Columbus Regional Airport Authority, OH - CFCs

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

Methodology

U.S. Special Tax Revenue Bond Rating Methodology

ESG Global Rating Methodology

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Rating Summary: The rating for the Columbus Regional Airport Authority's (CRAA) Customer Facility Charge Revenue Bonds, Series 2019 (CFC Revenue Bonds) reflects the generally sound economic base of the region and growing enplanements at the John Glenn Columbus International Airport ("CMH" or the "Airport"), which drive the rental car transactions and the customer facility charge ("CFC") revenues. Additionally, the CFC Revenue Bond rating is supported by a solid legal framework, including a debt service reserve (DSRF) funded at maximum annual debt service (MADS) and the CRAA's rate-setting autonomy. Offsetting the aforementioned strengths is the lack of full, post-pandemic recovery in enplanements and rental car activity at CMH. At CYE 2023, enplanements and rental car transaction days stood at approximately 96.8% and 82.8%, respectively, of 2019 pre-pandemic levels.

Security for the CFC Revenue Bonds is provided by a combination of pledged revenues, which primarily consists of a CFC charge for each rental car transaction per day and concessionaire deficiency payments in the event of a shortfall. CFC Revenue Bonds are also secured by reserves in certain pledged funds (including the DSRF and CFC Surplus Fund), as per the CFC Master Trust Agreement. As of Dec. 31, 2023, there was $85.96 million in outstanding Series 2019 CFC Revenue Bonds. Proceeds of the Series 2019 Bonds, along with previously collected CFCs, were used to finance the construction of a Consolidated Rental Car Facility ("ConRAC") at CMH. The ConRAC opened on Sept. 1, 2021.

CRAA retains full autonomy to adjust the CFC, though has no plans at present to increase the rate from its current level of $6.50 per day; the rate remains in the upper range of ConRACs nationwide. Growth in CFC revenues had historically been strong, increasing from $3 million in CY 2008, the first full year of collections, to nearly $11.0 million in CY 2019. CFC revenues were negatively impacted by the COVID-19 pandemic, declining a substantial 57.0% during CY 2020, to $4.7 million. Demand for both air travel and rental car transactions has steadily grown since 2021 as COVID-related restrictions were lifted and economic activity improved. CY 2022 CFC revenues totaled $8.0 million, an increase of 28.4% from the prior year, and approximately 73.2% of the pre-pandemic CY 2019 level. For CY 2023, CFC revenue growth moderated to 13.1% YoY increase (to $9.1 million) and represented 82.8% of the pre-pandemic level as recovery in business-related air travel has lagged the leisure travel rebound.

The Authority covenants to maintain a CFC sufficient to pay the greater of (a) 100% of required deposits under the CFC Master Trust Agreement or (b) 125% of the annual 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 pledged revenues, 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 Master Trust Agreement establishes reserves that KBRA views as providing additional protection for bondholders, including a DSRF ($5.7 million), Debt Service Coverage Fund ($1.4 million), and a Supplemental Reserve Fund ($4.0 million), all of which were funded at closing of the Series 2019 Bonds. The CFC Supplemental Reserve Fund was housed in the CFC Revenue Fund prior to completion of the ConRAC. With the ConRAC now completed, the Supplemental Reserve Fund is housed within the CFC Surplus Fund, though remains pledged to bondholders. Based upon the trajectory of CFC Revenues, KBRA expects the CFC Surplus Fund to maintain a healthy balance, even as facility utilization gradually recovers to pre-pandemic levels. At CYE 2023, the CFC Surplus Fund totaled $23.7 million. Debt service on the CFC Revenue Bonds is essentially level at approximately $5.7 million through final maturity in 2048. CY 2023 CFC Revenues of $9.1 million, plus interest earned on deposits in the CFC Debt Service Reserve Fund of approximately $615.3 thousand, more than covered debt service and required deposits, by 1.72x and 1.38x, respectively. No transfers from CFC Surplus Fund were needed to achieve these coverage levels, both of which exceeded minimum thresholds under the Rate Covenant.

For CY 2024, CFC debt service coverage is projected to moderately improve to 1.85x (includes interest earnings on Pledged Funds) and 3.4% YoY growth in enplanements. Coverage of CFC debt service plus required deposits ($1.4 million for the Renewal and Replacement Fund) is projected to remain solid at 1.49x for CY 2024. Including the rolling coverage amount available in the CFC Surplus Fund ($1.4 million or 25.0% of annual debt service), expected debt service coverage rises to a solid 2.10x, providing added liquidity for the Authority to absorb volatility in CFC revenues, as occurred in CY 2021. Debt service coverage in CY 2021 approximated 1.10x but including the $615.3 thousand allowable transfer from the CFC Surplus Fund, coverage was maintained at 1.25x.

