Columbus Regional Airport Authority

Issuer: Columbus Regional Airport Authority		
Affirmed	**Rating**	**Outlook**
Customer Facility Charge Revenue Bonds, Series 2019 (Federally Taxable)	A+	Negative

Methodology:

U.S. Special Tax Revenue Bond Rating Methodology

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Rating Summary: KBRA has affirmed the long-term A+ rating assigned to $94.3 million of federally taxable Customer Facility Charge (CFC) Revenue Bonds, Series 2019 (the Bonds) issued by the Columbus Regional Airport Authority (CRAA or the Authority). Proceeds of the Bonds, along with $65.2 million of CFCs accumulated since 2007, financed construction of a consolidated rental car facility (CONRAC) at the John Glenn Columbus International Airport (CMH), CRAA's primary passenger gateway.

Security for the Bonds is provided by a combination of Pledged Revenues, primarily a $6.50 CFC charged for each rental car transaction day, and concessionaire deficiency payments in the event of a shortfall. The Bonds are also secured by reserves in certain pledged funds.

The A+ rating continues to reflect the health and diversity of CMH's economic base which drives rental car transactions and related CFCs and the strength of the legal framework and security pledge supporting bond repayment.

Construction of the CONRAC remains on-budget and largely on-schedule, with an expected opening date on Sept. 1, 2021. Since inception, construction risks have been minimized through a guaranteed maximum price contract and the engagement of a construction manager with substantial CONRAC experience. Principal payments on the Bonds begin in December 2021, with debt service to be paid regardless of facility operation. CRAA retains full autonomy to adjust the CFC, though has no plans at present to increase the rate from its current level ($6.50); the rate remains in the upper range of CONRACs nationwide. CFC revenue growth has historically been strong, increasing from $3 million in FY 2008, the first full year of collection, to $10.9 million in CY 2019. Similar to passenger traffic, CFC collections were negatively impacted by the COVID-19 pandemic. CY 2020 CFC revenue is estimated at $4.7 million, approximately 43% of the CY 2019 level ($11.0 million).

The Authority covenants to maintain a CFC, along with any concessionaire deficiency payment, sufficient to pay the greater of (a) 100% of required deposits under the CFC Trust Agreement or (b) 125% of the debt service requirement. Annual transfers to the CFC Revenue Fund from the CFC Surplus Fund may be included in the Rate Covenant calculation in an amount equal to 25% of debt service (i.e., rolling coverage). An Additional Bonds Test is in place to prevent overleveraging of the pledged revenue source, though no further borrowing is presently planned. The CONRAC is projected to have adequate capacity for a 40-year period following its opening. CRAA has very limited responsibility for operations and maintenance of the CONRAC, with payment from rental car companies supporting expenses related to both common and exclusive use space.

The CFC Trust Agreement establishes reserves that KBRA views as providing an additional layer of protection for bondholders, including a cash funded Debt Service Reserve Fund, a Debt Service Coverage Fund, and a $4 million Supplemental Reserve Fund. Based upon the strength of projected CFC collections, KBRA expects the CFC Surplus Fund to accumulate large balances, even if facility utilization recovers more slowly than expected to pre-pandemic levels.

Debt service on the Bonds is essentially level at $5.7 million beginning in CY 2021. CY 2020 CFC revenues, excluding rolling coverage at the permissible 25% of debt service level, covered an interest only debt service payment by 1.6(x). Had principal and interest ($5.7 million) on the Bonds been due, the Authority would have needed to transfer $1.4 million from the CFC Surplus Fund (i.e., rolling coverage) to meet the Rate Covenant.

KBRA reviewed two conservative CY 2021 CFC recovery scenarios provided by the Authority and deemed them to be reasonable. Under the more plausible of the two scenarios, CFCs would recover to just over half of the CY 2019 level ($6.0 million), with debt service coverage, inclusive of rolling coverage ($1.4 million), equaling 1.4(x). KBRA also prepared its own projections which considered a continuation of the 57.0% decline in CFC collections experienced between CY 2019 and CY 2020 through the first six months of CY 2021. Month over month declines would decrease thereafter, with a full recovery taking hold in late CY 2023. Under this scenario, which KBRA acknowledges is severe, the Authority would require CFC Surplus Fund transfers in both CY 2021 and CY 2022 to meet its Rate Covenant. By CY 2023, no such transfers would be required, with coverage reaching 1.8(x). KBRA recognizes both the timing and trajectory of a post-pandemic recovery is unknown at this stage, though acknowledges recent progress with vaccine distribution and an increase in economic activity as positive signs.

CRAA's service area is economically diverse and includes Ohio's largest city, the state capital, and Ohio State University. The regional economy has historically outperformed both the State and the U.S., and population is growing. The government and higher education sector are a stabilizing influence, and added diversification is provided by a sizable financial sector and an array of Fortune 1000 companies. KBRA views the metropolitan area's population growth favorably as it attracts both business and leisure activity. Such activity helps to sustain and increase air service over time, which positively impacts rental car activity.

The Negative Outlook continues to reflect KBRA's view that a potentially prolonged and uneven post-pandemic rebound in air travel is likely to impede a sustained, meaningful recovery in rental car transactions and related CFC revenues over the near term.

Key Credit Considerations

KBRA continues to monitor the direct and indirect impacts of the COVID-19 virus. Click here to access KBRA's ongoing research on the topic.

The rating was affirmed because of the following key credit considerations:

Credit Positives

- Legal framework provides strong bondholder protection through reserves and autonomy to adjust CFCs.
- Diverse air trade area and healthy economic base affords support to rental car transactions.
- Level debt service requirements, strong MADS coverage, and no additional planned borrowing.

