

OFFICIAL STATEMENT DATED NOVEMBER 21, 2019

NEW ISSUE

RATINGS: Moody's: A1

Fitch: A

See "Ratings" herein

Book-Entry-Only

In the opinion of Ice Miller LLP ("Bond Counsel"), under existing federal statutes, decisions, regulations and rulings, interest on the 2019I Bond Bank Bonds (hereinafter defined) is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") for federal income tax purposes, except for interest on any 2019I-2 Bond Bank Bond for any period during which such 2019I-2 Bond Bank Bond is held by a person who is a "substantial user" of the Airport System (hereinafter defined) or a "related person" as defined in Section 147(a) of the Code. The interest on the 2019I Bond Bank Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code. Such excludability is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the 2019I Bond Bank Bonds is exempt from income taxation in the State of Indiana, for all purposes. See "TAX MATTERS" and "FORM OF BOND COUNSEL OPINION" herein.

\$67,595,000

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

BONDS, SERIES 2019I (Non-AMT)

(Indianapolis Airport Authority Project)



Indianapolis Airport Authority



\$51,595,000

2019I-1

(Non-AMT)

\$16,000,000

2019I-2

(Non-AMT, Private Activity)

Dated: Date of Delivery

Due: As Shown on the Inside Cover

The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2019I (Indianapolis Airport Authority Project), consisting of the Series 2019I-1 Bonds (the "2019I-1 Bond Bank Bonds") and the Series 2019I-2 Bonds (the "2019I-2 Bond Bank Bonds"), and collectively, with the 2019I-1 Bond Bank Bonds, the "2019I Bond Bank Bonds", will be dated the date of delivery, and will bear interest from that date to their respective maturities in the amounts and at the rates set forth on the inside cover hereof. The 2019I Bond Bank Bonds are issuable only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The 2019I Bond Bank Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the 2019I Bond Bank Bonds. Purchases of beneficial interests in the 2019I Bond Bank Bonds are to be made in book entry-only form. Purchasers will not receive certificates representing their beneficial ownership interests in the 2019I Bond Bank Bonds. See "APPENDIX E—BOOK-ENTRY-ONLY SYSTEM." Interest on the 2019I Bond Bank Bonds will accrue from the date of their delivery, and will be payable on January 1 and July 1 of each year, commencing July 1, 2020. Interest, together with the principal of and premium, if any, on the 2019I Bond Bank Bonds will be paid directly to DTC by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Bond Bank Trustee") under the Indenture, as defined and described herein, so long as DTC or its nominee is the registered owner of the 2019I Bond Bank Bonds. See "THE 2019I BOND BANK BONDS."

The 2019I Bond Bank Bonds will be issued by The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") pursuant to a Trust Indenture dated as of November 1, 2019, as it may be supplemented and amended from time to time, by and between the Bond Bank and the Bond Bank Trustee (collectively, the "Indenture") for the principal purpose of providing funds, together with certain other funds of the Indianapolis Airport Authority (the "Authority"), to: (i) pay and redeem the Indianapolis Airport Authority Airport Revenue Bonds, Series 2010A (the "2010A Authority Bonds"), (ii) refund all outstanding 2018A Subordinate Securities (the "2018A Subordinate Securities"), (iii) fund interest on the 2019I-1 Bond Bank Bonds through January 1, 2020, and (iv) pay costs of issuance related to the Indianapolis Airport Authority Revenue Bonds, Series 2019C, which have been authorized by the Authority Board and are designated "Indianapolis Airport Authority Revenue Bonds, Series 2019C-1" (the "2019C-1 Authority Bonds") and "Indianapolis Airport Authority Revenue Bonds, Series 2019C-2" (the "2019C-2 Authority Bonds"), and collectively with the 2019C-1 Authority Bonds, the "2019C Authority Bonds") and the 2019I Bond Bank Bonds. The Bond Bank will accept the 2019C Authority Bonds to secure the 2019I Bond Bank Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019I BOND BANK BONDS."

THE 2019I BOND BANK BONDS ARE LIMITED OBLIGATIONS OF THE BOND BANK PAYABLE SOLELY OUT OF THE REVENUES AND FUNDS OF THE BOND BANK PLEDGED THEREFOR UNDER THE INDENTURE (AS MORE FULLY DESCRIBED HEREIN). THE 2019I BOND BANK BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE STATE OF INDIANA (the "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, THE CITY OF INDIANAPOLIS, INDIANA (the "CITY"), MARION COUNTY, INDIANA (the "COUNTY"), THE AUTHORITY OR ANY OTHER QUALIFIED ENTITY (AS DEFINED HEREIN) UNDER THE CONSTITUTION AND THE LAWS OF THE STATE OR A PLEDGE OF THE FAITH, CREDIT AND TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, THE CITY, THE COUNTY OR ANY QUALIFIED ENTITY, INCLUDING THE AUTHORITY. THE SOURCES OF PAYMENT OF, AND SECURITY FOR, THE 2019I BOND BANK BONDS ARE MORE FULLY DESCRIBED HEREIN. THE BOND BANK HAS NO TAXING POWER. SEE "REFINANCING PLAN" AND "SECURITY AND SOURCES FOR PAYMENT OF THE 2019I BOND BANK BONDS."

The detailed maturity schedules for the 2019I Bond Bank Bonds are set forth on the inside cover of this Official Statement. This cover page contains information for quick reference only and is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2019I Bond Bank Bonds are offered when, as and if issued by the Bond Bank and received by the Underwriters listed below (collectively, the "Underwriters") and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Ice Miller LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on by General Counsel to the Bond Bank; by General Counsel of the Authority; by Frost Brown Todd LLC, Indianapolis, Indiana, as disclosure counsel to the Authority; by MWH Law Group LLP, Indianapolis, Indiana, as special counsel to the Authority; and by Faegre Baker Daniels LLP, Indianapolis, Indiana, as counsel to the Underwriters. Frasca & Associates, LLC is the financial advisor to the Authority and Sycamore Advisors LLC is the financial advisor to the Bond Bank. It is expected that the 2019I Bond Bank Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about December 5, 2019.

Barclays

Ramirez & Co., Inc.

\$67,595,000
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK
BONDS, SERIES 2019I (Non-AMT)
(INDIANAPOLIS AIRPORT AUTHORITY PROJECT)

MATURITY SCHEDULES

\$51,595,000
2019I-1 Bond Bank Bonds (Non-AMT)

\$18,365,000 5.000% Term Bonds due January 1, 2044 (CUSIP: 45528UJ77) – Yield 2.480%*

\$33,230,000 4.000% Term Bonds due January 1, 2050 (CUSIP: 45528UJ85) – Yield 2.810%*

\$16,000,000
2019I-2 Bond Bank Bonds (Non-AMT, Private Activity)

<u>Maturity</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP¹</u> <u>(45528U)</u>
2021	565,000	5.000	1.200	J93
2022	650,000	5.000	1.240	K26
2023	685,000	5.000	1.290	K34
2024	720,000	5.000	1.350	K42
2025	755,000	5.000	1.420	K59
2026	795,000	5.000	1.510	K67
2027	830,000	5.000	1.600	K75
2028	870,000	5.000	1.720	K83
2029	915,000	5.000	1.830	K91
2030	965,000	5.000	1.910	L25
2031	1,015,000	5.000	2.000*	L33
2032	1,065,000	5.000	2.060*	L41
2033	1,120,000	5.000	2.140*	L58
2034	1,170,000	5.000	2.180*	L66
2035	1,230,000	5.000	2.220*	L74
2036	1,295,000	5.000	2.260*	L82
2037	1,355,000	5.000	2.300*	L90

* Yield to January 1, 2030 call date.

¹ Copyright 2019, CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by Standard & Poor's Capital IQ. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed are being provided solely for the convenience of the holders only at the time of issuance of the 2019I Bond Bank Bonds and neither the Bond Bank nor the Underwriters make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2019I Bond Bank Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2019I Bond Bank Bonds.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

No dealer, salesperson, or other person has been authorized by the Bond Bank, the City, the Authority or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2019I Bond Bank Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Bond Bank, the City, the Authority or the Underwriters. This Official Statement, which includes the cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2019I Bond Bank Bonds by any person, in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation, or sale.

The information set forth in this Official Statement has been obtained from the Bond Bank, the City, the Authority and from the sources referenced throughout this Official Statement, which the Bond Bank, the City, and the Authority believe to be reliable. No guarantee is made by the Bond Bank, the City and the Authority, however, as to the accuracy of information provided from sources other than the Bond Bank, the City and the Authority. The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any statement nor any sale of the 2019I Bond Bank Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Bond Bank, the City or the Authority, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

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 a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction and reasonably believe such information to be accurate and complete, but the Underwriters do not guarantee the accuracy or completeness of such information, and it is not to be construed as the promise or guarantee of the Underwriters.

THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE OF THE COVER PAGE TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2019I BOND BANK BONDS, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2019I BOND BANK 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 2019I BOND BANK BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOND BANK, THE CITY, THE AUTHORITY, AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE 2019I BOND BANK 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 IS A CRIMINAL OFFENSE. SEE "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

The statements contained in this Official Statement, including the Appendices, and any other information provided by the Bond Bank, the City or the Authority, that are not purely historical, are 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 customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions relating 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, therefore, there can be no assurance that the forward looking statements contained in this Official Statement would prove to be accurate.

Readers 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 Bond Bank, the City or the Authority on the date hereof, and the Bond Bank, the City and the Authority assume no obligation to update any such forward looking statements.

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OFFICIAL STATEMENT SUMMARY

This Official Statement Summary is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the 2019I Bond Bank Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms not otherwise defined herein shall have the meanings as set forth in the Official Statement.

The Bond Bank.....The Indianapolis Local Public Improvement Bond Bank.

Issue and Date.....\$67,595,000 The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2019I (Non-AMT) (Indianapolis Airport Authority Project) will be limited obligations of the Bond Bank payable solely out of revenues and funds pledged for the 2019I Bond Bank Bonds pursuant to the Indenture. The 2019I Bond Bank Bonds will be dated the date of delivery.

Purpose of Issue.....The 2019I-1 Bond Bank Bonds will be used to: (i) refund all of the outstanding 2018A Subordinate Securities, (ii) pay interest on the 2019I-1 Bond Bank Bonds through January 1, 2020, and (iii) pay costs of issuance related to the 2019C-1 Authority Bonds and the 2019I-1 Bond Bank Bonds.

The 2019I-2 Bond Bank Bonds will be issued to: (i) pay and redeem the 2010A Authority Bonds, and (ii) pay costs of issuance related to the 2019C-2 Authority Bonds and the 2019I-2 Bond Bank Bonds.

**Letter Report of the
Airport Consultant**.....See Appendix C.

Amounts and Maturities.....See tables on inside cover pages.

Interest Payment Dates.....January 1 and July 1 of each year commencing July 1, 2020.

Security for Payment.....The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2019I (Non-AMT) (Indianapolis Airport Authority Project), consisting of the Series 2019I-1 Bonds (the “2019I-1 Bond Bank Bonds”) and the Series 2019I-2 Bonds (the “2019I-2 Bond Bank Bonds”, and collectively, with the 2019I-1 Bond Bank Bonds, the “2019I Bond Bank Bonds”) will be secured by a pledge of, and lien on, the 2019C Authority Bonds (as defined herein) and all payments and earnings thereon, as well as all Funds and Accounts established by the Indenture and proceeds thereof. The 2019C Authority Bonds are secured by (i) the assets pledged to secure the Authority Revenue Bonds under the Authority Bond Ordinance (the “*Authority Trust Estate*”), including specifically a pledge of Net Revenues of the Airport, on parity with all Outstanding Authority Revenue Bonds and any other Additional Authority Bonds which may be issued in the future and (ii) the 15/19C Account of the Authority Revenue Bond Reserve Fund (the “*15/19C Reserve Account*”). See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019I BOND BANK BONDS – Pledge of 2019C Authority Bonds and Payments Thereon.”

**Outstanding Authority
Revenue Bonds**.....As of the date hereof, the Authority had \$863,105,000 of Outstanding Authority Revenue Bonds that are secured by Net Revenues on a parity basis and \$58,470,000 outstanding amount of Subordinate Securities. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS –

Outstanding Authority Bonds and 2019C Authority Bonds” and “—Outstanding Authority Subordinate Bonds.”

Additional Authority Bonds	The Authority may issue Additional Authority Bonds on a parity with the 2019C Authority Bonds with respect to the lien on Net Revenues of the Airport subject to certain conditions set forth in the Authority Bond Ordinance. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS – Outstanding Authority Bonds and 2019C Authority Bonds” and “—Additional Bonds.”
Redemption	The 2019I Bond Bank Bonds and the 2019C Authority Bonds are subject to redemption prior to maturity as described under “THE 2019I BOND BANK BONDS – Redemption.”
Paying Agent	Principal of and interest on the 2019I Bond Bank Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Indianapolis, Indiana, as Trustee and Registrar and Paying Agent.
Bondholder Risks	For discussion of risks and investment considerations for the 2019I Bond Bank Bonds and the 2019C Authority Bonds see “SECURITY AND SOURCES OF PAYMENT FOR THE 2019I BOND BANK BONDS” and “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”
Rating	Moody’s and Fitch have assigned a rating of “A1” and “A”, respectively to the 2019I Bond Bank Bonds. See “RATINGS.”
Tax Status of Interest	Under existing federal statutes, decisions, regulations and rulings, interest on the 2019I Bond Bank Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) for federal income tax purposes, except for interest on any 2019I-2 Bond Bank Bond for any period during which such 2019I-2 Bond Bank Bond is held by a person who is a “substantial user” of the Airport System (hereinafter defined) or a “related person” as defined in Section 147(a) of the Code. The interest on the 2019I Bond Bank Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code. See “TAX MATTERS.”
Continuing Disclosure	The Authority has covenanted for the benefit of the holders and beneficial owners of the 2019I Bond Bank Bonds to provide certain financial information and operating data on an annual basis, and to provide notice of the occurrence of certain enumerated events, all as provided in the Continuing Disclosure Undertaking. See “CONTINUING DISCLOSURE.”
Trustee	The Bank of New York Mellon Trust Company, N.A. has been named by the Bond Bank to act as trustee under the Indenture for the Series 2019I Bond Bank Bonds and also serves as the trustee for the 2019C Authority Bonds under the Authority Bond Ordinance.
Legal Opinion	Ice Miller LLP, Indianapolis, Indiana, will act as Bond Counsel for the Bond Bank and the Authority.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

BOARD OF DIRECTORS

Dennis Charles, Chairperson
Sarah L. Rubin, Vice Chairperson
Bryan J. Moll
Michael Carter
Dr. Terri Jett

Sarah Riordan, Executive Director and General Counsel

INDIANAPOLIS AIRPORT AUTHORITY

BOARD OF DIRECTORS

Barbara Glass, President
Steven Dillinger, Vice President
Mamon Powers, III, Secretary
Tamika Catchings, Member
Kathy Davis, Member
Jeff Gaither, Member
Ryan Goodwin, Member
Toby McClamroch, Member
Kurt Schleter, Member
Brett Voorhies, Member
Matt Whetstone, Member

Mario Rodriguez, Executive Director

BOND COUNSEL

Ice Miller LLP
Indianapolis, Indiana

DISCLOSURE COUNSEL

Frost Brown Todd LLC
Indianapolis, Indiana

FINANCIAL ADVISOR TO BOND BANK

Sycamore Advisors LLC
Indianapolis, Indiana

FINANCIAL ADVISOR TO AUTHORITY

Frasca & Associates, LLC
New York, New York

AIRPORT CONSULTANT

Landrum & Brown, Incorporated
Cincinnati, Ohio

BOND BANK AND AUTHORITY TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Indianapolis, Indiana

UNDERWRITERS' COUNSEL

Faegre Baker Daniels LLP
Indianapolis, Indiana

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\$67,595,000
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK
BONDS, SERIES 2019I (Non-AMT)
(Indianapolis Airport Authority Project)

\$51,595,000
2019I-1
(Non-AMT)

\$16,000,000
2019I-2
(Non-AMT, Private Activity)

INTRODUCTION

General

The purpose of this Official Statement, including the cover page, the inside cover page, the official statement summary, other preliminary pages and the appendices, is to provide certain information in connection with the issuance and sale by The Indianapolis Local Public Improvement Bond Bank (the “*Bond Bank*”) of its \$67,595,000 aggregate principal amount of Bonds, Series 2019I (Non-AMT) (Indianapolis Airport Authority Project), consisting of (i) its \$51,595,000 principal amount of Bonds, Series 2019I-1 (the “*2019I-1 Bond Bank Bonds*”) and (ii) its \$16,000,000 principal amount of Bonds, Series 2019I-2 (the “*2019I-2 Bond Bank Bonds*” and, together with the 2019I-1 Bond Bank Bonds, the “*2019I Bond Bank Bonds*”). The 2019I Bond Bank Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank on October 21, 2019 (the “*Bond Bank Resolution*”), and are issued and secured by the Trust Indenture, dated as of November 1, 2019, as supplemented and amended from time to time (the “*Indenture*”), between the Bond Bank and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Bond Bank Trustee*”), all pursuant to the laws of the State of Indiana (the “*State*”), particularly Indiana Code (“*IC*”) 5-1.4, as amended from time to time (the “*Bond Bank Act*”). Additionally, The Bank of New York Mellon Trust Company, N.A. will serve as registrar (“*Registrar*”) and paying agent (“*Paying Agent*”) for the 2019I Bond Bank Bonds, and will also serve as trustee (the “*Authority Trustee*”), registrar and paying agent under the Authority Bond Ordinance (as defined below) with respect to the Indianapolis Airport Authority Revenue Bonds, Series 2019C, which have been authorized by the Authority Board and are designated “Indianapolis Airport Authority Revenue Bonds, Series 2019C-1” (the “*2019C-1 Authority Bonds*”) and “Indianapolis Airport Authority Revenue Bonds, Series 2019C-2” (the “*2019C-2 Authority Bonds*”), and collectively with the 2019C-1 Authority Bonds, the “*2019C Authority Bonds*”). Unless otherwise defined herein, capitalized terms used in this Official Statement are defined in “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS.”

The Bond Bank and the Bond Bank Program

The Bond Bank is a body corporate and politic, separate from the City of Indianapolis, Indiana (the “*City*”) and the Indianapolis Airport Authority (the “*Authority*”), established for the public purposes set forth in the Bond Bank Act. Pursuant to the Bond Bank Act, the purpose of the Bond Bank is to purchase, sell and/or exchange securities of “qualified entities,” which includes the Authority. The Bond Bank is governed by a board of five directors, each appointed by the Mayor of the City. **The Bond Bank has no taxing power.** See “THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK” herein.

The offering of the 2019I Bond Bank Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2019I Bond Bank Bonds. The preceding summary statement and this introductory material are only a brief description of and are qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement, including the appendices and the documents summarized or described herein, and particularly the section entitled “RISKS AND OTHER INVESTMENT CONSIDERATIONS.” Detachment or other use of the “OFFICIAL STATEMENT SUMMARY” or this “INTRODUCTION” without the entire Official Statement, including the cover page, inside cover page, other preliminary pages and appendices, is unauthorized.

Refinancing Plan

The 2019I Bond Bank Bonds will be issued by the Bond Bank pursuant to the Indenture for the principal purpose of providing funds, together with certain other funds of the Authority, to: (i) pay and redeem the 2010A Authority Bonds, (ii) refund all outstanding 2018A Subordinate Securities (and therefore the Subordinate Bond Bank Notes (as defined herein)), (iii) pay interest on the 2019I-1 Bond Bank Bonds through January 1, 2020, and (iv) pay costs of issuance related to the 2019C Authority Bonds and the 2019I Bond Bank Bonds. The Bond Bank issued the Subordinate Bond Bank Notes for the purpose of providing funds to: (i) purchase the 2018A Subordinate Securities; and (ii) pay costs of issuance incurred on account of the issuance of the Subordinate Bond Bank Notes and the 2018A Subordinate Securities. Contemporaneous with the issuance of the Subordinate Bond Bank Notes, the Authority issued the 2018A Subordinate Securities.

The 2018A Subordinate Securities currently held by the Bond Bank are secured by and payable from a pledge of the Net Revenues (as defined herein and in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of the Authority Bond Ordinance”) of the Airport System subordinate in priority to all Outstanding Authority Revenue Bonds. Following the refunding of the 2018A Subordinate Securities described above, approximately \$55,360,000 of 2018A Subordinate Securities will continue to be available for issuance by the Authority under the 2018B Subordinate Line of Credit (as defined herein).

Upon issuance, the 2019C Authority Bonds shall be secured by an account of the Authority’s Revenue Bond Reserve Fund hereafter named the 15/19C Reserve Account (the “*15/19C Reserve Account*”). See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS – Revenue Bond Reserve Fund.” The 2010A Authority Bonds being refunded by the 2019I-2 Bond Bank Bonds are currently secured by the 10/15 Reserve Account held under the Authority Bond Ordinance. The 10/15 Reserve Account secures both the 2010A Authority Bonds and the 2015A Authority Bonds. Upon issuance of the 2019I Bond Bank Bonds, a portion of the funds on deposit in the 10/15 Reserve Account will be released to the Authority’s Capital Improvement Fund and the balance of the 10/15 Reserve Account will be renamed the 15/19C Reserve Account and will be held to secure the 2015A Authority Bonds and the 2019C Authority Bonds on a parity basis.

The 2019I Bond Bank Bonds

The 2019I Bond Bank Bonds are issued solely as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The 2019I Bond Bank Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“*DTC*”), the securities depository for the 2019I Bond Bank Bonds. Purchases of the 2019I Bond Bank Bonds are to be made in book entry-only form. Purchasers will not receive certificates representing their beneficial ownership interest in the 2019I Bond Bank Bonds. See “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.”

The 2019I Bond Bank Bonds mature and bear interest calculated based on a 360 day year consisting of twelve 30 day months as set forth on the inside cover page hereof. The payment of principal of and interest on the 2019I Bond Bank Bonds is described under the caption “THE 2019I BOND BANK BONDS—General Description.” The 2019I Bond Bank Bonds are subject to redemption prior to maturity as more fully described herein under the caption “THE 2019I BOND BANK BONDS—Redemption—*Optional Redemption of 2019I Bond Bank Bonds.*”

Security and Sources of Payment for the 2019I Bond Bank Bonds

The 2019I Bond Bank Bonds will be issued under and secured by the Indenture. The 2019I Bond Bank Bonds are issued and secured separately from any other obligations issued by the Bond Bank, including other bonds issued by the Bond Bank on behalf of the Authority. The principal of and interest on any and all of the 2019I Bond Bank Bonds and any Additional Bond Bank Bonds (as defined herein) that may be authorized and issued by the Bond Bank on a parity with the 2019I Bond Bank Bonds, are payable from the Trust Estate (as defined in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of the Indenture”), which is pledged pursuant to the Indenture for the benefit of the owners of the 2019I Bond Bank Bonds without priority. Additional Bond Bank Bonds may be issued on a parity with the 2019I Bond Bank Bonds only to refund (in whole or in part) any 2019I Bond Bank Bonds or to purchase or exchange Additional Authority

Bonds (as defined herein) of the Authority issued for the purpose of refunding (in whole or in part) the 2019C Authority Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Additional Bonds.”

Neither the faith, credit nor taxing power of the State or any political subdivision thereof, the City, Marion County, Indiana (the “*County*”), the Authority, or any other Qualified Entity (as defined in the Bond Bank Act) are pledged to the payment of the principal of, premium, if any, and interest on any of the 2019I Bond Bank Bonds. The 2019I Bond Bank Bonds are not a debt, liability, loan of the credit, pledge of the faith and credit of the State or of any political subdivision thereof, including the City, the County, or the Authority. **The Bond Bank has no taxing power.**

The Indenture does not require a debt service reserve fund for the 2019I Bond Bank Bonds, nor will one be provided; however, the Authority Bond Ordinance establishes the 15/19C Reserve Account created for and securing the 2019C Authority Bonds and the 2015A Authority Bonds as discussed herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS” below.

The Authority and the 2019C Authority Bonds

The Authority is a municipal corporation, separate from the City and the County, organized and existing under IC 8-22-3, as amended and in effect on the issue date of the 2019C Authority Bonds (the “*Authority Act*”), with the power to own and operate public airports. The Authority owns and operates the Indianapolis International Airport (the “*Airport*”), as well as the Downtown Heliport, Eagle Creek Airpark, Metropolitan Airport, Indianapolis Regional Airport, and Hendricks County Airport-Gordon Graham Field (collectively with the Airport, the “*Airport System*”). See “THE INDIANAPOLIS AIRPORT AUTHORITY” and “THE AIRPORT AND AIRPORT SYSTEM” for information concerning the Authority and its assets and operations.

The 2019C Authority Bonds are being issued under the Authority Act and pursuant to the Authority Master Ordinance (as defined herein), as supplemented by General Ordinance No. 5-2019 (the “*2019 Authority Supplemental Ordinance*”) adopted by the Authority on October 18, 2019 (collectively, the “*Authority Bond Ordinance*”).

Security and Sources of Payment for the 2019C Authority Bonds

The 2019C Authority Bonds are secured by a pledge of the Authority Trust Estate, including specifically the Net Revenues of the Airport System, on parity with all other series of Authority Revenue Bonds (as defined herein), of which \$863,105,000 in principal amount was outstanding on November 5, 2019. \$20,140,000 of such amount are the 2010A Authority Bonds that will be defeased in connection with the issuance of the 2019I-2 Bond Bank Bonds. The Outstanding Authority Bonds (as defined herein) are more particularly described in “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Outstanding Authority Bonds and 2019C Authority Bonds.” In addition, other Authority Revenue Bonds with a parity pledge on the Net Revenues of the Airport System (“*Additional Authority Bonds*”) may be issued in the future in accordance with the provisions of the Master Bond Ordinance, as described herein. The 2019C Authority Bonds, any Additional Authority Bonds and the Outstanding Authority Bonds are collectively referred to herein as the “Authority Revenue Bonds.”

Upon issuance of the 2019C Authority Bonds, the 2019C Authority Bonds shall also be secured by the 15/19C Reserve Account. See “REFINANCING PLAN—The Bonds to Be Refunded” and “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Revenue Bond Reserve Fund.” The 2010A Authority Bonds being refunded by the 2019I-2 Bond Bank Bonds are currently secured by the 10/15 Reserve Account created under the Authority Bond Ordinance. The 10/15 Reserve Account secures both the 2010A Authority Bonds and the 2015A Authority Bonds. Upon issuance of the 2019I Bond Bank Bonds and the payment and refunding of the 2010A Authority Bonds, a portion of the funds on deposit in the 10/15 Account will be transferred to the Authority’s Capital Improvement Fund and the 10/15 Reserve Account will be renamed the 15/19C Reserve Account and will thereafter secure the 2015A Authority Bonds and the 2019C Authority Bonds on a parity basis.

The Authority Revenue Bonds are special limited obligations of the Authority payable on a parity basis solely from and secured exclusively by a lien upon the Net Revenues of the Airport System and monies in certain funds established under the Authority Bond Ordinance on a parity basis with all other Outstanding Authority Revenue Bonds from time to time (except to the extent that in some cases a specific account of the Revenue Bond Reserve Fund secures only specific Authority Revenue Bonds), and neither the Authority, the Authority Board, nor any of its officers, agents or employees, is under any obligation to pay the Authority Revenue Bonds from any other source. The Authority Revenue Bonds are not a general obligation of the Authority, the Bond Bank, the County, the City or the State, nor a charge, a lien or an encumbrance, legal or equitable, upon property of the Authority or upon income, receipts, or revenues of the Authority, other than those revenues and monies that have been specifically pledged to the payment of the Authority Revenue Bonds. The Authority Revenue Bonds are not payable from funds raised or to be raised by taxation. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS.”

Qualified Derivative Agreements

The Authority and in certain cases, the Bond Bank have entered into various Qualified Derivative Agreements (as defined in the Authority Bond Ordinance) in connection with the Variable Rate Bonds. The regular periodic payments due under the Qualified Derivative Agreements are payable from Net Revenues on parity with payments due on the Authority Revenue Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS – Qualified Derivative Agreements” and “– Variable Rate Direct Purchase Bonds.”

Bondholder Risks

The 2019I Bond Bank Bonds may not be suitable for all investors. Prospective purchasers of the 2019I Bond Bank Bonds should read this entire Official Statement including information under the section “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

The Official Statement; Additional Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained in this Introduction is qualified by reference to this entire Official Statement (including the appendices). This Introduction is only a brief description and a full review should be made of this entire Official Statement (including the appendices), as well as the documents summarized or described in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument. Summaries of certain provisions of the Indenture, the Authority Bond Ordinance and the Airline Agreements (as defined herein) are set forth in “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS.”

Information contained in this Official Statement with respect to the Bond Bank, the City and the Authority and copies of the Indenture, the Authority Bond Ordinance, the Airline Agreements, and the other documents and instruments referred to herein may be obtained from The Indianapolis Local Public Improvement Bond Bank, 200 East Washington Street, Room 2342, City-County Building, Indianapolis, Indiana 46204. The Bond Bank’s telephone number is (317) 327-4220.

REFINANCING PLAN

The Bond Bank Program

The 2019I-1 Bond Bank Bonds will be used to: (i) refund all outstanding 2018A Subordinate Securities, (ii) pay interest on the 2019I-1 Bond Bank Bonds through January 1, 2020, and (iii) pay costs of issuance related to the 2019C-1 Authority Bonds and the 2019I-1 Bond Bank Bonds. The 2019I-2 Bond Bank Bonds will be issued to: (i)

pay and redeem the 2010A Authority Bonds, and (ii) pay costs of issuance related to the 2019C-2 Authority Bonds and the 2019I-2 Bond Bank Bonds.

The Bonds to Be Refunded

Table 1, set forth below, shows the principal of the 2010A Authority Bonds expected to be paid and defeased upon issuance of the 2019I-2 Bond Bank Bonds:

Table 1

2010A AUTHORITY BONDS PRINCIPAL INSTALLMENT SCHEDULE

<u>Year (Jan 1)</u>	<u>Total</u>
2020	\$755,000
2021	785,000
2022	815,000
2023	850,000
2024	885,000
2025	925,000
2026	965,000
2027	1,005,000
2028	1,050,000
2029	1,100,000
2030	1,155,000
2031	1,210,000
2032	1,270,000
2033	1,335,000
2034	1,400,000
2035	1,470,000
2036	1,545,000
2037	1,620,000
Total	\$20,140,000

The outstanding 2018A Subordinate Securities are expected to be redeemed on the date of issuance of the 2019I-1 Bond Bank Bonds (the “*2018A Redemption Date*”) at 100% of the principal amount thereof plus accrued interest. Proceeds of the 2019I-2 Bond Bank Bonds and certain funds of the Authority will be deposited pursuant to an Escrow Deposit Agreement between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee and as Escrow Trustee for the 2010A Authority Bonds and held solely for the purpose of paying and redeeming the 2010A Authority Bonds on January 1, 2020 (the “*2010A Redemption Date*”).

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Estimated Sources and Uses of Funds

Upon issuance of the 2019I Bond Bank Bonds, the proceeds of the 2019I Bond Bank Bonds are to be applied to redeem the 2018A Subordinate Securities, defease the Series 2010A Authority Bonds, fund interest on the 2019I-1 Bond Bank Bonds through January 1, 2020, and pay costs of issuance related to the 2019C Authority Bonds and 2019I Bond Bank Bonds.

In addition, certain funds currently held in the 10/15 Account of the Authority's Revenue Bond Reserve Fund will be transferred to the Capital Improvement Fund of the Authority and the balance will be held in the 15/19C Reserve Account.

The following table sets forth the estimated sources and uses of the proceeds of the 2019I Bond Bank Bonds.