The Authority's service area is economically diverse and includes Ohio's State capital (Columbus) and Ohio State University. The regional economy has historically performed well relative to the State and the U.S., and the population is growing. The government and higher education sector are a stabilizing influence, and added diversification is provided by a sizable financial sector. KBRA views the metropolitan area's population growth favorably as it attracts both business and leisure activity. Such activity helps to sustain air service demand and rental car activity over time.

The Stable Outlook reflects the expected continuing recovery to date in passenger air traffic and its subsequent positive impact on rental car transactions and related CFC Revenues.

Key Credit Considerations

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

Credit Positives

- Diverse air trade area and solid regional economic base affords support to rental car transactions.
- Legal framework provides sound bondholder protection with varied reserves and autonomy to adjust CFCs.
- Level debt service requirements, with strong projected coverage levels and no additional planned borrowings.

Credit Challenges

- Periodic volatility in enplanement activity at CMH, a function of changing air carrier business model decisions, can impact rental car demand.
- Lagging full recovery in air traffic, transaction days, and CFC collections compared to pre-pandemic levels.
- Present, although modest, competitive threat posed Transportation Network Companies (TNCs).

Rating Sensitivities

▪ Material and sustained growth in rental car transaction days and CFC collections, leading to strengthened pledged revenue coverage of debt service without draws from the CFC Surplus Fund.	+
▪ Inflation or other rental rate pressures that dampen rental car transaction volume and duration. ▪ While not anticipated, an exogenous shock to the airline industry that reverses the post-pandemic recovery in air travel and rental car activity.	-

Key Ratios	
Car Rental Activity	
Customer Facility Charges (CFC)	
CFC Per Day	$6.50
CFC Collections CY 2023	$9.1 million
% ∆ CY 2022 to CY 2023	*13.1%*
Transaction Days	
Transaction Days CY 2023	1,398,797
% ∆ CY 2022 to CY 2023	*13.0%*
Airport Activity	
Enplanements CY 2023	4,175,110
% ∆ CY 2022 to CY 2023	*12.2%*
Debt Service Requirements - CFC Revenue Bonds	
Maximum Annual Debt Service	$5.7 million
Debt Service Coverage CY 2023 (excluding rolling coverage)	1.72x
CFC Surplus Fund Balance CYE 2023	$23.7 million

Source: Columbus Regional Airport Authority, OH and KBRA calculations.

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+

An update of RD2 – RD 5 is included below. For a detailed review of RD1, the Bankruptcy Assessment and the ESG Management section, please refer to KBRA's report dated March 27, 2023.

RD 2: Nature of Special Tax Revenues

The CFC Revenue Bonds are special limited obligations of the Authority payable solely from and secured by the collection of CFCs levied on a per transaction-day basis on all rental car transactions at John Glenn Columbus International Airport (CMH), and any concessionaire deficiency payments as 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. KBRA views the nature of the pledged revenues to be strong given that CMH serves a predominately O&D market with a favorable mix of business, educational and governmental activity driving consistent demand for rental cars.

Since the pandemic-induced decline in both enplanements (-62.3%) and transaction days (-56.9%) in CY 2020, demand for air travel and rental cars continues to recover. Enplanements increased by 28.1% in CY 2022, to 3.7 million, approximately 86.3% of the pre-pandemic peak, while transaction days increased by 28.4% to 1.2 million, or 73.3% of CY 2019 levels. The recovery continued into CY 2023, albeit at a more moderate pace, with enplanements up 12.2% YoY to 4.2 million, and transaction days up by 13.0% to 1.4 million. The Authority projects CMH will fully recover enplanements to the pre-pandemic level by the end of 2024.

As further discussed in RD3 and RD4, the CMH service area economy is sound, and the air service area contains a favorable mix of commercial and leisure activity which continue to support the demand for air service. While enplanements in CY 2023 have not fully recovered to pre-COVID levels (2019), they have steadily risen since 2020 and management forecasts bridging the remaining gap (3.2%) to the pre-pandemic enplanement level this year. Consequently, the consistent improvement in enplanements at the Airport positively affects rental car transactions, as evidenced by the rise in transaction days and CFC revenues post-2020. As such, KBRA believes CMH remains well-positioned to expand flights and frequencies in existing markets, as well as potentially add new destinations from both incumbent and new air carriers. The prospect for additional air service, in KBRA's view, bodes favorably for additional rental car transactions and related CFC Revenues. For information on the Authority's General Airport Revenue Bond credit, please see KBRA's Surveillance Report dated May 23, 2023.

Breadth of Tax Base

CFC revenues are generated from a fixed charge on rental car contracts applied to each CMH rental car transaction day up to a maximum of 7-days. While inherently narrow, KBRA believes there are certain characteristics of CFC revenues and the CFC Master Trust Agreement that help mitigate the narrowness of this pledged source. Unlike Passenger Facility Charges, CFCs are not regulated by the federal government. 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. Additionally, 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 is one of many fees and charges included as part of a rental car transaction bill.

