

CINCINNATI/NORTHERN KENTUCKY INTERNATIONAL AIRPORT

MATERIAL EVENT NOTICE – RATING CHANGE

ISSUER: Kenton County Airport Board

SUBMITTER INFORMATION:

Name: Dilwyn Gruffydd
Title: Chief Financial Officer/SecretaryTreasurer
Company: Kenton County Airport Board
Mailing
Address: P. O. Box 752000
Cincinnati, Ohio 45275-2000
Physical
Address: CVG Centre
77 Comair Blvd.
Erlanger, Kentucky 41018-1274
Phone: (859) 767-3151
Fax: (859) 767-3269

DETAILED ISSUE IDENTIFICATION:

This Material Event Notice is provided in accordance with written continuing disclosure agreements undertaken, as required by SEC Rule 15c2-12, for the benefit of the holders of the following bond issue of the Kenton County Airport Board.

Issue Description: Kenton County Airport Board
Cincinnati/Northern Kentucky International Airport
Revenue Refunding Bonds, Series 2016
Amount of Issue: \$47,785,000
Dated Date: June 30, 2016
Delivery Date: June 30, 2016

Issue Details:

CUSIP Number	Maturity Date	Interest Rate
491026UJ7	January 1, 2022	5.000%
491026UK4	January 1, 2023	5.000%
491026UL2	January 1, 2024	5.000%
491026UM0	January 1, 2025	5.000%
491026UN8	January 1, 2026	5.000%
491026UP3	January 1, 2027	5.000%
491026UQ1	January 1, 2028	5.000%
491026UR9	January 1, 2029	5.000%
491026US7	January 1, 2030	5.000%

CUSIP Number	Maturity Date	Interest Rate
491026UT5	January 1, 2031	5.000%
491026UU2	January 1, 2032	5.000%
491026UV0	January 1, 2033	5.000%

Issue Description: Kenton County Airport Board
 Cincinnati/Northern Kentucky International Airport
 Revenue Bonds, Series 2019

Amount of Issue: \$32,935,000
Dated Date: March 20, 2019
Delivery Date: March 20, 2019

Issue Details:

CUSIP Number	Maturity Date	Interest Rate
491026UW8	January 1, 2022	5.000%
491026UX6	January 1, 2023	5.000%
491026UY4	January 1, 2024	5.000%
491026UZ1	January 1, 2025	5.000%
491026VA5	January 1, 2026	5.000%
491026VB3	January 1, 2027	5.000%
491026VC1	January 1, 2028	5.000%
491026VD9	January 1, 2029	5.000%
491026VE7	January 1, 2030	5.000%
491026VF4	January 1, 2031	5.000%
491026VG2	January 1, 2032	5.000%
491026VH0	January 1, 2033	5.000%
491026VJ6	January 1, 2034	5.000%
491026VK3	January 1, 2035	5.000%
491026VL1	January 1, 2036	5.000%
491026VM9	January 1, 2037	5.000%
491026VN7	January 1, 2038	5.000%
491026VP2	January 1, 2039	5.000%

CUSIP Number	Maturity Date	Interest Rate
491026VQ0	January 1, 2044	5.000%
491026VR8	January 1, 2049	5.000%

MATERIAL EVENT:

On September 1, 2021, Fitch Ratings (“Fitch”) announced that it had revised its rating outlook on the Airport’s revenue bonds from A+ Negative to A+ Stable.

RATING ACTION COMMENTARY

Fitch Takes Rating Actions on U.S. Midsize Regional Airports Amid Travel Progress

Wed 01 Sep, 2021 - 3:03 PM ET

Fitch Ratings - Austin - 01 Sep 2021: Fitch Ratings has affirmed the ratings on the following U.S. midsize market regional airports and revised the Rating Outlooks to Stable from Negative:

--Cincinnati/Northern Kentucky International Airport, KY (CVG) senior lien revenue bonds, issued by the Kenton County Airport Board at 'A+';

--Cleveland, OH (CLE) airport revenue bonds at 'A-';

--Hartford-Bradley International Airport, CT (BDL) airport revenue bonds issued by the Connecticut Airport Authority at 'A';

--Indianapolis International Airport, IN (IND) revenue bonds issued by the Indianapolis Airport Authority and Indianapolis Local Public Improvement Bond Bank at 'A';

--Kansas City International Airport, MO (KCI) airport special obligation bonds issued by Kansas City Industrial Development Authority at 'A';