	Series 2019I-1 Bond Bank Bond:	Series 2019I-2 Bond Bank Bonds	Total
Sources:			
Par Amount of 2019I Bond Bank Bonds	\$51,595,000.00	\$16,000,000.00	\$67,595,000.00
Plus Original Issue Premium	7,549,286.60	3,558,566.80	11,107,853.40
Authority Funds		1,228,781.25	1,228,781.25
10/15 Reserve Account		3,282,924.93	3,282,924.93
Total	\$59,144,286.60	\$24,070,272.98	\$83,214,559.58
Uses:			
Defeasance of 2010A Bonds	\$	\$20,613,781.25	\$20,613,781.25
Redemption of Subordinate Securities	58,470,000.00		58,470,000.00
Deposit to Capital Improvement Fund		3,282,924.93	3,282,924.93
Interest on 2019C-1 Authority Bonds to 1/1/20	161,391.73		161,391.73
Cost of Issuance ⁽¹⁾	512,894.87	173,566.80	686,461.67
Total	\$59,144,286.60	\$24,070,272.98	\$83,214,559.58

⁽¹⁾ This amount includes the underwriters' discount and other costs of issuance, such as legal fees, printing, financial advisor, rating agency fees and related expenses for the Bond Bank and the Authority.

THE 2019I BOND BANK BONDS

General Description

The 2019I Bond Bank Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof (the "*Authorized Denominations*"). The 2019I Bond Bank Bonds will be dated the date of their delivery. The 2019I Bond Bank Bonds are initially registered in the name of "Cede & Co.," as nominee for DTC, the securities depository for the 2019I Bond Bank Bonds. See "APPENDIX E—BOOK-ENTRY-ONLY SYSTEM."

Interest on the 2019I Bond Bank Bonds will be payable on January 1 and July 1 of each year, commencing July 1, 2020 (each an "*Interest Payment Date*"). The 2019I Bond Bank Bonds will bear interest (calculated on the basis of a 360-day year consisting of twelve 30 day months) at the rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Each 2019I Bond Bank Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated prior to the close of business on June 15, 2020, in which event it will bear interest from the date of delivery, or (b) authenticated after the fifteenth day of the calendar month immediately preceding an Interest Payment Date (a "*Record Date*"), in which event it will bear interest from such Interest Payment Date; provided, however, that if, at the time of authentication of any 2019I Bond Bank Bond, interest is in default, such 2019I Bond Bank Bond will bear interest from the date to which interest has been paid.

When issued, all 2019I Bond Bank Bonds will be registered in the name of and held by Cede & Co., as nominee for DTC. Purchases of beneficial interests in the 2019I Bond Bank Bonds will be made from DTC in book-entry-only form (without certificates) in Authorized Denominations. So long as DTC or its nominee is the registered owner of the 2019I Bond Bank Bonds, payments of the principal of and interest on the 2019I Bond Bank Bonds will be made directly by the Paying Agent by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the “*DTC Participants*”) will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners of the 2019I Bond Bank Bonds will be the responsibility of the DTC Participants and the Indirect Participants, as defined herein. See “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.”

If DTC or its nominee is not the registered owner of the 2019I Bond Bank Bonds, principal of and premium, if any, on all of the 2019I Bond Bank Bonds will be payable at maturity upon the surrender thereof at the delivery office of the Paying Agent. Interest on the 2019I Bond Bank Bonds, when due and payable, will be paid by check dated the due date mailed by the Paying Agent one business day before the due date (or, in the case of an owner of 2019I Bond Bank Bonds in an aggregate principal amount of at least \$1,000,000, by wire transfer on such due date, upon written direction of such registered owner to the Paying Agent not less than five business days before the Record Date immediately prior to such Interest Payment Date, which direction shall remain in effect until revoked in writing by such owner). Interest payments shall be mailed to the persons in whose names such 2019I Bond Bank Bonds are registered, at their addresses as they appear on the bond registration books maintained by the Registrar on the Record Date, irrespective of any transfer or exchange of such 2019I Bond Bank Bonds subsequent to such Record Date and prior to such Interest Payment Date, unless the Bond Bank shall default in payment of interest due on such Interest Payment Due.

Except as provided in “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM,” in all cases in which the privilege of exchanging or transferring 2019I Bond Bank Bonds is exercised, the Bond Bank will execute and the Registrar will deliver the 2019I Bond Bank Bonds in accordance with the provisions of the Indenture. The 2019I Bond Bank Bonds will be exchanged or transferred at the designated corporate trust office of the Registrar only for 2019I Bond Bank Bonds of the same tenor and maturity. In connection with any transfer or exchange of 2019I Bond Bank Bonds, the Bond Bank, the Registrar and Paying Agent or the Bond Bank Trustee may impose a charge for any applicable tax, fee, or other governmental charge incurred in connection with such transfer or exchange, which sums are payable by the person requesting such transfer or exchange.

The person in whose name a 2019I Bond Bank Bond is registered will be deemed and regarded as its absolute owner for all purposes, and payment of principal and interest thereon will be made only to or upon the order of the registered owner or its legal representative, but such registration may be changed as provided above. All such payments shall be valid to satisfy and discharge the liability upon such 2019I Bond Bank Bond to the extent of the sum or sums so paid.

Redemption

Optional Redemption of 2019I Bond Bank Bonds. The 2019I-1 Bond Bank Bonds are subject to redemption prior to maturity, in whole or in part, in order of maturity determined by the Bond Bank, upon the direction of the Authority, and by lot within a maturity, commencing January 1, 2030, at the redemption price of 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption, and without premium. The 2019I-2 Bond Bank Bonds maturing on or after January 1, 2031 are subject to redemption prior to maturity, in whole or in part, in order of maturity determined by the Bond Bank, upon the direction of the Authority, and by lot within a maturity, commencing January 1, 2030, at the redemption price of 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption, and without premium.

Mandatory Sinking Fund Redemption for the 2019I Term Bonds. The 2019I-1 Bond Bank Bonds maturing on January 1, 2044 (the “*2044 Term Bond*”) and January 1, 2050 (the “*2050 Term Bond*”, and collectively with the 2044 Term Bond, the “*Term Bonds*”) are subject to mandatory sinking fund redemption in part, on January 1 in the years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount of such Term Bond to be redeemed plus the unpaid interest accrued thereon to the date fixed for redemption, all in the manner provided in the Indenture:

Term Bonds due January 1, 2044

<u>Year</u>	<u>Amount</u>
2040	\$ 590,000
2041	4,125,000
2042	4,330,000
2043	4,545,000
2044*	4,775,000

* Final maturity

Term Bonds due January 1, 2050

<u>Year</u>	<u>Amount</u>
2045	\$ 5,010,000
2046	5,210,000
2047	5,420,000
2048	5,635,000
2049	5,860,000
2050*	6,095,000

* Final maturity

Selection of Bonds to be Redeemed. If fewer than all of the 2019I Bond Bank Bonds will be called for redemption, the principal amount and maturity of the particular 2019I Bond Bank Bonds to be redeemed shall be selected by the Bond Bank, at the direction of the Authority, provided that the 2019I Bond Bank Bonds shall be redeemed only in integral multiples of \$5,000 principal amount. If the 2019I Bond Bank Bonds are held in a book entry only system, the 2019I Bond Bank Bonds within a maturity to be redeemed shall be selected by the Depository Company in such manner as the Depository Company may determine. If the 2019I Bond Bank Bonds are not held in the Book Entry System, the Registrar shall select the particular 2019I Bond Bank Bonds to be redeemed within a maturity by lot in such manner, as the Registrar in its sole discretion may deem fair and appropriate. If any of the 2019I Bond Bank Bonds are simultaneously subject to both optional and mandatory redemption, the Bond Bank Trustee shall first select by lot the 2019I Bond Bank Bonds to be redeemed under the optional redemption provisions.

Notice of Redemption. In the case of redemption of the 2019I Bond Bank Bonds, notice of the call for any such redemption identifying the 2019I Bond Bank Bonds, or portions of 2019I Bond Bank Bonds to be redeemed shall be given by the Bond Bank Trustee by mailing a copy of the redemption notice by first class mail at least 30 days but not more than 45 days prior to the date fixed for redemption to the registered owner of each 2019I Bond Bank Bond to be redeemed at the address shown on the registration books. Failure to give such notice by mailing to any bondholder, or any defect in the notice, shall not affect the validity of any proceeding for the redemption of any other 2019I Bond Bank Bonds. On the date fixed for redemption of any 2019I Bond Bank Bond, funds for the payment thereof shall be on deposit in the Redemption Account (as defined in "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of the Indenture") representing monies deposited by the Authority with the Bond Bank Trustee, and the Bond Bank Trustee shall be directed to apply such funds to the payment of each 2019I Bond Bank Bond or portion thereof called for redemption, together with accrued interest thereon to the redemption date and any required premium. Such notice of redemption may be conditional and may be cancelled by the Bond Bank at any time prior to the date fixed for redemption. Additionally, after the delivery of notice, in the event such monies are not on deposit in the Redemption Account on the date fixed for redemption, such 2019I Bond Bank Bonds shall not be redeemed and the 2019I Bond Bank Bonds shall remain outstanding as if no notice of redemption had been given. On the date so designated for redemption, notice having been given in the manner and under the conditions provided above, and any conditions precedent to such redemption having been satisfied, any 2019I Bond Bank Bond or portion thereof so called for redemption shall become due and payable at the redemption price provided for in the Indenture.

SECURITY AND SOURCES OF PAYMENT FOR THE 2019I BOND BANK BONDS

The 2019I Bond Bank Bonds Are Limited Obligations

The 2019I Bond Bank Bonds will be limited obligations of the Bond Bank, issued under the Indenture, payable solely from and secured exclusively by the Trust Estate, which consists of the following:

- i. the respective 2019C Authority Bonds, and the earnings thereon and all proceeds thereof, including all amounts paid or required to be paid for principal and interest by the Authority to the Bond Bank on the 2019C Authority Bonds (“*Qualified Obligation Payments*”);
- ii. the Funds and Accounts established under the Indenture and all moneys and investments therein; and
- iii. the income, revenues and profits of the Funds and Accounts, including the Qualified Obligation Payments, and earnings and profits (after consideration of any accrued interest paid and/or amortization of premiums or discount on the investment) of the moneys in the Funds and Accounts.

The 2019I Bond Bank Bonds, together with interest thereon, are limited obligations of the Bond Bank payable solely from the Trust Estate and will be a valid claim of the respective owners thereof only against the Trust Estate. The 2019I Bond Bank Bonds do not constitute a debt, liability or loan of the credit of the State, any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority, under the constitution and laws of the State or a charge against or a pledge of the faith, credit and taxing power of the State, any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority, but will be payable solely from the Trust Estate. The issuance of the 2019I Bond Bank Bonds under the provisions of the Bond Bank Act does not directly, indirectly or contingently obligate the State, any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority, to levy any form of taxation for the payment thereof or to make any appropriation for their payment. Neither the State or any political subdivision thereof, the City, the County, any Qualified Entity, including the Authority, nor any agent, attorney, member, officer, director or employee of the State or any political subdivision thereof, the City, the County, any Qualified Entity, including the Authority, or of the Bond Bank will in any event be liable for the payment of the principal of or interest on the 2019I Bond Bank Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Bond Bank. No breach by the Bond Bank of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority, or upon any agents, members, attorneys, employees, officers or directors of the State, any political subdivision, the City, the County, any Qualified Entity, including the Authority, or the Bond Bank or any charge upon the general credit of the State or any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority, or a charge against the taxing power of the State, any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority. **The Bond Bank has no taxing power.**

Pledge of 2019C Authority Bonds and Payments Thereon

To secure the payment of the principal of, premium, if any, and interest on the 2019I Bond Bank Bonds, the Indenture creates the continuing pledge of, and lien on, the 2019C Authority Bonds and all payments and earnings thereon, as well as all Funds and Accounts established by the Indenture and proceeds thereof, for the benefit of the owners of the 2019I Bond Bank Bonds. The principal, premium, if any, and interest payments to be made by the Authority on the 2019C Authority Bonds are identical to the principal of, premium, if any, and interest due on the 2019I Bond Bank Bonds. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS” and “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

Under the Bond Bank Act and IC 5-1-14-4, such pledge will be valid and binding from and after the date of delivery of each series of the 2019I Bond Bank Bonds under the Indenture, and the respective 2019C Authority Bonds and the payments thereon shall be immediately subject to the lien of such pledge without any physical

delivery of the payments or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, irrespective of whether such parties have notice thereof.

As purchaser and owner of the 2019C Authority Bonds, the Bond Bank has available to it all remedies available to owners or holders of securities issued by qualified entities provided under the Bond Bank Act. The Bond Bank Act provides that upon the sale and the delivery of any qualified obligation (such as the 2019C Authority Bonds) to the Bond Bank, a Qualified Entity (such as the Authority) will be deemed to have agreed that all statutory defenses to nonpayment are waived if such Qualified Entity fails to pay principal of or interest on such qualified obligation when due. In such instance, the Bond Bank will be considered a holder or owner of securities that are in default. The Bond Bank is obligated under the Indenture to avail itself of all remedies and provisions of law applicable in the circumstances and the failure to exercise any right or remedy within a time or period provided by law may not, according to the Bond Bank Act, be raised as a defense by the defaulting Authority. The Bond Bank will monitor the compliance and consult regularly with the Authority with respect to its requirements under the 2019C Authority Bonds, including the making of payments on the 2019C Authority Bonds to the Bond Bank.

As owner of the 2019C Authority Bonds, the Bond Bank may consent to amendments to the Authority Bond Ordinance and other modifications of the 2019C Authority Bonds without obtaining consent or approval of the holders of the 2019I Bond Bank Bonds or the Bond Bank Trustee. However, the Bond Bank has agreed in the Indenture that: (i) it will not sell, release or dispose of the 2019C Authority Bonds unless the Bond Bank supplies the Bond Bank Trustee with a cash flow certificate to the effect that, following such change, revenues expected to be received by the Bond Bank in each Fiscal Year, together with monies expected to be held in the funds and accounts established under the Indenture, will at least equal the debt service on all outstanding 2019I Bond Bank Bonds in each such Fiscal Year; and (ii) without the consent of any of the holders of the 2019I Bond Bank Bonds, it will only agree to changes to the Authority Bond Ordinance if such changes will not adversely affect any then existing rating from a Rating Agency (as defined in the Indenture) of all Bond Bank Bonds Outstanding under the Indenture.

There is no debt service reserve fund for the 2019I Bond Bank Bonds required under the Indenture, nor will one be provided. However, the Bond Bank holds the 2019C Authority Bonds as security for the 2019I Bond Bank Bonds and the Authority has established the 15/19C Reserve Account in accordance with the Authority Master Ordinance and the Authority Supplemental Ordinance to provide additional security for the payments to be made to the Bond Bank on the 2019C Authority Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Revenue Bond Reserve Fund” below.

The Bond Bank has also agreed to consult with the Authority, as necessary from time to time, with regard to the actions needed to be taken by the Authority to preserve the excludability of the interest on the 2019I Bond Bank Bonds from the gross income of the holders of the 2019I Bond Bank Bonds. See “TAX MATTERS.”

SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS

Outstanding Authority Bonds and 2019C Authority Bonds

The Authority’s General Ordinance No. 4-2002, adopted on December 20, 2002 (the “*2002 Authority Master Ordinance*,” which amended and restated General Ordinance No. 6-1985 adopted on November 4, 1985) had subsequently been supplemented and amended from time to time. The Authority consolidated and restated the 2002 Authority Master Ordinance and its subsequent amendments in the Authority’s General Ordinance No. 5-2014, adopted August 15, 2014 (the “*Authority Master Ordinance*”), and the Authority subsequently adopted the 2019 Authority Supplemental Ordinance in connection with the issuance of the 2019C Authority Bonds (collectively, the “*Authority Bond Ordinance*”).

The 2019C Authority Bonds are special obligations of the Authority. The 2019C Authority Bonds are issued under and secured by the Authority Bond Ordinance. The 2019C Authority Bonds are secured by a pledge of Net Revenues of the Airport System on parity with other Authority Revenue Bonds and any other Additional Authority Bonds issued by the Authority in the future in accordance with the Authority Act and the Authority Bond Ordinance, except differences as described below with respect to separate accounts of the Authority’s Revenue Bond Reserve Fund. See “SECURITY AND SOURCES OF PAYMENT OF THE 2019C AUTHORITY

BONDS—Revenue Bond Reserve Fund.” As of November 5, 2019, the Authority had \$863,105,000 of Outstanding Authority Revenue Bonds. As set forth in the table below, as will be the case with the 2019C Authority Bonds, certain Outstanding Authority Bonds (as defined below) were issued in conjunction with related Bond Bank Bonds, while some Authority Revenue Bonds are not held by the Bond Bank:

<u>Bond Bank Series</u>	<u>Authority Series</u>	<u>Defined Term Herein</u>	<u>Prior to the Issuance of the 2019I Bonds</u>	<u>After the Issuance of the 2019I Bonds</u>
N/A	Series 2010A	the “2010A Authority Bonds”	\$ 20,140,000	\$ 0
Series 2010L	Series 2010C	the “2010C Authority Bonds”	152,840,000	152,840,000
Series 2014D	Series 2014A	the “2014A Authority Bonds”	163,850,000	163,850,000
Series 2015I	Series 2015A	the “2015A Authority Bonds”	178,690,000	178,690,000
Series 2016A	Series 2016A-1	the “2016A-1 Authority Bonds”	114,585,000	114,585,000
Series 2016A	Series 2016A-2	the “2016A-2 Authority Bonds”	15,655,000	15,655,000
N/A	Series 2019A	the “2019A SRF Authority Bonds”	30,000,000	30,000,000
Series 2019D	Series 2019B	the “2019B Authority Bonds”	149,130,000	149,130,000
Series 2019I	Series 2019C	the “2019C Authority Bonds”	0	67,595,000
N/A	Series 2019D	the “2019D SRF Authority Bonds”	38,215,000	38,215,000
			<u>\$ 863,105,000</u>	<u>\$ 910,560,000</u>

The 2010A Authority Bonds, the 2010C Authority Bonds, the 2014A Authority Bonds, the 2015A Authority Bonds, the 2016A-1 Authority Bonds, the 2016A-2 Authority Bonds, the 2019A SRF Authority Bonds, the 2019B Authority Bonds, and the 2019D SRF Authority Bonds are collectively referred to herein as the “*Outstanding Authority Revenue Bonds*”. Documentation for the Outstanding Authority Bonds, including the Variable Rate Direct Purchase Bonds, the 2019A SRF Authority Bonds and 2019 SRF Authority Bonds, is available to the public on the Electronic Municipal Markets Access System of the Municipal Securities Rulemaking Board (“EMMA”) found at www.emma.msrb.org.

The 2019C Authority Bonds will be issued in a principal amount equal to the aggregate principal amount of the 2019I Bond Bank Bonds, and will be dated their date of delivery. The 2019C Authority Bonds will mature in the same amounts and on the same maturity dates as the 2019I Bond Bank Bonds, and will bear interest payable on each January 1 and July 1 beginning July 1, 2020, at the same per annum interest rates as the 2019I Bond Bank Bonds. Principal of, premium, if any, and interest on the 2019C Authority Bonds will be paid directly to the Bond Bank Trustee (for the account of the Bond Bank). The 2019C Authority Bonds are subject to redemption prior to maturity upon terms identical to the terms of redemption of the 2019I Bond Bank Bonds. See “THE 2019I BOND BANK BONDS.”

The 2019C Authority Bonds and the principal of and the interest on the 2019C Authority Bonds are not a general obligation of the Authority, the Authority Board, the Bond Bank, the County or the City nor a charge, a lien or an encumbrance, legal or equitable, upon property of the Authority, the Authority Board, the Bond Bank, the County or the City, or upon income, receipts or revenues of the Authority, the Authority Board, the Bond Bank, the County or the City other than those revenues of the Authority that have been specifically pledged to the payment of the 2019C Authority Bonds. THE 2019C AUTHORITY BONDS ARE NOT PAYABLE FROM FUNDS RAISED OR TO BE RAISED BY TAXATION.

Variable Rate Direct Purchase Bonds

On August 22, 2019 the Bond Bank issued the 2019D Bond Bank Bonds to refund a portion of the 2010L Bond Bank Bonds and terminated a portion of the related Qualified Derivative Agreements to reduce risks associated with hedged variable rate bonds. As of November 5, 2019, the Authority still had \$152,840,000 principal amount of variable rate 2010C Authority Bonds outstanding that are held by the Bond Bank as security for the Bond Bank’s Bonds, Series 2010L (“*Variable Rate Bonds*”), all of which Variable Rate Bonds are held by various banks and subject to related Qualified Derivative Agreements. See “RISKS AND OTHER INVESTMENT

CONSIDERATIONS—Interest Rate Risks.” Table 2 below provides summary information with respect to the Variable Rate Bonds. Documentation for the Variable Rate Bonds is available to the public on EMMA found at www.emma.msrb.org.

Table 2

Variable Rate Bonds					
	Series 2010L-1 Bonds	Series 2010L-2 Bonds	Series 2010L-3 Bonds	Series 2010L-4 Bonds	Series 2010L-5 Bonds
Outstanding Principal Amount	\$46,505,000	\$23,250,000	\$20,660,000	\$30,985,000	\$31,440,000
Mandatory Tender Date	7/31/2020	7/29/2022	7/29/2022	7/29/2022	7/31/2020
Purchaser	Banc of America Preferred Funding Corporation	PNC Bank, National Association	Old National Bank	Wells Fargo Municipal Capital Strategies LLC	Banc of America Preferred Funding Corporation
Margin Rate Factor	-	1.21538	-	1.21538	-
Spread	43 basis points	40 basis points	62 basis points	40 basis points	43 basis points

Qualified Derivative Agreements

To provide a synthetic fixed rate for the Variable Rate Bonds, the Authority and, in some cases, the Bond Bank as well, entered into various Qualified Derivative Agreements with various counterparties (each a “Counterparty”), which currently include J.P. Morgan Chase Bank, N.A. (“JP Morgan Chase”), Wells Fargo Bank, National Association (“Wells Fargo”), and Merrill Lynch Capital Services, Inc. (“Merrill”). Such agreements are “Qualified Derivative Agreements” (as defined in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance”) under the Authority Bond Ordinance, and certain of the Authority’s payment obligations under such agreements are paid on parity with Authority Revenue Bonds. For additional information, see Note 7 to the Authority Audited Financial Statements attached as Appendix A.

The terms of the Qualified Derivative Agreements, other than the fixed-rate payer portion, are substantially similar and provide for payments to or from the applicable Counterparty equal to the difference between the fixed rate payable by the Authority to the applicable Counterparty shown in Table 3 below and 75% of one-month LIBOR payable by such Counterparty to the Authority, based on the outstanding notional principal amount shown in the table below, which amounts amortize with the corresponding Variable Rate Bonds. The Counterparties, notional amounts, fixed rates payable by the Authority to the Counterparties under such agreements, termination dates and credit ratings of the Counterparties are shown in Table 3 below. Documentation for the Qualified Derivative Agreements is available to the public on EMMA found at www.emma.msrb.org.

The notional amounts of each of the Qualified Derivative Agreements hedging the Variable Rate Bonds are shown in Table 3 below.

Table 3

QUALIFIED DERIVATIVE AGREEMENTS				
Counterparty	<u>JP Morgan Chase*</u>	<u>JP Morgan Chase*</u>	<u>Wells Fargo</u>	<u>Merrill</u>
Outstanding Notional Amount	\$51.645 million	\$31.440 million	\$46.503 million	\$23.252 million
Fixed Rate	4.0325%	4.1500%	3.7775%	3.7860%
Associated Debt	2010L-3, L-4	2010L-5	2010L-1, L-2	2010L-1, L-2
Maturity Date	January 1, 2036	January 1, 2037	January 1, 2033	January 1, 2033
Swap Insurance	Yes**	Yes**	No	No
Source: Indianapolis Airport Authority; credit rating agencies.				
*The Bond Bank is not a party to these Qualified Derivative Agreements.				
**The Authority's obligations are insured by Assured Guaranty Municipal Corp.				

All payments under Qualified Derivative Agreements other than termination payments, if any, are made by the Authority from Net Revenues in the Revenue Bond Interest and Principal Fund (as defined herein) on parity with payments on the Authority Revenue Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Pledge of Authority Net Revenues" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS—Qualified Derivative Agreements." The termination payments, if any, are payable on a subordinate basis to the payment of the Authority Revenue Bonds.

Pursuant to the Authority Bond Ordinance, a "Qualified Derivative Agreement" means a derivative agreement entered into by the Authority with a counterparty that is rated, at the time of execution, at least (i) as high as the then current rating on the Authority Revenue Bonds (without regard to credit enhancement), or (ii) in a category not lower than the "A" category now used by each rating agency. The Authority has filed a certificate with the Authority Trustee indicating that each of the above-described derivative agreements is a Qualified Derivative Agreement under the Authority Bond Ordinance.

The Authority and the Bond Bank have acquired from Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc. ("AGM")) swap insurance policies for the two Qualified Derivative Agreements with JP Morgan Chase described in Table 3. Under the swap insurance policies, AGM guarantees the payment of the Authority's regularly scheduled net payments under each such Qualified Derivative Agreement. In consideration of its obligations under the swap insurance policies, AGM is entitled to certain rights against the Authority and the counterparties with respect to the insured swap transactions. Documentation concerning the AGM policy and related obligations of the Authority is available to the public on EMMA found at www.emma.msrb.org in the Official Statement for the 2019D Bond Bank Bonds.

The Authority is not obligated to post collateral for any potential termination payment under the Qualified Derivative Agreements under any circumstances.

Outstanding Authority Subordinate Bonds

The Authority Master Ordinance permits the issuance of Subordinate Securities that have a subordinate and junior lien on the Net Revenues. On February 16, 2018, the Authority adopted General Ordinance No. 1-2018 authorizing the issuance of Indianapolis Airport Authority Subordinate Securities, Series 2018A (the "2018A Subordinate Securities") in an amount not to exceed \$175,000,000 to finance: (i) various stormwater improvements

at the Airport, (ii) modifications to the baggage system in or related to the Airport terminal and (iii) capitalized interest on the above projects until completion. The 2018A Subordinate Securities were purchased by the Bond Bank and are held by the Bond Bank to secure the Subordinate Bond Bank Notes, Series 2018B (Indianapolis Airport Authority Project) (the “*Subordinate Bond Bank Notes*”) issued on March 7, 2018. The Subordinate Bond Bank Notes were purchased by Bank of America, N.A. (the “*2018B Note Purchaser*”) pursuant to the terms of a Continuing Covenant Agreement (the “*Subordinate CCA*”) between the 2018B Note Purchaser and the Authority under which the Authority could draw, from time to time, on the Subordinate Bond Bank Notes to pay for project costs and interest during construction of the applicable Authority projects (the “*2018B Subordinate Line of Credit*”). On March 28, 2019, the Authority reduced the maximum amount of the 2018B Subordinate Line of Credit to \$142,500,000. As of the date hereof, the Authority had drawn a total amount of \$87,140,000 (of which \$58,470,000 is currently outstanding) under the reduced 2018B Subordinate Line of Credit and the Authority anticipates refunding such outstanding amount with the proceeds of the 2019I-1 Bond Bank Bonds. \$55,360,000 of the 2018B Subordinate Line of Credit is still available to be drawn by the Authority after the issuance of the 2019I Bond Bank Bonds. The Authority may continue to draw on the 2018B Subordinate Line of Credit to fund construction of eligible projects at the Airport and expects that any amounts so borrowed will be refinanced with Authority Revenue Bonds expected to be issued before the maturity of the 2018B Subordinate Line of Credit. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS—Interest Rate Risks.” All amounts borrowed on the 2018A Subordinate Securities are due on March 1, 2021. The Subordinate CCA and additional information related to the 2018B Subordinate Securities is available to the public on EMMA found at www.emma.msrb.org.

Pledge of Authority Net Revenues

The 2019C Authority Bonds are special obligations of the Authority, payable on parity with other Outstanding Authority Revenue Bonds, and are payable solely from and secured exclusively by a lien upon the Net Revenues of the Airport System (“*Net Revenues*”), except to the extent certain Authority Revenue Bonds are secured by monies in only certain accounts of the Revenue Bond Reserve Fund (as defined in “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance”). Neither the Authority nor the Authority Board is under any obligation to pay the 2019C Authority Bonds except from such Net Revenues and other funds that secure such bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Revenue Bond Reserve Fund” herein concerning the debt service reserve account held for the 2019C Authority Bonds and the other Authority Revenue Bonds.

Net Revenues are (i) Gross Revenues (as defined herein) less (ii) Operation and Maintenance Expenses (as defined herein).

“Gross Revenues” consist of all revenues, income, accounts and general intangibles from the Airport System, including but not limited to rents, charges, landing fees, user charges, revenues from concessionaires, ground rents from Special Purpose Facilities (as defined herein) and similar revenues, but excluding revenue from ad valorem taxes or payments in lieu of taxes, payments received on any Investment Swap or Derivative Agreement (each as defined in the Authority Bond Ordinance) (other than a Qualified Derivative Agreement), Federal Payments (as defined below), PFCs and similar charges, grants-in-aid, gifts, investment income, bond or loan proceeds, proceeds from the sale of Airport System capital assets, revenues derived from the reversion of an interest in property following the expiration of a lease, Released Revenues (as defined below) and rental payments made for Special Purpose Facilities to provide for debt service and for an allocable portion of administrative costs for such facilities. “Special Purpose Facilities” are facilities which are leased from the Authority pursuant to which the lessee agrees to pay to the Authority rentals or fees sufficient to pay the principal and interest on bonds issued to pay the cost of construction of the Special Purpose Facility plus such further rentals or fees necessary to maintain all reserves or pay necessary administrative expenses required for Special Purpose Facilities. “Federal Payments” are those funds received by the Airport System from the federal government or any agency thereof as payments for the use of any facilities or services of the Airport System, but excluding grants-in-aid and all mandated payments, including payments from the Transportation Security Administration. Federal Payments do not include PFCs, CFCs or similar charges. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Qualified Derivative Agreements” and “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance.” See a detailed discussion of “Dedicated Revenues” in “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance.”

Pursuant to the Authority Bond Ordinance the Authority may identify and determine that any revenues (including revenues, fees, income and receipts that would otherwise be considered to be Gross Revenues) are to be designated as Released Revenues by filing the following items with the Authority Trustee:

- (a) a written request of an Authorized Airport Representative to release such revenues, accompanied by a certificate of such Authorized Airport Representative certifying the Authority is in compliance with all requirements of the Authority Bond Ordinance;
- (b) either: (i) an Accountant's Certificate to the effect that Net Revenues, excluding the revenues proposed to become Released Revenues, for each of the two (2) latest Fiscal Years for which audited financial reports are available were equal to at least 135% of the Debt Service Requirement for each of such Fiscal Years; or (ii) a certificate of an Airport Consultant to the effect that based upon current knowledge of the operation of the Airport, Net Revenues, excluding the revenues proposed to become Released Revenues, for the current Fiscal Year will be equal to at least 135% of the Debt Service Requirement for such Fiscal Year;
- (c) proof of notice provided to each Rating Agency of the Authority's intent to release such revenues from the definition of Gross Revenues; and
- (d) an opinion of bond counsel to the effect that the exclusion of such revenues from the definition of Gross Revenues and from the pledge, charge and lien of the Authority Bond Ordinance will not adversely affect the tax exempt status of the interest on any Tax-Exempt Bond Outstanding under the Authority Bond Ordinance.

In such event, the Released Revenues shall not be deposited in or shall be released from the Airport System Fund and shall not be pledged as security for the Authority Revenue Bonds. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance," definitions used for these provisions. However, the Authority has never designated, and has no current intention to designate, any Gross Revenues as Released Revenues.

"Operation and Maintenance Expenses" consist of the reasonable and necessary current expenses of the Authority paid or accrued in operating and maintaining the Airport System, including, but not limited to: (i) costs of collecting Gross Revenues and making refunds; (ii) engineering, audit reports, legal and administrative expenses; (iii) salaries, wages, and other compensation; (iv) costs of routine repairs, replacements and renewals; (v) costs of utility services; (vi) general administrative overhead of the Authority; (vii) material and supplies used in the ordinary course of business; (viii) contractual and professional services; (ix) costs of insurance and fidelity bonds; (x) costs of carrying out provisions of the Authority Bond Ordinance; (xi) costs of any single item of \$250,000 or less (as specified in the Airline Agreement or such other amount, if any, specified in a future Airline Agreement) or which has a useful life of less than two years; and (xii) all other routine costs and expenses or costs and expenses required by law to be paid by the Authority. However, "Operation and Maintenance Expenses" do not include any allowance for depreciation, any debt service, any payment due on a Derivative Agreement, and do not include any operation and maintenance expenses incurred in connection with Special Purpose Facilities which are reimbursed by the lessee thereof, nor any expenses paid (or the portion paid) by assets, grants or other moneys received by the Authority, but only to the extent such assets, grants or other moneys are not included in Gross Revenues. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance."