CMH currently has three Concession Agreements with the major rental car families: Avis/Budget Car Rental LLC; Enterprise Holdings, Inc.; and The Hertz Corporation -- representing an aggregate of eight brands. Each of the Concession Agreements are similarly structured with a 30-year term and an effective date of Sept. 1, 2021, the date the new ConRAC opened. While the closest airport (Dayton International Airport [DAY]) is located 76 miles away, the competition between these two airports appears to be marginal, as DAY provides more limited airline service. As such, KBRA does not expect any meaningful loss of passenger traffic or rental car transactions to DAY given CMH's stable mix of legacy, low cost and ultra-low-cost airline service supported by well-established travel patterns.

Figure 1

CFC Collection Rate	
Effective Date	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

Favorably, the Authority has full autonomy to adjust CFC rates as needed. As shown in Figure 1, 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. At present, the Authority has no plans to increase the CFC rate.

To the extent CFC collections are insufficient to meet annual required obligations, including the payment of debt service on CFC Revenue Bonds, and any Authority actions to cure a shortfall prove unsuccessful, each rental car company is obligated under its Concession Agreement to make a Concessionaire Deficiency Payment. Subject to periodic adjustment, each company's Deficiency Payment is based upon its market share percentage, incorporating both gross sales and number of transactions. Concessionaire Deficiency Payments are considered pledged revenues securing CFC Revenue Bonds pursuant to the CFC Master Trust Agreement.

Geographic Area of Tax Base
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.

Prior to the pandemic, CMH had exhibited positive trends in passenger traffic, evidenced by enplanements growing at a 3.4% CAGR between FY 2010 and FY 2019, to 4.3 million. Over that same period, transaction days increased by a slightly stronger 4.4% CAGR, to 1.4 million. Much of this growth was driven by the legacy airlines upgrading aircraft, adding frequencies to hubs, and selectively adding new point-to-point service in select business and leisure markets. Additionally, low-cost and ultra low-cost carriers introduced new service at CMH over this time period.

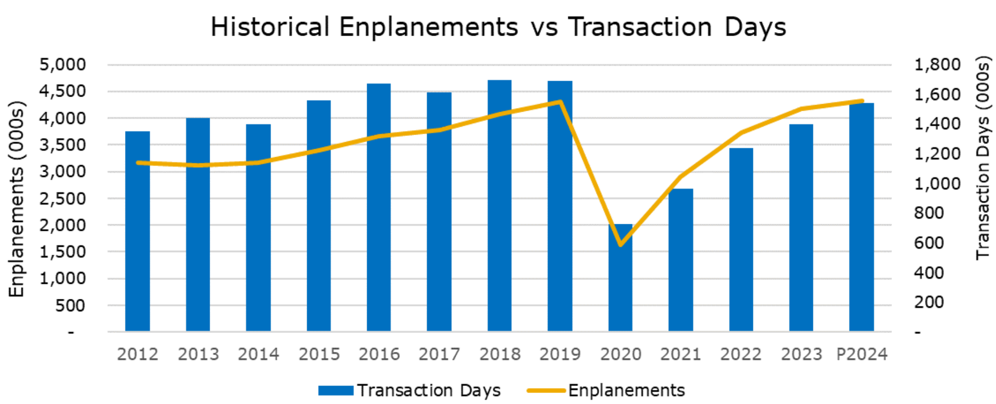
For CY 2023, enplanements grew to 4.2 million from 3.7 million, for an increase of 12.2% over the prior year, and a solid improvement relative to the pre-pandemic level, up to 96.8% of 2019 enplanements. Rental car activity also improved, however at a slower pace than enplanements partially due to supply chain issues affecting delivery of automobiles/parts in the early years of the pandemic, followed by slower recovery in business travel in the more recent two years. For CY 2023, rental car transaction days rose to 1.4 million from 1.2 million, for an increase of 13.0% YoY, although still below (82.8%) the pre-pandemic level of 1.7 million.

According to CRAA's projections, CY 2024 enplanements and rental car transaction days are expected to close to within 0.0% and 8.5%, respectively of CY 2019 levels (4.3 million; 1.7 million). KBRA believes these projections are achievable, supported by CMH's solid air trade area with a growing economic base.

The pandemic notwithstanding, factors that could potentially depress rental car activity at CMH over the long-term include increasing competition from transportation network companies ("TNCs"), including Uber and Lyft, and peer-to-peer car-sharing platforms (Turo/Getaround). CRAA's management notes that competition from TNCs has had more of a direct impact on taxi ridership than rental car demand as the TNC/taxi and rental car markets have minimal overlap.

KBRA notes that the rental car industry continues to adapt to changes in the marketplace and have implemented strategies to better manage fleet, increase revenues, and develop new business segments. While costs associated with car rentals have increased as a result of more limited supply and broader inflationary pressures, demand remains solid.