Credit Challenges

- Unknown timing of a sustained recovery in air travel to pre-pandemic levels and the impact such recovery might have on rental car transactions and related CFC collections.
- CMH enplanement activity that has historically been somewhat volatile, largely reflecting air carrier business model shifts and evolving hub strategies.
- Evolving competitive threat of Transportation Network Companies (TNCs).

Rating Sensitivities

▪ Completion of the CONRAC facility on-time and on-budget. ▪ Material and sustained growth in rental car transaction days and CFC collections, leading to strengthened debt service coverage.	+
▪ While not expected, a severe reduction in rental car transaction days, including those caused by additional, more severe viral outbreaks that result in new economic and travel related restrictions.	-

ESG Management

The Authority's leadership considers the environmental sustainability of its operations as part of its comprehensive strategic planning function. Replacement of petroleum powered aircraft servicing equipment with lower emission units; the conversion of its diesel-powered shuttle buses to cleaner propane autogas; and its early adoption of high intensity LED runway lighting are a few examples of recent climate related initiatives undertaken by CRAA. Relating specifically to the CONRAC, CRAA plans to launch a battery-operated bussing operation to serve the facility upon its opening in summer 2021, making it one of the first such operations in the city of Columbus. Further expansion of the fleet at CMH is expected over time.

- More information on ESG Considerations for the Public Finance sector can be found here.

Key Ratios

Key Ratios	
Car Rental Activity	
CFCs	
CFC Per Day	$6.50
CY 2020 CFC Collections	$4.7 million
% ∆ CY 2019 to CY 2020	-57.1%
CY 2010 - CY 2019 CFC Collections CAGR	8.3%
Transaction Days	
CY 2020 Transaction Days	833,252
% ∆ CY 2019 to CY 2020	-53.2%
CY 2010 - CY 2019 Transaction Days CAGR	4.4%
Debt Service Requirements	
CY 2020 Debt Service	$3.7 million
CY 2020 Debt Service Coverage based on CY 2020 CFC collections	1.6x
MADS	$5.7 million
MADS Coverage based on CY 2020 CFC collections and rolling coverage	1.25x
CYE 2020 CFC Surplus Fund Balance	$57.9 million

Rating Determinants (RD)	
1. Legal Framework	AA-
2. Nature of Special Tax Revenues	A
3. Economic Base and Demographics	AA-
4. Revenue Analysis	A+
5. Coverage and Bond Structure	A+

RD 1: Legal Framework

KBRA views the legal framework that governs the issuance of the Bonds as providing favorable bondholder protections. The Bonds are 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 CFC Master Trust Agreement and the CFC First Supplemental Trust Agreement. The Bonds are special obligations of the Authority payable from Pledged Revenues that consist mainly of a CFC levied on a per transaction-day basis on all rental car transactions at CMH, and concessionaire deficiency payments, if needed. Pledged funds consist of the CFC Debt Service Fund, CFC Debt Service Reserve Fund, CFC Debt Service Coverage Fund and CFC Supplemental Reserve Account.

On January 18, 2018, the Authority approved 30-year rental car concession agreements (the 2018 Agreement) with five rental car companies, representing eight brands. The agreements are effective upon operation of the CONRAC, currently expected on Sept. 1, 2021. Until the CONRAC opens, each rental car company will continue to operate under the terms of a 2016 Agreement, which requires collection of the CFC and remittance to CRAA.

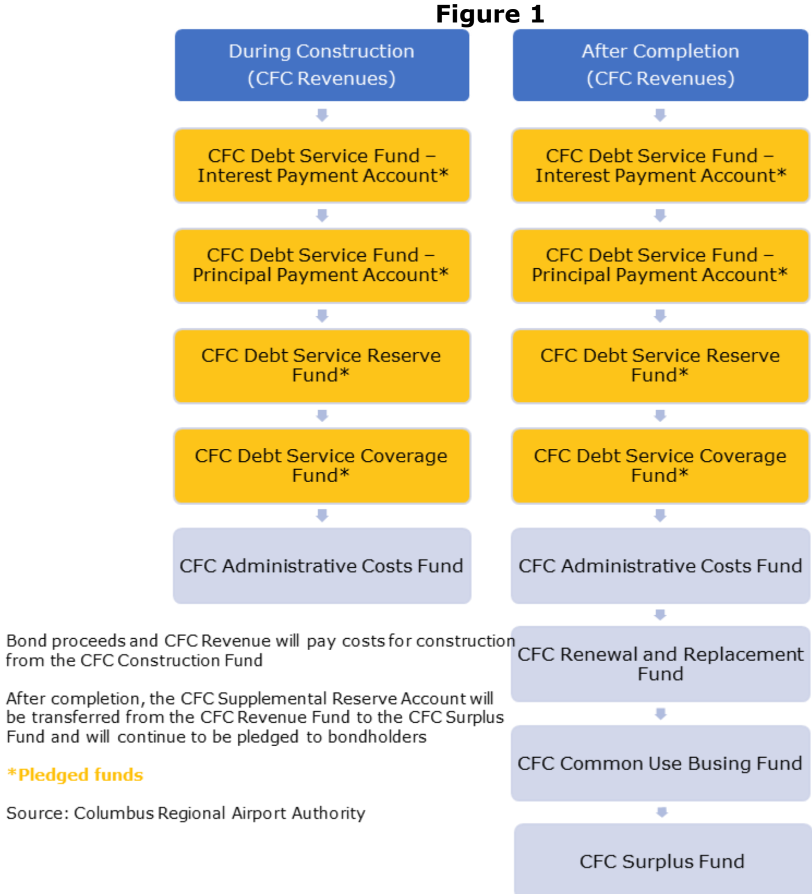
The 2018 Agreement establishes an obligation for the rental car companies to make Concessionaire Deficiency Payments in the event CFC revenues are not sufficient to meet debt service requirements and other remedying actions are not feasible. Subject to periodic adjustment, the Deficiency Payments are based on rental car market share at CMH and consider gross sales and number of transactions in their allocation. Concessionaire Deficiency Payments are pledged to repayment of the Bonds.

