upon Concessionaire relating specifically to the Default for which the Agreement is being terminated. Provided, however, that in the event the Default involves a failure to perform obligations and the same or similar failure occurs more than three (3) times in any twelve-month period, after a reasonable opportunity to cure in each case, the Authority shall not be required during the remaining term of the Agreement to provide any notice and opportunity to cure prior to issuing a Notice of Termination. At the termination date, the term of this Agreement shall expire and all of the rights and interests of Concessionaire under this Agreement shall end. Concessionaire shall then surrender

Concessionaire's Operating Area to the Authority. Concessionaire's liability under all of the provisions of this Agreement shall continue as though the termination had not occurred, however:

### 12.3 Termination Due to Concessionaire's Default

## 12.3.1 Re-entry

If this Agreement is terminated because of a Default, the Authority or its agents or employees may immediately, or at any time thereafter, re-enter Concessionaire's assigned Operating Area and remove Concessionaire, Concessionaire's agents, subcontractors, invitees and property from Concessionaire's Operating Area. Re-entry and removal may be affected by summary dispossess proceedings, by any suitable action or proceeding at law, by force, or otherwise. The Authority shall be entitled to the benefits of all provisions of law respecting speedy recovery of Concessionaire's assigned Operating Area held over by Concessionaire or the proceedings in forcible entry and detainer Concessionaire waives any right to the service of any notice of the Authority's intention to re-enter provided for by any present of future law. The Authority shall not be liable in any way in connection with any action it takes pursuant to this paragraph. Concessionaire's liability shall survive the Authority's reentry, the institution of summary proceedings, and the issuance of any warrants with respect thereto.

#### 12.3.2 Liability

If this Agreement is terminated because of Default of Concessionaire, Concessionaire shall remain liable, in addition to accrued liabilities, to the extent legally permissible for the amounts that Concessionaire would have been required to pay to the Authority under this Agreement had the Agreement not been terminated, including Land Use Fee, Minimum Annual Guarantee, and its CFC Deficiency Payments and Obligation Payments. Concessionaire shall pay as damages, the difference between amounts obtained by adding the amounts owed to the Authority plus the Authority's expense in reentering or repossessing Concessionaire's Operating Area, putting said operating area in proper repair, altering said operating area for a new concessionaire, protecting said operating area, contracting expenses to obtain a new concessionaire, minus the revenue to be paid to the Authority by a new concessionaire occupying said operating area for the remaining Agreement period. In addition, Concessionaire shall pay to the Authority such sums as the court which has Jurisdiction there over may adjudge as reasonable attorney's fees with respect to any successful lawsuit or action instituted by the Authority to enforce the provisions of this Agreement.

## 12.4 Right of Authority to Enter New Concession Agreement

The Authority may enter into a new concession agreement with another Concessionaire that will occupy the assigned portion of the Operating Area for all or any part of the unexpired portion of the term of this Agreement or for any longer period. The Authority has the sole and absolute discretion with respect to the selection of a new Concessionaire and the use of the assigned portion of the Operating Area. The Authority shall be under no obligation to enter into or attempt to enter into a new contract for the assigned portion of the Operating Area.

#### 12.5 Cure by Authority

If Concessionaire is in Default under this Agreement, the Authority may cure the Default at any time through any action deemed appropriate by the Authority for the account and at the expense of Concessionaire. Concessionaire shall reimburse the Authority for any amounts expended by the Authority in connection with the cure. Such cure shall not constitute a waiver of the Authority's rights with respect to that or any other Default, unless otherwise expressly stated in writing by the Authority.

## 12.6 Authority's Rights and Remedies

The Authority s rights and remedies set forth herein shall be in addition to any other right and remedy now and hereafter provided by law. All rights and remedies shall be cumulative and not exclusive of each other. No delay by the Authority in exercising a right or remedy shall constitute a waiver or acquiescence to the Default. No waiver of a Default shall be effective unless it is in writing. No waiver of a Default shall extend or affect any other Default or impair any right or remedy with respect thereto.

### 12.6.1 Damages

The Authority shall not be liable for any damage, including, but not limited to, loss of profit, and Concessionaire shall not make a claim of any kind whatsoever against the Authority, its agents or representatives, by reason of any action taken pursuant to this Section 16.

#### 12.6.2 Repeat Default

Notwithstanding the foregoing, in the event that the Concessionaire has defaulted three (3) times within one (1) Agreement Year in the performance of or breached any of the terms, covenants and conditions required of this Agreement, as determined solely by the Authority, and regardless of whether the Concessionaire has cured each individual condition of breach or default, the Concessionaire may be determined by the Authority to be an "repeat violator." At the time that such determination is made, the Authority will issue to the Concessionaire a written notice advising of such determination and citing the circumstances therefore. Such notice will also advise Concessionaire that there will be no further notice or grace periods to correct any subsequent breaches or defaults and that any subsequent breaches or defaults of whatever nature, taken with all previous breaches and defaults, will be considered cumulative and collectively, will constitute a condition of non-curable default and grounds for immediate termination of this Agreement. In the event of any such subsequent breach or default, the Authority may terminate this Agreement upon the giving of written notice of termination to the Concessionaire, such termination to be effective upon delivery of the notice to the Concessionaire.

## 12.6.3 Bond Validation

Prior to the initial issuance of Bonds to be secured by CFC's and Concessionaire's under this Agreement (including but not limited to the CFC's), the Airport shall initiate a bond validation suit pursuant to Ohio Revised Code Section 133.70 (or successor provisions, as applicable) seeking validation of such Bonds pursuant to that Section. In the event that (i) the Court of Common Pleas of Franklin County, Ohio issues a final judgment holding that the CFC's may not be lawfully used to pay the costs of, or to secure the Bonds the proceeds of which will be used to pay the costs of, the CONRAC, and (ii) all rights to appeal

such judgment have been exhausted, defeated or waived, either party to this Agreement shall have the right, upon thirty (30) days' prior written notice, to terminate this Agreement.

# 12.7 Bankruptcy Code

To the extent that the Authority's right to terminate this Agreement is determined to be unenforceable under the Bankruptcy Code of 1978, as amended from time to time ("Code"), or under any other statute, then Concessionaire and any trustee who may be appointed agree, to the extent legally possible (i) to perform promptly every obligation of Concessionaire under this Agreement until this Agreement is either rejected, assumed or deemed rejected under the Code, (ii) to pay on a current basis, as set forth herein, all payments under the Agreement, (iii) to reject or assume this Agreement within sixty (60) days of a filing of a petition under the Code, (iv) to give the Authority at least forty-five (45) days prior written notice of any proceeding relating to assumption of this Agreement, (v) to cure or provide adequate assurance of a prompt cure of any default of Concessionaire under this Agreement, (vi) to provide to Authority adequate assurance of future performance under the Agreement.

## 12.8 Surrender of Occupancy

#### 12.8.1 Surrender

When this Agreement expires, or is terminated in whole or in part as provided for elsewhere in this Agreement, Concessionaire shall surrender its Exclusive Premises in a state of good repair, with the exception of reasonable wear and tear and damage by loss or casualty not covered by insurance which Concessionaire is required to maintain pursuant to this Agreement and not otherwise attributable to Concessionaire's fault or negligence. The Authority may elect to perform this obligation on behalf of Concessionaire, Concessionaire shall be responsible for all the Authority's expenses incurred in connection with removing Concessionaire's Operating Area and Fixed Improvements.

#### 12.8.2 Abandonment

Concessionaire shall be deemed to have abandoned to the Authority any property which it has failed to remove from Operating Area within fifteen (15) calendar days after the end of the Operating Period of the Agreement or the effective date of termination thereof, unless the Authority grants additional time for this purpose in writing. After the expiration of the fifteen (15) day period, or any extension thereof granted by the Authority, the Authority shall have the right to remove the property and restore the area to a satisfactory condition and hold Concessionaire liable for all costs incident thereto. In the event it is necessary for the Authority to remove such property, the Authority shall not sustain or be charged with any liability by reason of the removal or custodial care of the same.

## 13. <u>DEFAULT BY THE AUTHORITY</u>

## 13.1 Events of Default by Authority

The Authority shall be in default under this Agreement if, after reasonable written notice from Concessionaire, the Authority fails without excuse to remedy any of the following occurrences:

The permanent abandonment of the Airport for scheduled certificated airlines service,

- The issuance by any court of competent jurisdiction of any injunction preventing or restraining the use of the Airport for sixty (60) calendar days or more in a manner that substantially prevents Concessionaire from conducting the operations authorized by this Agreement,
- The exercise by an agency of the United States Government for ninety (90) calendar days
  or more of control over the Airport and its facilities in a manner that substantially
  prevents Concessionaire from conducting the operations authorized by this Agreement,
- 4. The Authority's failure to substantially comply with a material provision of this Agreement for more than sixty (60) calendar days after written notice of the failure from Concessionaire.

### 13.2 Remedies for Authority's Default

In addition to any other remedies Concessionaire may have at law or in equity, if the Authority is in default under this Agreement, Concessionaire may terminate this Agreement by written notice to the Authority. The Authority shall not be deemed in default if the Authority has initiated appropriate remedial action prior to the notice of termination and diligently pursues that remedial action to completion. In no event shall Concessionaire be entitled to recover lost profits or consequential damages from the Authority for a default under this Agreement.

### 14. INDEMNIFICATION, INSURANCE AND FINANCIAL SECURITY

#### 14.1 Indemnification

### 14.1.1 General

Concessionaire will defend, indemnify, and hold harmless the Authority and its Board of Directors, officers, employees, public officials, and agents, against, any and all demands, claims, causes of action, fines, penalties, damages, losses, liabilities, judgments, and expenses for bodily injury, death, damage to property, and any other personal injury (in the aggregate as "Losses or Claims")(including, without limitation, reasonable attorneys' fees and court costs) incurred in connection with or arising from: (1) the use or occupancy of the CONRAC by Concessionaire, or its employees, agents or contractors; (2) any activity, work, or thing done, or permitted or suffered on or about the CONRAC by Concessionaire, or its employees, agents or contractors; (3) any acts, omissions, or negligence of Concessionaire, or its employees, agents or contractors; (4) any breach, violation, or nonperformance by Concessionaire of any term, covenant, or provision of this Agreement or any law, ordinance, or governmental requirement of any kind; or, (5) any injury or damage to the person, property, or business of Concessionaire, or its employees, agents or contractors. This indemnity shall not apply to Losses or Claims of whatsoever nature arising out of the negligence or willful misconduct of Authority or the Airport, or their Board of Directors, officers, and employees, public officials, contractors, and agents, which willful misconduct or negligence is the cause or alleged cause of said Losses or Claims or loss, injury or damage. If any action or proceeding is brought against Authority, its Board of Directors, officers, employees, public officials, contractors, or agents, by reason of any such claim, Concessionaire, upon notice from Authority will defend the claim at Concessionaire's expense with counsel reasonably satisfactory to Authority.

#### 14.1.2 Indemnification - Violation of Laws

The Concessionaire shall defend, indemnify, and hold the Authority, its Board of Directors, officers, employees, public officials, or agents, completely harmless from and against any claim, suit, demand, action, liability, loss, damage, judgment, fine, or civil penalty and all costs and expenses of whatever kind or nature (including, but not limited to, reasonable attorneys' fees, court costs and expert fees) associated therewith in any way arising from or based upon the violation of any federal, state, or municipal laws, statutes, resolutions, or regulations by the Concessionaire, its agents, employees, subcontractors, or sublessees, in conjunction with the Concessionaire's use and/or occupancy of the CONRAC. The Authority shall give the Concessionaire reasonable notice of and an opportunity to defend against any such claims or actions, and the Authority shall take reasonable actions to mitigate its damages.

#### 14.1.3 Indemnification - Airport Security

If the Authority is deemed to be in noncompliance with laws or regulations governing access to secure areas of the Airport and to the areas of the airfield and said noncompliance is the result of or due to the negligence or willful act or omission of the Concessionaire or of any of the Concessionaire's employees, agents, subcontractors, or sublessees and such breach results in a civil penalty action against the Authority, the Concessionaire agrees to reimburse the Authority for all expenses, including reasonable attorneys' fees incurred by the Authority in defending against the civil penalty action and for any civil penalty or settlement amount paid by the Authority as a result of the civil penalty action. The Authority shall give the Concessionaire reasonable notice of any allegation, investigation, or proposed or actual civil penalty which relates to acts or omissions of the Concessionaire.

#### 14.1.4 Survival of Indemnification

All the indemnification provisions of this Agreement shall survive the expiration, termination, or early cancellation of this Agreement for claims, suits, demands, actions, liabilities, loss, or damage, which occur prior to the expiration or early termination of this Agreement.

#### 14.1.5 Notice from Concessionaire

Notwithstanding the above indemnification, Concessionaire shall give the Authority notice of any matter covered herein and shall forward to the Authority every demand, notice, summons, or other process received in any claim or legal proceeding covered hereby.

#### 14.2 Insurance

# 14.2.1 Required Insurance

Concessionaire shall, at its sole cost and expense, maintain, in force and in effect, throughout the Term of this Agreement, a policy or policies of insurance, with a reputable insurance company authorized to conduct business in the State of Ohio having a rating of A- or higher from A M Best Company or an equivalent rating Insurance shall be provided in the minimum amounts as set forth below.

#### 14.2.1.1 Workers' Compensation

Workers' Compensation Insurance as required by the laws of the State of Ohio.

# 14.2.1.2 Commercial General Liability Insurance

Commercial General Liability Insurance with a Combined Single Limit for bodily injury and property damage of not less than Three Million Dollars (\$3,000,000) per occurrence. Coverage must include Broad Form Contractual, Property Damage, Personal Injury, Operating Areas-Operations, Products- Completed Operations, Independent contractors and Subcontractors, and Fire Legal Liability, and sudden & accidental pollution coverage(unless covered by separate policy). Such policy or policies shall, to the degree reasonably possible, be issued on an occurrence basis, and shall cover the all of the CONRAC and Exclusive Premises, and all activities of Concessionaire in and from the CONRAC and Exclusive Premises or the Airport and all indemnifications made in the Agreement.

## 14.2.1.3 Commercial Automobile Liability Insurance

Commercial Automobile Liability Insurance for bodily injury and property damage with a Combined Single Limit of One Million Dollars (\$1,000,000) for each accident for all automotive equipment owned, operated, leased, hired, or non-owned, covering use, loading and unloading, provided that nothing herein is intended to make Concessionaire's coverage primary over coverage by Concessionaire's customers or to remove liability by Concessionaire's customers pursuant to the rental contract.

## 14.2.1.4 Property Insurance

Property Insurance with "All Risk" coverage at replacement cost for Concessionaire's leased and personal property.

### 14.2.2 Additional Requirements

#### 14.2.2.1 Cancelation

Said policy or policies of insurance shall contain a provision that written notice of cancellation or any material change thereof shall be delivered to the Authority not less than thirty (30) days in advance of the effective date thereof and with the Authority's prior written consent unless equivalent policies are then issued and available.

# 14.2.2.2 Additionally Insured

All policies, except Workers' Compensation and Employer's Liability, shall identify the Columbus Regional Airport Authority as an additional insured for liabilities arising out of the conduct of the Concessionaire by blanket endorsement. Said policy shall cover only claims arising from events addressed in the Agreement.

#### 14.2.2.3 Minimum Limits

If, in the Authority's opinion, the minimum limits of the insurance herein required have become inadequate during the period of the Agreement, Concessionaire agrees that it will increase such minimum

limits by reasonable amounts on request of the Authority provided that said coverage is available at commercially reasonable rates.

#### 14.2.2.4 Proof

Concessionaire shall deliver each certificate of required coverage to the Authority for approval.

# 14.2.2.5 Remedy

In the event that Concessionaire shall at any time fail to provide the insurance required under this Section 14, the Authority may, at its option, purchase such coverage with the cost of such purchase to be reimbursed by the Concessionaire.

#### 14.2.3 Self-Insurance

Notwithstanding anything to the contrary in this Agreement, the Authority will allow the insurance coverage required by this Section to be provided through a self-insurance plan established by Concessionaire, provided that the self-insurance plan may consist of a combination of primary, excess umbrella insurance and a self-insured retention, and the total of insurance and self-insurance protection is no less than the limits stated in this Section. The self-insurance plan must be approved in writing by the Authority prior to becoming effective at the Airport. A Concessionaire requesting the Authority s approval of a self-insurance plan must submit a copy of its self-insurance plan, current financial statements showing the limits of its established self-insurance retention and proof of the primary and excess umbrella insurance. The Authority shall have thirty (30) days to review the proposed self-insurance plan. If the self-insurance plan is approved by the Authority and becomes effective, Concessionaire shall not increase the retention levels stated in the self-insurance plan approved by the Authority without the approval of the Authority.

## 14.3 Financial Security

### 14.3.1 Payment Guarantee

On the Commencement Date, Concessionaire shall provide the Authority with security to guarantee the payment of amounts that may become due under this Agreement whether in the form of Privilege Fee, Garage Space Rent or reimbursements or damages to the Authority ("Payment Guarantee"). The amount of the Payment Guarantee shall be fifty percent (50%) of the Minimum Annual Guarantee. The amount of the Payment Guarantee shall be adjusted accordingly whenever the Minimum Annual Guarantee changes pursuant to this Agreement.

# 14.3.2 Form of Security

The security shall be in the form of a performance bond not to exceed fifty percent (50%) of the required Payment Guarantee. The remaining fifty percent (50%) of the required Payment Guarantee shall be provided in the form of a cash deposit (cash, cashier's check, certificate of deposit, or US Treasury Obligation) or an irrevocable letter of credit drawn on a bank doing banking business in Ohio or within the state of Concessionaire's primary place of business. The security shall be in a form that is consistent with requirements of this Section for draws by the Authority in the event Concessionaire remains delinquent after ten (10) days written notice in paying any amount due under this Agreement.

## 14.3.3 Authority Draw and Concessionaire Replenishment

The Authority may draw upon the security provided pursuant to this section to satisfy a delinquency under this Agreement that remains uncured after ten (10) calendar days written notice to Concessionaire. If the Authority draws upon the security, Concessionaire shall replenish the security to the original amount within fourteen (14) calendar days after notice of the Authority's draw.

### 14.3.4 Failure of Concessionaire to Provide Security

If Concessionaire fails to provide or maintain the security guarantee in effect at any time during the Term of the Agreement, Concessionaire shall be in default and the Agreement may be terminated consistent with the provisions of Section 12.1(1).

# 15. DAMAGE OR DESTRUCTION OF THE OPERATING AREA

## 15.1 Partial Damage

If all or a portion of the CONRAC or Exclusive Premises are partially damaged by fire, explosion, the elements, public enemy, or other casualty, but not rendered unusable, except for any improvements made by Concessionaire, will be repaired with due diligence by the by the Authority and the abatement of Land Use Fee and Minimum Annual Guarantee shall be proportionate to the impact of the damaged area on the Concessionaire's operations. Costs for the repairs will be allocated based on insurance coverage and available CFCs, provided, however, that if the damage is caused by the act or omission of Concessionaire, its sublessees, agents, or employees, and to the extent that such damage is not covered by insurance, Concessionaire shall be responsible for reimbursing the Authority for the cost and expenses incurred in such repair, including rent abatements.

#### 15.2 Extensive Damage

If the damages referred to in Section 15.1 shall be so extensive as to render a significant portion of the CONRAC or Exclusive Premises unusable, but capable of being repaired within one hundred twenty (120) days, the same shall be repaired with due diligence by the Authority, and the Authority shall abate on proportionate basis the Land Use Fee and Minimum Annual Guarantee from the time of such damage until such time as the CONRAC or Exclusive Premises is fully restored and certified by the Authority's Engineers as ready for occupancy. Costs for the repairs will be allocated based on insurance coverage and available CFCs. Provided, however, that if said damage is caused by the act or omission of Concessionaire, its sublessees, agents, or employees, the applicable rentals and fees shall not abate and to the extent that such damage or destruction is not covered by insurance, Concessionaire shall be responsible for reimbursing the Authority for the cost and expense incurred in such repair, including rent abatements.

### 15.3 Complete Destruction

#### 15.3.1 Generally

In the event the CONRAC or Exclusive Premises are completely destroyed by fire, explosion, the elements, public enemy or other casualty or damaged so that they are unusable and cannot be replaced except after more than one hundred twenty (120) days, the Authority shall undertake the repair, replacement, and reconstruction of the CONRAC or Exclusive Premises, and all of the Land Use Fee and

Minimum Annual Guarantee payable under this Agreement shall abate as of the time of such damage or destruction and shall henceforth cease until such time as said CONRAC or Exclusive Premises are fully restored and certified by the Authority's Engineers as ready for occupancy. Costs for the repairs will be allocated based on insurance coverage and available CFCs. Provided, however, that if said damage is caused by the act or omission of Concessionaire, its sublessees, agents, or employees, the said Land Use Fee and Minimum Annual Guarantee will not abate and to the extent that such damage or destruction is not covered by insurance, Concessionaire shall be responsible for reimbursing the Authority for the costs and expenses incurred in said repair including abated Land Use Fee and Minimum Annual Guarantee of other concessionaires, provided further, if within two (2) months after the time of such damage or destruction the Authority determines said CONRAC or Exclusive Premises shall not have been repaired, or if the parties sooner agree that the CONRAC or Exclusive Premises cannot be made usable within twelve (12) months of the determination, Concessionaire may give the Authority written notice of its intention to cancel this Agreement in its entirety.

### 15.3.2 Act or Omission of Concessionaire

Notwithstanding the foregoing, if Exclusive Premises and/or the Exclusive Premises of other Concessionaires are rendered unusable of completely destroyed as a result of the act or omission of Concessionaire, rentals and fees shall not abate for the Concessionaire at fault and the Authority may, in its discretion, require Concessionaire to repair and reconstruct said Exclusive Premises within twelve (12) months of such destruction and pay the costs therefor, or at its discretion the Authority may repair and reconstruct the Exclusive Premises within twelve (12) months of such destruction and Concessionaire shall be responsible for reimbursing the Authority for the costs and expenses incurred in such repair, including abated Land Use Fees and Minimum Annual Guarantees of other Concessionaires.

## 15.4 Limits of the Authority's Obligations Defined

It is understood that, in the application of all of Section 15, the Authority's obligations shall be limited to repair and reconstruction of the CONRAC and connections with the Terminal Building to substantially the condition prior to the damage, and shall not exceed the amount of insurance proceeds or CFCs available to the Authority for repairs. Notwithstanding any other provision of Section 15, the Authority may decline to make repairs upon determining that demolition and reconstruction is in the Authority's best interest, in which case the Authority may terminate this Agreement by written notice to Concessionaire.

### 15.5 Damage to Concessionaire's Improvements

Concessionaire shall repair at its own expense, whether covered by insurance or not and notwithstanding any waiver of subrogation, any of Concessionaire's improvements that may be damaged during the term of this Agreement. If Concessionaire fails to repair Concessionaire's damaged improvements within a commercially reasonable time, and Concessionaire's damaged improvements interfere with the efficient and effective operation of the CONRAC or the provision of rental car services, the Authority may make the repairs and recover the cost of the repairs from Concessionaire, including the Authority's overhead.

## 15.6 Limits of Authority Obligations

Redecoration, replacement, and refurbishment of furniture, fixtures, equipment, and supplies will be the responsibility of and paid for by Concessionaire and any public facing replacements will be of equivalent quality to that originally installed hereunder. Authority will not be responsible to Concessionaire for any claims related to loss of use, loss of profits, or loss of business resulting from any partial, extensive, or complete destruction of the CONRAC and Exclusive Premises regardless of the cause of damage.

## 15.7 No Duty to Protect

The Authority shall have no duty to protect or insure against loss of Concessionaire's improvements or property in the CONRAC or Exclusive Premises by fire or otherwise, unless such loss of Concessionaire's improvements or property in the CONRAC or Exclusive Premises is due to the negligent act or omission of the Authority or its agents or employees.

#### 15.8 Restoration

Should any of the CONRAC or related improvements constructed by the be damaged or destroyed, the Authority shall, immediately after such damage or destruction, cause to be prepared plans, specifications, and estimates of the cost for repairing, replacing, or reconstructing the damaged or destroyed property in accordance with Section 15 and consistent with the original design, subject to modifications thereof as may be approved in writing by Concessionaire and the Authority. If any insurance or other proceeds are payable by reason of such damage or destruction, they shall be applied, as promptly as practical, to the repair, replacement or reconstruction of the damaged or destroyed property, in accordance with such plans and specification. To the extent that the damage or destruction is not covered by insurance and is due to the negligent act or omission of Concessionaire, upon completion of repairing, replacing, or reconstruction, the Authority shall submit an invoice for the difference to Concessionaire and Concessionaire shall promptly pay the difference to the Authority.

## 16. GENERAL PROVISIONS

This Agreement is one of multiple on-Airport Rental Car Concession Agreements. It is the intent of the parties that no concessionaire enjoy any rights, profits or other conditions substantially more favorable to such concessionaire than those enjoyed by all other on-airport rental car concessionaires.

# 16.1 Specific Performance of Authority's Rights

The Authority shall have the right to obtain specific performance of any and all covenants or obligations of Concessionaire under this Agreement, and nothing contained in this Agreement shall be construed as or shall have the effect of abridging such right.

### 16.2 Waiver of Performance

The failure of either Party to insist, in any one or more instances, upon a strict performance by the other of any of the provisions, terms, covenants, reservations, conditions, or stipulations contained in this Agreement shall not be considered a waiver or relinquishment thereof, but the same shall continue and remain in full force and effect, and no waiver by either Party of any provision, term, covenant,

reservation, condition, stipulation, breach or default hereunder shall be deemed to have been made in any instance unless expressed in writing and agreed to by the Parties.

# 16.3 Reservation by Authority Regarding Utility Lines and Services

The Authority reserves to itself the right to install, maintain, utilize and repair existing utility and drainage easements over, under or across any portion of the CONRAC, and to run new water, sewer, electrical, telephone, gas, drainage and other lines over, under or through the CONRAC and to grant necessary utility easements therefor, provided, however, that in the exercise of such rights, Concessionaire's use of the CONRAC shall not be unreasonably impaired and any damage to the CONRAC or to the Operating Equipment caused by the Authority as a result thereof shall be repaired without cost to Concessionaire. Such lines and services shall be adequately protected from damage by operations on the outside of the service facilities Operating Area. The Authority shall be obligated to repair and fully restore any damage to the ground, pavement, or other improvements on the service facilities resulting from the laying, installation, repair or maintenance or from subsequent leaks or breaks in the lines or services. The Authority shall endeavor to provide a two week notice to Concessionaire for new utility line and service installations and prior notice, if possible, for all maintenance and repairs conducted by the Authority or its Concessionaires.

## 16.4 Right to Maintain Airport

The Authority reserves the right to further develop, operate, improve, repair and alter all services, areas, facilities, and infrastructure of the Airport including, but not limited to all roadways, parking areas, structured parking facilities, terminal buildings, landing area and taxiways as it may reasonably see fit, and the Authority shall be free from any and all liability to Concessionaire for loss of business or damages of any nature whatsoever to Concessionaire occasioned during or because of making of such changes.

# 16.5 Regulatory Provisions

Concessionaire acknowledges that this Agreement and its rights and obligations under this Agreement are subject to certain regulations, rules, orders, and other requirements now existing or hereafter established by the Federal, State and local laws and regulations.

### 16.5.1 State Industrial Compensation

Concessionaire will comply with the Ohio law known as the Worker's Compensation Act ("Act"), and pay into the State Insurance Fund the necessary premiums required by the Act to cover all employees furnishing the services contemplated by the Lease and under the control of Concessionaire, and relieve Authority from any costs due to accidents or other liabilities mentioned in said Act.

### 16.5.2 Social Security Act

Concessionaire will be and remain an independent contractor with respect to all services performed hereunder and covenants and agrees to accept full and exclusive liability for the payment of any and all contributions or taxes for social security, unemployment insurance, or old age retirement benefits, pensions or annuities now or hereafter imposed under any State or Federal law which are measured by wages, salaries or other remuneration paid to persons employed by Concessionaire on work

performed under the terms of this Agreement. Concessionaire also covenants and agrees to indemnify and save harmless the Authority from any such contributions or taxes or liability therefore.

### 16.5.3 Federal Aviation Administration

In order for this Lease to be unobjectionable to the Federal Aviation Administration, the following clauses are a part of this Lease:

- 1. Concessionaire agrees to furnish service on a fair, equal, and not unjustly discriminatory basis to all users thereof, and to charge fair, reasonable, and no unjustly discriminatory prices for each unit or service; provided, that Concessionaire may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- 2. Concessionaire assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person will on the grounds of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Concessionaire assures that no person will be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Concessionaire assures that it will require that its covered sub organizations provide assurances to the contractor that they similarly will undertake affirmative action programs and that they will require assurances from their sub organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.
- 3. Concessionaire agrees that it will insert the above provisions in any lease by which Concessionaire grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Premises.
- 4. Concessionaire understands and agrees that nothing herein contained will be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public as prohibited by Section 308(a) of the Federal Aviation Act of 1958, as amended, and the Authority reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature.
- 5. Authority reserves for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises and at the Airport. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on the Airport.
- 6. Concessionaire agrees that it will not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, Authority reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of the Concessionaire.
- 7. Concessionaire understands that no right or privilege has been granted which would operate to prevent any person, firm, or corporation operating aircraft on Airport from

performing any services on its own aircraft with its own regular employees (including but not limited to, maintenance and repair) that it may choose to perform.

### 16.5.4 Patriot Act

Each of Authority and Concessionaire, each as to itself, hereby represents its compliance with all applicable anti-money laundering laws, including, without limitation, the USA Patriot Act, and the laws administered by the United States Treasury Department's Office of Foreign Assets Control, including, without limitation, Executive Order 13224 ("Executive Order"). Each of Authority and Concessionaire further represents (i) that it is not, and it is not owned or controlled directly or indirectly by any person or entity, on the SDN List published by the United States Treasury Department's Office of Foreign Assets Control and (ii) that it is not a person otherwise identified by government or legal authority as a person with whom a U.S. Person is prohibited from transacting business. As of the date hereof, a list of such designations and the text of the Executive Order are published under the internet website address www.ustreas.gov/offices/enforcement/ofac.

## 16.5.4 Compliance with Anti-Terrorism, Embargo, Sanctions and Anti-Money Laundering Laws.

Concessionaire represents and warrants that Concessionaire, and to the best of Concessionaire's knowledge, after having made diligent inquiry, (a) each person owning an interest in Lessee, (b) Guarantor, (c) Lessee, or (d) Manager: (i) is not currently identified on OFAC List, and (ii) is not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States.

#### 16.6 Notices

#### 16.6.1 Method

All notices to be given to the Parties hereto shall be in writing unless otherwise stated and shall be properly given when personally delivered to the specific address and left with a responsible person (with receipt provided), or delivered by overnight service such as Federal Express and, in both instances, an appropriate receipt is obtained, or when sent by registered or certified mail addressed to the Parties at their respective addresses herein given below. The Parties may change the information below upon ten (10) calendar days written notice given as herein specified. The date of notice shall be deemed, when notice is mailed, to be the date of mailing so long as the Postal Service certified actual delivery. A refusal of an overnight service or registered or certified mail notice shall constitute actual delivery hereunder. A notice given by registered or certified mail shall be presumed received by the addressee seventy-two (72) hours after it was deposited in the mail within the continental United States, properly addressed and with postage prepaid. The U S Postal Service receipt showing the date of mailing shall be prima facie evidence of the date of mailing.

#### 16.6.2 Addresses

Until the addressee gives written notice of a change, notices shall be delivered to

#### **AUTHORITY**

Columbus Regional Airport Authority Attn: President & CEO 4600 International Gateway Columbus, OH 43219

with a copy to General Counsel

**CONCESSIONAIRE:** 

#### 16.6.6 Confidentiality

To the extent permitted by Ohio law financial information, excluding Gross Revenues, data submitted by Concessionaire to the Authority during the Operating Period of the Agreement shall be considered proprietary and confidential and shall not be publicly disclosed or released to other persons outside the Authority provided Concessionaire marks each page of information provided as confidential when submitted. Concessionaire is responsible for all costs, including Authority attorney costs, legal fees, and/or court costs associated with defending the confidentiality of any information submitted. This limitation does not apply to the total Gross Revenue, Privilege Fee, CFC's, transactions, or transaction days data of all concessionaires.

### 16.6.7 Assignment and Subletting

Concessionaire shall not transfer or assign this Agreement, or any part hereof, or interest herein, or sublease any of the Operating Area hereunder, except with the prior written approval of the and subject to whatever reasonable limitations and conditions that are required by the Authority. Any other attempted transfer, assignment or sublease shall be void and shall confer no rights upon any third person. No assignment or sublease shall relieve Concessionaire of any obligation under this Agreement unless otherwise agreed by the Authority. Notwithstanding the foregoing, this section shall not be interpreted to preclude the assignment of this Agreement to a parent, subsidiary, or merged company if such parent, subsidiary, or merged company assumes all rights and obligations of this Agreement. Written notice of such assumption shall be provided to the Authority by the parent, subsidiary or merged company thirty (30) calendar days prior to the effective date of such assignment.

### 16.6.8 Requests for Approval

Any request by Concessionaire for approval under Section 14.7 shall be made in writing at least thirty (30) calendar days before the assignment would occur, and must be accompanied by a full

description of the assignment, including copies of relevant documents. The Authority shall not unreasonably withhold its approval of an assignment or transfer, provided that (i) immediately prior to the assignment or transfer, the quality of the successor's management staff and the successor's financial condition equal or exceed the quality of Concessionaire's management staff and Concessionaire's financial condition, (ii) the assignee assumes all of the obligations under this Agreement, and (iii) if determined necessary by the Authority in the reasonable exercise of its sole discretion, Concessionaire guarantees the performance of the successor under this Agreement.

## 16.7 Title to Capital Additions and Improvements

Upon termination or expiration of this Agreement, title to all additions, structures, installations, and improvements placed upon CONRAC shall automatically vest in the Authority. The Authority shall have no buy-out payment obligations to the Concessionaire with respect to Concessionaire's Capital Additions and Improvements. Nothing in this section shall be deemed to prevent Concessionaire from removing its trade fixtures and moveable equipment and furniture.

## 16.8 Subordination to Agreements With the United States

This Agreement is subject and subordinate to the provisions of any agreement already made or to be made in the future between Authority and the United States relative to the operation or maintenance of the Airport, the execution of which is a condition precedent to the transfer of federal rights or property to Authority for Airport purposes, or to the expenditure of federal funds for the improvement or development of the Airport in accordance with the provisions of the Federal Aviation Act of 1958, as amended. The Authority represents that it has no existing agreements with the United States that conflict with the express provisions this Agreement.

## 16.9 Loss of Business

The Authority shall not be liable to Concessionaire for any loss of business or revenues sustained by Concessionaire as a result of any change in the operation or configuration of, or any change in any procedure governing the use of, the Terminal Buildings or the Airport.

## 16.10 Headings

The headings in this Agreement are for convenience of reference, and in no way define, limit, or describe the scope or intent of any provisions of this Agreement.

### 16.11 Severability

If any provision of this Agreement or the application of any provision of this Agreement to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby and each provision of this Agreement shall be valid and be enforced to the fullest extent of the law.

#### 16.12 Waiver of Claims

Concessionaire waives any claim against Authority or the Authority's employees, concessionaires, or agents for loss of anticipated profits caused by any suit or proceeding directly or indirectly attacking the validity of any part of this Agreement, or by any judgment or award in any suit or proceeding declaring this Agreement null, void, or voidable, or delaying performance of any part of this Agreement.

### 16.13 Incorporation of Exhibits

All exhibits and documents referred to in this Agreement are incorporated into this Agreement by this reference.

## 16.14 Successors and Assigns Bound

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties where succession or assignment is permitted by this Agreement

## 16.15 Right to Amend

If the U S Department of Transportation Federal Aviation Administration, or its successor, requires changes in this Agreement as a condition precedent to the granting of funds for the improvement of the Airport, or otherwise, Concessionaire agrees to consent to those changes subject to any additional changes to this Agreement required by equity.

### 16.16 Time of Essence

Time is of the essence of this Agreement

## 16.17 Force Majeure

The Authority shall not be liable to Concessionaire for any breach of this Agreement due to causes beyond the Authority's control, including but not limited to strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, and sabotage. Nothing in this section shall be deemed to excuse any part of Concessionaire's obligations to make any payments due under this Agreement.

# 16.18 Gender and Number

Words of any gender used in this Agreement shall include any other gender. Words in the singular shall include the plural, unless the context clearly requires otherwise.

### 16.19 Property Rights Reserved

This Agreement will be subject and subordinate to all the terms and conditions of any instruments and documents under which Authority acquired the land or improvements thereon, of which said CONRAC and Exclusive Premises are a part. Concessionaire understands and agrees that this Agreement will be subordinate to the provisions of any existing or future agreement between Authority and the United States of America, or any of its agencies, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal

funds for the development of the Airport, and to any terms or conditions imposed upon the Airport by any other governmental entity. The Concessionaire shall not take any actions that would violate any of the funding requirements and other obligations that are addressed in this Article.

#### 16.20 FAA Approval

This Agreement may be subject to approval of the FAA. If the FAA disapproves this Agreement, it will become null and void, and both Parties will bear their own expenses relative to this Agreement, up to the date of disapproval.

#### 16.21 Federal Right to Reclaim

In the event a United States governmental agency demands and takes over the entire facilities of the Airport or the portion thereof wherein the Exclusive Premises are located, for public purposes, for a period in excess one (1) year, then this Agreement will terminate and Authority will be released and fully discharged from any and all liability hereunder. In the event of such termination, Concessionaire's obligation to pay MAG, Land Use, and Privilege Fees will cease; however, nothing herein will be construed as relieving either party from any of its liabilities relating to events or claims of any kind whatsoever prior to this termination

#### 16.22 No Right to Light, Air, or View

This Agreement conveys to Concessionaire no right to sunlight, air, or view.

# 16.23 Attorney's Fees

The prevailing party shall be entitled to reasonable attorney fees at trial and on appeal in any lawsuit brought with respect to this Agreement.

#### 16.24 Amendment

This Agreement may be amended only by a writing signed by the authorized representatives of each party.

# 16.25 Relationship of Parties

The parties are independent contractors with respect to one another. Neither party is the agent, principal, partner, or joint venturer of the other.

#### 16.26 Disadvantaged Business Enterprise

This Agreement is subject to the requirements of 49 CFR 23. Concessionaire shall not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any permit, concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR 23. Concessionaire agrees to include the non-discrimination statement set forth above in any subsequent concession, management agreement or subcontract covered by 49 CFR 23 that Concessionaire enters into with other parties and cause them to also include non-discrimination statements in their agreements with third parties. In the administration of this Agreement, Concessionaire shall comply with the requirements of 49 CFR 23 and 49 CRFCFR 26, as

amended, and with guidance issued by the FAA regarding the interpretation of regulations including, but not limited to, joint venture guidance. Concessionaire shall make a good faith effort, as defined in 49 CFR 26.5(2), to replace an ACDBE that has failed to complete its permit, concession arrangement, joint venture commitment, lease, or subcontracting arrangement with a certified ACDBE, to the extent needed to meet the concession goal. Concessionaire shall also comply with this Section regarding any proposed change in ACDBE participation arising from or relating to any assignment, sublease, or transfer of the obligations under this Lease. Concessionaire shall timely submit reports and verifications requested by the Authority and shall provide such financial information or other information deemed necessary by the Authority to support and document the ACDBE commitment for this Agreement. Up to three (3) years after the expiration or earlier termination of this Agreement, the Authority shall have the right, at a reasonable time and place, to review books, records and financial information of Concessionaire and, where applicable, of all individuals, joint venture partners or team members or other business entities that are a party or engaged in concession activity under this Agreement, in order to substantiate compliance with 49 CFR 23 and 49 CFR 26, as amended, and any guidance issued by the FAA regarding the interpretation of federal regulations.

#### 16.27 Airport Security

Concessionaire recognizes its obligations to comply with federal airport security regulations applicable to the Airport. The Authority shall notify Concessionaire of any such federal airport security regulations which are or may become applicable to Concessionaire's use or occupancy of the Premises. As of the Effective Date, there are no applicable federal airport security regulations that apply to the use or occupancy of the Premises.

The Authority provides law enforcement for the Airport; however, the first priority for the Airport police shall be for airline-passenger related operations. Concessionaire may provide whatever additional security it may wish at its own cost, provided that the additional security is subject to disapproval by the Authority's Director of Public Safety. Security provided by Concessionaire shall be subject to the authority of the Airport police officers, and shall in no way hinder or interfere with the duties of those officers.

# 16.28 Covenants, Conditions and Restrictions

This Agreement is subject to the effects of any covenants, conditions, restrictions, easements, mortgages, deeds of trust, ground leases, rights of way, FAA, U.S. Department of Homeland Security or TSA regulations or policies, or their respective successors in interest, restrictions or regulations, and any other matters of record pertaining to the Airport or the Terminal.

# 16.29 Entire Agreement

As of the Commencement Date, this Agreement represents the entire agreement between the Authority and Concessionaire relating to Concessionaire's use of the CONRAC. It is understood and agreed by Concessionaire that neither the Authority nor the Authority's agents or employees have made any representations or promises with respect to this Agreement or the making of or entry into this Agreement, except as expressly set forth in this Agreement. No claim for liability shall be asserted based on any claimed breach of any representations or promises not expressly set forth in this Agreement. All oral agreements, if any, are void and expressly waived by Concessionaire. This Agreement has been

thoroughly negotiated between the Authority and Concessionaire; therefore, in the event of ambiguity, there shall be no presumption that such ambiguity should be construed against the drafter.

#### 16.30 Interpretation of Agreement; Status of Parties

This Agreement is the result of arm's length negotiations between the Authority and Concessionaire and shall not be construed against either party. Nothing contained in this Agreement, including the method of computation of rentals or construction of improvements on the Premises, shall be deemed or construed as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto.

# 16.31 Agreement Subject to Bonds and Ordinances

This Agreement shall be subject and subordinate to the bonds and ordinances which create liens and encumbrances affecting the Premises. Concessionaire agrees that the Authority may hereafter adopt bond ordinances which impose liens or encumbrances on the Premises, and Concessionaire shall, upon request of the Authority, execute and deliver agreements of subordination consistent herewith. Furthermore, in order to comply with the requirements of existing Authority bond ordinances, Concessionaire hereby makes an irrevocable commitment not to claim depreciation, cost recovery, or an investment credit with respect to the Premises, space or to any Improvements constructed by the Authority using Authority funds or Authority bond funds or constructed by Concessionaire or someone else, but paid for using Authority funds or Authority bond proceeds.

#### 16.32 Limitation on Authority Liability

The Authority shall have no liability to Concessionaire for loss, damage or injury suffered by Concessionaire on account of theft or any act or omission of a third party, including other tenants. The Authority shall only be liable for its own willful misconduct or negligence and then only to the extent of actual and not consequential damages. Although this Agreement gives the Authority certain rights of inspection, such rights shall impose no obligation on the Authority to make any inspections nor impose liability on the Authority if the Authority fails to make such inspections.

## 16.33 No Exclusive Rights

Nothing in this Agreement shall be deemed to grant Concessionaire any exclusive right or privilege or the exclusive right of conduct of any activity on the Airport except that, subject to the terms and provisions of this Agreement, Concessionaire shall have the right to possess and use the Premises.

# 16.34 No Implied Warranty

In no event shall any consent, approval, acquiescence, or authorization by the Authority be deemed a warranty, representation, or covenant by the Authority that the matter approved, consented to, acquiesced in or authorized is appropriate, suitable, practical, safe or in compliance with any applicable law or this Agreement. Concessionaire shall be solely responsible for such matters and the Authority shall have no liability therefore.

#### 16.35 No Intended Third-Party Benefit

Nothing in this Agreement gives or shall be construed to create a benefit to any party who is not a signatory party to this Agreement.

## 16.36 No Limit on Authority's Powers

Nothing in this Agreement shall limit, in any way, the power and right of the Authority to exercise its governmental rights and powers, including its powers of eminent domain.

#### 14.37 Nondiscrimination Assurance

Concessionaire for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the Airport for a purpose for which a U.S. Department of Transportation ("DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Concessionaire shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as said regulations may be amended. Concessionaire for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree that: (a) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (b) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; (c) that Concessionaire shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said requirements may be amended. Concessionaire assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates Concessionaire or its transferee for the period during which federal assistance is extended to the airport program, except where federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates Concessionaire or any transferee for the longer of the following periods: (i) the period during which the property is used by the Authority or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (ii) the period during which the Authority or any transferee retains ownership or possession of the property. In the case of contractors, this Section binds the contractors from the bid solicitation period through the completion of the contract. In addition, Concessionaire agrees that, whether or not this Agreement is conducted with, or benefits from, federal assistance, it shall in all matters pertaining to the performance of this Agreement conduct its business in a manner which assures fair, equal and nondiscriminatory treatment of all persons without respect to race, sex, age, color, creed, sexual preference, marital status, national origin, or the presence of any sensory, mental or physical handicap. Concessionaire will maintain open hiring and employment practices and will welcome applications for employment in all positions from all qualified individuals. It is the policy

of the DOT that disadvantaged business enterprises, as defined in the Airport and Airway Improvement Act of 1982, as amended and as implemented by federal regulations, shall have the maximum opportunity to participate in the performance of leases as defined in 49 CFR 23.5. Consequently, this Agreement is subject to 49 CFR 23, as applicable. Concessionaire will, at the timely request of the Authority, provide any information needed in preparation of necessary reports, forms, documents and other data relative to equal employment. Concessionaire hereby assures that it will include the above clauses in any subleases approved by the Authority and cause sublessees to similarly include clauses in further subleases.

#### 16.38 No Waiver

Waiver by the Authority of strict performance of any provision of this Agreement shall not be deemed a waiver of or prejudice the Authority's right to require strict performance of the same provision in the future or of any other provision of this Agreement.

## 16.39 Authority Consent or Action

In the event this Agreement is silent as to the standard for any consent, approval, determination or similar discretionary action, the standard shall be in the reasonable discretion of the Authority. If Concessionaire requires the Authority's consent or approval pursuant to any provision of this Agreement, such consent or approval shall not be unreasonably withheld.

#### 16.40 Provisions Applicable to Others

All provisions of this Agreement governing Concessionaire's use of the Premises and Concessionaire's activities and conduct on, about or from the Premises shall apply to Concessionaire's Representatives.

#### 16.41 Survival

Any covenant or condition (including, but not limited to, indemnification provisions) set forth in this Agreement, the full performance of which is not specifically required prior to the expiration or earlier termination of this Agreement, and any covenant or condition which by their terms are to survive the termination of this Agreement, shall survive the expiration or earlier termination of this Agreement and shall remain fully enforceable thereafter.

#### 16.42 Venue

Venue for all disputes that arise out of this Agreement shall in a court of competent jurisdiction in Franklin County, Ohio.

# 16.43 Entire Agreement

This document, including all exhibits and other documents incorporated by reference, and the separate lease between the parties for Service Facility Lease, constitute the entire agreement between the parties regarding rental car operations at the Airport, and, as of the Effective Date, shall supersede all prior or contemporaneous agreements or communications regarding the same subject, including but not necessarily limited to any earlier agreement.

# 16.44 Authority to Sign

Each individual signing below on behalf of a party certifies by signing that he or she is properly authorized to sign this Agreement and to fully bind the party to the terms and conditions of this Agreement. The parties agree that the Agreement may be executed in counterpart.