Figure 2



Source: Columbus Regional Airport Authority, OH

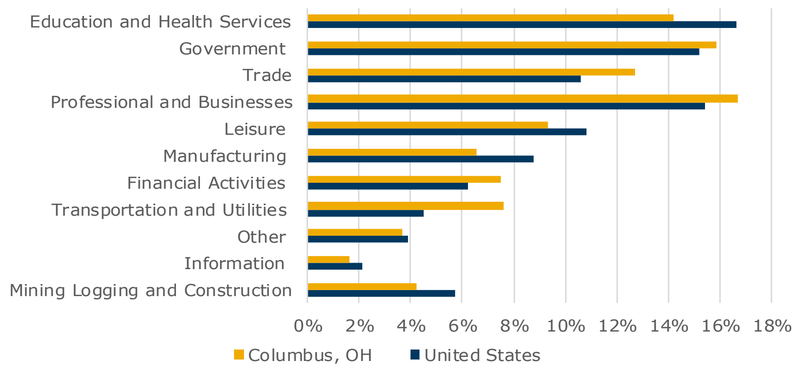
RD 3: Economic Base and Demographics

CRAA's primary service area is the Columbus metropolitan statistical area ("the Columbus 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 limited, with each of these cities, except for Dayton, located more than 100 miles away. DAY is located approximately 76 miles from the city of Columbus but offers considerably more limited air service than CMH.

The Columbus MSA incorporates a diverse economic base, where no one sector accounts for more than 20% of total employment. The largest employment sectors have remained relatively stable for the past ten years and include: professional and businesses (16.7% of 2022 total employment); government (15.9%); education and health services (14.2%); and retail and wholesale trade (12.7%). Major employers include colleges and universities, financial intuitions, health care facilities and local and state government. In 2022, the largest individual employers in the central Ohio area included: Ohio State University (33,653), State of Ohio (22,726), JPMorgan Chase & Co. (16,896), Kroger Co. (11,529), and Nationwide Children's Hospital (11,302). Additionally, in September 2022, Intel Corporation broke ground on a new $20 billion semiconductor manufacturing facility in New Albany, OH, just 15 miles northeast of Columbus and it is anticipated to add 3,000 permanent positions.

Figure 3

Employment by Sector - 2022



Source: U.S Bureau of Labor Statistics; data is not seasonally adjusted.

As shown in Figure 4 below, employment growth for the Columbus-MSA has been sound, with a ten-year CAGR of 1.4% which is ahead of the State of Ohio ("State": 0.4%) and the nation (1.1%) through 2022.

Figure 4

Total Employment (Not Seasonally Adjusted; 000s)

	Franklin County, Ohio	% Δ	MSA Columbus, OH	% Δ	Ohio	% Δ	United States	% Δ
2006	582	2.6%	930	3.2%	5,636	1.9%	144,427	1.9%
2007	597	2.5%	949	2.1%	5,679	0.8%	146,047	1.1%
2008	595	-0.3%	947	-0.3%	5,609	-1.2%	145,362	-0.5%
2009	571	-4.0%	907	-4.2%	5,305	-5.4%	139,877	-3.8%
2010	**572**	0.1%	**915**	0.9%	5,267	-0.7%	**139,064**	-0.6%
2011	577	0.9%	923	0.8%	**5,264**	-0.1%	139,869	0.6%
2012	590	2.2%	940	1.9%	5,290	0.5%	142,469	1.9%
2013	597	1.3%	950	1.1%	5,281	-0.2%	143,929	1.0%
2014	618	3.4%	980	3.2%	5,382	1.9%	146,305	1.7%
2015	631	2.1%	998	1.9%	5,428	0.9%	148,834	1.7%
2016	642	1.7%	1,015	1.7%	5,464	0.7%	151,436	1.7%
2017	659	2.7%	1,039	2.3%	5,529	1.2%	153,337	1.3%
2018	667	1.2%	1,050	1.1%	5,558	0.5%	155,761	1.6%
2019	678	1.7%	1,071	2.0%	5,635	1.4%	157,538	1.1%
2020	649	-4.4%	1,026	-4.1%	5,267	-6.5%	147,795	-6.2%
2021	672	3.6%	1,063	3.6%	5,416	2.8%	152,581	3.2%
2022	686	2.1%	1,085	2.1%	5,503	1.6%	158,291	3.7%
Δ 2012 to 2022		**16.3%**		**15.5%**		**4.0%**		**11.1%**
Δ Since Trough		**20.1%**		**19.7%**		**4.6%**		**13.8%**
January-2024	683	-0.4%	1,081	-0.4%	5,498	-0.1%	159,650	0.9%
10 Year CAGR (2022)		**1.5%**		**1.4%**		**0.4%**		**1.1%**

Source: U.S Bureau of Labor Statistics

Bold = trough during the Great Recession (2008-2012)

Population Trend

The Columbus MSA has also experienced strong population growth over the last ten years. With a population of 2.2 million in 2022, the Columbus MSA is one of the largest in the State and it accounts for 18.4% of the State's total population. Between 2012 and 2022, the Columbus MSA's population grew at a CAGR of 1.4%, which is ahead of the State (0.2%) and the nation (0.6%). The City of Columbus, which serves as the State's capital, is the largest in Ohio and the fourteenth largest in the U.S.