CRAA began collecting the CFC on July 1, 2007 pursuant to the Board's Resolution No. 03-07. It has full autonomy to raise the CFC, and rate increases have been implemented several times. The process reportedly takes 45 to 60 days pursuant to Authority resolution. There are no present plans for further increases. Concessionaires are required to pay CFCs to CRAA, regardless of whether the customer is charged. Remittances for the previous month are due by the 20th day of the current month, with interest penalties assessed thereafter. While CFCs are not remitted directly to the Trustee, KBRA recognizes the limitations on the use of CFCs for non-CONRAC related purposes, and the Authority's extremely limited operational responsibility for the facility. Further, CRAA has covenanted that so long as the Bonds are outstanding, no action or omission will be taken with respect to Pledged Revenues if it will jeopardize the validity or enforceability of the imposition of CFCs or the Concessionaire Deficiency Payments or impede the Authority's ability to impose and collect CFCs or Concessionaire Deficiency Payments.

Flow of Funds

Under the CFC Trust Agreement, Pledged Revenues are deposited into the CFC Revenue Fund and the separate account within, the CFC Supplemental Reserve Account. Following construction, the Supplemental Reserve Account will be transferred to the Surplus Fund. Amounts in the CFC Revenue Fund are disbursed as set forth in Figure 1:

Figure 1



Rate Covenant

The CFC Trust Agreement requires the Authority to maintain a CFC in an amount, together with any Concessionaire Deficiency Payment, sufficient to pay the greater of: (1) 100% of the required deposits 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 (2) 125% of the debt service requirement.

The Rate Covenant allows for rolling coverage and can be satisfied with a transfer to the CFC Revenue Fund from the CFC Surplus Fund in an amount limited to the lesser of the actual amount transferred or 25% of annual debt service coverage.

Debt Service Reserve Fund

The Debt Service Reserve Fund for the Bonds, initially equal to $5.69 million and funded with cash, is the lesser of maximum annual debt service, 125% of average annual debt service, or 10% of the original issue par amount. Any deficiencies within the debt service reserve fund are required to be replenished within one year.

Additional Bonds Test

The CFC Trust Agreement offers the option of complying with historical or prospective additional bonds tests (ABT). The historical test requires a certificate of the Chief Financial Officer of the Authority that CFC revenues during the most recent audited year, adjusted for any CFC rate revision before the issuance of additional Bonds, were not less than the sum of (1) 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, plus (2) 125% of maximum annual debt service on the existing and proposed Bonds.

Alternatively, the prospective test requires a certificate of a Consultant to the effect that CFC revenues expected to be collected during the fiscal year in which such additional Bonds are issued and each fiscal year thereafter through a period of review, (the later of (1) third anniversary of the issuance of the additional Bonds, or (2) the later to occur of (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 is later in (i) and (ii)), adjusted to reflect CFC rates approved by the Authority before additional Bond issuance, shall not be less than the sum of (a) 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 year plus, (b) 125% of MADS on account of all the Bonds Outstanding, including the additional Bonds proposed to be issued.

Bankruptcy Assessment

KBRA's view of the Authority's ability to file for Chapter 9 bankruptcy protection under the U.S. Bankruptcy Code, informed by consultation with outside counsel, remains unchanged from our previous review of the credit. KBRA's view of a rental car concessionaire's ability to file for Chapter 11 bankruptcy similarly remains unchanged. Please refer to the March 18, 2020 report for the full bankruptcy assessment.

Hertz Corporation Bankruptcy Filing

On May 22, 2020, The Hertz Corporation filed for Chapter 11 bankruptcy protection in the U.S. Bankruptcy Court. The Bankruptcy Proceeds include, among various parties, Dollar Rent A Car, Inc., DTG Operations, Inc., Hertz Global Holdings, Inc. and Thrifty-Rent-A-Car System, LLC.

Byers Car Rental LLC, d/b/a Hertz was one of the original signatories to the 2016 Agreement and is a signatory to the 2018 Agreement. DTG Operations, Inc. d/b/a Dollar and Thrifty, was also one of the original signatories to the 2016 Agreement and is serves as a signatory on behalf of Dollar and Thirty under the 2018 Agreement.

Byers Car Rental LLC is locally owned and was not included as part of the Hertz corporate bankruptcy filing. As such, it is not part of the bankruptcy proceedings. DTG Operations, Inc., which is corporate owned and was part of the Chapter 11 filing, is included in the bankruptcy proceeding. According to CRAA management, DTG Operations, Inc. remains current on all payments due to the Authority, including its remittance of CFCs. Rental car transactions conducted by Dollar and Thrifty represent less than 5% of total activity.

RD 2: Nature of Special Tax Revenues

KBRA views the nature of the Pledged revenue as strong given that CMH serves a predominately O&D market with a strong business, educational and governmental based economy, which drives the demand for rental cars. Additionally, CRAA has exhibited positive trends in airport passenger traffic since FY 2014, which tend to lead to positive trends in rental car demand. Enplanements for CY 2020 totaled 1.6 million, a decrease of 62.1% from CY 2020, largely driven by severely curtailed air travel due to the pandemic. Rental car transaction days were similarly impacted, declining 53.2%, to 833 thousand.