Authority Funds and Accounts

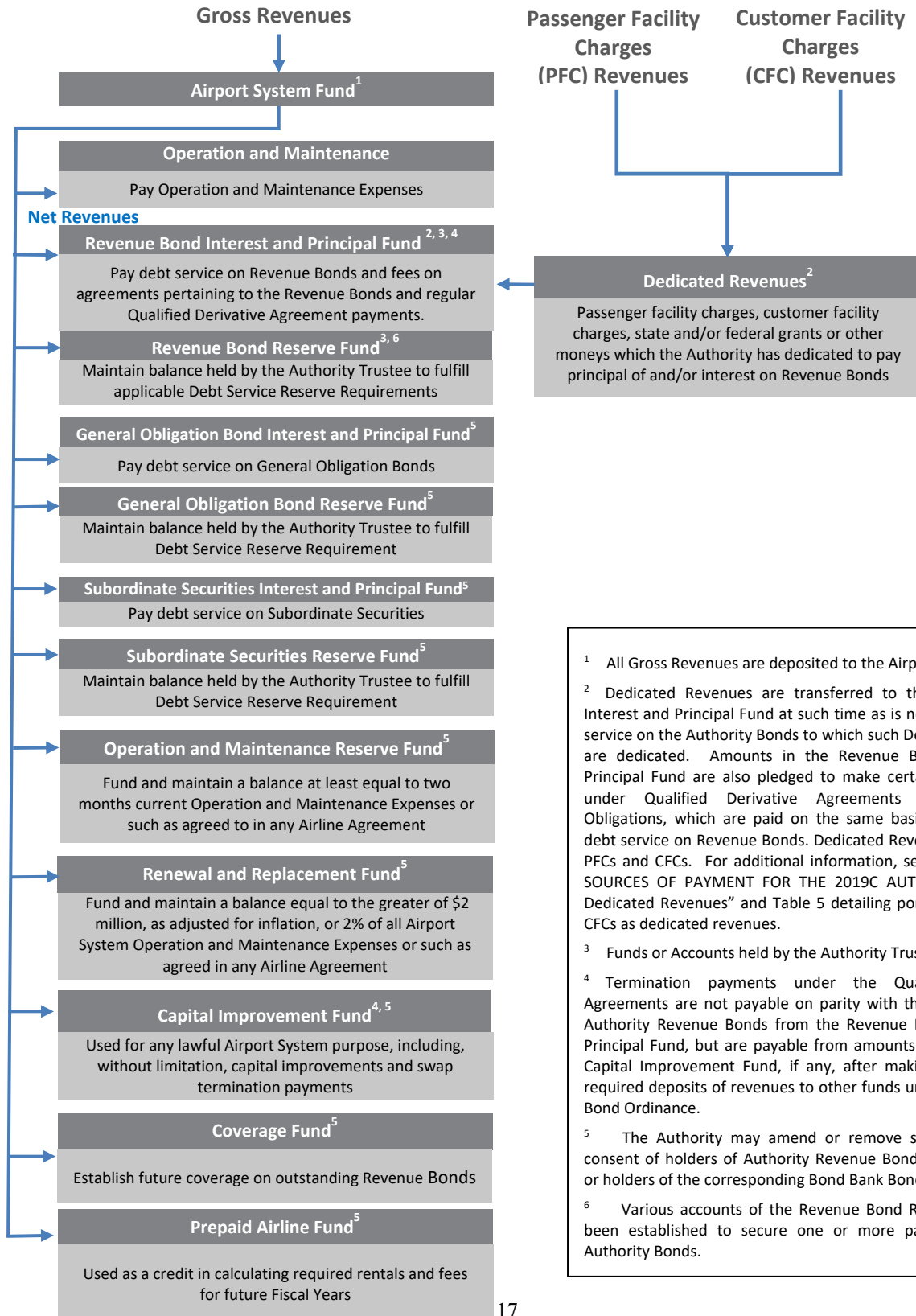
The application of Gross Revenues is governed by the provisions of the Authority Bond Ordinance. The Authority Bond Ordinance creates a special fund designated as the Airport System Fund which is held by the Authority, in which the Authority is required to deposit all Gross Revenues upon receipt by the Authority. Monies held in the Airport System Fund are then applied and deposited into the funds and accounts established pursuant to the Authority Bond Ordinance, as illustrated in the chart below. Gross Revenues in the Airport System Fund are to be applied first to the payment of all current Operation and Maintenance Expenses and then to the Revenue Bond Interest and Principal Fund and Revenue Bond Reserve Fund in the amounts required by the Authority Bond

Ordinance. Although certain PFCs, CFCs and other monies of the Authority may be irrevocably designated as Dedicated Revenues pursuant to the Authority Bond Ordinance, such monies will not be pledged to secure Authority Revenue Bonds pursuant to such designations. The Authority may agree to hold such PFCs and other monies of the Authority exclusively to pay a portion of the debt service on Authority Revenue Bonds and related Qualified Derivative Agreement payments, to the extent allowed by law. Revenues remaining after the payment of Operation and Maintenance Expenses, debt service on all outstanding Authority Revenue Bonds, General Obligation Bonds (if any) and Subordinate Securities (if any) (as each is defined herein) and other fund deposit requirements (including the Capital Improvement Fund and Coverage Fund) are transferred to the Prepaid Airline Fund. See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance.”

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Table 4

The following chart depicts the flow of funds under the Authority Bond Ordinance:



¹ All Gross Revenues are deposited to the Airport System Fund.

² Dedicated Revenues are transferred to the Revenue Bond Interest and Principal Fund at such time as is needed to pay debt service on the Authority Bonds to which such Dedicated Revenues are dedicated. Amounts in the Revenue Bond Interest and Principal Fund are also pledged to make certain payments due under Qualified Derivative Agreements and Repayment Obligations, which are paid on the same basis as payments of debt service on Revenue Bonds. Dedicated Revenues may include PFCs and CFCs. For additional information, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS -- Dedicated Revenues" and Table 5 detailing portions of PFCs and CFCs as dedicated revenues.

³ Funds or Accounts held by the Authority Trustee.

⁴ Termination payments under the Qualified Derivative Agreements are not payable on parity with the payment of the Authority Revenue Bonds from the Revenue Bond Interest and Principal Fund, but are payable from amounts on deposit in the Capital Improvement Fund, if any, after making the previously required deposits of revenues to other funds under the Authority Bond Ordinance.

⁵ The Authority may amend or remove such fund without consent of holders of Authority Revenue Bonds, the Bond Bank, or holders of the corresponding Bond Bank Bonds, as applicable.

⁶ Various accounts of the Revenue Bond Reserve Fund have been established to secure one or more particular series of Authority Bonds.

Use and Pledge of Amounts in Funds and Accounts

Amounts in the Airport System Fund are not pledged to secure the Authority Revenue Bonds, and all current Operation and Maintenance Expenses of the Airport System are paid prior to making any deposits to the Revenue Bond Interest and Principal Fund. Further, amounts deposited in the General Obligation Bond Interest and Principal Fund and the General Obligation Bond Reserve Fund, if any, are pledged solely for the purpose of securing General Obligation Bonds, if any, and amounts transferred to the Subordinate Securities Interest and Principal Fund and Subordinate Securities Reserve Fund, if any, are pledged solely to secure the Subordinate Securities, if any. Amounts in the Operation and Maintenance Reserve Fund may be used by the Authority to pay Operation and Maintenance Expenses for which amounts are not otherwise available in the Airport System Fund and to pay costs and expenses payable from the Renewal and Replacement Fund. Amounts in the Renewal and Replacement Fund may be used to pay for any extraordinary costs of replacing depreciable property and equipment of the Airport System and for making extraordinary repairs, replacements or renovations to the Airport System or to pay Operation and Maintenance Expenses for which insufficient amounts are available in the Airport System Fund. Amounts in the Capital Improvement Fund may be used for any lawful Airport System purpose, including without limitation, payment for capital improvements and swap termination payments, if any. Amounts in the Coverage Fund may be used for any lawful purpose of the Authority as set forth below. Amounts in the Prepaid Airline Fund (as described and defined in the Authority Bond Ordinance) may be used for any Airport System purpose deemed necessary by the Authority. Except for amounts in the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund, no amounts in any other Funds and Accounts are pledged to secure the Authority Revenue Bonds. See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance.”

Amendment to Flow of Funds

The Authority Bond Ordinance permits the Authority to modify the flow of funds set forth above (except for the requirement to first pay Operation and Maintenance Expenses and then to fund the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund) at any time without the consent of any other party, including the Bond Bank (as the owner of the 2019C Authority Bonds), the Authority Trustee, the owners of the 2019I Bond Bank Bonds or the Bond Bank Trustee. The effect of any amendment does not obviate the need of the Authority to continue to comply with the Rate Covenant (as defined herein) or any other provisions of the Authority Bond Ordinance.

Pursuant to the Authority Bond Ordinance, the Authority has created a Coverage Fund. Gross Revenues deposited to the Airport System Fund and not needed for payment of Operation and Maintenance Expenses, or for deposit to the Revenue Bond Interest and Principal Fund, Revenue Bond Reserve Fund, General Obligation Bond Interest and Principal Fund, General Obligation Bond Reserve Fund, Subordinate Securities Interest and Principal Fund, Subordinate Securities Reserve Fund, Operation and Maintenance Reserve Fund, Renewal and Replacement Fund and Capital Improvement Fund, may be deposited in the Coverage Fund. Although there is no obligation to fund the Coverage Fund or to continue the Coverage Fund once funded, the Authority currently maintains an amount at least equal to 25% of the Debt Service Requirements on all outstanding Authority Revenue Bonds for the subsequent year in the Coverage Fund. Amounts in the Coverage Fund will be used for the purposes of establishing historic and future coverage on Outstanding Authority Revenue Bonds, and will be considered in meeting the additional bonds test for the issuance of new Authority Revenue Bonds. The Coverage Fund is also included in the Authority’s calculation of rates and charges under the Airline Agreements. In particular, for purposes of determining compliance with the Rate Covenant (as defined herein), amounts in the Coverage Fund, together with amounts in the Prepaid Airline Fund, will be added to Net Revenues received in a Fiscal Year for purposes of determining whether Net Revenues received in such Fiscal Year are equal to the greater of (a) amounts required to be deposited in such Fiscal Year to the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund, or (b) an amount not less than 125% of the annual Debt Service Requirements for all Authority Revenue Bonds in such Fiscal Year (after consideration of Dedicated Revenues). See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Rate Covenant” and “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance.” Accordingly, to the extent that the Authority has amounts on deposit in the Coverage Fund, potential purchasers of the 2019I Bond Bank Bonds should understand that the Authority may establish rentals, rates, fees and other charges for the use of the Airport System that in any particular Fiscal Year provide insufficient Net Revenues (without

regard to amounts on deposit in the Coverage Fund) to satisfy the coverage requirements set forth in the Rate Covenant and if the moneys in the Coverage Fund are spent at any time, rates and charges can be or may need to be adjusted in the following year in order to satisfy the Rate Covenant.

Revenue Bond Reserve Fund

The Authority is permitted to establish separate accounts within the Revenue Bond Reserve Fund for one or more series of Authority Revenue Bonds at any time, and from time to time, and to set the applicable Debt Service Reserve Requirement for each such account. Each separate reserve fund account would be subject to the lien of only those particular series of Authority Revenue Bonds for which such account was created and pledged. In addition, the Authority may issue Additional Authority Bonds which do not have a lien on the Revenue Bond Reserve Fund, and if such Additional Authority Bonds are issued, the Authority would not take the debt service for such series of Additional Authority Bonds into account for purposes of determining any Debt Service Reserve Requirement. The following is a summary of the applicable reserve accounts held under the Authority Bond Ordinance.

<u>Certain Outstanding Authority Bonds¹</u>	<u>Securing Reserve Fund Account</u>
2010A Authority Bonds	10/15 Account
2014A Authority Bonds	14/16-1 Account
2015A Authority Bonds	10/15 Account
2016A-1 Authority Bonds	14/16-1 Account
2016A-2 Authority Bonds	2016A-2 Account
2019A SRF Authority Bonds	2019A Account
2019B Authority Bonds	2019B Account ²
2019D SRF Authority Bonds	2019D Account ³

¹The Variable Rate Bonds have no reserve.

² There is a reserve fund policy with Assured Guaranty Municipal Corp. that satisfies the 2019B Reserve Requirement.

³ The 2019D Account is only partially funded and the reserve requirement will be fully satisfied with monthly deposits over the next 24 months.

The 2010A Authority Bonds being refunded by the 2019I-2 Bond Bank Bonds are currently secured by the 10/15 Reserve Account created under the Authority Bond Ordinance. The 10/15 Reserve Account secures both the 2010A Authority Bonds and the 2015A Authority Bonds. Upon issuance of the 2019I Bond Bank Bonds, a portion of the funds on deposit in the 10/15 Reserve Account will be released to the Authority's Capital Improvement Fund, the 10/15 Reserve Account will be renamed the 15/19C Reserve Account and remaining amounts in such account will secure the 2015A Authority Bonds and the 2019C Authority Bonds on a parity basis. The Authority may satisfy the Debt Service Reserve Requirement for any or all reserve fund accounts, including the 15/19C Reserve Account, in whole or in part, by the delivery to the Authority Trustee of a surety bond, an insurance policy or a letter of credit. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance."

In any month, if any account in the Revenue Bond Reserve Fund contains less than the respective Debt Service Reserve Requirement for the applicable Authority Revenue Bonds, then on or before the last business day of such month, after making all required payments and provisions for payment of Operation and Maintenance Expenses and after making all required transfers to the Revenue Bond Interest and Principal Fund, the Authority will transfer to such accounts on a pro rata basis an amount sufficient to reestablish the Debt Service Reserve

Requirement for such Authority Revenue Bonds. After each Debt Service Reserve Requirement has been accumulated and for so long thereafter as each account of the Revenue Bond Reserve Fund contains such amount, no transfers will be required to be made to the Revenue Bond Reserve Fund. In the event and to the extent that moneys in the Revenue Bond Reserve Fund exceed the total of the combined Debt Service Reserve Requirements, such excess moneys may be released from the Revenue Bond Reserve Fund. Moneys in a particular account will be used to pay the principal of and interest only on the applicable Authority Revenue Bonds in the event and to the extent that available funds in the Revenue Bond Interest and Principal Fund are insufficient for such purpose, and such moneys may also be used to make the final payments for the retirement or defeasance of such Authority Revenue Bonds then outstanding.

Additionally, if the Authority obtains an opinion of bond counsel that the applicable provisions of the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder, and any applicable successor to them, do not permit the use of proceeds of a particular series of Authority Revenue Bonds to fund the entire amount needed to meet the Debt Service Reserve Requirement for such Authority Revenue Bonds, then the Authority may, at its option, take up to 24 months to deposit the difference between the Debt Service Reserve Requirement for such Authority Revenue Bonds and the portion of such Debt Service Reserve Requirement that may be funded, in the opinion of bond counsel, by such Authority Revenue Bonds (the “*Unfunded Portion*”) into the applicable account, provided that on the first business day of each month of such period the Authority will deposit into the applicable account an amount equal to the monthly pro rata allocation of the Unfunded Portion until the Debt Service Reserve Requirement for such Authority Revenue Bonds is otherwise funded in full.

Provisions for the 15/19C Reserve Requirement

Upon the issuance of the 2019C Authority Bonds, the 2010A Authority Bonds will be defeased and the 10/15 Reserve Account will thereafter secure the 2019C Authority Bonds on parity with the 2015A Authority Bonds (the “*Secured Bonds*”) and that account will thereafter be named the 15/19C Account. The 15/19C Reserve Account shall initially equal the Reserve Requirement for such Bonds, which will equal the least of the following: (1) the maximum annual principal and interest due on the Secured Bonds in any future calendar year; (2) 125% of the average annual principal and interest payments due on the Secured Bonds; and (3) 10% of the principal amount of the Secured Bonds, which amounts shall be calculated by an Authorized Airport representative and communicated to the Authority Trustee (the “*15/19C Debt Service Reserve Requirement*”). The Authority Bond Ordinance permits the Authority to issue Additional Authority Bonds in the future secured by the 15/19C Reserve Account and such account will then secure the Secured Bonds and such other Authority Revenue Bonds the Authority elects to secure with the 15/19C Reserve Account in the future. Each Secured Bond, including the respective 2019C Authority Bonds, will be secured on a pro rata basis with respect to all bonds secured by the 15/19C Reserve Account.

PFCs and CFCs

PFCs. The Authority is authorized by the Federal Aviation Administration (“*FAA*”) to collect a passenger facility charge (“*PFC*”) of \$4.50 per eligible enplaned passenger, of which the airlines retain an administrative fee, netting \$4.39 per eligible enplaned passenger to the Authority. The Authority received “use approval” from the FAA for \$524.9 million of PFC revenue for eligible project costs or to pay debt service on Authority Revenue Bonds issued to finance and refinance certain capital improvements at the Airport. As of December 31, 2018, the Authority had \$174.4 million of PFC use authority remaining to pay debt service on Authority Revenue Bonds, a portion of which is, or is expected to be, designated as Dedicated Revenues. From January 1 through December 31, 2018, the Authority collected PFC revenue (excluding interest income) of approximately \$19.0 million. As of December 31, 2018, the Authority had an unapplied PFC Fund balance of \$16.0 million.

CFCs. On March 17, 2006, the Authority adopted an ordinance establishing a customer facility charge (“*CFC*”) to be collected by rental car companies serving the Airport. Effective May 1, 2006, the rental car companies began to charge and collect a \$3.00 CFC per contract day (up to a maximum of 14 contract days) to be remitted to the Authority for use to pay debt service, capital, and operating costs related to the rental car facilities. Effective January 1, 2010, the Authority implemented and the rental car companies began to charge and collect a \$4.00 CFC per contract day (up to a maximum of 14 contract days). Effective March 1, 2019, the Authority implemented and the rental car companies began to charge and collect a \$5.00 CFC per contract day (up to a maximum of 14 contract days). Under the Authority’s current rate ordinance, the Authority may modify the CFC

rate upon 60 days' written notice to the rental car companies. In the event of an adjustment the Authority will provide the rental car companies with documentation and analysis of expenses supporting the adjustment, and shall take into consideration comments from the rental car companies. To date, the Authority has used its CFC revenues only for payment of debt service on Authority Revenue Bonds. The Authority has not dedicated CFCs to pay debt service in 2019 and plans to dedicate CFCs in the future for new debt service related to a future rental car facility enhancement and expansion project. From January 1 through December 31, 2018, the Authority collected CFC revenue (excluding interest income) of approximately \$7.4 million.

See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Rate Covenant" and "—Additional Bonds—*Authority Revenue Bonds*."

Dedicated Revenues

Pursuant to the Authority Bond Ordinance, the Authority may adopt an ordinance or resolution irrevocably designating certain PFCs, CFCs, state and/or federal grants or other moneys not otherwise treated as Gross Revenues, to the extent collected, as Dedicated Revenues (including, without limitation, PFCs and CFCs, as each are defined in "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance" herein) to be used exclusively to pay debt service on certain Authority Revenue Bonds. Although such Dedicated Revenues will not be pledged to secure the Authority Revenue Bonds, by such designation, the Authority will agree to hold and use such Dedicated Revenues exclusively for the payment of debt service on such Authority Revenue Bonds to the extent allowed by law. In such ordinance or resolution, the Authority will elect to exclude the debt service on certain Authority Revenue Bonds in an amount equal to such Dedicated Revenues for purposes of determining compliance with the Rate Covenant and the requirements for issuance of Additional Authority Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Additional Bonds." In the event that the Authority adopts an ordinance or resolution irrevocably designating certain Dedicated Revenues as described above, the Authority will transfer such Dedicated Revenues into the Revenue Bond Interest and Principal Fund at such time as is necessary to pay debt service when due on such Authority Revenue Bonds.

The Authority adopted a resolution on June 21, 2019, irrevocably designating PFC revenue in the amounts of \$16.756 million for 2019, \$18.0 million for 2020, \$20.0 million for 2021 and \$18.0 million for 2022, respectively, as Dedicated Revenues under the Authority Bond Ordinance, to the extent collected, to be used exclusively to pay debt service on certain Outstanding Authority Revenue Bonds. The Authority plans to dedicate CFCs in the future in connection with Additional Authority Bonds anticipated to be issued as a funding source for portions of its 2020-2024 Capital Improvement Program. See "CAPITAL IMPROVEMENT PROGRAM." It is the intent of the Authority to continue to use PFC revenues to pay debt service; however, at this time there has been no formal dedication beyond 2022. As described above, any Dedicated Revenues are not pledged to secure the Authority Revenue Bonds and the application of PFCs to pay debt service on Authority Revenue Bonds will be subject to applicable PFC Regulations. Accordingly, the Authority intends to exclude principal of and interest on certain Authority Revenue Bonds equal to such Dedicated Revenues for purposes of demonstrating debt service coverage under the Rate Covenant and the requirements for issuance of Additional Authority Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Rate Covenant" and "—Additional Bonds."

To the extent the Authority collects less PFC revenue than dedicated, the Authority may need to use existing PFC balances or other revenues to pay debt service on Authority Revenue Bonds and meet its Rate Covenant. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Rate Covenant" and "—Additional Bonds—*Authority Revenue Bonds*." At the same time, the Authority could choose to use additional PFC balances to make debt service payments on Authority Revenue Bonds in any given year.

From 2014 through 2018, the Authority collected PFC and CFC revenue (excluding interest income) in the following amounts and designated certain of those revenues as Dedicated Revenues as indicated in Table 5 below:

Table 5

PFC and CFC Collections and Dedications \$ (000s)				
<u>Year</u>	<u>CFC Revenue (excludes interest income)</u>	<u>Dedicated CFCs^(a)</u>	<u>PFC Revenue (excludes interest income)</u>	<u>Dedicated PFCs^(a)</u>
2014	6,442	6,410	14,645	13,247
2015	6,702	6,200	15,916	13,200
2016	7,285	6,000	17,238	12,750
2017	7,218	6,000	17,753	20,700
2018	7,422	6,000	19,014	17,055

^(a) Dedicated CFCs and PFCs reflect amounts used for debt service in each fiscal year, regardless of the CFC or PFC Revenue actually collected in that year.

Source: Indianapolis Airport Authority

Rate Covenant

The Authority Bond Ordinance establishes a covenant of the Authority that the Authority will at all times fix, charge, impose and collect rentals, rates, fees and other charges for the use of the Airport System sufficient to provide Net Revenues, together with moneys on deposit in the Coverage Fund, for each Fiscal Year equal to the larger of (i) all amounts required to be deposited in such Fiscal Year into the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund; or (ii) an amount equal to not less than 125% of the annual principal and interest due for all Authority Revenue Bonds for such Fiscal Year (the “*Rate Covenant*”). For the purpose of complying with the Rate Covenant, the Authority will: (a) include within Net Revenues in any Fiscal Year amounts transferred or credited from the Prepaid Airline Fund pursuant to the Authority Bond Ordinance; (b) exclude from interest due on Authority Revenue Bonds any interest paid from moneys in the Capitalized Interest Account; (c) include in such calculation moneys in the Coverage Fund; and (d) exclude from the calculation, debt service excluded from the Debt Service Requirement by reason of the dedication of Dedicated Revenues for payment of such debt service as described above under the heading “Dedicated Revenues” above.

The following table summarizes historical Net Revenues (including moneys in the Coverage Fund and the Prepaid Airline Fund), gross Debt Service Requirements, Dedicated Revenues and debt service coverage calculated pursuant to the Authority Bond Ordinance over the period 2014 through 2018. This information is compiled from information reported in the Authority’s Comprehensive Annual Financial Report (“*CAFR*”) for the year ended December 31, 2018.

Table 6

Historical Revenues and Debt Service Coverage \$(000s) except for coverage				
<u>Fiscal Year</u>	<u>Historical Net Revenues (including amounts in the Prepaid Airline Fund and Coverage Fund)[A]</u>	<u>Gross Debt Service Requirements⁽¹⁾[B]</u>	<u>Dedicated Revenues⁽²⁾[C]</u>	<u>Debt Service Coverage Ratio {A/[B-C]}</u>
2014	98,478	80,476	19,657	1.62
2015	108,896	78,435	19,400	1.84
2016	123,537	78,356	18,750	2.07
2017	97,549	81,943	26,700	1.77
2018	100,780	91,528	23,055	1.47

⁽¹⁾ Amounts may vary from CAFR due to rounding.

⁽²⁾ See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS.”

Source: Indianapolis Airport Authority

The Airline Agreements (as defined herein) provide a mechanism for setting rates and charges for use of the Airport System based on an annual budget approved by the Authority which estimates sufficient amounts for, among other things, Operation and Maintenance Expenses, the Debt Service Requirements (net of Dedicated Revenues) and debt service coverage. The Airline Agreements employ a hybrid rates and charges methodology that features revenue sharing and the ability to ensure the payment of the Authority's debt service and to satisfy the Authority's Rate Covenant. The Airline Agreements have a five-year term ending on December 31, 2023.

The rate-setting mechanism in the Airline Agreements is based on an annual budget approved by the Authority, which estimates amounts sufficient to pay Operation and Maintenance Expenses, fund actual debt service owed by the Authority and provide debt service coverage required under the Authority Bond Ordinance. Under the Airline Agreements, the Authority may make adjustments to its rates and charges in the event of a revenue shortfall without waiting until the end of the fiscal year. See "THE AIRPORT AND AIRPORT SYSTEM—Authority Agreements—*Airline Agreements*," "RISKS AND OTHER INVESTMENT CONSIDERATIONS—Risk of Airline Bankruptcies" and "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Current Airline Agreements."

As described above, the Authority may establish rentals, rates, fees and other charges for the use of the Airport System that, in any particular fiscal year, do not provide sufficient Net Revenues on their own, before consideration of moneys on deposit in the Coverage Fund or the Prepaid Airline Fund and without Dedicated Revenues, to satisfy the coverage requirements set forth in the Rate Covenant. In the event that Net Revenues (after including amounts in the Prepaid Airline Fund and excluding Dedicated Revenues from the Debt Service Requirement as described above), together with moneys on deposit in the Coverage Fund, in any Fiscal Year are insufficient to allow the Authority to satisfy the Rate Covenant, the Authority is required under the Authority Bond Ordinance, promptly upon receipt of the annual audit for such Fiscal Year or upon earlier notice of a deficiency by the Treasurer of the Authority, to request an independent airport consultant or airport consulting firm appointed by the Authority to recommend actions to enable the Authority to secure additional funds for remedying such insufficiency, including revising the Authority's rentals, rates, fees and other charges, reducing Operation and Maintenance Expenses or otherwise changing the method of operation of the Airport System in accordance with law. So long as the Authority substantially complies in a timely fashion with the recommendations of such airport consultant, the Authority will not be deemed to have defaulted in the performance of its duties under the Authority Bond Ordinance even if the resulting Net Revenues, together with moneys on deposit in the Coverage Fund, are not sufficient to be in compliance with the Rate Covenant, so long as there is no other default under the Authority Bond Ordinance.

Airport Liquidity

The Authority has certain funds on hand that are, or may be, available to pay operating expenses and debt service for the Authority to endure unforeseen and temporary periods of business interruption when Gross Revenues may be diminished.

Such cash and cash equivalent balances available for operating expenses as of December 31, 2018 were approximately \$151.4 million and included monies in the Airport System Fund, Operation and Maintenance Reserve Fund, Prepaid Airline Fund, Capital Improvement Fund, Renewal and Replacement Fund and Coverage Fund as shown in Table 7 below. In addition, the Authority has certain balances in the Authority's Revenue Bond Reserve Fund, PFC funds and CFC funds that may be available to pay debt service if needed.

Table 7

<i>Balances (in \$millions)</i>	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Airport System Fund	\$ 43.1	\$ 53.4	\$ 58.1	\$ 54.6	\$ 58.3
Operation & Maintenance Reserve Fund	11.2	11.3	11.4	13.3	13.5
Prepaid Airline Fund	7.5	17.0	2.6	5.2	6.2
Capital Improvement Fund	34.6	39.7*	58.0*	62.8*	53.5*
Renewal & Replacement Fund	2.6	2.7	2.8	2.8	2.7
Coverage Fund	<u>17.2</u>	<u>17.2</u>	<u>17.4</u>	<u>17.2</u>	<u>17.2</u>
Cash Available for Operations and Debt Service	\$ 116.2	\$ 141.3	\$ 150.3	\$ 155.9	\$ 151.4
* Includes amounts of \$3.7 million in 2015, \$20.3 million in 2016, \$21.7 million in 2017 and \$19.8 million in 2018 not committed to capital improvements.					
Source: Indianapolis Airport Authority					

Additional Bonds

Bond Bank. Additional bonds of the Bond Bank may be issued on a parity with the 2019I Bond Bank Bonds, pursuant to the Indenture only for the purpose of (a) refunding (in whole or in part) the 2019I Bond Bank Bonds issued by the Bond Bank pursuant to the Indenture and exchanging new Authority Revenue Bonds for the 2019C Authority Bonds or (b) the purchase of Authority Revenue Bonds issued to refund the 2019C Authority Bonds (“*Additional Bond Bank Bonds*”).

Authority Revenue Bonds. The Authority Bond Ordinance provides that the Authority may issue, for any lawful Airport System purpose, one or more series of additional revenue bonds (“*Additional Authority Bonds*”), payable from and secured by a lien on Net Revenues on parity with the Authority Revenue Bonds, except with respect to the Revenue Bond Reserve Fund, upon satisfaction of the following conditions:

a) No Default. An Authorized Airport Representative must certify that, upon the issuance of such series of Additional Authority Bonds, the Authority will not be in default under any term or provision of any Authority Revenue Bonds then outstanding or any ordinance authorizing the issuance of such Authority Revenue Bonds;

b) Proper Fund Balances. An Authorized Airport Representative must certify that, upon the issuance of such series of Additional Authority Bonds, (i) the Revenue Bond Interest and Principal Fund will contain the amounts required to be deposited therein and (ii) the account of the Revenue Bond Reserve Fund, if any, which is held for the benefit of such series of Additional Authority Bonds will contain the amounts required at such time to be on deposit therein;

c) Historical Coverage on Outstanding Authority Revenue Bonds. An Authorized Airport Representative must certify that, either for the Authority’s most recent complete Fiscal Year or for any consecutive 12 out of the most recent 18 months, Net Revenues, together with monies in the Coverage Fund, were equal to at least 125% of the Debt Service Requirement for all Authority Revenue Bonds for such period (without taking into account the Debt Service Requirement for the proposed Additional Authority Bonds);

d) Coverage for Additional Authority Bonds. The Authority must also submit to the Authority Trustee either of the following: (i) a certification by an Authorized Airport Representative of the Authority that, for either the Authority’s most recent Fiscal Year or for any consecutive 12 months out of the most recent 18 months, the Net Revenues, together with monies in the Coverage Fund, were equal to at least 125% of the Debt Service Requirement for all Outstanding Authority Revenue Bonds, including the proposed Additional Authority Bonds in any future Fiscal Year; or (ii) a report of an airport consultant setting forth projections indicating that, based on the Authority’s expectations, the estimated Net Revenues for each of three consecutive Fiscal Years beginning on the earlier of (A) the first Fiscal Year following the estimated date of completion and initial use of any of the revenue producing facilities to be financed with such series of Additional Authority Bonds, based upon a certified, written estimated completion date by the consulting engineer for such facility or facilities, or (B) the first Fiscal Year in which the Authority will have any scheduled payments of interest on or principal of the series of Additional Authority Bonds to be issued, for the payment of which provision has not been made as indicated in the report of such airport

consultant from the proceeds of such series of Additional Authority Bonds, investment income thereon or other appropriated sources (other than Net Revenues) are, together with the moneys in the Coverage Fund, at least equal to 125% of the Debt Service Requirement for all Authority Revenue Bonds for such period scheduled to occur during each such respective Fiscal Year after taking into consideration the additional Debt Service Requirement for the series of Additional Authority Bonds to be issued.