Figure 5

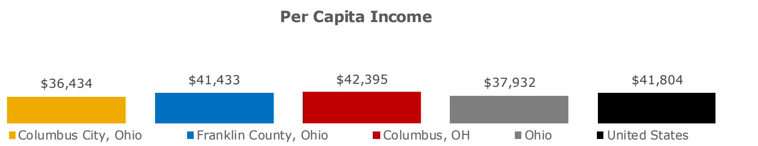
Change in Population	2012	2022	% Δ 2012 to 2022	10 Year CAGR (2022)
Columbus City, Ohio	809,890	908,372	12.2%	1.15%
Franklin County, Ohio	1,195,537	1,321,820	10.6%	1.01%
Columbus, OH (MSA)	1,878,714	2,161,511	15.1%	1.41%
Ohio	11,544,225	11,756,058	1.8%	0.18%
United States	313,914,040	333,287,562	6.2%	0.60%

Source: U.S Census, ACS 1-Year Estimates

Income Per Capita

In 2022, the per capita income for the Columbus MSA ($42,395) exceeded the State ($37,932) and U.S. average ($41,804) by 111.7% and 101.4%, respectively. Of note, the per capita income for solely the City of Columbus ($36,434) trailed both the State and the nation, driven primarily by the significant presence of higher education in the region and the large student population. Ohio State University, located in Columbus, is the State's flagship institution of higher education and one of the largest universities in the U.S. (65,405 students in fall 2023[1]). In addition to OSU, there are 52 other post-secondary institutions[2]. This large institutional presence is reflected in the relatively high level of educational attainment for the City and the Columbus MSA (Figure 7).

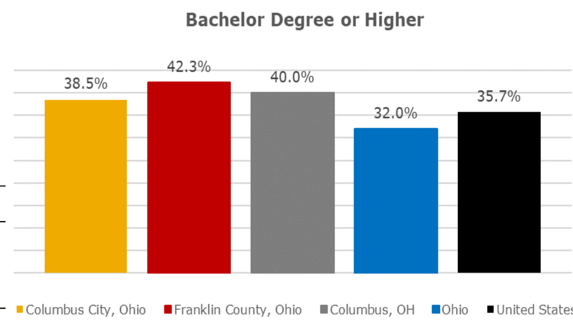
Figure 6



	2012	2022	% Δ 2012 to 2022	Comparison
Columbus City, Ohio	$24,005	$36,434	51.8%	-
Franklin County, Ohio	$27,773	$41,433	49.2%	87.9% of County
Columbus, OH	$28,237	$42,395	50.1%	85.9% of MSA
Ohio	$25,445	$37,932	49.1%	96.1% of State
United States	$27,319	$41,804	53.0%	87.2% of U.S.

Source: U.S. Census, ACS 1-Year Estimates

Figure 7



Source: U.S. Census, ACS 1-Year Estimates

Pursuant to the U.S. Census Bureau data for 2022 (1-year estimates), the Columbus MSA poverty level (12.4%) remains more favorable than the State (13.4%) and comparable to the U.S. average (12.6%). However, the poverty level for the City of Columbus is high at 18.1%, in part reflective of the large student population.

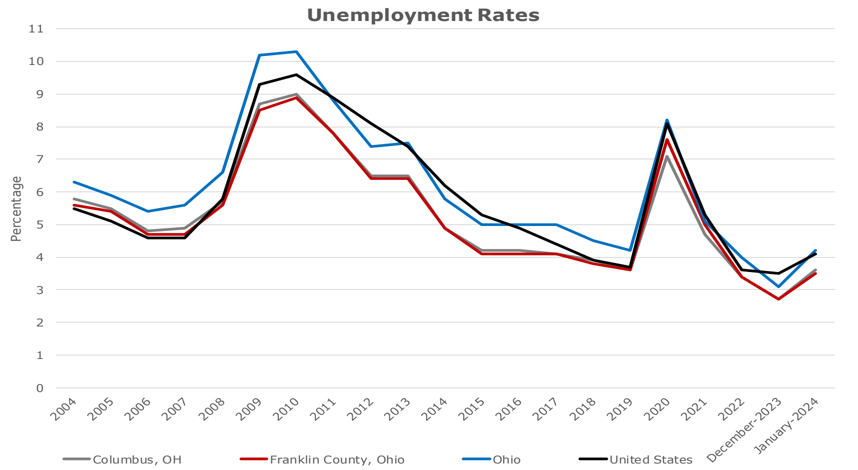
Unemployment Rates

The Columbus MSA's unemployment rate was consistently lower than the U.S. prior to the pandemic. In 2019, the unemployment rate was 3.6% for the Columbus MSA, comparing favorably to the State (4.2%) and the nation (3.7%).