The CONRAC project is being funded through a combination of $65.2 million of CFC fees collected since 2007 and proceeds of the Bonds. Upon opening, the CONRAC will free up approximately 1,400 long-term parking spaces in the garage, which will benefit local travelers and generate additional parking revenue for the airport.

As the rollout of various COVID-19 vaccines continues, KBRA believes CMH remains well-positioned to recover both air traffic and rental car transactions given the strength and diversity of the Columbus MSA. As discussed in greater detail in RD 3 below, the MSA's favorable mix of commercial and leisure activity spurs demand for air service and, in turn, positively affects enplanement levels and rental car transactions. Once the pandemic fully subsides, KBRA expects the Authority to be successful in partnering with airlines to reintroduce or expand service on existing routes and potentially add service to new destinations. The prospect for additional service, in KBRA's view, bodes favorably for additional rental car transactions. For information on the Authority's operations and general airport revenue bonds, please see KBRA's Surveillance Report dated January 12, 2021.

CFC Revenues

The CFC pledged revenue source is nominally limited in scope, as it is a fixed charge on rental car contacts applied to each transaction day for rental car concessionaires (up to a maximum of seven days). However, KBRA believes there are certain inherent characteristics of the revenue base and bond security that mitigate the narrowness of the source. Unlike passenger facility charges (PFC), CFCs are not regulated by the federal government.

CMH currently has five concession agreements with all three major national brand families (Avis/Budget Car Rental LLC; Enterprise Holdings, Inc.; The Hertz Corporation) representing a total of eight different brands operated at the airport.

While the closest airport (Dayton International Airport) is located just 76 miles away, the competition between these two airports appears to be marginal, as Dayton provides significantly more limited airline service. Additionally, the all-in rental car rates at CMH are more favorable than Dayton, even though CFC charge is lower at Dayton (see Figure 15). As such, KBRA does not believe there will be any significant passenger and rental car transaction erosion at CMH. In KBRA's opinion, the presence of low-cost carriers and established travel patterns promotes stability.

CRAA has full autonomy to adjust rates as it deems necessary. The CFC was first implemented at $2.00 per transaction day on July 1, 2007 and it has since increased five times to $6.50 per transaction day, set on January 1, 2017 (see Figure 2). There are currently no plans for further rate adjustments. The CFC is collected from a rental car company, even if the customer is not charged a rental rate or is charged a reduced rate due to a promotion. KBRA believes that CFCs have become an accepted practice in the rental car business, and customers are unlikely to alter their purchasing patterns as result of a CFC given it one of many fees and charges included as part of a rental car transaction bill.

Figure 1

Authorized CFC Collection Rate	
Date	**CFC Rate**
7/1/2007	$2.00
11/1/2008	$3.85
6/1/2011	$4.50
9/1/2015	$5.50
9/1/2016	$6.00
1/1/2017	$6.50

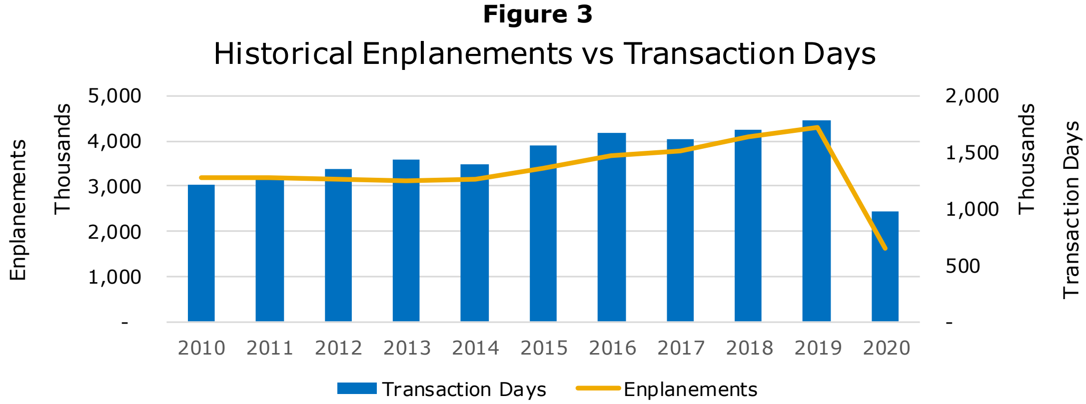
Source: Columbus Regional Airport Authority

Rental Car Transactions are a Function of Visiting O&D Deplanements

The number of rental car transactions correlates with the level of visiting O&D deplanements. KBRA believes enplanement and deplanement figures exhibit only slight variation, therefore, KBRA uses the terms interchangeably. For the nine-years prior to the pandemic (CY 2010-CY 2019), the number of enplaned passengers rose at a compound annual growth rate (CAGR) of 3.4%, while rental car transactions increased by 4.4% (see Figure 3). Much of this growth was driven by the legacy airlines upgauging aircraft, adding frequencies to hubs, and selectively adding new point to point service to business and leisure markets. Additionally, low cost and ultra-low cost carriers introduced service at CMH. KBRA views the decline in both enplanements (62.1%) and transaction days (53.1%) in CY 2020 as temporary, largely associated with reduced economic activity and travel forced by the pandemic.

The pandemic notwithstanding, factors that could potentially depress rental car activity at CMH over the long-term include increasing competition from TNCs (Uber/Lyft) and peer-to-peer car-sharing platforms (Turo/Getaround). Authority management notes that competition from TNCs during CY 2020 was more muted than in prior years as car rentals were viewed to be safer than rideshare alternatives. In addition, the rental car industry continues to adapt to changes in the marketplace by implementing strategies to better manage fleet, increase revenues, and develop new business segments.