# 16.45 Signatures

This Agreement contains seventy-nine (79) pages including Exhibits and Attachments and is the entire Agreement between the parties hereto, and shall not be modified in any manner except by an instrument in writing executed by said parties or their respective successors in interest.

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CMH CONRAC Agreement 2018 1-12-18f

(Notaries on the Following Page)

STATE OF OHIO	)	
	) SS.	
COUNTY OF FRANKLIN	)	
state, personally appeared AUTHORITY, a port authority and the County of Franklin, he/she did sign said instruments	, 2018, before me, a NotaryPresident & CEO of the cond a political subdivision created as a bursuant to O.R.C.§4582, who acknowled the for and on behalf of COLUMBUS REGIO and deed individually as such officer, and	of COLUMBUS REGIONAL AIRPORT ody politic by the City of Columbus dged that with due authorization, NAL AIRPORT AUTHORITY, and that
IN WITNESS WHERE day and year aforesaid.	F, I have hereunto subscribed my name	and affixed my official seal on the
Notary Public		
STATE OF	)	
COUNTY OF	) SS.	
and state, personally	ay of, 2018, before me, a Nappeared, who acknowledged that with due	the of
instrument for and on beha	of and the er, and the free act and deed of	at the same is his/her free act and
IN WITNESS WHERE day and year aforesaid.	F, I have hereunto subscribed my name	and affixed my official seal on the
Notary Public		

# Exhibit A CONRAC/Common Concessionaire Areas

Subject to Adjustment by the Authority prior to Initial Allocation

Due to ongoing design efforts, the Authority will not complete this Exhibit as of the Effective Date. This

Exhibit will be amended upon completion of the design, but no later than the timeframe for the Initial

Allocation as identified in Section 3.3.1.

# Exhibit B

# **Exclusive Premises**

Subject to Adjustment by the Authority for Initial Allocation

The Authority will not complete final allocation of the Exclusive Premises (including floor designation) on the Effective Date or any time prior to the Initial Allocation identified in Section 3.3.1. This Exhibit will be amended after the completion of that effort.

Exhibit C
Estimated MAG/Land Use Fee/Market Share
Subject to Adjustment by the Authority prior to Initial Allocation

Note that the second se	NOV- 10 12,202,633 8230,600 11,373,732 81,515,127 81,792,903		\$1,666,000 \$807,900 \$000,554 \$1,040,440	\$1,59),000 ptax.org s949,000 \$1,172,461 \$1,137,649	50,045,007 \$758,346 \$1,000,707 \$1,457,205 \$1,440,001	APR \$2,137,430 \$770,003 \$1,005,000 \$1,503,724 \$1,503,724	MAY \$0,180,171 \$872,200 \$1,460,201 \$1,642,706 \$1,791,065	\$2,524,509 \$906,208 \$1,000,309 \$1,648,667 \$1,742,954	45,46),136 \$1,080,010 \$1,563,122 \$1,504,843 \$1,230,722	\$2,727,671 \$688,278 \$1,702,800 \$1,563,687 \$1,740,504	\$2,013,404 \$854,003 \$1,553,369 \$1,523,316 \$1,474,621	80,044,176 \$042,910 \$1,600,754 \$1,665,045 \$1,047,120	Total \$26,004,975 \$16,004,713 \$16,000,771 \$17,046,044 \$17,072,272	\$1,003,171 \$1,665,077 \$1,754,404	\$1,411,000 \$1,401,244	\$2,197,66 \$854,80 \$1,352,64 \$1,460,41 \$3,470,10
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This chart is an example and for illustrative purposes only. Exhibit C will be amended and replaced with data based on the Initial Allocation consistent with Section 3.3.1. This Exhibit will be amended by the Authority after the completion of that effort.

#### Exhibit D

#### **CONRAC Operations & Maintenance Standards**

#### **GENERAL RESPONSIBILITIES:**

The CONRAC is intended to be in operation during the hours of operation as specified in Section 7.5. The CONRAC must be operated and maintained to meet the needs of the customers, visitors, and employees and in accordance with the terms of this Agreement. Concessionaires are responsible for the operations and maintenance of the CONRAC. Concessionaires may delegate these responsibilities to a CONRAC Facility Manager. However, in all circumstances, it is ultimately the responsibility of the Concessionaires to ensure that the CONRAC is operated and maintained in accordance with Authority standards as required by the Agreement, including all appendices and attachments thereto.

Authority reserves the right to amend, update, or replace the Operations & Maintenance Standards as in its judgment may from time to time be needed for the care and cleanliness, and for the preservation of the CONRAC and Airport properties. Concessionaire will, at its sole cost and expense, observe and comply with any such amendments, updates, or replacements as enacted from time to time and furnished to Concessionaire in writing.

Responsibilities of the Concessionaires include but are not limited to:

- 1. Provide custodial services, including supplies;
- 2. Dispose of trash, debris, and/or other refuse;
- 3. Maintain and keep in good condition all CONRAC building finishes, including:
  - a. Floors (concrete, terrazzo, carpet, VCT, etc.)
  - b. Walls (paint or wall covering on gypsum drywall, ceramic tile, concrete, masonry, special coatings, etc.)
  - c. Ceilings (Lay-in Acoustical, painted gypsum drywall, etc.)
  - d. Restroom partitions (maintain in good working order; repair or replace where damaged or vandalized)
  - e. Exterior wall features, if installed
  - f. Exposed I Painted steel
  - g. Other CONRAC building finishes as directed by Authority.
- 4. Maintain and keep in good condition all equipment, including:
  - a. Heating Ventilating Air Conditioning (HVAC) and other mechanical systems
  - b. Plumbing systems
  - c. Electrical systems
  - d. Fire protection and safety systems as determined by Authority
  - e. All systems in the QTA (Fueling system, washer fluid systems, vacuum, etc.)
  - f. Data/technology systems
  - g. Other equipment as directed by Authority.
- 5. Provide general repairs and maintenance, including painting;
- 6. Maintain all utility (electrical, gas and water) and data services, including maintenance and repair of all utility and data lines (in connection with the utility service provider and/or the Authority);

- 7. Maintain parking lots, sidewalks, and roadways and ramps directly serving and within the CONRAC within and the boundaries as shown on Exhibit A;
- 8. Maintain all office and storage areas, including non-Authority telecommunications rooms;
- Operate and maintain access control systems leading to and from the QTA Areas. (The Authority
  will require the use of the access control system in support of Authority's day-to-day operations
  and emergency response requirements.);
- 10. Provide custodial services within the CONRAC and exterior areas directly serving the CONRAC and within the boundaries as shown on Exhibit A;
- 11. Develop an emergency plan(s) for the CONRAC. The emergency plan(s) will be submitted to the Authority for review and comment not less than one-hundred and eighty (180) days prior to the Commencement Date; and
- 12. Repair and maintain pedestrian and vehicle way-finding signage serving the CONRAC and located within the CONRAC.

# **MAINTENANCE REQUIREMENTS:**

Concessionaires will submit a preventative and routine cleaning and maintenance program schedule to the Authority for approval at least one-hundred and eighty (180) days prior to the Commencement Date. The following general requirements apply to the CONRAC including the Concessionaire's Operating Area and will be incorporated into the preventative and routine cleaning and maintenance program schedule:

- 1. Routine service schedules will conform to warranty and/or manufacturers' requirements. Routine service work will be scheduled in advance and will be completed on time. Maintain detailed database of routine service and warranty work history.
- 2. Windows
  - a. Check for and maintain weather-tightness
  - b. Check for operation (as applicable)
  - c. Clean (interior and exterior)
- 3. Doors
  - a. Interior Doors
    - i. Check closers, locks and hinges
    - ii. Check frame and operation
  - b. Exterior Doors
    - i. Check closers, locks and hinges
    - ii. Check frame and operation
  - c. Overhead Doors
    - i. Lube door tracks
    - ii. Check closers, locks and hinges
    - iii. Check frame and operation
- 4. Structure
  - a. Check walls for unusual cracks (building settlement)
  - b. Check for and repair (as necessary) cracks in concrete floors
  - c. Check for drainage or leakage
  - d. Immediately report structural issues to the Authority

- 5. Heating, Ventilating, and Air Conditioning Systems (HVAC)
  - a. Replace filters (4x per year minimum or as recommend by manufacturer)
  - b. Clean condenser coils (1x per year or as recommend by manufacturer)
  - c. Clean evaporator coils (as recommend by manufacturer)
  - d. Check and replace belts (as recommend by manufacturer)
  - e. Check cooling operation (as recommend by manufacturer)
  - f. Check heating operation (as recommend by manufacturer)
  - g. Lubricate bearings and motors (as recommend by manufacturer)
  - h. Calibrate thermostats
  - i. Operate and maintain the building control system

#### 6. Electrical Systems

- a. Check all circuit breakers for trips
- b. Check for damaged outlets, switches and conduit boxes
- c. Have panel lugs checked and infrared scanned (annually, or as otherwise delineated in the preventative and routine cleaning and maintenance program schedule)
- d. Repair/replace plumbing systems and fixtures (as needed)

#### 7. Lighting Systems

- a. Check for lamp outage (daily)
- b. Provide all lighting maintenance including the cleaning of fixtures and lamp and ballast replacement (as needed)
- c. Check emergency light fixtures, exit signs and test batteries (monthly)
- d. Check time clocks for parking lot lighting (twice daily: on at dusk, off at sunrise)
- e. Check lights, entrance and exit signage (daily)

#### 8. Plumbing

- a. Check for plumbing fixture leaks (i.e. faucets, hose bibs, valves and showers)(weekly)
- b. Check for clogged sanitary lines (daily)
- c. Repair/replace plumbing systems and fixtures (as needed)

#### 9. Ready/Return Areas

- a. Conduct visual inspections and evaluation of the Ready/ Return areas, including but not limited to:
  - i. Lighting
  - ii. Striping
  - iii. Signage
  - iv. Bollards
  - v. Walkways
  - vi. Stairways
  - vii. Egress areas
  - viii. Car stops
  - ix. Headache bars
- b. Perform the following activities within the Ready/Return Area and QTA:
  - i. Paint curbs (minimum once annually)
  - ii. Pavement striping (minimum once annually)
  - iii. Perform preventative maintenance on tiger teeth and gate arms (as needed)

- iv. Pick up trash (daily)
- v. Clean out storm drains (minimum once annually)
- vi. Sweep (weekly)
- vii. Pressure wash
- viii. Reseal concrete decks (including ground level)
- 10. Third-party service provider contracts:
  - a. Pest Control
    - i. Spray for bugs (as needed/required)
    - ii. Provide animal control (as needed/required)
  - b. Cleaning
    - i. Provide for daily service
    - ii. Check floors, walls, cabinets, desks, counters, rest rooms, windows, carpeting, seating, fixtures, paper products, and booths for cleanliness
  - c. Fire Alarm/Fire Suppression
    - i. Check smoke detectors (minimum semi-annually)
    - ii. Check fire extinguishers (monthly)
    - iii. Check sprinkler system (annually)
    - iv. Check fire pump (monthly) (Check for leaks & check pressure gauges)
    - v. Check pull boxes (annually)
    - vi. Check enunciator panel (monthly)
    - vii. Check call signal to alarm company (weekly)
  - d. Fuel Management/Windshield Washer System
    - i. Tanks, pumps, and fuel delivery system
    - ii. Necessary repairs as required
  - e. HVAC Management
    - i. Regular maintenance/cleaning
    - ii. Necessary repairs as required
  - f. Wash Bay (TBD)
  - g. In floor heating system (QTA) (TBD)
- 11. Trash Removal
  - a. Check trash containers several times daily for capacity and remove to Trash Compactor
  - b. Clean area around Trash Compactor and ensure area remains clean
- 12. Safety & Security
  - a. Plan and stage any safety drills as may be required or prudent, in coordination with the Authority. This includes development of the written safety plan
  - b. Develop and maintain a security plan for operations. The security plan will be developed in conjunction with Authority policy requirements and Concessionaires' goals
  - c. Develop and maintain a safety plan for operations. The safety plan will be developed in conjunction with Authority policy requirements and Concessionaires' goals

# CONRAC FACILITY MANAGER GENERAL RESPONSIBILITIES AND REQUIREMENTS

1. Have a named manager and supervisor(s) which serve as Authority's point of contact for the operation.

- 2. Be available twenty-four (24) hours per day and seven (7) days a week and maintain up-to-date contact information with the Authority.
- 3. At Authority's request, develop a customer comment process that includes the ability to receive, track, and respond to customer comments in a timely fashion. The customer comment process will be developed with assistance from Authority staff and will require Authority approval prior to its implementation or any significant future modification.
- 4. Provide to the Concessionaires the training necessary to operate the equipment and systems in the CONRAC, including QTA Areas.
- 5. CONRAC Facility Manager and any service providers hired by CONRAC Facility Manager are not authorized to speak to the media on behalf of the Authority or Airport.
- 6. Ensure compliance with service provider personnel requirements, including but not limited to:
  - a. Service providers are required to have proper company specific identification and to present this identification to the CONRAC Facility Manager, or representative on duty, upon arrival at the CONRAC. CONRAC Facility Manager should be provided with an authorized personnel list in advance of crew arrival for any overnight servicing.
  - b. Service providers are required to wear appropriate attire at all times (i.e., no tank tops, no T-shirts with inappropriate graphics, etc.)
  - c. Service providers are required to check in and out with the CONRAC Facility Manager or representative on duty whenever they enter or exit the CONRAC. Checkout procedures may involve visual inspection of all bags, boxes, toolboxes, buckets, etc.
  - d. Service providers must be able to communicate with the CONRAC Facility Manager in English.
  - e. Service providers are responsible for providing the necessary tools, cleaning products (removing paint, etc.), vacuums, ladders, etc. for specific jobs they are servicing.
  - f. Ensure compliance with the following Environmental, Health & Safety (EH&S) Requirements, including but not limited to:
    - Along with any service providers, obtain required EH&S permits or agency approvals required to conduct work for Concessionaires in accordance with the Contract.
    - ii. Along with any service providers, have and act in accordance with all required EH&S plans (e.g., storm water pollution plans, spill prevention control plans, emergency response, health and safety plans, waste minimization/recycling plans, etc.) and all Federal, State and local governing laws and regulations.
    - iii. Immediately notify the Authority if hazardous conditions arise.
    - iv. Prior to using hazardous material(s) in or around the CONRAC through self or service providers:
      - 1. Notify the Authority and identify the hazardous material(s)
      - 2. Identify any specific hazards associated with the material(s)
      - 3. Supply a material safety data sheet (MSDS) for those material(s)
      - 4. Obtain approval of Authority's Environmental Compliance Manager for using the material(s)
    - v. Dispose of all wastewater in accordance with State of Ohio environmental requirements. CONRAC Facility Manager, along with any service provider, is

- prohibited from discharging any chemical, waste or wastewater to storm drains or sewers.
- vi. Along with any service provider, be responsible for providing and properly using the appropriate Personal Protective Equipment (PPE) for the specific job.
- vii. CONRAC Facility Manager, along with any service provider, is responsible for providing their employees with all applicable EH&S training.
- viii. CONRAC Facility Manager, along with any service provider, must provide adequate ventilation to remove potential air contaminates from the work areas and adjacent spaces.
- ix. When CONRAC Facility Manager, through self or any service provider, must store materials on site:
  - 1. Inform the Authority of the hazardous material(s) intended to be stored on site and identify the material(s)
  - 2. Identify any specific hazards associated with the material(s)
  - 3. Store minimal amount of material(s) necessary
  - 4. Maintain MSDS(s) on site for those material(s)
  - 5. Maintain a secure storage area that meets all applicable regulations
  - 6. Comply with all other hazardous materials storage regulations
  - 7. Dispose of all wastewater in accordance with State of Ohio environmental requirements. CONRAC Facility Manager, along with any service provider, is prohibited from discharging any chemical, waste or wastewater to storm drains or sewers.

## 7. HVAC Management Program

- a. HVAC management program shall consist of performing quarterly preventative maintenance services, receipt, dispatching and resolution of emergency and routine repair and maintenance work requests, warranty issues resolution and all associated management reporting and invoicing requirements CONRAC.
- 8. Lighting and Signage Maintenance Program
  - a. Respond within 24-hours following notification or observation of outages.
- 9. General Repairs
  - All necessary repairs and maintenance to doors and gates, hardware (including hinges and closers), door replacement, door refinishing, and repair due to vandalism or accidents.
  - b. Locks
  - c. All necessary repairs and maintenance to locksets, door alarms, or panic hardware.
  - d. Replacement of lost keys, lockouts.

#### 10. Electrical

a. All necessary repairs and maintenance to electrical service, outlets, receptacles, and restroom ventilation fans; testing of emergency light fixtures as required; and replacement of circuit breakers, timers, contactors, HVAC electrical system repair and maintenance, underground or exterior work, switchgear, electrical panel work, lightning damage/shorts, new wiring/outlets.

# 11. Signs

a. All repairs and maintenance to all internal parts, replacement of sign faces, underground electrical, electrical connections, and repair due to vandalism or accidents.

#### 12. Fire Protection System

a. All necessary inspections, repairs and maintenance, regardless of local code or frequency requirements, to the fire alarm, burglar alarm, sprinkler and fire extinguishers.

## 13. Fueling and QTA Systems and Equipment located in Common Concessionaire Areas

a. All necessary inspections, repairs and maintenance, regardless of State or local code or frequency requirements, to the Fueling system (including tanks, pumps and fuel delivery system) and QTA Areas Equipment (including carwash, fire suppression, vacuum, compressed air, windshield washer fluid).

## 14. Plumbing in Common Concessionaire Areas and Exclusive Premises

a. Clear in-facility sanitary lines and drains, repair/replace faucets, flush valves, water heaters; secure sinks, repair/replace toilets, urinals, handrails, tissue holders, hand dryers, towel and sanitary napkin dispensers, toilet seats; and remedy leaks.

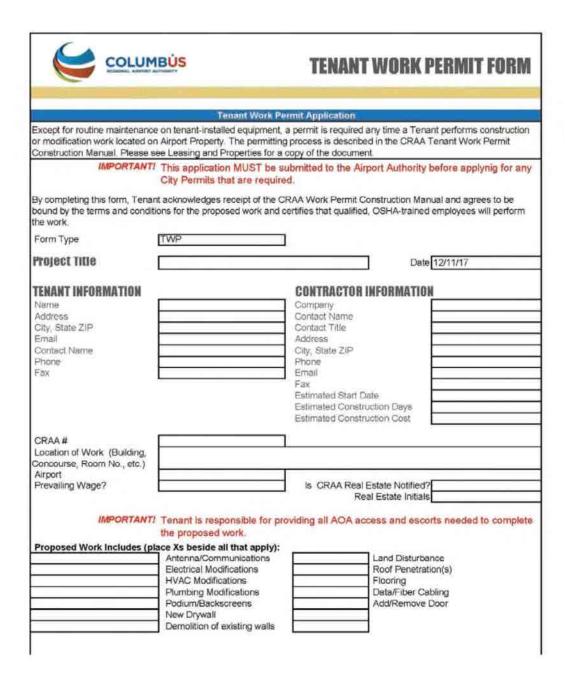
#### 15. Custodial Plan

a. Prepare a custodial plan consistent with then-current Authority custodial standards. The custodial plan will be developed with the assistance of Authority staff and will require Authority approval prior to its implementation. The custodial plan will be included in the CONRAC Facility Manager's Operations Manual and approved by the Authority annually.

#### 16. SNOW REMOVAL PLAN/RESPONSIBILITIES

- a. Includes all parking lots, sidewalks, and roadways and ramps directly serving and within the CONRAC within and the boundaries as shown on Exhibit A;
- b. To be updated upon completion of design.

# Exhibit E Tenant Work Permit



# Exhibit E Tenant Work Permit

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Mailing Address for Ap	iprovea work Permit til	different than contractor addres	s anovei
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Architect City St 2  Additional Notes  CRAA Dept Approvals  Department Real Estate* Facilities	** Administrative Use O  Gretchen Sandusky Jason Compton	Phone Fax  nly Below This Line **	
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Architect City St 2  Additional Hotes  CRAA Dept Approvals  Department Real Estate* Facilities Technology Services Ground Transportation Emergency Preparedness Operations GIS*	Gretchen Sendusky Jason Compton Tim Weaver Tracey Pomeroy Donna Monell Chris Hinds Cornell Stockton	Phone Fax  nly Below This Line **	
Architect City St 2  Additional Hotes  CRAA Dept Approvals  Department Real Estate* Facilities Technology Services Ground Transportation Emergency Preparedness Operations GIS* Energy & Environmental	Gretchen Sandusky Jason Compton Tim Weaver Tracey Pomeroy Donna Monell Chris Hinds Cornell Stockton Paul Kennedy	Phone Fax  nly Below This Line **	
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# Exhibit E Tenant Work Permit

Construction is hereby autho	rized to proceed on the proposed V	Vork, after all appr	ropriate City Permits have been obtained
	Approved with conditions or	exceptions belo	
Planning & Engineering	Approver Don Porvasnik (or Designee) Permit Number Permit Date Initial Review Date		
Final Inspection	Tittal Review Date		
Conditions or Exceptions:			
	Accepted Initials Acceptance Date Accepted Initials Acceptance Date		
	Acceptance Date Accepted Initials		
For Further Informatio	Acceptance Date Accepted Initials Acceptance Date As-Built Drawings Required? Received Date TWP Complete		
For Further Information CRAA Planning and Engine Don Porwasnik Ragan Fallang General Questions	Acceptance Date Accepted Initials Acceptance Date As-Built Drawings Required? Received Date TWP Complete	Phone 614-239-5732 614-239-5017 614-239-5010	Email dporvasnik@columbusairports.com fallang@columbusairports.com twp@columbusairports.com

Exhibit F Reallocation

Component	Frequency	Market Share shift required	Market Share trigger	Total available
Counters; back office; queueing	Every five (5) years	Market Share shift equivalent to four feet of counter space; any allocations must be done in blocks of four linear feet	2.8%	<b>144</b> linear feet
Ready/Return	Every two (2) years	Market Share shift equivalent to two bays	1.9%	<b>108</b> bays
Ground level and 4 <sup>th</sup> Floor Storage	Every two (2) years	Market Share shift equivalent to two bays	1.9%	27 bays (plus above QTA)
Fuel positions	Every two (2) years	Market Share shift equivalent to two nozzles (one side of one fuel island)	3.7%	<b>54</b> fuel positions
Stacking lanes (in QTA only)	Every two (2) years	Market Share shift equivalent to one stacking lanes. Should be full lanes, so need to gain 51% or more of one lane in order to gain a lane	3%	33 stacking lanes
Car Wash Bays	Every five (5) years	Market Share shift enough to gain another bay. Each RAC shall have a minimum of one (1) bay.	11.1%	<b>9</b> bays
Maintenance Bays	Every five (5) years	Market Share shift enough to gain another bay. Each RAC shall have a minimum of one (1) bay.	16.7%	<b>6</b> bays

Relocation, as part of reallocation, can occur no more than once every five (5) years.

At its sole discretion the Authority may adjust the Frequency of the Reallocation dates to align when/if the Agreement is re-opened pursuant to Section 2.2.1. Elements of this Table may change upon final design, the "Total Available" column as an example, this Exhibit will be amended after the completion of that effort.

# Exhibit G COMMON USE BUSING SYSTEM

Until the opening of the Authority's planned future passenger terminal, the Authority, or a third party operator contracted by the Authority, will operate and maintain a common use shuttle busing system to and from the Facility and the Airport's existing passenger terminal for use by all customers of Concessionaire. Concessionaire will not be permitted to individually bus its customers. Subject to the availability of CFC revenues as described in Section 4.5.2, Authority will make available a limited amount of CFC revenues per year to pay for the costs of operation of the common busing system, referred to herein as "Common Use Busing Costs". Concessionaire will be responsible for its pro-rata share of annual Common Use Busing Costs in excess of any Common Use Busing Costs paid by Authority from CFC revenues. To the extent that there are not sufficient CFC revenues available to pay the Common Use Busing Costs for any Agreement Year, Concessionaire will be responsible to pay its pro-rata share of the deficiency ("Busing Cost Deficiency Payment").

For Agreement Year 1, in no event will the maximum Common Use Busing Costs payable from excess CFC revenues exceed \$1,800,000. Thereafter, the maximum Common Use Busing Costs potentially payable from excess CFC revenues will be increased annually by an amount not to exceed four percent (4%). For example purposes, Agreement Years 2 – 8 maximum potentially available amounts are shown below:

Year 2 - \$1,872,000 Year 3 - \$1,946,880 Year 4 - \$2,024,755 Year 5 - \$2,105,745 Year 6 - \$2,189,975 Year 7 - \$2,277,574 Year 8 - \$2,368,677

Maximum amounts for future Agreement Years, if required, would be increased annually by an amount not to exceed four percent (4%).

If after the commencement of busing operations at the Facility, the Authority reasonably estimates the annual Common Use Busing Costs will exceed the amounts shown above, then the Authority agrees to identify an alternative method for covering annual Common Use Busing Costs above the maximum Common Use Busing Costs, which can include but are not limited to 1) a separate limited transportation facility charge, 2) reimbursing Concessionaire for previously paid Busing Cost Deficiency Payments when sufficient CFC's become available, or 3) other acceptable methods. Nothing herein will limit Concessionaire's responsibility for payment to the Authority, when the costs are incurred by the Authority, of Concessionaire's pro-rata share of annual Busing Cost Deficiency Payments if a deferred reimbursement method is selected. Additionally, nothing herein provides for reimbursement for Common Use Busing Costs that exceed the amounts identified above if the rental car companies require a service level higher than identified as appropriate by the Authority (currently a five (5) minute headway and five (5) bus total fleet size).

The Authority will seek input from Concessionaire on development of an operating plan and budget for the common use shuttle busing system to include, but not necessarily be limited to: specifications for the type, size and number of buses, service levels, and bus loading/unloading locations at the Airport's existing passenger terminal. The Authority will have sole responsibility and discretion on the final elements and implementation of the operating plan.

# Exhibit H Term Agreement

THIS	TERM AGREEMENT is dated as of the day of, 20, by and between Columbus
	ort Authority ("Authority"), the operator of John Columbus International Airport ("Airport"
and	("Concessionaire"), aorganized under the laws of the
	and authorized to do business in the State of Ohio.
WITNESSETH	:
	uthority and Concessionaire entered into a Concession Agreement dated for
Agreement	") which provided for an initial term of thirty (30) years ("Term");
Agreement b	ne Term was to commence on a date which could not be specified with exactness within the because it was in part conditioned upon the date the construction of the Premises was and/or upon completion of any improvements to the Premises;
WHEREAS, A Term;	uthority and Concessionaire now desire to specify the exact commencement date of the
	FORE, in consideration of the mutual covenants and promises contained herein, Authority on aire hereto agree and provide as follows:
1.	Commencement Date. It is hereby agreed the Commencement Date as set forth in the Agreement shall be, and the expiration of the initial term of the Agreemen shall be, 20 (which shall be the end of a calendar month).
between the	ns of this Term Agreement are incorporated into and shall become a part of the Agreement parties for the Premises located at All of the provisions ments of the Agreement shall apply to this Term Agreement unless specifically stated rein.
IN WITNESS V	NHEREOF, the undersigned have caused this Term Agreement to be executed.
SIGNED AND	ACKNOWLEDGED:
	CONCESSIONAIRE :
	BY:
	Date
	AUTHORITY: COLUMBUS REGIONAL AIRPORT AUTHORITY
	BY:
	Date President & CEO

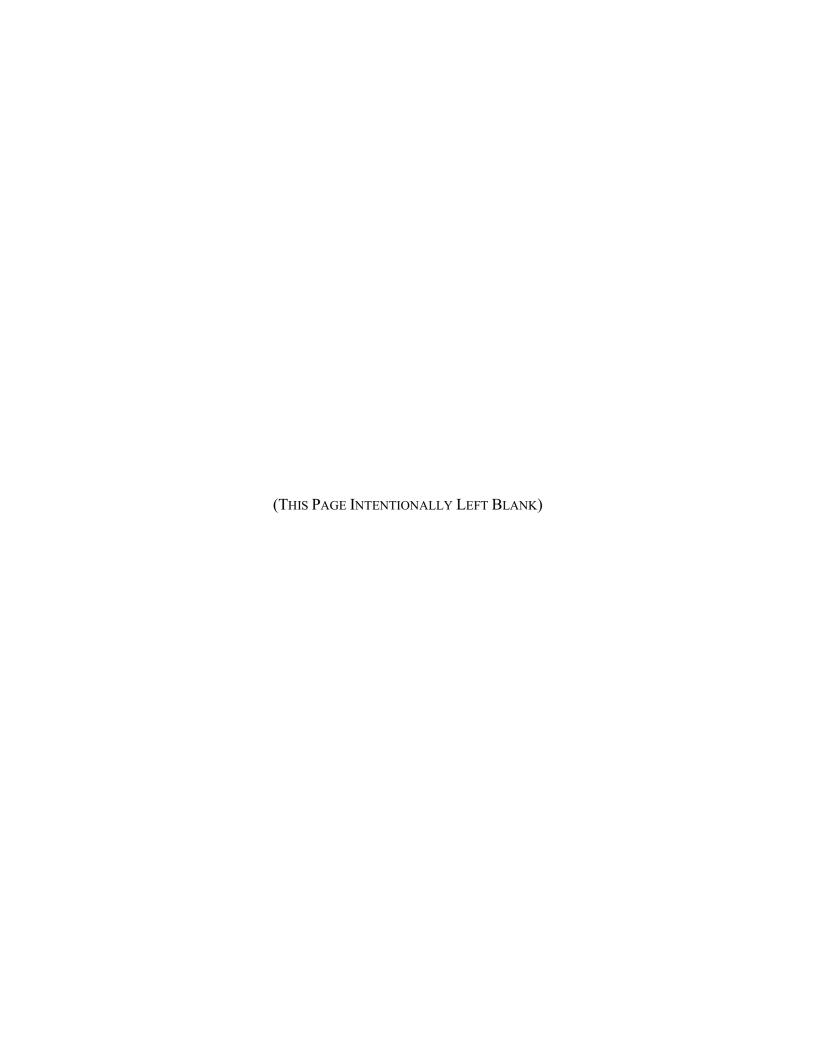
#### **ATACHMENT A**

#### **LIQUIDATED DAMAGES**

Infraction	Rate Per Infraction	Comments
Vehicles parked in non- leased areas	\$50.00 per incident	This includes rental vehicles, employee vehicles, and contractor vehicles parked outside of the designated lease lines. Authority will issue at least one written warning per company violation per quarter before these damages are assessed.
Premises not open or staff not available to meet customers renting or return vehicles during specified hours	\$100.00 for the first infraction per quarter, \$500.00 per infraction thereafter.	Concessionaire is required to have adequate staff on site to meet the needs of customers during the stated hours of operation. Authority will issue at least one written warning per quarter before these damages are assessed.
Staff rude, not focused on customer service, or unprofessional	\$50.00 per incident	Authority will issue at least one written warning per employee before these damages are assessed.
QTA not clean, are unsanitary or trash not picked up.	\$50.00 per incident	Purpose is to manage unacceptable trash levels in the QTA beyond the amount that accumulates from a normal days operation. It is the responsibility of the Concessionaire to ensure that its operation does not interfere with the operation of adjacent concessionaires and that trash does not blow onto roadway or airfield.
Blowing Trash	\$50.00 in the 1st instance in an Agreement Year, \$150.00 in the 2 <sup>nd</sup> , \$500.00 in each instance thereafter in the same Agreement Year.	If Concessionaire allows dust or debris to be generated or accumulated on or in Concessionaire's Operating Area without prompt clean-up, to the extent they may be blown about within the Operating Area or blown from the Operating Area to other parts of the Airport, Concessionaire shall pay to the Authority in the amounts shown. In addition, Concessionaire shall reimbursement the Authority for any costs incurred by the Authority to remove or suppress the dust or debris.

Authority's determination of non-compliance by Concessionaire of the requirements listed above shall be binding on Concessionaire. Concessionaire may contest any liquidated damages imposed with Authority's President & CEO, whose decision on the matter shall be final. Authority's failure to impose liquidated damages for any violation of the requirements set forth above shall not inhibit Authority from doing so of subsequent violations.

In the event that the Authority assesses more than \$3,000.00 of Liquidated Damages in a 3-month period for infractions that are not remedied, the Concessionaire shall be deemed to be in substantial failure of the performance of its obligations under the Agreement and the Authority shall have the right to terminate this Agreement.



#### APPENDIX E

# **Proposed Text of Opinion of Bond Counsel**

We have served as bond counsel to our client the Columbus Regional Airport Authority (the "Authority") in connection with the issuance by the Authority of its \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) (the "Series 2019 Bonds"), dated the date of this letter.

The Series 2019 Bonds are issued and secured pursuant to the Constitution of the State of Ohio, Sections 4582.21 through 4582.99 of the Revised Code, Resolution Nos. 22-19 and No. 23-19, both duly adopted by the Board of Directors of the Authority on March 26, 2019, and the Certificate of Award executed by the Authority (collectively, the "Bond Legislation") and the Customer Facility Charge Master Trust Agreement (the "CFC Master Trust Agreement") and the Customer Facility Charge First Supplemental Trust Agreement (the "CFC First Supplemental Trust Agreement"), both dated May 2, 2019 (collectively, the "CFC Trust Agreement"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined in this letter are used as defined in the CFC Trust Agreement.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2019 Bonds, a conformed copy of the signed and authenticated Series 2019 Bond of the first maturity, the Bond Legislation, the CFC Trust Agreement, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

- 1. The Series 2019 Bonds and the CFC Trust Agreement are valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
- 2. The Series 2019 Bonds constitute special obligations of the Authority, and the principal of and interest on (collectively, "debt service") the Series 2019 Bonds are payable from and secured solely by the Pledged Revenues and the Pledged Funds. The payment of debt service on the Series 2019 Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Series 2019 Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of Ohio, or any of its political subdivisions.
- 3. Interest on, and any profit made on the sale, exchange or other disposition of, the Series 2019 Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Series 2019 Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Authority.

The rights of the owners of the Series 2019 Bonds and the enforceability of the Series 2019 Bonds and the CFC Trust Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally, to the application of equitable principles, whether considered in a proceeding at law or in equity, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

We express no opinion as to the Statement of Insurance on certain of the Series 2019 Bonds or as to the insurance referred to in that statement.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2019 Bonds is concluded upon delivery of this letter.

Respectfully submitted,

#### APPENDIX F

# **Book-Entry-Only System; DTC**

# **Book-Entry-Only System**

The information set forth in the following numbered paragraphs is based on information provided by The Depository Trust Company in its "Sample Offering Document Language Describing DTC and Book-Entry-Only Issuance" (June 2013). As such, the Authority believes it to be reliable, but the Authority takes no responsibility for the accuracy or completeness of that information. It has been adapted to the Bond issue by substituting "Series 2019 Bonds" for "Securities," "Authority" for "Issuer" and "Trustee" for "registrar" or "Agent" and by the addition of the italicized language set forth in the text. See also the additional information following those numbered paragraphs.

- 1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2019 Bonds. The Series 2019 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 Series 2019 Bond certificate will be issued for each maturity of the Series 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.
- DTC, the world's largest securities depository, is a limited-purpose trust company 2. 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. (This internet site is included for reference only, and the information in this internet site is not incorporated by reference in this Official Statement.)

- 3. Purchases of Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond ("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 Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.
- 4. To facilitate subsequent transfers, all Series 2019 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 Series 2019 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 Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 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.
- 5. 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 Series 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2019 Bond documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 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.
- 6. Redemption notices shall be sent to DTC. If less than all of the Series 2019 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
- 7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019 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 the Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments (*debt charges*) on the Series 2019 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 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, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments (*debt charges*) 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, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

# 9. (Not Applicable to the Series 2019 Bonds.)

- 10. DTC may discontinue providing its services as depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2019 Bond certificates are required to be printed (or otherwise produced) and delivered.
- 11. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond certificates will be printed (or otherwise produced) and delivered to DTC. (See also Revision of Book-Entry System; Replacement Bonds below.)
- 12. The information *(above)* in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

The Authority and the Trustee have no role in the purchases, transfers or sales of bookentry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisors the manner of transferring or pledging their book-entry interests.

The Authority and the Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The Authority and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Series 2019 Bonds made to DTC as the registered owner, or redemption, if

any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Official Statement.

For all purposes under the Series 2019 Bond proceedings (except the Continuing Disclosure Agreement under which others as well as DTC may be considered an owner or holder of the Series 2019 Bonds, see "CONTINUING DISCLOSURE AGREEMENT"), DTC will be and will be considered by the Authority and the Trustee to be the owner or holder of the Series 2019 Bonds.

Beneficial Owners will not receive or have the right to receive physical delivery of Series 2019 Bonds, and, except to the extent they may have rights as Beneficial Owners or holders under the Continuing Disclosure Agreement, will not be or be considered by the Authority and the Trustee to be, and will not have any rights as, owners or holders of Series 2019 Bonds under the Series 2019 Bond proceedings.

Reference herein to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

# Revision of Book-Entry System; Replacement Bonds

The Series 2019 Bond proceedings provide for issuance of fully-registered Series 2019 Bonds ("Replacement Bonds") directly to owners of Series 2019 Bonds other than DTC only in the event that DTC (or a successor securities depository) determines not to continue to act as securities depository for the Series 2019 Bonds. Upon occurrence of this event, the Authority may in its discretion attempt to have established a securities depository book-entry relationship with another securities depository. If the Authority does not do so, or is unable to do so, and after the Trustee has made provision for notification of the Beneficial Owners of the Series 2019 Bonds by appropriate notice to DTC, the Authority and the Trustee will authenticate and deliver Replacement Bonds of any one maturity, in authorized denominations, to or at the direction of any persons requesting such issuance, and, if the event is not the result of Authority action or inaction, at the expense (including legal and other costs) of those requesting.

Debt charges on Replacement Bonds will be payable when due without deduction for the services of the Trustee as paying agent. Principal of and any premium on Replacement Bonds will be payable when due to the registered owner upon presentation and surrender at the designated corporate trust office of the Trustee. Interest on Replacement Bonds will be payable on the interest payment date by the Trustee by transmittal to the registered owner of record on the Trustee as of the 15th day of the calendar month next preceding the interest payment date. Replacement Bonds will be exchangeable for other Replacement Bonds of authorized denominations, and transferable, at the designated corporate trust office of the Trustee without charge (except taxes or governmental fees). Exchange or transfer of then-redeemable Replacement Bonds is not required to be made: (i) between the 15th day preceding the mailing of notice of redemption of Replacement Bonds and the date of that mailing, or (ii) of a particular Replacement Bond selected for redemption (in whole or part).

#### APPENDIX G

# **Proposed Form of Continuing Disclosure Agreement**

# CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT, dated May 2, 2019 (the "Agreement"), is made, signed and delivered by the Columbus Regional Airport Authority (the "Authority"), a port authority and political subdivision duly organized and existing under the Constitution and laws of the State of Ohio, for the benefit of the Holders and Beneficial Owners (as defined herein) from time to time of the Authority's \$94,325,000 Customer Facility Charge Revenue Bonds, Series 2019 (the "Bonds"), authorized by Resolution No. 23-19 adopted by the Board of Directors of the Authority on March 26, 2019 (the "Bond Resolution").

#### **RECITAL**

The Authority, by adoption of the Bond Resolution, has determined to issue the Bonds to provide funds for Authority purposes, and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of Raymond James & Associates, Inc., Loop Capital Markets LLC, and RBC Capital Markets, LLC (collectively, with the Representative, the "Participating Underwriter") has agreed to provide those funds to the Authority by purchasing the Bonds. As a condition to the purchase of the Bonds from the Authority and the sale of Bonds to Holders and Beneficial Owners, the Participating Underwriter is required to reasonably determine that the Authority has undertaken, in a written agreement for the benefit of Holders and Beneficial Owners of the Bonds, to provide certain information in accordance with the Rule (as defined herein).

NOW, THEREFORE, in accordance with the Bond Resolution, the Authority covenants and agrees as set forth in this Continuing Disclosure Agreement.

- **Section 1.** Purpose of Continuing Disclosure Agreement. This Agreement is being entered into, signed and delivered for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter of the Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (SEC) pursuant to the Securities Exchange Act of 1934, as may be amended from time to time (the "Rule").
- **Section 2.** <u>Definitions</u>. In addition to the definitions set forth above, the following capitalized terms shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Reference to "Sections" shall mean sections of this Agreement.
- "Annual Filing" means any Annual Information Filing provided by the Authority pursuant to, and as described in, Sections 3 and 4.
- "Audited Financial Statements" means the audited basic financial statements of the Authority, prepared in conformity with generally accepted accounting principles.

"Beneficial Owner" means any person that (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.

"EMMA" means the Electronic Municipal Market Access system of the MSRB; information regarding submissions to EMMA is available at <a href="http://emma.msrb.org">http://emma.msrb.org</a>.

"Filing Date" means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding business day if that day is not a business day), beginning September 30, 2019.

"Financial Obligation" means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of an obligation or instrument described in either clause (a) or (b). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the 12-month period beginning on January 1 of each year or such other 12-month period as the Authority shall adopt as its fiscal year.

"Holder" means, with respect to the Bonds, the person in whose name a Bond is registered in accordance with the Bond Resolution.

"MSRB" means the Municipal Securities Rulemaking Board.

"Obligated Person" means (a) the Authority and (b) each rental car company or other entity (each, a "Concessionaire") using the Authority's consolidated rental car facility (the "ConRAC") under an Agreement for the Operation of a Rental Car Concession or other agreement (a "Concessionaire Agreement") extending for more than one year from the date in question, which includes debt service payable on the Bonds as part of the calculation of rental payments or other payments thereunder and under which Concessionaire Agreement such Concessionaire has paid amounts in the form of Concessionaire's Deficiency Payments or similar payments equal to at least 20% of the debt service payable on the Bonds for each of the then immediately preceding two Fiscal Years of the Authority. At the time of issuance of the Bonds, the Authority is the only Obligated Person with respect to the Bonds.

"Official Statement" means the Official Statement for the Bonds dated April 17, 2019.

"Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Policy*" means the policy of bond insurance issued by Assured Guaranty Municipal Corp. pertaining to the Bonds maturing in the years 2030 through 2032, inclusive.

"SEC Reports" means reports and other information required to be filed pursuant to Sections 13(a), 14 or 15(d) of the Rule.

"Specified Events" means any of the events with respect to the Bonds as set forth in Section 5(a).

"State" means the State of Ohio.

# Section 3. Provision of Annual Information.

The Authority shall provide (or cause to be provided) not later than the Filing Date to the MSRB an Annual Filing, which is consistent with the requirements of Section 4. The Annual Filing shall be submitted in an electronic format through EMMA, or as otherwise prescribed by the MSRB, and contain such identifying information as is prescribed by the MSRB, and 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; provided that the Audited Financial Statements of the Authority may be submitted separately from the balance of the Annual Filing and later than the Filing Date if they are not available by that date. If the Authority's Fiscal Year changes, it shall give notice of such change in the same manner as for a Specified Event under Section 5.

If the Authority is unable to provide to the MSRB an Annual Filing by the Filing Date, the Authority shall, in a timely manner, send a notice to the MSRB in an electronic format through EMMA, or as otherwise prescribed by the MSRB.

**Section 4.** <u>Content of Annual Filing</u>. The Authority's Annual Filing shall contain or include by reference the following: Financial information and operating data of the type included in the Official Statement in the table entitled "HISTORICAL AIRLINE MARKET SHARE" under the caption "THE AIRPORT SYSTEM – Enplanements and Deplanements," in the table entitled "HISTORICAL ANNUAL TRANSACTIONS, TRANSACTION DAYS, AND CFC COLLECTIONS" under the caption "RENTAL CAR OPERATIONS – CFC Collections," and annual financial information (historical only, no projected information) of the type included in "Table 21 Columbus Regional Airport Authority, Projected Debt Service Coverage on the Series 2019 Bonds" in the Financial Feasibility Report of the Feasibility Consultant.

With respect to each Obligated Person other than the Authority, the Authority will include in its Annual Filing the identity of such Obligated Person and a statement that such entity is an Obligated Person as of the year of filing with respect to this Agreement (Note: As of the date of this Agreement, there are no Obligated Persons, other than the Authority). With respect to any Obligated Person other than the Authority, if such Obligated Person files SEC Reports, the Authority will include in its Annual Filing a statement that such SEC Reports may be viewed on the SEC's website or replacement website.

The Audited Financial Statements of the Authority utilizing generally accepted accounting principles applicable to governmental units as described in the Official Statement, except as may be modified from time to time and described in such financial statements.

The foregoing shall not obligate the Authority to prepare or update projections of any financial information or operating data.

Any or all of the items listed above may be included by specific reference to other documents, including annual informational statements of the Authority or official statements of debt issues of the Authority or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. The Authority shall clearly identify each such other document so included by reference.

# Section 5. Reporting Specified Events.

The Authority shall provide to the MSRB, in an electronic format through EMMA, or as otherwise prescribed by the MSRB, and containing such identifying information as is prescribed by the MSRB and in a timely manner but not later than <u>ten business days</u> after the occurrence of the event, notice of any of the following events with respect to the Bonds, as specified by the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)
- (5) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (6) (Issuance of) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other <u>material</u> notices or determinations with respect to the tax status of the security (*i.e.*, the Bonds), or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers; (b)
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material; (c)
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person; Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of

the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, <u>if material</u>;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Obligated Person, <u>if material</u>, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, <u>if material</u>; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

#### *Note:*

- (a) The Authority has not obtained or provided, and does not expect to obtain or provide, any credit enhancements or credit or liquidity providers (except for the Policy) for the Bonds.
- (b) Any scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a specified event within the meaning of the Rule.
- (c) Repayment of the Bonds is not secured by a lien on any property capable of release or sale or for which other property may be substituted.

For the Specified Events described in Section 5(a) (2), (6, as applicable), (7), (8, as applicable), (10), (13), (14) and (15), the Authority acknowledges that it must make a determination whether such Specified Event is material under applicable federal securities laws in order to determine whether a filing is required.

**Section 6.** <u>Amendments</u>. The Authority reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity,

nature or status of the Authority or type of business conducted by the Authority. Any such amendment or waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Authority shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the Authority that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners or (ii) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Bonds then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (A) the Authority shall provide notice of such change in the same manner as for a Specified Event under Section 5 and (B) the Annual Filing 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 or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. <u>Additional Information</u>. Nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Agreement or providing any other means of communication, or including any other information in any Annual Filing or providing notice of the occurrence of an event, in addition to that which is required by this Agreement. If the Authority chooses to include any information in any document or notice of occurrence of an event in addition to that which is specifically required by this Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Filing or notice of occurrence of a Specified Event.

Section 8. Remedy for Breach. This Agreement shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of this Agreement by the Authority shall be limited, to the extent permitted by law, to a right of Holders and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the Authority of its obligations under this Agreement in a court in Franklin County, Ohio. Any such proceedings shall be instituted and maintained only in accordance with Section 133.25(B)(4)(b) or (C)(1) of the Revised Code (or any like or comparable successor provisions); provided that any Holder or Beneficial Owner may exercise individually any such right to require the Authority to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any Beneficial Owner seeking to require the Authority to comply with this Agreement shall first provide at least 30 days' prior written notice to the Authority of the Authority's failure, giving reasonable detail of such failure, following which notice the Authority shall have 30 days to comply. A default under this Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure of the Authority to comply with this Agreement shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Agreement.