In April 2020, the Columbus MSA reached a peak unemployment rate of 13.7%, considerably above the peak recorded during the Great Recession (9.0% in 2010) as measures implemented in response to the pandemic severely impacted economic activity. Thereafter, the unemployment rate gradually improved as COVID restrictions were lifted. As of January 2024, the Columbus MSA's unemployment rate had declined to 3.6%, below both the State (4.2%) and U.S. (4.1%).

[1] Source: The Ohio State University 2023 Enrollment Report.
[2] Source: columbusregion.com/colleges-universities/

Figure 8



	Franklin County, Ohio	Columbus, OH	Ohio	United States
January-2024	3.5	3.6	4.2	4.1
December-2023	2.7	2.7	3.1	3.5
Great Recession Peak	8.9	9.0	10.3	9.6
Point Δ Since Great Recession Peak	-5.4	-5.4	-6.1	-5.5

Source: U.S Bureau of Labor Statistics - not seasonally adjusted.

RD 4: Revenue Analysis

Demand for car rentals at CMH is influenced by the trend in enplanements. For CY 2023, enplanements totaled nearly 4.2 million, approximately 1.6% above the Authority's forecast and up 12.2% YoY, although still 3.2% below pre-pandemic levels (4.3 million). Enplanements are projected to return to the 2019 pre-pandemic level in CY2024.

Figure 9

Monthly Enplanements					
	2019 Actual	**2023 Forecast**	**2023 Actual**	**2023 Actual/ Forecast**	**2023 Actual/ 2019 Actual**
January	283,532	295,289	270,136	91.5%	95.3%
February	293,744	293,191	278,827	95.1%	94.9%
March	392,410	355,371	363,297	102.2%	92.6%
April	345,374	332,660	330,044	99.2%	95.6%
May	391,558	363,315	373,694	102.9%	95.4%
June	392,064	368,718	387,058	105.0%	98.7%
July	387,964	367,803	386,092	105.0%	99.5%
August	362,201	343,919	346,157	100.7%	95.6%
September	346,862	325,751	353,579	108.5%	101.9%
October	392,111	356,395	382,047	107.2%	97.4%
November	350,291	337,064	355,608	105.5%	101.5%
December	376,508	370,005	348,571	94.2%	92.6%
Total Year	**4,314,619**	**4,109,481**	**4,175,110**	**101.6%**	**96.8%**

Source: Columbus Regional Airport Authority, OH

Figure 10

Monthly CFC Collected					
	2019 Actual	**2023 Forecast**	**2023 Actual**	**2023 Actual/ Forecast**	**2023 Actual/ 2019 Forecast**
January	628,186	565,367	593,582	105.0%	94.5%
February	663,488	597,139	515,866	86.4%	77.8%
March	841,126	757,013	535,282	70.7%	63.6%
April	869,538	782,584	674,031	86.1%	77.5%
May	1,057,784	952,006	722,657	75.9%	68.3%
June	1,017,842	916,058	856,759	93.5%	84.2%
July	1,039,279	935,351	877,331	93.8%	84.4%
August	1,064,505	958,055	873,061	91.1%	82.0%
September	995,943	896,349	889,343	99.2%	89.3%
October	1,070,940	963,846	845,052	87.7%	78.9%
November	846,251	761,869	905,220	118.8%	107.0%
December	871,618	784,456	790,847	100.8%	90.7%
Total Year	**10,966,500**	**9,870,093**	**9,079,031**	**92.0%**	**82.8%**

Month-over-month enplanement activity exhibited moderate volatility in CY 2023, with large volume increases in some months offset by declines in others. Transaction days and CFC collections followed a similar trend, though the timing was somewhat different. KBRA notes that the month-over-month declines in enplanements and CFC Revenues in November and December are typical, reflecting a seasonal slowdown in business travel at the calendar year-end.