Figure 3



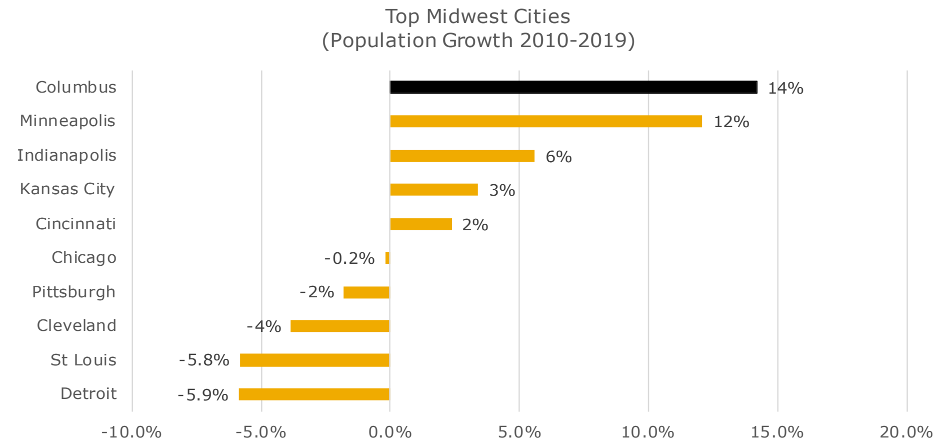
Source: Columbus Regional Airport Authority

RD 3: Economic Base and Demographics

CRAA's primary service area is the Columbus metropolitan statistical area (the "MSA"), which consists of Franklin County and the adjacent 10 counties encompassing 3,170 square miles. An extended secondary air service area also exists, whose borders are based on the location of air service provided from Akron, Cincinnati, Cleveland, Dayton and Toledo in Ohio as well as Charleston in West Virginia. The level of competition between these air service regions is marginal, with each of these cities, except for Dayton, located more than 100 miles away. Dayton International Airport, located approximately 76 miles from Columbus, offers considerably more limited service than CMH.

The MSA has experienced stronger population growth over the last nine years compared to the rest of the State and the Nation. With a population of 2.1 million, it is the second largest MSA in the State behind the Cincinnati MSA and represents approximately 18.2% of the State's total population. The City of Columbus ('the City'), the largest city in Ohio and the State capital, is the fourteenth largest city in the U.S, and since 2010, has grown by approximately 14.2% to about 902,073. The City is the fastest growing major midwestern city (Figure 4).

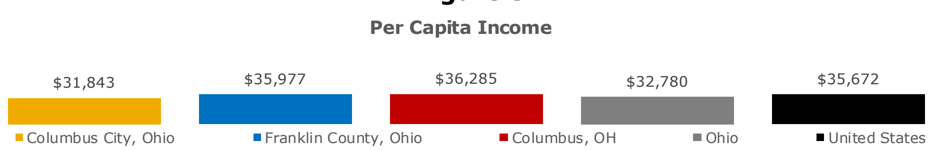
Figure 4



Source: U.S. Census Bureau

Per capita income exceeds the State and national averages (Figure 5), despite this figure being depressed somewhat by the large student presence in the region. Ohio State University, located in Columbus, is one of the largest universities in the nation with approximately 68,262 students in 2019. In addition, there are more than 50 additional institutions of higher education bringing total area enrollment to more than 134,000 students. This large institutional presence is reflected in the relatively high level of educational attainment.

Figure 5



As of 2019

	2010	2019	% Δ 2010 to 2019	Comparison
Columbus City, Ohio	$22,495	$31,843	41.6%	-
Franklin County, Ohio	$25,820	$35,977	39.3%	88.5% of County
Columbus, OH	$26,527	$36,285	36.8%	87.8% of MSA
Ohio	$23,975	$32,780	36.7%	97.1% of State
United States	$26,059	$35,672	36.9%	89.3% of U.S.

Source: U.S. Census

Employment

Since the Great Recession and prior to the onset of the pandemic, employment in the MSA exhibited continuous growth. The MSA's employment grew at an average annual rate of 1.1% over the last ten years, compared to the nation at 0.7% across the same period.

The MSA's unemployment rate was consistently lower than the State and nation before the COVID-19 pandemic. In 2019, the unemployment rate was 3.6% for the MSA and 4.1% for the State, and 3.7% for the nation. After the State became subject to stay-at-home orders on March 23, 2020, the MSA's unemployment rate increased drastically from

4.2% in March to 13.7% in April, surpassing its Great Recession peak. As of January 2021, the unemployment rate has declined to 5.3%, which is lower than the State at 6.1% and the nation at 6.8%.

Economy

The MSA has a strong and diverse economy, where no one sector accounts for more than 20% of employment, with the largest sector being the government sector at 16.5% of total employment. No one employer represents a disproportionate component of the MSA's employment base. Major employers include Ohio State University, various financial intuitions, health care facilities and local and state government. The largest private sector employers are JPMorgan Chase & Co., OhioHealth, and Nationwide. Ohio State University and the State of Ohio are the largest public-sector employers.