**Section 9. Appropriation**. The performance by the Authority of its obligations under this Agreement shall be subject to the availability of funds and their annual appropriation to meet costs that the Authority would be required to incur to perform those obligations. The Authority shall provide notice to the MSRB in the same manner as for a Specified Event under Section 5 of the failure to appropriate funds to meet costs to perform the obligations under this Agreement.

**Section 10.** <u>Termination</u>. The obligations of the Authority under this Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the Authority remains an Obligated Person with respect to the Bonds within the meaning of the Rule. The obligation of the Authority to provide the information and notices of the events described above shall terminate, if and when the Authority no longer remains such an Obligated Person. If any person, other than the Authority, becomes an Obligated Person relating to the Bonds, the Authority shall engage in reasonable efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

**Section 11.** <u>Dissemination Agent</u>. The Authority may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent.

**Section 12.** <u>Beneficiaries</u>. This Agreement shall inure solely to the benefit of the Authority, any dissemination agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 13.** <u>Recordkeeping</u>. The Authority shall maintain records of all Annual Filings and notices of Specified Events and other events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

**Section 14.** Other Obligated Persons. If any person, other than the Authority, becomes an Obligated Person relating to the Bonds, the Authority shall engage in reasonable efforts to require such Obligated Person to comply with Sections 4 and 5 applicable to such Obligated Person. The Authority has no obligation to file or disseminate any SEC Reports of an Obligated Person and has no responsibility for the accuracy, completeness or, except as provided in the preceding sentence, the timeliness of an Obligated Person's compliance with Sections 4 or 5. The Authority need not engage in any litigation to compel such Obligated Person to comply with the disclosure obligations under Sections 4 or 5.

**Section 15.** Governing Law. This Agreement shall be governed by the laws of the State.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW)

IN WITNESS WHEREOF, the Authority has caused this Continuing Disclosure Agreement to be duly signed and delivered to the Participating Underwriter, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Participating Underwriter, on its behalf by its officials signing below, all as of the date set forth above, and the Holders and Beneficial Owners from time to time of the Bonds shall be deemed to have accepted this Agreement made in accordance with the Rule.

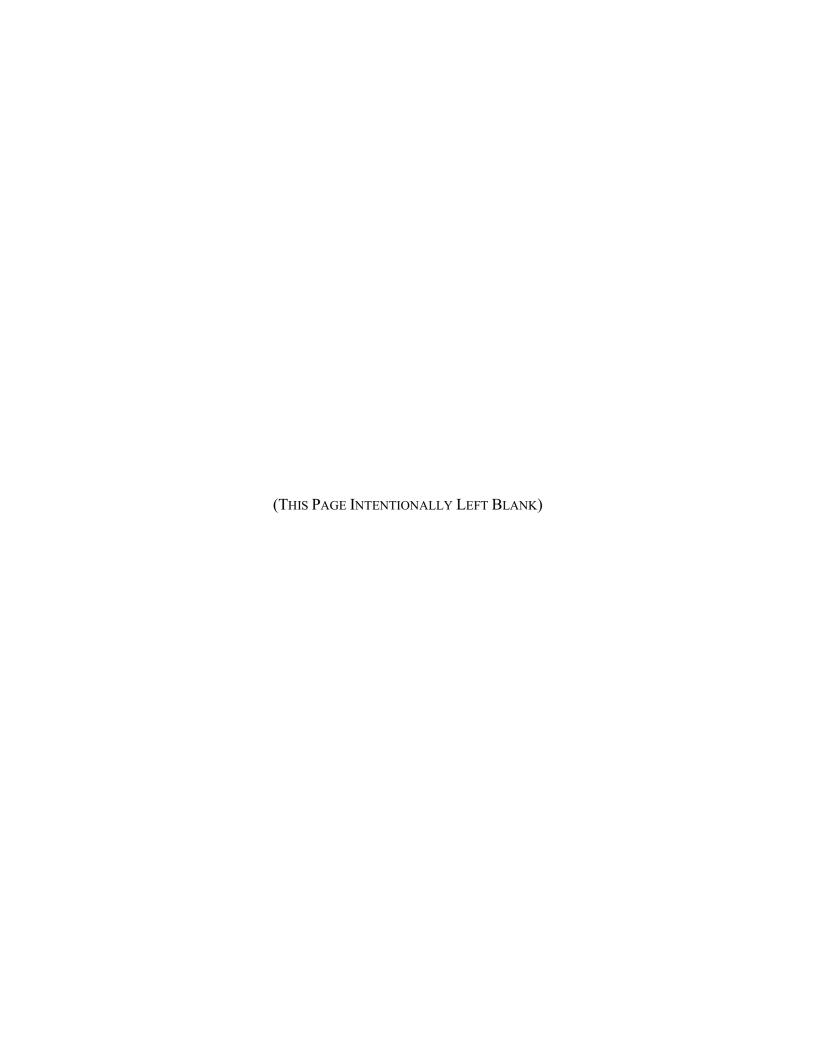
#### COLUMBUS REGIONAL AIRPORT AUTHORITY

Ву:	
Title:	President & CEO
By:	
Title:	Chief Financial Officer

#### FISCAL OFFICER'S CERTIFICATE - CONTINUING DISCLOSURE AGREEMENT

As fiscal officer of the Columbus Regional Airport Authority, I certify that the money required to meet the obligations of the Authority under the foregoing Continuing Disclosure Agreement made by the Authority in accordance with the Rule, as set forth in the Bond Resolution and the attached Continuing Disclosure Agreement, during Fiscal Year 2019, has been lawfully appropriated by the Authority for those purposes and is in the Authority treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This Certificate is given in compliance with Sections 5705.41 and 5705.44 of the Revised Code.

Dated: May 2, 2019	
•	Chief Financial Officer
	Columbus Regional Airport Authority



#### APPENDIX H

#### **Proposed Form of Municipal Bond Insurance Policy**



#### MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: \$ in aggregate principal amount of Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond inclinace amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest, then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, I will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when reterring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same 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 call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond, "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer recovered from such Owner pursuant

Page 2 of 2 Policy No. -N

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to the Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by countentain, setoff or atherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subpogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undurtaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto. (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP, has caused this Policy to be executed on its behalf by its Authorized Officer.



A subsidiary of Assured Guaranty Municipal Holdings Inc. 1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500NY (5/90)





# MUNICIPAL BOND INSURANCE POLICY

ISSUER: Columbus Regional Airport Authority, Ohio

Policy No.: 219356-N

BONDS: \$8,325,000 in aggregate principal amount of

Effective Date: May 2, 2019

Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) maturing on December 15 in the years 2030 through 2032, Premium: \$27,476.92

inclusive

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same 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 call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

By \_

ASSURED GUARANTY MUNICIPAL CORP.

Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc. 1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500NY (5/90)

### **The Depository Trust Company**

A subsidiary of the Depository Trust & Clearing Corporation

#### **BLANKET ISSUER LETTER OF REPRESENTATIONS**

(To be completed by Issuer and Co-Issuer(s), if applicable)

Columbus Regional Ai	rport Authority
(Name of Issuer and Co-Issuer)	s), if applicable)
	March 15, 2019
	(Date)

The Depository Trust Company

18301 Bermuda Green Drive Tampa, FL 33647 Attention: Underwriting Department

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: (Note: Issuer shall represent one and cross out the other.)

[incorporated in] [formed under the laws of] the State of Ohio

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

California Dagland Almant Authority

Columbus Re	gioriai Alipor	Authority	21
Ву:	and	(Issuer)	
	(Authorized	Officer's Signature)	
	//		
T. Randal Bu	sh		
	(F	Print Name)	
4600 Internat	tional Gatewa	ау	
	(Str	reet Address)	
Columbus	Ohio	USA	43219
(City)	(State)	(Country)	(Zip Code)
614-239-404	3		
	(Ph	one Number)	
rbush@colun	nbusairports.	com	
3		mail	



(To Blanket Issuer Letter of Representations)

# SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

- 1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
- 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
- 3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC 's records. The ownership interest of each actual purchaser of each Security ("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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
- 4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

(To Blanket Issuer Letter of Representations)

- 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities m ay wish to ascertain that the nominee holding the Securities 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 registrar and request that copies of notices be provided directly to them.]
- [6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]
- 7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
- 8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DT C'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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
- [9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Ten der/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]
- 10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
- 11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
- 12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

REGISTERED NO. R-1 \$2,020,000

#### UNITED STATES OF AMERICA STATE OF OHIO COUNTY OF FRANKLIN

COLUMBUS REGIONAL AIRPORT AUTHORITY
CUSTOMER FACILITY CHARGE REVENUE BOND, SERIES 2019

INTEREST RATE:

MATURITY DATE:

DATED:

CUSIP:

2.675% per year

December 15, 2021

May 2, 2019

19954KAA9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION TWENTY THOUSAND DOLLARS

The Columbus Regional Airport Authority (the "Authority"), for value received, promises to pay to the Registered Owner named above, or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount on the Maturity Date, each as stated above, unless this Series 2019 Bond is called for earlier redemption, and to pay from those sources interest thereon at the interest Rate stated above on June 15 and December 15 of each year, commencing June 15, 2019 (the "Interest Payment Dates") until the Principal Amount is paid or duly provided for This Series 2019 Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date.

The principal of this Series 2019 Bond is payable when due upon presentation and surrender hereof at the designated corporate trust office of U.S. Bank National Association, in Columbus, Ohio as trustee (the "Trustee"). Interest is payable on each Interest Payment Date by check mailed to the person in whose name this Series 2019 Bond (or one or more predecessor bonds) is registered (the "holder") at the close of business on the 15th day next preceding that interest Payment Date (the "Regular Record Date") on the registration books for this issue (the Register") maintained by the Trustee, as registrar, at the address appearing therein; provided, that a holder of Series 2019 Bonds may enter into an agreement with the Trustee, with the approval of the Authority, providing for making all payments to that holder of principal of and interest on this Series 2019 Bond at a place and in a manner (including wire transfer of federal funds other than as provided in this Series 2019 Bond. Interest on this Series 2019 Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Any interest that is not timely paid or duly provided for shall cease to be payable to the holder hereof (or of one or more predecessor bonds) as of the Regular Record Date and shall be payable to the holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to holders not fewer than 10 days prior thereto. The principal of and interest on this Series 2019 Bond are payable in lawful money of the United States of America, without deduction for the services of the Trustee or any other paying agent subsequently designated.

The Series 2019 Bonds are special obligations of the Authority and do not constitute general obligations or pledge the faith and credit of the Authority but are payable solely from the sources hereinafter described. This Series 2019 Bond is one of a series of a duly authorized issue of Customer Facility Charge Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), issued under the Customer Facility Charge Master Trust Agreement dated May 2, 2019 (the "CFC Master Trust Agreement") as supplemented by the Customer Facility Charge First Supplemental Trust Agreement dated May 2, 2019 (the "CFC First Supplemental Trust Agreement" and together with the CFC Master Trust Agreement, the "CFC Trust Agreement"), each by and between the Authority and the Trustee, aggregating in the principal amount of \$94,325,000 and issued for the purpose to pay "costs" of "port authority ficilities" as those terms are defined in Sections 4582.21 through 4582.99 of the Ohio Revised Code (the "Act"), including, to (i) pay a portion of the costs of constructing the Series 2019 Project, (ii) fund a debt service reserve fund and a debt service coverage fund, and (in) pay costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds, together with debt service on any other obligations issued and outstanding on a parity with the Series 2019 Bonds as provided in the CFC Trust Agreement (collectively with the Series 2019 Bonds, the "Bonds"), are special obligations of the Authority, issued or to be issued under and to be secured and entitled equally and ratably to the protection given by, the CFC Trust Agreement. The Series 2019 Bonds are issued pursuant to the Constitution of the State of Ohio, the Act, resolutions duly adopted by the Authority, including the Certificate of Award executed by the Authority (collectively, the "Bond Legislation"), and the CFC Trust Agreement.

Reference is made to the Bond Legislation and the CFC Trust Agreement and the proceedings authorized therein (as defined in the Bond Legislation), for a more complete description of the Series 2019 Project, the provisions among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Authority, the Trustee and the holders of beneficial owners of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each holder and beneficial owner assents, by its acceptance hereof, to all of the provisions of the Bond Legislation, the CFC Trust Agreement and those proceedings. A copy of the CFC Trust Agreement is on file at the designated corporate trust office of the Trustee.

The principal of and interest on the Bonds (collectively, "Debt Service Charges") are payable equally and ratably solely from the Pledged Revenues, the CFC Revenue Fund, and the Special Funds (being the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account), all as defined and as provided in the CFC Trust Agreement, and are not otherwise an obligation of the Authority. The payment of Debt Service Charges is secured (a) by the CFC Master Trust Agreement, and (b) by a pledge and assignment of and a lien on (i) the Pledged Revenues and (ii) the Special Funds, which are required to be maintained in the custody of the Trustee; provided, however, that any pledge or assignment of or lien on any fund, account, receivables, revenues, money or other intangible property not in the custody of the Trustee is valid and enforceable only to the extent permitted by law.

NOTHING IN THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT SHALL CONSTITUTE A GENERAL OBLIGATION, DEBT OR BONDED INDEBTEDNESS OF THE AUTHORITY; NEITHER THE GENERAL RESOURCES OF THE AUTHORITY SHALL BE REQUIRED TO BE USED, NOR THE GENERAL CREDIT OR TAXING POWER OF THE AUTHORITY PLEDGED, FOR THE PERFORMANCE OF ANY DUTY UNDER THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT; AND FURTHER, NOTHING IN THE BOND LEGISLATION, THE BONDS

OR THE CFC TRUST AGREEMENT GIVES THE HOLDERS OF BONDS, AND THEY DO NOT HAVE, THE RIGHT TO HAVE EXCISES OR TAXES LEVIED BY THE AUTHORITY, FOR THE PAYMENT OF DEBT SERVICE CHARGES.

The Bonds are not secured by a mortgage or mortgage lien upon property of the Authority.

The Series 2019 Bonds are issuable only as fully registered bonds and initially registered in the name of CEDE & CO., as nominee of The Depository Trust Company, New York, New York (DTC), a Depository (as defined in the CFC Trust Agreement), which stall be considered to be the holder of the Series 2019 Bonds for all purposes of the CFC Trust Agreement, including, without limitation, payment of Debt Service Charges thereon, and receipt of notices and exercise of rights of holders of the Series 2019 Bonds. There shall be a single Series 2019 Bond certificate for each maturity of Series 2019 Bonds. As long as the Series 2019 Bonds are in a Book Entry System (as defined in the CFC Trust Agreement), the Series 2019 Bonds shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository without further action by the Authority

If any Depository determines not to continue to act as a Depository for the Series 2019 Bonds for use in a book entry system, the Authority may attempt to have established a securities depository/book entry system relationship with another Depository. If the Authority does not or is unable to do so, the Authority and the Trustee, after the Trustee has made provision for notification of the beneficial owners by notice in writing or by means of facsimile transmission to the then Depository, shall permit withdrawal of the Series 2019 Bonds from the Depository, and authenticate and deliver Series 2019 Bond certificates in fully registered form (in denominations of \$5,000 or any integral multiple thereof) to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Series 2019 Bonds), of those persons requesting such authentication and delivery unless Authority action or inaction shall have been the cause of the termination of the Bonds in a Book Entry System.

The Series 2019 Bonds maturing on December 15, 2039 (the "2039 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2035 through 2038 (with the balance of \$3,775,000 to be paid at stated maturity on December 15, 2039), at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Type	Total
2035	Mandatory Redemption	\$3,220,000
2036	Mandatory Redemption	3,350,000
2037	Mandatory Redemption	3,490,000
2038	Mandatory Redemption	3,630,000

The Series 2019 Bonds maturing on December 15, 2048 (the "2048 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2040 through 2047 (with the balance of \$5,460,000 to be paid at stated maturity on December 15, 2048), at a redemption price equal to 100% of the

principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Type	Total
2040	Mandatory Redemption	\$3,930,000
2041	Mandatory Redemption	4,095,000
2042	Mandatory Redemption	4,265,000
2043	Mandatory Redemption	4,445,000
2044	Mandatory Redemption	4,635,000
2045	Mandatory Redemption	4,830,000
2046	Mandatory Redemption	5,030,000
2047	Mandatory Redemption	5,240,000

Term Bonds redeemed by other than Mandatory Redemption, or purchased for cancellation, may be credited against the applicable Mandatory Redemption Requirement.

The Series 2019 Bonds maturing on or after December 15, 2030, are subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 2029 at par, plus in each case accrued interest to the redemption date.

Notice of redemption shall be given to the holder of this Series 2019 Bond to be redeemed by mailing notice of redemption by first-class mail, postage prepaid, to such holder at least 30 days prior to the redemption date at the address of such holder appearing on the Register on the fifteenth day preceding that mailing.

If fewer than all of the outstanding Series 2019 Bonds are to be redeemed, the selection of Bonds to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiples thereof, shall be made by the Trustee by lot in a manner determined by the Trustee. If Series 2019 Bonds or portions thereof are called for redemption and if on the redemption date money for the redemption thereof is held by the Trustee, including any interest accrued thereon to the redemption date, thereafter those Series 2019 Bonds or portions thereof to be redeemed shall cease to bear interest and shall cease to be secured by, and shall not be deemed to be outstanding under, the CFC Trust Agreement.

The CFC Teast Agreement permits certain amendments or supplements to the CFC Trust Agreement not prejudicial to the holders to be made without the consent of or notice to the holders, and other amendments or supplements thereto to be made with the consent of the holders of not less than a majority in Aggregate Outstanding Principal Amount (as defined in the CFC Trust Agreement) of the Bonds then outstanding.

The holder of this Series 2019 Bond has only those remedies provided in the CFC Trust Agreement. The Series 2019 Bonds do not and shall not constitute the personal obligation, either jointly or severally, of the members of the Board of Directors or of any other officer of the Authority. This Series 2019 Bond shall not be entitled to any security or benefit under the CFC Trust Agreement or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee or by any authenticating agent on behalf of the Trustee.

It is certified and recited that there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by

the Authority or to have happened precedent to and in the issuing of the Series 2019 Bonds in order to make them legal, valid and binding special obligations of the Authority, and precedent to and in the execution and delivery of the CFC Trust Agreement; that payment in full for the Series 2019 Bonds has been received; and that the Series 2019 Bonds do not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Authority has caused this Series 2019 Bond to be executed by the facsimile signatures of the President and CEO and the Chief Financial Officer of the Authority as of the date stated above.

President and CEO

Chie Financial Office

#### CERTIFICATE OF AUTHENTICATION

This Series 2019 Bond is the only one of the Series 2019 Bonds issued under the provisions of the within-mentioned CFC Trust Agreement.

Date of Registration and Authentication: May 2, 2019

U.S. Bank National Association, as Trustee

Authorized Signer

Registrable and Payable at the designated corporate trust office of U.S. Bank National Association, in Columbus, Ohio

# ASSIGNMENT For value received, the undersigned hereby sells, assigns, and transfers this Series 2019 Bond to (print or type name, address, zip code and social security number or other identification and does hereby irrevocably number of transferee) constitute and appoint as attorney to transfer this Series 2019 Bond on the books kept for registration of this Series 2019 Bond, with full power of substitution in the premises. Dated: Notice: (1) His assignor's signature on this assignment must cone spond exactly with the name as it appears upon the face of this Series 2019 Bond. (b) Transfer of this Series 2019 Borro is subject to the provisions stated in this Series 2019 Bond. Signature Guaranteed:

REGISTERED NO. R-10 REGISTERED \$2,675,000

#### UNITED STATES OF AMERICA STATE OF OHIO COUNTY OF FRANKLIN

COLUMBUS REGIONAL AIRPORT AUTHORITY
CUSTOMER FACILITY CHARGE REVENUE BOND, SERIES 2019

INTEREST RATE:

MATURITY DATE:

DATED:

CUSIP:

3.639% per year

December 15, 2030

May 2, 2010

19954KAK7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION SIX HUNDRED SEVENTY-FIVE

THOUSAND DOLLARS

The Columbus Regional Airport Authority (the "Authority"), for value received, promises to pay to the Registered Owner named above, or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount on the Maturity Date, each as stated above, unless this Series 2019 Bond is called for earlier redemption, and to pay from those sources interest thereon at the Interest Rate stated above on June 15 and December 15 of each year, commencing June 15, 2019 (the "Interest Payment Dates") until the Principal Amount is paid or duly provided for. This Series 2019 Bond will bear interest from the most recent date to which interest has been paid or duly provided for from 15 date.

The principal of this Series 2019 Bond is payable when due upon presentation and surrender hereof of the designated corporate trust office of U.S. Bank National Association, in Columbus, Ohio, as trustee (the "Trustee"). Interest is payable on each Interest Payment Date by sheck mailed to the person in whose name this Series 2019 Bond (or one or more predecessor fonds) is registered (the "holder") at the close of business on the 15th day next preceding that hterest Payment Date (the "Regular Record Date") on the registration books for this issue (the "Register") maintained by the Trustee, as registrar, at the address appearing therein; provided, that a holder of Series 2019 Bonds may enter into an agreement with the Trustee, with the approval of the Authority, providing for making all payments to that holder of principal of and interest on this Series 2019 Bond at a place and in a manner (including wire transfer of federal funds) other than as provided in this Series 2019 Bond. Interest on this Series 2019 Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Any interest that is not timely paid or duly provided for shall cease to be payable to the holder hereof (or of one or more predecessor bonds) as of the Regular Record Date and shall be payable to the holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to holders not fewer than 10 days prior thereto. The principal of and interest on this Series 2019 Bond are payable in lawful money of the United States of America, without deduction for the services of the Trustee or any other paying agent subsequently designated.

The Series 2019 Bonds are special obligations of the Authority and do not constitute general obligations or pledge the faith and credit of the Authority but are payable solely from the sources hereinafter described. This Series 2019 Bond is one of a series of a duly authorized issue of Customer Facility Charge Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), issued under the Customer Facility Charge Master Trust Agreement dated May 2, 2019 (the "CFC Master Trust Agreement") as supplemented by the Customer Facility Charge First Supplemental Trust Agreement dated May 2, 2019 (the "CFC First Supplemental Trust Agreement" and together with the CFC Master Trust Agreement, the "CFC Trust Agreement"), each by and between the Authority and the Trustee, aggregating in the principal amount of \$94,325,000 and issued for the purpose to pay "costs" of "port authority ricilities" as those terms are defined in Sections 4582.21 through 4582.99 of the Ohio Revised Code (the "Act"), including, to (i) pay a portion of the costs of constructing the Series 2019 Project, (ii) fund a debt service reserve fund and a debt service coverage fund, and (in) pay costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds, together with debt service on any other obligations issued and outstanding on a parity with the Series 2019 Bonds as provided in the CFC Trust Agreement (collectively with the Series 2019, Bonds, the "Bonds"), are special obligations of the Authority, issued or to be issued under and to a secured and entitled equally and ratably to the protection given by, the CFC Trust Agreement. The Series 2019 Bonds are issued pursuant to the Constitution of the State of Ohio, the Act, resolutions duly adopted by the Authority, including the Certificate of Award executed by the Authority (collectively, the "Bond Legislation"), and the CFC Trust Apreement.

Reference is made to the Bond Legislation and the CFC Trust Agreement and the proceedings authorized therein (as defined in the Bond Legislation), for a more complete description of the Series 2019 Project, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Authority, the Trustee and the holders of beneficial owners of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each holder and beneficial owner assents, by its acceptance hereof, to all of the previsions of the Bond Legislation, the CFC Trust Agreement and those proceedings. A copy of the CFC Trust Agreement is on file at the designated corporate trust office of the Trustee.

The principal of and interest on the Bonds (collectively, "Debt Service Charges") are payable equally and ratably solely from the Pledged Revenues, the CFC Revenue Fund, and the Special Funds (being the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund and the CFC Supplemental Reserve Account), all as defined and as provided in the CFC Trust Agreement, and are not otherwise an obligation of the Authority. The payment of Debt Service Charges is secured (a) by the CFC Master Trust Agreement, and (b) by a pledge and assignment of and a lien on (i) the Pledged Revenues and (ii) the Special Funds, which are required to be maintained in the custody of the Trustee; provided, however, that any pledge or assignment of or lien on any fund, account, receivables, revenues, money or other intangible property not in the custody of the Trustee is valid and enforceable only to the extent permitted by law.

NOTHING IN THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT SHALL CONSTITUTE A GENERAL OBLIGATION, DEBT OR BONDED INDEBTEDNESS OF THE AUTHORITY; NEITHER THE GENERAL RESOURCES OF THE AUTHORITY SHALL BE REQUIRED TO BE USED, NOR THE GENERAL CREDIT OR TAXING POWER OF THE AUTHORITY PLEDGED, FOR THE PERFORMANCE OF ANY DUTY UNDER THE BOND LEGISLATION, THE BONDS OR THE CFC TRUST AGREEMENT; AND FURTHER, NOTHING IN THE BOND LEGISLATION, THE BONDS

OR THE CFC TRUST AGREEMENT GIVES THE HOLDERS OF BONDS, AND THEY DO NOT HAVE, THE RIGHT TO HAVE EXCISES OR TAXES LEVIED BY THE AUTHORITY, FOR THE PAYMENT OF DEBT SERVICE CHARGES.

The Bonds are not secured by a mortgage or mortgage lien upon property of the Authority.

The Series 2019 Bonds are issuable only as fully registered bonds and initially registered in the name of CEDE & CO., as nominee of The Depository Trust Company, New York, New York (DTC), a Depository (as defined in the CFC Trust Agreement), which shall be considered to be the holder of the Series 2019 Bonds for all purposes of the CFC Trust Agreement, including, without limitation, payment of Debt Service Charges thereon, and receipt of notices and exercise of rights of holders of the Series 2019 Bonds. There shall be a single Series 2019 Bond certificate for each maturity of Series 2019 Bonds. As long as the Series 2019 Bonds are in a Book Entry System (as defined in the CFC Trust Agreement), the Series 2019 Bonds shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository without further action by the Authority

If any Depository determines not to continue to access a Depository for the Series 2019 Bonds for use in a book entry system, the Authority may attempt to have established a securities depository/book entry system relationship with another Depository. If the Authority does not or is unable to do so, the Authority and the Trustee, after the Trustee has made provision for notification of the beneficial owners by notice in writing or by means of facsimile transmission to the then Depository, shall permit withdray all of the Series 2019 Bonds from the Depository, and authenticate and deliver. Series 2019 Bond certificates in fully registered form (in denominations of \$5,000 or any integral multiple thereof) to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Series 2019 Bonds), of those persons requesting such authentication and delivery unless Authority action or inaction shall have been the cause of the termination of the Bonds in a Book Entry System

The Series 2019 Bonds maturing on December 15, 2039 (the "2039 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2035 through 2038 (with the balance of \$3,775,000 to be paid at stated maturity on December 15, 2039), at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Type	Total
2035	Mandatory Redemption	\$3,220,000
2036	Mandatory Redemption	3,350,000
2037	Mandatory Redemption	3,490,000
2038	Mandatory Redemption	3,630,000

The Series 2019 Bonds maturing on December 15, 2048 (the "2048 Term Bonds") are subject to Mandatory Sinking Fund Redemption in part by lot pursuant to the terms of the Mandatory Sinking Fund Requirements of the Bond Legislation. That Mandatory Redemption is to occur on December 15 in the years 2040 through 2047 (with the balance of \$5,460,000 to be paid at stated maturity on December 15, 2048), at a redemption price equal to 100% of the

principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Type	Total
2040	Mandatory Redemption	\$3,930,000
2041	Mandatory Redemption	4,095,000
2042	Mandatory Redemption	4,265,000
2043	Mandatory Redemption	4,445,000
2044	Mandatory Redemption	4,635,000
2045	Mandatory Redemption	4,830,000
2046	Mandatory Redemption	5,030,000
2047	Mandatory Redemption	5,240,000

Term Bonds redeemed by other than Mandatory Redemption or purchased for cancellation, may be credited against the applicable Mandatory Redemption Requirement.

The Series 2019 Bonds maturing on or after December 15, 2030, are subject to optional redemption prior to maturity, in whole or in part, in the amount of \$5,000 or integral multiples thereof on any date on or after December 15, 2029 at par, plus in each case accrued interest to the redemption date.

Notice of redemption shall be given to the holder of this Series 2019 Bond to be redeemed by mailing notice of redemption by first-class mail, postage prepaid, to such holder at least 30 days prior to the redemption date at the address of such holder appearing on the Register on the fifteenth day preceding that mailing.

If fewer than all of the outstanding Series 2019 Bonds are to be redeemed, the selection of Bonds to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiples thereof, shall be made by the Trustee by lot in a manner determined by the Trustee. If Series 2019 Bonds or portions thereof are called for redemption and if on the redemption date money for the redemption thereof is held by the Trustee, including any interest accrued thereon to the redemption date, thereafter those Series 2019 Bonds or portions thereof to be redeemed shall cease to bear interest and shall cease to be secured by, and shall not be deemed to be outstanding under, the CFC Trust Agreement.

The CFC Trust Agreement permits certain amendments or supplements to the CFC Trust Agreement not prejudicial to the holders to be made without the consent of or notice to the holders, and other amendments or supplements thereto to be made with the consent of the holders of not less than a majority in Aggregate Outstanding Principal Amount (as defined in the CFC Trust Agreement) of the Bonds then outstanding.

Payment of principal of and interest on this Series 2019 Bond when due is insured by a municipal bond insurance policy issued by Assured Guaranty Municipal Corp. (the "Insurer"), as described more fully in the "Statement of Insurance" hereinafter set forth. The CFC First Supplemental Trust Agreement provides that the Insurer is entitled, subject to certain conditions, to exercise certain rights on behalf of the holders of the insured Series 2019 Bonds with respect to the declaration of an Event of Default, the exercise of remedies upon the occurrence of an Event of Default, the approval of amendments to the CFC Trust Agreement, the appointment of a successor Trustee, and the making or giving of other consents, directions or approvals permitted or required under the CFC Trust Agreement to be made or given by the holders of Bonds.

The holder of this Series 2019 Bond has only those remedies provided in the CFC Trust Agreement. The Series 2019 Bonds do not and shall not constitute the personal obligation, either jointly or severally, of the members of the Board of Directors or of any other officer of the Authority. This Series 2019 Bond shall not be entitled to any security or benefit under the CFC Trust Agreement or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee or by any authenticating agent on behalf of the Trustee.

It is certified and recited that there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by the Authority or to have happened precedent to and in the issuing of the Series 2019 Bonds in order to make them legal, valid and binding special obligations of the Authority and precedent to and in the execution and delivery of the CFC Trust Agreement; that payment in full for the Series 2019 Bonds has been received; and that the Series 2019 Bonds at not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Authority has caused this Series 2019 Bond to be executed by the facsimile signatures of the President and CEO and the Chief Financial Officer of the Authority as of the date stated above.

President and CEO

Chief Financial Officer

#### CERTIFICATE OF AUTHENTICATION

This Series 2019 Bond is the only one of the Series 2019 Bonds issued under the provisions of the within mentioned CFC Trust Agreement.

Date of Registration and Authentication: May 2, 2019

U.S. Bank National Association, as Trustee

Authorized Signer

Registrable and Payable at the designated corporate trust office of U.S. Bank National Association, in Columbus, Ohio

#### \$94,325,000

#### Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

#### CERTIFICATE OF THE CONSTRUCTION MANAGER

The undersigned authorized representative of Turner Construction Company (the "Construction Manager"), with respect to the Preliminary Official Statement dated April 9, 2019 (including all appendices and exhibits, the "Preliminary Official Statement") and the final Official Statement dated April 17, 2019 (including all appendices and exhibits, the "Official Statement"), relating to the above-referenced bonds, hereby:

- 1. acknowledges that s/he has received an electronic copy of the Preliminary Official Statement and the final Official Statement;
- 2. consents, on behalf of the Construction Manager, to the inclusion of information therein concerning the Construction Manager and its contracts with the Columbus Regional Airport Authority relating to the ConRAC (as defined in the Preliminary Official Statement); and
- 3. states that the information therein concerning the Construction Manager and its contracts with the Columbus Regional Airport Authority is true and correct as set forth in the Preliminary Official Statement, as of its date and as of April 17, 2019, and as set forth in the Official Statement as of its date and as of the date of this certificate.

TURNER CONSTRUCTION COMPANY

Dated: May 2, 2019

Printed Name:

Title: Vice President,



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April 8, 2019

Mr. Joseph Nardone President and Chief Executive Officer Columbus Regional Airport Authority John Glenn Columbus International Airport 4600 International Gateway Columbus, Ohio 43219

Subject: Columbus Regional Airport Authority

Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)

Dear Mr. Nardone:

Unison Consulting, Inc. (Unison) is pleased to submit this Financial Feasibility Report in support of the issuance of the Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (the Series 2019 Bonds). The Columbus Regional Airport Authority (CRAA, or the Authority) is issuing the Series 2019 Bonds in the principal amount of \$95.345 million under the CFC Master Trust Agreement. Proceeds from the Series 2019 Bonds, together with other lawfully available funds, will be used to:

- Finance a portion of the costs of the development and construction of a consolidated rental car facility (ConRAC) at John Glenn Columbus International Airport (CMH or the Airport), and certain enabling projects (collectively defined as the Series 2019 Project).
- Fund deposits into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Supplemental Reserve Account.
- Pay certain costs of issuance of the Series 2019 Bonds.

The Authority implemented a rental car CFC effective July 1, 2007. The CFC, which is collected by the rental car companies (RACs), was originally implemented at a rate of \$2.00 per rental car transaction day. The CFC rate has since been increased, and it is currently \$6.50 per transaction day.

#### Columbus Regional Airport Authority

The Authority owns and operates CMH. It is responsible for operating the Columbus Regional Airport System, which also includes Rickenbacker International Airport and Bolton Field. The Authority is a port authority and political subdivision of the State of Ohio (the State). It was originally created in 1991 as a body corporate and politic by the City of Columbus (the City) pursuant to the provisions of the Ohio Revised Code Sections 4582.21 through 4582.99 (the Act)

Mr. Joseph Nardone April 8, 2019 Page 2 of 6



and given responsibility for the operation of the Airport and Bolton Field. Effective January 1, 2003, the Authority was reconstituted as a body corporate and politic by the City and the County of Franklin, Ohio, pursuant to the provisions of the Act and given responsibility for the operation of the Airport, Bolton Field, and Rickenbacker International Airport.

The Ohio Revised Code empowers CRAA to issue revenue bonds for the purpose of acquiring or constructing any port authority facility. CRAA is authorized to enter into the CFC Master Trust Agreement, issue the Series 2019 Bonds, use the proceeds of the Series 2019 Bonds to finance the costs of the Series 2019 Project, and secure the Series 2019 Bonds by a pledge of the Pledged Revenues.

#### John Glenn Columbus International Airport

CMH is the primary commercial service airport serving Central Ohio. Encompassing 2,271 acres, the Airport is located in Franklin County approximately six miles east of the Columbus central business district. Primary access to the Airport is provided via Interstate 270, Interstate 670, Stelzer Road, and Hamilton Road. CMH is classified as a medium hub commercial service airport by the Federal Aviation Administration (FAA). A medium hub is defined as a community enplaning 0.25 percent to 1 percent of total U.S. enplanements. In 2018, the Airport enplaned approximately 4.08 million passengers.

#### The Series 2019 Project

The Series 2019 Project consists of the ConRAC and certain enabling projects. The ConRAC includes a customer service building, ready/return, quick turnaround (QTA) and staging/storage areas, and fueling, car wash and light maintenance facilities. The enabling projects consist of (a) providing the ConRAC with utilities and (b) relocating the FAA's Remote Transmitter and Receiver (RTR) Site.

The ConRAC will replace the existing rental car facilities in the garage adjacent to the terminal. It will contain approximately 968,500 square feet and will be built on a 10-acre parcel of land less than one mile from the terminal. The plans for the Series 2019 Project include a single, common busing operation to transport rental car customers between the passenger terminal and the ConRAC. The ConRAC will relieve space constraints in both rental car and public parking operations in the terminal garage. Once the ConRAC is completed, all rental car operations at the Airport will move to the ConRAC, increasing the public parking supply in the garage by approximately 40 percent. Rental car customers will be able to drop off and pick up rental cars from the ConRAC, alleviating congestion on the terminal roadway and in the public parking garage.

#### CFC Resolution

On January 30, 2007, the Board adopted Resolution No. 03-07 which was amended by subsequent resolutions adopted in 2008, 2011, 2015, and 2016 (collectively referred to as the "CFC Resolution"). The CFC Resolution authorized the implementation of the collection of CFCs by the rental car companies operating at the Airport. The Authority implemented the CFC, effective July 1, 2007 at a rate of \$2.00 per transaction day. The CFC Resolution and the CFC rate may be amended from time to time by the Board. The CFC rate has been increased as follows, since its implementation at \$2.00: \$3.85 effective November 1, 2008; \$4.50 effective June 1, 2011; \$5.50

Mr. Joseph Nardone April 8, 2019 Page 3 of 6



effective September 1, 2015; \$6.00 effective September 1, 2016; \$6.50 effective January 1, 2017. The current CFC rate remains at \$6.50 per transaction day, up to a maximum of seven days.

#### Customer Facility Charge First Supplemental Trust Agreement

The Customer Facility Charge First Supplemental Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated May 2, 2019 (the CFC First Supplemental Trust Agreement) sets forth the terms relating specifically to the issuance of the Series 2019 Bonds.

#### Customer Facility Charge Master Trust Agreement

The Customer Facility Charge Master Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated May 2, 2019 (the CFC Master Trust Agreement) defines the obligations of the Authority to the Trustee and the bondholders related to the Series 2019 Bonds and any subsequent bonds issued pursuant to the CFC Master Trust Agreement.

The Series 2019 Bonds are payable solely from and secured by a lien on Pledged Revenues and Pledged Funds, which include all CFC Revenues and certain other amounts and funds on deposit pursuant to the terms and conditions of the CFC Master Trust Agreement. The full definitions of Pledged Revenues and Pledged Funds as specified in the CFC Master Trust Agreement are presented in the attached Report. No revenues or funds of the Authority, other than the Pledged Revenues and Pledged Funds, are pledged to the payment of the Series 2019 Bonds.

Under the provisions of the CFC Master Trust Agreement, the Authority covenants that it will maintain, collect and remit to the Trustee a CFC in accordance with the CFC Resolution and the Concessionaire Agreements to produce sufficient CFC Revenues, together with any Concessionaire Deficiency Payments and any amounts the Authority transfers from the CFC Surplus Fund to the CFC Revenue Fund, to equal the greater of:

- 100 percent of the amounts required to be deposited into the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund, and the CFC Renewal and Replacement Fund, or
- 125 percent of the amount of Debt Service for the Fiscal Year.

#### Rental Car Concessionaire Agreements

As of January 1, 2018, the Authority entered into an Agreement for the Operation of a Rental Car Concession (Concessionaire Agreements) with each of five rental car companies (the Concessionaires), which represent the following eight brands: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty.

The term of the Concessionaire Agreements will begin effective with the opening of the ConRAC to the public (currently estimated to occur in mid-2021) and will terminate thirty years after the date of issuance of the Series 2019 Bonds. The Authority has the option to renegotiate the terms of the Concessionaire Agreements one year prior to the expected occupancy of the proposed new

Mr. Joseph Nardone April 8, 2019 Page 4 of 6



passenger terminal, and every five years thereafter. Under the provisions of the Concessionaire Agreements, the Authority has agreed to construct the Series 2019 Project, and the Concessionaires have agreed to collect the CFC and to remit CFC collections to the Authority on a monthly basis, by no later than the 20th day of the month following collection. The Concessionaires have also agreed to pay any amounts referred to as Concessionaire Deficiency Payments. The calculations and conditions related to Concessionaire Deficiency Payments are described in the attached Report.

Each Concessionaire will be allocated a portion of the Customer Service Building, Ready/Return Areas, Storage Area, and QTA Areas, to be used on an exclusive basis. Other areas of the ConRAC, such as roadways, ramps, other non-public areas of the ConRAC, and the ground upon which the ConRAC will be located, will be used in common by all of the Concessionaires. The entire ConRAC will be operated, managed, and maintained by a third party facility manager selected by the Concessionaires as a group, subject to Authority approval.

In addition to remitting to the Authority the CFCs collected each month, the Concessionaires are required to pay to the Authority a Land Use Fee for the underlying land upon which the ConRAC will be located. For each Agreement Year, the Concessionaires are also obligated to pay a Privilege Fee, which is defined as the greater of 10 percent of a Concessionaire's Gross Revenue (as defined in the Concessionaire Agreements) for the applicable Agreement Year or the Concessionaire's Minimum Annual Guarantee. Neither the Land Use Fee payments nor the Privilege Fee payments remitted to the Authority pursuant to the Concessionaire Agreements are pledged as security for the payment of the Series 2019 Bonds.

#### Report Organization

Unison has prepared the attached Report to evaluate the ability of the Authority to meet the financial requirements established by the CFC Master Trust Agreement and the other relevant documents. The following summary of the components of the Report provides an overview of the comprehensive analysis performed:

- Section 1 Introduction: An overview of the CRAA and the Airport; a description of the Series 2019 Project; and a summary of the estimated capital costs and funding sources.
- Section 2 Economic Base: An assessment of the Airport's air service area and discussion of the economic base supporting air traffic demand and rental car demand at the Airport.
- Section 3 Aviation Activity: An analysis of the historical aviation activity at the Airport and forecasts of future aviation activity.
- Section 4 U.S. Rental Car Industry: An overview of the U.S. rental car industry and the rental
  car companies operating at the Airport.
- Section 5 Airport Rental Car Activity: An analysis of the recent trends in rental car activity
  at the Airport and a presentation of the forecast of annual rental car demand (in terms of
  transaction days).
- Section 6 Financial Analysis: A description of the legal framework for the financing and operation of the ConRAC; a discussion of the funding plan; and projections of important

Mr. Joseph Nardone April 8, 2019 Page 5 of 6



financial indicators, including CFC Revenues and certain financial requirements pursuant to the CFC Master Trust Indenture.

#### Assumptions

The analysis and forecasts of rental car demand at the Airport contained in the attached Report are based upon certain data, estimates, and assumptions that were provided by the Airport and the rental car companies, and certain data and projections from other independent sources. The attached Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions. In our opinion, the data, estimates, and assumptions used in the report are reliable, and provide a reasonable basis for our forecast given the information available and circumstances as of the date of this report. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from the forecasts, and the variations could be material.

The forecast of enplanements at the Airport were developed using a hybrid forecast framework. For 2019, enplanements were forecast based on the planned aircraft seats reported in the air carriers' 2019 schedules. For the years beyond 2019, a multivariate regression model was developed that relates enplanements to the key growth drivers, including regional economic trends and passenger yield trends. Forecast risk analysis was performed using Monte Carlo simulation. The 25-percentile result from Monte Carlo Simulation was designated as the low enplanement forecast.

The forecast of rental car demand was developed also using multivariate regression analysis that quantified the contributions to trends in transaction days of relevant explanatory variables, including Airport enplanements, economic trends, the price of renting a car, and the impact of TNCs. Base and low forecasts of transaction days were prepared based on the base and low forecasts of enplanements and the other explanatory variables.

The key assumptions underlying the financial analysis and projections are summarized below:

- The per-transaction day CFC rate will be maintained at the current level of \$6.50 throughout the forecast period.
- The Series 2019 Project will be completed in mid-2021.
- The capital cost of the Series 2019 Project will total approximately \$157.2 million.
- The Series 2019 Project costs will be funded with a combination of CFCs collected prior to the issuance of the Series 2019 Bonds, and a portion of the proceeds of the Series 2019 Bonds.
- The Series 2019 Bonds will be issued at a par amount of \$95.3 million, with a 30-year bond amortization schedule and an estimated true interest cost (TIC) of approximately 5.08 percent.

Mr. Joseph Nardone April 8, 2019 Page 6 of 6



#### Summary of Findings

The key findings are summarized below:

- Enplanements are forecast to increase at a compound annual growth rate (CAGR) of 1.7
  percent from 2019 through 2029, to 5.02 million enplanements in 2029. Under the low
  forecast, enplanements are forecast to grow at a CAGR of 1.2 percent, to 4.79 million in 2029.
- Transaction days are forecast to increase at a CAGR of 2.4 percent from 2019 through 2029, to approximately 2.2 million in 2029. Under the low forecast, transaction days are forecast to grow at a CAGR of 1.2 percent, to 1.9 million in 2029.
- CFC Revenues are projected to increase to approximately \$13.7 million in 2029. Under the low transaction day forecast, CFC Revenues are projected to increase to \$11.8 million in 2029.
- The CFC Surplus Fund is projected to increase to approximately \$44.1 million in 2029. Under the low transaction day forecast, the CFC Surplus Fund is projected to increase to \$30.8 million in 2029.
- Debt service coverage is projected to remain well above the 1.25 minimum requirement specified in the Rate Covenant.

Based on the analysis contained in the attached Report, we conclude that the issuance of the Series 2019 Bonds is financially feasible.

Sincerely,

UNISON CONSULTING, INC.

Unison Consulting, Inc.

#### JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT

# COLUMBUS REGIONAL AIRPORT AUTHORITY CUSTOMER FACILITY CHARGE REVENUE BONDS SERIES 2019

## **FINANCIAL FEASIBILITY REPORT**

April 8, 2019

Prepared by:



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# SECTION 1 | INTRODUCTION

The Columbus Regional Airport Authority (CRAA, or the Authority) is issuing Customer Facility Charge (CFC) Revenue Bonds, Series 2019 (Federally Taxable) in the approximate principal amount of \$95.345 million (Series 2019 Bonds), under the CFC Master Trust Agreement. Proceeds from the Series 2019 Bonds, together with other lawfully available funds, will be used to:

- Finance a portion of the costs of the development and construction of a consolidated rental car facility (ConRAC) at John Glenn Columbus International Airport (CMH or the Airport), and certain enabling projects (collectively defined as the Series 2019 Project).
- Fund deposits into the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Supplemental Reserve Account.
- Pay certain costs of issuance of the Series 2019 Bonds.

The Authority implemented a rental car CFC effective July 1, 2007. The CFC, which is collected by the rental car companies (RACs), was originally implemented at a rate of \$2.00 per rental car transaction day. The CFC rate has since been increased, and it is currently \$6.50 per rental car transaction day.

The Series 2019 Bonds are payable solely from and secured by a lien on Pledged Revenues and Pledged Funds, which are defined in the CFC Master Trust Agreement as follows:

"Pledged Revenues" means collectively, (a) all CFC Revenues, (b) any Concessionaire Deficiency Payments received by or on behalf of the Authority, (c) any investment income realized from any investment made from any money credited to the CFC Revenue Fund, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, and the CFC Debt Service Coverage Fund, and (d) any other money pledged in a CFC Supplemental Trust Agreement to secure the Bonds issued under the CFC Master Trust Agreement. Pledged Revenues do not include (a) any income resulting from investment of money on deposit in the CFC Construction Fund, the CFC Administrative Costs Fund, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund or the CFC Surplus Fund, (b) proceeds of Bonds, (c) proceeds of the sale of any portion of the Airport (including CFC Facilities) or the profit or loss from the sale or other disposition, not in the ordinary course of business, of any fixed or capital assets of the Airport (including CFC Facilities), (d) proceeds of insurance (other than insurance that provides for lost CFC Revenues when the Airport is unable to function) or eminent domain proceedings, or (e) any receipts of the Authority which are characterized as Revenues.