Figure 11

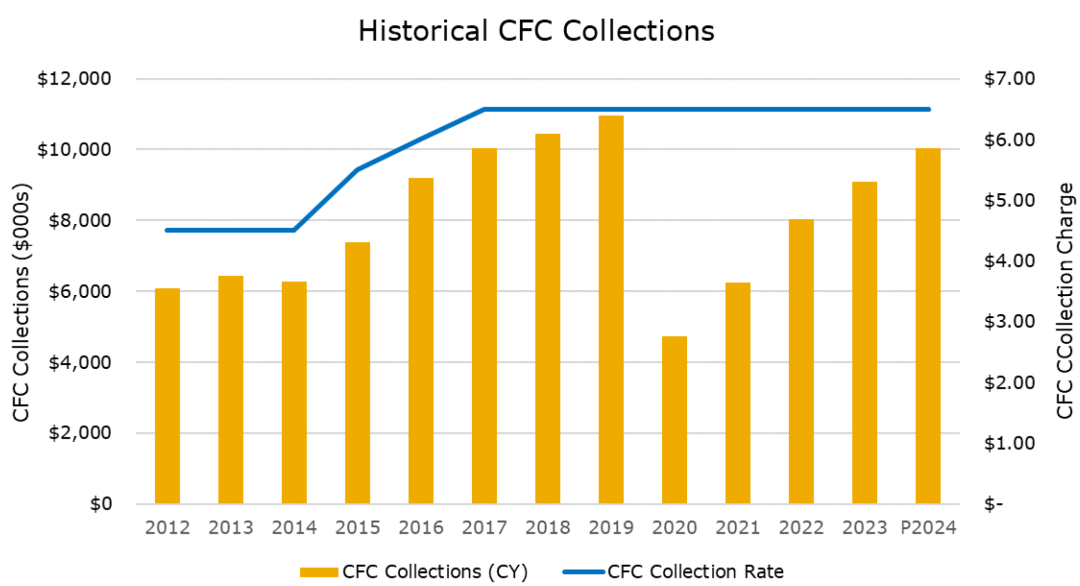
Monthly Enplanement & Rental Car Activity - 2023						
	Enplanement Activity	Δ MoM	Transaction Days	Δ MoM	CFC Collected	Δ MoM
January	270,136		91,320		593,582	
February	278,827	3.2%	79,364	-13.1%	515,866	-13.1%
March	363,297	30.3%	82,351	3.8%	535,282	3.8%
April	330,044	-9.2%	103,697	25.9%	674,031	25.9%
May	373,694	13.2%	111,178	7.2%	722,657	7.2%
June	387,058	3.6%	131,809	18.6%	856,759	18.6%
July	386,092	-0.2%	134,974	2.4%	877,331	2.4%
August	346,157	-10.3%	134,317	-0.5%	873,061	-0.5%
September	353,579	2.1%	136,822	1.9%	889,343	1.9%
October	382,047	8.1%	130,008	-5.0%	845,052	-5.0%
November	355,608	-6.9%	139,265	7.1%	905,220	7.1%
December	348,571	-2.0%	121,669	-12.6%	790,847	-12.6%
Total Year	**4,175,110**		**1,396,774**		**9,079,031**	

Source: Columbus Regional Airport Authority, OH

Trends in Pledged Revenues

The CFC is a flat fee imposed on CMH rental car users on a per transaction per day basis. The fee is shown as a surcharge in addition to rental car base rate and it is applicable up to a maximum of seven days. The CFC rate has increased five times since 2007 to $6.50 per transaction day, set on January 1, 2017. As previously noted, there are currently no plans to adjust the CFC rate. As shown in Figure 12, CFC revenues continue to steadily climb post-2020, but have yet to fully return to the 2019 pre-COVID level. For CY 2024, the CFC revenues are projected to hit 90% of the 2019 revenue level.

Figure 12



Source: Columbus Regional Airport Authority, OH

Revenue Concentration

CFC revenues are diversified among the three major rental car families, which offer service via ten rental car brands (as per Figures 13 and 14). The rental car companies 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 or type of car is rented.

The Concession Agreements with CMH's rental car companies govern their operations at the ConRAC. To the extent CFC collections are insufficient to meet Annual Obligation Requirements, including the payment of debt service on CFC Bonds, each rental car company is obligated to make a Concessionaire Deficiency Payment based on its market share percentage.

Figure 13

2023 Rental Car Activity			
Brand	**CFC Revenue (000s)**	**Revenue Share**	**Market Share by Affiliated Cos.**
Hertz/Byers	$1,407	15.5%	
Dollar	$111	1.2%	20%
Thrifty	$269	3.0%	
Enterprise	$1,274	14.0%	
National	$2,118	23.3%	41%
Alamo	$331	3.7%	
Avis/Payless/Zip Car	$2,082	22.9%	
Budget/Capital	$1,487	16.4%	39%

Source: Columbus Regional Airport Authority

Figure 14

2023 Rental Car Activity			
Brand	**Gross Revenue (000s)**	**Revenue Share**	**Market Share by Affiliated Cos.**
Hertz	$19,858	17.7%	
Dollar	$1,258	1.1%	22%
Thrifty	$2,982	2.7%	
Enterprise	$16,868	15.1%	
National	$21,571	19.2%	38%
Alamo	$4,637	4.1%	
Avis/Payless/Zip Car	$24,995	22.3%	
Budget	$19,894	17.8%	40%

Source: Columbus Regional Airport Authority

RD 5: Coverage and Bond Structure

CRAA issued $94.3 million in Series 2019 CFC Revenue Bonds, of which, approximately $85.96 million remains outstanding as of CYE 2023. The Bonds were issued in a fixed rate mode and mature serially through Dec. 15, 2048. The Bonds were structured with level annual debt service of approximately $5.69 million. MADS, of $5.693 million is anticipated in FY 2029.