For all purposes of (c) and (d) above, (i) any principal or interest on Authority Revenue Bonds which is payable from Dedicated Revenues may be excluded from the Debt Service Requirement for such Authority Revenue Bonds; (ii) any amount transferred or credited from the Prepaid Airline Fund to the Airport System Fund is included in Net Revenues for such Fiscal Year; and (iii) any interest due on Authority Revenue Bonds that is paid from moneys in the Capitalized Interest Account is excluded from the Debt Service Requirement.

e) Bond Ordinance Requirement. The supplemental bond ordinance authorizing such series of Additional Authority Bonds must meet the applicable requirements set out in the Authority Bond Ordinance.

See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS— Summary of Authority Bond Ordinance.”

Authority Refunding Revenue Bonds. If the Additional Authority Bonds are being issued for the purpose of refunding all or a portion of the previously issued Authority Revenue Bonds or Subordinate Securities which remain outstanding as of the date of such issuance, none of the certifications described under subparagraph (c) and (d) above will be required so long as (for each Fiscal Year during which Authority Revenue Bonds would otherwise have been outstanding) the Debt Service Requirement for all Outstanding Authority Revenue Bonds in such Fiscal Year (after giving effect to the issuance of such Refunding Authority Bonds), will not exceed the scheduled Debt Service Requirement for all Outstanding Authority Revenue Bonds in such Fiscal Year (prior to giving effect to the issuance of such Additional Authority Bonds).

Authority Completion Revenue Bonds. The Authority reserves the right in the Authority Bond Ordinance to issue one or more series of Additional Authority Bonds to pay the cost of completing any project for which Authority Revenue Bonds have been previously issued (individually and collectively, “*Completion Revenue Bonds*”) without complying with the general requirements for Additional Authority Bonds described under subparagraphs (c) and (d) under “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—*Authority Revenue Bonds*” above. Prior to the issuance of any series of Completion Revenue Bonds, the Authority must provide, in addition to the applicable certificates required by subparagraphs (a) and (b) under “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—*Authority Revenue Bonds*” above, (a) a certificate from the consulting engineer engaged by the Authority to design the project for which the Completion Revenue Bonds are to be issued stating that such project has not been materially changed in scope since the issuance of the most recent series of Authority Revenue Bonds issued for such purpose (except as permitted in the applicable ordinance authorizing such Authority Revenue Bonds) and setting forth the aggregate cost of such project which, in the opinion of such consulting engineer, has been or will be incurred; and (b) a certificate of an Authorized Airport Representative (i) stating that all amounts allocated to pay the costs of such project from the proceeds of the most recent series of Authority Revenue Bonds issued in connection with such project for which the Completion Revenue Bonds are being issued were used or are still available to be used to pay the costs of such project, (ii) containing a calculation of the amount by which the aggregate cost of such project as furnished in the consulting engineer’s certificate exceeds the sum of the costs of such project paid to such date plus the monies available at such date within any construction fund or other like account applicable to such project plus any other monies which the Authorized Airport Representative, in his discretion, has determined are available to pay such costs in any other fund, and (iii) certifying that, in the opinion of the Authorized Airport Representative, the issuance of the Completion Revenue Bonds is necessary to provide funds for the completion of such project.

Subordinate Securities

Under the Authority Bond Ordinance, the Authority may issue or incur, for any lawful Airport System purpose, one or more series of revenue bonds, notes or other obligations secured in whole or in part by a lien on Net

Revenues junior and subordinate to the lien on Net Revenues securing payment of the 2019C Authority Bonds and other Outstanding Authority Revenue Bonds (“*Subordinate Securities*”). Subordinate Securities may be further secured by any other lawfully available source of payment and need not be issued on parity with one another. The agreements with respect to the issuance of the Subordinate Securities cannot require that a default or an event of default thereunder will create an event of default under the Authority Bond Ordinance. In March 2018, the Authority issued its 2018A Subordinate Securities, which were purchased by the Bond Bank and are held to secure the 2018B Subordinate Bond Bank Bonds. The 2018A Subordinate Securities may be drawn from time to time up to a maximum of \$142,500,000. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Outstanding Authority Subordinate Bonds.” As of the date hereof, the Authority had drawn a total amount of \$87,140,000 (of which \$58,470,000 is currently outstanding) under the 2018B Subordinate Line of Credit and the Authority anticipates refunding such outstanding amount on the date the 2019I-1 Bond Bank Bonds are issued with proceeds of the 2019I Bond Bank Bonds. Thereafter, however, the Authority may draw an additional \$55,360,000 on the 2018A Subordinate Securities to fund eligible projects and may also issue additional Subordinate Securities in the future for any lawful purpose.

Other Obligations

General Obligation Bonds. The Authority Act permits the Authority Board to authorize the issuance of general obligation bonds of the Authority (“*General Obligation Bonds*”) for the purpose of procuring funds to pay the costs of acquiring real property, or constructing, enlarging, improving, remodeling, repairing or equipping buildings, structures, runways or other facilities, for use as or in connection with or for administrative purposes of the Airport System. For the purpose of raising money to pay all General Obligation Bonds and any interest on them, the Authority Board may levy each year a special tax upon all of the property, both real and personal, located within the territorial limits of the County, in a manner and in an amount to meet and pay the principal of the General Obligation Bonds as they severally mature, together with all interest accruing on them. Any taxes collected for the purpose of paying principal and interest on General Obligation Bonds are not Gross Revenues and are not pledged to payment of Authority Revenue Bonds. The Authority Bond Ordinance provides that after funding of the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund, Net Revenues may be deposited into the General Obligation Bond Interest and Principal Fund to pay debt service on General Obligation Bonds.

Although the Authority has no General Obligation Bonds outstanding and has no plans to issue General Obligation Bonds, the Authority may nevertheless decide to issue General Obligation Bonds in the future.

Special Purpose Facilities Bonds. Under the Authority Bond Ordinance, the Authority reserves the right to issue one or more series of bonds to finance and refinance the cost of any Special Purpose Facilities (“*Special Purpose Facilities Bonds*”), including all reserves required therefor, all related costs of issuance and other amounts reasonably relating thereto; provided, that such Special Purpose Facilities Bonds will be payable solely from payments by Special Purpose Facilities lessees and/or other security not provided by the Authority. Each Special Purpose Facilities lease must provide that an Airport System improvement or facility is leased by the Authority to a lessee which agrees to pay (i) all of the debt service requirements for the Special Purpose Facilities Bonds issued to finance the Special Purpose Facility and (ii) all administrative expenses allocable to the Special Purpose Facility. In no event will any Gross Revenues or Net Revenues or any other amounts held in any other fund or account maintained by the Authority as security for the Authority Revenue Bonds or for the construction, operation, maintenance or repair of the Airport System be pledged to the payment of Special Purpose Facilities Bonds or to the payment of any lessee expenses of operation and maintenance of Special Purpose Facilities. The Authority has issued and, in the future, may issue one or more additional series of Special Purpose Facilities Bonds for one or more airlines or entities which conduct operations at the Airport System. See “THE AIRPORT AND AIRPORT SYSTEM—Facilities—*Maintenance Facilities*” herein.

Events of Defaults and Remedies; No Acceleration

The “Events of Default” under the Authority Bond Ordinance and related remedies are described in “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance,” in particular, in the section “—Events of Default and Remedies of Owners of Revenue Bonds.” The occurrence of an Event of Default under the Authority Bond Ordinance does not grant any right to accelerate payment of the Authority Revenue Bonds to either the Authority Trustee, the Bond Bank (as

owner of the Authority Revenue Bonds), the Bond Bank Trustee or the holders of the Bond Bank Bonds. The Authority Trustee and the Bond Bank are authorized to take certain actions upon the occurrence of an Event of Default under the Authority Bond Ordinance, including initiating proceedings to enforce the obligations of the Authority under the Authority Bond Ordinance including the Rate Covenant. However, because (a) Net Revenues constitute Gross Revenues after payment of all Operation and Maintenance Expenses, and (b) under current law, the Authority is not subject to involuntary bankruptcy proceedings, the Authority may be able to continue indefinitely collecting revenues and applying them to the operation of the Airport System even if an Event of Default under the Authority Bond Ordinance has occurred and no payments are being made on the Authority Revenue Bonds. In the event that no payments or insufficient payments are being made on the Authority Revenue Bonds, there will be insufficient amounts available for payment of the Bond Bank Bonds.

Bond-Related Risks

Limited Liability of the Authority; No Additional Security. The 2019C Authority Bonds are payable solely from Net Revenues of the Airport System as described in the Authority Bond Ordinance and other amounts included in the Trust Estate described therein, including funds on deposit in the 15/19C Reserve Account.

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AUTHORITY REVENUE BOND DEBT SERVICE REQUIREMENTS

The following table shows the annual Debt Service Requirements due on all Outstanding Authority Revenue Bonds, but does not include debt service on the 2018A Subordinate Securities – see “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Outstanding Authority Subordinate Bonds.” For a breakdown of the Debt Service Requirements for each series of Outstanding Revenue Bonds, see “APPENDIX F—DEBT SERVICE REQUIREMENTS OF OUTSTANDING REVENUE BONDS.”

Table 8

Outstanding Authority Revenue Bonds Debt Service Requirements

Year Ended Jan. 1	Debt Service Requirements of Outstanding Authority Revenue Bonds ⁽¹⁾⁽²⁾⁽³⁾	2019C Authority Bonds ⁽¹⁾		Total Authority Revenue Bond Debt Service Requirements ⁽¹⁾⁽²⁾⁽³⁾
		Principal or Sinking Fund Installment	Interest	
2021	\$ 71,599,992	\$ 565,000	\$ 3,267,544	\$ 75,432,536
2022	71,540,205	650,000	3,019,200	75,209,405
2023	73,388,199	685,000	2,986,700	77,059,899
2024	79,928,576	720,000	2,952,450	83,601,026
2025	80,165,285	755,000	2,916,450	83,836,735
2026	80,366,719	795,000	2,878,700	84,040,419
2027	80,644,636	830,000	2,838,950	84,313,586
2028	79,471,354	870,000	2,797,450	83,138,804
2029	76,809,670	915,000	2,753,950	80,478,620
2030	77,110,149	965,000	2,708,200	80,783,349
2031	77,386,866	1,015,000	2,659,950	81,061,816
2032	77,665,348	1,065,000	2,609,200	81,339,548
2033	77,978,670	1,120,000	2,555,950	81,654,620
2034	40,712,422	1,170,000	2,499,950	44,382,372
2035	40,069,024	1,230,000	2,441,450	43,740,474
2036	20,590,377	1,295,000	2,379,950	24,265,327
2037	7,529,707	1,355,000	2,315,200	11,199,907
2038	4,882,276	-	2,247,450	7,129,726
2039	4,878,056	-	2,247,450	7,125,506
2040	4,878,276	590,000	2,247,450	7,715,726
2041	1,377,120	4,125,000	2,217,950	7,720,070
2042	1,380,940	4,330,000	2,011,700	7,722,640
2043	1,378,920	4,545,000	1,795,200	7,719,120
2044	1,381,200	4,775,000	1,567,950	7,724,150
2045	1,377,640	5,010,000	1,329,200	7,716,840
2046	1,378,380	5,210,000	1,128,800	7,717,180
2047	1,378,280	5,420,000	920,400	7,718,680
2048	1,377,340	5,635,000	703,600	7,715,940
2049	1,380,560	5,860,000	478,200	7,718,760
2050	1,377,800	6,095,000	243,800	7,716,600
2051	1,379,200	-	-	1,379,200
2052	1,379,620	-	-	1,379,620
2053	1,379,060	-	-	1,379,060
2054	1,377,520	-	-	1,377,520
Total	\$ 1,146,899,386	\$ 67,595,000	\$ 65,720,394	\$1,280,214,780

⁽¹⁾ A portion of principal and interest due on the Outstanding Authority Revenue Bonds and the 2019C Authority Bonds may be paid with PFCs and CFCs, in addition to those that may be designated as Dedicated Revenues. Totals may not add due to rounding.

⁽²⁾ The interest on the 2010C Authority Bonds included in the Outstanding Authority Revenue Bonds column reflects the sum of (i) the fixed rates payable by the Authority under the Qualified Derivative Agreements, plus (ii) the applicable spreads under the current bank terms (assuming 1M LIBOR is equal to 2.50%), which are then assumed to be 0.55% for Series 2010C-1, C-2, C-3 and C-5 and 0.70% for Series 2010C-4.

⁽³⁾ Debt Service Requirements of Outstanding Authority Revenue Bonds and Total Authority Revenue Bond Debt Service Requirements in this Table 8 excludes Debt Service Requirements for the 2010A Authority Bonds.

Source: Indianapolis Airport Authority

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Powers and Purposes

The Bond Bank is a body corporate and politic separate from the City. The address of the Bond Bank is Suite 2342, City-County Building, 200 East Washington Street, Indianapolis, Indiana 46204. The Bond Bank was created by the Bond Bank Act for the purpose of buying and selling securities of certain qualified entities, including the City, the County, all special taxing districts of the City, all entities whose tax levies are subject to review and modification by the Council and certain authorities or entities that lease land or facilities to other qualified entities. The Bond Bank was created pursuant to the Bond Bank Act to help the qualified entities lower their respective borrowing costs by having the Bond Bank purchase their debt obligations at interest rates favorable to the qualified entities. The Authority is a Qualified Entity under the Bond Bank Act. To accomplish its purpose, the Bond Bank may issue bonds or notes. The Bond Bank also has general powers which include the power to enter into, make and perform contracts of every lawful kind to accomplish its purpose. The Bond Bank has no taxing power.

Board of Directors of the Bond Bank

The Bond Bank is governed by a five-member board of directors (the “*Bond Bank Board*”) appointed by the Mayor of the City. The directors appoint an executive director who serves as secretary-treasurer of the board. The directors each serve for terms of three years and may be reappointed. A director serves until their replacement is appointed and qualified. No director may be an officer of the City, the County or any other Qualified Entity. The current members of the Bond Bank Board, their positions and their principal occupations are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expires:</u>	<u>Occupation</u>
Dennis Charles	Chairperson	April 30, 2021	CPA, Charles Madden PC
Sarah L. Rubin	Vice Chairperson	April 30, 2021	Deputy Director for P3 Projects, State of Indiana Department of Transportation
Michael Carter	Member	April 30, 2021	Attorney, Cummins, Inc.
Bryan J. Moll	Member	April 30, 2021	Director of Real Estate and Planning, IU Health
Dr. Terri Jett	Member	April 30, 2021	Associate Professor, Butler University

Sarah Riordan has served as Executive Director and General Counsel to the Bond Bank since January 2016. Before joining the Bond Bank, Ms. Riordan practiced law in Indianapolis, focusing her practice on civil litigation, white collar criminal defense, and public entity law. Ms. Riordan previously served on the Indianapolis Marion County Board of Zoning Appeals and as a member of the Indiana Election Commission. Ms. Riordan earned a law degree from the Indiana University Maurer School of Law – Bloomington.

Kyle Willis, Associate Director and Chief Compliance Officer, has served as Project Manager and Senior Project Manager of the Bond Bank since November 2005, and is now the Associate Director and Chief Compliance Officer. Mr. Willis worked as a financial analyst for the Indianapolis Airport Authority from August 2004 to October 2005 before joining the Bond Bank. He holds a B.S. in Finance from Marian University.

Isaiah Kuch, Senior Project Manager, joined the Bond Bank in 2010 and serves as a Project Manager. He received his Bachelor’s degree in Economics from La Salle University in Philadelphia, Pennsylvania in 2007, shortly after he entered the United States through *The Lost Boys of Sudan Program*. While at La Salle, he also minored in Business Administration. After his undergraduate studies, Mr. Kuch attended Indiana University, School of Public and Environmental Affairs (SPEA) where he received his Master’s degree in Public Financial Administration, Economic Development, and Policy Analysis. During his tenure at SPEA, as the Eads Fellow and the City of Indianapolis Urban Fellow, he worked at the Mayor’s Office of Enterprise Development.

Other Programs; Outstanding Indebtedness

Under the Bond Bank Act, the Bond Bank is authorized to issue other series of notes or bonds to finance different programs to accomplish its purposes. Under separate Indentures and other instruments authorized under the Bond Bank Act, the Bond Bank has previously issued and had outstanding as of November 1, 2019, an aggregate long-term principal amount of approximately \$3,686,559,743 in separate program obligations. All such obligations are and will be secured separately and independently from the 2019I Bond Bank Bonds and do not and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

Further, as of the date of this Official Statement, the Bond Bank is considering undertaking other types of financings for qualified entities other than the Authority for purposes authorized by and in accordance with the procedures set forth in the Bond Bank Act. The obligations issued by the Bond Bank in connection with any and all such financings, if any, will be secured separately from the 2019I Bond Bank Bonds and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

THE INDIANAPOLIS AIRPORT AUTHORITY

Powers and Purposes

In 1962, the City Council of the City, the Mayor of the City and the County Council of the County created the Authority pursuant to the Authority Act as a municipal corporation, separate from the City and the County. The Authority Act authorizes the Authority to own and operate public airports. The Authority is empowered to do all things necessary or reasonably incident to carrying out the purposes of the Authority Act, including the power to (i) acquire, establish, construct, improve, equip, maintain, control, lease and regulate municipal airports, landing fields and other air navigation facilities, either inside or outside the district; (ii) manage and operate airports, landing fields and other air navigation facilities acquired or maintained by the Authority; (iii) adopt a schedule of reasonable charges and to collect them from all users of facilities and services within the district; (iv) lease all or part of an airport, landing field or any buildings or other structures, and fix, charge and collect rentals, tolls, fees, and charges to be paid for the use of the whole or a part of the airports, landing fields or other air navigation facilities by aircraft landing there and for the servicing of the aircraft; (v) make rules and regulations, consistent with laws regarding air commerce, for management and control of its airports, landing fields, air navigation facilities and other property under its control; and (vi) incur indebtedness in accordance with the Authority Act.

Authority Board

The Authority is governed by the Authority Board, which is its executive and legislative body. The Authority Board consists of eleven members: (a) six of whom are appointed by the Mayor of the City, (b) one of whom is appointed by the President of the City-County Council of the City, and (c) one of whom is appointed by each of the following: the Hendricks County Board of Commissioners, the Hamilton County Board of Commissioners, the Hancock County Board of Commissioners and the Morgan County Board of Commissioners. No more than four of the Authority Board members appointed under clauses (a) and (b) may belong to the same political party; each member of the Authority Board appointed under clauses (a) and (b) must reside in the County. The Hendricks County appointee must reside in Guilford Township of Hendricks County, in which a portion of the Airport System is situated.

Each Authority Board member is appointed for a term of four years and serves until a successor is appointed and qualified by the officer or entity that appointed such Authority Board member. Each Authority Board member is also eligible for reappointment and is subject to removal by impeachment. Any vacancy on the Authority Board is filled by appointment by the entity that appointed such Authority Board member, for the remainder of the unexpired term.

The members of the Authority Board are:

Barbara Glass, as President of the Authority, was appointed by the Mayor of Indianapolis in 2016. A lifelong resident of the city, Ms. Glass has had an extensive career in public service, serving in several positions in

state and local government including 12 years as vice chairperson of the Indiana Alcohol and Tobacco Commission. She also served on Mayor Bart Peterson's Crime Prevention Task Force and on the Indianapolis Historic Preservation Commission. Ms. Glass is a graduate of the Kelley School of Business at Indiana University. Ms. Glass' term expires December 31, 2019.

Steven Dillinger, as Vice President of the Authority, was reappointed by the Hamilton County Commissioners in 2016. As owner of S.C. Dillinger & Associates Insurance Agency, he has provided insurance and financial planning services to his clients for 37 years. A lifelong resident of Hamilton County, Mr. Dillinger has a long record of local government and community service. He has served as a Hamilton County Commissioner since 1989, and is a member of the county's solid waste, drainage, and finance boards. Mr. Dillinger is a current member of M&I Bank's Advisory Board of Directors and is a past member of the Noblesville City Council and the Hamilton County Council. Mr. Dillinger's term expires December 31, 2019.

Mamon Powers, III, as Secretary of the Authority, was appointed by the Mayor of Indianapolis in 2017. Mr. Powers grew up in the construction industry working for his family's business, Powers & Sons Construction. He currently serves as Executive Vice President of the company as well as President of the Indianapolis office. Mr. Powers is an Executive Committee Member for the Greater Indianapolis Progress Committee and on the Board of Directors for the Indy Chamber, Ivy Tech Foundation, Methodist Health Foundation and The United Way of Central Indiana. Mr. Powers holds B.S. degree in Applied Management and Construction from Trine University and a master's degree in Business Administration from Purdue Krannert School of Management. Mr. Power's term expires December 31, 2020.

Tamika Catchings, as a member of the Authority, was appointed by the Mayor of Indianapolis in 2018. Ms. Catchings is a four-time Olympic Gold medalist and 16-year WNBA player with the Indiana Fever. Besides her illustrious basketball career, Ms. Catchings has extensive involvement in the community. She has won numerous awards for her humanitarian and community engagement work at the national and international level. Ms. Catchings also sits on the USA Basketball's Women's Developmental National Team Committee. She is a graduate of the University of Tennessee, and she is currently the Director of Player Programs & Franchise Development for Pacers Sport & Entertainment as well as a sports broadcaster covering Fever games. Ms. Catchings also owns Tea's Me Cafe on the north side of Indianapolis. Ms. Catchings' term expires June 30, 2022.

Kathy Davis, as a member of the Authority, was appointed by the Mayor of Indianapolis in 2019. Ms. Davis was the 48th lieutenant governor of the State of Indiana, and the first woman to serve in that office. She previously served as controller for the City of Indianapolis, secretary of the Indiana Family and Social Services Administration, and state budget director. She started her career managing manufacturing operations for Cummins Engine Company. Ms. Davis serves on several boards including the Lumina Foundation for Education, the Indianapolis Foundation and the Central Indiana Community Foundation. She currently owns Davis Design Group LLC., and is a graduate of the Massachusetts Institute of Technology and Harvard Business School. Ms. Davis' term expires December 31, 2022.

Jeff Gaither, as a member of the Authority, was appointed by the Mayor of Indianapolis in 2018. He is an attorney representing clients in complex commercial litigation matters where he practices at both the State and Federal Court level. Mr. Gaither is also the managing partner of Bose McKinney & Evans law firm and is a member of the Greater Indianapolis Progress Committee. Mr. Gaither is a graduate of Indiana University and earned a J.D. from the IU Robert H. McKinney School of Law. Mr. Gaither's current term expires December 31, 2021.

Ryan Goodwin, as a member of the Authority was appointed by the Morgan County Board of Commissioners in 2019. In 2016, Mr. Goodwin was elected to the Morgan County Board of Commissioners to represent District 3 for a four-year term. Mr. Goodwin holds a bachelor's degree in Business Administration and Economics from Liberty University and a master's degree in Business Administration from Purdue Krannert School of Management. Mr. Goodwin's term expires December 31, 2022.

Tobin (Toby) McClamroch, as a member of the Authority, was appointed by the Mayor of Indianapolis in 2017. Mr. McClamroch is a senior corporate and government lawyer and serves as managing partner of an Indianapolis firm. Over the last 30 years, he has been active in a number of business, civic and charitable organizations, including Special Olympics of Indiana, the Indy Chamber and the Arts Council of Indianapolis. Mr.

McClamroch is also a member of the Indianapolis, Indiana State, and American Bar Associations. He holds a B.A. in Religion from DePauw University and earned a J.D. degree from Maurer School of Law at Indiana University – Bloomington. Mr. McClamroch’s term expires December 31, 2020.

Kurt Schleiter, as a member of the Authority, was appointed by the Hancock County Board of Commissioners in 2018. Mr. Schleiter is a life-long resident of Hancock County and is a business owner and licensed pilot. Mr. Schleiter’s term expires December 31, 2021.

Brett Voorhies, as a member of the Authority, was reappointed by the President of the Indianapolis City-County Council in 2016. Born and raised in Indiana, Mr. Voorhies is a proud member of the United Steelworkers (USW) and has served on numerous USW committees including the safety and legislative committees and served as Editor of his local labor union newsletter. He eventually took a staff position as the Legislative and Political Coordinator for Indiana and Illinois for USW, District 7 which he held for over ten years. Mr. Voorhies was elected President of the Central Indiana Labor Council (CILC) in 2011. In December of 2013, he was elected President of the Indiana AFL-CIO. Mr. Voorhies’ term expires December 31, 2019.

Matthew Whetstone, as a member of the Authority, was appointed by the Hendricks County Board of Commissioners in 2019. Mr. Whetstone is the founding member of 1816 Inc. and has substantial expertise in legislative and executive branch lobbying. He served as a member of the Indiana House of Representatives from 1996-2007, serving Hendricks and Morgan Counties. Mr. Whetstone also served on the Brownsburg Town Council and currently serves as a member of the Hendricks County Board of Commissioners. In 2004, he was the Chairman of the House Rules Committee and Ranking Member of the House Public Policy Committee. Mr. Whetstone also served as Parliamentarian in the Indiana House of Representatives (2013-2015). Prior to his most recent service in the statehouse, he served as an Executive Director of Governmental Affairs at the law firm of Krieg DeVault. Mr. Whetstone’s term expires December 31, 2022.

Management of Authority

The Airport and Airport System are managed by professional managers and staff. The Authority’s managers include:

Mario Rodriguez was appointed as the Executive Director of the Indianapolis Airport Authority in 2014. He is one of the foremost aviation experts in the United States, the former president of the California Airports Council and appointed by President Barack Obama to the National Department of Transportation Committee for Aviation Consumer Protection. For 30 years Mr. Rodriguez has held leadership positions in airports from Long Beach, California to New Orleans, Louisiana with year-after-year success in achieving results in rapidly changing environments. Today he spearheads the Authority’s strategic direction and operations. Under his leadership the Authority has amassed an impressive number of awards and recognitions including being named the Best Airport in the U.S. by J.D. Powers and Associates, Airports Council International, and Condé Nast. Mr. Rodriguez gives back to his community by serving as the chairman of the statewide Indiana Latino Institute. He also is a Board Member of key organizations such as the Indy and Indiana Chambers, Visit Indy, The Indiana Sports Corporation, Economic Club of Indiana and the 500 Festival. He is an engineering graduate of the University of Miami (1987), attended the Harvard Kennedy School, and is an accomplished author and speaker on issues affecting the aviation industry, including business recovery and disaster management. Mr. Rodriguez is also currently authoring a textbook on airport financial management.

Keith Berlen is the Authority’s Senior Director of Airport Operations & Public Safety. Mr. Berlen joined the Authority in 1992. He is responsible for all day-to-day operations of the Indianapolis International Airport (IND), associated with Airport Operations Center, Airport Police Department, Airport Fire Department, facilities and general aviation reliever airports (i.e. Indianapolis Downtown Heliport, Eagle Creek Airpark, Hendricks County Airport-Gordan Graham Fields, Indianapolis Regional Airport, and the Metropolitan Airport). The operations teams are composed of the airport operations managers, building maintenance, airfield maintenance, parking garage maintenance, terminal services, auto and heavy equipment maintenance, reliever operations, safety management, and materials management. The operation’s teams ensure that IND and the reliever airports meet and exceed all requirements of Federal Aviation Administration’s Federal Aviation Regulations Part 139 inspections and INDOT inspections. Mr. Berlen received his undergraduate degree in aviation administration and graduate degree in public

administration from Indiana State University. Mr. Berlen oversees five critical departments within the organization including operations, police and fire departments. Mr. Berlen serves on the Aviation Association of Indiana Board of Directors.

Tenley Drescher-Rhoades is the Authority's General Counsel. Ms. Drescher-Rhoades joined the Authority in the spring of 2019. Ms. Drescher-Rhoades has been a practicing attorney in the Indianapolis area for nearly two decades. For the last fifteen years, she has counseled Indiana cities and municipalities representing their interests, leading negotiations, documentations and closing of economic development, corporate, financial and municipal financing transactions. She has been involved in negotiating complex contracts, lease agreements and land acquisitions necessary for project financing. Ms. Drescher-Rhoades has also advised private business and government officials in identifying and negotiating local economic development initiatives, including bond issuance, TIF financing and tax abatement. Ms. Drescher-Rhoades is a graduate of Butler University and the Indiana University Maurer School of Law.

Jarod Klaas, P.E., is the Authority's Senior Director of Planning and Development. Mr. Klaas has more than 20 years of engineering experience in both private and public sectors as well as consulting and has been with the Authority for eight years. Mr. Klaas and his team demonstrate a tireless commitment to customer service, preservation of the Authority's physical assets and compatible economic development. Mr. Klaas leads the Authority's infrastructure rehabilitation and asset life cycle planning initiatives and is responsible for implementing a multimillion dollar capital budget planning process across the enterprise. He oversees the strategic management, design, and delivery of complex projects to optimize the Authority's public assets for the Airport and five regional aviation facilities. Mr. Klaas serves as a public works procurement expert and facilitates consensus to effectively advance initiatives critical to the Authority's missions to create public value. Over his career, Mr. Klaas has developed extensive experience in the areas of aviation, consulting, industrial and utility environmental compliance, and local and State government. Mr. Klaas earned a B.S. degree in Civil Engineering from Purdue University and a Master of Business Administration from Indiana Wesleyan University.

Marsha A. Stone is the Authority's Senior Director of Commercial Enterprise. Ms. Stone joined the Authority as Director of Internal Audit in 1994, after beginning her career as an auditor with Geo. S. Olive & Co. (now BKD, LLP) where she became a certified public accountant (CPA). She held various financial roles for U.K.-based airport operator BAA Indianapolis ("BAAP"), which held the management contract for the Authority from 1995 through 2007. Ms. Stone has held numerous leadership roles within the Authority, including the top financial role for the Authority as CFO through 2013, when she transitioned into her current role, overseeing all revenue producing, business/commercial and air service development activities for the Authority. Ms. Stone holds a Bachelor of Science degree from Indiana State University, and currently serves on the board of directors for The International Center, Tourism Tomorrow, Inc. and the Hendricks County Tourism Commission, along with other civic and corporate boards.

Robert B. Thomson is the Authority's Senior Director of Finance and Treasurer. After earning his B.A. in Accounting from Cedarville University, Mr. Thomson began his career in Indianapolis with Geo. S. Olive & Co. (now BKD, LLP), where he became a certified public accountant (CPA) and was an audit and tax specialist with focus on manufacturing, dealerships, and employee benefits. Subsequently he served as controller of Indianapolis Newspapers Inc. and developed a flair for systems implementation and profit driven financial management. From 2001 to 2004, he served as chief financial officer for a local family owned manufacturer, rounding out his financial management and experience portfolio and adding direct management of IT systems, risk management, and human resources management that also exposed him to quality process systems and continuous improvement methodologies. Mr. Thomson was Accounting Director for BAAI from 2004 to 2007 and was responsible for operating budgets, reporting and financial systems. When the BAAI contract was terminated by the Authority in 2007, Mr. Thomson accepted a position in private business. He returned to the Authority in May 2009 to serve as Finance Director and in 2014 assumed the role of Senior Director of Finance and Treasurer of the Authority. In 2016, Mr. Thomson was named IBJ CFO of the year and in 2017 Airport Finance Professional of the Year by ACI North America.

THE AIRPORT AND AIRPORT SYSTEM

Overview

The Authority operates Indianapolis International Airport (the “*Airport*”), the Downtown Heliport and four general aviation facilities (the “*General Aviation Airports*”): Eagle Creek Airpark, Metropolitan Airport, Hendricks County Airport–Gordon Graham Field and Indianapolis Regional Airport (collectively, the “*Airport System*”). The General Aviation Airports are located in and around the County. Eagle Creek Airpark, Metropolitan Airport, the Hendricks County Airport–Gordon Graham Field and Indianapolis Regional Airport (formerly known as Mount Comfort Airport) are classified as reliever airports and are part of an airport system plan for the Indianapolis area. The reliever airports are designed to reduce congestion at the Airport and have been developed by the Authority in accordance with the metropolitan airport system plan. Indianapolis Regional Airport has a full instrument landing system and Eagle Creek Airpark has a partial instrument landing system.