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<sup>&</sup>lt;sup>1</sup> The capitalized terms are defined terms in the CFC Trust Agreement, and they are further explained in Section 6 of this Report.

"Pledged Funds" means, collectively, the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Supplemental Reserve Fund, together with any accounts within those Funds, and the CFC Revenue Fund to the extent that money in that Fund constitutes Pledged Revenues. Pledged Funds do not include the CFC Construction Fund, the CFC Administrative Costs Fund, which includes the CFC Rebate Account, the CFC Administration Account and the CFC Insurance Account, the CFC Renewal and Replacement Fund, the CFC Common Use Busing Fund and the CFC Surplus Fund (except for the CFC Supplemental Reserve Account), or any accounts (except the CFC Supplemental Reserve Account) created in those Funds

No revenues of the Authority, other than the Pledged Revenues, are pledged to the payment of the Series 2019 Bonds.

The remainder of this section describes the Authority, the Airport, the Series 2019 Project, and the sources and uses of funds. The remainder of the report presents detailed information about the Airport's air service area (Section 2), passenger traffic trends (Section 3), the rental car industry as whole (Section 4), trends in the Airport's rental car market in particular (Section 5), and the financial analysis of the Series 2019 Project (Section 6).

### **Columbus Regional Airport Authority**

The Authority owns and operates CMH. It is responsible for operating the Columbus Regional Airport System, which also includes Rickenbacker International Airport and Bolton Field. The Authority is a port authority and political subdivision of the State of Ohio (the State). It was originally created in 1991 as a body corporate and politic by the City of Columbus (the City) pursuant to the provisions of the Ohio Revised Code Sections 4582.21 through 4582.99 (the Act) and given responsibility for the operation of the Airport and Bolton Field. Effective January 1, 2003, the Authority was reconstituted as a body corporate and politic by the City and the County of Franklin, Ohio, pursuant to the provisions of the Act and given responsibility for the operation of the Airport, Bolton Field, and Rickenbacker International Airport.

The Ohio Revised Code empowers CRAA to issue revenue bonds for the purpose of acquiring or constructing any port authority facility. CRAA is authorized to enter into the CFC Master Trust Agreement, issue the Series 2019 Bonds, use the proceeds of the Series 2019 Bonds to finance the costs of the Series 2019 Project, and secure the Series 2019 Bonds by a pledge of the Pledged Revenues.

### John Glenn Columbus International Airport

CMH is the primary commercial service airport serving Central Ohio. Figure 1 shows the aerial view of the Airport. Encompassing 2,271 acres, the Airport is located in Franklin County approximately six miles east of the Columbus central business district. Primary access to the Airport is provided via Interstate 270, Interstate 670, Stelzer Road, and Hamilton Road.

CMH is classified as a medium hub commercial service airport by the Federal Aviation Administration (FAA). A medium hub is defined as a community enplaning 0.25 percent to 1

percent of total U.S. enplanements. In 2018, the Airport enplaned approximately 4.08 million passengers.



Figure 1 | Aerial View of John Glenn Columbus International Airport

The Airport's largest passenger carrier is Southwest Airlines, the second largest scheduled domestic market U.S. passenger carrier based on its share (18.2 percent) of U.S. system revenue passenger miles in 2017. Southwest Airlines holds the record among U.S. airlines for consistently earning profits through changes in the business cycle. In 2018 Southwest reported its 46<sup>th</sup> consecutive annual profit in 47 years of operations.

CMH is the 49<sup>th</sup> largest airport in the United States by total passenger traffic, according to 2017 airport traffic data compiled by the Airports Council International-North America (ACI-NA) – the most recent year for which those statistics are available. CMH is also the second largest airport in Ohio, following Cleveland Hopkins International Airport.

CMH's primary service area is the Columbus, OH, Metropolitan Statistical Area (Columbus MSA), Ohio's second largest MSA both by population and by the size of the economy measured by gross domestic product (GDP).

The Airport's major facilities are described below.

- Airfield and Aircraft Parking Aprons The Airport has two parallel east/west runways
  and related taxiways. The two parallel runways are Runway 10R/28L, the primary air
  carrier runway, and Runway 10L/28R, which serves as a secondary commercial service
  runway. The Airport also has general aviation (GA) tie-down space with 41 local ramp
  apron positions and 83 itinerant ramp positions, encompassing approximately 42,500
  square yards.
- *Terminal Facilities* The terminal contains 898,890 square feet. It is configured with a two-level main terminal and three, two-level pier concourses with second level boarding. The second level boarding concourses provide 32 gates, including one international customs gate.
- Roadways and Parking The Airport's entrance road splits into two levels: an upper level roadway for departing passengers and a lower level for arriving passengers. The Airport provides short- and long-term public parking in the garage adjacent to the terminal, and long-term parking in four remote surface lots.
- Other Facilities There are 21 other buildings located at the Airport. These include two
  air cargo buildings, an in-flight kitchen facility, fixed based operator hangars, private
  corporate hangars, NetJets corporate headquarters, Flight Safety training facility, three
  flex-warehouses, three hotels, rental car facilities currently in the parking garage
  adjacent to the terminal, and two restaurants. The FAA's Air Traffic Control Tower and
  Terminal Radar Approach Control Facility (TRACON) are also located on Airport
  property.

#### The Series 2019 Project

The Series 2019 Project consists of the ConRAC and certain enabling projects. The ConRAC includes a customer service building, ready/return, quick turnaround (QTA) and staging/storage areas, and fueling, car wash and light maintenance facilities. The enabling projects consist of (a) providing the ConRAC with utilities and (b) relocating the FAA's Remote Transmitter and Receiver (RTR) Site.

The ConRAC will replace the existing rental car facilities in the garage adjacent to the terminal. It will contain approximately 968,500 square feet and will be built on a 10-acre parcel of land less than one mile from the terminal. The plans for the Series 2019 Project include a single, common busing operation to transport rental car customers between the passenger terminal and the ConRAC.

The ConRAC will contain the following facilities:

- *Customer service building* A single-story building encompassing almost 12,000 square feet. This building will contain 34 customer counter positions and rental car company back offices (shell spaces to be finished by the tenants).
- Ready/Return garage A three-level garage with top deck storage parking. The ready/return areas will encompass approximately 637,000 square feet, providing 812 ready stalls, 636 return stalls, 1,058 storage parking spaces, escalators and elevators, and public restrooms.
- *QTA garage* A three-level garage, plus an uncovered top deck. The QTA garage will contain 204 vehicle stacking positions, 54 fuel positions, nine car wash bays, six light maintenance bays, support office facilities (shell spaces to be finished by the tenants), and office space for the third-party operator.
- *Bridges and helices* Bridges and helices connect the different ConRAC facilities and make up approximately 72,000 square feet.

The ConRAC will relieve space constraints in both rental car and public parking operations in the terminal garage.

Currently, the RACs occupy the first two levels of the six-level terminal garage, and the top four levels are used for public parking. The RACs have asked for more spaces, but the Authority is unable to accommodate this request because more spaces are also needed to accommodate growing demand for public parking. Keeping rental car operations in the terminal garage presents the following three main disadvantages:

- It limits public parking supply in the garage.
- It limits the space available for rental car operations.
- The support equipment and fueling system for the rental car operations in the parking garage are nearing the end of their useful lives, requiring frequent and costly maintenance.

The garage continues to experience weekly closure of its long-term parking area during peak hours on Tuesdays and Wednesdays despite the opening of a new surface lot to relieve the parking supply constraint. In early 2017, the Authority opened a parking lot between the parking garage and the hotels located adjacent to the garage. The new lot, named the "walking lot," is a short walk to the passenger terminal. In 2017, the Authority also relocated the valet parking operations out of the parking garage to increase public parking capacity in the parking garage.

Once the ConRAC is completed, all rental car operations at the Airport will move to the ConRAC, increasing the public parking supply in the garage by approximately 40 percent. Rental car customers will be able to drop off and pick up rental cars from the ConRAC, alleviating congestion on the terminal roadway and in the public parking garage. A future passenger terminal building

could be located near the ConRAC; however, the potential new terminal is still in the preliminary concept stage.

Figure 2 provides a schematic of the location of the ConRAC and the existing passenger terminal. The shuttle bus route is approximately 1.7 miles round trip with an estimated headway of less than five minutes.

The ConRAC will relieve space constraints in both rental car and public parking operations in the terminal garage. Table 1 shows the major components of the ConRAC and Figure 3 presents an artist's rendering of the ConRAC.

### Construction Manager at Risk Agreement for ConRAC

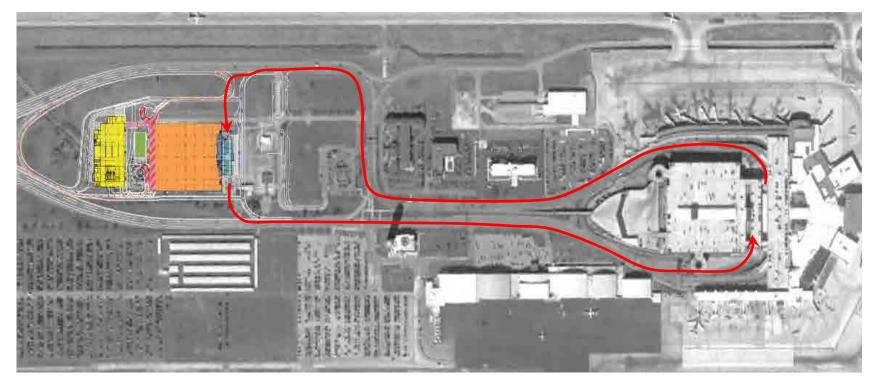
On July 14, 2017, CRAA entered into a Construction Manager at Risk Agreement with Turner Construction Company (Turner), one of the largest construction management companies in North America. Turner has worked for 50 years in the Columbus area, completing approximately \$250 million in construction projects annually. The company is known for undertaking large, complex projects, fostering innovation, and using emerging technologies. Turner has a staff of 5,200 employees, each year completing 1,500 construction projects worth \$10 billion.<sup>2</sup> Turner's experience includes consolidated rental car facilities built in San Antonio, Seattle, and Miami. Based upon that experience, Turner has developed an understanding of the challenges of building a ConRAC, as well as a strong local subcontractor network.

Turner has heretofore provided and the Authority has approved and executed guaranteed maximum price (GMP) contracts in the approximate aggregate amount of \$73.5 million for early site work, foundations and utility corridor work as part of the Series 2019 Project. Following commencement of that part of the Series 2019 Project, design of the remainder of the Series 2019 Project was completed. In March 2019 Turner provided, and the Authority accepted but will not execute until the Series 2019 Bonds are delivered, a GMP contract in the approximate amount of \$62.7 million for additional costs relating to the construction of the Series 2019 Project. Upon delivery of the Series 2019 Bonds, the Autority will have executed GMP contracts to provide for the entire cost of constructing the ConRAC.

The total estimated cost of the Series 2019 Project is \$152.7 million and of that amount, approximately (i) \$136.2 million has either been paid or committed to be paid from CFCs heretofore collected and/or proceeds from the Series 2019 Bonds, all pursuant to GMP contracts heretofore executed by Turner and other construction companies, (ii) \$8.6 million is expected to be paid by the Authority from CFCs heretofore collected and/or proceeds for the Series 2019 Bonds and (iii) \$7.9 million has been reserved for contingencies and will be paid by the Authority from CFCs heretofore collected and/or proceeds for the Series 2019 Bonds.

<sup>&</sup>lt;sup>2</sup> Turner Construction Company website (http://www.turnerconstruction.com/about-us).





Source: The Authority.

Table 1 | ConRAC Major Components

QTA Garage	Ready/Return Garage	Customer Service Building
247,000 sq.ft. garage with 3 covered levels plus an uncovered top level	637,000 sq. ft. garage with 3 covered levels plus an uncovered top level	12,000 sq. ft.
200+ vehicle stacking station	1,400 Ready/Return stalls	34 counter positions
54 fuel positions	1,000+ storage parking spaces	Back offices
Top level storage	Top level storage	

Source: The Authority.

Figure 3 | Artist Rendering of ConRAC



# Series 2019 Project Budget

As of the date of this Report, CRAA estimates that the development, construction, equipping and improvement of the Series 2019 Project will cost approximately \$152.7 million, as summarized on Table 2.

Table 2 | Series 2019 Project Budget

Project Component	Amount	
ConRAC		
Design	\$9,867,343	
Construction		
Customer Service Building	10,621,212	
Ready/Return Garage	43,383,363	
QTA	47,009,244	
Total Construction	\$101,013,819	
Testing and Inspections	1,835,186	
CM Pre-construction Services	874,047	
Cell Phone Lot Relocation	895,006	
Environmental Costs	2,000,000	
Soft Costs <sup>1</sup>	10,526,510	
Tenant Fit-out Allowance	2,000,000	
Project Contingency	7,888,089	
ConRAC Total	\$136,900,000	
Enabling Projects	15,800,000	
PROJECT TOTAL	\$152,700,000	

 $<sup>^{\</sup>rm 1}\,\rm Soft$  Costs include planning studies, insurance, project management, etc. Source: The Authority.

# SECTION 2 | ECONOMIC BASE

Demographic and economic trends influence the demand for air travel and rental car services at the Airport. Local trends are just as important a factor in drawing visitors flying through the Airport and renting cars, as they are in determining residents' demand for air travel. Local demographic attributes, economic conditions and tourist attractions contribute to the attractiveness of the local area as a business and leisure destination. National trends determine air travel demand nationwide. They also affect local economic trends in an airport's air service area. The Airport serves primarily the Columbus MSA,<sup>3</sup> which consists of the adjacent counties of Delaware, Fairfield, Franklin, Hocking, Licking, Madison, Morrow, Perry, Pickaway and Union (Figure 4).

The Columbus MSA has one other commercial service airport, Rickenbacker International Airport (LCK), which is also owned and operated by the Authority. LCK is located in Franklin County approximately 15 miles from downtown Columbus. It is a major cargo facility and is utilized by the Ohio Air National Guard. It also offers commercial passenger service by Allegiant Air, which flies to various leisure destinations year-round and seasonally. LCK's primary role is to provide the Columbus MSA with air freight, logistics and warehouse/distribution services. It does not compete with CMH for passengers. Its passenger service by Allegiant Air serves a different and small segment of the local air travel market.

Within a two-hour drive of CMH, Columbus MSA residents have access to commercial passenger service at Cleveland Hopkins International Airport (CLE), Cincinnati/Northern Kentucky International Airport (CVG), Dayton James M. Cox International Airport (DAY), and Akron/Canton Regional Airport (CAK). CLE and CVG are the most comparable to CMH in scheduled passenger air service offered.

Figure 5 shows the area within a one-hour drive from CMH. The Airport, however, serves a much larger catchment area extending beyond the one-hour drive area, shown in Figure 6, according to a "true" market study conducted for CRAA in 2017. CMH retains 93 percent of passengers originating in its core catchment area covering a population of 2.6 million. Beyond the core service area, within a three-hour drive, CMH attracts 20 percent of passenger demand when it offers a nonstop option. The entire area within a three-hour drive, including the core catchment area, contains a total population of 4.1 million.

<sup>&</sup>lt;sup>3</sup> Metropolitan Statistical Areas are county-based geographical divisions with a high degree of social and economic integration, developed by the U.S. Office of Management and Budget (OMB) for federal data collection and analysis purposes.

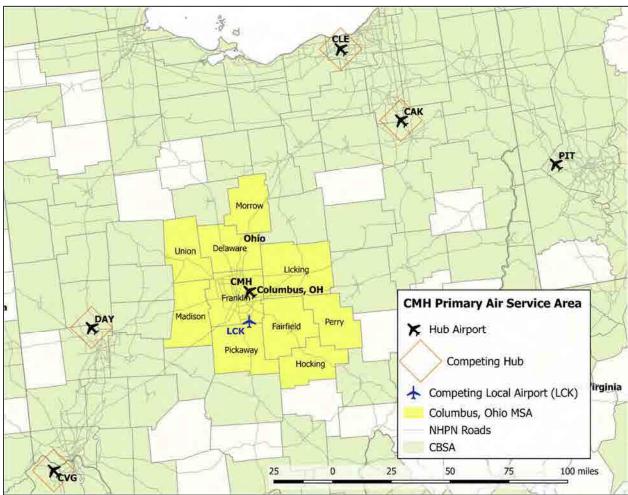


Figure 4 | CMH Primary Air Service Area - Columbus, OH, MSA

Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y	and only	1 6			17.3
	Scheduled Passenger Service for CY2018				
			Nonstop	Driving	
	Scheduled	Scheduled	Destinations	Distance to	Driving Time
Airport	Flights	Seats	(>1 flight/yr)	СМН	to CMH
Cleveland Hopkins International (CLE)	53,678	5,855,038	58	132 miles	1 h 54 min
Cincinnati Northern Kentucky (CVG)	53,929	5,483,670	58	126 miles	1 h 51 min
Columbus John Glenn International (CMH)	49,980	5,090,402	41		
Dayton James M. Cox International (DAY)	17,571	1,192,708	17	76 miles	1 h 06 min
Akron/Canton Regional (CAK)	8,708	588,489	13	134 miles	1h 58 min
Columbus Rickenbacker International (LCK)	1,086	186,739	10	19 miles	24 min

Source: Unison Consulting, Inc., OAG Analyzer for airline schedules, and Google Maps for driving distances and times based on the fastest route and usual traffic.

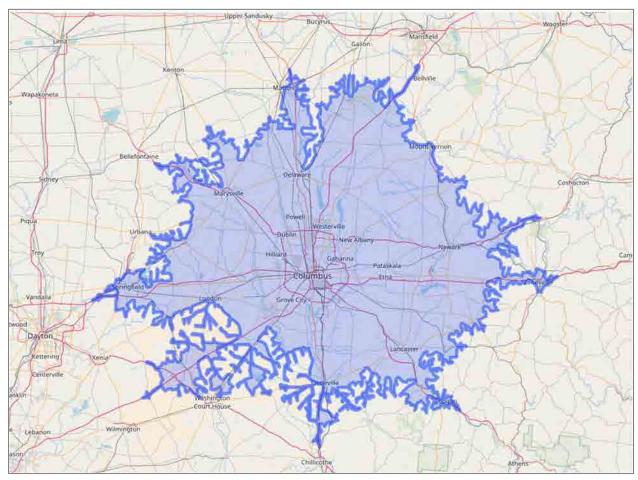


Figure 5 | CMH's One-Hour Drive Service Area

 $Source: Unison\ Consulting,\ Inc.,\ using\ R,\ OpenStreetMap,\ and\ openrouteservice\ APIs.$ 

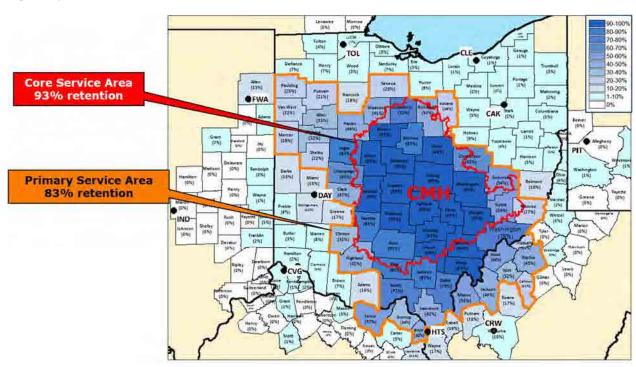


Figure 6 | CMH's Broad Catchment Area

Source: Columbus Regional Airport Authority, CMH Catchment Area, 2017.

# **Population**

The Columbus MSA is the 2<sup>nd</sup> largest MSA in Ohio with a share of approximately 18 percent of the State's population. The metropolitan areas of the Cincinnati MSA and the Cleveland MSA are the largest and 3<sup>rd</sup> largest MSAs in the State, respectively. The three MSAs make up over 50 percent of the Ohio state population (Table 3).

Figure 7 compares the population growth rates in the Columbus MSA with those in Ohio and the United States. From 2006 to 2017, the population of the Columbus MSA grew an average of 1.2 percent annually, 1.5 times the national population growth rate (0.8 percent) and nine times the Ohio state population growth rate (0.1 percent). The relatively high population growth rate in Columbus can be attributed to growing levels of high-skilled employment offered in the region, particularly since 2010.

Table 3 | Ohio State and MSA Populations

MSA	Population as of July 1, 2017	Share of State Population	Rank by Population	Population Change from 2007
State of Ohio Total	11,658,609	100%	-	1.4%
Cincinnati, OH-KY-IN	2,179,082	19%	1	4.6%
Columbus, OH	2,078,725	18%	2	12.9%
Cleveland-Elyria, OH	2,058,844	18%	3	-1.6%
Dayton, OH	803,416	7%	4	0.2%
Akron, OH	703,505	6%	5	0.0%
Toledo, OH	603,668	5%	6	-1.6%
Youngstown-Warren-Boardman, OH-PA	541,926	5%	7	-5.8%
Canton-Massillon, OH	399,927	3%	8	-1.5%
Huntington-Ashland, WV-KY-OH	356,474	3%	9	-1.9%
Wheeling, WV-OH	141,254	1%	10	-5.0%
Springfield, OH	134,557	1%	11	-3.8%
Mansfield, OH	120,589	1%	12	-5.0%
Weirton-Steubenville, WV-OH	118,250	1%	13	-5.6%
Lima, OH	103,198	1%	14	-3.3%

 $Source: U.S.\ Census\ Bureau\ mid-year\ population\ estimates.$ 

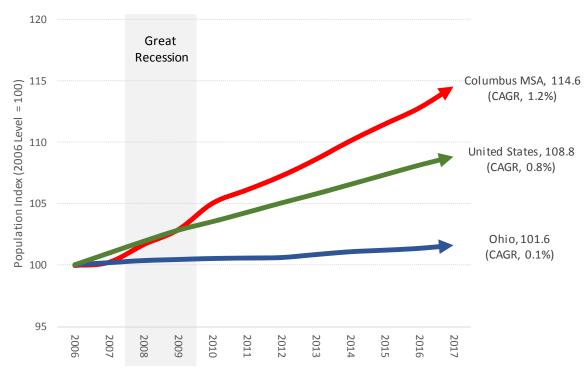


Figure 7 | Population Growth

Note: Beginning in 2010, the delineation of the Columbus MSA changed to include Hocking and Perry counties. For the years prior to 2010, the populations of these two counties were added to the population estimates for the previous, smaller delineation of the Columbus MSA for a consistent evaluation of population trends.

Source: U.S. Census Bureau mid-year population estimates.

# Population Education Attainment

An educated population is important for long-term economic growth for many reasons. Places with a more educated workforce add jobs and population faster because they are more attractive to businesses seeking highly skilled workers. They are also more resilient to economic recessions and transformations because their educated workforce can adapt better to changes in skills required by businesses. Workers with higher education levels typically earn higher wages and receive larger wage increases than less educated workers. In the Columbus MSA, the economy continues to diversify toward knowledge-based industries that require more education.

Population education attainment in the Columbus MSA continues to exceed the State and national benchmarks (Figure 8). In 2017, Columbus had 8 percentage points more people 25 years and older with a bachelor's degree or higher than the State and 4 percentage points more than the nation. In Columbus, the proportion of people 25 years of age or older attaining a bachelor's degree or higher increased by 7 percentage points from 2010 to 2017.

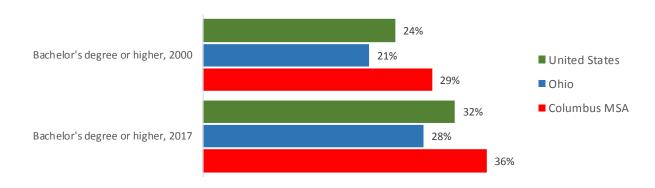


Figure 8 | Proportion of the Population 25 Years and Older Holding a Bachelor's Degree or Higher

Source: U.S. Census Bureau, Decennial Census 2000 and American Community Survey 2017.

#### **Labor Market**

Trends in the labor market reflect business conditions and overall economic well-being—factors that influence the demand for air travel. Job growth reflects the pace of economic growth in an area, which is important for raising living standards, boosting consumer confidence and increasing consumer spending.

As Ohio's 2<sup>nd</sup> largest MSA by population, Columbus is a large employment center with a diversified distribution of industries. In 2018, the Columbus MSA provided approximately 1.1 million full-time and part-time nonfarm jobs.<sup>4</sup> Job creation is important for raising living standards, boosting consumer confidence, and increasing consumer spending. Figure 9 shows that the Columbus MSA outperformed Ohio and the United States in nonfarm job growth from 2006 through 2018. Nonfarm jobs increased 15.6 percent in Columbus, compared with 3.3 percent in Ohio and 9.2 percent in the United States.

The Great Recession was the worst economic downturn to face the nation since the Great Depression of the 1930s. The Columbus MSA suffered significant employment losses, 4.2 percent from the pre-recession peak in 2007 to the lowest level in 2010. But these losses were relatively small compared with the losses experienced by the entire state of Ohio (7.2 percent) and the entire nation (5.5 percent). The pace of job creation in Columbus accelerated since 2010, accompanied by an acceleration in population and real GDP growth rates. Nonfarm employment surpassed the pre-recession peak in 2012 in Columbus, compared with 2016 in Ohio and 2014 in the entire nation.

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<sup>&</sup>lt;sup>4</sup> The U.S. Bureau of Labor Statistics measures nonfarm jobs as the number of full-time and part-time positions on company payrolls, including civilian government agencies. This definition excludes self-employed, unpaid, and household workers.

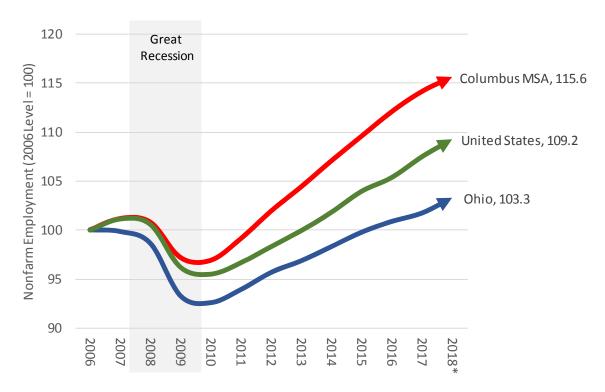


Figure 9 | Nonfarm Employment Trends

The Columbus MSA's civilian labor force expanded by 11.2 percent from 2006 to 2018, outpacing labor force growth in Ohio (-2.9 percent) and in the United States (7.0 percent) (Figure 10). Within the Columbus MSA's labor force, the number of those employed increased 12.5 percent from 2006 to 2018, and the unemployment rate decreased from 4.8 percent in 2006 to 3.7 percent in 2018 (Figure 11).

<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

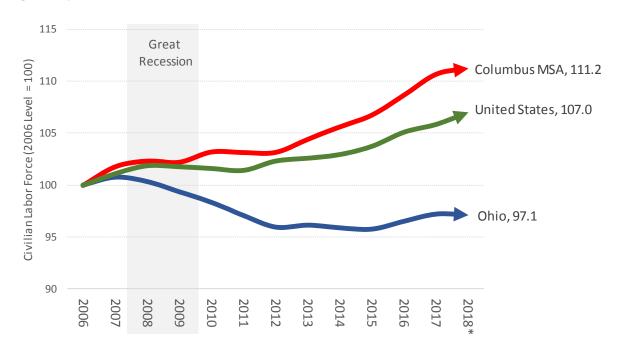
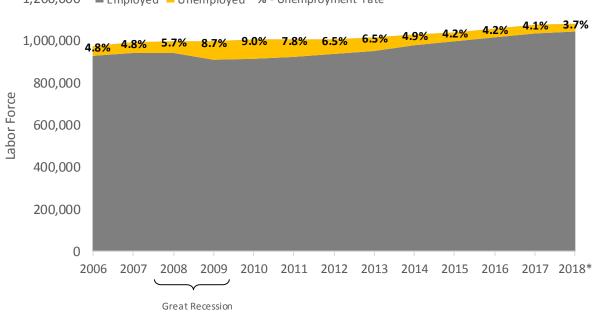


Figure 10 | Trends in the Civilian Labor Force

<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.



Figure 11 | Columbus MSA Civilian Labor Force



<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

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The unemployment rates in the Columbus MSA and the state of Ohio rose with the national unemployment rate during the last U.S. economic recession (Figure 12). The Columbus MSA's unemployment rate rose to a peak of 9 percent in 2010, lower than the peak unemployment rates for Ohio (9.6 percent) and the nation (10.2 percent). Unemployment rates have since fallen all over the country, and the Columbus MSA has maintained unemployment rates lower than the averages for the entire state and the nation. In 2018, the unemployment rate in the Columbus MSA was 3.7 percent, lower than the Ohio state unemployment rate (4.5 percent) and the national unemployment rate (3.9 percent).

Between 2015 and 2017, the unemployment rates in the Columbus MSA and in Ohio remained flat because of a decrease in manufacturing jobs, particularly in the auto industry.<sup>5</sup>

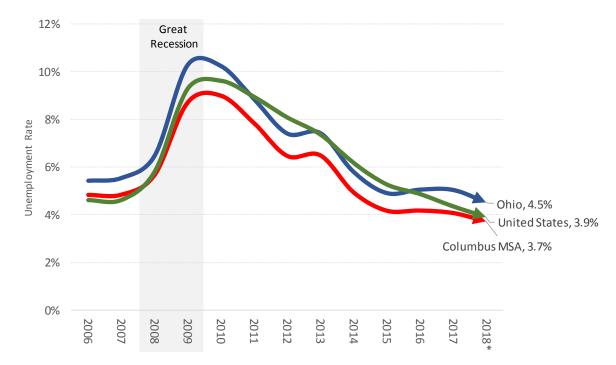


Figure 12 | Unemployment Trends

## Employment by Industry

The Columbus MSA has a diversified employment base, with no industry supersector<sup>6</sup> accounting for more than 20 percent of nonfarm jobs in 2017 (Figure 13). Economic diversification reduces Columbus' vulnerability to a downturn in any particular industry, such as the downturns in the oil

<sup>\*</sup> Estimate based on preliminary data for December 2018. Source: U.S. Bureau of Labor Statistics, Current Population Survey.

<sup>&</sup>lt;sup>5</sup> "Ohio's Unemployment Rate Rises in July," *The Blade*, August 2017.

<sup>&</sup>lt;sup>6</sup> The U.S. Bureau of Labor Statistics uses the term "supersector" to refer to a high-level aggregation of related industries.

industry and in the manufacturing industry that affected other parts of the country. The three largest industry supersectors in Columbus are:

- Trade, transportation and utilities (19.1 percent).
- Professional and business services (16.6 percent).
- Government (16.2 percent).

In 2017, the distribution of nonfarm jobs by industry in the Columbus MSA compared to those in Ohio and the United States, except in manufacturing. Columbus has only one-half (6.7 percent) of the proportions of jobs in the manufacturing sector in Ohio (12.4 percent) and the United States (12.6 percent).

Columbus once had a sizeable manufacturing sector, 13.5 percent of the MSA's total nonfarm jobs in 1990. That year, Ohio had 21.7 percent of the state total nonfarm employment in the manufacturing sector. Like other former manufacturing centers, Columbus and the entire state had lost jobs to Southeast Asia and the Indian sub-continent which boast significantly lower costs for the production of durable goods. The reduction in the size of its manufacturing sector limited Columbus' exposure to the continuing decline in employment in this sector, especially following the Great Recession when the demand for durable goods decreased.

From 2006 to 2017, the fastest growing industry supersectors in the Columbus MSA were education and health services, growing 47 percent, followed by professional and business services, which grew 25 percent (Figure 14). Jobs in knowledge-based industries have been gaining ground in Columbus especially since 2009. Employers are drawn to the large educated workforce associated with The Ohio State University. Young professionals and families are drawn to the metropolitan area's well-known arts, sporting events and vibrant scene.

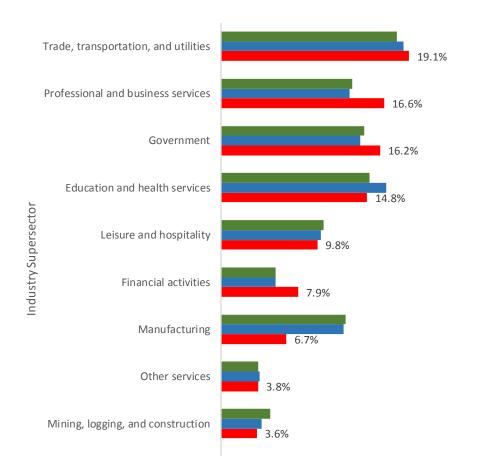


Figure 13 | 2017 Industry Distribution of Nonfarm Jobs

Source: U.S Bureau of Labor Statistics, Current Employment Statistics Survey.

Information

0%

5%

■ United States ■ Ohio ■ Columbus MSA

10%

15%

Share of Nonfarm Employment

20%

25%

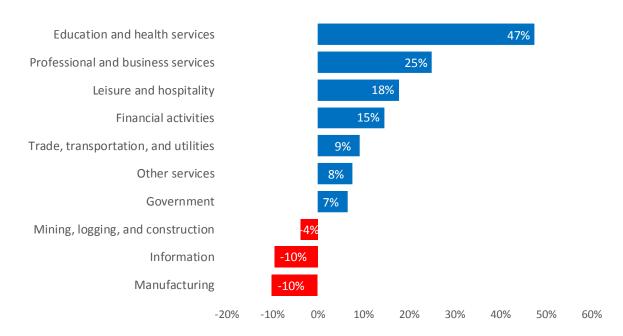


Figure 14 | Columbus MSA Change in Employment by Industry, 2006-2017

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics Survey.

Table 2 lists Columbus' largest employers, with The Ohio State University at the top of the list.

Table 4 | Columbus MSA's Largest Employers in 2017

Employer	Sector	No. of Employees
The Ohio State University*	Education	29,685
The State of Ohio*	Government	22,030
JPMorgan Chase	Financial Activities	16,975
OhioHealth*	Health Care	16,000
Nationwide*	Financial Activities	11,235
United States Government	Government	10,800
City of Columbus*	Government	8,653
Columbus Public Schools*	Education	8,611
Mount Carmel Health System*	Health Care	8,448
Honda of America Manufacturing, Inc.	Manufacturing	7,400
Franklin County*	Government	6,048
Nationwide Children's Hospital*	Health Care	5,762
Kroger Company	Retail Trade	5,417
Limited Brands*	Retail Trade	5,200
Huntington Bancshares Inc.*	Financial Activities	4,170
Cardinal Health*	Health Care	4,030
Medco Health Solutions	Health Care	3,831
American Electric Power*	Utilities	3,527
Battelle Memorial Institute*	Professional Services	2,618
Southwestern City Schools*	Education	2,500
Abbott Nutrition	Manufacturing	2,055
Alliance Data	Information	2,030
Emerson Network/Liebert Corporation*	Control Systems	2,000
State Farm Insurance	Financial Activities	1,894
Dublin City Schools*	Education	1,750
TS Tech	Manufacturing	1,720
Hilliard City Schools*	Education	1,700
Olentangy Local Schools*	Education	1,700
Teleperformance	Information	1,620
DHL Supply Chain*	Logistic	1,600
Giant Eagle	Retail Trade	1,600
Ashland, Inc.	Chemicals/Technology	1,500
McGraw-Hill	Publishing	1,495
Big Lots, Inc.*	Retail Trade	1,310
Chemical Abstracts*	Information	1,300
Worthington Industries*	Manufacturing	1,229
Anchor-Hocking	Manufacturing	1,200
Aetna Health	Health Care	1,180
Anthem Blue Cross	Manufacturing	1,129
Boehringer Roxane	Pharmaceuticals	1,110
Time-Warner	Cable TV/Internet/Telephone	1,084

<sup>(\*) -</sup> Company based in Columbus MSA

Source: City of Columbus.

#### **Tourism**

According to the 2017 Annual Report of Experience Columbus, the Columbus MSA receives 39.9 million visitors each year. These visitors spend \$6.4 billion in the metropolitan area, generating an overall economic impact of \$9.7 billion each year.

Columbus is home to world-class museums:

- The Columbus Museum of Art features a collection of art and hosts interesting exhibits.
- The National Veterans Memorial and Museum connects visitors with the story of veterans through an interactive journey supported by a collection of exhibits.
- Perkins Observatory hosts public programs and serves as the home to the Columbus Astronomical Society.
- Ohio Railway Museum features a large collection of both static and operational railway equipment.
- Early Television Museum features a large collection of televisions from the 1920s, '30s and '40s.
- Motorcycle Hall of Fame Museum features classic cycles as well as its surrounding culture.
- Mid-Ohio Historical Museum features collections of antique and modern children's toys.
- Motts Military Museum features historical memorabilia.

Columbus is also known for its performing arts institutions:

- Opera Columbus
- BalletMet
- The Columbus Symphony Orchestra
- Contemporary American Theatre Company
- Shadowbox Cabaret
- Columbus Jazz Orchestra
- Actors' Theatre

Many fairs and festivals are held in the Greater Columbus area throughout the year:

- Ohio State Fair, one of the largest state fairs in the country
- Little Brown Jug, a world-famous harness racing event

- The Community Festival, one of the largest free urban music and arts festival in the country
- Dublin Irish Festival
- The Franklin County Fair
- The Columbus Arts Festival
- Lancaster Festival, a 10-day celebration of music and the arts
- Circleville Pumpkin Show, Ohio's largest town festival
- Arnold Sports Festival, a multi-sport event competition consisting of professional bodybuilding, strongman, fitness, figure and bikini expo
- All American Quarter Horse Congress, known as the largest single breed horse show in the world

The Ohio State Buckeyes are the largest sports attraction in the Columbus MSA with a large local fan-base for their football and men's basketball teams. Local fans also follow the university's baseball, women's basketball and men's hockey teams. Columbus has two major league professional sports teams: the National Hockey League's Columbus Blue Jackets and the Major League Soccer team Columbus Crew. Columbus is also home to the Minor League Baseball team Columbus Clippers, the "AAA" affiliate of Major League Baseball team Cleveland Indians.

### **Economic Output**

Economic trends at both regional and national levels drive Airport passenger traffic, especially at an airport like CMH that serves predominantly O&D traffic.<sup>7</sup> An economic expansion increases employment and income, boosts consumer confidence and increases the demand for air travel. In contrast, an economic recession dampens business activity, causes job losses, reduces income, diminishes consumer confidence and weakens the demand for air travel.

Figure 15 compares the overall economic trends in the Columbus MSA with those in the entire state of Ohio and in the United States by tracking relative growth in gross domestic product (GDP) from 2006. GDP measures the value of all goods and services produced within a geographic area. Growth in inflation-adjusted (real) GDP indicates overall economic growth and steady growth in GDP over a number of years indicates an economic expansion.

From 2006 to 2017, the Columbus MSA's real GDP increased 21.5 percent, outpacing growth in the entire state (9.1 percent) and in the United States (17.7 percent) (Figure 15). The growth in the MSA's economic output is consistent with the growth trends in its population, nonfarm jobs, and labor force.

<sup>&</sup>lt;sup>7</sup> O&D traffic consists of passengers who begin and end their air travel at CMH, as contrasted to connecting passengers.

2017

Figure 16 shows the trends in the Columbus MSA's real GDP from 2006 to 2017. The Columbus MSA's real GDP has grown steadily since 2010.

125 Great Recession

United States, 117.7

Ohio, 109.1

2012

Figure 15 | Growth in Real Gross Domestic Product

 $Source: U.S.\ Bureau\ of\ Economic\ Analysis.$ 

2006

2007

90



2011

2012

2013

2014

Annual Change

2015

2016

2010

2011

Figure 16 | Columbus MSA Real Gross Domestic Product

2008

 $Source: U.S.\ Bureau\ of\ Economic\ Analysis.$ 

2006

2007

2008

2009

2010

Columbus MSA Real GDP

#### Personal Income

Personal income, a component of GDP, is another key economic indicator measuring consumers' ability to spend and build wealth. Growth in personal income boosts demand for air travel.

Per capita personal income in the Columbus MSA (\$49,644 in 2017) is higher than the Ohio state average but lower than the national average, as shown in Figure 14. From 2006 to 2017, per capita personal income increased slightly faster in Columbus (37 percent) than in Ohio (36 percent) and in the United States (35 percent).

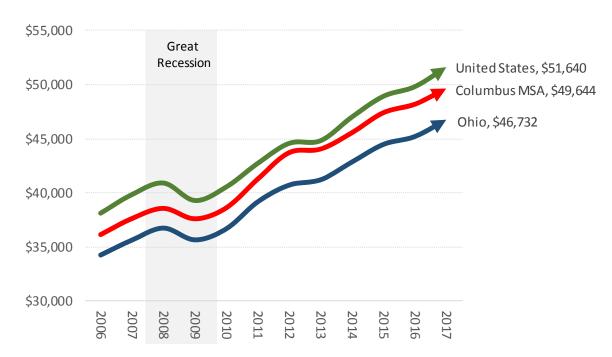


Figure 17 | Per Capita Personal Income

Source: U.S. Bureau of Economic Analysis.

#### Outlook for the Columbus MSA

Throughout the current economic expansion, the Columbus MSA has enjoyed strong growth. The outlook for the Columbus MSA remains positive, based on forecast growth in key socioeconomic indicators for the metro area by Moody's Analytics, an independent economic forecasting firm (Figure 18). The Columbus MSA's economic output, measured by gross metro product, and total personal income are forecast to grow at average annual rates<sup>8</sup> of 2.6 percent and 2.5 percent, respectively, over the next 10 years. Population and nonfarm employment are forecast to grow at the same average annual rate of 0.9 percent. The economic forecasts for the Columbus MSA anticipate slower growth rates in 2020 and 2021, particularly for the MSA's gross metro product and nonfarm employment. The Columbus MSA is projected to outperform the nation in growth in all four economic indicators (Figure 19).

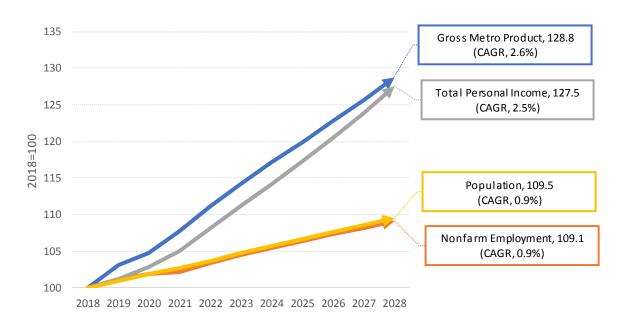


Figure 18 | Forecast Growth in Key Socioeconomic Indicators for the Columbus MSA

Source: Moody's Analytics' forecasts for the Columbus MSA, as of January 20, 2019.

<sup>&</sup>lt;sup>8</sup> When referring to growth rates throughout this report, "average annual" is used interchangeably with "compound average annual."

**Gross Domestic Product** Nonfarm Employment Columbus Columbus MSA, 109 MSA, 129 Index (2018=100) Index (2018=100) United States, 122 States, 106 Personal Income **Population** Columbus Columbus MSA, 109 MSA, 128 Index (2018=100) Index (2018=100) United States, 123 United States, 106 

Figure 19 | Comparison of Forecast Growth in Key Socioeconomic Indicators in the Columbus MSA and the United States

Source: Moody's Analytics' forecasts, as of January 20, 2019.

## Outlook for the National Economy

The national economy is a major driver of the Columbus MSA's economy and visitor traffic at CMH. Continued growth in the U.S. economy would bring continued growth in the MSA's economy. In the same way, risks facing the national economy would also hamper growth in the MSA's economy.

The U.S. economy grew strongly in 2018, after years of slow and uneven recovery from the Great Recession. The current U.S. economic expansion is now on its 10th year; it has the potential to outlast the 1990s' record 10-year economic expansion, barring major economic shocks. The pace of economic growth, however, is expected to slow in 2019, in part because the fiscal stimulus from tax cuts is set to wane. And the recent 35-day shutdown of the federal government reduced production and weakened consumer and business confidences.

Figure 20 shows quarterly changes in U.S. economic output, measured by the U.S. real GDP, from the first quarter of 2007 to the third quarter of 2018. Quarterly real GDP growth has averaged 2.2 percent since the beginning of the current economic expansion in the third quarter of 2009.

Through the third quarter of 2018, the U.S. economy had grown steadily for 18 consecutive quarters.

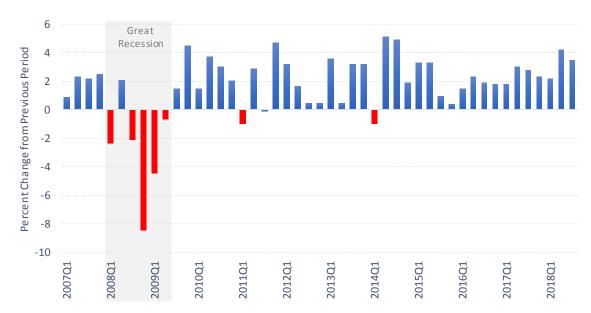


Figure 20 | U.S. Real GDP Growth Trends, First Quarter 2007 through Third Quarter 2018

Source: U.S. Bureau of Economic Analysis.

In 2018, the U.S. economy grew 2.2 percent in the first quarter, 4.1 percent in the second quarter, and 3.5 percent in the third quarter, boosted by a strong labor market, low unemployment, modest inflation, relatively low levels of consumer debt, strong corporate balance sheets, improving corporate profits, and global economic expansion. It is expected to continue growing at least through 2019. The Wall Street Journal February 2019 economic forecasting survey provided median predictions for U.S. real GDP growth of 2.5 percent for the fourth quarter of 2018, 3.1 percent for the entire year in 2018, 2.2 percent in 2019, 1.8 percent in 2020, and 1.7 percent in 2021. Figure 21 shows the full ranges of forecast U.S. real GDP annual growth rates through 2021.

In the same survey, estimates for the probability of the U.S. economy going into a recession over the next 12 months range from zero to 60 percent, with a median of 25 percent. The sources of economic risks are numerous: political and economic policy uncertainty, international trade tensions, tightening monetary policy, the high level of U.S. government and private debt, tightening labor market, stock market volatility, slowing global economy, and continuing political tensions abroad.

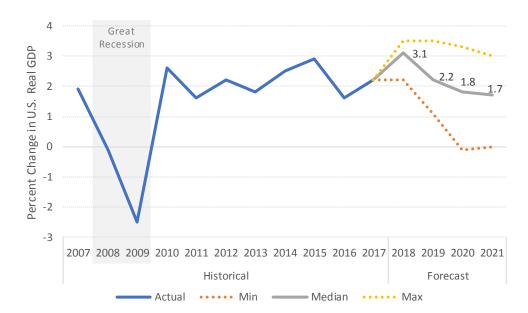


Figure 21 | U.S. Real GDP Growth Forecasts

Sources: U.S. Bureau of Economic Analysis for historical data and the Wall Street Journal February 2019 Economic Forecasting Survey.

### **Summary**

CMH is the largest airport in Columbus, the second largest MSA in Ohio. Demographic and economic trends determine the Columbus MSA's attractiveness as a business and leisure destination and the ability of its residents to travel. Since 2010, Columbus has shown a strong recovery from the Great Recession, strong employment growth, a steady rise of per capita personal income, and strong real GDP growth. Columbus has a well-diversified industry distribution of nonfarm jobs, reducing its vulnerability to a downturn in any particular industry. It has also proven resilient to a broader economic downturn such as the Great Recession. The outlook for the Columbus MSA economy is positive. The Columbus MSA is expected to outperform the nation in growth in GDP, employment, personal income, and population over the next 10 years, based on independent economic forecasts.