Figure 6

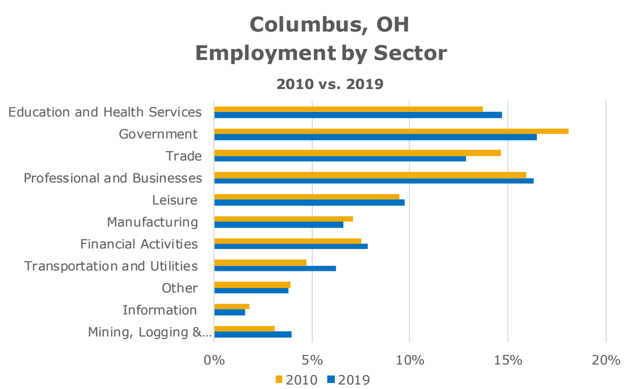
Largest Employers in the Greater Columbus Area (2019)

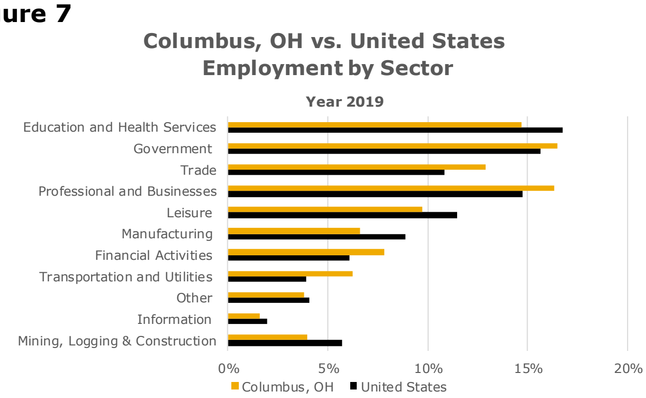
Employer	Industry	Approx. Employees
The Ohio State University	Higher Education	33,335
OhioHealth	Health Care	23,836
State of Ohio	State Government	21,342
JPMorgan Chase & Co.	Financial Institution	18,400
Nationwide Insurance	Financial Institution	12,500
Nationwide Children's Hospital	Health Care	10,875
Kroger Co.	Grocery Stores	10,563
City of Columbus	Federal Government	8,963
Mount Carmel Health System	Health Care	8,776
L Brands	Retailer	8,616

Source: Columbus Regional Airport Authority CAFR

Not surprisingly, tourism related employment experienced the largest year-over-year decrease (24%) in response to the pandemic. While tourism remains does contribute to demand for air travel, it accounts for a de minimus 9.7% of the MSA's total employment.

Figure 7





Source: U.S. Bureau of Economic Analysis

RD 4: Revenue Analysis

Revenue Driver

Columbus has the advantage of being the state capital and the largest city in Ohio, which allows CMH to attract both business and leisure travelers. Enplanements grew by 6% year-over-year to a record high of 4.3 million in 2019. However, CMH experienced significant declines in passenger traffic as air travel plummeted due to the global pandemic, with the most severe month-over-month decline in enplanement being 91.5% in April 2020. By CY 2020, Enplanements had declined by 62.3% to 1.6 million.

Demand for car rentals at the Airport is largely dependent on the performance of the enplanement trend, as both CFC collected by CRAA and transaction days at CMH experienced a decline of 81.5% and 80.4% respectively in April 2020, due to the travel restrictions and stay-at-home measures implemented during the onset of the pandemic.

Figure 8

Monthly Enplanement & Rental Car Activity (2020)

	Enplanement Activity	Δ MoM	Transaction Days	Δ MoM	CFC Collected	Δ MoM
January	296,017		112,783		686,699	
February	303,880	2.7%	113,892	1.0%	699,738	1.90%
March	161,672	-46.8%	89,843	-21.1%	460,077	-34.25%
April	13,693	-91.5%	17,649	-80.4%	85,072	-81.51%
May	37,494	173.8%	31,254	77.1%	172,842	103.17%
June	84,119	124.4%	56,487	80.7%	325,995	88.61%
July	118,616	41.0%	72,645	28.6%	414,889	27.27%
August	113,705	-4.1%	76,032	4.7%	424,619	2.35%
September	105,739	-7.0%	72,574	-4.5%	408,642	-3.76%
October	135,034	27.7%	78,253	7.8%	433,791	6.15%
November	125,388	-7.1%	60,634	-22.5%	326,417	-24.75%
December	132,512	5.7%	51,206	-15.5%	277,631	-14.95%
Total Year	**1,627,869**		**833,252**		**4,716,412**	

While enplanement enjoyed a steady incline from 2014 to 2019, gross revenue and transaction days at CMH experienced a decline of 5.3% and 4%, respectively in 2017, due to the introduction of TNCs as well as a policy change from rental companies that require all non-passenger customers to pay with a credit card as opposed to a debit card, which discouraged weekend renters. Enplanement, gross revenue and transaction days at CMH also experienced a decline in 2020, by 62.3%, 53% and 53.2% respectively, as the global pandemic materially impacted air travel both domestically and abroad.

Figure 9

Rental Car Gross Revenue vs. Enplanement CY 2014 - 2020

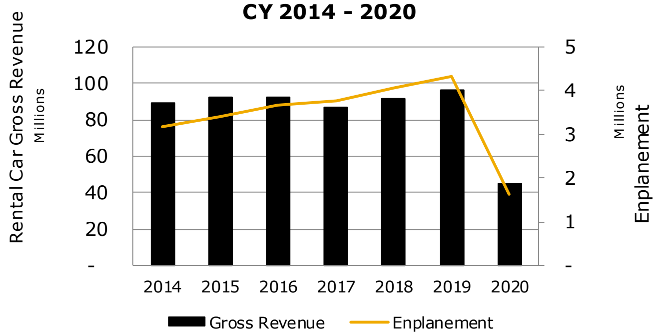
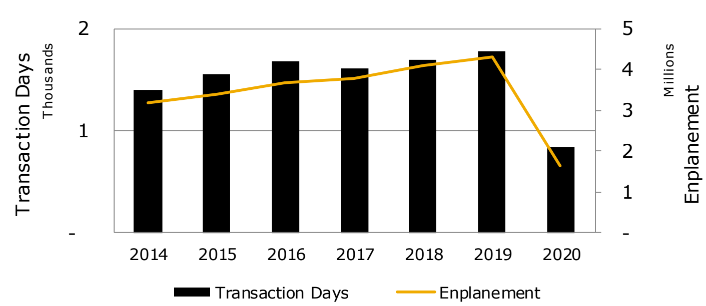