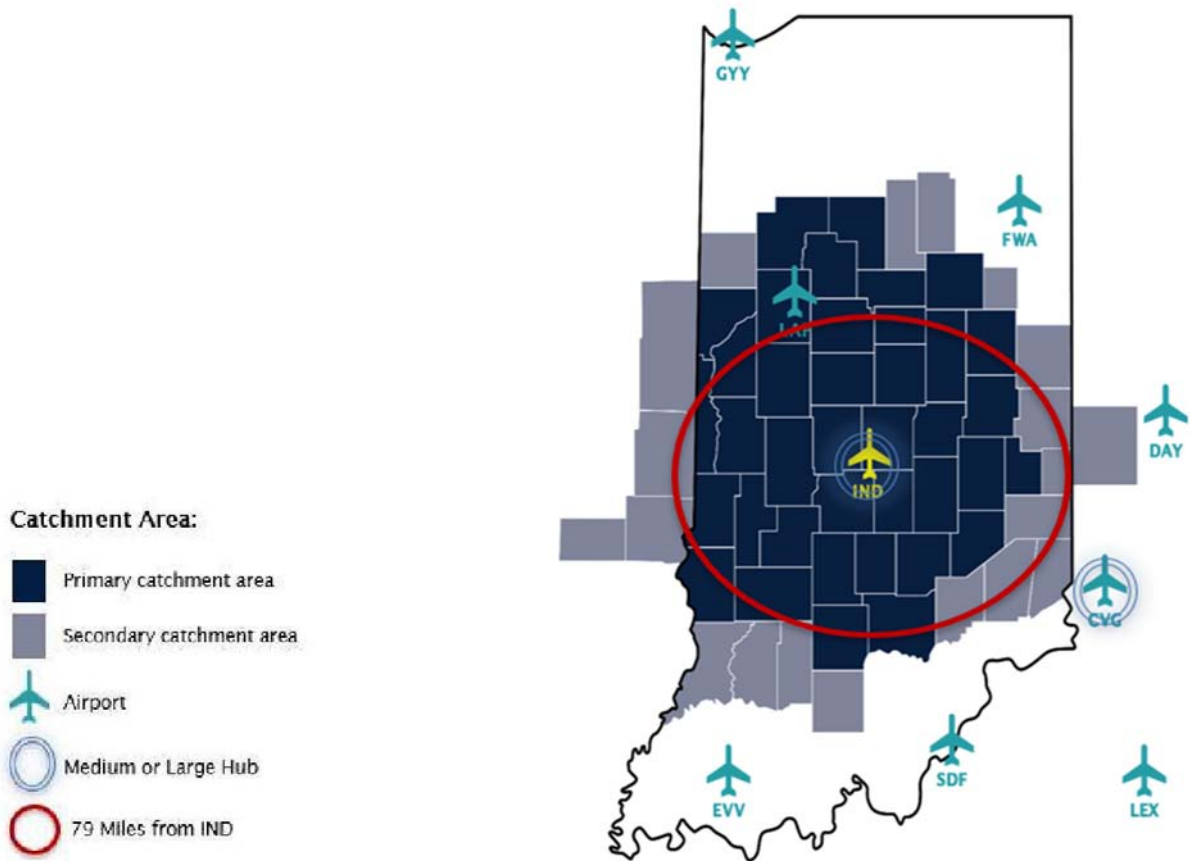
The Airport, the largest part of the Airport System, is the principal commercial service airport serving Indianapolis and central Indiana. According to Airports Council International—North America, the Airport was the 46th largest airport in the United States in 2018, in terms of total passengers, and the 9th overall in North America in terms of total air cargo tonnage. The Airport is located seven miles west of downtown Indianapolis in Marion and Hendricks counties, Indiana, and encompasses approximately 6,200 acres. The Airport proper (the area inside and outside the perimeter fence) is approximately 5,100 acres of the total 6,200 airport property acreage. The Airport first opened in 1931 as Indianapolis Municipal Airport. In 1976, the Authority changed the name of the Airport to Indianapolis International Airport. Since 2010, the Airport has been named the best airport in North America by Airports Council International (“*ACI*”) as part of ACI’s annual Airport Service Quality Awards for performance excellence in eight of the last nine years. Condé Nast Traveler named the Airport the Best Airport in the United States for the sixth straight year in 2019. The Airport was named the best medium-sized airport in North America in 2019 by J.D. Power for the second time in four years.

The Airport Service Region

The Airport’s primary service region is defined as the primary area from which the Airport draws its customer base (the “*Airport Service Region*” or the “*Catchment Area*”). A map of the Airport Service Region is shown below. The two medium hub airports, Indianapolis (IND) and Cincinnati (CVG), have been identified in Table 9 below with a blue outlined circle. All other airports identified on Table 9 are either small or non-hub airports. The majority of potential passengers are concentrated in the counties surrounding the Airport and the interconnected highway system in the area allows the Catchment Area to extend even farther. Table 9 shows the Airport’s primary catchment area in darker blue and secondary catchment area in lighter blue.

Table 9

AIRPORT PRIMARY SERVICE REGION



Additionally, the state and central Indiana region continue to be notable destinations and have received several national recognitions for their positive business environment, which include, but are not limited to, being named a top five U.S. state for business from the 2018 Chief Executive magazine and Indiana's infrastructure being ranked second in the nation according to CNBC's 2018 Ranking of America's Top States for Business, Indianapolis being named the #23 city on U.S. News' 2019 list of "Best Places to Live in the U.S. for Young Professionals" and #30 in Forbes' 2018 list of "The Best Places for Businesses and Careers". Also, the City was ranked #5 for creating the most tech jobs in a Forbes 2017 list and #2 as a best city for jobs in a Money 2017 ranking. Additionally, the City has received the following accolades, among others: named as the #15 best big city in the U.S. by Conde Nast Traveler in 2018; in 2018 Indianapolis was only one of two U.S. cities on Airbnb's list of hottest destinations around the world to visit; Travel and Leisure labeled Indianapolis as one of America's favorite places in 2017; and Indianapolis was named #22 by Zagat on their most exciting food cities of 2017.

The City continues to be a top destination for tourism and conventions, hosting approximately 28.8 million visitors annually providing \$5.4 billion in economic impact with big events such as Gen Con, touting over 60,000 attendees (committed through 2023) and National Future Farmers of America Convention (committed through 2031). In addition, the City will host Routes America 2020, an influential convention of international air service network planners.

Indianapolis is well-known as the "Amateur Sports Capital of the World," and is home to the NCAA headquarters, along with hosting multiple major college and professional sporting events throughout the year with commitments into the future, including the NFL Combine (committed through 2021), 2021 NBA All-Star Weekend,

2021 NCAA Men's Basketball Final Four, 2022 College Football Playoff National Championship, and 2026 NCAA Men's Basketball Final Four. Along with amateur sports, several major professional sports teams, such as the Indianapolis Colts, the Indiana Pacers, and the Indiana Fever call the City home. Additionally, the City is home to world-famous racing at the Indianapolis Motor Speedway, which hosts the Indianapolis 500 (which celebrated its 100th anniversary in 2016), the Brickyard 400 and other racing events each year. (Source: Visit Indy).

The primary portion of the Airport Service Region is the Indianapolis-Carmel-Anderson MSA (the "*Indianapolis-Carmel-Anderson MSA*"). The counties that form the Indianapolis-Carmel-Anderson MSA include: Marion, Boone, Brown, Hamilton, Hancock, Hendricks, Johnson, Madison, Morgan, Putnam and Shelby. The Airport Service Region also includes a secondary area surrounding the Indianapolis-Carmel-Anderson MSA, the limits of which are defined by the distance to other airports (including Cincinnati/Northern Kentucky International Airport, Dayton International Airport, Fort Wayne-Allen County Airport, Louisville International Airport, Chicago O'Hare International Airport and Chicago Midway Airport) as well as the availability, price and quality of airline service at those other airports. 2018 information about the Indianapolis-Carmel-Anderson MSA is included as Table 10.

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Table 10

INDIANAPOLIS – CARMEL – ANDERSON MSA POPULATION (2018)

<u>County</u>	<u>City</u>	<u>City Population*</u>	<u>County Population**</u>
Bartholomew	Columbus	46,926	82,753
Boone	Lebanon	15,710	66,999
	Zionsville	25,810	
Clinton	Frankfort	16,226	32,250
Hamilton	Carmel	88,595	330,086
	Fishers	87,557	
	Noblesville	59,807	
	Westfield	35,956	
Hancock	Greenfield	21,565	76,351
Hendricks	Avon	16,479	167,009
	Brownsburg	24,625	
	Plainfield	31,012	
Johnson	Franklin	24,489	156,225
	Greenwood	55,459	
Madison	Anderson	54,986	129,641
Marion	Beech Grove	14,943	954,670
	Indianapolis	862,817	
	Lawrence	48,081	
	Speedway	12,229	
Monroe	Bloomington	83,636	146,917
Morgan	Martinsville	11,647	70,116
Shelby	Shelbyville	19,034	44,593
*City Population Source: U.S. Census Bureau (indiana-demographics.com/cities_by_population)			
**County Population Source: U.S. Census Bureau (Hoosier Data.in.gov)			

Table 11 shows the population of the Indianapolis-Carmel-Anderson MSA, Indiana and the United States, as well as the average annual increase in such populations. Table 12 shows the distribution of population in the Indianapolis-Carmel-Anderson MSA by county.

Table 11

HISTORICAL POPULATION

<u>Year</u>	<u>Indianapolis-Carmel-Anderson MSA</u>		<u>Indiana</u>		<u>United States</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2015	1,985,844	0.8	6,608,296	0.2	320,742,673	0.7
2016	2,005,404	1.0	6,633,344	0.4	323,071,342	0.7
2017	2,026,723	1.1	6,660,082	0.4	325,147,121	0.6
2018	2,048,703	1.1	6,691,878	0.5	327,167,434	0.6

Source: U.S. Bureau of Census and Real Estate Center of Texas A&M University

Table 12

POPULATION DISTRIBUTION IN INDIANAPOLIS-CARMEL-ANDERSON MSA (2018)

<u>County</u>	<u>Population</u>	<u>% of Indianapolis-Carmel-Anderson MSA</u>
Marion	954,670	46.6
Hamilton	330,086	16.2
Hendricks	167,009	8.2
Johnson	156,225	7.6
Madison	129,641	6.3
Hancock	76,351	3.7
Morgan	70,116	3.4
Boone	66,999	3.3
Shelby	44,593	2.2
Putnam	37,779	1.8
<u>Brown</u>	<u>15,234</u>	<u>0.7</u>
Total	2,048,703	100.0

Source: U.S. Bureau of Census and Real Estate Center of Texas A&M University

The median household incomes of the residents in the Indianapolis-Carmel-Anderson MSA are shown in Table 13. Table 14 shows the unemployment rates for the Indianapolis-Carmel-Anderson MSA, as compared to the state of Indiana and the United States as a whole.

Table 13

**MEDIAN HOUSEHOLD INCOME
IN INDIANAPOLIS-CARMEL-ANDERSON MSA (2018)**

County	Median Income
Boone	\$ 82,670
Brown	\$ 56,979
Hamilton	\$ 95,080
Hancock	\$ 73,294
Hendricks	\$ 75,647
Johnson	\$ 70,690
Madison	\$ 44,987
Marion*	\$ 44,964
Morgan	\$ 61,068
Shelby	\$ 61,327
*Source: Indypartnership.com	
Source: STATSIndiana	

Table 14

**UNEMPLOYMENT RATES
Percentage Unemployed**

<u>Year</u>	<u>Indianapolis-Carmel-Anderson MSA^(a)</u>	<u>State of Indiana^(b)</u>	<u>United States^(b) (Seasonally Adjusted)</u>
2014	5.4%	6.0%	6.2%
2015	4.1%	4.6%	5.3%
2016	4.6%	4.6%	4.9%
2017	3.1%	3.5%	4.4%
2018	3.3%	3.5%	3.9%

^(a)Source: Indiana Department of Workforce Development (www.hoosierdata.in.gov)
^(b)Source: U.S. Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/lau/>

The Indianapolis-Carmel-Anderson MSA has a number of large employers. The principal employers in the Indianapolis-Carmel-Anderson MSA as of March 2019 are shown in Table 15 below.

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Table 15

**PRINCIPAL EMPLOYERS IN INDIANAPOLIS-CARMEL-ANDERSON MSA
As of March 2019**

<u>Employer Name</u>	<u>% of Total Employed in MSA</u>	<u>Number of Employees</u>
City, County, & Township Governments	7.56%	78,240
State of Indiana	3.24%	33,520
IU Health	2.24%	23,187
Ascension St. Vincent	1.68%	17,398
Community Health Network	1.09%	11,328
Eli Lilly and Company	0.97%	10,005
Walmart	0.86%	8,926
Kroger Co	0.74%	7,675
Federal Express	0.48%	5,000
Anthem	0.47%	4,866
Eskenazi Health	0.45%	4,620
Meijer	0.44%	4,594
Roche Diagnostics	0.43%	4,500
Indiana University-Purdue University Indianapolis	0.42%	4,354
Defense Finance & Accounting Service	0.42%	4,337
Franciscan St. Francis Health	0.42%	4,300
IU School of Medicine & IU School of Dentistry	0.39%	4,040
Rolls-Royce	0.39%	4,000
UPS	0.39%	4,000
Archdiocese of Indianapolis	0.35%	3,650
US Veterans Medical Center	0.29%	2,971
Goodwill Industries of Central & Southern Indiana	0.25%	2,600
Allison Transmission	0.24%	2,500
Covance	0.23%	2,400
Lowe's	0.21%	2,123
JP Morgan Chase	0.20%	2,100
 Total Employed by Principal Employers	 <u>23.51%</u>	 <u>243,409</u>
 Total Employed in Indianapolis-Carmel- Anderson MSA	 100.00%	 1,035,216
Sources: Principal Employers Indy Chamber. Total employed in Indianapolis-Carmel-Anderson MSA from Bureau of Labor Statistics as of March 2019.		

Facilities

Airfield Facilities. The Airport has three runways. Runway 5R-23L, which opened in June 1990, runs northeast and southwest, and is 10,000 feet long and 150 feet wide. Runway 5L-23R, which opened in January 1996, is on the northwest side of the Airport, is 11,200 feet long and 150 feet wide, and runs parallel to Runway 5R-23L. The parallel runways are equipped with precision instrument landing systems and CAT III operational capability. Runway 14-32 is a crosswind runway, running northwest and southeast and is 7,280 feet long and 150 feet wide.

Terminal Facilities. The Authority opened a new terminal on November 11, 2008, and closed all of the then-existing terminal facilities. The terminal is situated between the two parallel runways. The terminal building is approximately 1.2 million square feet in total size and is a four-story structure consisting of two concourses (A and B) with 39 aircraft gates. Two dedicated international gates are located within Concourse A, with a direct connection to the federal inspection service area. The federal inspection service area is situated so that customers can reclaim their baggage and conveniently walk to ticket counters to connect with another flight.

Public Parking Facilities. The Authority owns and operates substantially all the parking facilities at the Airport, including a garage at the terminal, a surface economy lot, a credit card only walking lot, an employee parking lot, cell phone lot and a rental car overflow surface lot. There are several parking options for Airport visitors to utilize to provide a high-level of customer experience. A valet parking section is available on the third level of the garage for easy access to the terminal and offers an array of special services including car washing, detailing, complimentary bottled water, newspapers and other benefits. Hourly parking is available on the third level of the garage to make short visits to the Airport more convenient with quick access to the terminal. Garage Daily parking offers covered and uncovered roof parking for overnight or extended stays. The Economy Lot parking is a cost-effective option for long term parking just a short shuttle bus ride to and from the terminal. The Park & Walk Lot is a midrange priced offering within walking distance of the terminal. This option is credit card only with no shuttle service available. Additionally, the ParkIND program was launched to offer corporate or frequent travelers rewards for utilizing the ParkIND options and currently has over 20,000 members. These programs provide convenient, customer-focused parking options for all Airport visitors.

The Airport's total parking capacity is approximately 19,850 public vehicles (excluding rental car areas). The parking garage includes approximately 7,500 spaces, including 1,500 that are reserved for the rental car companies, with the balance dedicated to public parking, including valet service which is operated by a third-party. The two public surface lots include approximately 12,350 spaces, approximately 4,400 in the shared Park & Walk lot and employee/overflow lot and approximately 7,950 in the economy lot. The Authority is currently contemplating a future expansion of the parking garage.

Parking revenue of approximately \$50.8 million represented 33.1% of the Authority's total operating revenue in 2017. For 2018, parking revenue was \$54.6 million representing 34.0% of total operating revenue. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS—Technological Innovations in Ground Transportation."

Cargo Facilities. Cargo facilities at the Airport total approximately 1.5 million square feet of interior space.

FedEx. FedEx began operations at the Airport in June 1988 and has expanded its Indianapolis facility to become the second largest hub worldwide for all of FedEx operations. One of the largest FedEx facilities at the Airport is the FedEx package sorting complex located on the south side of the Airport, which includes a sortation facility, a fuel storage facility and aircraft parking apron capable of accommodating up to 63 aircraft. In August, 2019 the total size of FedEx's leasehold was increased to 20,984,779 square feet (482 acres) from 13,915,923 square feet (319 acres). The increased leasehold space accommodates FedEx's October 2018 seven-year \$1.5 billion expansion announcement to its facility which will increase package-handling capacity. The expansion increases their total footprint by approximately 163 acres and adds 29 new gate positions to accommodate a total of 92 aircraft. Prior to FedEx's recent expansion announcement, the Authority's stormwater and deicing system was near capacity and would not be able to meet the demands of anticipated increased aircraft operations. As a result, the Authority initiated efforts to expand and modify the existing stormwater and deicing control facilities to meet the

increased demand on the system from FedEx and others. This enabling project modifies the existing Seerley Creek Basin and constructs a new West Basin and Hanna Basin and related facilities. The overall estimated cost of the stormwater project is \$120.8 million and is currently financed from the 2018A Subordinate Securities, the 2019A SRF Authority Bonds and the 2019D SRF Authority Bonds. The FedEx construction timeline indicates completion of the 29 aircraft apron positions by 2021 with full year utilization in 2022. The lease with FedEx expires December 31, 2053; however, FedEx has two ten-year options to extend the lease which could extend the term of the Lease to 2073. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS—FedEx Presence at the Airport.”

In fiscal year 2018, FedEx accounted for approximately 10.9% of the total revenue at the Airport. No assurance can be given, however, in regards to FedEx’s future level of cargo activity at the Airport. If, for any reason, FedEx reduces or discontinues its operations at the Airport, such action could result in a reduction in the amount of Airport Revenues.

Cargo/Warehouse Buildings North. On the northeast side of the Airport, there are two cargo/warehouse buildings (Building #3 and #7) with approximately 69,093 square feet of interior space. These facilities also include 864,000 square feet of aircraft parking apron. The facilities are leased by Worldwide Flight Services (aircraft and cargo handler), Jet Pro Line Maintenance, Hawker Beechcraft and FedEx, which utilizes the building for aircraft parts storage.

Building 53 (formerly USPS Eagle Air Hub). Located on the north side of the Airport, this facility consists of two buildings totaling 356,043 square feet of space on 107 acres of real estate leased from the Authority and includes more than 46 acres of aircraft parking apron. Currently, the buildings are vacant as the prior lease with LGSTX Services, Inc. expired on October 31, 2018. The Authority is actively marketing the site.

Cargo/Warehouse Buildings East. On the east side of the Airport, there are two cargo/warehouse buildings with approximately 57,632 square feet of combined interior space. These facilities are leased by Metro Air Service and the USPS.

Airline Cargo Building. A new cargo and ground equipment maintenance facility was constructed in connection with the construction of the terminal and opened in September 2010. The building consists of approximately 40,000 square feet and is located on the south side of Col. H. Weir Cook Memorial Drive near the main terminal. Current tenants included Quantem Aviation (cargo handler), FirstFlight Ground Services Global Aviation, ASIG (ground equipment maintenance provider) and Southwest Airlines Co.

Maintenance Facilities. The Airport includes four significant maintenance facilities as further described below:

IMC. Since February 13, 2004, the Authority has operated the Indianapolis Maintenance Center (“IMC”), the former United Airlines maintenance and overhaul facility, pursuant to a settlement agreement (the “*Settlement Agreement*”) with the trustee of special purpose facility bonds that were issued to construct and equip a portion of the IMC. Under the Settlement Agreement, the Authority is entitled to be reimbursed from IMC revenues, including lease revenues, for all operating expenses and certain other costs incurred by the Authority in operating and maintaining the IMC.

In 2017, the Authority incurred \$7.1 million of operating expenses and certain other costs and recognized reimbursement revenue of \$8.1 million from IMC revenues to offset those expenses as well as expenses incurred in previous years for which there were not funds available to reimburse immediately. In 2018, the Authority incurred \$7.6 million of operating expenses and recognized reimbursement revenue of \$8.2 million from IMC, a portion of which reimbursed expenses incurred in previous years.

To the extent the Authority is not fully reimbursed for IMC operating expenses in any given year, the Settlement Agreement provides for reimbursement from future IMC revenues of prior unreimbursed IMC operating expenses. All current and prior operating expenses are payable prior to payment of principal and interest on the special facility bonds that were issued to construct and equip a portion of the IMC. Through December 31, 2018,

the Authority has incurred approximately \$10.0 million in unreimbursed operating expenses which may be reimbursed to the Authority from IMC revenues in the future, to the extent such revenues are available. Once such amounts are fully reimbursed, the Settlement Agreement dictates how any IMC revenues above current operating expenses are to be spent, including money to the Authority for ground rent and payment to holders of the special purpose facility bonds for unpaid principal and interest.

AAR Aircraft Services, Inc. (“AAR”) leases approximately 970,000 square feet of the approximately 1.6 million square foot IMC, including ten of twelve hangar bays. As of April 1, 2019, AAR occupied five of ten hangar bays, plus some office space, machine shop space and space in the supply building. In addition, AAR occupies one other hangar bay from time to time on an “as needed” basis (the “On-Call Bay”). The current AAR lease expires December 31, 2024.

Chautauqua Airlines, Inc. leases the remaining two IMC hangar bays under a lease that expires April 14, 2025. Other IMC tenants include Acredo (Express Scripts), Schenker Logistics, Cargolux International, DHL and Wilcox Environmental Engineers. The facility is substantially leased with a minimal amount of vacant space.

FedEx Maintenance Hangar. FedEx occupies and operates a maintenance facility containing approximately 147,000 square feet of interior space. The FedEx maintenance facility was financed for US Airways with proceeds of special purpose facilities bonds, which have been paid off. US Airways assigned the leasehold interest to FedEx. The FedEx maintenance facilities were acquired, constructed and equipped on real property located at the Airport, which real property is leased, with the maintenance facilities and certain other property identified in the lease, by FedEx from the Authority in a lease that currently expires on December 31, 2028.

Comlux America, LLC. Comlux completed construction (under the name Comlux Realty, LLC) on a 134,420 square foot hangar and support facility located on the east side of the Airport in August 2012. The hangar facility is 65,997 square feet and capable of housing multiple narrow-body commercial aircraft under one roof, for the fitting of executive interiors. Included in the facility is 68,423 square feet of office and support space which houses engineering, accounting, aircraft mechanics, designers and other support staff to support Comlux’s business. In June 2015, an expansion of the facilities began where an additional 15,957 square feet of support and office area along with 14,066 square feet of hangar space was added to the facility. This added an additional 30,023 square feet to the facility bringing its total square footage to 164,443. The expansion allows for wide body aircraft to be housed in the hangar. The current lease with Comlux expires on August 31, 2036.

PK IND, LLC. PK IND, LLC, occupies and operates a maintenance hangar facility at the Airport containing approximately 152,000 square feet, together with office space containing approximately 120,000 square feet, which is attached to the maintenance facility. PK IND, LLC, is a real estate investment and development company. PK IND, LLC, has subleased the hangar facility to FedEx, with FedEx taking possession on December 1, 2007. Additionally, PK IND, LLC, has signed a lease agreement with Rolls Royce and ACS to lease space in the office area portion of the facility. In the spring of 2009, PK IND completed construction of two new facilities located within the leased premises of the maintenance hangar; a 32,000 square foot hangar facility and a 44,400 square foot training facility, both of which are leased to Rolls Royce.

Other Facilities. In addition to the facilities described above, the Airport also contains:

1. General aviation hangars and related facilities situated in several Airport locations, including:
 - a. Hawker Beechcraft Global Customer Support, LLC, (“Hawker”). Hawker occupies 80,340 square foot of executive terminal, maintenance hangar and support shop facilities, partially financed with special purpose facility bonds issued by the Authority, but payable by Hawker. Hawker continues to occupy four buildings/hangars, comprising approximately 58,986 square feet.
 - b. Signature Flight Support, Inc., (“Signature”). Signature occupies nine buildings/hangars comprised of approximately 195,400 square feet. These facilities include a new executive terminal.

- c. Vacant Hangars. The Authority currently has no vacant hangar space at the Airport, although there are vacant hangars at the Reliever Airports.

2. North Campus Facilities. The North Campus Facilities consist of three buildings (Buildings #60, #63, and #64) located at the Airport. Currently, Building #60 is occupied by the stormwater capacity expansion project team. Buildings #63 and #64 are currently vacant and being marketed for lease by a commercial real estate firm.

3. Corporate Hangars. A number of hangars housing corporate aircraft are located on the north and east sides of the Airport. They house such tenants as the Indianapolis Colts, Bindley Aviation, Simon Property Group and Eli Lilly.

4. FedEx Trade Networks. FedEx Trade Networks leases a 27,165 square foot building from the Authority located on the north side of the Airport. FedEx Trade Networks tracks all international package shipments for FedEx and ensures packages clear customs at various points around the world.

5. Aviation Technology Center. The “ATC” is operated by Vincennes and Purdue Universities for educating and training those seeking employment in aviation technology and other fields related to aircraft, aircraft maintenance and airport operations. ATC operates out of a 69,085 square foot hangar and office space facility.

6. ProTrans International. ProTrans leases 6.5 acres of land from the Authority under a long-term lease which contains a 44,128 square foot building utilized as their corporate headquarters.

7. Support Facilities. The Airport includes a range of support facilities, including navigational aids, a safety facility and a fuel storage/distribution system.

8. Hush House. This three-sided aircraft ground enclosure is comprised of noise resistant panels and designed to absorb engine noise during testing. The Authority’s hush house will accommodate most types of aircraft, including the Boeing 777.

Authority Agreements

Airline Agreements. As of the date of this Official Statement, six passenger carriers (Allegiant Air, American Airlines, Delta Air Lines, Frontier Airlines, Southwest Airlines and United Airlines) and two cargo air carriers (Cargolux Airlines and Federal Express) (collectively, the “*Signatory Airlines*”) operate at the Airport under an Airline Use Agreement and Lease of Premises (individually, an “*Airline Agreement*” and, collectively, the “*Airline Agreements*”), between each Signatory Airline and the Authority. The Airline Agreements became effective January 1, 2019 and extend through December 31, 2023.

Under the Authority Bond Ordinance, the Authority is obligated to fix rentals, fees and charges sufficient, when combined with other Net Revenues, to meet the Rate Covenant in each Fiscal Year. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Rate Covenant.” The Airline Agreements employ a hybrid rates and charges methodology obligating the Signatory Airlines to make payments (the “*Signatory Airline Revenue Requirement*”) to the Authority for the airfield and apron, in proportion to the use of Airport System facilities by each Signatory Airline and for the terminal facilities, their fairly allocated share of Airport Terminal cost in accordance with U.S. Department of Transportation (USDOT) policy and applicable law, sufficient in the aggregate to pay in each Fiscal Year, together with other available Net Revenues, and any amounts in the Prepaid Airline Fund available to be applied to the Signatory Airline Revenue Requirement for such Fiscal Year in an amount equal to (i) Operation and Maintenance Expenses of the Airport System for such Fiscal Year; (ii) the debt service for the Authority Revenue Bonds for such Fiscal Year, plus debt service coverage; (iii) any deposits required to be made in such Fiscal Year to the Revenue Bond Reserve Fund; (iv) net amounts of any assessments, judgments, settlements or charges payable by the Authority and allocated to the Airport System for such Fiscal Year; (v) \$24 million for the Capital Improvement Fund; and (vi) adjustments for deficiencies in any of the above payments for the preceding Fiscal Year. See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Current Airline Agreements.”

To the extent that the Authority determines to classify certain PFCs, CFCs or other revenues as Dedicated Revenues, the Authority anticipates that the debt service that is excluded from Debt Service Requirements pursuant to the Authority Bond Ordinance also will be excluded for purposes of setting rates and charges under the Airline Agreements. Similarly, the Authority anticipates continuing to take the Coverage Fund into account in setting rates and charges. However, if, in the additional bonds test under the Authority Bond Ordinance, the Authority identifies the Debt Service Requirements on certain series of Authority Revenue Bonds in a manner different from the actual principal and interest that is due, the setting of rates and charges will be based upon such actual principal and interest payments, not Debt Service Requirements. See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Authority Bond Ordinance.”

The Airline Agreements are designed to set rates and charges in a manner to ensure that the Authority’s debt service and related coverage obligations, including the Rate Covenant, will be met. The Airline Agreements authorize the Authority to adopt an amended budget any time during the Fiscal Year and upon notification and consultation with Signatory Airlines to implement new fees and charges based on such amended annual budget. Further, if total Terminal rentals or landing fees of all airlines for any two (2) successive quarters vary by more than ten percent (10%) from the projected total Terminal rentals (including fees for the use of Joint Use Space) or landing fees for such quarters, the Terminal rentals (including the fees for use of Joint Use Space) or landing fee rate may be adjusted for the balance of such Fiscal Year by an amount equal to the difference between projected and actual terminal rentals or landing fee. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS—Risk of Airline Bankruptcies.”

The Airline Agreements provide for rental of Terminal space, use of apron areas and other facilities and services by such Signatory Airline and the periodic and non-discretionary adjustment of the amounts and ratios of the rentals, charges and landing fees to be paid by such Signatory Airline to reflect changing requirements of the Authority’s operating budget. The Authority must submit certain capital improvements for disapproval by the Signatory Airlines if they are greater than \$100 million. For capital improvements greater than \$100 million, the Signatory Airlines may vote to defer such improvements for a year if concurrence is specifically withheld by a majority of the Signatory Airlines paying more than 50% of the Signatory Airlines’ fees and rentals, subject to certain other exceptions. See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Current Airline Agreements—Annual Recalculation of Lease Rentals and Fees” and “—Capital Improvements.”

Each Airline Agreement provides that the Authority may not enact any bond resolution or ordinance or subsequently amend a bond resolution or ordinance so as to require a material change in the method of calculation of rentals and fees payable under such Airline Agreement or so as to materially affect the rights of the Signatory Airlines subject to such Airline Agreements without the prior written consent of such Signatory Airline. If the Authority adopts a bond resolution or ordinance or a subsequent amendment to a bond resolution or ordinance, either of which materially affects the method of calculation of such rentals and fees or materially affects the rights of the Signatory Airline under such Airline Agreement, such Signatory Airline may, in writing, cancel such Airline Agreement within 15 days after the adoption date of the bond resolution or ordinance or amendment by the Authority.

For additional information about the Airline Agreements, see “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Current Airline Agreements.”

Operating Agreement/Airport Use Permits. Other airlines operate at the Airport under an Operating Agreement (“*Operating Agreement*”), which generally has a month-to-month term. Regional/commuter carriers affiliated with the signature carriers, hold Operating Agreements and pay landing fees and Terminal fees based upon the Authority’s annual Schedule of Rates, Fees and Charges for Use of the Airport Facilities. In addition, various carriers hold Airport use permits and pay signatory rates as affiliate carriers to their respective major/national passenger airlines. See Table 20 herein.

Concession Agreements. The principal concession revenues at the Airport are received from rental car and terminal retail operations, including food and beverage, specialty retail and news and gifts. The Authority also derives concession revenues from cell phone companies (use of distributed antenna system), advertising, ground

transportation services and others. The discussion below relates to concession revenues related to rental car and concession operations at the new terminal.

Rental Car Facility Concession Agreements. There are ten on-airport rental car operators at the Airport, including Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, Sixt and Thrifty. Payless Car Rental is situated off-airport.

Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, Sixt and Thrifty operate under concession agreements providing for payment to the Authority of the greater of (1) a guaranteed minimum fee and (2) 10% of gross concession revenues. The Authority also receives 10% of reported sales from Payless Car Rental under an ordinance governing off-airport operations. In addition, the rental car operators lease counters, office areas, a “quick turn-around” facility, telephone banks and a “ready return” area on the first floor of the parking garage at the Airport at prevailing rental rates. Rental car commission revenues of approximately \$10.7 million represented 7.0% of total operating revenue in 2017. For 2018, rental car commission revenues were approximately \$11.3 million representing 7.0% of total operating revenue. The current rental car agreements expire December 31, 2029.

Terminal Concession Agreements. With 42 of the 49 concessions agreements at the Airport reaching the end of their terms, the Authority undertook a lengthy concession refresh project beginning in 2018 and solicited public involvement that culminated in award of 40 of those 42 locations. Both food and beverage and retail concepts are impacted with the locations undergoing extensive rehabilitation build-outs. The project will be completed in a phased manner over approximately three years. The two locations not yet awarded have later expiration dates on their current agreements and will be competitively bid and awarded at a future date. The new concessions program features national and local offerings that are rich with variety and are targeted to resonate with passengers.

Upon project completion, there will be 25 food and beverage offerings, 7 news and gift stores and 17 specialty retail concepts at the Airport. The new concession agreements provide for payment to the Authority of the greater of (1) a minimum annual guarantee and (2) a percentage of gross revenues, with the percentages ranging from 8% to 16% of gross revenues.

The five largest concession operators under the new agreements will be Hudson Group with ten units, SSP America with eight units, Paradies Lagardere with seven units, Host International with six units, and OHM Concession Group with six units. The Authority also has direct leases with several local companies. In addition to the in-line concession stores, the Authority has concession agreements for advertising, retail merchandising units, pouring rights with Coca-Cola, cell phone companies (use of distributed antenna systems), ATMs, vending services and other passenger amenities.

The Authority currently has agreements to lease space to concessionaires who provide food and beverage, news and gifts, specialty retail and other sundry items in the terminal complex at the Airport. Concession agreements generally obligate the concessionaires to pay to the Authority a common use fee *plus* the greater of (1) a minimum annual guarantee and (2) a percentage of gross revenues. The minimum annual guarantee varies based on the offering location, size, exposure to passengers and sales performance. A total of 65,551 square feet of concession and related space is as follows:

Civic Plaza (Pre-Security Area)	19,995 square feet
Concourse A (Post-Security Area)	19,721 square feet
Concourse B (Post-Security Area)	24,504 square feet
Ticketing and Baggage Claim Areas (Pre-Security Area)	1,331 square feet

In 2017, terminal concession revenue totaled \$8.2 million, representing 5.4% of total operating revenue in each year. For 2018, concession revenues were approximately \$8.6 million, representing 5.3% of total operating revenue.

HISTORICAL AIRPORT ACTIVITY

Aircraft Operations

As of September 30, 2019, ten major and national passenger airlines and the corresponding regional and commuter passenger airlines provided scheduled service at the Airport, as shown on Table 20 “AIRLINES PROVIDING SCHEDULED SERVICE AT THE AIRPORT.” The major and national airlines provided an average of 145 daily nonstop departures from the Airport to 50 cities. The Airport serves primarily origin and destination (“O&D”) passengers, as compared with connecting passengers. During 2018, approximately 4.5 million enplaned passengers at the Airport were O&D passengers (96.2%). In addition, FedEx and Cargolux International provide regularly scheduled air cargo service at the Airport.

Table 16 shows the number of historical aircraft operations (landings and takeoffs) at the Airport from 2014 through September 30, 2019, for air carrier, air taxi and commuter, general aviation, and military operations. Generally, there have been fluctuations in the operating trends of air carrier and air taxi/commuter operations due to varying passenger enplanements, aircraft fleet mix, air carrier mergers, and the hubbing activities of passenger and cargo airlines. The declining trend in air taxi/commuter operations is driven by the increased cost of operating small regional jets, primarily influenced by higher jet fuel costs. Commercial passenger airlines have shifted towards using larger regional jets, shifting recorded operations out of the “Air Taxi” category and into “Air Carrier”. Historically, the number of general aviation operations has been tied directly to the current economic conditions. The military charter activity is tied strongly to the needs of nearby Indiana National Guard training base Camp Atterbury. The fluctuations in military operations are a result of the changing demands of the military.

In 2018, 168,133 aircraft operations (takeoffs and landings) were performed at the Airport. These operations consisted of 127,309 air carrier operations (which includes commercial aircraft with more than 60 passenger seats or cargo aircraft with maximum payload in excess of 18,000 pounds), 24,796 air taxi/commuter operations (which includes commercial aircraft with fewer than 60 passenger seats or cargo aircraft with maximum payload of less than 18,000 pounds), 15,044 general aviation operations, and 984 military operations. For the first nine months of 2019, 136,428 aircraft operations (takeoffs and landings) were performed at the Airport. These operations consisted of 91,882 air carrier operations, 33,386 air taxi/commuter operations, 10,490 general aviation operations and 670 military operations.

Table 16

HISTORICAL AIRCRAFT OPERATIONS 2014-September 30, 2019						
<u>Year</u>	<u>Air carrier</u>	<u>Air taxi / commuter</u>	<u>General aviation</u>	<u>Military</u>	<u>Total Operations</u>	
					<u>Total</u>	<u>Annual percent increase (decrease)</u>
2014	102,036	32,961	13,172	730	148,899	(2.9%)
2015	112,834	24,157	15,174	772	152,937	2.7%
2016	122,388	23,996	15,196	631	162,211	6.1%
2017	123,870	17,530	14,652	3,997	160,049	(1.3%)
2018	127,309	24,796	15,044	984	168,133	5.1%
<u>Nine Months Ended September 30</u>						
2018	94,322	17,882	11,315	740	124,259	
2019	91,882	33,386	10,490	670	136,428	9.8%*
		<u>Average annual percent increase (decrease)</u>				
2014-2018	4.5%	(5.5%)	2.7%	6.2%	2.5%	

* Percentage change is calculated using the first nine months of 2019 compared to the first nine months of 2018.
Source: Indianapolis Airport Authority

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Additional information regarding aviation activity, enplaned passengers and landed weight at the Airport is set forth in the following Table 17:

Table 17

HISTORICAL AIRPORT ACTIVITY 2014-September 30, 2019							
	Year Ended December 31,					First Nine Months Ended September 30, 2018	First Nine Months Ended September 30, 2019
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>		
Enplaned Passengers (thousands)	3,686	4,008	4,240	4,388	4,695	3,493	3,543
Air Cargo Enplaned (tons):							
Air Freight/Express	564,052	546,814	543,677	526,966	538,737	388,278	372,371
Air Mail	<u>2,400</u>	<u>2,731</u>	<u>2,631</u>	<u>3,125</u>	<u>3,159</u>	<u>2,467</u>	<u>1,540</u>
Total Air Cargo	566,452	549,545	546,308	530,091	541,896	390,745	373,911
Landed Weight in 1000-pound units:							
Passenger Airlines	4,280,224	4,676,484	5,088,062	5,150,053	5,496,460	4,124,181	4,054,030
Cargo Airlines	<u>5,356,686</u>	<u>5,335,588</u>	<u>5,334,670</u>	<u>5,139,115</u>	<u>5,282,874</u>	<u>3,713,310</u>	<u>3,745,830</u>
Total Landed Weight	9,636,910	10,012,072	10,422,732	10,289,168	10,779,334	7,837,491	7,799,860

Source: Indianapolis Airport Authority

As shown in Table 18 below, the number of enplaned passengers at the Airport has exceeded 3.5 million annually since 2014 and exceeded 4 million annually since 2015.

Table 18

HISTORICAL ENPLANED PASSENGERS 2014-September 30, 2019				
<u>Year</u>	Major / National Airlines ^(a)	Regional / Commuter Airlines	Total enplaned passengers	
			<u>Number</u>	<u>Average Annual % increase (decrease)</u>
2014	2,313,422	1,372,823	3,686,245	2.4%
2015	2,824,976	1,183,280	4,008,256	8.7%
2016	3,017,319	1,222,509	4,239,828	5.8%
2017	3,058,861	1,328,671	4,387,532	3.5%
2018	3,286,588	1,408,452	4,695,040	7.0%
<u>Nine Months Ended September 30</u>				
2018	(b)	(b)	3,492,502	
2019	(b)	(b)	3,543,027	1.4% ^(c)
	<u>Average annual percent increase</u>			
2014-2018	7.3%	0.5%	5.0%	

(a) Includes some commuter activity reported with major airline activity.
(b) Data not available.
(c) Percentage change is calculated using the first nine months of 2019 compared to the first nine months of 2018.

Source: Indianapolis Airport Authority

The cost per enplaned passenger for the passenger carriers from 2014 to 2018 is shown in Table 19 below. The Authority is projecting a cost per enplaned passenger of \$8.33 for the passenger carriers in 2019.

Table 19

HISTORICAL TOTAL COSTS PER ENPLANED PASSENGER AT THE AIRPORT	
(inclusive of both Signatory and Non-Signatory Carriers)	
<u>Year</u>	<u>Cost</u>
2014	\$9.73
2015	\$9.22
2016	\$10.11
2017	\$8.54
2018	\$8.27

Source: Indianapolis Airport Authority

The passenger and cargo airlines currently providing scheduled service at the Airport are shown in Table 20, with the Signatory Airlines marked as such:

Table 20

AIRLINES PROVIDING SERVICE AT THE AIRPORT SEPTEMBER 2019	
PASSENGER AIRLINES	
<u>Signatory Carriers*</u>	<u>Other Carriers</u>
Allegiant Air	Alaska Airlines, Inc.
American Airlines	Volaris Airlines (Vacation Express)
Delta Air Lines	Spirit Airlines
Frontier Airlines	Air Canada
Southwest Airlines	
United Airlines	
ALL-CARGO AIRLINES	
<u>Signatory Carriers</u>	<u>Other Carriers</u>
Cargolux Airlines International	Mountain Air Cargo (FedEx)
FedEx	CSA Air (FedEx)
* Includes Regional/Commuter Carriers	
Source: Indianapolis Airport Authority	

Airline Service

As shown in Table 20 above, the Airport is served by most major airlines operating to their mid-continental, East Coast, West Coast and international hubs. In addition, as shown in Table 21 below, point-to-point service is provided to many major business destinations across the nation, including New York (LaGuardia, JFK and Newark), Washington, D.C. (Reagan National, Dulles and BWI Marshall), Boston (Logan International), Chicago (O'Hare and Midway), Dallas (Dallas/Fort Worth International and Love), Houston (Bush Intercontinental and William Hobby), San Francisco (San Francisco International and Oakland) and Southern California (Los Angeles International and San Diego International). A significant amount of nonstop service is also provided to leisure destinations in Florida and the desert Southwest. The Airport also has international service to Toronto, Canada and Paris, France on a year-round basis and Cancun and Punta Cana on a seasonal basis. See Table 21 below showing the top 20 destinations of flights from the Airport.

Table 21

TOP 20 DESTINATIONS FROM IND (12-month ended Dec-2018)				
Rank	Market Area	O&D	Weekly Nonstops	Carriers Providing Non-Stop Service¹
1	Orlando (MCO, SFB)	285,585	41	DL, F9, G4, WN
2	New York City (LGA, JFK, EWR)	274,073	122	AA, DL, WN, UA
3	Washington DC (DCA, IAD, BWI)	220,111	83	AA, WN, UA
4	Tampa (TPA, PIE)	185,635	25	G4, WN
5	Los Angeles (LAX)	184,165	24	AA, DL, WN
6	Denver (DEN)	180,254	46	F9, WN, UA
7	Miami (MIA, FLL, PBI)	178,620	35	AA, DL, G4, WN
8	Las Vegas (LAS)	161,503	24	F9, WN, G4
9	Ft. Myers (RSW, PGD)	158,414	21	DL, F9, G4, WN
10	Atlanta (ATL)	147,476	79	DL, WN
11	San Francisco (SFO, OAK)	140,430	17	AS, UA, WN
12	Dallas (DFW, DAL)	134,115	42	WN, AA
13	Phoenix (AZA, PHX)	121,217	25	AA, G4, WN
14	Boston (BOS)	115,933	26	DL, WN
15	Houston (IAH, HOU)	90,081	40	WN, UA
16	Seattle (SEA)	79,473	10	AS, DL
17	Minneapolis (MSP)	79,213	32	DL
18	Philadelphia (PHL)	71,951	40	AA
19	San Diego (SAN)	68,310	2	F9, WN
20	Austin (AUS)	61,082	4	F9, G4, WN
¹ Abbreviations: G4 = Allegiant Airlines; AA = American Airlines; AS = Alaska; DL = Delta Air Lines; F9 = Frontier Airlines; WN = Southwest Airlines; UA = United Airlines. Source: U.S. DOT O&D Database (Accessed via Diio Mi June 10, 2019).				

Recent Trends in Airline Traffic at the Airport

In the past year, the Airport has continued to experience increased seat capacity as the global economy remains strong. In 2018, more than 9.4 million passengers were served by the Airport, setting a new all-time record, and adding more than 620,000 passengers compared to 2017. This increase in airline competition and market activity has stimulated passenger activities at the Airport. International flights increased 28% in 2018, and international passenger traffic increased over 77% (more than 60,000 international passengers) compared to 2017. West Coast connectivity also increased in 2018, with both flights and seat capacity up 45% compared to 2017. Allegiant Air launched over 500 more flights out of the Airport in 2018 compared to 2017. This is due in part to a new plane base established by Allegiant in Indianapolis last February which prompted a 40% increase in seat capacity. Total flights were up by 4% (more than 300,000 outbound seats) in 2018 compared to 2017. Connectivity to new destinations also increased out of the Airport in 2018, with inaugural nonstop routes launching to Paris Charles de Gaulle (France), Charleston (South Carolina), Oakland (California) and Sarasota/Bradenton (Florida). Additional flights to existing routes were also launched in 2018 to Cancun (Southwest), Seattle (Delta), Austin (Frontier and Southwest), and San Diego (Frontier). Frontier Airlines also reinstated two routes to Philadelphia and Fort Myers in 2018. Spirit Airlines became the latest airline to announce it will establish service out of the Airport, with two new daily, year-round nonstop flights launched in March 2019 to Las Vegas and Orlando, and a twice-weekly seasonal flight launched in May 2019 to Myrtle Beach. Spirit has already announced new, year - round, daily – service to Tampa and Fort Myers beginning in November 2019.

In 2018, the number of enplaned passengers increased 7.0% compared to 2017 due to airlines adding new nonstops into key business markets, the introduction of the nonstop flight to Paris and with Allegiant establishing a new base at the Airport. For the first nine months of 2019, the number of enplanements was 3,543,027 an increase of 1.4% compared to the same period in 2018. In March 2019, the Airport set a new historical record for the month

with more than 880,000 passengers traveling through the terminal. This continued increase in enplanements is supported by a strong local economy, more international and west coast access than ever before and increased seat capacity from the airlines.

Since January 2014, there have been over 40 new nonstop flight service additions from the Airport. New nonstop destinations added include: (1) San Francisco (SFO) by United Airlines, (2) Dallas-Love Field (DAL) by Southwest, (3) Chicago-Midway (MDW) by Southwest, (4) San Diego (SAN) by Southwest, (5) Oakland (OAK) by Southwest, (6) New Orleans (MSY) by Allegiant, (7) St. Petersburg (PIE) by Allegiant, (8) Punta Gorda (PGB) by Allegiant, (9) Orlando-Sanford (SFB) by Allegiant, (10) Myrtle Beach (MYR) by Allegiant, (11) Savannah/Hilton Head (SAV) by Allegiant, (12) Jacksonville (JAX) by Allegiant, (13) Fort Walton Beach (VPS) by Allegiant, (14) Austin (AUS) by Allegiant, (15) Charleston (CHS) by Allegiant, (16) Sarasota (SRQ) by Allegiant, (17) Seattle (SEA) by Alaska Airlines and (18) Paris (CDG) by Delta. The new competitive flights adding capacity include: (1) Las Vegas (LAS) by Allegiant, (2) Ft. Lauderdale (FLL) by Allegiant, (3) Los Angeles (LAX) by Southwest, (4) Las Vegas (LAS) by Frontier, (5) Orlando (MCO) by Frontier, (6) Miami (MIA) by Delta, (7) Seattle (SEA) by Delta, (8) Las Vegas (LAS) by Spirit, (9) Orlando (MCO) by Spirit, (10) Myrtle Beach (MYR) by Spirit as well as the upcoming (11) and (12) Fort Myers (RSW) and Tampa (TPA) by Spirit. Table 22 below shows the 50 nonstop destinations from the Airport.

Table 22



Airline Market Shares of Enplaned Passengers

Table 23 shows airline market shares of enplaned passengers at the Airport from 2014 through 2018. Market shares have remained relatively stable since 2014.

Southwest Airlines accounted for 30.8% of enplanements at the Airport in 2018. For the first nine months of 2019, Southwest enplanements marginally decreased to a 28.8% share. Delta has the next largest share of the Airport's enplanements at 23.3% in 2018. For the first nine months of 2019, its share was 25.4%. In December 2013, American Airlines and US Airways merged and on April 8, 2015 they began operating under a single certificate under American Airlines. American Airlines accounted for a 21.9% market share of enplanements in 2018. For the first nine months of 2019, its share was 21.8%. United has the fourth largest market share at the Airport with 12.8% of enplanements in 2018. For the first nine months of 2019 its share was 11.8%.

The Airport is served by a balanced mix of carriers. The diversity of the airline market shares at the Airport helps to ensure that competitive service is available and that the Airport traffic base is not dependent on the financial success or service provided by any one airline. Low cost airlines Allegiant, Frontier, Spirit and Southwest collectively represented approximately 38.8% of the service provided at the Airport in the first nine months of 2019, and 39.5% share in 2018.

Table 23 shows the airlines that provided service at the Airport from 2014 through September 30, 2019, as well as their market share of enplanements at the Airport.

Table 23

AIRLINE MARKET SHARES OF ENPLANED PASSENGERS 2014-September 30, 2019							
Airline ^(a)	Market Share (%)					Nine Months Ended	Nine Months Ended
	2014	2015	2016	2017	2018	September 30, 2018	September 30, 2019
Southwest Airlines ^(b)	28.2%	29.8%	32.6%	32.9%	30.8%	30.8%	28.8%
Delta Air Lines	26.1%	23.9%	22.2%	22.3%	23.3%	23.0%	25.4%
American Airlines ^(c)	26.2%	25.2%	22.8%	22.1%	21.9%	21.8%	21.8%
United Airlines	15.1%	14.3%	13.9%	13.6%	12.8%	12.6%	11.8%
Allegiant Air	-	3.0%	4.3%	4.3%	5.7%	5.8%	5.7%
Frontier Airlines	3.4%	3.0%	3.2%	2.8%	3.0%	3.0%	2.6%
Spirit Airlines ^(d)	-	-	-	-	-	-	1.7%
Alaska Airlines	-	-	-	1.0%	1.7%	1.9%	1.2%
Other	1.0%	0.8%	1.0%	1.0%	0.8%	1.1%	1.0%
Total	100%	100%	100%	100%	100%	100%	100%

^(a) Includes regional partners.
^(b) Due to merger, AirTran Airways is included in Southwest Airlines.
^(c) Due to merger, US Airways is included in American Airlines.
^(d) Spirit Airlines began operating at the Airport in March 2019.

Source: Indianapolis Airport Authority

O&D Traffic

The Airport is primarily an O&D Airport and from 2014 to 2018, O&D traffic has ranged from approximately 93.9% to 96.2% of the Airport's traffic. In 2018, 96.2% of the Airport's enplanements represented O&D traffic, as shown in Table 24 below.

Table 24

SHARES OF O&D VERSUS CONNECTING PASSENGERS						
Indianapolis International Airport						
2014-2018						
Year Ended December 31,						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	Average Annual increase <u>2014-2018</u>
Enplaned Passengers						
O&D	3,461,601	3,845,385	4,059,172	4,211,480	4,517,031	5.5%
<u>Connecting</u>	<u>224,644</u>	<u>162,871</u>	<u>180,656</u>	<u>176,052</u>	<u>178,009</u>	<u>(4.8%)</u>
Total	3,686,245	4,008,256	4,239,828	4,387,532	4,695,040	5.0%
% of Total						
O&D	93.9%	95.9%	95.7%	96.0%	96.2%	
<u>Connecting</u>	<u>6.1%</u>	<u>4.1%</u>	<u>4.3%</u>	<u>4.0%</u>	<u>3.8%</u>	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	
Sources: Indianapolis Airport Authority; U.S. Department of Transportation, Airline Passenger Origin and Destination Survey and T-100 Onboard Database.						

Air Cargo Activity

Table 25 below shows cargo enplaned at the Airport from 2014 through 2018. For the first nine months of 2019, the amount of air cargo enplaned at the Airport decreased by 4.3% compared to the same period in 2018 resulting from the competitive and changing nature of the cargo industry and online retail. In 2018, approximately 99.4% of total enplaned cargo was freight and express, and the remaining 0.6% was air mail. For the first nine months of 2019, approximately 99.6% of total enplaned cargo was freight and express, and the remaining 0.4% was air mail.

International freight service expanded at the Airport beginning in January 2006, with scheduled Cargolux service into the European Union, which complimented existing FedEx departures into the same region. In 2014, FedEx introduced multiple weekly international cargo flights arriving from Osaka, Japan. Tonnage of international inbound freight has continued to grow. FedEx launched a new international flight to Liège, Belgium (LGG) in September 2019. In 2018, inbound international freight was up 5.2% from 41,565 tons in 2017 to 43,730 tons. For the first nine months of 2019, inbound international freight was up 2.2% from 31,678 tons for the first nine months in 2018 to 32,385 tons.

Table 25

HISTORICAL ENPLANED CARGO 2014-September 30, 2019				
Year	Tons			Annual Percent increase (decrease)
	Air mail	Freight and Express	Total	
2014	2,400	564,052	566,452	(0.5%)
2015	2,731	546,814	549,545	(3.0%)
2016	2,631	543,677	546,308	(0.6%)
2017	3,125	526,966	530,091	(3.0%)
2018	3,159	538,737	541,896	2.2%
Nine Months Ended September 30				
2018	2,467	388,278	390,745	
2019	1,540	372,371	373,911	(4.3%) ^(a)
	Average annual percent increase			
2014-2018	5.6%	(0.9%)	(0.9%)	

(a) Percentage change is calculated using the first nine months of 2019 compared to the first nine months of 2018.
Source: Indianapolis Airport Authority

Landed Weight

In 2018, total aircraft landed weight was 10,779,334 thousand pound units, a 4.8% increase from 2017. Passenger airlines accounted for approximately 51.0% of total landed weight at the Airport in 2018 compared to the prior year of 50.1%. The cargo airlines accounted for the remaining 49.0% of the total aircraft landed weight at the Airport in 2018, compared to the prior year of 49.9%. Passenger airline landed weight increased 6.3% in 2018 compared to 2017, and the cargo airline landed weight increased 2.7% from the prior year. Passenger airline landed weight decreased 1.7% in the first nine months of 2019 compared to the first nine months of 2018, and the cargo airline landed weight increased 0.9% in the first nine months of 2019 compared to the same period of 2018. Table 26 shows the historical landed weight at the Airport followed by Table 27 showing the various airline shares of such landed weight.

Table 26

HISTORICAL LANDED WEIGHT 2014-September 30, 2019				
Year	1,000-pound units			Annual percent increase (decrease)
	Passenger Airlines	Cargo Airlines	Total	
2014	4,280,224	5,356,686	9,636,910	0.9%
2015	4,676,484	5,335,588	10,012,072	3.9%
2016	5,088,062	5,334,670	10,422,732	4.1%
2017	5,150,053	5,139,115	10,289,168	(1.3%)
2018	5,496,460	5,282,874	10,779,334	4.8%
Nine Months Ended September 30				
2018	4,124,181	3,713,310	7,837,491	
2019	4,054,030	3,745,830	7,799,860	(0.5%) ^(a)
	Average annual percent increase (decreased)			
2014-2018	5.1%	(0.3%)	2.3%	

(a) Percentage change is calculated using the first nine months of 2019 compared to the first nine months of 2018.
Source: Indianapolis Airport Authority

Table 27

AIRLINE SHARES OF LANDED WEIGHT
2014-September 30, 2019
(%)

Airline ^(a)	2014	2015	2016	2017	2018	First Nine Months Ended September 30, 2018	First Nine Months Ended September 30, 2019
Passenger Airlines							
Southwest Airlines ^(b)	12.0%	13.9%	15.4%	16.1%	14.9%	15.5%	14.4%
Delta Air Lines	12.0%	11.3%	10.9%	11.4%	12.4%	12.7%	13.7%
American Airlines ^(c)	11.7%	11.7%	12.3%	11.7%	11.9%	12.2%	12.2%
United Airlines	6.5%	6.7%	6.4%	6.5%	6.3%	6.4%	6.0%
Allegiant Air	0.0%	1.3%	1.7%	1.8%	2.5%	2.6%	2.6%
Frontier Airlines	1.3%	1.2%	1.2%	1.1%	1.2%	1.3%	1.0%
Alaska Airlines	-	-	-	0.5%	0.8%	1.0%	0.5%
Spirit Airlines ^(d)	-	-	-	-	-	-	0.8%
Other	<u>0.9%</u>	<u>0.7%</u>	<u>0.9%</u>	<u>0.9%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>0.8%</u>
Subtotal	44.4%	46.8%	48.8%	50.0%	51.0%	52.7%	52.0%
Cargo and charter airlines							
FedEx	54.1%	51.8%	49.8%	48.6%	47.7%	46.0%	46.6%
Cargolux	1.0%	1.0%	1.0%	1.0%	0.9%	1.0%	1.0%
Other	<u>0.5%</u>	<u>0.4%</u>	<u>0.4%</u>	<u>0.4%</u>	<u>0.4%</u>	<u>0.3%</u>	<u>0.4%</u>
Subtotal	<u>55.6%</u>	<u>53.2%</u>	<u>51.2%</u>	<u>50.0%</u>	<u>49.0%</u>	<u>47.3%</u>	<u>48.0%</u>
Total	100%	100%	100%	100%	100%	100%	100%

^(a) Includes regional partners

^(b) Due to merger, AirTran Airways is included in Southwest Airlines.

^(c) Due to merger, US Airways is included in American Airlines.

^(d) Spirit Airlines began operating at the Airport in March 2019.

Source: Indianapolis Airport Authority

LETTER REPORT OF THE AIRPORT CONSULTANT

The Letter Report of the Airport Consultant is included as Appendix C to this Official Statement (the “Letter Report”). The Letter Report is a part of this Official Statement and potential purchasers of the 2019I Bond Bank Bonds should read the Letter Report in its entirety.

Based upon the Authority’s approach and assumptions described in the Letter Report, the Airport Consultant concluded that the Net Revenues in each year during the 2019-2024 forecast period will be sufficient to satisfy the Authority’s Rate Covenant in the Authority Bond Ordinance and at the same time to maintain reasonable levels of passenger airline cost per enplaned passenger and landing fees. It should be noted that the Authority developed its assumptions and forecasts for the purposes of financial management planning for the Airport System. In general, they are intended to reflect a conservative view of future results.

Table 28 below shows the Airport Consultant’s forecast of Signatory Airline rates and debt service coverage ratios for the forecast period of fiscal years 2019 through 2024. See the Letter Report of the Airport Consultant attached hereto as Appendix C.

Table 28

Fiscal Year	Signatory Airline Terminal Rental Rate (per s.f.)	Signatory Airline Apron Area Rental Rate (per s.f.)	Signatory Airline Landing Fee Rate (per 1,000 lbs)	Signatory Airline CPE	Debt Service Coverage Ratio
2019	\$75.30	\$1.03	\$1.70	\$8.09	1.85
2020	\$87.10	\$0.34	\$2.20	\$9.37	1.75
2021	\$85.88	\$0.42	\$2.08	\$9.04	1.78
2022	\$90.37	\$0.60	\$1.98	\$9.27	1.72
2023	\$97.94	\$0.65	\$2.29	\$10.12	1.67
2024	\$100.72	\$0.72	\$2.35	\$10.32	1.64

The Letter Report contains certain assumptions and forecasts based upon expectations of the Authority. Actual results are likely to differ, perhaps materially, from those forecasts. Accordingly, the forecasts contained in the Letter Report are not necessarily indicative of future performance, and neither the Airport Consultant nor the Authority assumes any responsibility for the failure to meet such forecasts. In addition, certain assumptions with respect to future business and financing decisions of the Authority are subject to change. If actual results are less favorable than the results forecast or if the assumptions used in preparing such forecasts prove to be incorrect, the amount of Net Revenues may be materially less than expected. See the Letter Report of the Airport Consultant attached hereto as Appendix C.

CAPITAL IMPROVEMENT PROGRAM

The Authority’s current Five Year Capital Program (2020-2024) is intended to meet the Airport System’s capital needs through 2024. The program is designed to provide comfort regarding the continued availability of existing facilities and to develop improvements necessary to meet the ongoing air travel demands of the airport service region. Funding for capital projects primarily comes from accumulated airport revenues and federal grants while utilizing other funding sources when available and applicable to the current needs of the Authority. See “Plan of Funding for Five Year Capital Program (2020-2024)” below for more funding information.

The Five Year Capital Program (2020-2024) contemplates approximately \$437.980 million (in actual and inflated dollars) in capital improvements to the Airport System. The Airport’s significant projects over the five years include: runway and taxiway reconstruction, parking garage expansion, construction of a new airfield maintenance facility, and stormwater and deicing controls and capacity enhancements. Many of these projects are eligible for federal and/or state grant funding. In addition to the availability of funding, completion of the Five Year Capital Program (2020-2024) is dependent upon a number of other factors, including national, regional and local

economic conditions; financial condition of the airlines using the Airport System; receipt of required approvals and permits, including environmental approvals and permits; site conditions; coordination of contracts and work; design and construction scheduling; availability of specialty contractors, supplies and equipment; and the effect of one or more factors on the Authority's operations. Although the capital improvement program has a five-year horizon, projects are budgeted and approved on a calendar year basis. Capital improvement projects funded by grants require funding approval by the appropriate granting authorities and due to the timing of such decisions, funding for the program is determined on an annual basis as projects are approved to move forward.

The Authority will review and update the Five Year Capital Program (2020-2024) each year. Pursuant to the current Airline Agreements, the Authority must submit certain capital improvement projects for disapproval by the Signatory Airlines if they are greater than \$100 million. The Authority does not anticipate authorizing a project exceeding \$100 million in project costs for which consent of the Signatory Airlines is a factor. See "THE AIRPORT AND AIRPORT SYSTEM—Authority Agreements—*Airline Agreements*."

Plan of Funding for Five Year Capital Program (2020-2024)

The Authority plans to fund the cost of the Five Year Capital Program (2020-2024) with Authority funds (including PFCs and CFCs), Subordinate Securities, federal and state grants and proceeds from future Authority Revenue Bonds.

To fund the Five Year Capital Program (2020-2024), the Authority expects to use the following sources:

Sources of Funds	Amount \$(000s)
Authority Funds ⁽¹⁾	\$ 141,977
Federal and State Grants	193,853
Planned Future Debt Issuance	99,150
Debt - Stormwater and Deicing Enabling Project	3,000
Total	<u>\$ 437,980</u>
Uses of Funds	Amount \$(000s)
Asset Preservation	\$ 310,661
New Construction	74,665
Stormwater and Deicing Enabling Project	3,000
Customer Service	12,777
Revenue Development	12,711
Safety and Security	12,121
Regulatory	9,542
Other	1,548
Land	955
Total	<u>\$ 437,980</u>

⁽¹⁾ Authority Funds include cash from airline rates and charges, Authority cash on hand, interest earnings, and proceeds from land and property sales.

Federal and State Grants. The FAA's Airport Improvement Program (or AIP) consists of an entitlement fund and a discretionary fund. Entitlement funds are distributed through grants by formula based on the number of enplanements and the amount of cargo landed weight at individual airports. The Authority has received on average approximately \$6.0 million in entitlement funding, primary and non-primary, each year for the past five years. The FAA issues letters of intent ("LOI") for grants from the discretionary fund based on the FAA's assessments of national priorities. An LOI represents the FAA's intent to obligate funds from future federal budget appropriations for the AIP. From time to time, the General Assembly of the State has appropriated moneys to the Indiana Department of Transportation to fund grants to airports situated in Indiana. The Authority has used State grant moneys to meet local match requirements for federal grants, and expects to continue to do so. Funding provided

from government grant awards are considered earned and recognized as revenue when eligible expenses are incurred.