The current U.S. economic expansion, now on its 10th year, is on track to set a new record for the longest U.S. economic expansion, barring any major economic shock. As the U.S. economic expansion continues, however, recession fears are also growing. The probability of the U.S. economy going into a recession over the next 12 months remains low, although the sources of economic risks abound: political and economic policy uncertainty, international trade tensions, tightening monetary policy, the high level of U.S. government and private debt, tightening labor market, stock market volatility, slowing global economy, and continuing political tensions abroad.

# **SECTION 3 | AVIATION ACTIVITY**

This section reviews the historical trends in commercial passenger aviation activity at John Glenn Columbus International Airport and presents forecasts of enplanements, which serve as a key driver of rental car demand and forecast transaction days at the Airport. The section is organized into three parts:

- The first part examines how the Airport's passenger traffic has performed over time, what market factors and industry developments explain observed trends in the Airport's passenger traffic, and how the trends at the Airport compare with national trends and trends at comparable airports.
- The second part discusses forecast development for commercial passenger traffic, including the methodology, assumptions, and results. It presents a range of forecast scenarios for the years 2019-2029.
- The third part discusses broader factors affecting the aviation industry and the Airport that can bring risk and uncertainty into the forecasts.

# **Historical Passenger Traffic Trends**

CMH is classified as a medium hub commercial service airport by the Federal Aviation Administration (FAA). A medium hub is defined as a community enplaning .25 percent to 1 percent of total U.S. enplanements. In 2017, the Airport enplaned approximately 3.78 million passengers, representing 0.39 percent of total U.S. enplanements in 2017 (the most recent year for which U.S. enplanements are available). In 2017, CMH was the 49th largest airport in the United States by total passenger traffic, according to 2017 airport traffic data compiled by the ACI-NA – the most recent year for which those statistics are available. The Airport's enplanements increased to 4.08 million in 2018. CMH is the second largest airport in Ohio, following Cleveland Hopkins International Airport.

Airline schedules show six U.S. passenger carriers (with their regional affiliates) and one foreign flag passenger carrier providing scheduled air service at CMH as of January 2019 (Table 5). These carriers fly nonstop from CMH to 46 airport destinations, including two abroad (Toronto, Canada, and Cancun, Mexico).

Table 5 | Commercial Passenger Airlines Providing Scheduled Service at CMH

Published Carrier	Regional Affiliate(s)
Air Canada	Air Georgian dba Air Alliance
American Airlines	Envoy Air, Piedmont Airlines, PSA Airlines, Republic Airline, SkyWest Airlines, and Trans States Airlines
Delta Air Lines	Endeavor Air, GoJet Airlines, Republic Airline, and SkyWest Airlines
Frontier Airlines	
Southwest Airlines	
Spirit Airlines	
United Airlines	Air Wisconsin, CommutAir, ExpressJet Airline, GoJet Airlines, Mesa Airlines, Republic Airline, SkyWest Airlines, and Trans States Airlines

Source: OAG Schedules Analyzer (accessed January 2019).

# Long-Term Enplanement Trends

Events of the last 20 years have had significant and lasting impacts on the U.S aviation industry and the Airport:

- The long-running U.S. economic expansion from the early 1990s ended with the brief recession, which lasted from March to November 2001. While the U.S. economy was in recession, the U.S. aviation industry faced terrorist attacks on September 11, 2001.
- The terrorist attacks caused an already weak air travel demand to fall sharply. They also prompted stringent airport security measures, changes in travel behavior, and business restructuring in the airline industry.
- Meanwhile, jet fuel cost per gallon quadrupled from 2000 to 2008, reaching a peak of \$3.82 per gallon in July 2008. It decreased sharply in 2009 but returned to record high levels in 2011-2014. In late 2014, jet fuel cost began falling along with world oil prices and reached a low of \$1.21 per gallon in February 2016, but it has since increased above \$2 per gallon.
- Amid record fuel prices, the U.S. economy entered the Great Recession from December 2007
  to June 2009. The Great Recession was the longest and deepest recession since the Great
  Depression. The recovery from this recession was also the slowest of all recoveries from
  previous recessions since the Great Depression. The Great Recession spread globally and
  weakened demand for domestic and international passenger and cargo air services.
- Airlines responded to weak air travel demand and high fuel prices with cuts in domestic seat capacity, increases in load factors, retirement of old aircraft, fleet reconfiguration, route transfers between mainline and regional service, route network changes, pricing changes, and various other cost-cutting measures. Mounting financial difficulties led to bankruptcies, mergers, business restructuring, and network consolidations.
- The cuts in domestic seat capacity fell disproportionately on smaller airports—nonhubs, small hubs, and medium hubs like CMH.
- The aviation industry was also affected by bad weather, natural disasters, disease outbreaks, wars, and civil unrest in different parts of the world.

The U.S. airline industry began to earn net profits in 2010, helped by business restructuring, capacity discipline, and decreases in fuel cost. U.S. airlines continue to enjoy relatively low fuel costs and earn net profits. Markedly improved financial performance has allowed U.S. airlines to renew their fleets and increase scheduled flights and seats while maintaining capacity discipline.

These developments had significant and lasting effects on the U.S. aviation industry and the Airport; they warrant a look at a much longer history of passenger traffic trends at CMH, as shown in Figure 22, than just the last 10 years. CMH experienced fluctuations in passenger traffic coinciding with adverse events, although over the long term its passenger enplanements grew from 3.2 million in 1998 to 4.1 million in 2018—a new enplanement record for CMH. The average annual growth rate in CMH enplanements was 1.2 percent over the 20 years between 1998 and 2018. From 2014 through 2018, CMH enplanements grew strongly at an average annual growth rate of 6.5 percent. In 2018, they grew 7.7 percent. The strong growth in the last four years was broad-based, with all the major airlines—led by Southwest—posting traffic gains. In 2018, the expansion of ULCC service with the entry of Spirit helped sustain the strong growth in enplanements.

The Airport's previous enplanement record was reached at 3.9 million in 2007 as a result of the introduction of service by low-cost carriers Skybus and JetBlue. These airlines' service at CMH, however, lasted only a brief period—through January 2008 for JetBlue and through April 2008 for Skybus. With these two airlines ending service at CMH and the widespread decrease in air travel during the Great Recession, enplanements at CMH decreased to 3.1 million in 2009, eliminating much of the traffic gains of the previous four years.

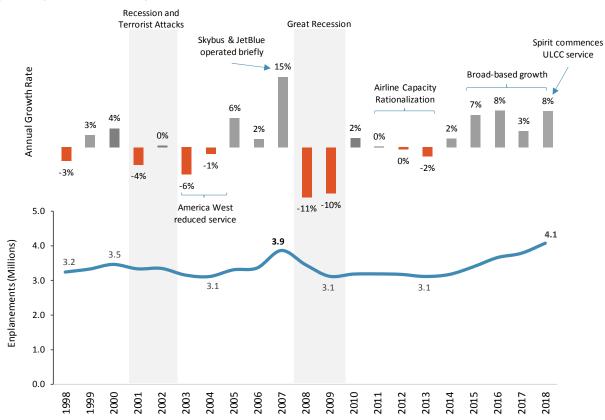


Figure 22 CMH Annual Enplanement Trends, 1997-2018

Sources: U.S. Department of Transportation T-100 Market for 1998-2006 and CRAA for 2007-2018.

Unlike JetBlue, Skybus stopped serving CMH because it went out of business. Skybus was a privately held ultra low-cost airline start-up founded in Columbus, Ohio. It operated for less than a year—from May 22, 2007, to April 5, 2008—before shutting down, citing the then "lagging economy and rising fuel costs" as the causes of its business failure. After the Great Recession ended in 2009, CMH's enplanement levels remained flat through 2014 because airlines continued to limit their seat capacities. After 2014, airlines began adding to their fleet of aircraft and adding back seat capacity to smaller airports. CHM enjoyed increases in seat capacity amid recovering air travel demand. CMH also saw a resurgence in Frontier Airlines' flights and the brief introduction of service by OneJet. OneJet, now a defunct carrier, terminated its flights at CMH in June 2018. Most recently, CMH welcomed its first ultra low-cost carrier, Spirit Airlines. Since February 2018, Spirit has added substantial service across seven destinations from CMH.

CMH enplanements grew in five consecutive years, at 5.6 percent per year on average, reaching 4.1 million in 2018.

<sup>&</sup>lt;sup>9</sup> "Low-cost carrier Skybus calls it quits," MSNBC, April 4, 2008.

# Airport and U.S. System Enplanements

Table 6 and Figure 23 compare enplanement growth trends at CMH and in the entire U.S. system from 2002 to 2017:

- Total enplanements at the Airport increased 13 percent from 3.3 million in 2002 to approximately 3.8 million in 2017, compared with a 44 percent increase in U.S. system enplanements.
- Over the period, annual enplanement growth at CMH averaged 0.8 percent, slower than the U.S. system average annual enplanement growth rate of 2.5 percent.
- CMH maintained an annual share of U.S. system enplanements between 0.37 and 0.50 percent—0.39 percent in 2016 and 2017, and 0.40 percent through September 2018.

National events such as the economic recession in 2001, the terrorist attacks in 2001, and the Great Recession in 2008-2009 decreased the Airport's enplanements, as they did the U.S. system enplanements. In addition, the Airport faced significant changes in air service, mostly with adverse effects on the Airport's enplanement levels:

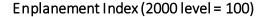
- Just when air travel demand was beginning to recover from the 2001 recession and terrorist attacks, America West, the Airport's largest passenger carrier at the time, reduced its service at CMH, causing a significant decrease in CMH enplanements in 2003. America West eventually merged into US Airways in September 2005.
- In 2007, Skybus and JetBlue began service at CMH, causing a significant increase in the Airport's total enplanements. Skybus was a Columbus-based, start-up that marketed itself as an ultra-low-cost carrier offering point-to-point service from CMH to major markets. Skybus lasted less than a year, beginning service in May 2007 and ending service in April 2008 when the airline went out of business. JetBlue's service at CMH was also short-lived, beginning in October 2006 and ending in January 2008. The cessation of Skybus' and JetBlue's service in 2008 aggravated the decrease in the Airport's enplanements during the Great Recession.
- When the Great Recession ended, traffic recovery at CMH—as in other medium hub and smaller airports—lagged U.S. system recovery, because airlines continued to restrain growth in capacity at medium hub and smaller airports. Enplanement levels at CMH remained essentially flat from 2010 through 2014, while U.S. system enplanements began a slow but steady recovery.
- Aided by a strong economic recovery and an increase in airline capacity, CMH has been catching up with systemwide traffic growth. Between 2014 and 2017, the Airport's enplanements grew 6.1 percent per year on average, while U.S. system enplanements grew 4.2 percent per year. With the introduction of service from an ultra low-cost carrier (Spirit) in 2018, enplanements at CMH grew 7.3 percent through September (year-over-year), while U.S. system enplanements grew 5.1 percent over the same period.

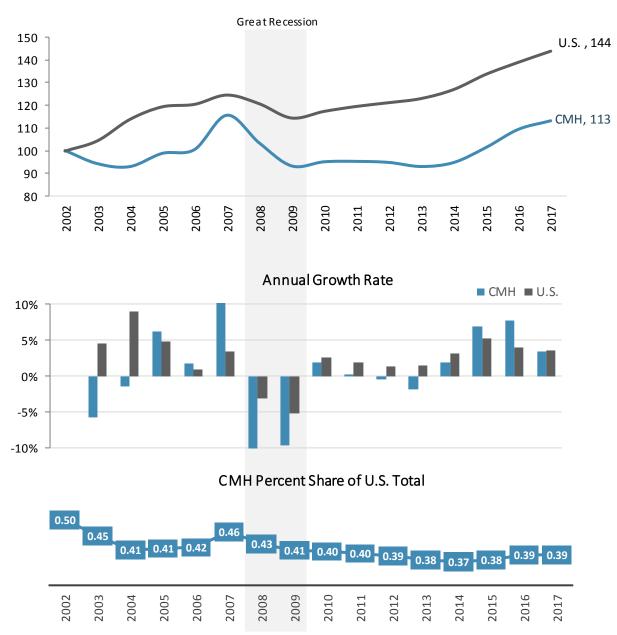
Table 6 | CMH and U.S. System Enplanements

	Enplanem	ents (1,000s)	СМН					
Year	СМН	U.S.	Share					
2002	3,348	670,604	0.50%					
2003	3,157	700,864	0.45%					
2004	3,113	763,710	0.41%					
2005	3,307	800,850	0.41%					
2006	3,363	808,103	0.42%					
2007	3,865	835,510	0.46%					
2008	3,459	809,822	0.43%					
2009	3,123	767,817	0.41%					
2010	3,184	787,478	0.40%					
2011	3,190	802,135	0.40%					
2012	3,175	813,123	0.39%					
2013	3,115	825,322	0.38%					
2014	3,173	851,850	0.37%					
2015	3,394	896,632	0.38%					
2016	3,659	931,989	0.39%					
2017	3,785	964,765	0.39%					
Jan-Sep 2017	2,808	724,303	0.39%					
Jan-Sep 2018	3,013	760,911	0.40%					
	Compound Annual Growth Rate							
2002-2017	0.8%	2.5%						
Jan-Sep 2017-2018	7.3%	5.1%						

Sources: CRAA for CMH enplanements for 2007-2018 (through September), and U.S. Department of Transportation T-100 Market Data for CMH enplanements for 2002-2006 and U.S. system enplanements for 2002-2018 (through September).

Figure 23 | CMH and U.S. System Enplanement Growth Trends





Sources: CRAA for CMH enplanements for 2007-2017, and U.S. Department of Transportation T-100 Market for CMH enplanements for 2002-2006 and U.S. system enplanements for 2002-2017.

# Composition of Passenger Traffic

CMH serves predominately domestic origin-and-destination (0&D) traffic—passengers who begin and end their air travel at the Airport. Domestic 0&D traffic accounts for at least 99 percent of annual passengers.

Having predominantly O&D traffic reduces an airport's vulnerability to changes in airline route networks. Unlike connecting traffic which is brought by an airline and can go away with changes in airline routing, O&D traffic is generated by an airport's service area. As long as O&D traffic is strong, airlines will come to serve an airport.

Residents make up approximately three-fifths of CMH passengers and visitors make up the remaining two-fifths (Figure 24). This distribution has changed little since 2012, with the visitor share increasing slightly.



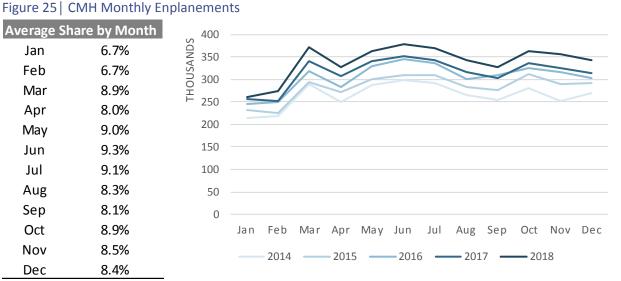
Figure 24 | CMH Passenger Traffic Split Between Residents and Visitors

Source: Estimates by Unison Consulting, Inc., based on U.S. Department of Transportation DB1B coupon data.

## Seasonality in Enplanements

As shown in Figure 25, monthly enplanement levels at CMH tend to increase in early spring and continue to rise through the summer months. They begin to decrease in August and reach their lowest levels in January and February. The seasonal traffic patterns at CMH are consistent with those observed at most other U.S. airports.

Average Share by Month 6.7% Jan Feb 6.7% 8.9% Mar Apr 8.0% 9.0% May Jun 9.3% Jul 9.1% 8.3% Aug Sep 8.1% Oct 8.9% 8.5% Nov Dec 8.4%



Source: CRAA.

# Airline Market Shares

The recent wave of airline consolidation left the industry with four major airlines controlling the large majority of U.S. passenger traffic. The same four major airlines accounted for 92 percent of CMH passenger traffic in 2018, with Southwest Airlines holding the largest share (36 percent), followed by American (23 percent), Delta (21 percent), and United (12 percent). The remaining 8 percent of CMH passenger traffic was shared by Frontier, Air Canada, Spirit, OneJet, and nonscheduled service. The traffic distribution by airline at CHM is diversified with no single airline controlling a majority share.

Table 7 shows total passengers by airline, and Figure 26 contains charts to show the trends by airline more clearly. The overall increase in CMH total passengers from 2010 to 2017 was 1.8 million. Forty-four percent of this increase was due to Southwest Airlines, with Spirit, Delta, and American as the next three largest contributors.

Southwest Airlines has maintained its position as the market leader at CMH, increasing its share of CMH total passengers slightly from 33 percent in 2010 to 36 percent in the last three years. Together the smaller airlines—Spirit, Frontier, Air Canada, OneJet—and all other nonscheduled service also increased their share from 2 percent in 2010 to 7 percent in 2018, helping improve airline diversification at CMH.

Table 7 | CMH Passengers by Airline

		To	tal Enpla	ned and	Deplane	d Passeng	ers (1,000	Os)		Change,	2010-2018		S	hare of To	tal Enpla	ned and I	Deplaned	Passenge	rs	
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	Level	Percent	2010	2011	2012	2013	2014	2015	2016	2017	2018
Air Canada	33	36	34	39	44	53	65	69	73	41	125%	0.5%	0.6%	0.5%	0.6%	0.7%	0.8%	0.9%	0.9%	0.9%
American <sup>1</sup>	1,698	1,734	1,731	1,760	1,872	1,854	1,860	1,845	1,873	174	10%	26.7%	27.2%	27.3%	28.2%	29.4%	27.3%	25.4%	24.3%	23.0%
Mainline	437	462	488	525	617	581	571	572	615			6.9%	7.2%	7.7%	8.4%	9.7%	8.6%	7.8%	7.6%	7.6%
Regional	1,261	1,272	1,243	1,235	1,255	1,272	1,289	1,273	1,258			19.8%	19.9%	19.6%	19.8%	19.7%	18.7%	17.6%	16.8%	15.5%
Delta	1,431	1,452	1,483	1,426	1,471	1,558	1,606	1,633	1,744	314	22%	22.5%	22.8%	23.3%	22.9%	23.1%	22.9%	21.9%	21.5%	21.4%
Mainline	585	634	703	765	818	889	918	907	961			9.2%	9.9%	11.1%	12.3%	12.9%	13.1%	12.5%	12.0%	11.8%
Regional	846	818	780	661	653	668	688	725	783			13.3%	12.8%	12.3%	10.6%	10.3%	9.8%	9.4%	9.6%	9.6%
Frontier	99	81	15	19	0.5		151	289	162	63	64%	1.5%	1.3%	0.2%	0.3%	0.01%		2.1%	3.8%	2.0%
OneJet								0.6	1.6	1.6									0.01%	0.02%
Southwest <sup>2</sup>	2,108	2,177	2,166	2,075	2,111	2,377	2,645	2,753	2,891	783	37%	33.1%	34.1%	34.1%	33.3%	33.2%	35.0%	36.1%	36.3%	35.5%
Spirit									353	353		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.3%
United <sup>3</sup>	977	883	905	898	835	917	961	947	1,004	27	3%	15.4%	13.8%	14.2%	14.4%	13.1%	13.5%	13.1%	12.5%	12.3%
Mainline	302	216	192	111	80	175	253	229	220			4.8%	3.4%	3.0%	1.8%	1.3%	2.6%	3.5%	3.0%	2.7%
Regional	675	668	712	787	755	742	707	718	784			10.6%	10.5%	11.2%	12.6%	11.9%	10.9%	9.7%	9.5%	9.6%
Subtotal Scheduled	6,348	6,362	6,332	6,218	6,333	6,758	7,288	7,536	8,102	1,754	28%	99.7%	99.7%	99.7%	99.7%	99.6%	99.4%	99.5%	99.5%	99.5%
Mainline	3,534	3,569	3,563	3,496	3,627	4,023	4,537	4,750	5,202		47%	55.5%	55.9%	56.1%	56.0%	57.1%	59.2%	61.9%	62.7%	63.9%
Regional	2,815	2,794	2,769	2,722	2,706	2,735	2,751	2,786	2,900		3%	44.2%	43.8%	43.6%	43.7%	42.6%	40.2%	37.6%	36.8%	35.6%
Others	18	16	19	18	23	38	36	41	40	22	120%	0.3%	0.3%	0.3%	0.3%	0.4%	0.6%	0.5%	0.5%	0.5%
Total	6,366	6,379	6,350	6,237	6,356	6,796	7,324	7,577	8,142	1,775	28%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

 $<sup>^{\</sup>rm 1}$  Including US Airways through 2016.

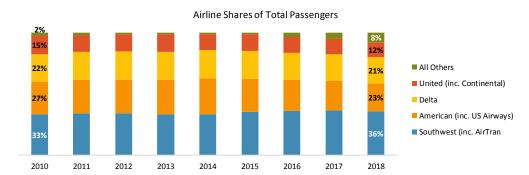
Source: CRAA.

<sup>&</sup>lt;sup>2</sup> Including Air Tran through 2014.

<sup>&</sup>lt;sup>3</sup> Including Continental through 2011.

Total Passengers (Millions) Change in Total Passengers, 2010-2018 9 United (inc. ■ All Others 8 American (inc. US Airways), 174 Total Passengers (millions) Continental), 27 7 ■ Continental Delta, 314 Other-Nonscheduled, 6 ■ United 5 Other-Delta Scheduled, 456 4 ■ US Airways 3 American 2 Southwest (inc. AirTran), 783 ■ AirTran 1 0 Southwest 2010 2011 2012 2013 2014 2015 2016 2017 2018

Figure 26 | CMH Passenger Traffic Trends by Airline



Source: CRAA.

Figure 27 shows another noteworthy trend: a decrease in the share of passenger traffic carried by regional aircraft operators from 44 percent in the early 2010s to 37 percent in 2017. Mainline service increased in share of CMH passenger traffic from 56 percent to 63 percent, a trend consistent with aircraft upgauging, a strategy to reduce cost and increase revenue on each flight.

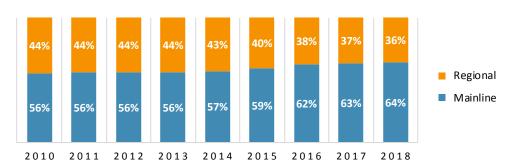


Figure 27 | Distribution of CMH Scheduled Passenger Traffic, Mainline and Regional Service

Mainline service represents flights operated by an airline's main operating unit. Regional service represents flights operated by the airlines' subsidiaries or affiliates.

Source: CRAA.

# Top Ten O&D Markets

Figure 28 show the Airport's top 10 domestic 0&D markets in the four quarters ending third quarter 2018, ranked by average number of passengers daily each way (PDEW). These 10 markets accounted for more than 50 percent of passengers at CMH

# Scheduled Passenger Airline Service

Figure 29 shows the trends in scheduled passenger airline service. According to flight schedule records for 2018, the Airport has scheduled nonstop passenger service to 46 other airports—44 in the United States and 2 abroad. The two airport destinations abroad are in Toronto, Canada, and Cancun, Mexico. In the previous four years, the number of nonstop airport destinations from CHM varied from 36 to 42.

In 2018 the average number of flight departures per day was 137; it ranged from 129 to 134 in the previous four years. American Airlines accounted for the largest share (30 percent) of flights. The average number of departing seats per day was 13,946, with Southwest Airlines accounting for the largest share (36 percent). Seats increased steadily from an average of 11,471 per day in 2014. Reflecting the industry's switch toward using aircraft with more seats (aircraft upgauging), the average number of seats per flight departure increased steadily from 89 in 2014 to 102 in 2018.

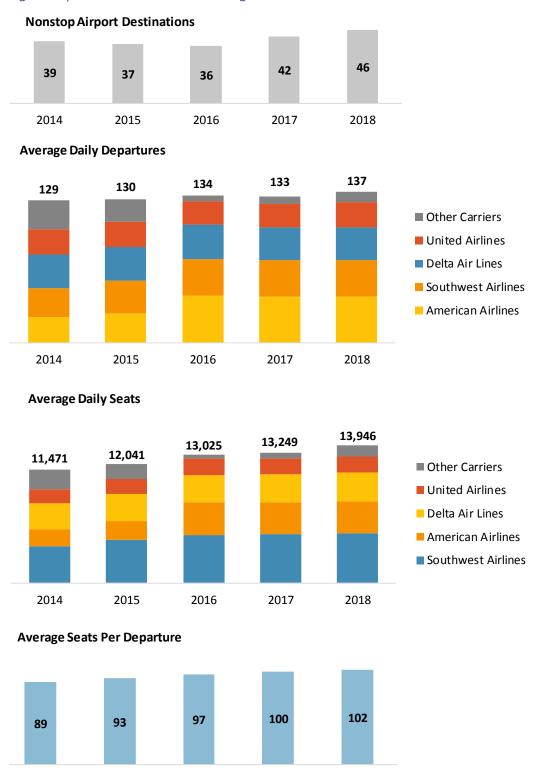
Figure 30 shows the nonstop destinations from CMH for the 12-month period ending January 2019. It includes the following new nonstop service: Alaska Airlines' service to Seattle beginning in March 2019, Delta Air Lines' service to Salt Lake City beginning in June 2019, and United Airlines' service to San Francisco beginning in June 2019.



Figure 28 | CMH's Top 10 O&D Markets in the Four Quarters Ending Third Quarter 2018

Source: U.S. Department of Transportation data accessed via Diio online portal, YE3Q2018.

Figure 29 | Trends in Scheduled Passenger Service at CMH



Source: OAG Schedules Analyzer.

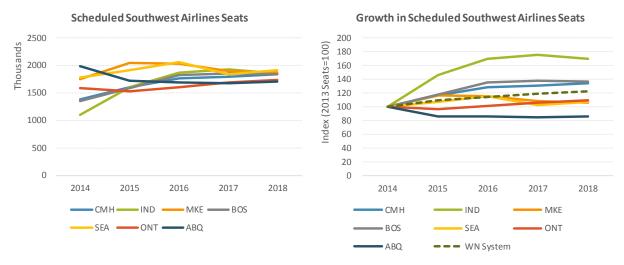
Figure 30 | Nonstop Destinations from CMH

# Over 150 peak day departures to 40 destinations



As shown in Figure 31, the trends in scheduled Southwest Airlines' seats departing from CMH compare favorably with trends at five of six comparison airports. They also compare favorably to systemwide growth in Southwest Airlines' scheduled seats. From 2014 to 2018, Southwest Airlines' scheduled seats at CMH increased 36 percent, compared with a 23 percent increase in Southwest's entire system.

Figure 31 | Southwest Airlines Scheduled Seats from CMH and Selected Other Airports<sup>1</sup>



These airports are closest to CMH in total scheduled seats by Southwest Airlines in 2018:

IND - Indianapolis International Airport

MKE - General Mitchell International Airport

BOS - Boston Logan International Airport

SEA – Seattle-Tacoma International Airport

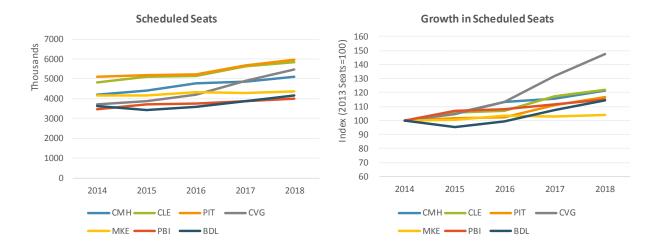
ONT - Ontario International Airport

ABQ - Albuquerque International Sunport

Source: Airline flight schedules accessed using OAG Schedules Analyzer.

Figure 32 shows that the growth in total scheduled seats at CMH also compares favorably with the trends at other medium hub airports closest to CMH by total passengers. From 2014 to 2018, the cumulative growth in total scheduled seats at CMH (22 percent) outpaced growth in scheduled seats at four of the six comparison airports.

Figure 32 | Trends in Scheduled Seats by All Airlines from CMH and Selected Medium Hubs<sup>1</sup>



These medium hub airports are closest to CMH in total passengers in 2018:

CLE - Cleveland Hopkins International Airport

PIT – Pittsburgh International Airport

CVG - Cincinnati/Northern Kentucky International Airport

MKE - General Mitchell International Airport

PBI - Palm Beach International Airport

BDL - Bradley International Airport

Source: Airline flight schedules accessed using OAG Schedules Analyzer.

# Passenger Yield

Lower airfares attract passengers. A common measure of airfares that controls for trip length is passenger yield—the average airline revenue per revenue passenger mile. Figure 33 show the domestic passenger yields at CMH and comparable medium hub airports, compared to the U.S. average. The trends in the average domestic passenger yield at CMH followed the trends in the systemwide average domestic passenger yield over the past 20 years, although the average domestic passenger yield at CMH has risen above the national average since 2010.

When passenger traffic began to recover after the Great Recession, airlines restrained growth in seat capacity and were able to increase air fares faster than general inflation. For the first time since 2009, U.S. domestic yields decreased in 2015 and continued to decrease in 2016 and 2017, likely due to the sharp decrease in jet fuel costs in 2015 and the growth of ultra-low-cost carriers. Yields at CMH also began to decrease in 2015, after steady increases in the preceding five years.

Neighboring Ohio airports CVG and CLE have seen their yields decrease in recent years more sharply than at CMH. Unlike CMH, these two airports experienced "dehubbing" by their dominant carriers. At CVG, Delta Air Lines cut seat capacity by 15 percent overall from 2013 to 2018. At CLE, United Airlines cut seat capacity by 60 percent over the same period. The dehubbing opened the door for other carriers, including ULCCs, to expand service at these airports. At CLE, however, the expansion of service by other airlines has not yet completely made up for the loss in service due to United's dehubbing. Total scheduled seats at CLE in 2018 are still slightly down from 2013. In comparison, scheduled seats are up 43 percent at CVG and up 20 percent at CMH.

Average Domestic Yield (Current \$ per revenue passenger mile) Domestic Yield Index (2013 = 100) 0.40 110 0.30 100 0.20 90 0.10 80 0.00 70 2008 2009 2010 2003 2004 2005 2006 2007 2012 2011 2013 2014 2015 2016 2017 BDL CLE CMH CVG MKF PRI

Figure 33 | Domestic Passenger Yield at CMH and Comparable Medium Hubs

Source: U.S. Department of Transportation 10%-sample airline ticket survey. Note: One-way equivalent airline yields for trips beginning at CMH and other airports.

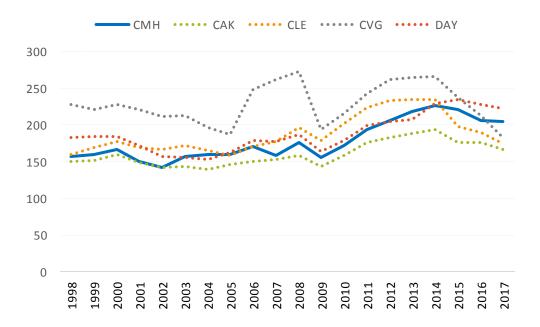
- U.S. Domestic

PIT

# Average Fare at CMH and Commercial Passenger Service Airports Within a Two-Hour Drive

Figure 34 compares the average fare at CMH with those at CAK, CLE, CVG, and DAY. As of 2017, the average air fare at CMH was the second highest, after DAY's. It has risen from being the lowest or second lowest before 2004.

Figure 34 | Passenger-Weighted Average Fares (Domestic, Current \$) at CMH and Commercial Passenger Service Airports Within a Two-Hour Drive



 $Source: U.S.\ Department\ of\ Transportation\ DB1B\ Market.$ 

# Forecast Passenger Traffic

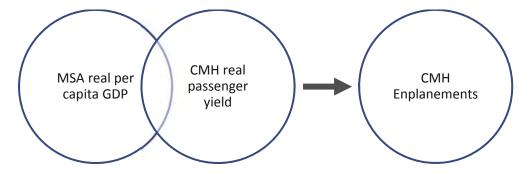
Passenger traffic growth drives growth in airport rental car demand. This section presents enplanement forecasts for the years 2019-2028, to be used developing forecasts of rental car transaction days in Section 5.

Unison's enplanement forecasting approach features a hybrid forecasting framework and multivariate time series regression analysis. The hybrid forecasting framework incorporates both air service supply and demand considerations, with the resulting forecasts largely capacity-driven in the near-term (2019) and demand-driven in the long run (beyond 2019). The near-term forecast is based on scheduled airline service through July 2019. Airlines publish scheduled flights and seats for up to nine months ahead based on passenger airline bookings. These published airline schedules reflect current market demand.

For the long-term forecasts, multivariate time series regression analysis links trends in enplanements to trends in key market demand drivers. A number of explanatory variables were evaluated, and Figure 35 shows the following two market demand drivers that proved the best in explaining growth trends in enplanements at the Airport:

- Columbus MSA real per capita GDP as an indicator of income.
- CMH average real passenger yield as an indicator of the price of air travel.

Figure 35 | Key Drivers of Enplanement Growth



Multivariate time series regression analysis quantifies the relationships between market demand drivers and the growth in enplanements. The regression model is specified with CMH's total enplanements as the dependent variable and the two market demand drivers as the key explanatory variables (independent variables):

Regional economic trends – The regression model uses real per capita GDP in the Columbus MSA to capture regional economic trends. After decreasing over 5 percent through Great Recession, the MSA's real per capita GDP increased 1.6 percent annually on average from 2010 to 2018, slightly outpacing increases in the U.S. real per capita GDP averaging 1.5 percent annually for the same period. The Columbus MSA's economic growth has outpaced

U.S. economic growth since 2010. Moody's Analytics' economic forecast for the Columbus MSA expects the Columbus MSA economy to continue outperforming the U.S. economy, projecting real per capita GDP for the MSA to continue increasing at an annual average rate of 1.6 percent through 2029, faster than the forecast average annual increase of 1.5 percent for the U.S. real per capita GDP. Moody's Analytics' economic forecasts anticipate a slowing of economic growth in some years, but no downturns.

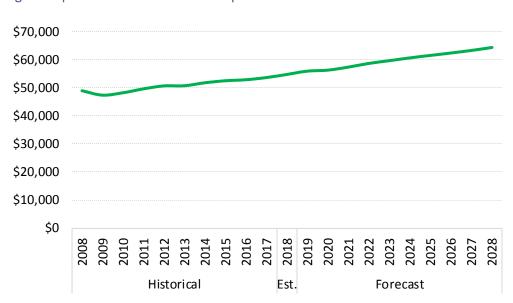


Figure 36 | Columbus MSA Real Per Capita GDP

Sources: U.S. Bureau of Economic Analysis (BEA) for historical data and Moody's Analytics for forecast data.

• Passenger yield trends – Consumer demand is inversely related to price. Demand increases when price decreases, and decreases when price increases, holding all other factors constant. The regression model uses the average real passenger yield at CMH as the indicator for the price of air travel. Passenger yield, which is the average airline revenue per passenger mile, is a better price indicator than the average fare, because it controls for trip distance. The average real passenger yield at CMH increased rapidly between 2009 and 2014 (6.8 percent compound annual rate of increase), before decreasing nearly 10 percent through 2017 (3.3 percent compound annual rate of decrease). For the CMH enplanement forecasts, the future trends in average real passenger yield at CMH are assumed to follow the FAA's projections for real domestic mainline passenger yields of continued decreases averaging around 0.3 percent annually in the latest FAA Aerospace Forecasts.

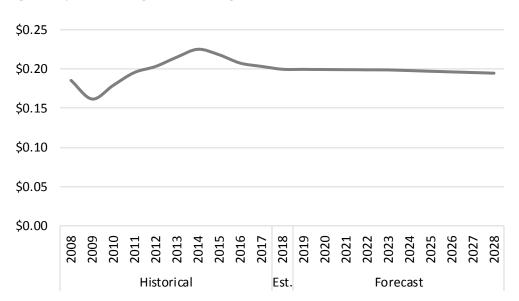


Figure 37 | CMH Average Real Passenger Yield

Sources: U.S. Bureau of Transportation Statistics (DB1B 10% ticket survey) and Federal Aviation Administration.

The regression model includes other variables to control for (1) structural changes that have unfolded in the airline industry and the U.S. air travel market since 2001, and (2) changes in airline service at CMH that caused significant fluctuations in enplanement levels, beyond those explained by economic and yield trends. The regression model also controls for seasonality in enplanement trends and serial correlation inherent in the time series data used for estimating the model.

Calibrated with the estimated coefficients measuring the contributions of market drivers to growth in CMH's enplanements, the regression model was used to project growth in enplanements beyond 2019, given the projected trends in the identified key market demand drivers shown in Figure 38.

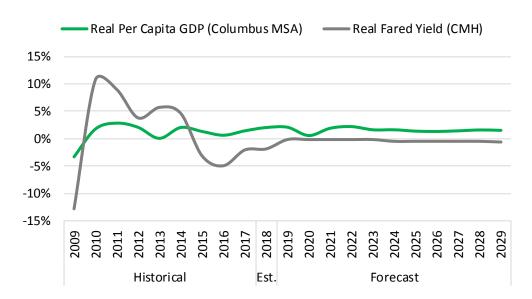


Figure 38 | Historical and Forecast Annual Change in the Key Explanatory Variables

Sources: U.S. Bureau of Transportation Statistics (DB1B 10% ticket survey) and Federal Aviation Administration for CMH real passenger yield projections; U.S. Bureau of Economic Analysis (BEA) and Moody's Analytics for real per-capita GDP in Columbus, Ohio MSA.

# Results: Enplanement Forecast for CMH

The regression model coefficient estimates measuring the contributions of market drivers to growth in CMH's enplanements, along with the projections for the two key market demand drivers (Columbus MSA real per-capita GDP and passenger yield at CMH), produce the forecast growth in enplanements beyond 2019. The regression model also controls for seasonality in enplanement trends and serial correlation inherent in the time series data used for estimating the model.

The economic forecasts from Moody's Analytics serve as the basis for the base forecast of enplanements. They anticipate slowing of economic growth in some years, but no downturns.

Recognizing uncertainty in the future trends of key market drivers, alternative forecasts were developed using Monte Carlo simulation. A comprehensive approach to forecast risk analysis, Monte Carlo simulation uses probability distributions and random sampling techniques for assigning future values to the three key explanatory variables of the regression model. The simulation, involving 5,000 iterations, produced a wide range of possible scenarios for future enplanement growth and corresponding percentile rankings. Percentiles provide an indication of the likelihood of each of the forecast scenarios. 10

# **Interpretation of Percentiles**

A percentile indicates the value at or below which a given percentage of results fall. For example, if we arrange 100 forecast results for one year from lowest to highest, 25 results (25 percent) will be at or below the 25-percentile, 75 results (75 percent) will be at or below the 75-percentile, and 50 results (50 percent) will be at or below the 50-percentile (also known as the median). A percentile gives the probability that actual outcome will be as forecast or lower.

The following examples illustrate how the percentile results can be used to indicate forecast probability:

- The 75-percentile results have a 25 percent probability that actual enplanements will
  exceed the forecast and an 75 percent probability that actual enplanements will be at or
  below the forecast.
- The 25-percentile results have an 75 percent probability that actual enplanements will
  exceed the forecast and a 25 percent probability that actual enplanements will be at or
  below the forecast.

The range of forecasts bounded by the 25-percentile and the 75-percentile is called the interquartile range—the middle 50 percent of results fall within this range.

 $<sup>^{10}</sup>$  The probability distributions for the input variables in the Monte Carlo simulation were specified based on their historical trends.

### **Base Forecast**

The regression model coefficient estimates and the projections for the key market drivers described above produce the base enplanement forecast, where increase from 4.08 million in 2018 to 5.02 million by 2029 (Table 8). Based on airline scheduled seats through July 2019, enplanements are estimated to increase 4.0 percent in 2019. This estimate is based on a conservative assumption that the annual growth in traffic will reflect approximately half of the fast pace growth scheduled by airlines through July 2019. After 2019, enplanements grow by an average of approximately 1.7 percent annually through 2029.

#### Low Forecast

A low forecast is designated for financial sensitivity analysis in Section 6 to anticipate less favorable market conditions. The low forecast takes the 25-percentile forecast levels resulting from Monte Carlo simulation. Enplanements decrease slightly from 2019 to 2020, before increasing each year to 4.79 million in 2029. The average annual growth rate from 2019 to 2029 is 1.2 percent.

Table 8 | CMH Enplanements Forecasts

		CI	MH Enplanen	nents (Millio	ns)
	CY	Base	AGR	Low	AGR
Historical	2008	3.46		3.46	
	2009	3.12	-9.7%	3.12	-9.7%
	2010	3.18	1.9%	3.18	1.9%
	2011	3.19	0.2%	3.19	0.2%
	2012	3.17	-0.5%	3.17	-0.5%
	2013	3.11	-1.9%	3.11	-1.9%
	2014	3.17	1.9%	3.17	1.9%
	2015	3.39	6.9%	3.39	6.9%
	2016	3.66	7.8%	3.66	7.8%
	2017	3.78	3.4%	3.78	3.4%
	2018	4.08	7.7%	4.08	7.7%
Estimate	2019	4.24	4.0%	4.24	4.0%
Forecast	2020	4.27	0.7%	4.23	-0.3%
	2021	4.36	2.1%	4.28	1.2%
	2022	4.46	2.4%	4.34	1.4%
	2023	4.54	1.8%	4.40	1.3%
	2024	4.62	1.8%	4.46	1.4%
	2025	4.70	1.6%	4.52	1.4%
	2026	4.77	1.5%	4.59	1.5%
	2027	4.85	1.6%	4.66	1.5%
	2028	4.93	1.8%	4.72	1.3%
	2029	5.02	1.7%	4.79	1.5%
		C	ompound Ann	ual Growth Ra	ite
	2008-2018	1.7%		1.7%	
	2019-2029	1.7%		1.2%	

Sources: CRAA and Unison Consulting, Inc.

The 2019 estimate is based on airline schedules for January through July 2019. After 2019, forecasts are based on growth rates predicted from the regression model.

## Comparison of Enplanement Forecasts with FAA Terminal Area Forecast (TAF)

The FAA develops annual airport forecasts for planning, budgeting, and staffing purposes (the Terminal Area Forecast, or TAF). Published in February 2019, the most recent TAF shows forecast enplanements for CMH that are very close to this study's base forecast (Table 9). The TAF includes only scheduled enplanements, which are forecast to grow to 4.92 million in 2029 at an average annual growth rate of 1.5 percent between 2019 and 2029.

Table 9 | Comparison Between the Base Forecast and the FAA TAF

		En	planem	ents (Millions)	
	CY	<b>Unison Base</b>	AGR	FAA TAF	AGR
Estimate	2019	4.24	4.0%	4.24	6.8%
Forecast	2020	4.27	0.7%	4.32	2.0%
	2021	4.36	2.1%	4.40	1.8%
	2022	4.46	2.4%	4.47	1.6%
	2023	4.54	1.8%	4.54	1.5%
	2024	4.62	1.8%	4.60	1.4%
	2025	4.70	1.6%	4.66	1.4%
	2026	4.77	1.5%	4.72	1.3%
	2027	4.85	1.6%	4.79	1.4%
	2028	4.93	1.8%	4.86	1.4%
	2029	5.02	1.7%	4.92	1.4%
		Compound Ann	nual Gro	wth Rate	
	2008-2018	1.7%		1.6%	
-	2019-2029	1.7%		1.5%	

Sources: Unison Consulting, Inc., and FAA TAF as of February 2019.

The FAA TAF includes only scheduled enplanements.

Figure 39 shows the FAA TAF forecast enplanements and this study's base and low forecast enplanements along with select Monte Carlo simulation results. The TAF enplanement figures have been adjusted to represent calendar year totals. The FAA TAF forecast grows with the base and median forecasts in 2019, and briefly rises above the base from 2020 to 2022. It dips slightly below the base and median forecasts through the remaining forecast period. The base enplanement forecast is close to the 50-percentile (median) during most of the forecast period. Following the low forecast trends, the base forecast enplanements slow down in 2020 before rising to catch up with the median by 2022.

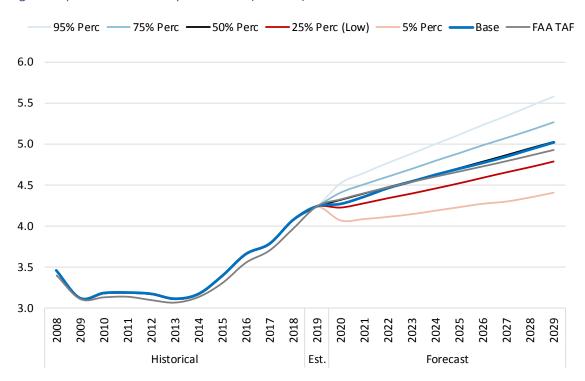


Figure 39 | Forecast CMH Enplanements (Millions)

Sources: CRAA, Unison Consulting, Inc., and Federal Aviation Administration.

The 2019 estimate is based on airline schedules for January through July 2019. After 2019, forecasts are based on growth rates predicted from the regression model.

# Forecast Uncertainty and Risk Factors

The forecasts of enplanements are based on information available at the time of analysis, measurable factors that drive air travel demand, and assumptions about the availability and characteristics of airline service at the Airport. These assumptions may not hold in the future, so that actual enplanements could differ from forecasts and the differences could be material. In addition, broader factors affect the aviation industry and the Airport and could bring risk and uncertainty into the forecasts. Several of these factors are discussed below.

## **Economic Conditions**

National and regional economic conditions affect airport traffic trends. The national economy is a major driver of the regional economy as a whole, and it is an important determinant of air travel demand. Economic expansions increase income, boost consumer confidence, stimulate business activity, and increase demand. In contrast, economic recessions reduce income, diminish consumer confidence, dampen business activity, and weaken demand. Generally, air travel demand declines during economic recessions and grows during economic recoveries and expansions. While the diversity of the regional economy helps temper the effects of business cycles, the regional economy can be vulnerable to a national economic recession as deep as the Great Recession in 2008-2009.

The U.S. economy is now on its tenth year of expansion after the Great Recession. Driven by growth in consumer spending and business investment, the U.S. economy is predicted to continue growing over the next few years, although the recession risk is also rising. The sources of economic risks include political and economic policy uncertainty, international trade tensions, tightening monetary policy, the high level of U.S. government and private debt, tightening labor market, stock market volatility, slowing global economy, and continuing political tensions abroad.

## Trends in Oil Prices and Jet Fuel Prices

Oil prices affect one of the largest components of airline costs—jet fuel. The sharp increases in oil prices (Figure 40) in the past decade caused sharp increases in jet fuel costs (Figure 41). The U.S. airline industry suffered huge financial losses, pushing many airlines into bankruptcy and prompting significant changes in airlines' operations and business practices. In contrast, the sharp decrease in oil prices since June 2014 has brought airlines windfall profits, allowing them to renew their fleets and invest in other service improvements.

World oil prices slowly recovered after June 2017, raising the average spot price per barrel for 2017 to \$50.79. Prices continued to increase to nearly \$71 through October 2018, before dropping down to \$49.52 within two months in December 2018. According to the U.S. Energy Information Administration forecast, WTI spot prices could average around \$54 per barrel in 2019 and around \$61 per barrel in 2020. 11

U.S. airlines yet again face increases in jet fuel prices, although this time with more fuel-efficient fleet, more cost-efficient business operations, and better financial conditions.

<sup>&</sup>lt;sup>11</sup> U.S. Energy Information Administration Short-Term Energy Outlook, May 8, 2018.