--Milwaukee County, WI General Mitchell International Airport, IL (MKE) airport revenue bonds at 'A+';

--Nashville International Airport, TN (BNA) subordinate airport revenue bonds issued by the Metropolitan Nashville Airport Authority at 'A';

--New Orleans Aviation Board, LA (MSY) general airport revenue bonds at 'A';

--Raleigh-Durham International Airport, NC (RDU) airport revenue bonds issued by the Raleigh-Durham Airport Authority at 'AA-';

--San Antonio, TX (SAT) senior lien revenue bonds at 'A+' and subordinate/passenger facility charge revenue bonds at 'A';

--St. Louis, MO (STL) airport revenue bonds at 'A'.

RATING RATIONALE

The rating affirmations and Outlook revisions to Stable reflect the diminished operational and financial risks that have challenged airports since early 2020 due to a combination of improving passenger volumes in recent months, the effective management oversight of budgets, and the financial relief accommodated by federal aid that appear to mitigate revenue impairments. While exposures remain with regard to traffic and revenue improvement, the progress suggests lessened fiscal strains, with airports better positioned to restore metrics to levels consistent with current rating levels.

The outbreak of coronavirus and related government containment measures worldwide created unprecedented disruptions for air travel affecting all airport types. The rapid progress of vaccination deployment across the country has more recently brought U.S. airport traffic levels, using daily reported TSA screenings, to 75%-80% of 2019 levels, and Fitch believes there are reasonable expectations for a continuation of the current recovery trajectory through the rest of 2021 and beyond. The delta variant of the virus has so far had minimal effects to the performance activity but can pose demand risks to the industry.

On July 21, 2021, Fitch issued a report detailing the revisions to the forward-looking U.S. air traffic assumptions due to the strong rebound in domestic air travel driven by increased U.S. vaccinations and a surge in U.S. leisure air traffic. Travel volumes are expected to see modest additional growth in 2H21 and beyond for these domestic focused airports.

For each of the above credits, Fitch conducted individual reviews of traffic activity and operational levels through the midpoint period of this calendar year. Given the largely comparable operating roles across these airports as regional facilities with limited dependencies to connecting traffic, the recoveries are largely comparable. The median

recovery is about 75% of pre-pandemic levels with some markets reaching the 90% mark. Each of the above airports benefit from its solid franchise strength serving economically, well-anchored air trade service areas to support origination/destination demand.

Fitch also reviewed each airport's financial positioning including the status of its primary operating agreements with airlines and concession tenants, capital program developments and their individual allocations of federal relief funds and planned uses. In Fitch's view, the key credit metrics such as leverage, coverage levels, liquidity, and airline costs should trend towards pre-pandemic expectations over the next two to three years.

KEY RATING DRIVERS

No key rating drivers were changed as part of this review. See links below to individual issuer Rating Action Commentaries with individual Key Rating Driver assessment scores and analysis.

Links to last published issuer RACs with Key Rating Driver assessments covered in the above rating actions:

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-affirms-kenton-county-airport-board-ky-airport-at-a-outlook-negative-18-02-2021>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-cleveland-oh-airport-revs-series-2019a-c-a-outlook-stable-10-09-2019>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-affirms-connecticut-airport-auth-bradley-int-l-airport-rev-bonds-at-a-outlook-negative-09-04-2021>

<https://www.fitchratings.com/research/us-public-finance/correction-fitch-rates-indianapolis-int-l-airport-in-local-pub-improvement-bond-bank-rev-bonds-a-19-11-2019>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-kansas-city-international-airport-special-obligation-bonds-a-outlook-negative-05-10-2020>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-milwaukee-county-wi-airport-revs-a-outlook-stable-27-09-2019>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-metro-nashville-airport-auth-tn-sub-revs-a-outlook-stable-13-11-2019>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-rates-new-orleans-airport-la-revs-a-upgrades-outstanding-revs-03-12-2019>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-affirms-raleigh-durham-airport-authority-revs-at-aa-outlook-negative-12-03-2021>

<https://www.fitchratings.com/research/infrastructure-project-finance/fitch-affirms-san-antonio-tx-sr-airport-revs-at-a-sub-pfc-revs-at-a-outlook-negative-18-05-2021>

<https://www.fitchratings.com/research/us-public-finance/fitch-upgrades-st-louis-mo-airport-revs-to-a-outlook-revised-to-stable-08-10-2019>

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Persistent adverse developments to air travel that present further challenges to stabilize the finances of the affected airports;
- Further credit erosion of the major air carriers or payment delinquencies to the airports;
- Sustained deterioration in airport liquidity levels.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Positive rating action is not expected in the near future as forward-looking key metrics are still progressing to levels anticipated prior to the pandemic where normal air traffic patterns should stabilize airport finances.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit

<https://www.fitchratings.com/site/re/10111579>.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit

www.fitchratings.com/esg.

RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
Connecticut Airport Authority (CT) [Airport]				
● Connecticut Airport Authority (CT) /Airport Revenues/1 LT	LT	A Rating Outlook Stable	Affirmed	A Rating Outlook Negative
Milwaukee County (WI) [Airport]				
● Milwaukee County (WI) /Airport Revenues/1 LT	LT	A+ Rating Outlook Stable	Affirmed	A+ Rating Outlook Negative

Indianapolis Airport Authority (IN)

[VIEW ADDITIONAL RATING DETAILS](#)

FITCH RATINGS ANALYSTS

Jeffrey Lack

Director

Primary Rating Analyst

+1 312 368 3171

jeffrey.lack@fitchratings.com
Fitch Ratings, Inc.
2600 Via Fortuna, Suite 330 Austin, TX 78746

Jennie Mu

Associate Director
Primary Rating Analyst
+1 646 582 4748
jennie.mu@fitchratings.com
Fitch Ratings, Inc.
Hearst Tower 300 W. 57th Street New York, NY 10019

Charly Missirian

Associate Director
Primary Rating Analyst
+1 646 582 4834
charly.missirian@fitchratings.com
Fitch Ratings, Inc.
Hearst Tower 300 W. 57th Street New York, NY 10019

Victoria Babcock

Senior Analyst
Primary Rating Analyst
+1 646 582 4608
victoria.babcock@fitchratings.com
Fitch Ratings, Inc.
Hearst Tower 300 W. 57th Street New York, NY 10019

Aysha Seedat

Analyst
Primary Rating Analyst
+1 646 582 4278
aysha.seedat@fitchratings.com
Fitch Ratings, Inc.
Hearst Tower 300 W. 57th Street New York, NY 10019

Jim Code

Senior Analyst
Secondary Rating Analyst

+1 312 368 3194
jim.code@fitchratings.com

Victoria Babcock

Senior Analyst
Secondary Rating Analyst
+1 646 582 4608
victoria.babcock@fitchratings.com

Jeffrey Lack

Director
Secondary Rating Analyst
+1 312 368 3171
jeffrey.lack@fitchratings.com

Erik Diehl

Analyst
Secondary Rating Analyst
+1 312 205 3397
erik.diehl@fitchratings.com

Jennie Mu

Associate Director
Secondary Rating Analyst
+1 646 582 4748
jennie.mu@fitchratings.com

Seth Lehman

Senior Director
Committee Chairperson
+1 212 908 0755
seth.lehman@fitchratings.com

MEDIA CONTACTS

Sandro Scenga

New York
+1 212 908 0278
sandro.scenga@thefitchgroup.com

Additional information is available on www.ftchratings.com

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APPLICABLE CRITERIA

[Airports Rating Criteria \(pub. 22 Oct 2020\) \(including rating assumption sensitivity\)](#)

[Infrastructure and Project Finance Rating Criteria \(pub. 23 Aug 2021\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

GIG AST Model, v1.1.0 ([1](#))

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

ENDORSEMENT STATUS

Kenton County Airport Board (KY)	EU Endorsed, UK Endorsed
Cleveland (OH)	EU Endorsed, UK Endorsed
Connecticut, State of (CT)	EU Endorsed, UK Endorsed
Indianapolis Local Public Improvement Bond Bank (IN)	EU Endorsed, UK Endorsed
Kansas City Industrial Development Authority (MO)	EU Endorsed, UK Endorsed
Metropolitan Nashville Airport Authority (TN)	EU Endorsed, UK Endorsed
Milwaukee County (WI)	EU Endorsed, UK Endorsed
New Orleans Aviation Board (LA)	EU Endorsed, UK Endorsed
Raleigh-Durham Airport Authority (NC)	EU Endorsed, UK Endorsed
San Antonio (TX)	EU Endorsed, UK Endorsed
St. Louis (MO)	EU Endorsed, UK Endorsed

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