HISTORICAL OPERATING RESULTS

Table 29 below shows the historical operating results of the Authority from 2014 to 2018.

Table 29

Historical Operating Results - Indianapolis Airport Authority					
Year Ended December 31,					
	2014	2015	2016	2017	2018
Operating Revenue:					
Airfield	\$ 21,673,724	\$ 22,545,493	\$ 23,749,133	\$ 21,745,673	\$ 24,287,898
Terminal Complex	49,436,370	50,767,649	57,451,178	53,182,950	54,137,541
Parking	43,469,204	47,055,937	50,561,863	50,775,972	54,550,555
Rented Buildings and Other	15,947,294	16,015,887	16,382,134	16,567,445	16,522,830
Indianapolis Maintenance Center (IMC)	9,200,391	8,642,912	7,205,620	8,067,899	8,239,177
Reliever Airports	3,104,534	2,928,417	2,896,773	2,919,794	2,934,461
Total Operating Revenues	\$ 142,831,517	\$ 147,956,295	\$ 158,246,701	\$ 153,259,733	\$ 160,672,462
Operating Expense:					
Airfield	8,529,318	7,959,368	9,148,615	9,084,360	12,015,618
Terminal Complex	14,586,337	15,462,873	15,559,259	17,242,334	17,867,958
Parking	7,692,932	7,574,044	7,899,184	8,384,758	9,703,666
Rented Buildings and Other	1,136,933	1,430,174	2,013,442	2,137,035	2,692,850
Indianapolis Maintenance Center (IMC)	7,459,923	6,711,725	6,853,681	7,130,254	7,587,392
Reliever Airports	1,658,645	1,425,318	1,514,857	2,686,714	1,628,842
Public Safety	9,764,206	10,213,109	10,612,555	11,568,700	11,984,858
Administration	11,548,236	11,603,201	13,618,180	15,299,883	17,528,561
Subtotal	62,376,530	62,379,812	67,219,773	73,534,038	81,009,745
Depreciation	94,126,914	94,112,528	93,817,692	94,074,607	92,196,205
Total Operating Expenses	156,503,444	156,492,340	161,037,465	167,608,645	173,205,950
Income (Loss) From Operations	(13,671,927)	(8,536,045)	(2,790,764)	(14,348,912)	(12,533,488)
Nonoperating Revenues (Expenses)					
State and Local Appropriations	26,785,041	26,754,229	27,376,059	16,751,310	13,162,521
Federal Operating Grants	1,036,085	804,230	674,745	595,315	598,580
Passenger Facility Charges	14,645,121	15,915,760	17,237,996	17,753,293	19,014,107
Customer Facility Charges (Rental Cars)	6,442,212	6,702,440	7,284,896	7,218,100	7,421,524
Investment Income	2,678,463	6,663,288	4,213,687	4,678,810	6,115,216
Interest Expense	(57,935,260)	(54,589,313)	(45,883,264)	(38,137,899)	(37,949,911)
Gain (Loss) on Disposals of Capital Assets and Other	621,023	(7,879,447)	(12,657,346)	(3,699,660)	(47,254,775)
Subtotal	(5,727,315)	(5,628,813)	(1,753,227)	5,159,269	(38,892,738)
Decrease in Net Assets Before Capital Contributions, Grants and Charges	(19,399,242)	(14,164,858)	(4,543,991)	(9,189,643)	(51,426,226)
Capital Contributions and Grants					
Federal and State grants	12,327,394	16,441,051	11,891,360	6,206,260	21,751,594
Contributions from Lessees	1,820,728	2,400,224	3,344,081	2,120,100	4,354,673
	14,148,122	18,841,275	15,235,441	8,326,360	26,106,267
Increase (Decrease) in Net Assets	(5,251,120)	4,676,417	10,691,450	(863,283)	(25,319,959)
Net Assets, Beginning of Year	1,049,438,953	1,044,187,833	1,048,864,250	1,059,555,700	1,058,692,417
Net Assets, End of Period	\$ 1,044,187,833	\$ 1,048,864,250	\$ 1,059,555,700	\$ 1,058,692,417	\$ 1,033,372,458

Source: Indianapolis Airport Authority

Table 30 below shows the partial year comparisons of unaudited operating results of the Authority for periods ended September 30, 2018 and September 30, 2019. See “HISTORICAL OPERATING RESULTS— Nine Months Ended September 30, 2019 vs Nine Months Ended September 30, 2018 - Unaudited Results.”

Table 30

**Indianapolis Airport Authority
Unaudited Operating Results
Periods Ended September 30, 2019 and September 30, 2018**

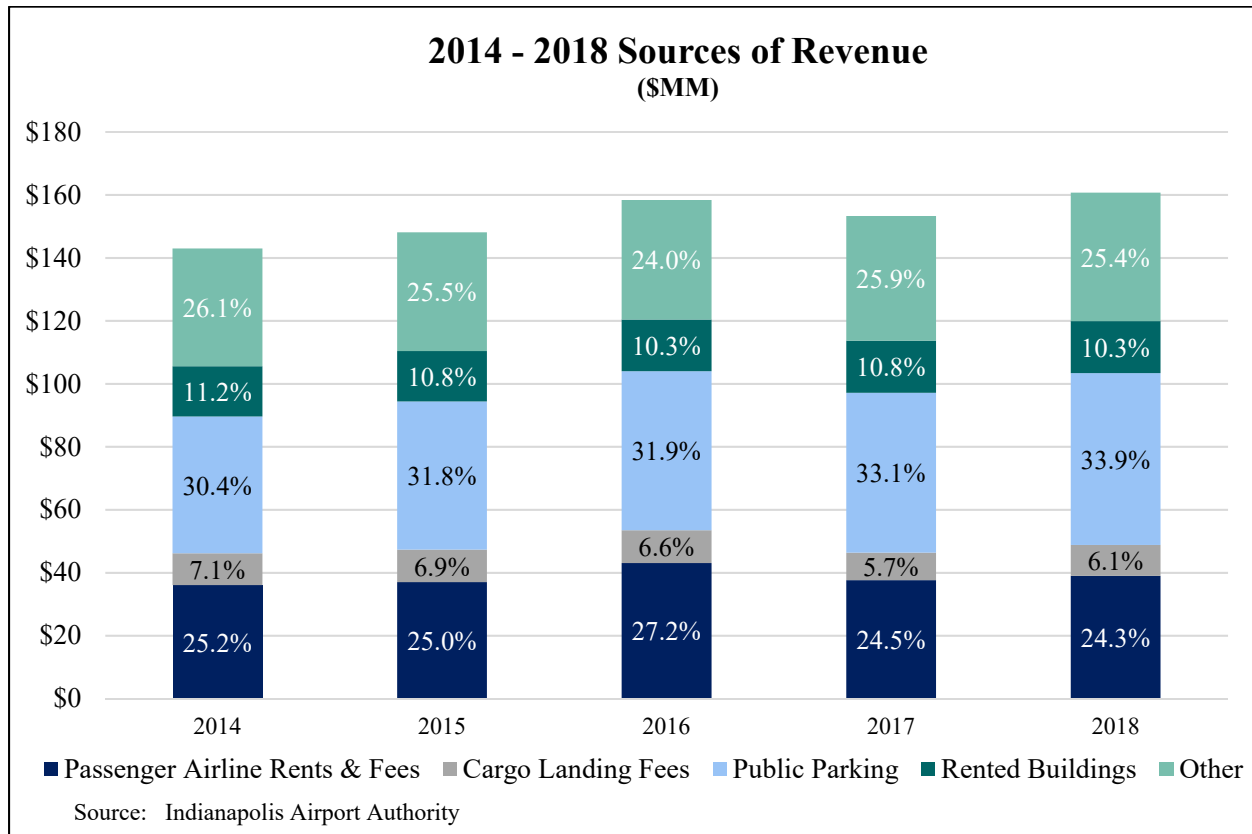
	YTD 9/30/2019	YTD 9/30/2018	Incr/(Decr)	
Operating Revenues				
Airfield	\$ 17,447,929	\$ 17,951,910	(503,981)	-2.8%
Terminal complex	39,234,445	40,932,008	(1,697,563)	-4.1%
Parking	44,592,318	40,975,733	3,616,585	8.8%
Rented buildings and other	11,580,153	12,471,972	(891,819)	-7.2%
Indianapolis Maintenance Center (IMC)	6,478,004	6,096,773	381,231	6.3%
Reliever airports	<u>2,012,000</u>	<u>2,066,686</u>	<u>(54,686)</u>	-2.6%
Total operating revenues	<u>121,344,850</u>	<u>120,495,082</u>	<u>849,767</u>	0.7%
Operating Expenses				
Airfield	8,909,807	9,029,503	(119,696)	-1.3%
Terminal complex	13,213,645	13,401,957	(188,312)	-1.4%
Parking	7,666,084	7,183,631	482,453	6.7%
Rented buildings and other	2,126,853	1,489,698	637,154	42.8%
Indianapolis Maintenance Center (IMC)	5,227,631	5,545,832	(318,202)	-5.7%
Reliever airports	1,260,661	1,315,330	(54,669)	-4.2%
Public Safety	9,368,591	8,931,381	437,210	4.9%
Administration	<u>13,136,949</u>	<u>12,453,546</u>	<u>683,403</u>	5.5%
Total operating expenses	<u>60,910,221</u>	<u>59,350,879</u>	<u>1,559,342</u>	2.6%
Income From Operations Before Depreciation	<u>60,434,629</u>	<u>61,144,203</u>	<u>(709,574)</u>	-1.2%
Depreciation	<u>67,287,013</u>	<u>69,682,079</u>	<u>(2,395,066)</u>	-3.4%
Loss From Operations	<u>(6,852,384)</u>	<u>(8,537,876)</u>	<u>1,685,492</u>	19.7%

Source: Indianapolis Airport Authority

Sources of Airport Revenues

The various sources of revenues at the Airport are shown in Table 31 below. As shown below, revenues, other than passenger airline rents and fees and cargo landing fees, have grown from approximately 67.7% of total operating revenues in 2014 to 69.6% in 2018. Passenger airline revenues accounted for 25.2% of total operating revenue in 2014 and 24.3% of total operating revenue in 2018.

Table 31



Management's Discussion and Analysis of Results of Operations

The Authority's audited financial statements, attached as "APPENDIX A—AUTHORITY AUDITED FINANCIAL STATEMENTS DATED AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018," include a discussion and analysis of the financial performance and activity of the Authority as of December 31, 2017 and December 31, 2018. The Authority's financial report includes comparative balance sheets, statements of revenues, expenses and changes in net position and statements of cash flows. Also included are notes to the financial statements that provide more detailed data.

The annual financial statements of the Authority have been audited each year, beginning with Fiscal Year 1962. The Authority has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for its comprehensive annual financial report for each Fiscal Year from 1982 through 2017, the most recent year considered.

The Audited Financial Statements of the Authority attached as Appendix A under the heading "Management's Discussion and Analysis" contain a discussion of the Authority's results of operations for 2018. This discussion was prepared by management of the Authority. Certain transactions and adjustments are calculated and recorded annually at year end and, therefore, are reflected in the end-of-year December 2018 results. Such adjustments include recording of lessee financed improvements, grant revenue accruals, certain expense accruals, gain or loss on disposal of asset transactions and similar items.

The Authority operates a defined contribution employee retirement system; therefore, there are no outstanding pension-related costs for the Airport. The Authority has no post-employment benefit obligations; therefore there are no related expenses or liabilities.

Nine Months Ended September 30, 2019 vs Nine Months Ended September 30, 2018 - Unaudited Results

The following is a discussion and analysis of the Authority's results of operations and significant variances compared to prior year for the nine months ended September 30.

Operating revenues at the Airport totaled \$121.3 million, an increase of \$0.9 million, or 0.7%, for the nine-month period ended September 30, 2019, as compared to the nine-month period ended September 30, 2018. Airfield revenue totaled \$17.4 million, a decrease of \$0.5 million, or 2.8%, that was driven by budgeted decreases in landing fee rates. Terminal complex revenue totaled \$39.2 million, a decrease of \$1.7 million, or 4.1%, due to budgeted decreases in terminal rates and charges, and a decrease in concessions revenues and automobile rental commissions driven by concession refresh construction and change in agreements. Parking revenue totaled \$44.6 million, an increase of \$3.6 million, or 8.8%, driven by rate increases in the garage and valet operation and an increase in Transportation Network Company (TNC) revenues. Rented buildings and other revenue totaled \$11.6 million, a decrease of \$0.9 million, or 7.2%, attributable to the vacancy of the US Post Office building in November 2018. Operating expenses, exclusive of depreciation, totaled \$60.9 million for the nine-month period ended September 30, 2019, an increase of \$1.6 million, or 2.6%, as compared to the nine-month period ended September 30, 2018. The increase compared to the prior year was primarily driven by increases in contractual services and personnel.

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AUTHORITY ENVIRONMENTAL MATTERS

The Airport System is subject to a wide variety of federal, state and local environmental laws and regulations that impact, among other things, operations or facilities and properties owned or operated by the Authority. Among the types of regulatory requirements affecting the Authority are: air, water and noise quality control requirements; specific regulatory requirements applicable to solid waste, toxic and hazardous substances; requirements for training employees in the proper handling of hazardous materials; cleanup of contaminated land and groundwater; and other similar requirements. The operations at the Airport System, as with most airport systems in similar or larger airport service regions, make the Authority susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations or increase the Authority's cost; may result in legal liability, damages, injunctions or fines; may trigger investigations, administrative proceedings, penalties or other governmental agency actions; may include third party lawsuits; and may result in material adverse consequences to the operations or financial conditions of the Authority and the Airport System.

The Authority has implemented a number of programs to address noise and environmental matters. Noise quality management was initiated pursuant to an Airport Noise and Land Use Compatibility Study (the "*Study*") in 1987. Updates to the Study were performed in 1992 and in 1996 in accordance with Federal Aviation Regulation Part 150 (the "*Noise Compatibility Plan*") was undertaken to address noise impacts with respect to the opening of the new runway 5R 23L and to maximize runway capacity during late night cargo operations. The compatibility plans resulted in the implementation of the Guaranteed Purchase, the Sound Insulation and the Sales Assistance Programs. These programs have substantially reduced the number of persons exposed to 65 DNL (yearly day/night average sound levels, or DNL) noise levels and today only the Sales Assistance Program is active with a few eligible participants remaining. The Sales Assistance Program is available for single-family homes located in certain denoted areas near the Airport; and, through this program, the Authority provides the homeowner with a sum of money equal to ten percent (10%) of the contract sale price of their home (tenant-occupied homes are not eligible) in exchange for the placement of specified noise disclosure language in the sale agreement and the deed conveying the property. The above-referenced programs, excluding Sales Assistance, have been eligible for reimbursement from PFCs and FAA noise grants (mostly at 80% reimbursement). Typically updated in five-year intervals, the Authority's last Airport Noise Exposure Map update, last accepted by the FAA on April 3, 2014 did not result in a material change in the Airport's noise contours, nor was any change made to the Airports' Noise Compatibility Plan. The Authority will perform the noise exposure map update process again in 2019-2020.

The Authority was issued a renewal of its authorization to discharge storm water from the Airport under a National Pollutant Discharge Elimination System ("*NPDES*") permit, effective December 1, 2017, by the Indiana Department of Environmental Management ("*IDEM*"). The NPDES permit expires November 30, 2022. This permit establishes discharge limitations for various elements with particular emphasis on ammonia, chemical oxygen demand (COD) and propylene glycol resulting from aircraft and airfield deicing activities. The Authority's authorization to discharge storm water to the CWA Authority, Inc. sewer system for proper treatment was renewed effective August 1, 2019. This Industrial Pretreatment Program permit expires July 31, 2024.

The Authority was issued authorization for emissions from the Airport under a Part 70 Operating Air Permit by IDEM. The Part 70 Operating Air Permit was renewed effective September 15, 2015. This permit expires September 15, 2020. The Authority is in compliance with the applicable Part 70 Operating Air Permit.

In order to comply with certain environmental laws, the Authority had implemented a natural resource mitigation program to create, monitor and maintain wetlands along with habitats for the endangered Indiana bat. The Authority had acquired approximately 2,000 acres in order to replace wetland and bat habitat areas that were removed during the construction of the Indianapolis Maintenance Center, runway 5L-23R, and the Midfield Terminal. The Authority continued to maintain and monitor bat habitats under this program pursuant to a permit with the U.S. Fish & Wildlife Service through the year 2017. In 2018, the Authority sold nearly 2,000 acres of this heavily-deed restricted environmental habitat land at fair market appraised value of approximately \$1.5 million. The sale relieves the Authority of the responsibility of the on-going maintenance and responsibilities associated with owning the property.

RISKS AND OTHER INVESTMENT CONSIDERATIONS

The purchase and ownership of the 2019I Bond Bank Bonds involve investment risks and considerations and may not be suitable for all investors. Prospective investors should read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the 2019I Bond Bank Bonds.

In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement and should specifically consider risks associated with the 2019I Bond Bank Bonds. The Authority's ability to derive Net Revenues from operation of the Airport System in amounts sufficient to pay debt service on the 2019C Authority Bonds, and therefore to pay the 2019I Bond Bank Bonds, depends upon many factors, many of which are beyond the control of the Authority. These factors include the financial strength of the air transportation industry in general and the financial strength of the airlines and other businesses that operate at the Airport.

Dependence on Levels of Airline Traffic and Activity

The 2019I Bond Bank Bonds are payable solely from and secured by payments received from the Authority on the 2019C Authority Bonds and by certain funds and accounts held under the Indenture. The 2019C Authority Bonds are payable from and secured by a pledge of Net Revenues of the Airport System and the 15/19C Reserve Account. The overall level of Gross Revenues for the Airport System is dependent upon the economic health of the air transportation industry and the airlines serving the Airport, as it affects the level of aviation activity and enplaned passenger traffic at the Airport. Certain factors that may materially affect the Airport and the airlines include, in no particular order, but are not limited to (i) the availability and cost of aviation fuel and other necessary supplies, (ii) national and international economic conditions and currency fluctuations, (iii) the financial health and viability of the airline industry, (iv) air carrier service and route networks, (v) the population growth and the economic health of the Airport Service Region and the nation, (vi) changes in demand for air travel or cargo shipments, (vii) service and cost competition, (viii) levels of air fares, (ix) fixed costs and capital requirements, (x) the costs and availability of financing, (xi) the capacity of the national air traffic control system, (xxii) the capacity of the Airport and of competing airports (xiii) alternative modes of travel and transportation substitutes, (xiv) public health incidents, natural disasters and national and international hostilities, (xv) the costs and availability of employees, (xvi) labor relations within the airline industry, (xvii) regulation by the federal government, (xviii) environmental risks and regulations, noise abatement concerns and regulations, (xix) bankruptcy and insolvency laws, and (xx) safety concerns arising from international conflicts, the possibility of terrorist or other attacks and other risks. See "THE AIRPORT AND AIRPORT SYSTEM—The Airport Service Region."

Publicly Available Information for Signatory Airlines

Other than Cargolux and Frontier Airlines, each of the Airlines subject to the Airline Agreement (or their respective parent corporations) is subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and information with the Securities and Exchange Commission (the "*Commission*"). In addition, certain other airlines are also subject to the information reporting requirements of the Commission. Certain information, including financial information, as of particular dates concerning each of these reporting airlines (or their respective parent corporations) is disclosed in reports and statements filed with the Commission. Such reports and statements can be inspected and copied at the public reference facilities maintained by the Commission at 100 F. Street, N.E., Washington, DC 20549 and the Commission's regional offices at 175 W. Jackson Boulevard, Suite 900, Chicago, Illinois 60604 and 3 World Financial Center, Room 4300, New York, New York 10281.

Economic Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the national and global economy. Previous recessions and periods of stagnant economic conditions in the U.S., Indiana and Indianapolis contributed to reduced passenger traffic at the Airport during such periods. Further, the 2008-2009 recession and its associated high unemployment and reduced discretionary income contributed to reduced or stagnant airline travel demand at the Airport for several years. Following significant and dramatic changes which

occurred in the financial markets in September 2008, the U.S. economy experienced a recession followed by weak growth.

With the globalization of business and the increased importance of international trade and tourism, growth in the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economic conditions, trade balances, currency exchange rates, political relationships, and hostilities are important influences on passenger traffic at U.S. airports, including the Airport. Sustained future increases in passenger traffic at the Airport will depend in part on stable international conditions as well as national and global economic growth. See also “Dependence on Levels of Airline Traffic and Activity” above.

The airline industry is cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are 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 in 2008 and 2009. Other business decisions by airlines (such as the reduction or elimination of service) could affect airline operations in the future and, correspondingly, affect service at the Airport.

In addition to revenues received directly from the airlines, the Authority derives a substantial portion of its revenues from parking operations, rental cars, food and beverage concessions, retail concessions, and other sources sensitive to passenger volumes. Declines in passenger traffic at the Airport may adversely affect the commercial operations of many such concessionaires, as well as parking revenue received by the Authority. While the Authority’s agreements with rental cars, retail, food and beverage concessionaires require them to pay a minimum annual guarantee, severe financial difficulties could lead to a failure to make the required payments or could lead to the cessation of operations of such concessionaire. In such event, the minimum guaranteed payments would be less than the revenues currently estimated by the Authority.

Financial Condition of the Airlines; Industry Consolidation and Concentration; Growth of Low Cost Carriers

In response to competitive pressures and other factors, the U.S. airline industry has consolidated through mergers and acquisitions, significantly reducing the number of major airlines operating in the United States. For example, several airlines merged or consolidated, including Delta and Northwest; Republic Airways Holdings, Inc., Midwest Airlines, and Frontier Airlines; United and Continental; Southwest Airlines and AirTran Airways; and US Airways and American Airlines. It is possible the airlines serving the Airport could further consolidate operations through acquisition, merger alliances. In addition, many of the large U.S. airlines are members of alliances with foreign-flag airlines to provide members with many of the advantages of mergers. These alliances include marketing, code share sales strategies and scheduling arrangements to facilitate the transfer of passengers between airlines. See “HISTORICAL AIRPORT ACTIVITY—Airline Market Shares of Enplaned Passengers.” The effect of this concentration is that only six major passenger carriers are Signatory Airlines under the Airline Agreements. In 2018, four major air carriers, Southwest, American, Delta and United collectively, represented nearly 89% of the enplaned passengers. Except for these airlines, no other single passenger airline accounted for more than 5.0% of passenger enplanements at the Airport in 2018 or more than 5.0% of either the airline rentals, fees and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues in 2018. As a consequence, decisions concerning future utilization of the Airport have become more concentrated over time. The Authority expects future mergers will have little impact on revenues and landed weight at the Airport. Future mergers or alliances among airlines operating at the Airport, however, may result in fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Gross Revenues, reduced PFC revenues and/or increased costs for the other airlines serving the Airport.

Low cost carriers (“LCCs”) are carriers that take advantage of an operating cost structure that is significantly lower than the cost structure of the network carriers. These advantages can include lower labor costs, greater labor flexibility, a streamlined aircraft fleet (i.e. fewer different types of aircraft in a given airline’s fleet) and generally more efficient operation. These low costs suggest that LCCs can offer a lower fare structure to the traveling public than network carriers while still maintaining profitability. As the larger U.S. carriers consolidated and became more focused on capacity discipline, fare increases took hold. LCCs began to emerge in larger markets

where passenger levels were high enough for the LCCs to overcome certain barriers to entry caused by the larger carriers, such as control of the majority of airport gates and slots. The cost structure of LCCs allows for lower fares, which has stimulated traffic and driven LCCs into more and larger markets. One result of the consolidation of carriers and their capacity discipline and the associated fare increases is that certain price-sensitive travelers are flying less. Recently, these budget conscious flyers have emerged as an underserved segment which has helped to expand the LCC market to include the ultra-low cost carriers, such as Frontier Airlines, Allegiant Air and Spirit Airlines.

Neither the Bond Bank nor the Authority is able to predict whether any future airline mergers, consolidations, reorganizations or liquidations will occur or the impact that any such events may have on the operations of the Airport. See also “Dependence on Levels of Airline Traffic and Activity,” “Economic Conditions,” “Cost, Availability and Price Volatility of Aviation Fuel,” and “Risk of Airline Bankruptcies” in this section.

FedEx Presence at the Airport

In fiscal year 2018, FedEx accounted for approximately 10.9% of the total revenue at the Airport. The Letter Report projects, based upon the Authority’s expectations, that FedEx’s share of total landed weight at the Airport will increase to 62.3% in 2024. No assurance can be given, however, in regards to FedEx’s future level of cargo activity at the Airport. If, for any reason, FedEx reduces or discontinues its operations at the Airport, this could result in a reduction in the amount of Airport Revenues and thus, adversely affect the Authority’s ability to pay debt service on the Authority Revenue Bonds. See “THE AIRPORT AND AIRPORT SYSTEM—Facilities—*FedEx*” for additional details.

Airline Agreements

A substantial portion of Gross Revenues available for payment of debt service is derived from rentals, fees and charges imposed upon the Signatory Airlines under the Airline Agreements. Pursuant thereto, each Signatory Airline has agreed to pay the rates and charges for its use of the Airport based upon the ratemaking methodology contained therein. The current Airline Agreements expire on December 31, 2023. Upon the expiration or termination of an Airline Agreement, an airline is required to surrender its leased premises to the Authority. Holding over by a Signatory Airline following the expiration of the term of an Airline Agreement or any extension thereof, without an express agreement as to such holding over, is deemed to be a periodic tenancy on a month-to-month basis. In such case, a Signatory Airline is subject to all the terms and conditions of the expired Airline Agreement. In addition, unless the Authority enters into a new Airline Agreement with the Airlines, the Authority will charge its rates and charges in the manner provided by federal law.

U.S. Department of Justice Investigation of Certain Airlines

It has been reported that the Justice Department has initiated a civil anti-trust investigation and has requested airlines to provide documents and information from the past two years that are related to seating capacity. By limiting the number of flights offered, airlines could allegedly restrain competition and raise fares. A Justice Department spokeswoman stated that the Justice Department is investigating potential unlawful coordination among some airlines. The Justice Department inquiry appears to be in its early stages and what effect, if any, this investigation will have on airlines and the industry as whole is not currently determinable.

Risk of Airline Bankruptcies

Since 2006, several airlines with operations at the Airport filed for bankruptcy protection and one or more airlines may do so in the future. However, none of the prior bankruptcies had a significant negative impact on the Airport. With limited exceptions, the airlines that filed for bankruptcy in the past have successfully reorganized and emerged from bankruptcy protection. The Bond Bank and the Authority cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Authority Revenue Bonds, including the 2019C Authority Bonds.

Assumption or Rejection of Airline Agreement or other Executory Contracts

An airline that has executed an Airline Agreement or other executory contract with the Authority and seeks protection under the U.S. bankruptcy laws after October 17, 2005, must assume or reject: (a) its Airline Agreement within 120 days after the bankruptcy filing subject to a court-approved, one-time 90-day extension (further extensions are subject to the consent of the lessor), and (b) its other executory contracts with the Authority prior to the confirmation of a plan of reorganization. Bankruptcy courts are courts of equity, however, and as such can, and often do, grant exceptions to these time limitations.

In the event of an assumption of any executory contract or lease, an airline is required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable executory contract or lease. In the event of an assumption by a debtor airline and assignment to a third party, the assurance of future performance must be demonstrated by the proposed assignee.

Rejection of the Airline Agreement or other executory contract with the Authority gives rise to an unsecured claim of the Authority for damages, the amount of which in the case of an Airline Agreement or other lease, is limited by the U.S. Bankruptcy Code generally to the amount unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15 percent of the total remaining lease payments, not to exceed three years of rent. Claims for such damages are subject to the Authority's duty to mitigate damages. The amount ultimately allowed in the event of a rejection of an Airline Agreement or other executory contract could be considerably less, however, than the maximum amount allowed under the U.S. Bankruptcy Code.

Cost, Availability and Price Volatility of Aviation Fuel

The level of prices, the availability and the price volatility of aviation fuel are some of the most significant and uncertain factors impacting the airline industry. According to Airlines for America, an airline trade group, fuel has been the largest single cost component for most airline operations, and therefore an important and uncertain determinant of an airline's economics. In recent years, fuel prices increased as a result of rising global demand and political instability in oil producing countries in the Middle East and North Africa until 2014 when prices declined, in part, due to excess supply, continued growth in U.S. oil production, and weakening outlooks for the global economy and oil demand growth. In recent years, some airlines have passed the higher fuel costs to consumers by imposing fuel surcharges, increasing the price of airfares and associated services, or reducing capacity, fleet and personnel. While there has recently been a significant decrease in the cost of aviation fuel reflecting continued growth in U.S. oil productions, strong global supply and weakening outlooks for the global economy, supply and demand dynamics still affect fuel costs and any increase generally causes an increase in airline operating costs. There is widespread agreement that fuel prices will continue to be volatile and are likely to increase over the long term as global energy demand increases in light of finite and increasingly expensive oil supplies.

If aviation fuel prices climb, it is likely to have an adverse impact on the air transportation industry by increasing airline operating costs, potentially affecting airline passenger numbers, and reducing airline profitability. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change. The Bond Bank and the Authority are not able to predict how continued uncertainty with respect to the cost, availability and volatility of prices of aviation fuel will impact the Airport or the airlines operating at the Airport. See "Dependence on Levels of Airline Traffic and Activity," "Economic Conditions," and "Financial Condition of the Airlines; Industry Consolidation and Concentration; Growth of Low Cost Carriers" in this section.

Air Travel Security, Public Health and Natural Disasters Concerns; Current Impacts on Scheduling

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities and domestic and foreign terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying, the inconveniences and delays associated with more stringent security screening procedures, the potential exposure to severe illnesses and natural disasters (such as volcano eruptions, earthquakes and tsunamis), all of which could lead to the avoidance of airline travel or the use of alternate modes of transportation. Such factors may impact the level of passengers using the Airport.

Following the fatal crashes of two Boeing 737 MAX aircraft that are suspected to have been caused by the malfunction of the aircraft's automated flight control system, all Boeing 737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest and United, all of whom provide service at the Airport, are being affected. At the time of the grounding, Boeing 737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity. It is expected that the grounding will last several months while the flight control system software is updated and approved by the FAA, and pilot training is completed. Southwest Airlines, the carrier with the highest volume of passengers at the Airport, announced that it will not fly the aircraft through the end of 2019. It is unclear what impact, if any, this grounding will have on passenger travel behavior and air travel demand.

Cargo Security

Both federal legislation and the federal Transportation and Security Administration (TSA) rules have imposed additional requirements relating to air cargo. These include providing information for a central database on shippers, extending the areas of the Airport subject to security controls, and criminal background checks on additional employees, which inhibits the ability of operations to hire temporary workers during peak periods.

TSA also requires carriers to screen 100% of all loaded cargo on passenger and all-cargo aircraft. TSA has developed a Certified Cargo Screening Program ("CCSP") for a "supply chain-wide solution" to cargo security that will certify shippers to screen cargo earlier in the chain. The Airport currently is actively participating in the CCSP program.

TSA also has initiated an explosive detection canine program at the Airport dedicated to cargo screening. Currently the Airport has one of the largest TSA Canine Units in the country. The Airport has successfully met the new cargo screening requirements without significant adverse impact. A Cargo Security Consortium for the Airport involving the relevant agencies and business partners meets quarterly to discuss issues and TSA, both nationally and locally, has been working with airports and carriers to develop security options that meet the regulatory mandates while minimizing the adverse effect on air cargo operations.

Cyber Security

Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including airlines, the FAA, the TSA, the Airport, concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of the air travel industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect Gross Revenues.

The Airport maintains a security posture designed to deter cybersecurity attacks and is committed to deterring attacks on its electronic systems and responding to such attacks to minimize their impact on operations, and the Airport's cybersecurity and operational safeguards are periodically tested. Additionally, the Airport maintains a comprehensive breach response policy, which includes coverage for first party loss, liability, and eCrime exposures. However, no assurances can be given that the Airport's security measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the Airport or the airlines serving the Airport.