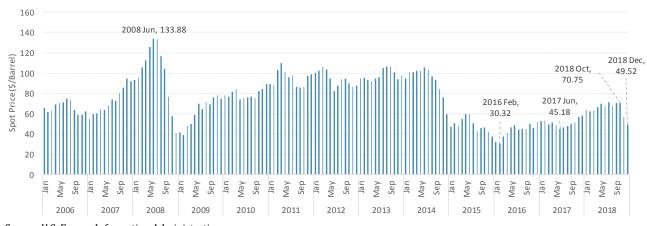


Figure 40 | Monthly Crude Oil Spot Prices (Cushing, OK WTI)

Source: U.S. Energy Information Administration.

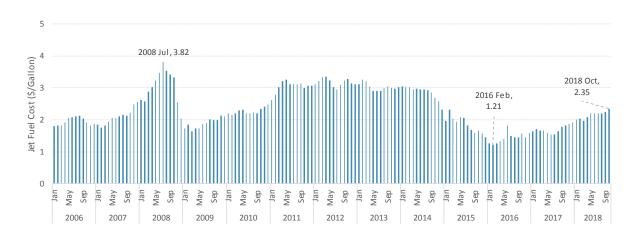


Figure 41 | U.S. Jet Fuel Cost

 $Source: U.S.\ Bureau\ of\ Transportation\ Statistics.$ 

# Financial Health of the U.S. Airline Industry

Since 2000, the U.S. airline industry has incurred losses in seven years, totaling \$83.9 billion, and has made profits in more than 11 years, totaling \$125 billion (Figure 42). The period since 2010 has been one of the industry's most profitable periods.

The losses were incurred prior to 2010, when the demand for air travel declined following the September 2001 terrorist attacks and during the Great Recession, and when fuel prices increased to record levels. Jet fuel prices increased steadily from 2002 to 2008. The greatest increase in jet fuel prices—a 44 percent increase—occurred in 2005, and the airline industry also posted their greatest quarterly loss in 2005. Mounting financial difficulties forced many airlines into bankruptcy

and liquidation. Surviving airlines merged, cut costs, retired fuel-inefficient aircraft, scaled back networks, changed pricing of airline services, and took many other measures to improve financial results. Airlines began to see profits in 2006, but they were unable to sustain them through the Great Recession in 2008 and 2009.

The airline industry has been earning profits more steadily since 2010, reaping the benefits of lower fuel prices, capacity discipline, traffic recovery along with global and U.S. economic recovery. Amid strong air travel demand, airlines have been able to raise airfares and earn substantial revenues from ancillary services. Airports have benefitted with increases in airline service.

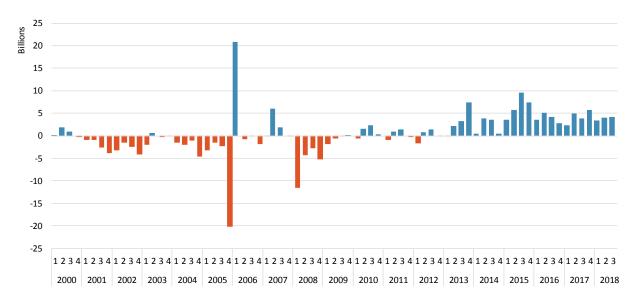


Figure 42 | U.S. Carrier Quarterly Net Profit, Q1 2000-Q3 2018

Source: U.S. Bureau of Transportation Statistics F41 Schedule P12 data.

## Performance of the Largest Airlines Serving the Airport

The market performance of major airlines can affect future Airport traffic. The four major airlines accounted for approximately 92 percent of the Airport's total passengers in 2018—Southwest (36 percent), American (23 percent), Delta (21 percent), and United (12 percent). Their combined share of CMH passenger traffic decreased slightly in recent years, as smaller carriers led by Spirit and Frontier Airlines increased market share.

In recent years, all four carriers have been earning profits, aided by the continuing economic expansion and relatively stable fuel prices. They have also been adding capacity as shown in Figure 43 for the U.S. domestic market.

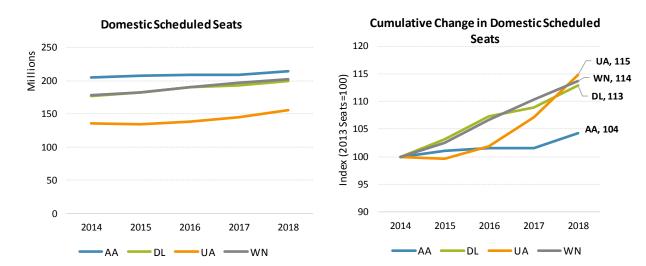


Figure 43 | Domestic Scheduled Seats by the Four Major U.S. Airlines

AA - American Airlines (includes US Airways in 2013-2015)

DL - Delta Air Lines

UA - United Airlines

WN - Southwest Airlines (includes AirTran Airways in 2013-2014)

Source: OAG Schedules Analyzer.

#### Southwest Airlines

Southwest is the second largest scheduled domestic market U.S. carrier, based on its share of U.S. system revenue passenger miles (18.2 percent in 2017). In 2018, Southwest reported its 46<sup>th</sup> consecutive annual net income of \$2.5 billion, maintaining its record as the only major U.S. airline that has remained consistently profitable through all the downturns in the airline industry. Southwest's business strategy centers on cost discipline and profitably charging competitively low fares. Adjusted for stage length, Southwest has lower unit costs, on average, than the majority of major domestic carriers.

Southwest is able to keep its costs low by (1) using a single aircraft type, the Boeing 737, (2) operating an efficient point-to-point route structure, and (3) achieving high labor productivity. Southwest began flying Boeing's new 737 MAX 8 aircraft in October 2016, believed to be the best narrow-body airplane of comparable size in the world in terms of fuel efficiency and noise reduction. As of December 31, 2018, Southwest had 31 737 MAX 8 in its fleet of 750 Boeing 737 aircraft. Southwest expects to grow its fleet to 794 aircraft by the end of 2019.

Like other airlines, Southwest cut capacity during the last recession and the early years of economic recovery. Like other airlines, it began increasing capacity in recent years—2015 was the turning point for Southwest's domestic capacity as shown in Figure 43. Southwest's scheduled domestic

seats in 2018 were up 14 percent from 2014. Southwest expects to continue its strategic capacity increases in 2019. 12

### **American Airlines**

American is the largest scheduled domestic market U.S. passenger carrier, based on its 18.3 percent share of U.S. system revenue passenger miles in 2017. American earned a net income of \$1.41 billion in 2018. It has been profitable in every year since emerging from bankruptcy and merging with U.S. Airways in December 2013. As a result of the merger, US Airways Group became a subsidiary of AMR Corporation, which changed its name to American Airlines Group Inc. (AAG). US Airways operations were fully integrated into American Airlines in late 2015.

As of year-end 2018, American had 956 aircraft in its mainline fleet and 595 aircraft in its regional fleet. As of January 2019, American expects to expand its mainline fleet with 47 new Boeing 787s to replace retiring aircraft in its fleet.

As shown in Figure 43, American has steadily increased domestic seat capacity since 2014, albeit very slowly. American's scheduled domestic seats in 2018 were up 4 percent from 2014.<sup>13</sup>

## **Delta Air Lines**

Delta is the third largest scheduled domestic market U.S. carrier, accounting for 16.8 percent of U.S. system revenue passenger miles in 2017. Delta earned a net income of \$5.1 billion in 2018, consistently earning an annual profit since 2010.<sup>14</sup> Delta merged with Northwest Airlines in October 2008 and completed the integration of the two airlines in 2010.

As of December 31, 2018, Delta has 1,025 aircraft in its fleet. Delta took delivery of 68 new aircraft in 2018, including five Airbus A350s and four Airbus A220s, toward meeting its target of 30 percent mainline fleet renewal by 2020. 15

As shown in Figure 43, Delta has steadily increased domestic seat capacity since 2014, posting a cumulative increase of 13 percent from 2014. Delta plans to continue increasing seat capacity in 2019.

#### **United Airlines**

United is the fourth largest scheduled domestic market U.S. passenger carrier, as measured by its share of U.S. system revenue passenger miles (14.9 percent in 2017). United merged with Continental Airlines in October 2010 and began operating as a single airline in November 2011. United reported \$2.1 billion in net income for 2018. It has consistently earned a net annual profit since 2013.

<sup>&</sup>lt;sup>12</sup> Southwest Airlines Co. Fourth Quarter -Form 10K, February 5, 2019.

<sup>&</sup>lt;sup>13</sup> American Airlines Investor Relations Update, January 24, 2019.

<sup>&</sup>lt;sup>14</sup> Delta Air Lines Earnings Releases, various years.

<sup>&</sup>lt;sup>15</sup> Delta Air Lines Investor Day 2017, December 14, 2017.

In 2018, United added 21 new Boeing aircraft to its fleet, including four 777-300ER, four 787-9, three 787-10 and ten 737 MAX 9 aircraft. As of December 2018, United had 770 aircraft in its mainline fleet and 559 aircraft in its regional fleet. United plans to expand its mainline and regional fleets to 803 and 568, respectively, by the end of 2019. 16

As shown in Figure 43, United continued to cut its domestic seats through 2015, but has since turned around to increase its scheduled domestic seats in 2018 by 15 percent more than its 2014 schedules.

# Grounding of the Boeing 737 MAX

Following the Ethiopian Airlines 737 MAX crash on March 10, 2019, the FAA ordered the grounding of those airplanes. As of March 2019, there are 34 in Southwest Airlines' fleet, 24 Boeing 737 MAX in American Airlines' fleet, and 14 in United Airlines' fleet. The grounding of this aircraft over an extended period could limit the ability of these airlines to implement their planned capacity increases.

# **Airline Competition**

Competition within the airline industry is intense and highly unpredictable—one of the main reasons for the volatility of the airline industry. Airlines compete on various factors including (1) pricing and cost structure, (2) routes, frequent flyer programs, and schedules; and (3) customer service, operational reliability, and amenities. Airlines also face competition from other forms of transportation and alternatives to travel such as videoconferencing and the internet.

Pricing is a significant competitive factor in the airline industry because airfares are an important consideration for customers when choosing flights. The internet has made it easy for customers to compare fares and identify competitor promotions and discounts.

The significant growth of ultra-low-cost carriers (ULCCs) has made price competition even more fierce. ULCCs offer "a la carte" service offerings, promoting extremely low relative base fares while separately charging for related services and products. Certain major U.S. airlines have responded by introducing a new "Basic Economy" fare product, offering a lower base fare to compete with a ULCC base fare but with significant restrictions on related amenities and services. This price competition has led to lower fares across the industry.<sup>18</sup>

## Airline Mergers

Responding to competition, cost and regulatory pressures, the airline industry has been consolidating. The most recent examples of large mergers include Delta and Northwest in 2008,

<sup>&</sup>lt;sup>16</sup> United Airlines Reports on Full-Year and Fourth-Quarter 2018 Performance, and Investor Update, January 15, 2019.

<sup>&</sup>lt;sup>17</sup> Airlines' fleet details in Planespotters.net.

<sup>&</sup>lt;sup>18</sup> Southwest Airlines Co. 2017 Annual Report to Shareholders, April 3, 2018.

United and Continental in 2010, Southwest and AirTran in 2011, American and US Airways in 2013, and Alaska and Virgin America in 2016.

Airline mergers affect service and traffic at airports, when they consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports usually plays out within a few years—sometimes immediately—following the merger. The impact can be significant or trivial, depending upon whether the merging airlines have a large market share at an airport, whether they have overlapping routes from the airport, and whether they carry significant connecting traffic through the airport.

Since 2010, CMH has faced three large mergers—United-Continental, Southwest-AirTran, and American-US Airways—and experienced decreases in the combined passenger traffic of merging airlines following each merger (Figure 44). The decreases were relatively most significant for United following its merger with Continental, and they were relatively mildest for American following its merger with US Airways.

Cumulative Change in Combined Passengers of Merging Airlines at CMH 140 Index (PTotal Passengers at Year of 132.8 130 120 American-US Airways, 2013 Merger=100) 110 102.7 106.4 100 Southwest-AirTran, 2011 90 United-Continental, 2010 80 70 60 0 1 2 3 7 8 Year from Merger

Figure 44 | Airline Merger Impacts at CMH

Sources: Airport data and Unison's calculations.

By 2018, the total passengers of each surviving airline at CMH exceeded the combined traffic of merging airlines at the time of merger. United's enplanements at CMH in 2018, eight years after its merger with Continental, were around 3 percent more than the combined enplanements of United and Continental in 2010. In 2018, American had 6.4 percent more than its combined enplanements with US Airways in 2013.

Traffic rebounded soonest for Southwest following its merger with AirTran in 2011. Since the merger, Southwest's enplanements at CMH decreased to their lowest level two years later in 2013, about 5 percent lower than the combined enplanements of Southwest and AirTran in 2011. They

returned to the 2011 level in less than four years. In 2018, seven years after the merger, Southwest's enplanements at CMH were 33 percent higher than the combined total for Southwest and AirTran in 2011.

# Aviation Security, Health and Safety Concerns

Concerns about security, health, and safety influence consumer travel behavior. Even with tightened security measures implemented by the Department of Homeland Security, terrorism remains a serious threat to the aviation industry. Additionally, the stringent airport security screening and long waits at security screening lines discourage air travel particularly to destinations that can be reached by ground transportation within a reasonable amount of time. Health and safety concerns can also cause temporary dips in traffic in affected routes.

## Structural Changes in Travel Demand

Consumers alter their travel patterns in response to changes at airports, changes in airline business practices, and changes in technology. For example, the stringent airport security screening and long wait times at airports after the 2001 terrorist attacks decreased the demand for air travel for short-haul trips. Intense fare competition and the ease of comparison shopping allowed by the internet have made consumers more price-sensitive. The widespread use of tele- and videoconferencing has decreased the need for business travel.

# Summary

Trends in airport passenger traffic drive trends in airport rental car demand. This section reviews the historical trends in commercial passenger traffic at CMH and presents forecasts of enplanements, which serve as a key driver of forecast transaction days in Section 5.

The past 20 years were eventful for the U.S. aviation industry and the Airport. Significant events caused structural changes in the airline industry, the air travel market, and airline service at the Airport, many with lasting impacts on airline service and passenger traffic trends at the Airport. CMH experienced fluctuations in passenger traffic coinciding with adverse events, although over the long term its passenger enplanements grew from 3.24 million in 1998 to 4.08 million in 2018. The average annual growth rate in CMH enplanements was 1.2 percent over the 20 years between 1998 and 2018.

This section presents a range of forecasts of enplanements at CMH, designating the following base and low planning forecasts:

- Base forecast Enplanements are forecast to increase from 4.08 million in 2018 to 5.02 million by 2019, increasing 4.0 percent in 2019 and an average rate of 1.7 percent annually after 2019.
- Low forecast Enplanements decrease slightly from 2019 to 2020, before increasing to 4.79 million in 2029, resulting in an average annual growth rate of 1.2 percent from 2019 to 2029.

# SECTION 4 | U.S. RENTAL CAR INDUSTRY

This section describes the U.S. rental car industry, recent market and industry developments, and the rental car companies that serve the Airport's market. It sets the context for the detailed examination of the rental car market at the Airport in Section 5.

The U.S. rental car industry has two distinct market segments: (1) the airport market and (2) the local retail and insurance replacement market (local market). This report focuses on the airport market, which consists of business and leisure air travelers renting cars at airports for ground transportation at their destinations.

The early rental car companies in the United States operated in downtown areas, usually at hotels and train stations. The Hertz Corporation, the oldest rental car company, traces its history to 1918 with the opening of the first rental car operation in Chicago. In 1932, Hertz expanded into the airport market when it opened a location at Chicago Midway Airport. The post-World War II economic prosperity led to enormous growth in consumer demand for a variety of goods and services, including air travel. Warren Avis opened rental car locations at Detroit's Willow Run Airport and Miami International Airport in 1947 and at airports in Chicago, Dallas, Houston, Los Angeles, New York, and Washington, D.C. in 1948. Today the U.S. rental car industry is made up of a number of companies marketing several brands. Recognizing air travelers' need for a convenient mode of ground transportation at their destinations, rental car companies operate at most commercial service airports in the United States.

## Major Rental Car Companies

The U.S. rental car industry went through a wave of consolidation during the last decade. Now three companies, each selling multiple brands, control approximately 95 percent of the U.S. rental car market:

- Enterprise Holdings, Inc. which owns the Enterprise, National and Alamo brands.<sup>19</sup>
- Hertz Global Holdings, Inc. which owns the Hertz, Dollar and Thrifty brands.<sup>20</sup>
- Avis Budget Group, Inc. which owns the Avis, Budget, Payless, and Zipcar brands.

Figure 45 shows the three companies along with the rental car brands they own. Table 10 shows rental car revenue and revenue share by company. Enterprise Holdings, Inc., has been the largest

<sup>&</sup>lt;sup>19</sup> At CMH, the National and Alamo brands are operated by a local franchisee, Midwest Car Corporation. Therefore, the three brands owned nationally by Enterprise Holdings, Inc. are operated at CMH pursuant to the following two separate Concessionaire Agreements: EAN Holdings (Enterprise) and Midwest Car Corporation (National and Alamo).

<sup>&</sup>lt;sup>20</sup> At CMH, the Hertz brand is operated by a local franchisee, Byers Car Rental LLC, and the Dollar and Thrifty brands are operated by another local franchisee, DTG Operations, Inc. Therefore, the three brands owned nationally by Hertz Global Holdings, Inc. are operated at CMH pursuant to the following two separate Concessionaire Agreements: Byers Car Rental LLC (Hertz) and DTG Operations, Inc. (Dollar and Thifty).

rental car parent company since 2008, with annual industry revenue shares ranging from 47.5 percent to 56.6 percent. Hertz Global, Inc., has historically accounted for the second largest share ranging from 20.9 percent to 27.7 percent, followed by Avis Budget Group, Inc., with the third largest share ranging from 17.3 percent to 21.9 percent.

Table 11 shows each company's revenue share. Figure 46 shows the gross revenue trends and the breakdown by company from 2008 to 2018.

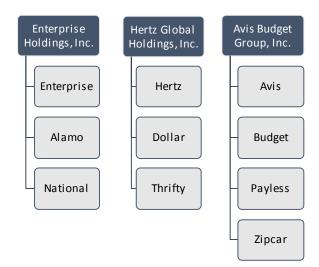


Figure 45 | Ownership of Major Rental Car Brands

Table 10 | U.S. Rental Car Company Revenue (In Millions)

Year	Enterprise Holdings	Hertz Global <sup>124</sup>	Avis Budget	Subtotal - Enterprise, Hertz, and Avis	Others <sup>4</sup>	Total
2008	\$10,400	\$5,510	\$4,800	\$20,710	\$1,169	\$21,879
2009	\$10,700	\$4,830	\$3,940	\$19,470	\$994	\$20,464
2010	\$9,800	\$5,698	\$3,850	\$19,348	\$1,203	\$20,551
2011	\$11,100	\$5,886	\$4,110	\$21,096	\$1,300	\$22,396
2012	\$11,500	\$6,223	\$4,510	\$22,233	\$1,395	\$23,628
2013	\$11,900	\$6,300	\$5,200	\$23,400	\$1,146	\$24,546
2014	\$12,850	\$6,400	\$5,500	\$24,750	\$1,377	\$26,127
2015	\$13,880	\$6,350	\$5,445	\$25,675	\$1,431	\$27,106
2016	\$15,314	\$6,114	\$5,550	\$26,978	\$1,461	\$28,439
2017	\$16,200	\$5,975	\$5,000	\$27,175	\$1,451	\$28,626
2018	\$16,900	\$6,430	\$5,200	\$28,530	\$1,498	\$30,028

 $<sup>^{\</sup>rm 1}$  Includes Dollar Thrifty which Hertz acquired in 2012.

Source: Auto Rental News.

 $<sup>^{\</sup>rm 2}$  Includes Advantage from 2009 to 2012. Advantage was sold in 2012.

 $<sup>^{\</sup>rm 3}$  Does not include Zipcar which Avis acquired in 2013.

<sup>&</sup>lt;sup>4</sup> Gross Revenues are estimated by Auto Rental News.

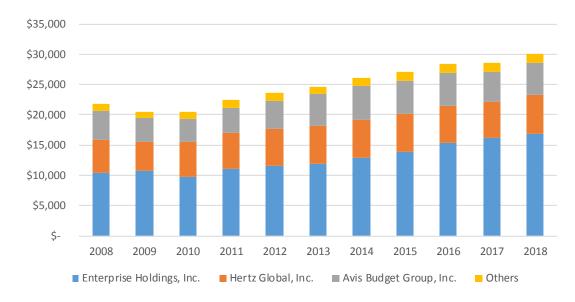
Table 11 | U.S. Rental Car Revenue Share by Company

Year	Enterprise Holdings	Hertz Global <sup>124</sup>	Avis Budget	Subtotal - Enterprise, Hertz, and Avis	Others <sup>4</sup>	Total
2008	47.5%	25.2%	21.9%	94.7%	5.3%	100.0%
2009	52.3%	23.6%	19.3%	95.1%	4.9%	100.0%
2010	47.7%	27.7%	18.7%	94.1%	5.9%	100.0%
2011	49.6%	26.3%	18.4%	94.2%	5.8%	100.0%
2012	48.7%	26.3%	19.1%	94.1%	5.9%	100.0%
2013	48.5%	25.7%	21.2%	95.3%	4.7%	100.0%
2014	49.2%	24.5%	21.1%	94.7%	5.3%	100.0%
2015	51.2%	23.4%	20.1%	94.7%	5.3%	100.0%
2016	53.8%	21.5%	19.5%	94.9%	5.1%	100.0%
2017	56.6%	20.9%	17.5%	94.9%	5.1%	100.0%
2018	56.3%	21.4%	17.3%	95.0%	5.0%	100.0%

<sup>&</sup>lt;sup>1</sup> Includes Dollar Thrifty which Hertz acquired in 2012.

Source: Auto Rental News.

Figure 46 | U.S. Rental Car Industry Gross Revenue (In Millions) and Share by Company



Source: Auto Rental News.

### Enterprise Holdings, Inc.

Enterprise Holdings owns the Enterprise, Alamo and National rental car brands. The privately held St. Louis-based company has the world's largest rental car fleet of 1.2 million in 2018. The company has 100,000 employees and more than 9,000 fully staffed neighborhood and airport locations. Collegegrad.com has ranked Enterprise as the leading entry-level employer for 2019. The

 $<sup>^{\</sup>rm 2}$  Includes Advantage from 2009 to 2012. Advantage was sold in 2012.

<sup>&</sup>lt;sup>3</sup> Does not include Zipcar which Avis acquired in 2013.

<sup>&</sup>lt;sup>4</sup> Gross Revenues are estimated by Auto Rental News.

company's annual revenues increased steadily in the last five years. A privately held corporation, Enterprise Holdings does not release financial information other than revenues.

Enterprise Holdings originated from a vehicle leasing company called Executive Leasing that Jack Taylor founded in St. Louis in 1957. Rent-a-car operation was launched in 1962, and in 1969, Executive Leasing changed its name to Enterprise Leasing Company and began expanding its operations outside St. Louis. Enterprise and its subsidiaries historically focused on customers who needed a replacement car because of a car accident, mechanical repair or theft. Several years ago, they expanded into the airport market, becoming one of the major airport rental car brands. In August 2007, Enterprise acquired Vanguard Car Rental USA Inc. which operates the Alamo and National brands.

Alamo serves primarily families and leisure travelers. The company began operations in 1974 at four Florida locations (Miami, Fort Lauderdale, Tampa and Orlando) serving the local replacement market. It expanded its operations nationwide, serving both airport and local markets. In December 1996, Alamo merged with Republic Industries, Inc., which later became known as AutoNation, Inc. In January 2000, AutoNation, Inc. spun off its rental car unit into a separate, publicly traded company, ANC Rental Corporation.

National Car Rental Systems, Inc. was incorporated in 1959, but the company was established by 24 independent rental car operators in 1947. National was based in St. Louis until 1961 when an investment group relocated the corporate headquarters to Minneapolis. National was acquired by General Motors in 1992, and by ANC Rental Corporation in January 2000.

ANC Rental Corporation implemented dual branding of Alamo and National at many airports—renting both brands from the same counter space under a single concession agreement. In 2003, ANC Rental Corporation filed for bankruptcy, was acquired by Cerberus Capital Management and became Vanguard Car Rental USA Inc. In August 2007, Vanguard Car Rental USA Inc. was acquired by Enterprise Holdings. As a subsidiary of Enterprise Holdings, Vanguard Car Rental USA Inc. continues to sell the Alamo and National brands.

### Hertz Global, Inc.

In 2018, Hertz Global Holdings had an average of 506,200 cars in service and operated 4,200 locations in the United States, generating more than one-half of its U.S. car rental revenues from airport locations. The company operates approximately 10,200 locations, including franchises, in North America, Europe, the Caribbean, South America, Central America, Africa, the Middle East, and Australia. Hertz Global Holdings employs more than 30,000 people worldwide. The company's financial performance has not been consistent in recent years, reporting net profits in 2013, 2015 and 2017 and net losses in 2014 and 2016. The company earned a positive net income in the third quarter of 2018 after posting net losses in the first and second quarters.

Hertz Global Holdings is the oldest rental car company in the industry, tracing its beginnings to 1918, when Walter L. Jacobs opened his first car rental operation in Chicago. The company took the name of Hertz in 1923 when it was sold to John Hertz. Hertz became a subsidiary of the Ford Motor Company (Ford) in 1994 and a publicly traded company in 1997. In 2001, Ford reacquired the

Hertz' outstanding shares, and in December 2005 sold all of its shares of Hertz common stock to an investor group of private equity firms (the Sponsors). Hertz completed an initial public offering in 2006 and a secondary public offering in 2007 which decreased the Sponsors' ownership percentage to approximately 55 percent. In April 2009, Hertz acquired Advantage Rent A Car. In November 2012, Hertz purchased Dollar Thrifty Automotive Group and, as required by the Federal Trade Commission, divested itself of Advantage Rent A Car.

The Dollar and Thrifty brands represent a value-priced rental vehicle targeted to leisure customers, small businesses, and independent business travelers. Dollar Rent A Car Systems, Inc., began operating in Los Angeles, California, in 1965 where its executive offices remained until relocating to Tulsa, Oklahoma, in 1994. In 1990 Dollar Rent A Car Systems, Inc., was acquired by Chrysler Corporation. Thrifty Rent-A-Car System, Inc., was incorporated in 1950 and began car rental operations at off-airport locations in Tulsa, Oklahoma. The company was acquired by Chrysler Corporation in 1989.

Chrysler created Pentastar Transportation Group, Inc. (PTG) to operate the rental car subsidiaries. In 1997 PTG merged all rental car subsidiaries into the Dollar Thrifty Automotive Group, Inc. (DTG) and completed an initial public offering of its common stock. DTG operated the Dollar and Thrifty brands under a brand-based corporate structure until January 1, 2003 when it adopted a functional corporate structure, combining the management of operations and administrative functions for both the Dollar and Thrifty brands.

In November 2012 DTG was acquired by Hertz Global Holdings and became a wholly-owned subsidiary of Hertz. At the time of the acquisition, DTG had a fleet of approximately 122,000 cars and operations in about 470 domestic locations.

### Avis Budget Group, Inc.

In 2018 Avis Budget Group operated a fleet of more than 365,000 vehicles from more than 3,000 domestic locations, employing 31,000 people. It derives 70 percent of its revenue from airport locations. Avis Budget Group emerged from the consolidation of two rental car companies, Avis Group Holdings and Budget Rent A Car System. The company has consistently reported net profits since 2012. It has not reported its financial results for 2018 but is anticipating an increase in net income.

Avis Group Holdings began operations in 1946 at Detroit's Willow Run Airport and at Miami Airport. By 1946, Avis had expanded to locations in Chicago, Dallas, Houston, New York, Los Angeles, and Washington, D.C. Over the years, the corporate ownership of Avis changed. In 1987 the company was purchased by its Employee Stock Ownership Plan, becoming one of the largest employee-owned companies in the United States. In 1989 General Motors Corporation acquired minority ownership interest in the company. Avis was purchased by Hospitality Franchise Systems (HFS) in 1996 and became a publicly traded company in 1997. In March 2001 Cendant Corporation, a successor in interest in HFS, acquired 100 percent ownership of Avis.

Budget Rent a Car System was founded in Los Angeles in 1958 as a rental car company for the value conscious renter. It expanded its leisure traveler segment of the airport market during the 1960s

and 1970s. Budget was acquired by Ford Motor Company and remained a subsidiary of Ford Motor Company until April 1997 when it was acquired by Team Rental Group, later renamed Budget Group, Inc. In November 2002, Cendant Corporation acquired Budget and merged its administrative functions with those of Avis. In 2006, Cendant Corporation separated into four publicly-traded companies; Avis and Budget became Avis Budget Group.

In 2013 Avis Budget Group acquired Zipcar, Inc. (Zipcar), the world's leading car sharing network, offering its members self-service vehicles available by the hour, day, or week. In 2017 Zipcar had more than one million members, more than 12,000 vehicles, and operations in over 500 cities, at more than 600 college campuses, and 50 airports in the United States, Canada and Europe.

In 2013, Avis Budget Group also acquired Payless Car Rental (Payless). Payless was founded in 1971 in Spokane Washington. In 2017 Payless operated approximately 116 rental locations in the United States, Canada, Europe and South America, including many in major airports. Payless targets price-conscious leisure and business travelers and generates approximately \$80 million in annual revenue.

#### Rental Car Fleet

As of 2018, the U.S. rental car industry operated a fleet of more than 2.2 million cars, growing 22.1 percent from 2008 (Figure 47). Although the fleet grew 2.0 percent per year on average from 2008 to 2018, the trend has not been steady. The fleet size decreased in some years—in 2009 and in 2010 because of the economic recession, and in 2017. The recent decrease in industry fleet size reflects a conscious effort by rental car companies to keep their fleets in line with demand (fleet right-sizing). Car manufactures are also contributing to this trend by limiting rental fleet sales.<sup>21</sup> In addition to reducing fleet size, rental car companies are also changing the composition of their fleet to add more sports utility vehicles (SUVs) to respond to customer preferences. In 2018, the industry fleet size recovered slightly (1.2 percent) from the 5.5 percent dip in 2017.

<sup>&</sup>lt;sup>21</sup> Chris Brown, "Auto Focus - Market Forces Driving Car Rental in 2018," Auto Rental News, March 19, 2018.

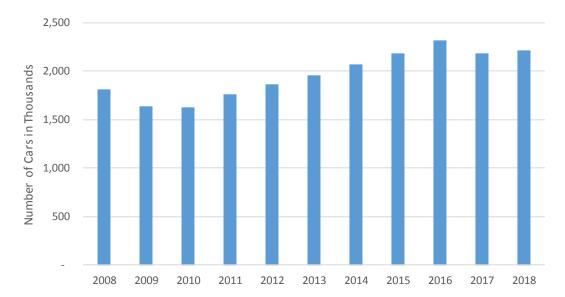


Figure 47 | U.S. Rental Car Industry Fleet (Number of Cars in Thousands)

Source: Auto Rental News.

### Rental Car Market Revenue

The U.S. rental car industry's market revenue show similar trends to the industry's fleet size (Figure 48), although the revenue decrease in 2009 (6.5 percent) due to the economic recession was relatively smaller compared with the decline in the size of the fleet in the same year (9.7 percent). In 2017, market revenue continued to grow, but the annual growth rate slowed to 0.7 percent from about 4 to 9 percent in the previous six years. Market revenue grew nearly 5 percent in 2018, eclipsing \$30 billion for the first time. From 2008 to 2018, annual revenue grew 37.2 percent, an annual average of 3.2 percent, from \$21.88 billion to \$30.03 billion.

Transportation network companies (TNCs) like Uber and Lyft have taken a share of the rental car market—especially from corporate travel and largely for short-distance trips—since expanding their services in the country in 2014. The growing use of TNCs has likely contributed to the slowing of growth in the U.S. rental car industry's revenue in the past year. The U.S. rental car industry, however, has found a new market niche in TNCs. Renting to TNC drivers is now a business segment and a profitable one. Rental car companies are dedicating an increasing portion of their fleet to this new business segment.<sup>22</sup>

<sup>&</sup>lt;sup>22</sup> Ibid.

\$35 \$30 Gross Rental Revenue in Billions \$25 \$20 \$15 \$10 \$5 \$-2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

Figure 48 | U.S. Rental Car Industry Revenue

Source: Auto Rental News.

The average revenue generated from each car in the fleet, which ranged between \$12,000 and \$12,800 in 2008-2016, surpassed \$13,000 for the first time in 2017 (Figure 49). The average revenue increased 6.5 percent in 2017 and 3.7 percent in 2018. This is evidence that the fleet right-sizing efforts are producing the desired result.

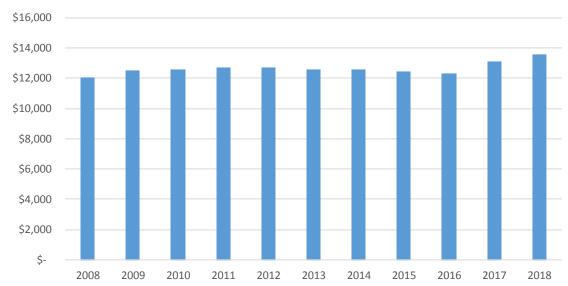


Figure 49 | Average Annual Revenue per Car in the Rental Car Industry Fleet

Source: Auto Rental News.

## Market Trends Affecting the U.S. Rental Car Industry

The U.S. rental car industry is evolving. Some of causes and consequences of this evolution are discussed below.

## Digital Technology

The use of smartphones is now widespread, prompting the rental car industry to adapt and incorporate this technology into their services. Rental car companies developed mobile based apps to make it easy for customers to book car rentals using their smartphones.

### **Competition from TNCs**

The widespread use of smartphones has also fueled the emergence of TNCs (also called ride-hailing services) as convenient, on-demand ground transportation alternative. TNCs have taken a share of the rental car market—especially from corporate travel<sup>23</sup> and largely for short-distance trips in urban areas.<sup>24</sup>

The SpendSmart Report prepared by the online travel and expense management provider, Certify, shows evidence of the growing market penetration of TNCs taking market share from rental cars and other ground transportation modes. Certify tracks data from business expense reports. From the first quarter of 2014, when Certify began tracking business expenses for ground transportation including TNCs, to the first quarter of 2018, TNCs' share increased from 8 percent to 71 percent. Over the same period, the rental car share decreased from 55 percent to 23 percent, and the taxi share decreased from 37 percent to 6 percent (Figure 50). TNCs are likely generating induced demand, effectively increasing the size of the market for "for-hire" modes of ground transportation.

TNCs have also penetrated the airport ground access market. As of 2017, Uber operated at over 140 airports and Lyft at over 300 airports across the country, including CMH, according to a study conducted under the Airport Cooperative Research Program (ACRP).<sup>25</sup> Since permitted TNC service at airports began only in 2014, there is yet no organized industry data collection on TNC activity at airports. Anecdotal evidence does show that TNCs are taking customers away from rental cars and other ground access modes at airports. A recent study by Moody's Investor Service finds that the average revenue per 0&D enplanement that airports generate from rental car concessions

<sup>&</sup>lt;sup>23</sup> Certify Spendsmart Reports.

<sup>&</sup>lt;sup>24</sup> Avis Budget Group, Inc., *Form 10-K for the fiscal year ended December 31, 2018*, filed on February 21, 2019, page 18; and Hertz Global Holdings, Inc., *Form 10-K for the fiscal year ended December 31, 2018*, filed on February 25, 2019, page 11.

<sup>&</sup>lt;sup>25</sup> Peter Mandle and Stephanie Box, "Transportation Network Companies: Challenges and Opportunities for Airport Operators," *ACRP Synthesis 84*, Airport Cooperative Research Program, Transportation Research Board, National Academies of Sciences, Engineering, and Medicine, 2017.

decreased from 2015 to 2017, although the observed decrease is still relatively small and the trend from 2016 to 2017 is essentially flat.<sup>26</sup> The earlier ACRP study found less definitive results.<sup>27</sup>

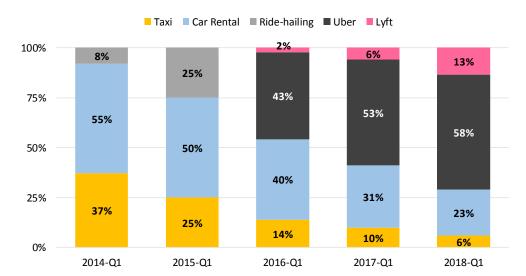


Figure 50 | Ground Transportation Modal Shifts in Business Travel

Source: Certify SpendSmart Report and Unison Consulting, Inc. Certify's data come from actual expenses reported in business expense reports.

## Rentals to TNC Drivers as a New Business Segment

While TNCs are taking away traditional rental car customers, they are also creating a new market for rental cars: TNC drivers. Rental car companies are renting cars to TNC drivers and now have dedicated fleet to this profitable new business segment.

For example, Hertz Global Holdings has partnered with certain U.S. TNC companies to offer vehicle rentals to their drivers. For Hertz, its TNC rental market has more than doubled in 2018, from 2017. Hertz offer rentals to TNC drivers in approximately 90 locations in select U.S. cities across 18 states and has a dedicated rental fleet of 30,000 average vehicles for use by its TNC partners.<sup>28</sup>

<sup>&</sup>lt;sup>26</sup> Moody's Investors Service, "Airports – US: Parking and CFC bonds face credit pressure from Uber, Lyft, but airports are protected," *Sector In-Depth*, April 16, 2018.

<sup>&</sup>lt;sup>27</sup> Peter Mandle and Stephanie Box, "Transportation Network Companies: Challenges and Opportunities for Airport Operators," *ACRP Synthesis 84*, Airport Cooperative Research Program, Transportation Research Board, National Academies of Sciences, Engineering, and Medicine, 2017.

<sup>&</sup>lt;sup>28</sup> Hertz Global Holdings, Inc., Form 10-K for the fiscal year ended December 31, 2018, filed on February 25, 2019, page 7.

In 2017, the Avis Budget Group also began a partnership with Lyft to allow Lyft drivers across North America to rent Avis vehicles on a monthly and weekly basis as an alternative to using their personal vehicles.<sup>29</sup>

### Peer-to-Peer Car-Sharing Platforms

The digital revolution has also spawned peer-to-peer car-sharing platforms such as Turo, and Getaround Inc., presenting another competition to traditional rental car companies. These peer-to-peer car-sharing platforms allow individual car owners to rent their cars via apps. Customers use an app to rent another person's car and set a spot to pick up the car. They can rent cars for an hourly or a daily fee—Turo customers pay an average of \$45 per day. There are now nearly 3 million users of peer-to-peer car-sharing services in North America, according to the Transportation Sustainability Research Center at the University of California, Berkeley.<sup>30</sup>

Another peer-to-peer car-sharing platform HyreCar competes with traditional rental car companies on rentals to TNC drivers. HyreCar offers a peer-to-peer marketplace in which private parties can rent out personal vehicles to TNC drivers. HyreCar vehicles rent for an average of 14 days.<sup>31</sup> Launched in 2015, HyreCar operates in 29 states as of February 2018.<sup>32</sup>

While these peer-to-peer car-sharing platforms compete with traditional rental car companies in serving end-customers, they are also presenting a new market segment for traditional rental car companies. HyreCar and Turo have begun tapping traditional rental car companies' fleets in sourcing cars to rent, allowing traditional rental car companies to reach new local markets using excess inventory without having to make traditional business expansion investments.<sup>33</sup>

#### **Autonomous Fleet**

Autonomous vehicles are in advance stages of development and pilot testing, with General Motors, Waymo, and Uber expected to make significant additions to their fleets in 2019.<sup>34</sup> Rental car companies are well-positioned to offer fleet management services for autonomous vehicles. Avis, which has been the most public of its initiatives concerning autonomous vehicles, entered into contract in June 2017 to manage and maintain Waymo's growing fleet in Phoenix, Arizona.<sup>35</sup>

 $<sup>^{29}\</sup> Avis\ Budget\ Group,\ Inc.,\ Form\ 10-K for\ the\ fiscal\ year\ ended\ December\ 31,\ 2018,\ filed\ on\ February\ 21,\ 2019,\ page\ 7.$ 

<sup>&</sup>lt;sup>30</sup> Adrienne Roberts, "Want to Rent Out Your Car? You Might Be Regulated," Wall Street Journal, June 19, 2018.

<sup>&</sup>lt;sup>31</sup> Chris Brown, "Renting Cars for the Ride-Hailing Revolution," Auto Rental News, September 9, 2016.

<sup>32 &</sup>quot;HyreCar Launches in New York," Auto Rental News, February 13, 2018.

<sup>&</sup>lt;sup>33</sup> Chris Brown, "How Technology is Addressing Car Rental Underutilization," *Auto Rental News*, June 29, 2018.

<sup>&</sup>lt;sup>34</sup> IHS Markit forecast cited in "Global Autonomous Vehicle Sales to Reach 33M by 2040," Auto Rental News, January 3, 2018.

<sup>&</sup>lt;sup>35</sup> Avis Budget Group, Inc., Form 10-K for the fiscal year ended December 31, 2018, filed on February 21, 2019, page 7.

### Carsharing Business Model

Avis is the first U.S. rental car company to embrace carsharing as business model for the future. In 2013 Avis Budget Group acquired Zipcar, the world's leading car sharing network. Zipcar operates a membership-based car sharing network, providing members with on-demand, self-service vehicles in reserved parking spaces located in neighborhoods, business districts, office complexes, college campuses, and airports, as an alternative to car ownership. Members can reserve vehicles online, on a mobile device or over the phone, by the minute, hour or day.<sup>36</sup>

## **Business Strategies**

Rental car companies continually hone their business strategies:

- Fleet management Rental car companies are taking measures to contain fleet holding costs. Measures include fleet right-sizing, better alignment of fleet mix to consumer vehicle preferences, and fleet remarketing outside of auctions.
- Pricing Price has become even more competitive for rental car companies, facing
  competition not only from each other but also from TNCs. Rental car companies are
  implementing "big-data" systems to better manage demand, yields, and fleet.
- Efficiency Rental car companies are working to reduce the time it takes for a consumer to complete the rental process through the use of technology and streamlined membership services.
- Ancillary Revenue Rental car companies have restructured their websites and offered
  mobile apps to improve ancillary revenues. Hertz, in particular, has adopted the more
  customer-friendly term "value-added services" to shift the focus on customer benefits.

## **Summary**

This section described the U.S. rental car industry and recent market and industry developments, setting the context for the detailed examination of the rental car market at the Airport in Section 5. The U.S. rental car industry has two distinct market segments: (1) the airport market and (2) the local retail and insurance replacement market (local market).

In the last decade, the U.S. rental car industry went through a wave of consolidation leaving three companies, each selling multiple brands, with control of approximately 95 percent of the U.S. rental car market. These three companies are (1) Enterprise Holdings, Inc. which owns the Enterprise, National and Alamo brands; (2) Hertz Global Holdings, Inc. which owns the Hertz, Dollar and Thrifty brands; and (3) Avis Budget Group, Inc. which owns the Avis, Budget, Payless, and Zipcar brands.

<sup>&</sup>lt;sup>36</sup> *Ibid*, page 11.

The U.S. rental car industry continues to grow. As of 2018, the U.S. rental car industry operated a fleet of 2.2 million cars, growing 22.1 percent from 2008. From 2008 to 2018, annual revenue grew 37.2 percent, an annual average of 3.2 percent, from \$21.88 billion to \$30.03 billion.

The U.S. rental car industry is also evolving to adapt to changes in the marketplace and competition from within the rental car industry and from new modes of on-demand ground transportation such as TNCs. Rental car companies have been implementing strategies to better manage fleet, increase revenues, reduce costs, and develop new business segments.

## SECTION 5 | AIRPORT RENTAL CAR ACTIVITY

This section reviews the historical trends in rental car demand at CMH since 2014 and presents forecasts of rental car transaction days for calendar years 2019 through 2029. Forecast development also uses multivariate time series regression techniques to quantify the contributions of the key factors driving airport rental car demand—trends in passenger traffic, overall price of a rental car, and customer income—and the effect of competition from TNCs.

## Rental Car Activity at the Airport

In 2018 the RACs earned a total gross revenue of approximately \$91.1 million from operating eight brands at CMH. The eight rental car brands are operated at CMH pursuant to five Concessionaire Agreements. As described in Section 6, three Concessionaires operate two brands each (Avis/Budget, National/Alamo, and Dollar/Thrifty), while the Hertz and Enterprise brands are each operated by a separate Concessionaire. Figure 51 shows revenue shares by Concessionaire. Avis/Budget accounted for 28.3 percent, followed by National/Alamo (22.3 percent) Hertz (20.0 percent), Enterprise (18.4), and Dollar/Thrifty (11.0 percent). The largest share held by a single brand was 20.0 percent for Hertz.

DOLLAR/THRIFTY
Dollar, 5.0%
Thrifty, 6.0%

18.4%

ENTERPRISE

20.0%

HERTZ

NATIONAL/ALAMO
National, 16.7%
Alamo, 5.5%

AVIS/BUDGET
Avis, 16.7%
Budget, 11.6%

Figure 51 | Gross Rental Revenue Shares by Brand Ownership, 2018

Source: Gross revenue data from RACs.

We track rental car market activity using the following indicators: transaction days, transactions, contract duration, gross rental revenue, and average rental rate. Table 12 presents data on these indicators for calendar years 2008-2018 and the compound annual growth rates (CAGR) for three periods:

- 2008-2018, the entire period for which data are available, to show how the airport rental car market fared over a long period that includes business cycle changes.
- 2010-2018, the period excluding the recession years, to show how the airport rental car market performed during economic recovery and expansion.
- 2014-2018, the period from the first full year of TNC operations in Columbus to show how
  the rental car market has fared with competition from TNCs. Uber and Lyft launched in
  Columbus in October 2013 and February 2014, respectively. Lyft suspended operations
  from January 2015 to March 2016. Lyft and Uber signed agreements to operate at CMH on
  March 24, 2016, and July 5, 2016, respectively.

Table 12 | CMH Rental Car Activity, 2008-2018

		Demand Indica		Revenue Indicators				
Calendar	Transaction	Rental	Avg. Contract	Gross	Avg. Nominal	Avg. Real		
Year	Days <sup>1</sup>	<b>Contracts</b> <sup>1</sup>	Duration (Days) <sup>2</sup>	Revenue <sup>1</sup>	Rental Rate <sup>3</sup>	Rental Rate <sup>4</sup>		
2008	1,375,125	504,384	2.73	\$78,951,885	\$57.41	\$57.23		
2009	1,200,549	418,457	2.87	\$72,121,452	\$60.07	\$60.07		
2010	1,209,325	434,385	2.78	\$79,419,722	\$65.67	\$64.62		
2011	1,277,272	461,280	2.77	\$82,490,934	\$64.58	\$61.61		
2012	1,351,060	480,513	2.81	\$83,267,985	\$61.63	\$57.60		
2013	1,439,416	492,522	2.92	\$83,501,495	\$58.01	\$53.43		
2014	1,399,421	493,842	2.83	\$88,988,529	\$63.59	\$57.64		
2015	1,557,016	530,864	2.93	\$92,264,444	\$59.26	\$53.65		
2016	1,674,560	535,403	3.13	\$92,033,407	\$54.96	\$49.13		
2017	1,610,476	508,647	3.17	\$87,119,712	\$54.10	\$47.35		
2018	1,694,319	522,894	3.24	\$91,146,224	\$53.80	\$45.97		
			Compound Annua	Growth Rate				
2008-2018	2.1%	0.4%	1.7%	1.4%	-0.6%	-2.2%		
2010-2018 <sup>5</sup>	4.3%	2.3%	1.9%	1.7%	-2.5%	-4.2%		
2014-2018	4.9%	1.4%	3.4%	0.6%	-4.1%	-5.5%		

 $<sup>^{\</sup>rm 1}$  Data received from RACs.