Figure 10

Transaction Days vs. Enplanement CY 2014 - 2020



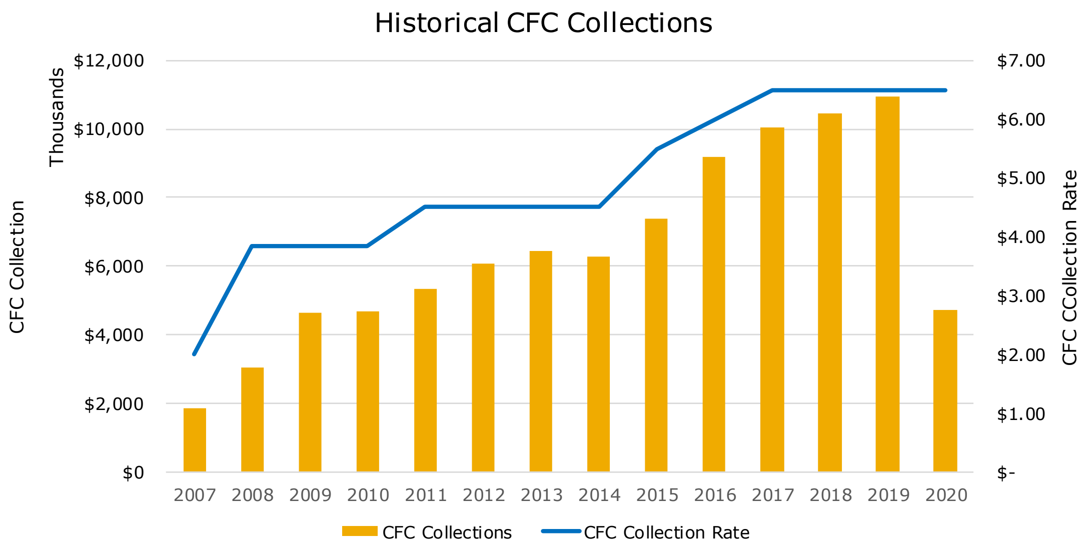
Source: Columbus Regional Airport Authority

Trend in Pledged Revenue

The CFC is a flat fee imposed to Airport rental car users on a per transaction day basis. The fee is shown as a surcharge in addition to rental car base rate. CRAA began imposing CFC in July 2007 at a rate of $2.00 per transaction day up to a maximum of seven days. The CFC rate has increased five times since 2007. There are currently no plans for rate adjustments.

Prior to the COVID-19 pandemic, CFC revenues increased year-over-year, from $3 million in FY 2008 (the first full year of collection) to $10.9 million in FY 2019. As of FY 2020, CFC revenues have decreased to $4.7 million, which represents 43% of CFC revenues in FY 2019. CFC revenue is projected to increase by 27.8% to $6 million in FY 2021 as state restrictions ease and vaccine distribution continues.

Figure 11

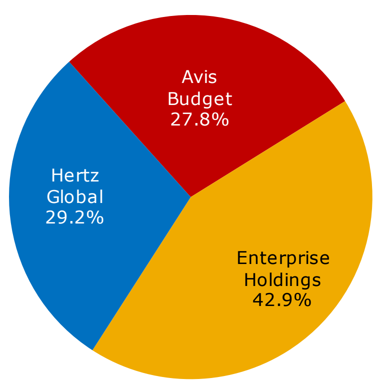


Source: Columbus Regional Airport Authority

Revenue Concentration

The rental car companies at CMH provide a wide range of options to customers. Selections such as premium, business-oriented rentals and budget-oriented rentals are available, which provide flexibility to suit customers in different budget categories. The CFC is a fixed charge regardless of which brand/type of car is rented. Rental car companies' market shares at CMH are more concentrated than the U.S. as a whole as there are only three rental car companies at CMH (Figure 12).

Figure 12
John Glenn International
Rental Car Market Share
by Revenue CY 2020



CRAA entered into a 30-year Concessionaire Agreement in January 2018 with each of five car rental concessionaries (representing eight brands). The agreements are effective upon operation of the ConRAC.

Figure 13

2019 Rental Car Activity			
Brand	**Gross Revenue (000s)**	**Revenue Share**	**Market Share**
Hertz	$18,671	19.4%	19%
Dollar	$4,788	5.0%	
Thrifty	$5,169	5.4%	10%
Enterprise	$15,503	16.1%	16%
National	$18,470	19.2%	
Alamo	$6,878	7.1%	26%
Avis	$15,198	15.8%	
Budget	$11,543	12.0%	28%

Figure 14

2020 Rental Car Activity			
Brand	**Gross Revenue (000s)**	**Revenue Share**	**Market Share**
Hertz	$7,247	16.0%	16%
Dollar	$3,239	7.2%	
Thrifty	$2,743	6.1%	13%
Enterprise	$7,196	15.9%	16%
National	$8,623	19.1%	
Alamo	$3,604	8.0%	27%
Avis	$6,859	15.2%	
Budget	$5,734	12.7%	28%