Debt Service Coverage

CFC revenues of $9.76 million in CY 2023, which includes interest earned on Pledged Funds, covered annual debt service by 1.72(x) -- an improvement from 1.45x YoY. Coverage of Required Deposits, as per the CFC Master Trust Agreement, which incorporates coverage of the deposit into the Renewal and Replacement Fund ($1.4 million) also improved, to 1.38x from 1.17x in the prior calendar year. Coverage of MADS is 1.72x for CY 2023, as debt service is fairly level through final maturity in 2048. Adjusted DSC, including the rolling coverage amount ($1.4 million) in the CFC Surplus Fund, approximates 1.97x for CY 2023. KBRA estimates Pledged Revenues (inclusive of the rolling coverage amount) could fall 37% before breaching the 1.25x DSC rate covenant, providing added financial flexibility to manage rental car revenue volatility.

Figure 15

Debt Service Coverage				
(Year ended Dec. 31)	**2020**	**2021**	**2022**	**2023**
Pledged Revenues				
CFC Revenues	$ 4,716,409	$ 6,253,560	$ 8,030,329	$9,079,031
Interest Earned on Deposits	1,000,407	242,970	248,029	683,770
Surplus Fund Withdrawal (Deposit)	-	615,312	-	-
Concessionaire Deficiency Payment	-	-	-	-
Total Pledged Revenues	$ 5,716,816	$ 7,111,842	$ 8,278,358	$9,762,801
Deposits to:				
CFC Debt Service Fund	$ 3,669,546	$ 5,689,546	$ 5,690,511	$ 5,692,452
CFC Debt Service Reserve Fund	-	-	-	-
CFC Debt Service Coverage Fund	-	-	-	-
CFC Administrative Costs Fund	-	-	-	-
CFC Renewal & Replacement Fund	-	466,667	1,400,000	1,400,000
Total Required Deposits	$ 3,669,546	$ 6,156,213	$ 7,090,511	$ 7,092,452
Rate Covenant [1]				
Debt Service Coverage (1.25x)	1.56	1.25	1.45	1.72
Required Deposits (1.00x)	1.56	1.16	1.17	1.38

1 As per the CFC Revenue Bond Master Indenture, the Rate Covenant is the greater of at least: (i) 100% of Required Deposits or (ii) 125% of annual debt service.

Source: Columbus Regional Airport Authority, OH

DSC levels (in Figure 15) exceeded the minimum thresholds under the Rate Covenant (1.25x and 1.00x, respectively) and did not require a transfer from the CFC Surplus Fund in all years except CY 2021. In 2021, as a result of lower than anticipated pledged revenues, debt service coverage was 1.25x, however it included a $615.3 thousand CFC Surplus Fund draw to meet the rate covenant requirement.

The Rate Covenant allows for rolling coverage that can be partially satisfied with a transfer to the CFC Revenue Fund from the CFC Surplus Fund. The amount of such transfer is limited to the lesser of the actual amount transferred or 25% of annual debt service coverage. As of CY 2023, the CFC Surplus Fund balance totaled $23.7 million, and it is projected to remain at or above that amount for CY 2024. No further draws to meet the Rate Covenant are expected.

Bankruptcy Risk Assessment

KBRA's bankruptcy assessment can be found in the prior report dated [March 27, 2023].

ESG Management

KBRA typically analyzes Environmental, Social, and Governance (ESG) factors through the lens of how issuers plan for and manage relevant ESG risks and opportunities. More information on KBRA's approach to ESG risk management in public finance ratings can be found [here]. Over the medium-term, public finance issuers will likely need to prioritize ESG risk management and disclosure with the likelihood of expansions in ESG-related regulation and rising investor focus on ESG issues.

KBRA analyzes many sector- and issuer- specific ESG issues but our analysis is often anchored around three core topics: climate change with particular focus on greenhouse gas emissions, stakeholder preferences, and cybersecurity. Under environmental, as the effects of climate change evolve and become more severe, issuers are increasingly facing an emerging array of challenges and potential opportunities that can affect financial assets, operations, and capital planning. Under social, the effects of stakeholder preferences on ESG issues can affect the demand for an issuer's product and services, the strength of its global reputation and branding, its relationship with employees, consumers, regulators, and lawmakers, and, importantly, its cost of and access to capital. Under governance, as issuers continue to become more reliant on technology, cybersecurity planning and information management are necessary for most issuers regardless of size and industry.

KBRA's ESG Management assessment can be found in the prior report dated [March 27, 2023].