The trends in each rental car market indicator are described below.

### Transaction days

A transaction day represents a 24-hour rental period and is the basis for assessing the CFC. Total transaction days— the total number of days vehicles are rented—are the basis for projecting CFC revenue and determining an appropriate CFC rate. Despite the recession in 2008 and 2009,

<sup>&</sup>lt;sup>2</sup> The average contract duration is calculated by dividing transaction days by rental contracts.

<sup>&</sup>lt;sup>3</sup> The average nominal rental rate is calculated by dividing gross rental revenues by transaction days. The nominal rate is expressed in current dollars.

<sup>&</sup>lt;sup>4</sup> The average real rental rate is expressed in constant 2009 dollars. It represents the price of renting a car per day, adjusted for inflation.

<sup>&</sup>lt;sup>5</sup> Excluding recession years 2008 and 2009.

transaction days increased from 1.38 million in 2008 and to 1.69 million in 2018, with a CAGR of 2.1 percent. They posted a much higher CAGR of 4.2 percent from 2010 and an even higher CAGR of 4.9 percent from 2014, driven by both the growth in rental contracts and the increase in contract durations. Over the period since 2008, transaction days posted their highest annual growth rate of 11.3 percent in 2015. That year, enplanements increased 7 percent, and one rental car brand recorded a significant increase in activity. Transaction days continued to increase through 2016. They decreased 3.8 percent in 2017 but rebounded in 2018, growing 5.2 percent. Two factors contributed to the decrease in transaction days in 2017: (1) TNCs increased operations after signing agreements to operate at CMH in 2016, and (2) rental car companies stopped accepting debit cards for payment.

### Rental contracts

A rental contract represents one rental transaction or customer. Rental contracts increased from approximately 504,000 in 2008 to 523,000 in 2018. Compared with transaction days, rental contracts posted slower CAGRs of 0.4 percent from 2008, 2.3 percent from 2010, and 1.4 percent from 2014. The slowing of growth in rental contracts since 2014 likely reflects the impact of competition from TNCs, mitigated by the increase in the average contract duration. Rental contracts also posted their highest annual growth rate since 2008 of 7.5 percent in 2015. They continued to grow in 2016 before decreasing 5 percent in 2017, and then rebounded 2.8 percent in 2018.

### **Contract duration**

Contract duration represents the number of rental days in one rental contract. Calculated by dividing the number of transaction days by the number of rental contracts, the average contract duration increased from 2.73 days in 2008 to 3.24 days in 2018. The average contract duration exceeded 3 days beginning in 2016. The long-term trend of increase in the average contract duration was likely driven by the economic expansion, and the competition from TNCs attracting customers who would have been short-term renters contributed to this trend in the last three years.

## **Gross revenues**

Gross rental revenues include all revenues rental car companies earn at the Airport that are subject to a concession fee. Gross revenues increased from approximately \$79 million in 2008 to \$91 million in 2018, achieving a CAGR of 1.4 percent since 2008, 1.7 percent since 2010, and 0.6 percent since 2014. The growth in gross revenues lagged the growth in transaction days because of a decreasing trend in rental rates.

### Average daily rental rate

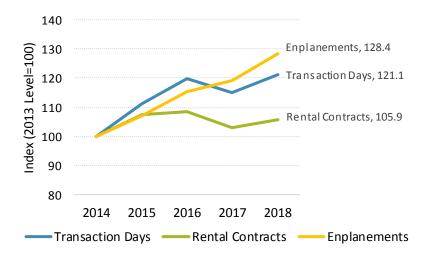
The average daily rental rate, calculated as the annual gross revenues divided by the annual transaction days, measures the average rental rate. Rental car companies adjust their rates in response to market conditions. Since 2014, the average daily rental rate has decreased steadily, reflecting in part new competition from TNCs. The rate of decrease, however, has slowed in the past two years. Between 2008 and 2018, the average rental rate decreased at an annual average rate of 0.6 percent in nominal terms and at 2.2 percent in real terms (after inflation). All other things being equal, a decrease in the average daily rental rate stimulates rental car demand and, conversely, an

increase in the average daily rental rate dampens rental car demand. The inverse relationship between price and quantity demanded is called the law of demand, and the responsiveness of demand to price changes is called price elasticity.

The decreases in transaction days and rental contracts in 2017 occurred despite continuing growth in enplanements (Figure 52), although enplanement growth slowed to 3.4 percent in 2017 from 7 to 8 percent in each of the previous two years. CMH saw a significant increase in TNC transactions, estimated to have more than doubled since 2016 and to have increased six-fold since 2015. Shown in Figure 52, from 2014 to 2018, transaction days increased a total of 21.1 percent, rental contracts increased 5.9 percent, and enplanements increased 28.4 percent. Shown in Figure 53, the ratios of transaction days and rental contracts to enplanements decreased:

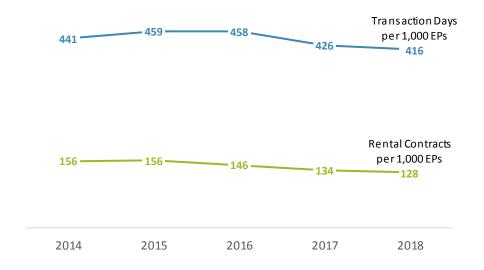
- For transactions days, from 441 to 416 per 1,000 enplanements
- For rental contracts, from 156 to 128 per 1,000 enplanements

Figure 52 | Comparison of Growth Trends in Transaction Days, Rental Contracts and Enplanements at CMH Since 2014



Sources: RACs, Airport records, and calculations by Unison Consulting, Inc.

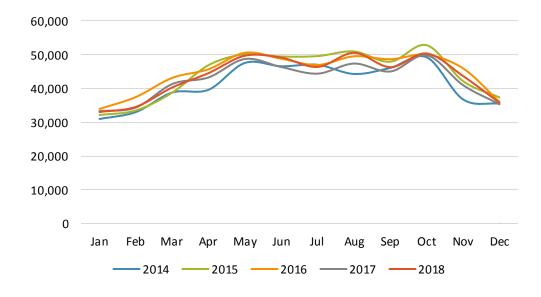
Figure 53 | Ratios of Transaction Days and Rental Contracts to Enplanements



Sources: RACs, Airport records, and calculations by Unison Consulting, Inc.

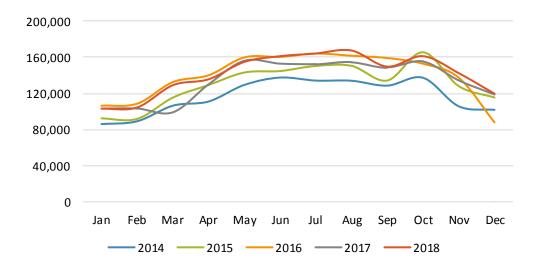
Figure 54 through Figure 58 show the monthly trends in the rental car demand and revenue indicators for January 2014 through December 2018. The seasonal trends in rental car demand at CMH are evident in these figures. Historically, transaction days and rental contracts have been higher in the summer months and in the month of October.

Figure 54 | Monthly Transactions, January 2014-December 2018



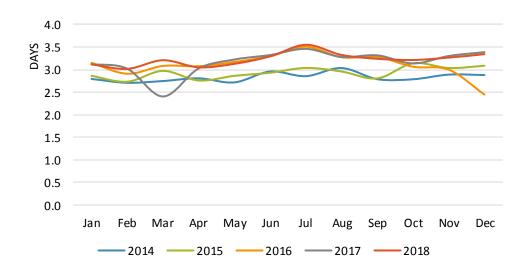
Source: RACs.

Figure 55 | Monthly Transaction Days, January 2014-December 2018



Source: RACs.

Figure 56 | Monthly Average Contract Duration, January 2014-December 2018



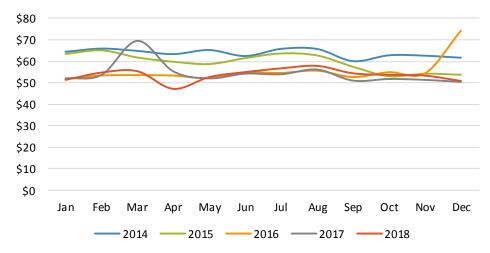
Sources: RACs and calculations by Unison Consulting, Inc.

\$10 MILLIONS \$8 \$6 \$4 \$2 \$-Jun Aug Sep Oct Dec 2014 2015 2016 -2017

Figure 57 | Monthly Gross Revenue, January 2014-December 2018

Source: RACs.



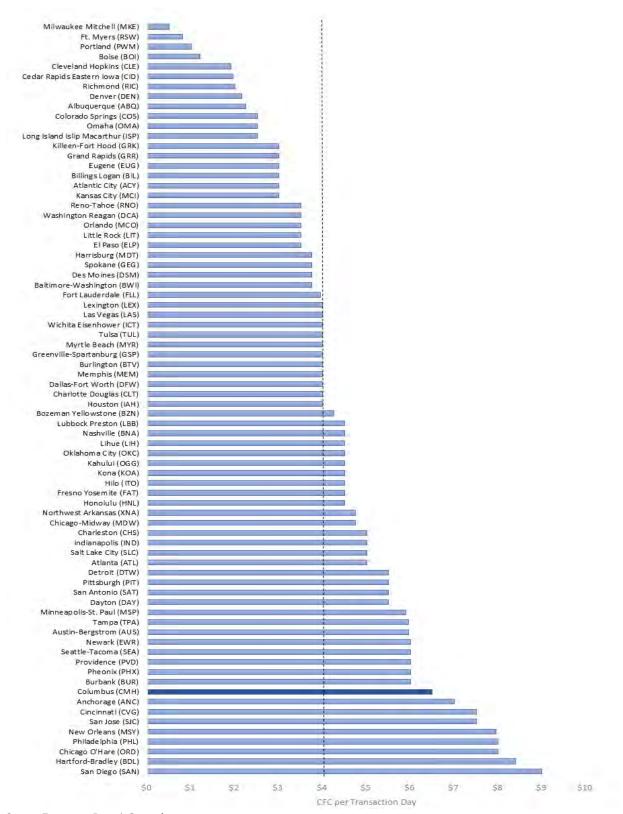


Sources: RACs and calculations by Unison Consulting, Inc.

## **Customer Facility Charge**

Effective July 1, 2007, the Authority implemented the CFC, which adds to the cost of a rental car. Rental car companies collect the CFC from rental car customers. The CFC was initially set at a rate of \$2.00 per transaction day, assessed on up to five transaction days per rental contract. This cap on the number of transaction days subject to the CFC per rental contract was raised to seven transaction days effective September 1, 2015. The CFC also increased five times to its current rate of \$6.50 per transaction day, which took effect on January 1, 2017. The current CFC of \$6.50 is above the \$4.00 median for the sample of airports shown in Figure 59.

Figure 59 | Comparison of CFCs at U.S. Airports



 $Source: Enterprise\ Rent-A-Car\ on-line\ reservation\ system.$ 

## **Forecast Transaction Days**

This section presents forecasts of rental car demand in terms of transaction days—the basis for calculating CFC revenues. To forecast transaction days, the relationship between transaction days and relevant explanatory variables are quantified using multivariate time-series regression analysis. Explanatory variables are identified based on the underlying economic theory of demand, analysis of historical car rental market trends at the Airport, factors that have contributed to those trends, and knowledge of the rental car and airport markets.

The demand for any product or service, including rental cars, is a function of price and income. At airports, the demand for rental cars is a derived demand—derived from the demand for air travel to a particular destination. Visitors who fly to CMH require ground transportation from the Airport to their destinations in the Columbus metro area. They constitute the market for the Airport rental cars.

### Multivariate Time Series Regression Analysis

Multivariate time series regression analysis links transaction days with measurable explanatory variables. It combines elements of multiple regression and time series regression methods, offering the ability to quantify the contribution of many explanatory variables while accounting for seasonality and any serial correlation in time series data.<sup>37</sup> This approach also facilitates forecast risk analysis. By design, regression analysis reduces subjective inputs, and the use of the least squares method minimizes forecast errors.

To generate forecasts of transaction days, we tested two alternative modeling approaches:

- One-equation model. Estimate a regression model with transaction days as the dependent variable and use the model to forecast transaction days directly.
- Three-equation model. Estimate regression models of the two components of transaction days—rental contracts and contract duration—and calculate transaction days from forecasts of rental contracts and contract duration.

For the rental car market at CMH, the first modeling approach, using a reduced-form equation with transaction days as the dependent variable, was selected since it provided improved goodness-of-fit and predictive performance compared with the second modeling approach.

The regression model specification is based on the underlying theory of consumer demand—particularly derived demand for airport ground transportation—and the dynamics in the Airport's rental car market. The regression coefficients that measure the contributions of market demand drivers (explanatory variables) to changes in transaction days at CMH are estimated using historical monthly data from June 2007. The estimated regression coefficients are then used to

<sup>&</sup>lt;sup>37</sup> Serial correlation refers to the relationship between present and past values, typically observed in time series data.

generate forecasts of transaction days based on projected trends for explanatory variables of the model.

For the regression model of rental car demand, transaction days serve as the dependent variable. The key explanatory variables (independent variables) are passenger enplanements, real U.S. GDP (an economic indicator), rental rate (an indicator for price), and a control for the impact of Transportation Network Companies (TNCs). The model coefficient estimates, measuring the contributions of enplanements and other market drivers to changes in transaction days at CMH, along with projected trends of the explanatory variables, are used to project growth in transaction days beyond the first year of the forecast period.

Figure 60 through Figure 62 show the historical and projected trends in the key explanatory variables (market demand factors).

### Airport passenger traffic

Arriving passengers (deplanements), particularly those ending their flights at CMH, constitute the market for airport rental cars. An increase in airport passenger traffic tends to increase the demand for rental cars. Enplanements are used as the measure of passenger traffic, which is generally evenly split between enplanements and deplanements. The positive coefficient estimate for enplanements confirm the positive contribution of passenger traffic growth to growth in transaction days and the negative contribution of a decrease in passenger traffic. Figure 60 shows the historical and forecast trends in enplanements at CMH. See Section 3 for details in forecast development for CMH enplanements. For the Base Forecast scenario, enplanements are projected to increase 4.0 percent in 2019 and continue increasing at an annual average rate of 1.7 percent through 2029.

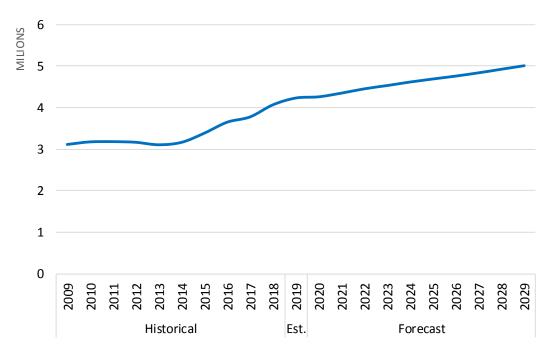


Figure 60 | Passenger Enplanements at CMH (Millions)

Sources: Airport statistics through 2018 and Unison's projections through 2029.

### Economic trends

Demand tends to increase with income. Customers are more likely to rent cars and rent them for longer durations when their disposable income increases. The U.S. real GDP (Figure 61), which reflects national economic trends, is an important determinant of consumer demand, including demand for airport rental cars. A national measure of economic growth was used, instead of a local measure, because rental car customers at the Airport typically come from outside the local area.

The positive regression coefficient estimate for this variable confirms its expected impact on the Airport's transaction days. Holding all other factors constant, increases in GDP, indicating overall national economic growth, promote growth in transaction days. Conversely, decreases in GDP dampens growth in transaction days.

Historical and forecast data on U.S. GDP were obtained from the U.S. Bureau of Economic Analysis and Moody's Analytics, Inc. U.S. real GDP is projected to grow 2.7 percent in 2019 and continue growing, on average, at 2.0 percent annually through 2029. The forecast from Moody's Analytics anticipates some cyclical variations but no deep downturns in the regional and national economies.

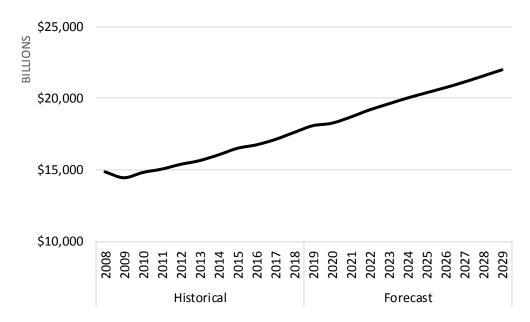


Figure 61 | U.S. Real GDP (2009\$)

 $Sources: U.S.\ Bureau\ of\ Economic\ Analysis\ and\ Moody's\ Analytics.$ 

### Price of renting a car

Demand is inversely related to price. Holding all other factors constant, an increase in price decreases demand, and a decrease in price increases demand. In the case of rental cars, an increase in price can decrease transaction days by decreasing either or both rental contracts and contract duration. In contrast, a decrease in price can increase transaction days increasing either or both rental contracts and contract duration. The negative coefficient estimate for the rental rate variable confirms the expected inverse relationship.

The average daily rental rate has been decreasing in recent years. In nominal terms, it is projected to continue its current decline for a few years, eventually taper, and then increase gradually so that its rate of increase would keep pace with inflation by the end of the forecast period (2029). Thus, in real terms, rental rates will gradually slow their decline to taper by 2029. The decline in both nominal and real rates over the early years of the forecast period will promote growth in transaction days, all other things equal.

The regression model uses a comprehensive measure of price that includes the daily rental rate, a CFC of \$6.50 per transaction day, and a sales tax of 7.5 percent. The CFC and the sales tax are assumed to remain at their current rates throughout the forecast period. Figure 62 shows the historical and projected trends in the average real daily rental rate, with fees and taxes included.

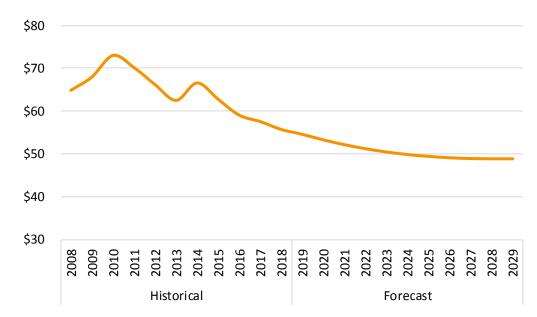


Figure 62 | Average Real Daily Rental Rate (2009\$)

Source: Airport statistics for historical series and Unison Consulting, Inc. projections through 2029.

### Impact of Transportation Network Companies (TNCs)

Ride-hailing services are increasingly becoming available in urban areas across the country. Companies like Uber Technologies (Uber) and Lyft are growing their presence at various airport terminals, providing travelers ground transportation to-and-from airports. These ride-hailing services attract passengers away from rental cars and other ground transportation modes, as discussed in Section 4.

The regression model of transaction days includes a variable to model the effect of TNC operations on rental car demand at CMH. Lyft and Uber signed agreements to operate at CMH on March 24, 2016, and July 5, 2016, respectively. Prior to January 1, 2019, CRAA charged Lyft and Uber a fee of \$3 per pick up. Effective January 1, 2019, this fee was increased to \$4, assessed on both pick-ups and drop-offs. The Airport began collecting TNC activity and revenue data in April 2016, although TNCs likely began serving CMH passengers prior to April 2016. Figure 63 shows monthly TNC transactions at CMH through December 2018, including estimates for months prior to April 2016.

TNC transactions at CMH have doubled since 2016. The average number of TNC transactions per 100 enplanements increased from about 4.2 in 2016 to around 9 in 2018. We expect TNC use by CMH passengers to continue growing, although not at the same rate as it had grown over the past two years. TNCs are not perfect substitutes for rental cars. They may easily attract customers for one-day rentals, but not customers for multi-day rentals. The price advantage of TNCs over rental cars also diminishes with trip distance and number of trip destinations. For forecast development for transaction days at CMH, we assume that the rate of TNC use by CMH passengers will increase to 16 transactions per 100 enplanements by 2028, nearly doubling the current TNC use rate.

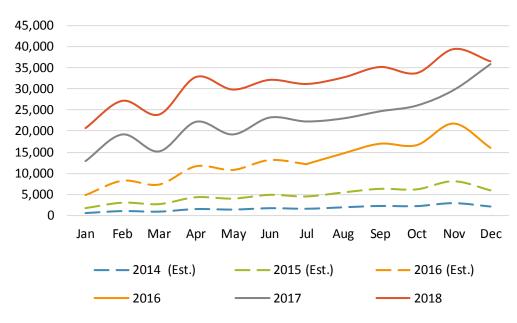


Figure 63 | TNC Monthly Transactions, January 2014-December 2018

Sources: Airport statistics and Unison Consulting, Inc.

## **Forecast Transaction Days**

Table 13 provides forecast transaction days under two scenarios, base and low. To quantify the uncertainty in the future trends of key market drivers, Monte Carlo simulation was also used to produce a range of forecasts for transaction days. The simulations for forecast transaction days and forecast enplanements (see Section 3) were performed simultaneously. Figure 64 compares these base and low forecasts with select percentile results from Monte Carlo simulation. Percentiles provide an indication of the likelihood of each forecast.

### **Base Forecast**

The regression analysis and assumptions for the explanatory variables described above produce the base forecast transaction days, where transaction days grow 3.3 percent in 2019 over 2018 levels. After 2019, transaction days grow at an annual average rate of 2.4 percent through 2029. This growth rate is faster than the growth rate projected for enplanements over the same period. Annual transaction days will exceed two million beginning in 2024 and will reach 2.21 million in 2029. The forecast slowdown in growth in rental car transaction days in 2020 is due largely to forecast trends in enplanements and real U.S. GDP.

 $<sup>^{38}</sup>$  Enplanements are projected to grow by an average of around 1.7 percent annually over the forecast period. Enplanements are forecast to reach 5.02 million by 2029.

Compared with the Monte Carlo simulation results, the base forecast transaction days remain between the projected 50-percentile (median) and 75-percentile ranges. They remain closest to the projected median levels through 2029.

### Low Forecast

The low forecast transaction days reflect the impact of less favorable economic conditions and greater TNC substitution. They represent the 25-percentile of a second Monte Carlo simulation assuming the TNC activity at CMH reaches 24 transactions per 100 enplanements by 2029.<sup>39</sup>

Transaction days continue to grow under the low growth scenario, but at a much slower annual average rate, 1.2 percent from 2019 to 2029, one-half of the average annual growth rate of the base forecast transaction days (2.4 percent). Annual transaction days will remain under two million through 2029, reaching 1.92 million in 2029.

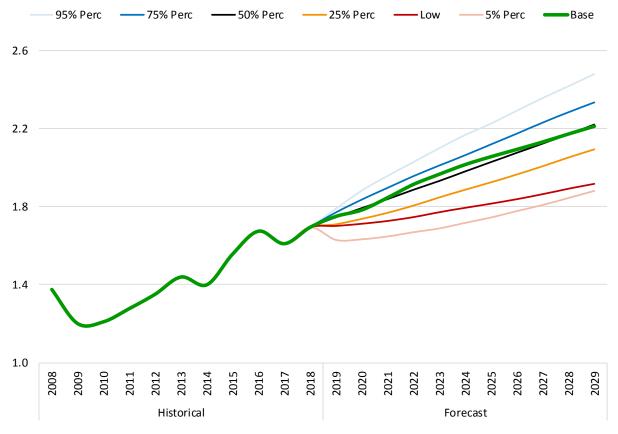
 $<sup>^{39}</sup>$  The base forecast assumes that TNC transactions per 100 enplanements increases to 16 by 2028.

Table 13 | Forecast Transaction Days

		,	Transactio	saction Days			
	CY	Base	AGR	Low	AGR		
	2008	1,375,125		1,375,125			
	2009	1,200,549	-12.7%	1,200,549	-12.7%		
	2010	1,209,325	0.7%	1,209,325	0.7%		
	2011	1,277,272	5.6%	1,277,272	5.6%		
	2012	1,351,060	5.8%	1,351,060	5.8%		
Historical	2013	1,439,416	6.5%	1,439,416	6.5%		
	2014	1,399,421	-2.8%	1,399,421	-2.8%		
	2015	1,557,016	11.3%	1,557,016	11.3%		
	2016	1,674,560	7.5%	1,674,560	7.5%		
	2017	1,610,476	-3.8%	1,610,476	-3.8%		
	2018	1,694,319	5.2%	1,694,319	5.2%		
	2019	1,750,467	3.3%	1,701,776	0.4%		
	2020	1,783,112	1.9%	1,712,714	0.6%		
	2021	1,846,471	3.6%	1,727,135	0.8%		
	2022	1,914,297	3.7%	1,746,987	1.1%		
	2023	1,966,452	2.7%	1,772,148	1.4%		
Forecast	2024	2,016,014	2.5%	1,794,776	1.3%		
	2025	2,056,603	2.0%	1,815,798	1.2%		
	2026	2,093,841	1.8%	1,839,128	1.3%		
	2027	2,131,990	1.8%	1,864,705	1.4%		
	2028	2,172,984	1.9%	1,892,606	1.5%		
	2029	2,212,432	1.8%	1,917,825	1.3%		
Compound Annual Growth Rate							
	2008-2018	2.1%		2.1%			
	2019-2029 2.4% 1.2%						

 $Sources: Airport\ statistics\ and\ Unison\ Consulting,\ Inc.$ 

Figure 64 | Forecast Transaction Days (Millions)



Sources: Airport statistics and Unison Consulting, Inc.

Table 14 shows enplanements, transaction days, and corresponding rental contracts and average contract duration for the base growth scenario.

Table 14 | Base Forecasts of Enplanements, Transaction Days, Rental Contracts, and Contract Duration

						Rental		Rental			
	Enplanements		Transaction		Contracts		Contracts/		Avg. Contract		
	Year	(EPs) (000)	AGR	Days (000)	AGR	(000)	AGR	1,000 EPs	AGR	Duration	AGR
Historical	2008	3,459		1,375		504		145.8		2.73	
	2009	3,123	-9.7%	1,201	-12.7%	418	-17.0%	134.0	-8.1%	2.87	5.2%
	2010	3,184	1.9%	1,209	0.7%	434	3.8%	136.4	1.8%	2.78	-3.0%
	2011	3,190	0.2%	1,277	5.6%	461	6.2%	144.6	6.0%	2.77	-0.5%
	2012	3,175	-0.5%	1,351	5.8%	481	4.2%	151.4	4.7%	2.81	1.5%
	2013	3,115	-1.9%	1,439	6.5%	493	2.5%	158.1	4.5%	2.92	3.9%
	2014	3,173	1.9%	1,399	-2.8%	494	0.3%	155.6	-1.6%	2.83	-3.0%
	2015	3,394	6.9%	1,557	11.3%	531	7.5%	156.4	0.5%	2.93	3.5%
	2016	3,659	7.8%	1,675	7.5%	535	0.9%	146.3	-6.5%	3.13	6.6%
	2017	3,785	3.4%	1,610	-3.8%	509	-5.0%	134.4	-8.2%	3.17	1.2%
	2018	4,076	7.7%	1,694	5.2%	523	2.8%	128.3	-4.5%	3.24	2.3%
Forecast	2019	4,240	4.0%	1,750	3.3%	535	2.3%	126.2	-1.6%	3.27	0.9%
	2020	4,269	0.7%	1,783	1.9%	539	0.6%	126.2	0.0%	3.31	1.2%
	2021	4,357	2.1%	1,846	3.6%	557	3.4%	127.8	1.3%	3.32	0.2%
	2022	4,461	2.4%	1,914	3.7%	578	3.9%	129.6	1.5%	3.31	-0.2%
	2023	4,540	1.8%	1,966	2.7%	594	2.8%	130.9	1.0%	3.31	-0.1%
	2024	4,624	1.8%	2,016	2.5%	611	2.8%	132.1	0.9%	3.30	-0.2%
	2025	4,697	1.6%	2,057	2.0%	624	2.2%	133.0	0.6%	3.29	-0.2%
	2026	4,768	1.5%	2,094	1.8%	638	2.1%	133.8	0.6%	3.28	-0.3%
	2027	4,845	1.6%	2,132	1.8%	652	2.3%	134.6	0.7%	3.27	-0.5%
	2028	4,932	1.8%	2,173	1.9%	669	2.6%	135.7	0.8%	3.25	-0.6%
	2029	5,017	1.7%	2,212	1.8%	686	2.5%	136.7	0.7%	3.23	-0.7%

### Forecast Risk Factors for Rental Car Demand

The forecasts of transaction days have been developed based on specific assumptions about the Airport rental car market, key measurable factors that drive demand, and information available at the time of the analysis. These assumptions may not hold in the future, and actual transaction days could differ materially from the forecasts. In addition, other broad factors could introduce risk and uncertainty into the forecasts.

### Recent Trends in the U.S. Rental Car Industry

Section 4 of this report provides a comprehensive review of the U.S. rental car industry, including structural changes and financial challenges faced by the industry. Events, ownership changes, and the strategy of dual branding, and emerging trends in marketing are discussed. The central issue in all of the dynamic changes remains the financial viability of the RACs. The ability of the RACs to adjust in a timely manner to national economic and travel trends will be critical to the industry's sustained profitability over the forecast period.

## Alternative Modes of Ground Transportation

Apart from renting a car or using private automobiles, arriving passengers may choose from several other modes of ground transportation available at the Airport. These alternative modes of

transportation differ in terms of convenience, service, price, and time requirements. The following modes of ground transportation are available at the Airport:<sup>40</sup>

- Bus System AirConnect's direct bus rides, operated by the Central Ohio Transit Authority, are available between CMH and downtown Columbus. Running every 30 minutes, the bus service provides inexpensive (\$2.75 per ride) access to the Greater Columbus Convention Center and hotels in the city's central business district. The transit authority also runs the "number 7, Mount Vernon" bus line for easy access to the Airport's International terminal.
- Taxicab, Car and Van Service Taxicabs are available at CMH throughout the day and provide rides to downtown Columbus for around \$25 per trip. Given that taxicabs are available on demand and provide exclusive door-to-door service, they are good substitutes for rental cars when travelers need to go to a single or limited number of destinations. In the case of multiple trips, taxicabs can become expensive and therefore cost prohibitive for the average air traveler. A number of limousine, private car, and shuttle services are also available at the CMH, providing door-to-door service to the Airport's passengers.
- *Peer-to-Peer Car-Sharing Platforms* Mobile apps have also allowed individual car owners to rent their cars for an hourly or a daily fee, spawning companies like Turo and Getaround Inc. that now compete with rental car companies for customers at airports. CRAA has received an application from Turo and similar services to operate at CMH.
- Transportation Network Companies (TNCs) As part of the broader sharing or on-demand economy, ride-hailing companies use websites and mobile applications to link passengers with drivers who provide transportation service in their non-commercial vehicle. Travelers value the convenience of ordering a ride-hailing service from their phone, compared with arranging taxi or car rental services. TNCs also charge lower fares—as much as 65 percent lower—than taxis, based on recent data on business travel expenses collected by Certify, Inc. National trends strongly suggest that ride hailing services are taking market shares from both taxis and rental car companies. At CMH, the regression analysis and forecast results in this section confirm that an increase in TNC adoption dampens growth in airport rental car demand, although rental car demand has continued to grow with passenger traffic growth.

## Autonomous Vehicles (AVs)

Recent developments in the technology supporting self-driving cars has increased the likelihood that AVs will be deployed for commercial use. It is still unclear whether AVs would take a share of rental car demand or offer a new rental car product as part of rental car fleets. Rental car companies are paying close attention to developments in AV adoption. By partnering with startup companies specializing in self-driving cars, rental car companies are preemptively adjusting their business models to support and potentially include driverless vehicles.

 $<sup>^{40}</sup>$  Most of the information relating to ground transportation was obtained from the Columbus Regional Airport Authority's website.

Driverless vehicles, deployed as shared AVs or in commercial fleets, are currently being tested across various cities, where they would provide on-demand transportation, similar to TNCs. Although some companies leading the introduction of AVs, including major car manufacturers and TNCs, have suggested that AVs might be deployed for commercial use as early as 2021, technology experts in the field do not expect full AVs to be in service for at least 10 to 15 years.

Beyond the sensory and control technology onboard driverless cars, other infrastructure hurdles have to be overcome for widespread adoption of AVs. These challenges include the rollout of the latest standard for wireless data networks, "5G" or "fifth generation", needed to facilitate communications between vehicles, and between vehicles and surrounding infrastructure. While current capabilities have allowed for some AV deployments, they are limited to dense urban environments or dedicated areas and roads.

Similar to TNCs, AVs are raising public policy concerns related to mobility, reliability, and safety. The documented environmental and traffic impacts of TNCs largely apply to AVs, as they will likely divert users away from public transit and taxicab services. Given the additional safety concerns associated with driverless vehicles, AVs adoption is set to face more regulatory scrutiny than TNC adoption.

## **Summary**

Section 5 presented an analysis of the historical trends in rental car market activity at CMH and developed forecasts of transaction days, the basis for calculating CFC revenues.

Although annual trends in transaction days have been unsteady over the past decade, they increased by 23 percent between 2008 and 2018, an average annual growth rate of 2.1 percent. Transaction days are forecast to grow by 3.3 percent in 2019 and continue growing at an average annual rate of 2.4 percent from 2019 through 2029, reaching 2.21 million in 2029. The low forecast assumes less favorable conditions for the drivers of rental car demand. Under this scenario, transaction days are forecast to grow at a slower annual average rate of 1.2 percent between 2019 and 2029, to reach 1.92 million in 2029.

The following factors drive future trends in transaction days:

- The projected growth in CMH enplanements averaging 1.7 percent per year beyond 2019, promotes growth in transaction days.
- The projected growth in U.S. real GDP, averaging 2.0 percent per year beyond 2019, promotes growth in transaction days.
- The projected trends in the overall price of renting a car, decreasing in real terms, promote growth in transaction days.
- The projected increase in TNC adoption dampens growth in transaction days.

# SECTION 6 | FINANCIAL ANALYSIS

This section discusses the financial aspects of the ConRAC, including the legal framework for the financing and operation of the ConRAC; the plan of finance; and projections of CFC collections and certain financial requirements pursuant to the CFC documents.

## Legal Framework for the Financing and Operation of the ConRAC

The financing and operation of the ConRAC are governed by the following documents:

- The CFC Resolution
- Customer Facility Charge Master Trust Agreement
- Customer Facility Charge First Supplemental Trust Agreement
- Rental Car Concessionaire Agreements

### **CFC** Resolution

On January 30, 2007, the Board adopted Resolution No. 03-07 which was amended by subsequent resolutions adopted in 2008, 2011, 2015, and 2016 (collectively referred to as the "CFC Resolution"). The CFC Resolution authorized the implementation of the collection of CFCs by the rental car companies operating at the Airport. The Authority implemented the CFC, effective July 1, 2007 at a rate of \$2.00 per transaction day. The CFC Resolution and the CFC rate may be amended from time to time by the Board. The CFC rate has been increased as follows, since its implementation at \$2.00:

- \$3.85 effective November 1, 2008
- \$4.50 effective June 1, 2011
- \$5.50 effective September 1, 2015
- \$6.00 effective September 1, 2016
- \$6.50 effective January 1, 2017

The current CFC rate remains at \$6.50 per transaction day, up to a maximum of seven days.

### Customer Facility Charge Master Trust Agreement

The Customer Facility Charge Master Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated May 2, 2019 (the CFC Master Trust Agreement) defines the obligations of the Authority to the Trustee and the bondholders related to the Series 2019 Bonds and any subsequent bonds issued pursuant to the CFC Master Trust Agreement.

The Series 2019 Bonds and any such subsequent bonds are special obligations of the Authority payable solely from and secured by a lien on Pledged Revenues and Pledged Funds, which are terms defined in the CFC Master Trust Agreement (see Section 1 of this Report for the definitions of those terms). No revenues or funds of the Authority, other than the Pledged Revenues and Pledged Funds, are pledged to the payment of the Series 2019 Bonds.

The CFC Master Trust Agreement defines the funds and accounts related to CFC funds, and the flow of CFC funds. All CFC Revenues are to be deposited with the Authority in the CFC Revenue Fund when received. The CFC Master Trust Agreement sets forth a flow of funds for the following two time periods:

- 1. Before Substantial Completion of the ConRAC<sup>41</sup>
- 2. After Substantial Completion of the ConRAC

During the time period after Substantial Completion, the moneys in the CFC Revenue Fund are to be disbursed and applied in the order of priority indicated in Figure 65. During the time period before Substantial Completion, all CFC Revenues held in the CFC Revenue Fund (except for the CFC Supplemental Reserve Account) are to be (i) disbursed and applied to satisfy the deposit requirements for the items labeled A through E indicated in Figure 65; and (ii) to pay cost overruns or shortfalls in the cost of constructing the Series 2019 Project, to the extent the Authority anticipates deficiencies in the CFC Construction Fund. If there are any Pledged Revenues not needed for items (i) or (ii) before Substantial Completion, such Pledged Revenues (except for the CFC Supplemental Reserve Account) are to remain in the CFC Revenue Fund. Moneys in the CFC Supplemental Reserve Account shall be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds.

### Customer Facility Charge First Supplemental Trust Agreement

The Customer Facility Charge First Supplemental Trust Agreement By and Between the Columbus Regional Airport Authority and U.S. Bank National Association, as Trustee, dated \_\_\_\_, 2019 (the CFC First Supplemental Trust Agreement) sets forth the terms relating specifically to the issuance of the Series 2019 Bonds.

<sup>&</sup>lt;sup>41</sup> "Substantial Completion" is defined in the CFC Master Trust Agreement as the point in time when (i) the Concessionaire is able to take possession of the premises in the ConRAC to be used exclusively by the Concessionaire (Exclusive Premises) and (ii) the Concessionaire has received a Certificate of Occupancy and /or a Temporary Certificate of Occupancy from the appropriate governmental agencies and is able to open for business.

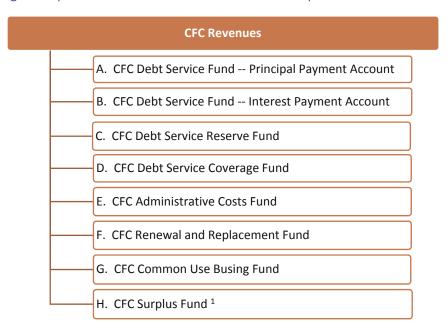


Figure 65 | Flow of CFC Funds After Substantial Completion of the ConRAC

### Rental Car Concessionaire Agreements

As of January 1, 2018, the Authority entered into an Agreement for the Operation of a Rental Car Concession (Concessionaire Agreements) with each of five rental car companies (the Concessionaires), which represent the following eight brands: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty. The five Concessionaires, and the brands operated by each, are the following:

- Avis Budget Car Rental, LLC (Avis and Budget)
- DTG Operations Inc. (Dollar and Thrifty)
- EAN Holdings, LLC (Enterprise)
- Byers Car Rental LLC (Hertz)
- Midwest Car Corporation (National and Alamo)

The term of the Concessionaire Agreements will begin effective with the opening of the ConRAC to the public (currently estimated to occur in mid-2021) and will terminate thirty years after the date of issuance of the Series 2019 Bonds. The Authority has the option to renegotiate the terms of the Concessionaire Agreements one year prior to the expected occupancy of the proposed new passenger terminal, and every five years thereafter.

Under the provisions of the Concessionaire Agreements, the Authority has agreed to construct the Series 2019 Project, and the Concessionaires have agreed to collect the CFC and to remit CFC

<sup>&</sup>lt;sup>1</sup> At Substantial Completion of the ConRAC, \$4.0 million will be set aside in the Supplemental CFC Reserve Account within the CFC Surplus Fund.

collections to the Authority on a monthly basis, by no later than the  $20^{\text{th}}$  day of the month following collection.

The Concessionaires have also agreed to pay any amounts referred to as Concessionaire Deficiency Payments. Each year of the Concessionaire Agreements (Agreement Year), the Authority shall calculate whether there is a "CFC Deficiency" for that Agreement Year. The "CFC Deficiency" is defined in the Concessionaire Agreements as "the amount, if any, computed on an annual basis, by which available CFC revenues paid to the Authority for any Agreement Year are not sufficient to pay Debt Service on the Bonds, to maintain the coverage requirements defined in the documentation relating to or authorizing the Bonds (Minimum Annual Requirement), reserve funds, as well as other costs covered by the CFCs." If, after consultation with the Concessionaires, the Authority reasonably determines that there is a deficiency of CFC Revenues necessary to meet the required payment obligations (the Annual Obligation Requirements) during a current Agreement Year, or forecasted to be collected for any upcoming Agreement Year, the Authority will initiate the following actions, at the Authority's sole discretion, in the indicated order of priority:

- 1. Determine if an increase in the CFC rate is reasonably appropriate to cover all or a portion of the CFC Deficiency.
- 2. Determine if there are available CFC funds held in any CFC reserve accounts not required for the Bonds, which could be used to offset all or part of the CFC Deficiency for any applicable Agreement Year.
- Identify if anticipated expenditures not funded with Bond proceeds can be deferred or reduced in scope, to offset in whole or in part the CFC Deficiency for any applicable Agreement Year.

The Concessionaire Deficiency Payment will commence on the first day of the month following thirty days' prior written notice from the Authority to the Concessionaires.

Each Concessionaire will be allocated a portion of the Customer Service Building, Ready/Return Areas, Storage Area, and QTA Areas, to be used on an exclusive basis. Other areas of the ConRAC, such as roadways, ramps, other non-public areas of the ConRAC, and the ground upon which the ConRAC will be located, will be used in common by all of the Concessionaires. The entire ConRAC will be operated, managed, and maintained by a third party facility manager selected by the Concessionaires as a group, subject to Authority approval.

In addition to remitting to the Authority the CFCs collected each month, the Concessionaires are required to pay to the Authority a Land Use Fee for the underlying land upon which the ConRAC will be located. The Land Use Fee will be due in 12 equal monthly installments each year, with the first monthly installment due on the Commencement Date, which is defined in the Concessionaire Agreements as the day the ConRAC opens and is available to the public. For each Agreement Year, the Concessionaires are also obligated to pay a Privilege Fee, which is defined as the greater of 10 percent of a Concessionaire's Gross Revenue (as defined in the Concessionaire Agreements) for the applicable Agreement Year or the Concessionaire's Minimum Annual Guarantee (MAG). The Privilege Fee for each Agreement Year is due in 12 monthly installments. Neither the Land Use Fee

payments nor the Privilege Fee payments remitted to the Authority pursuant to the Concessionaire Agreements are pledged as security for the payment of the Series 2019 Bonds.

#### Plan of Finance

The financial analysis assumes that a portion of the capital costs of the Series 2019 Project will be funded with CFCs collected prior to the issuance of the Series 2019 Bonds. The estimated sources and uses of funds for the Series 2019 Bond are presented on Table 15. The estimated costs and funding sources of the Series 2019 Project are summarized on Table 16.

Table 15 | Estimated Sources and Uses of Funds for the Series 2019 Bonds

Categories	Amount
Bond Par Amount	\$95,345,000
Total Sources	\$95,345,000
Deposit to Project Fund	\$86,330,834
Deposit to CFC Debt Service Reserve Fund	6,457,248
Deposit to CFC Debt Service Coverage Fund	1,614,312
Costs of Issuance	942,606
Total Uses	\$95,345,000

Source: PFM Financial Advisors LLC.

Table 16 | Estimated Costs and Funding Sources of the Series 2019 Project

Categories	Amount
Estimated Series 2019 Project Costs	\$152,700,000
Funding Sources:  Bond Proceeds Deposited to Series 2019  Project Fund and Interest Thereon	\$87,515,120
Accumulated CFC Collections Prior to Issuance of Series 2019 Bonds	65,184,880
Total Funding Sources	\$152,700,000

Source: The Authority and PFM Financial Advisors LLC.

#### **Debt Service**

The annual debt service schedule is presented on Table 17. The annual amounts are based on the timing of the required payments to the Trustee, which are estimated to equal approximately \$2.9 million in 2019, \$4.7 million in 2020, and then increase to \$6.5 million from 2021 and through maturity of the Series 2019 Bonds in 2048.

Table 17| Estimated Annual Debt Service

Year	Principal	Interest	Total
2019	\$0	\$2,918,462	\$2,918,462
2020	0	4,690,385	4,690,385
2021	1,765,000	4,690,385	6,455,385
2022	1,830,000	4,625,327	6,455,327
2023	1,895,000	4,557,343	6,452,343
2024	1,970,000	4,485,049	6,455,049
2025	2,045,000	4,407,923	6,452,923
2026	2,130,000	4,326,123	6,456,123
2027	2,220,000	4,236,748	6,456,748
2028	2,315,000	4,141,377	6,456,377
2029	2,415,000	4,039,610	6,454,610
2030	2,525,000	3,931,031	6,456,031
2031	2,640,000	3,816,245	6,456,245
2032	2,760,000	3,694,910	6,454,910
2033	2,890,000	3,566,681	6,456,681
2034	3,025,000	3,430,967	6,455,967
2035	3,175,000	3,279,021	6,454,021
2036	3,335,000	3,118,588	6,453,588
2037	3,505,000	2,949,403	6,454,403
2038	3,685,000	2,770,894	6,455,894
2039	3,870,000	2,582,480	6,452,480
2040	4,075,000	2,380,737	6,455,737
2041	4,285,000	2,168,307	6,453,307
2042	4,510,000	1,944,930	6,454,930
2043	4,745,000	1,709,823	6,454,823
2044	4,990,000	1,462,466	6,452,466
2045	5,255,000	1,199,343	6,454,343
2046	5,535,000	922,247	6,457,247
2047	5,825,000	630,387	6,455,387
2048	6,130,000	323,235	6,453,235

Source: PFM Financial Advisors LLC., based on an assumed par amount of \$95.3 million, 30-year bond amortization period, and an estimated true interest cost (TIC) of approximately 5.08%. The annual amounts shown reflect the timing of the payments to the Trustee.

### **Projected CFC Revenues**

Projected CFC Revenues under the base and low transaction day forecasts are shown on Table 18. It is assumed that the CFC rate will be maintained at the current level of \$6.50 per transaction day throughout the forecast period, up to a maximum of seven days per rental contract. CFC Revenues are projected to increase from approximately \$10.8 million in 2019 to \$13.7 million in 2029 under the base forecast, and from \$10.5 million in 2019 to \$11.8 million in 2029 under the low forecast.

Table 18 | Projected CFC Revenues Base and Low Transaction Day Forecasts

		Base Forecas	st		Low Forecas	it
	Transaction			Transaction		
Year	Days	CFC Rate	CFC Revenues	Days	CFC Rate	CFC Revenues
2019	1,750,467	\$6.50	\$10,809,137	1,701,776	\$6.50	\$10,508,467
2020	1,783,112	\$6.50	\$11,010,714	1,712,714	\$6.50	\$10,576,012
2021	1,846,471	\$6.50	\$11,401,957	1,727,135	\$6.50	\$10,665,060
2022	1,914,297	\$6.50	\$11,820,781	1,746,987	\$6.50	\$10,787,643
2023	1,966,452	\$6.50	\$12,142,841	1,772,148	\$6.50	\$10,943,014
2024	2,016,014	\$6.50	\$12,448,888	1,794,776	\$6.50	\$11,082,741
2025	2,056,603	\$6.50	\$12,699,521	1,815,798	\$6.50	\$11,212,551
2026	2,093,841	\$6.50	\$12,929,467	1,839,128	\$6.50	\$11,356,613
2027	2,131,990	\$6.50	\$13,165,038	1,864,705	\$6.50	\$11,514,553
2028	2,172,984	\$6.50	\$13,418,174	1,892,606	\$6.50	\$11,686,841
2029	2,212,432	\$6.50	\$13,661,766	1,917,825	\$6.50	\$11,842,570

#### Application of CFC Revenues

The application of CFC Revenues, pursuant to the flow of funds established in the Master CFC Master Trust Agreement, assuming the base and low forecasts of transaction days, is presented on Table 19 and Table 20, respectively. Projected CFC Revenues are shown for the period prior to issuance of the Series 2019 Bonds and for the period after the issuance of the Series 2019 Bonds.