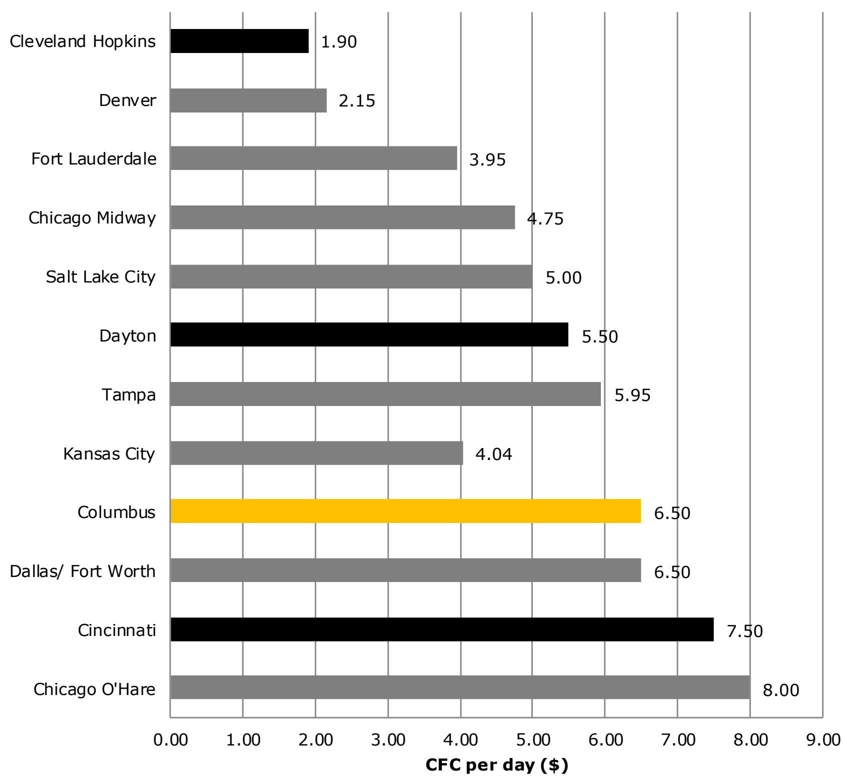
Source: Columbus Regional Airport Authority

Revenue Sensitivity and Competition

KBRA looked at CFC rates at selected U.S. airports that impose a CFC by transaction days. As of March 2020, the CFC imposed by CMH is at the 75th percentile amongst these airports and is also the second highest among Ohio airports (see Figure 15). With the CFC rate set at $6.50 per transaction day – a relatively small component of the overall rental car contract, it is KBRA's view that at its current level, the CFC would not compel multi-day visitors to seek alternatives such as taxis/TNCs or public transportation.

Figure 15

CFC at Selected U.S. Airports



Source: Financial Feasibility Report; Hertz Rental Car Website, As of March 2020
Note: Airports located in Ohio have been highlighted in the above table

As mentioned earlier, increasing competition from TNCs dampens the growth in airport rental car demand. Uber and Lyft have both signed agreements to operate at CMH in 2016 and were subjected to a fee of $4 per pick-up and drop-off as of January 1, 2019. These fees are collected by the airport for general purposes and do not support the security structure for the CFC bonds.

KBRA also notes that there are rental car agencies located close to the airport that do not impose CFCs. However, it is rare for customers to pursue this alternative for the purpose of avoiding the CFC.

RD 5: Coverage and Bond Structure

The Bonds were issued in a fixed rate mode, with level annual debt service of approximately $5.7 million beginning in CY 2021. Debt service in CY 2020 is interest only ($3.7 million). CY 2020 CFC revenues ($4.8 million) plus interest earned on deposits in the CFC Debt Service Reserve Fund ($1.0 million), covered FY 2020 interest by 1. 6(x). When compared to debt service in a typical year ($5.7 million), FY 2020 CFC revenues plus interest ($5.8 million) provided approximately 1.0(x) coverage. The calculations exclude approximately $917 thousand (CY 2019) and $1.4 million (CY 2020) of CFC Surplus Funds representing 25% of debt service that are eligible for inclusion in the Rate Covenant calculation (i.e., rolling coverage). At CYE 2020, the CFC Surplus Fund totaled $57.9 million. After a portion of CFCs are used on a pay-go basis for remining CONRAC costs in CY 2021 ($27.6 million) and CY 2022 ($4.0 million), the CFC Surplus Fund is projected to total approximately $22.8 million by CYE 2022.

KBRA reviewed projections provided by CRAA that modeled two scenarios for a CY 2021 recovery in CFCs and believes them to be reasonable. Under the first scenario, CFCs are projected to increase by 27.8%, to $6.0 million, roughly 55% of the CY 2019 level. Excluding the 25% of CFC Surplus Funds eligible for inclusion, coverage of debt service ($5.7 million) would equal 1.1(x); the inclusion of rolling coverage ($1.4 million) increases the cushion to 1.4(x).

Under the second scenario where CFCs fall by 12.3% from CY 2020, to $4.1 million, debt service coverage with and without rolling coverage ($1.3 million) equals .78(x) and 1.0(x). In KBRA's view, the second scenario is highly conservative and unlikely to occur given recent enplanement and rental car activity at CMH. However, given the unknown timing and trajectory of a full recovery in air traffic and rental car activity, it remains a possibility, underscoring the importance of the CFC Surplus Fund, along with the other structural provisions, which support the Bonds.

In addition to the Authority provided projections, KBRA also considered a scenario where the pandemic related decline in CFC collections between CY 2020 and CY 2019 FY 2020 (57%) continued for the first six-months of CY 2021. Thereafter, the month over month decline would decrease by 2.0%, until a recovery in CFC collections relative to CY 2019 begins in late 2023. Under this severe stress, CRAA would need to transfer monies from the CFC Surplus Fund (i.e., 25% rolling coverage) to meet the Rate Covenant in CY 2021 and CY 2022. Beginning in CY 2023, coverage improves markedly, to a minimum of 1.8(x), excluding any permissible transfers from the CFC Surplus Fund. KBRA believes that increasing vaccination rates and a gradual reopening of state economies suggests the demand for travel, including rental cars, is likely to exceed what has been contemplated in as part of its stress case.