CFCs collected prior to the issuance of the Series 2019 Bonds are deposited into the Authority's CFC Fund, which is not part of the flow of funds set forth in the CFC Master Trust Agreement (the conditions of which will become effective at the time of the issuance of the Series 2019 Bonds). The Authority plans to use a portion of the CFCs collected prior to Bond issuance for the costs of certain enabling projects, and certain preliminary costs of the Series 2019 Project. The Authority plans to transfer a portion of the CFCs collected prior to Bond issuance, and the moneys remaining in the Authority's CFC Fund as of the date of the issuance of the Series 2019 Bonds into the CFC Revenue Fund (which is defined in the CFC Master Trust Agreement).

On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. After Substantial Completion, the CFC Supplemental Reserve Account shall be transferred

Table 19 | Application of CFC Revenues Assuming Base Forecast of Transaction Days

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
CFC Fund											
Beginning Balance	\$59,060,429	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFCs prior to Bond Issuance	3,026,558	0	0	0	0	0	0	0	0	0	0
Less CFCs applied to:											
Construction Account <sup>1</sup>	(55,086,987)	0	0	0	0	0	0	0	0	0	0
Garage restoration costs	(3,000,000)	0	0	0	0	0	0	0	0	0	0
Transfer to CFC Revenue Fund	(4,000,000)	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CEC Decreese Front											
CFC Revenue Fund CFC Collections after Bond Issuance	ć7 702 F70	¢11 010 714	¢11 401 0F7	¢11 020 701	¢12 142 041	¢13.440.000	¢12 C00 F21	¢12.020.467	¢12.16F.020	¢12.410.174	¢12.661.766
	\$7,782,578	\$11,010,714	\$11,401,957		\$12,142,841		\$12,699,521		\$13,165,038	\$13,418,174	
Transfer from CFC Fund <sup>2</sup>	4,000,000	. 0	. 0	. 0	. 0	. 0	. 0	. 0	. 0	. 0	0
Total Deposits to CFC Revenue Fund	\$11,782,578	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Application of CFC Revenues											
Deposits to CFC Revenue Fund	\$11,782,578	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Transfers to:											
CFC Debt Service Fund	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
CFC Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC R&R Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
CFC Common Use Busing Fund	0	0	936,000	1,909,440	1,985,818	2,065,250	2,147,860	2,233,775	2,323,126	2,439,737	2,537,327
CFC Revenue Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Surplus Fund	0	0	18,495,017	2,056,014	2,304,680	2,528,589	2,698,738	3,381,842	4,069,710	4,206,605	4,354,375
Total Application of CFC Revenues	\$2,918,462	\$4,690,385	\$26,586,402	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Increase (Decrease) in CFC Rev. Fund	8,864,116	6,320,329	(15,184,445)	0	0	0	0	0	0	0	0
Ending Balance in CFC Revenue Fund	\$8,864,116	\$15,184,445	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFC Surplus Fund											
Beginning Balance	\$0	\$0	\$0	\$18,495,017	\$20,551,032	\$22,855,712	\$25,384,300	\$28,083,038	\$31,464,880	\$35,534,590	\$39,741,194
Deposits	0	0	18,495,017	2,056,014	2,304,680	2,528,589	2,698,738	3,381,842	4,069,710	4,206,605	4,354,375
Ending Blance <sup>2</sup>	\$0	\$0	\$18,495,017	\$20,551,032	\$22,855,712	\$25,384,300	\$28,083,038	\$31,464,880	\$35,534,590	\$39,741,194	\$44,095,569

<sup>&</sup>lt;sup>1</sup> Amount to be deposited to the Construction Account in 2019 is in addition to approximately \$9.9 million in CFCs previously applied to the Series 2019 Project costs.

<sup>&</sup>lt;sup>2</sup> On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. After Substantial Completion, the CFC Supplemental Reserve Account shall be transferred

Table 20 | Application of CFC Revenues Assuming Low Forecast of Transaction Days

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
CFC Fund											
Beginning Balance	\$59,060,429	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFCs prior to Bond Issuance	2,942,371	0	0	0	0	0	0	0	0	0	0
Less CFCs applied to:											
Construction Account <sup>1</sup>	(55,002,800)	0	0	0	0	0	0	0	0	0	0
Garage restoration costs	(3,000,000)	0	0	0	0	0	0	0	0	0	0
Transfer to CFC Revenue Fund <sup>2</sup>	(4,000,000)	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFC Revenue Fund	4	****	4	4	4	4	4	4	4	4	
CFC Collections after Bond Issuance	\$7,566,096	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$11,082,741		\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Transfer from CFC Fund	4,000,000	. 0	0	. 0	. 0	. 0	. 0	0	. 0	0	0
Total Deposits to CFC Revenue Fund	\$11,566,096	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Application of CFC Revenues											
Deposits to CFC Revenue Fund	\$11,566,096	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Transfers to:				. , ,							
CFC Debt Service Fund	\$2,918,462	\$4,690,385	\$6,455,385	\$6,455,327	\$6,452,343	\$6,455,049	\$6,452,923	\$6,456,123	\$6,456,748	\$6,456,377	\$6,454,610
CFC Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC R&R Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
CFC Common Use Busing Fund	0	0	936,000	1,909,440	1,985,818	2,065,250	2,147,860	2,233,775	2,323,126	2,439,737	2,537,327
CFC Surplus Fund	0	0	17,106,936	1,022,876	1,104,853	1,162,442	1,211,768	1,808,988	2,419,225	2,475,272	2,535,178
Total Application of CFC Revenues	\$2,918,462	\$4,690,385	\$25,198,321	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Increase (Decrease) in CFC Rev. Fund	8,647,634	5,885,627	(14,533,261)	0	0	0	0	0	0	0	0
Ending Balance in CFC Revenue Fund	\$8,647,634	\$14,533,261	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CFC Surplus Fund											
Beginning Balance	\$0	\$0	\$0	\$17,106,936	\$18,129,812	\$19,234,665	\$20,397,107	\$21,608,874	\$23,417,863	\$25,837,088	\$28,312,359
Deposits	0	0	17,106,936	1,022,876	1,104,853	1,162,442	1,211,768	1,808,988	2,419,225	2,475,272	2,535,178
Ending Balance <sup>2</sup>	\$0	\$0	\$17,106,936	\$18,129,812	\$19,234,665	\$20,397,107	\$21,608,874	\$23,417,863	\$25,837,088	\$28,312,359	\$30,847,537

<sup>&</sup>lt;sup>1</sup> Amount to be deposited to the Construction Account in 2019 is in addition to approximately \$9.9 million in CFCs previously applied to the Series 2019 Project costs.

<sup>&</sup>lt;sup>2</sup> On the date of the original delivery of the Series 2019 Bonds, \$4,000,000 of previously collected CFC Revenues shall be deposited into the CFC Supplemental Reserve Account in the CFC Revenue Fund. After Substantial Completion, the CFC Supplemental Reserve Account shall be transferred

to and maintained as a separate account in the CFC Surplus Fund. Moneys in the CFC Supplemental Reserve Account shall continue to be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. All other moneys in the CFC Revenue Fund shall be disbursed and applied by the Authority in the manner and order of priority specified in the CFC Master Trust Agreement.

The amounts deposited into the CFC Revenue Fund are projected to be applied in the order specified in the CFC Master Trust Indenture, as follows:

- 1. Required deposits to the Debt Service Fund, to pay the annual Principal and Interest obligations on the Series 2019 Bonds. No deposits are projected to be required throughout the projection period for the next three (3) funds in the order of priority of the flow of funds: CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, and the CFC Administrative Costs Fund. Therefore, prior to Substantial Completion of the ConRAC (currently estimated to occur in mid-2021), all remaining CFC Revenues are projected to remain in the CFC Revenue Fund. Upon the Substantial Completion of the ConRAC, the balance remaining in the CFC Revenue Fund will be transferred to the Surplus Fund, as described below. After Substantial Completion of the ConRAC, the annual CFC Revenues in excess of the annual deposits into the Debt Service Fund will be applied to the remaining funds (depicted below), as specified in the flow of funds.
- 2. Deposits to the CFC Renewal and Replacement Fund are estimated by the Authority at an annual amount of \$1.4 million for the first five years of operation of the ConRAC (mid-2021 through mid-2026) and \$315,455 beginning in mid-2026 and throughout the remainder of the forecast period.
- 3. Deposits to the CFC Common Use Busing Fund, to cover all or a portion of the projected costs of the busing operation. The Concessionaire Agreements specify the maximum annual amounts to be paid from CFC Revenues each year. The maximum amounts, which are used in this financial analysis, are scheduled to begin at \$1.9 million in mid-2021 and increase each year thereafter, to approximately \$2.5 million in 2029. Any amounts incurred for the Common Use Busing fleet in excess of the maximum annual amounts specified in the Concessionaire Agreements will be the financial responsibility of the concessionaires.
- 4. All remaining moneys deposited into the CFC Revenue Fund after the above deposits have been completed (including the balance in the CFC Revenue Fund at Substantial Completion of the ConRAC) will be transferred into the CFC Surplus Fund. Moneys in the CFC Supplemental Reserve Account shall continue to be paid by the Authority to the CFC Debt Service Fund, prior to applying any moneys in the CFC Debt Service Reserve Fund or the CFC Debt Service Coverage Fund, to the extent necessary from time to time to permit the timely payment of the Series 2019 Bonds. The Authority in its sole discretion may, but shall not be obligated to, replenish the CFC Supplemental Reserve Account from available moneys in the CFC Surplus Fund. The annual deposits to the CFC Surplus Fund from 2020 through 2029, assuming the base forecast of transaction days, are projected to increase

from approximately \$2.1 million in 2022 to \$4.4 million in 2029. Under the base forecast, the balance in the CFC Surplus Fund is projected to increase to approximately \$44.1 million in 2029. Assuming the low forecast of transaction days, the annual deposits to the CFC Surplus Fund are projected to increase from approximately \$1.0 million in 2021 to \$2.5 million in 2029. Under the low forecast, the balance in the CFC Surplus Fund is projected to increase to approximately \$30.8 million in 2029.

#### **Rate Covenant**

Pursuant to the CFC Master Trust Agreement, the Authority covenants that it will maintain, collect and remit to the Trustee a CFC in accordance with the CFC Resolution and the Concessionaire Agreements to produce sufficient CFC Revenues, together with any Concessionaire Deficiency Payments and any amounts the Authority transfers from the CFC Surplus Fund to the CFC Revenue Fund, to equal the greater of:

- 100 percent of the amounts required to be deposited into the CFC Debt Service Fund, the CFC Debt Service Reserve Fund, the CFC Debt Service Coverage Fund, the CFC Administrative Costs Fund, and the CFC Renewal and Replacement Fund, or
- ii. 125 percent of the amount of Debt Service for the Fiscal Year.

The Rate Covenant calculations for each year during the forecast period, assuming the base and low forecasts of transaction days, are presented on Table 21 and Table 22, respectively. Following are summaries of the calculations:

Base forecast of transaction days: The calculation specified in (i) above yields a projected debt service coverage of 2.67 in 2019 and 2.35 in 2020 before decreasing to 1.50 in 2022, and then increasing each year thereafter, to 2.02 in 2029. The calculation specified in (ii) above yields a debt service coverage of 2.67 in 2019 and 2.35 in 2020 before decreasing to 1.77 in 2021, and then increasing to 2.12 in 2029. Including the debt service coverage amount, debt service coverage is projected to increase from 2.02 in 2021 to 2.37 in 2029.

Low forecast of transaction days: The calculation specified in (i) above yields a projected debt service coverage of 2.59 in 2019 and 2.25 in 2020 before decreasing to 1.37 in 2022, and then increasing each year thereafter, to 1.75 in 2029. The calculation specified in (ii) above yields a debt service coverage of 2.59 in 2019 and 2.25 in 2020 before decreasing to 1.65 in 2021, and then increasing to 1.83 in 2029. Including the debt service coverage amount, debt service coverage is projected to increase from 1.91 in 2021 to 2.10 in 2029.

Table 21 | Debt Service Coverage Assuming Base Forecast of Transaction Days

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Pledged Revenues											
CFC Revenues	\$7,782,578	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Concessionaire Deficiency Payments	0	0	0	0	0	0	0	0	0	0	0
Total Pledged Revenues	\$7,782,578	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Deposits to:											
CFC Debt Service Fund	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
CFC Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Renewal & Replacement Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
Total Required Deposits	2,918,462	4,690,385	7,155,385	7,855,327	7,852,343	7,855,049	7,852,923	7,313,851	6,772,203	6,771,832	6,770,065
Rate Covenant											
CFC Revenues must be the greater of at least:											
(i) 100% (1.00) of Deposits to Funds	2.67	2.35	1.59	1.50	1.55	1.58	1.62	1.77	1.94	1.98	2.02
(ii) 125% (1.25) of Debt Service	2.67	2.35	1.77	1.83	1.88	1.93	1.97	2.00	2.04	2.08	2.12
Including Debt Service Coverage 1											
Pledged Revenues	\$7,782,578	\$11,010,714	\$11,401,957	\$11,820,781	\$12,142,841	\$12,448,888	\$12,699,521	\$12,929,467	\$13,165,038	\$13,418,174	\$13,661,766
Add: Debt Service Coverage Fund	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312	1,614,312
Total Available for Debt Service	\$9,396,890	\$12,625,026	\$13,016,269	\$13,435,093	\$13,757,153	\$14,063,200	\$14,313,833	\$14,543,779	\$14,779,350	\$15,032,486	\$15,276,078
Debt Service	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
Ratio with Debt Service Coverage Fund	3.22	2.69	2.02	2.08	2.13	2.18	2.22	2.25	2.29	2.33	2.37

<sup>&</sup>lt;sup>1</sup> The Rate Covenant calculation presentation in the middle of the table is pursuant to the Rate Covenant definition in the CFC Master Trust Agreement. The debt service coverage calculation including the balance in the Debt Service Coverage Fund (presented at the bottom of the table) is not part of the Rate Covenant. It is included in this table to demonstrate the coverage if all available funds are considered.

Table 22 | Debt Service Coverage Assuming Low Forecast of Transaction Days

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Pledged Revenues											
CFC Revenues	\$7,566,096	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Concessionaire Deficiency Payments	0	0	0	0	0	0	0	0	0	0	0
Total Pledged Revenues	\$7,566,096	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Deposits to:											
CFC Debt Service Fund	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
CFC Debt Service Reserve Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Debt Service Coverage Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Administrative Costs Fund	0	0	0	0	0	0	0	0	0	0	0
CFC Renewal & Replacement Fund	0	0	700,000	1,400,000	1,400,000	1,400,000	1,400,000	857,728	315,455	315,455	315,455
Total Required Deposits	2,918,462	4,690,385	7,155,385	7,855,327	7,852,343	7,855,049	7,852,923	7,313,851	6,772,203	6,771,832	6,770,065
Rate Covenant											
CFC Revenues must be the greater of at least	st:										
(i) 100% (1.00) of Deposits to Funds	2.59	2.25	1.49	1.37	1.39	1.41	1.43	1.55	1.70	1.73	1.75
(ii) 125% (1.25) of Debt Service	2.59	2.25	1.65	1.67	1.70	1.72	1.74	1.76	1.78	1.81	1.83
Including Debt Service Coverage <sup>1</sup>											
Pledged Revenues	\$7,566,096	\$10,576,012	\$10,665,060	\$10,787,643	\$10,943,014	\$11,082,741	\$11,212,551	\$11,356,613	\$11,514,553	\$11,686,841	\$11,842,570
Add: Debt Service Coverage Fund	1,694,848	1,694,848	1,694,848	1,694,848	1,694,848	1,694,848	1,694,848	1,694,848	1,694,848	1,694,848	1,694,848
Total Available for Debt Service	\$9,260,944	\$12,270,860	\$12,359,908	\$12,482,491	\$12,637,862	\$12,777,589	\$12,907,399	\$13,051,461	\$13,209,401	\$13,381,689	\$13,537,418
Debt Service	2,918,462	4,690,385	6,455,385	6,455,327	6,452,343	6,455,049	6,452,923	6,456,123	6,456,748	6,456,377	6,454,610
Ratio with Debt Service Coverage Fund	3.17	2.62	1.91	1.93	1.96	1.98	2.00	2.02	2.05	2.07	2.10

<sup>&</sup>lt;sup>1</sup> The Rate Covenant calculation presentation in the middle of the table is pursuant to the Rate Covenant definition in the CFC Master Trust Agreement. The debt service coverage calculation including the balance in the Debt Service Coverage Fund (presented at the bottom of the table) is not part of the Rate Covenant. It is included in this table to demonstrate the coverage if all available funds are considered.



Orange County, CA p. 312.988.3360

Chicago, IL 409 W. Huron, Ste. 400 St. Louis, MO Chicago, IL 60654 f. 312.988.3370

April 16, 2019

Mr. Joseph Nardone President and Chief Executive Officer Columbus Regional Airport Authority John Glenn Columbus International Airport 4600 International Gateway Columbus, Ohio 43219

Ms. Nancy Clawson Merrill Lynch, Pierce, Fenner & Smith, Inc. 540 West Madison Street Chicago, IL 60661

Subject: **Columbus Regional Airport Authority** 

**Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)** 

Unison Consulting, Inc. (Unison) hereby consents to use the Financial Feasibility Report prepared by Unison in the Preliminary Official Statement and the Official Statement for the Series 2019 Bonds.

Sincerely,

UNISON CONSULTING, INC.

Don Arthur, Principal



April 09, 2019

Mr. Randy Bush Chief Financial Officer Columbus Regional Airport Authority 4600 International Gateway Columbus, OH 43219

Dear Mr. Bush:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

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Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

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The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings in any offering document in any instance in which US, UK or any other relevant securities laws requires such consent. Fitch does not consent to the inclusion of any written letter communicating its rating action in any offering document. You understand that Fitch has not consented to, and will not consent to, being named as an "expert" in connection with any registration statement or other filings under US, UK or any other relevant securities laws, including but not limited to Section 7 of the U.S. Securities Act of 1933. Fitch is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933, nor has Fitch performed the roles or tasks associated with an "underwriter" or "seller" under this engagement.

Fitch will continue to monitor the credit quality of and maintain ratings on the Issuer/Securities. It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "Fitch" means Fitch Ratings, Inc. and any successor in interest.

Public ratings will be valid and effective only upon publication of the ratings on Fitch's website.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Daniel Champeau Managing Director U.S. Public Finance

DCC/em

Enc: Notice of Rating Action (Doc ID:212034 Rev 0)

# **Notice of Rating Action**

Bond Description	Rating Type	Rating Action	<u>Rating</u>	Outlook/ Watch	Eff Date	Notes
Columbus Regional Airport Authority (OH) customer facility charge rev bonds (taxable) ser 2019	Long Term Rating	New Rating	A-	RO:Sta	09-Apr-2019	
Columbus Regional Airport Authority (OH) customer facility charge rev bonds (taxable) ser 2019	Unenhanced Long Term Rating	New Rating	A-	RO:Sta	09-Apr-2019	

Key: RO: Rating Outlook, RW: Rating Watch, Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving



Randy Bush, CPA, CGMA, CIA Chief Financial Officer Columbus Regional Airport Authority 4600 International Gateway Columbus, Ohio 43219

April 8, 2019

Re: Columbus Regional Airport Authority

**Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)** 

Dear Mr. Bush:

Kroll Bond Rating Agency, Inc. ("KBRA") has assigned a long-term rating of **A+** with a **Stable** Outlook to the Columbus Regional Airport Authority's Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable). The KBRA long-term rating does not apply to bonds backed by a letter of credit or liquidity facility, unless otherwise noted.

Please send all information to the attention of:

Kroll Bond Rating Agency, Inc. 805 Third Avenue, 29th Floor New York, NY 10022

Attention: Public Finance Surveillance

Email: hzachem@kbra.com

Placing us on a distribution list for these reports and documentation would facilitate the process. If information will be provided via a website, the following will facilitate our prompt receipt of any reports, documentation, data and information: (i) prompt written notification to KBRA by you or another party at the time of posting of any report, documentation, data or information to such website; and (ii) providing KBRA with prompt information on how and where to access the website and ensuring the following individuals (or such other individuals as KBRA may designate from time to time) are provided with such access:

Harvey Zachem

2. Cindy Wu

3. Justin Schneider

hzachem@kbra.com Cwu@kbra.com jschneider@kbra.com

In accordance with KBRA policy, assigned ratings are subject to revision or withdrawal, without notice, at the sole discretion of KBRA.

The rating and other views of KBRA are statements of opinion and not statements of fact. They are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, marketability, the suitability of any investment, loan or security for a particular investor (including, but not limited to, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. You acknowledge that KBRA is not your



advisor and is not providing you any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. The rating should not be viewed as a replacement for such advice or services. You understand that KBRA has not consented to, and will not consent to, being named an "expert" under the federal securities laws including, without limitation, Section 7 of the Securities Act of 1933. Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between you and us or between us and any user of the rating set forth above.

This letter constitutes KBRA's permission to you to disseminate the rating set forth above to interested parties in accordance with applicable laws. The rating set forth above is subject to all the terms and conditions attached hereto and those set forth on KBRA's website, which any party receiving this letter or the rating set forth above should review and understand.

KBRA shall have the right to publish, disseminate or license others to publish or otherwise to disseminate the rating set forth above or the rationale for the rating.

We are pleased to have had the opportunity to be of service to you. If you have any questions regarding the above, please contact me at (646) 731-2472.

Sincerely,

KROLL BOND RATING AGENCY, INC.

By:

William Cox

Senior Managing Director



#### Kroll Bond Rating Agency, Inc.

### Terms and Conditions Applicable to Public Finance Ratings

- 1. In issuing and maintaining its ratings, Kroll Bond Rating Agency, Inc. ("KBRA") relies on information it receives from you or at your request or direction and from other sources KBRA believes to be credible. The rating, and the maintenance of the rating, may be affected by KBRA's opinion of the information received from you or at your request or direction. You agree to use good faith efforts to cooperate, in any manner reasonably requested, with any verification procedures performed by KBRA or its agents or at KBRA's request. For so long as KBRA is providing the services contemplated herein, in connection with the rating provided hereunder, you warrant that you will provide, or cause to be provided, as promptly as practicable, to KBRA and/or its agents (a) all information requested by KBRA in accordance with its ratings process or that may be necessary for KBRA to satisfy its obligations pursuant to any applicable legislation in connection with the issuance of its ratings, or as required by any regulatory or legal authorities, including, without limitation, third-party information in your possession, to the extent you have the legal right to disclose such information, after due inquiry, and (b) any other material information relevant to the rating and surveillance of the rating, including, without limitation, information on material changes to information previously provided by you, or at your request or direction, to KBRA. The failure to provide such information may result in the downgrade or withdrawal of the rating. You further warrant that all information provided to KBRA and its agents by you or at your request or direction regarding the rating or surveillance of the rating, contains and will contain no untrue statement of material fact and does not and will not omit a material fact necessary in order to make such information, in light of the circumstances in which it was provided, not misleading. You acknowledge that the rating is based on the information you, or another party at your request or direction, provide to KBRA, and KBRA will not independently verify the accuracy or completeness of such information. Until a rating is issued and so long as surveillance is in effect, you agree to and will cause third parties providing information at your request or direction to reasonably cooperate in providing additional information if requested by KBRA as may be necessary for KBRA's compliance with any applicable laws or regulations.
- 2. You understand that KBRA is relying on your representations, warranties and covenants and if, for any reason, you breach your representations, warranties or covenants at any time, you shall provide prompt written notice to KBRA and if possible, promptly correct the relevant information. The failure of any of your representations, warranties or covenants to be true at any time may affect the ratings of the transaction, KBRA's ability to issue and maintain the rating, result in the downgrade or withdrawal of the ratings and/or limit KBRA's ability to issue ratings for you in the future as we may no longer be permitted to reasonably rely on your representations. To the extent permitted by applicable law, you will indemnify KBRA for all losses, damages, liabilities, judgments, costs, charges and expenses (including reasonable legal fees and expenses) ("Losses") (a) resulting from a breach of these terms and conditions, including but not limited to all Losses arising from claims asserted by any third party against KBRA arising from such breach, or (b) that arise out of or relate to any claim that the information provided infringes or violates the intellectual property rights of a third party, except in either case, to the extent such Losses are judicially determined to result from the gross negligence or willful misconduct of KBRA.
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- 9. Nothing in this rating letter, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third-party beneficiary of this rating letter or of the rating when issued.
- 10. This rating letter shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.
- 11. In the event that any term or provision of this rating letter shall be held to be invalid, void, or unenforceable, then the remainder of this rating letter shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.
- 12. This rating letter supersedes any other agreement and/or terms and conditions relating to the information provided to KBRA in relation to the rating including, without limitation, any non-disclosure or confidentiality agreements, or terms and conditions of any website of the issuers or its agents, such as a "click-through" agreement, and constitutes the complete and entire agreement between the parties regarding the subject matter of this rating letter. This rating letter may not be amended except in a writing signed by authorized representatives of both parties.
- 13. The parties to this rating letter do not waive, and reserve the right to contest, any issues regarding sovereign immunity, the applicable governing law and the appropriate forum for resolving any disputes arising out of or relating to this rating letter.
- 14. This rating letter and any accompanying rating report shall be governed by the internal laws of the State of New York. The parties irrevocably agree that the state and federal courts of New York located in the County of New York shall be the exclusive forums for any dispute arising out of or relating to this rating letter and the parties hereby consent to the personal jurisdiction of such courts.
- 15. These terms and conditions are to be kept confidential between the parties. Either party may disclose these terms and conditions as required by law, or to its agents, advisors, auditors or consultants as necessary, provided that such recipients are bound by appropriate confidentiality obligations.

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7 World Trade Center 250 Greenwich Street New York 10007 www.moodys.com

April 12, 2019

Randy Bush Columbus Regional Airport Authority, OH 4600 International Gateway Columbus, OH 43219

Dear Mr. Bush:

We wish to inform you that on April 5, 2019, Moody's Investors Service reviewed and assigned a rating of

• <u>A3</u> to Columbus Regional Airport Authority, OH - Customer Facility Charge Revenue Bonds, Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable).

Credit ratings issued by Moody's Investors Service, Inc. and its affiliates ("Moody's") are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities and are not statements of current or historical fact. Moody's credit ratings address credit risk only and do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility.

This letter uses capitalized terms and rating symbols that are defined or referenced either in *Moody's Definitions* and *Symbols Guide* or *MIS Code of Professional Conduct* as of the date of this letter, both published on <a href="https://www.moodys.com">www.moodys.com</a>. The Credit Ratings will be publicly disseminated by Moody's through normal print and electronic media as well as in response to verbal requests to Moody's Rating Desk. Moody's related research and analyses will also be published on <a href="https://www.moodys.com">www.moodys.com</a> and may be further distributed as otherwise agreed in writing with us.

Moody's Credit Ratings or any corresponding outlook, if assigned, will be subject to revision, suspension or withdrawal, or may be placed on review, by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current Credit Rating, please visit <a href="https://www.moodys.com">www.moodys.com</a>.

Moody's has not consented and will not consent to being named as an expert under applicable securities laws, such as section 7 of the Securities Act of 1933. The assignment of a rating does not create a fiduciary relationship between Moody's and you or between Moody's and other recipients of a Credit Rating. Moody's Credit Ratings are not and do not provide investment advice or recommendations to purchase, sell or hold particular securities. Moody's issues Credit Ratings with the expectation and understanding that each investor will make its own evaluation of each security that is under consideration for purchase, sale or holding.

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Randy Bush Columbus Regional Airport Authority, OH 4600 International Gateway Columbus, OH 43219

Moody's with all information necessary in order for Moody's to accurately and timely monitor the Credit Ratings, including current financial and statistical information.

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If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supersede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact the analyst assigned to this transaction, Moses Kopmar at 212.553.2846.

Yours faithfully,

Moody's Investors Service Inc.

Moody's Investors Service Inc.



Mr. Al Pisani Managing Director Assured Guaranty 1633 Broadway New York, NY 10019

April 18, 2019

Re: \$8,325,000 Columbus Regional Airport Authority, Ohio Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable), dated May 2, 2019, – Policy No. 219365-N

Dear Mr. Pisani:

With respect to the above-referenced obligation, Kroll Bond Rating Agency, Inc. ("KBRA") has assigned an insurance financial strength rating of AA+, Stable to Assured Guaranty Municipal Corp. ("Financial Guarantor"), which is providing an unconditional and irrevocable guarantee of the above-referenced obligation. Based entirely on the rating of the Financial Guarantor, KBRA hereby assigns a AA+, Stable rating to the above-referenced security. This rating is based exclusively on KBRA's published rating of the Financial Guarantor and the policy issued by the Financial Guarantor. KBRA has not conducted a comprehensive analysis of the above-referenced obligation on a stand-alone basis, the issuer of such obligation or the related transaction. In the event KBRA's rating on the Financial Guarantor changes, KBRA's rating on the above-referenced obligation will change accordingly.

In accordance with KBRA policy, assigned ratings are subject to revision or withdrawal, without notice, at the sole discretion of KBRA.

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This letter constitutes KBRA's permission to you to disseminate the rating set forth above to interested parties in accordance with applicable laws. The rating set forth above is subject to the terms and conditions set forth in KBRA's website, which any party receiving this letter or the rating set forth above should review and understand.

KBRA shall have the right to publish, disseminate or license others to publish or otherwise to disseminate the rating set forth above or the rationale for the rating.



KBRA is pleased to have had the opportunity to be of service to you.

Sincerely,

KROLL BOND RATING AGENCY, INC.

By:

Paul Kwiatkoski Managing Director



Moody's Investors Service, Inc.
7 World Trade Center
at 250 Greenwich Street
NewYork, NY 10007
+1.212.553.0300 tel
+1.212.553.4820 fax
www.moodys.com

April 22, 2019

Assured Guaranty Municipal Corp. 1633 Broadway New York, NY 10019

To Whom It May Concern:

Moody's Investors Service has assigned the rating of A2 to the \$8,325,000.00 Columbus Regional Airport Authority, Ohio, Customer Facility Change Revene Bonds, Series 2019 (Federally Taxable) maturing on December 15 in the years 2030 through 2032, inclusive, dated May 2, 2019 which sold through negotiation on April 17, 2019, insured by Assured Guaranty Municipal Corp. (Policy No.219356-N). The rating is the highest of (i) the guarantor's financial strength rating, (ii) any published underlying rating on the security, or (iii) any published enhanced rating based on a state credit enhancement program.

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This letter uses capitalized terms and rating symbols that are defined or referenced either in *Moody's Definitions and Symbols Guide or MIS Professional Code of Conduct* as of the date of this letter, both published on www.moodys.com. The Credit Ratings will be publicly disseminated by Moody's through normal print and electronic media as well as in response to verbal requests to Moody's Rating Desk. Moody's related research and analyses will also be published on www.moodys.com and may be further distributed as otherwise agreed in writing with us.

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Moody's has not consented and will not consent to being named as an expert under applicable securities laws, such as section 7 of the Securities Act of 1933. The assignment of a rating does not create a fiduciary relationship between Moody's and you or between Moody's and other recipients of a Credit Rating. Moody's Credit Ratings are not and do not provide investment advice or recommendations to purchase, sell or hold particular securities. Moody's issues Credit Ratings with the expectation and understanding that each investor will make its own evaluation of each security that is under consideration for purchase, sale or holding.

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If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supercede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact Daniel Hellige at (212) 553-3682.

Sincerely yours,

Moody's Investors Service. Inc.

Moody's Investors Service, Inc.



55 Water Street, 38th Floor New York, NY 10041-0003 tel 212 438-2074 reference no.: 1567832

April 23, 2019

Assured Guaranty Municipal Corp. 1633 Broadway - 24th Floor New York, NY 10019

Attention: Mr. Richard Bauerfeld, Chief Surveillance Officer

Re: \$8,325,000 Columbus Regional Airport Authority, Ohio, Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable), dated: Date of Delivery, due: December 15, 2030-2032, (POLICY #219356-N)

Dear Mr. Bauerfeld:

S&P Global Ratings has assigned an insured rating of "AA" on the above obligations, based on the policy provided by your company.

We may adjust the underlying rating and the capital charge as a result of changes in the financial position of the issuer or performance of the collateral, or of amendments to the documents governing the issue, as applicable. With respect to the letter, please notify us of any changes or amendments over the term of the debt.

The credit ratings and other views of S&P Global Ratings are statements of opinion and not statements of fact. Credit ratings and other views of S&P Global Ratings are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While S&P Global Ratings bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, S&P Global Ratings does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and S&P Global Ratings' opinions should not be relied upon in making any investment decision. S&P Global Ratings does not act as a "fiduciary" or an investment advisor. S&P Global Ratings neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

S&P Global Ratings must receive complete documentation relating to this issue no later than 90 days after the date of this letter. S&P Global Ratings assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at <a href="www.standardandpoors.com">www.standardandpoors.com</a>. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

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Reliance on Information. S&P Global Ratings relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by S&P Global Ratings' opinion of the information received from issuers, their agents or advisors.

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<u>No Third Party Beneficiaries.</u> Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.



#### BOND DEBT SERVICE

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) \*\*\* FINAL NUMBERS \*\*\* April 17, 2019

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2019			438,306.83	438,306.83	
12/15/2019			1,834,772.78	1,834,772.78	2,273,079.61
06/15/2020			1,834,772.78	1,834,772.78	2,273,077.01
12/15/2020			1,834,772.78	1,834,772.78	3,669,545.56
06/15/2021			1,834,772.78	1,834,772.78	3,009,343.30
12/15/2021	2,020,000	2.675%	1,834,772.78	3,854,772.78	5,689,545.56
06/15/2022	2,020,000	2.07370	1,807,755.28	1,807,755.28	3,009,343.30
12/15/2022	2,075,000	2.798%	1,807,755.28	3,882,755.28	5,690,510.56
06/15/2023	2,073,000	2.79870	1,778,726.03	1,778,726.03	3,090,310.30
12/15/2023	2,135,000	2.948%	1,778,726.03	3,913,726.03	5,692,452.06
06/15/2024	2,133,000	2.940/0	1,747,256.13	1,747,256.13	3,092,432.00
12/15/2024	2,195,000	3.091%	1,747,256.13	3,942,256.13	5,689,512.26
06/15/2025	2,193,000	3.091/0	1,713,332.40	1,713,332.40	3,009,312.20
12/15/2025	2,265,000	3.191%	1,713,332.40	3,978,332.40	5,691,664.80
06/15/2026	2,203,000	3.19170	1,677,194.33	1,677,194.33	3,091,004.80
12/15/2026	2,335,000	3.269%	1,677,194.33	4,012,194.33	5,689,388.66
	2,333,000	3.20970			3,089,388.00
06/15/2027	2.415.000	2 2600/	1,639,028.75	1,639,028.75	5 602 057 50
12/15/2027	2,415,000	3.369%	1,639,028.75	4,054,028.75	5,693,057.50
06/15/2028	2 405 000	2 5200/	1,598,348.08	1,598,348.08	5 601 606 16
12/15/2028	2,495,000	3.539%	1,598,348.08	4,093,348.08	5,691,696.16
06/15/2029	2 505 000	2 (200/	1,554,199.05	1,554,199.05	5 (02 200 10
12/15/2029	2,585,000	3.639%	1,554,199.05	4,139,199.05	5,693,398.10
06/15/2030	2 (75 000	2 (200/	1,507,164.98	1,507,164.98	5 (90 220 06
12/15/2030	2,675,000	3.639%	1,507,164.98	4,182,164.98	5,689,329.96
06/15/2031	2 775 000	2 (900/	1,458,493.35	1,458,493.35	5 (01 09/ 70
12/15/2031	2,775,000	3.689%	1,458,493.35	4,233,493.35	5,691,986.70
06/15/2032	2 075 000	2.7200/	1,407,308.48	1,407,308.48	5 (00 (1( 0(
12/15/2032	2,875,000	3.739%	1,407,308.48	4,282,308.48	5,689,616.96
06/15/2033	2 005 000	2.0000/	1,353,560.35	1,353,560.35	5 (02 120 70
12/15/2033	2,985,000	3.889%	1,353,560.35	4,338,560.35	5,692,120.70
06/15/2034	2 100 000	2.0100/	1,295,517.03	1,295,517.03	5 (01 024 06
12/15/2034	3,100,000	3.919%	1,295,517.03	4,395,517.03	5,691,034.06
06/15/2035	2 220 000	4.0500/	1,234,772.53	1,234,772.53	5 (00 545 06
12/15/2035	3,220,000	4.059%	1,234,772.53	4,454,772.53	5,689,545.06
06/15/2036	2 250 000	4.0500/	1,169,422.63	1,169,422.63	5 (00 045 0(
12/15/2036	3,350,000	4.059%	1,169,422.63	4,519,422.63	5,688,845.26
06/15/2037	2 400 000	4.0500/	1,101,434.38	1,101,434.38	5 (02 9(9 7(
12/15/2037	3,490,000	4.059%	1,101,434.38	4,591,434.38	5,692,868.76
06/15/2038	2 (20 000	4.0500/	1,030,604.83	1,030,604.83	5 (01 200 (6
12/15/2038	3,630,000	4.059%	1,030,604.83	4,660,604.83	5,691,209.66
06/15/2039	2 775 000	4.0500/	956,933.98	956,933.98	5 (00 0(7 0(
12/15/2039	3,775,000	4.059%	956,933.98	4,731,933.98	5,688,867.96
06/15/2040	2 020 000	4.1000/	880,320.35	880,320.35	5 (00 (40 70
12/15/2040	3,930,000	4.199%	880,320.35	4,810,320.35	5,690,640.70
06/15/2041	4.005.000	4.199%	797,810.00	797,810.00	5 600 620 00
12/15/2041	4,095,000	4.19970	797,810.00	4,892,810.00	5,690,620.00
06/15/2042	4,265,000	4.1000/	711,835.48	711,835.48	5,688,670.96
12/15/2042	4,203,000	4.199%	711,835.48	4,976,835.48	3,088,070.90
06/15/2043	4 445 000	4.1000/	622,291.80	622,291.80	5 600 502 60
12/15/2043	4,445,000	4.199%	622,291.80	5,067,291.80	5,689,583.60
06/15/2044	4 635 000	4 1000/	528,969.03	528,969.03	5 602 029 06
12/15/2044 06/15/2045	4,635,000	4.199%	528,969.03 431,657.20	5,163,969.03 431,657.20	5,692,938.06
00/13/2043			TJ 1,03 / .20	TJ1,UJ/.2U	



#### BOND DEBT SERVICE

# Columbus Regional Airport Authority Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable) \*\*\* FINAL NUMBERS \*\*\* April 17, 2019

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/15/2045	4,830,000	4.199%	431,657.20	5,261,657.20	5,693,314.40
06/15/2046			330,251.35	330,251.35	
12/15/2046	5,030,000	4.199%	330,251.35	5,360,251.35	5,690,502.70
06/15/2047			224,646.50	224,646.50	
12/15/2047	5,240,000	4.199%	224,646.50	5,464,646.50	5,689,293.00
06/15/2048			114,632.70	114,632.70	
12/15/2048	5,460,000	4.199%	114,632.70	5,574,632.70	5,689,265.40
	94,325,000		70,959,104.73	165,284,104.73	165,284,104.73



#### **CLOSING MEMORANDUM**

TO: Working Group

FROM: PFM Financial Advisors LLC

**DATE:** May 2, 2019

RE: Closing Instructions - Columbus Regional Airport Authority (the "Authority") Customer Facility Charge Revenue

Bonds, Series 2019 (Federally Taxable) (the "2019 Bonds")

#### I. SCHEDULE:

#### Pre-Closing:

Draft documents will be distributed by Squire Patton Boggs (US) LLP ("Bond Counsel") during the week of April 22<sup>nd</sup>. All comments to those documents should be sent directly to Bond Counsel. Pre-closing will be coordinated through various document signings during the week of April 22<sup>nd</sup> and the week of April 29<sup>th</sup>.

#### Closing:

Details regarding closing are as follows:

DATE: Thursday, May 2, 2019 TIME: 11:00AM Eastern PLACE: Teleconference

Members of the finance team may participate via teleconference using the following dial-in information:

Conference Call: 1-844-621-3956

Passcode: 791 783 307



### II. SOURCES AND USES OF FUNDS:

The sources and uses of funds for the 2019 Bonds are as follows:

Sources:	2019 Bonds (Federally Taxable)
Bond Proceeds:	
Par Amount	\$94,325,000.00
Total	\$94,325,000.00
Uses:	
Project Fund Deposits:	
CFC Construction Fund (held by USB Custody Group)	\$86,334,429.03
Other Fund Deposits:	
CFC Debt Service Reserve Fund	\$5,693,398.10
CFC Debt Service Coverage Fund	1,423,349.53
	\$7,116,747.63
Delivery Date Expenses:	
Cost of Issuance	\$601,025.00
Underwriters' Discount	242,391.68
Bond Insurance Premium	27,476.92
	\$870,893.60
Additional Proceeds	\$2,929.74
Total	\$94,325,000.00

# III. ACTIONS TO BE TAKEN BY BANK OF AMERICA MERRILL LYNCH ("BAML"):

#### WIRE #1:

On Thursday, May 2<sup>nd</sup>, BAML will initiate a wire transfer to U.S. Bank National Association ("the Trustee") in the amount totaling **\$93,454,106.40** which represents the aggregate principal amount of the Series 2019 Bonds, less costs of issuance, less bond insurance premium, and less underwriters' discount.



These amounts are determined as follows:

	2019 Bonds (Federally Taxable)
Par Amount	\$94,325,000.00
Costs of Issuance	(601,025.00)
Underwriters' Discount	(242,391.68)
Bond Insurance Premium	(27,476.92)
Total Wire #1	\$93,454,106.40

The wire instructions for Wire #1 are as follows:

RBK:

U.S. BANK N.A.

AMOUNT:

\$93,454,106.40

ABA#:

091000022

BNF A/C NAME: USBANK CT Wire Clrg

BNF A/C#:

180121167365

**BNF ADDRESS:** 

60 Livingston Avenue

St. Paul, MN 55107-2292

REF:

Columbus Regional Airport

#### **WIRE #2:**

On Thursday, May 2nd, BAML will initiate a wire transfer to the Authority in the amount totaling \$601,025.00 which represents the costs of issuance of the 2019 Bonds. This amount will be deposited in the Series 2019 Cost of Issuance Subaccount within Series 2019 Construction Account within the CFC Construction Fund to pay the costs of issuance of the 2019 Bonds.

The wire instructions for Wire #2 are as follows:

BANK:

FIFTH THIRD BANK

CINCINNATI, OH

AMOUNT:

\$601,025.00

ABA#:

042000314

ACCOUNT NAME: CRAA - Rental Car Facility Fund

ACCOUNT #:

7282269989

#### **WIRE #3:**

On Thursday, May 2nd, BAML will initiate a wire transfer to Assured Guaranty Municipal Corp. in the amount totaling \$27,476.92 which represents the bond insurance premium for the insured Series 2019 Bonds.

The wire instructions for Wire #3 are as follows:

BANK:

THE BANK OF NEW YORK

AMOUNT:

\$27,476.92

ABA#:

021000018

ACCOUNT NAME: Assured Guaranty Municipal Corp.

ACCOUNT#: POLICY #:

8900297263 219356-N

CONTACT:

Erika Paredes (212) 893-2706



### IV. ACTIONS TO BE TAKEN BY THE TRUSTEE:

On Thursday, May 2<sup>nd</sup>, upon closing, the Trustee shall allocate \$93,454,106.40 which represents that aggregate bond proceeds available to the Trustee (Wire #1) as follows:

#### 1. Deposit to CFC Debt Service Reserve Fund

\$5,693,398.10 will be deposited in the Series 2019 Debt Service Reserve Account within the CFC Debt Service Reserve Fund representing the required reserve on the 2019 Bonds.

#### 2. Deposit to CFC Debt Service Coverage Fund

\$1,423,349.53 will be deposited in the Series 2019 Debt Service Coverage Account within the CFC Debt Service Coverage Fund representing required coverage on the 2019 Bonds.

#### 3. Deposit to CFC Construction Fund - Series 2019 Construction Account

\$86,337,358.77, representing all remaining proceeds of the 2019 Bonds available to the Authority, shall be transferred by the Trustee to the USB Custody Group and held in the Series 2019 Construction Account within the CFC Construction Fund to pay costs of the Series 2019 Project.

Account details for this transfer are as follows:

BANK:

**USB Custody Group** 

AMOUNT:

\$86,337,358.77

ACCOUNT NAME: COLUMBUS REGIONAL AIRPORT AUTH GEN 1

ACCOUNT #:

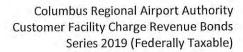
001050974721

#### V. DELIVERY OF BONDS

The Bonds will be issued as book-entry only through The Depository Trust Company ("DTC"). Upon acknowledgement of receipt of the purchase price wire, representatives from BAML will request a release of the 2019 Bonds from DTC.

#### VI. COSTS OF ISSUANCE:

<u>Expense</u>	Amount
Bond Counsel	\$215,000.00
Financial Advisor	109,325.00
Feasibility Consultant	65,000.00
Trustee Fees	4,000.00
Moody's Fee	85,200.00
Fitch Fee	55,000.00
Kroll Fee	40,000.00
Printer	3,500.00
Contingency	24,000.00
Total	\$601,025.00





The costs of issuance above will be paid by the Authority upon receipt of invoices from the respective firms.

If you have any questions or require any additional information, please do not hesitate to contact the following representatives of PFM:

Bill Case

(727) 319-3051 x 3051

casew@pfm.com

Kevin McPeek

(727) 266-9966

4/29/19

mcpeekk@pfm.com

The undersigned, Authorized Officer of the Columbus Regional Airport Authority authorizes the wire transfers set forth above.

**COLUMBUS REGIONAL AIRPORT AUTHORITY** 

Name: Randy Bush

Title: Chief Financial Officer



# COLUMBUS REGIONAL AIRPORT AUTHORITY 2019 CFC-Backed Bonds

### Distribution List As of January 18, 2019

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# COLUMBUS REGIONAL AIRPORT AUTHORITY 2019 CFC-Backed Bonds

# Distribution List As of January 18, 2019

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Fred Prime (313) 239-8597 fred.prime@loopcapital.com

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# COLUMBUS REGIONAL AIRPORT AUTHORITY 2019 CFC-Backed Bonds

# Distribution List As of January 18, 2019

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# **TRUSTEE'S COUNSEL**

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# COLUMBUS REGIONAL AIRPORT AUTHORITY 2019 CFC-BACKED BONDS

# Distribution List As of January 18, 2019

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# COLUMBUS REGIONAL AIRPORT AUTHORITY 2019 CFC-BACKED BONDS

### Distribution List As of January 18, 2019

#### **EMAIL DISTRIBUTION:**

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