Technological Innovations in Ground Transportation

One significant source of non-airline revenues is generated from ground transportation activity, including use of on-Airport parking facilities (approximately 34% of airport revenues in 2018), trip fees paid by taxi,

limousine and transportation network companies (“TNC”), and rental car transactions by Airport passengers. While passenger levels are increasing at airports, the relative market share of these sources is shifting. For example, the popularity of TNCs has increased because of the increasing number of cities where TNCs operate, the convenience of requesting a ride through a mobile application, the ability to pay for the service without providing cash or other payment to the hired driver, and competitive pricing. To date, the Authority does not believe the increased use of TNCs has resulted in a material decrease in rental car or parking revenues. New technologies (such as autonomous vehicles and connected vehicles) and innovations in established businesses such as commercial ground transportation and car rental are expected continue to occur and may result in future changes in Airport passenger choices of ground transportation. This could adversely impact ground transportation-related revenues in material ways that are difficult to predict.

Climate Change

Climate change caused by human activities may have adverse effects on Airport revenues. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels.

Projections of the impacts of global climate change are complex and depend on many factors that are outside the Authority’s control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the Authority is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts on Airport revenues. While the impacts of climate change may be mitigated by the Airport’s past and future investment in adaptation strategies, the Authority can give no assurance about the net effects of those strategies and whether the Authority will be required to take additional adaptive mitigation measures.

Regulations and Other Restrictions Affecting the Airport

The operations of the Airport and its ability to generate revenues are affected by a variety of contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Airline Agreements, the federal acts authorizing the imposition, collection and use of PFCs, and extensive federal legislation and regulations applicable to all domestic airports. It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the Authority or whether such restrictions or legislation or regulations would adversely affect Gross Revenues.

Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of the Airport, on the airlines operating at the Airport and on ground operations at the Airport. The United States Environmental Protection Agency (the “EPA”) has taken steps towards regulation of greenhouse gas (“GHG”) emissions under existing federal law. Those steps may in turn lead to further regulation of aircraft GHG emissions. When drafting aircraft-related emissions regulations, the EPA must consult with the Administrator of the FAA and the Secretary of Transportation, and such regulations must not significantly increase noise or adversely affect safety. The President may disapprove if the Secretary of Transportation advises that the regulations create a hazard to aircraft safety. While the EPA has not yet taken any action to regulate GHG emissions from aircrafts, regulations may still be forthcoming.

On July 5, 2011, the United States District Court for the District of Columbia issued an order concluding that the EPA has a mandatory obligation under the Clean Air Act to determine whether the GHG and black carbon emissions of aircraft engines endanger public health and welfare. The EPA is in the process of making its required determinations. The Authority cannot predict what the EPA’s findings will be or what affect they may have on the Authority or on air traffic at the Airport.

Qualified Derivative Agreements

The Authority has entered into various Qualified Derivative Agreements as shown in Table 3 and discussed herein under “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Qualified Derivative Agreements.” The Qualified Derivative Agreements are intended to provide a hedge against future interest rate risk with regard to the Variable Rate Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS – Qualified Derivative Agreements” and “– Variable Rate Direct Purchase Bonds.” The ability of the Authority to realize the benefit of the Qualified Derivative Agreements will be dependent, in part, on the continuing creditworthiness of the Authority and the Counterparties and the ongoing relationship between the variable rate payable on the Variable Rate Bonds and the variable rate received from the Counterparty under each Qualified Derivative Agreement. In the event that any Counterparty, due to financial difficulties or otherwise, is unable or unwilling to honor its obligations under its Qualified Derivative Agreement, or the variable rate payable on the Variable Rate Bonds exceeds the variable rate received from the Counterparty by a material amount over time, the Authority could lose the benefit of its hedging strategy. There can be no assurance that the Counterparties will be able to honor their obligations under the Qualified Derivative Agreements. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Qualified Derivative Agreements.”

Ability to Meet Rate Covenant

As described herein, the Bond Ordinance includes covenants with respect to the establishment of rentals, rates, fees, and charges for the use of the Airport System in order that in each Fiscal Year the Gross Revenues, together with other available funds, will be sufficient to meet the Rate Covenant as described therein. However, the Bond Ordinance provides that so long as the Authority is taking specified steps to meet the Rate Covenant, an Event of Default under the Bond Ordinance will not be triggered. See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS—Summary of Current Airline Agreements.” The ability of the Authority to increase rates and charges and to reduce expenses is limited by, among other things, federal law and certain agreements with airlines and other users of the Airport facilities.

Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Airport could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport unattractive to airlines, concessionaires, and others, and/or by reducing the operating efficiency of the Airport. Notwithstanding this potential detrimental impact, the Airline Agreements acknowledge the existence of the Rate Covenant and its requirements and include an agreement by the Signatory Airlines to pay such rentals, rates, fees and charges.

Interest Rate Risks

The Authority and the Bond Bank currently have \$152,840,000 in Variable Rate Bonds outstanding for the Airport that are purchased and held by banks. The agreements with these banks entered into in relation to the purchase of the Variable Rate Bonds, as shown in Table 2, currently have termination dates in 2020 and 2022. The ability of the Authority and the Bond Bank to remarket or otherwise place such bonds on those termination dates with an existing or new holder and the interest rate that will apply to such bonds thereafter, is dependent upon the Authority’s financial position at the time of the termination, as well as general economic factors present at such time. If the Authority and the Bond Bank are unable to remarket or place the Variable Rate Bonds at the termination date, the agreements provide a term-out provision at a penalty rate. The Authority is unable to predict the impact on the Authority’s financial position upon the termination of such agreements. In addition, as described under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Subordinate Securities”, the Authority’s 2018A Subordinate Securities bear interest at a variable rate of interest while such securities are outstanding. As also noted, the 2018A Subordinate Securities mature in March 2021.

Furthermore, the current interest rates on the Variable Rate Bonds and the related Qualified Derivative Agreements are based in part upon the London interbank offered rate (“LIBOR”). Regulators and law enforcement agencies from a number of governments have been conducting investigations relating to the calculation of LIBOR across a range of maturities and currencies, and certain financial institutions that are member banks surveyed by the British Bankers’ Association in setting daily LIBOR have entered into agreements with the U.S. Department of

Justice, the U.S. Commodity Futures Trading Commission and/or the Financial Services Authority in order to resolve the investigations. LIBOR and other indices which are deemed “benchmarks” are the subject of recent national, international, and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or have other consequences which cannot be predicted. Specifically, it is expected that the use of LIBOR as a reference point for the remaining Variable Rate Bonds and Qualified Derivative Agreement will be replaced by one or more other indices.

Availability of PFCs

A portion of PFC revenues received by the Authority in the past have been designated by the Authority as Dedicated Revenues and used to pay debt service on outstanding Revenue Bonds, as well as reduce the Debt Service Requirement used in the Rate Covenant. The Authority expects to continue this practice of collecting PFC revenues and designating a portion as Dedicated Revenues, though the Authority is not obligated to do so. However, the amount of PFCs received by the Authority and dedicated as Dedicated Revenues in future years will vary based upon the actual number of PFC-eligible passenger enplanements at the Airport.

Additionally, the FAA has the power to terminate the Authority’s approval to impose PFCs, if the Authority’s PFCs are not used for approved projects, if project implementation does not commence within the time period specified in the FAA’s regulations or if the Authority otherwise violates FAA regulations. The Authority’s authority to impose a PFC also may be terminated if the Authority violates certain provisions of the Airport Noise and Capacity Act of 1990 (the “ANCA”) and its implementing regulations relating to the implementation of noise and access restrictions for certain types of aircraft. The regulations under ANCA also contain procedural safeguards to ensure that the Authority’s authority to impose a PFC would not be summarily terminated. The Authority’s expectation, as noted in Appendix C, is premised upon certain assumptions with respect to the timing and amounts of the Authority’s PFC applications and the availability of PFCs to fund debt service. In the event PFC revenue is lower than expected, there may be a material adverse effect on Airport operations, capital improvements and the financial condition of the Authority. It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC revenue collections for capital projects for the Airport.

Federal Funding; The Federal Budget and Sequestration

Federal legislation affects the grant funding that the Airport receives from the FAA, the Airport’s PFC collections, and the operational requirements imposed on the Airport. On October 3, 2018, Congress passed a five-year reauthorization bill for the FAA, the FAA Reauthorization Act of 2018, which was signed into law on October 5, 2018 by the President. The FAA Reauthorization Act of 2018, among other things, authorizes the FAA’s programs for five federal fiscal years, and increases funding for the Airport Improvement Program (“AIP”). The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). FAA AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. Additionally, the AIP expenditures could be affected by the automatic across-the-board spending cuts, known as sequestration, described below. The Authority is unable to predict the level of available AIP funding it may receive. If there is a reduction in the amount of AIP grants awarded to the Authority, such reduction could (i) increase by a corresponding amount the capital expenditures that the Authority would need to fund from other sources (including operating revenues and Additional Bonds), (ii) result in adjustments to the capital plan, or (iii) extend the timing for completion of certain projects.

Federal funding received by the Authority could also be adversely affected by the implementation of sequestration, a budgetary feature first introduced in the Budget Control Act of 2011(Pub.L. 112-25) (the “*Budget Control Act*”). Sequestration could adversely affect FAA and TSA budgets and operations and the availability of certain federal grant funds typically received annually by the Authority, which may cause the FAA or TSA to implement furloughs of its employees and freeze hiring, and may result in flight delays and cancellations. Additionally, the effect of future federal government shutdowns, if any, such as the brief government shutdown that occurred December 22, 2018 to January 25, 2019, is unknown.

Limitations on Bondholders' Remedies

The occurrence of an Event of Default under the Authority Bond Ordinance does not grant a right to accelerate payment of the 2019C Authority Bonds. As a result, the Authority may be able to continue indefinitely collecting revenues and applying them to the operation of the Airport, even if an Event of Default has occurred and no payments or insufficient payments are being made on the 2019C Authority Bonds. See, "SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Events of Default and Remedies; No Acceleration."

The remedies available to owners of the 2019I Bond Bank Bonds upon an event of default under the Indenture or the Authority Bond Ordinance, are limited to the seeking of specific performance in a writ of mandamus or other suit, action or proceeding compelling and requiring the Bond Bank or the Authority and its officers to observe and perform any covenant, condition or obligation prescribed in the Indenture or the Master Bond Ordinance, including the Rate Covenant. In no event will owners have the right to have the maturity of the 2019I Bond Bank Bonds accelerated as a remedy in the event of a default by the Bond Bank or the Authority. The enforcement of the remedy of mandamus may be difficult and time consuming. No assurance can be given that a mandamus or other legal action to enforce a default under the Indenture or the Authority Bond Ordinance would be successful.

The remedies available under the Indenture are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law, such remedies may not be readily available. In addition, enforcement of such remedies (i) may be subject to general principles of equity which may permit the exercise of judicial discretion, (ii) are subject to the exercise in the future by the State and its agencies and political subdivisions of the police power inherent in the sovereignty of the State, (iii) are subject, in part, to the provisions of the United States Bankruptcy Act and other applicable bankruptcy insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, and (iv) are subject to the exercise by the United States of the powers delegated to it by the federal Constitution. The various legal opinions to be delivered concurrent with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Limited Obligations

Under the terms of the Authority Bond Ordinance, the Authority pledged Net Revenues from the operation of the Airport System, to pay the principal and interest on the 2019C Authority Bonds. The 2019C Authority Bonds are not a general obligation of the Authority. The obligation of the Authority to make payments under the Authority Bond Ordinance is solely from the Net Revenues and other funds pledged therein, and the Authority is not obligated to make payments under the Authority Bond Ordinance from monies raised or to be raised from taxation. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Pledge of Authority Net Revenues."

Cost of Capital Improvement Plan; Additional Parity Bonds

The Authority annually updates a five year Capital Improvement Plan as part of its annual Airline consultation process. See "CAPITAL IMPROVEMENT PLAN" for a discussion of the 2020-2024 Capital Improvement Plan. The Authority expects to issue Additional Authority Bonds as a portion of the funding source for that plan and reserves the right to issue, for any lawful purpose, one or more series of Additional Authority Bonds payable from and secured by a first lien on Net Revenues, on a parity with the 2019C Authority Bonds, and any Outstanding Authority Bonds; so long as the provisions of the Authority Bond Ordinance are satisfied. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS—Additional Bonds."

Future Tax Developments

Future or pending federal legislative proposals (if enacted), regulations, rulings or court decisions may cause all or a portion of the interest on the 2019I Bond Bank Bonds to be subject, directly or indirectly, to federal income taxation or cause interest on the 2019I Bond Bank Bonds to be subject, directly or indirectly, to State or local income taxation, or may otherwise prevent beneficial owners of the 2019I Bond Bank Bonds from realizing the full current benefit of the tax status of such interest. Legislation or regulation actions and future or pending proposals may also affect the economic value of the federal or state tax exemption or the market value of the 2019I Bond Bank Bonds. Prospective purchasers of the 2019I Bond Bank Bonds should consult their tax advisors regarding any future, pending or proposed federal tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion. See “TAX MATTERS.”

LITIGATION

Absence of Litigation Relating to the 2019I Bond Bank Bonds and the 2019C Authority Bonds

There is not now pending or, to the Bond Bank’s or Authority’s respective knowledge, threatened any litigation restraining or enjoining the issuance, sale, execution or delivery of the 2019I Bond Bank Bonds or the 2019C Authority Bonds; or in any way contesting or affecting the validity of the 2019I Bond Bank Bonds or the 2019C Authority Bonds or any proceedings of the Bond Bank or the Authority taken with respect to the issuance or sale thereof, or application of any moneys or security provided for payment of the 2019I Bond Bank Bonds or the 2019C Authority Bonds. Neither the creation, organization, nor existence of the Bond Bank or the Authority nor the title of any of the present directors or other officers of the Bond Bank Board or Authority Board to their respective offices is being contested.

Other Litigation

Several claims for alleged personal injury or property damage or other general business-related claims are pending against the Authority, all of which are fully insured and being defended by the Authority’s insurer or are otherwise immaterial in size. The counterclaim that was pending against the Authority in connection with a 2013 lawsuit to collect on overdue rental was settled with the Authority receiving payment on its claim. The nature of the Authority’s business generates a certain amount of these kinds of claims or litigation; however, the Authority believes that the ultimate outcome of the foregoing matters, in the aggregate or individually, should not have a material adverse effect on its financial position.

TAX MATTERS

In the opinion of Ice Miller LLP (“Bond Counsel”), under existing federal statutes, decisions, regulations and rulings, interest on the 2019I Bond Bank Bonds (hereinafter defined) is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) for federal income tax purposes, except for interest on any 2019I-2 Bond Bank Bond for any period during which such 2019I-2 Bond Bank Bond is held by a person who is a “substantial user” of the Airport System (hereinafter defined) or a “related person” as defined in Section 147(a) of the Code. The interest on the 2019I Bond Bank Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code. Such excludability is conditioned on continuing compliance with the Tax Covenants (hereinafter defined).

In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the 2019I Bond Bank Bonds is exempt from income taxation in the State of Indiana, for all purposes. See “TAX MATTERS” and “FORM OF BOND COUNSEL OPINION” herein.

The Code imposes certain requirements which must be met subsequent to the issuance of the 2019I Bond Bank Bonds as a condition to the excludability of interest on the 2019I Bond Bank Bonds from gross income for federal income tax purposes. Noncompliance with such requirements may cause interest on the 2019I Bond Bank Bonds to be included in gross income for federal income tax purposes retroactively to the date of issue, regardless of the date on which noncompliance occurs. Should the 2019I Bond Bank Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the 2019I Bond Bank Bonds would be

materially and adversely affected. It is not an event of default under the Indenture if interest on the 2019I Bond Bank Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the date of issuance of the 2019I Bond Bank Bonds.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, includes all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render opinions that interest on the 2019I Bond Bank Bonds is excludable from gross income for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the 2019I Bond Bank Bonds may otherwise affect a bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the 2019I Bond Bank Bonds should consult their own tax advisors with regard to the other tax consequences of owning the 2019I Bond Bank Bonds.

AMORTIZABLE BOND PREMIUM

The initial public offering prices of the 2019I Bond Bank Bonds (collectively, the "*Premium Bonds*"), are greater than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "*Bond Premium*"). An owner who acquires a Premium Bond in the initial public offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds, including sale, redemption or payment at maturity. The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (1) the amount of amortizable Bond Premium and (2) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of the Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found in Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Bond Premium.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The remedies available to the Bond Bank Trustee or the Bondholders for the 2019I Bond Bank Bonds upon a default under the Indenture, and to the Authority Trustee or the Bond Bank under the Authority Bond Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Chapter 9 of United States Bankruptcy Code, the remedies provided in the Indenture and the Authority Bond Ordinance may not be readily available or may be limited in an Event of Default.

The various legal opinions to be delivered concurrently with the delivery of the 2019I Bond Bank Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the Authority, the City, the State of Indiana and the United States of America and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Those exceptions encompass any exercise of the federal, State or local police powers (including the police powers of the City and the Authority) in a manner consistent with the public health and welfare. Enforceability of

the Indenture and the Authority Bond Ordinance in a situation where such enforcement may adversely affect public health and welfare may be subject to those police powers.

The various legal opinions to be delivered concurrently with the delivery of the 2019I Bond Bank Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FORWARD LOOKING STATEMENTS

This Official Statement, including Appendix C, contains statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated are, among other things, an inability to incur debt at assumed rates, weather impacts, general economic downturns, factors affecting air travel in general, federal legislation and/or regulations, and regulatory and other restrictions. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, sale and delivery of the 2019I Bond Bank Bonds are subject to the approval of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, whose approving legal opinions will be delivered with the 2019I Bond Bank Bonds, substantially in the form found in “APPENDIX B—FORM OPINION OF BOND COUNSEL.” Certain legal matters will be passed on by General Counsel for the Authority, by General Counsel to the Bond Bank, by Frost Brown Todd LLC, Indianapolis, Indiana, as disclosure counsel to the Authority, by MWH Law Group LLP, Indianapolis, Indiana, as special counsel to the Authority, and by Faegre Baker Daniels LLP, Indianapolis, Indiana, as counsel for the Underwriters.

RATINGS

Moody’s Investors Service (“*Moody’s*”) and Fitch Ratings (“*Fitch*”) have assigned the 2019I Bond Bank Bonds ratings of “A1” and “A”, respectively, all with a stable outlook. An explanation of the significance of the ratings should be obtained from Moody’s and Fitch, respectively. Such ratings reflect only the views of such rating agencies, and there is no assurance that any rating will continue for any given period of time or that any rating will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the 2019I Bond Bank Bonds.

The Underwriters have undertaken no responsibility to bring to the attention of the owners of the 2019I Bond Bank Bonds any proposed revision or withdrawal of the rating of the 2019I Bond Bank Bonds or to oppose any such proposed revision or withdrawal. Other than the reporting obligation of the Authority pursuant to the Undertaking (as defined herein), the Bond Bank, the Authority and the City have not undertaken any responsibility to bring to the attention of the owners of the 2019I Bond Bank Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

UNDERWRITING

A group of underwriters, represented by Barclays Capital Inc. (the “*Underwriters*”), has agreed, jointly and severally to purchase the 2019I Bond Bank Bonds subject to certain conditions set forth in the Bond Purchase Contract with the Bond Bank (the “*Bond Purchase Agreement*”). The Bond Purchase Agreement provides that the

obligations of the Underwriters to accept delivery of the 2019I Bond Bank Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all of the 2019I Bond Bank Bonds, if any are purchased. The Underwriters have agreed to purchase the 2019I-1 Bond Bank Bonds at an aggregate price of \$59,027,687.84 (representing the principal amount of the 2019I-1 Bond Bank Bonds, plus original issue premium of \$7,549,286.60, less an underwriting discount of \$116,598.76). The Underwriters have agreed to purchase the 2019I-2 Bond Bank Bonds at an aggregate price of \$19,521,601.60 (representing the principal amount of the 2019I-2 Bond Bank Bonds, plus original issue premium of \$3,558,566.80, less an underwriting discount of \$36,965.20).

The 2019I Bond Bank Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such 2019I Bond Bank Bonds into investment accounts.

The Underwriters reserve the right to join with dealers and other underwriters in offering the 2019I Bond Bank Bonds to the public.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Bond Bank, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities), which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Bond Bank or 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 other 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.

2019I BOND BANK BONDS AS LEGAL INVESTMENTS

Pursuant to the Bond Bank Act, all Indiana financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds or notes issued by the Bond Bank.

AGREEMENT WITH STATE

The Bond Bank Act provides that the State will not limit or restrict the rights vested in the Bond Bank to fulfill the terms of any agreement made with the owners of the 2019I Bond Bank Bonds or in any way impair the rights or remedies of the owners of the 2019I Bond Bank Bonds for so long as the 2019I Bond Bank Bonds are outstanding.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of certain mathematical computations showing that payments on each series of the 2019C Authority Bonds have been structured to be sufficient to pay principal of and interest on the respective 2019I Bond Bank Bonds when due will be verified by Sycamore Advisors LLC. Such verification shall be based upon certain information and assumptions supplied by the Bond Bank and the Underwriters.

FINANCIAL ADVISOR

Sycamore Advisors LLC (“*Sycamore*”) is a municipal financial advisor in Indianapolis, Indiana which is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. Sycamore has been retained by the Bond Bank as its independent financial advisor for the 2019I Bond Bank Bonds. In its role as financial advisor to the Bond Bank, Sycamore has not undertaken to independently verify or assume responsibility for the accuracy or completeness of the information in the Official Statement, but has assisted in compiling certain information for this Official Statement. However, Sycamore has not conducted an independent audit or verification of any financial or supplemental data used in this Official Statement. (Sycamore’s fees are contingent upon the issuance of the Series 2019I Bond Bank Bonds.)

Frasca & Associates, LLC (“*Frasca*”) is a registered municipal advisor and served as financial advisor to the Authority with respect to the sale of the 2019I Bond Bank Bonds. As the Authority’s financial advisor, Frasca has assisted in the preparation of portions of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the 2019I Bond Bank Bonds. In its role of financial advisor to the Authority, Frasca has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement. (Frasca’s fees are contingent upon the issuance of the Series 2019I Bond Bank Bonds.)

INDEPENDENT AUDITORS

The basic financial statements of the Authority dated as of and for the year ended December 31, 2018, and included in this Official Statement in Appendix A, have been audited by BKD, LLP, independent auditors, as stated in their report appearing therein.

BKD, LLP, the Authority’s independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BKD, LLP, also has not performed any procedures relating to this offering document.

AVAILABILITY AND INCORPORATION BY REFERENCE OF DOCUMENTS AND FINANCIAL INFORMATION

On July 29, 2019, the Bond Bank filed and the Authority filed with the Municipal Securities Rulemaking Board (“*MSRB*”), the Annual Financial Reports of the Authority as of and for the year ended December 31, 2018 (the “*Authority Financials*”). There is hereby included in “Appendix A” of this Official Statement by this reference the information contained in the Authority Financials, which information should be read in its entirety in conjunction with this Official Statement.

There can be no assurance that there have not been material changes in the financial position of the Authority since the date of the most recent available Authority Financials. Upon request and receipt of payment for reasonable copying, mailing and handling charges, the Bond Bank will make available copies of the most recent Authority Financials, any interim financial information that it receives, any authorizing or governing instruments defining the rights of owners of the 2019I Bond Bank Bonds or the owners of the 2019C Authority Bonds and available financial and statistical information regarding the Bond Bank and the Authority. Requests for documents and payments therefor should be directed and payable to Sarah Riordan, Executive Director, The Indianapolis Local Public Improvement Bond Bank, Suite 2342, 200 East Washington Street, Indianapolis, Indiana 46204.

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the “*SEC Rule*”), the Authority and the Bond Bank are parties to a Continuing Disclosure Undertaking Agreement (the “*Undertaking*”), to be dated the date of delivery of the 2019I Bond Bank Bonds.

The Authority is the only Obligated Person under the SEC Rule, and the Bond Bank is not an Obligated Person under the Undertaking. While the Bond Bank will execute the Undertaking, the Bond Bank will serve a limited role in ensuring compliance with the terms of the Undertaking. The annual financial information required to be filed each year under the Undertaking is information about the Authority and not the Bond Bank. In addition, many of the events which require a notice under the Undertaking pertain to the Authority and not the Bond Bank. The Bond Bank will serve the role of reminding the Authority of its filing requirements under the Undertaking and will assist the Authority through the administrative role of filing what the Authority sends to the Bond Bank for filing under the Undertaking. Accordingly, the Bond Bank has limited ability to manage whether bondholders receive filings under the Undertaking.

Pursuant to the terms of the Undertaking, the Authority will agree to provide the following information while any of the 2019I Bond Bank Bonds are outstanding:

- Audited Financial Statements. To the Bond Bank and to the MSRB, through its EMMA system, when and if available, the final CAFR of the Authority for each fiscal year, beginning with the fiscal year ending December 31, 2019, including the audited financial statements of the Authority within sixty (60) days of the date the Authority's CAFR is delivered by the Authority to the Authority Board or no later than July 31 of each year; and
- Financial Information in this Official Statement. To the Bond Bank and to the MSRB, through its EMMA system, within 210 days after the close of each fiscal year, beginning with the fiscal year ending December 31, 2019, annual information for the Authority for such fiscal year, other than the CAFR described above, including (a) unaudited financial statements of the Authority if audited financial statements are not then available and (b) operating data (excluding demographic and forecast information) of the general type included in the following tables of this Official Statement (collectively the "*Annual Information*"):
 - Table 5 – PFC and CFC Collections and Dedications
 - Table 16 – Historical Aircraft Operations
 - Table 17 – Historical Airport Activity
 - Table 18 – Historical Enplaned Passengers
 - Table 23 – Airline Market Shares of Enplaned Passengers
 - Table 24 – Shares of O&D Versus Connecting Passengers
 - Table 25 – Historical Enplaned Cargo
 - Table 26 – Historical Landed Weight
 - Table 27 – Airline Shares of Landed Weight; and
 - Table 29 – Historical Operating Results; and,

- Event Notices. In a timely manner, not in excess of ten (10) business days of occurrence, the following events:

(A) Events Disclosed if Material.

- (1) non-payment related defaults;
- (2) modifications to the rights of Bondholders;
- (3) bond calls (other than scheduled mandatory sinking redemptions for which notice is given in accordance with the Indenture);
- (4) release, substitution or sale of property securing repayment of the Bonds;
- (5) mergers, consolidations or acquisitions involving any Obligated Persons, or the sale of all or substantially all of the assets of any Obligated Persons, including the entry into or the termination of agreements providing for such;
- (6) the appointment of a successor trustee or co-trustee or the change of name of any trustee; and

- (7) the incurrence of a financial obligations* of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligor, any of which affect security holders.

(B) Events Disclosed Without Regard to Materiality.

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;
- (5) 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 material notices or determinations with respect to the tax status of the 2019I Bond Bank Bonds, or other material events affecting the tax status of the 2019I Bond Bank Bonds;
- (6) defeasances;
- (7) rating changes;
- (8) the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds;
- (9) tender offers;
- (10) bankruptcy, insolvency, receivership or similar event of any Obligated Person; and
- (11) 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.

Events listed in subsection (A) shall be disclosed only if they are deemed to be material (which determination of materiality shall be made by the Authority in accordance with the standards established by federal securities laws). Events listed in subsection (B) shall be disclosed regardless of whether or not they are determined to be material in nature. The Authority may, from time to time, choose to provide notice of the occurrence of any other event, in addition to those listed above, whether or not, in the judgment of the Authority, such other event is material with respect to the Bonds and should be disclosed, but the Authority does not commit to provide any such notice of the occurrence of any event except those events set forth above; and

- Failure to Disclose. In a timely manner, to the MSRB, through its EMMA system, notice of the Authority failing to provide the audited financial statements or Annual Information as described earlier.

The Authority may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the 2019I Bond Bank Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or, change in the identity, nature or status of the obligated persons, or type of business conducted; (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the SEC Rule on the date of execution of the Undertaking, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances; and (iii) such amendment or modification does not materially impair the interests of the holders of the 2019I Bond Bank Bonds, as determined either by (A) any person selected by the Authority that is unaffiliated with the Bond Bank or the Authority (such as the Bond Bank Trustee and Authority Trustee) or (B) an approving vote of the holders of the 2019I Bond Bank Bonds pursuant to the terms of the Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the SEC Rule, as then in effect.

* Defined in the Rule to mean a debt obligation; derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or a guarantee of either a debt obligation or a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, but does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the SEC Rule.

The Authority may, in its sole discretion, use an agent in connection with the dissemination of any annual financial information required to be provided by the Authority pursuant to the terms of the Undertaking.

The purpose of the Undertaking is to enable the Underwriters to purchase the 2019I Bond Bank Bonds by providing for an undertaking by the Bond Bank and the Authority in satisfaction of the SEC Rule. The Undertaking is solely for the benefit of the owners of the 2019I Bond Bank Bonds and creates no new contractual or other rights for, nor can it be relied upon by the SEC, Underwriters, brokers, dealers, municipal securities dealers, potential customers, other obligated persons, or any other third party. The sole remedy against the Authority for any failure to carry out any provision of the Undertaking shall be for specific performance of the Authority's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or any other remedy. The Authority's failure to honor its covenants under the Undertaking shall not constitute a breach or default of the 2019I Bond Bank Bonds, the Indenture, the 2019C Authority Bonds, the Authority Bond Ordinance or any other agreement to which the Bond Bank or the Authority is a party.

Compliance by the Bond Bank and Authority with Previous Undertakings

In the previous five years, the Bond Bank and various qualified entities, have failed to comply with the terms of certain previous undertakings made in a written contract or agreement specified by paragraph (b)(5)(i) of the SEC Rule. For the years 2014, 2015, 2016, 2017 and 2018, the Bond Bank failed to file certain operating data and comprehensive annual financial reports on various series of bonds by their applicable deadlines. Additionally, three of these late filings did not contain all of the information required to be filed (the "non-conforming filings"). All non-conforming filings were corrected by subsequent filings of the missing information.

In April of 2019, Nixon Peabody, a nationally recognized disclosure counsel, provided a compliance training to the Bond Bank's staff and various qualified entities. A compliance audit and review of the Bond Bank's Continuing Disclosure Policy and procedures was performed. No deficiencies were found in the compliance audit for the Bond Bank. The Bond Bank was advised by counsel to add an additional step in its disclosure filing process as it relates to the financial stability of its qualified entities by getting confirmation that their financial position has not been significantly impacted since the end of the last fiscal year.

In the last five years, the Authority has made several voluntary disclosure filings through EMMA, including certain voluntary notices posted on EMMA regarding past events related to the Authority Bonds, some of which are no longer outstanding, including notices related to bond insurer rating changes and certain redemptions with regard to Authority Bonds.

To assist the Underwriters in complying with its obligations under the SEC Rule, as now in effect, the Authority represents that in the previous five years the Authority was not fully compliant with its prior continuing disclosure undertakings, including the instances described below regarding certain notices provided by the Authority. The Authority notes that in the previous five years it has voluntarily provided to the MSRB's EMMA system some, but not all, notices of changes in the rating of insurers that provide bond insurance for some of the Outstanding Authority Bonds, as well as voluntarily providing EMMA some, but not all, redemption notices with respect to particular prior bonds of the Authority. These redemption notices, however, were all sent to the applicable bondholders in accordance with the provisions of the bond documentation. To ensure that all of the information relating to such events is now available on EMMA, the Authority has provided notice of all of these insurer rating changes and Authority redemptions through the EMMA System, including with respect to prior Authority bonds that are no longer outstanding.

The Authority makes no representation as to any potential materiality of such prior instances regarding the Authority, as materiality is dependent upon individual facts and circumstances.

MISCELLANEOUS

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the 2019I Bond Bank Bonds, the security for the payment of the 2019I

Bond Bank Bonds and the rights of the owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the offices of the Underwriters; following delivery of the 2019I Bond Bank Bonds, copies of such documents may be examined at the offices of the Bond Bank.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinions or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are 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 information presented herein since the date hereof. This Official Statement is submitted in connection with the issuance and sale of the 2019I Bond Bank Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement between the Bond Bank, the City, the County, the Authority, the Bond Bank Trustee, the Authority Trustee, the Escrow Agent or the Underwriters and the purchasers or owners of any 2019I Bond Bank Bonds.

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The delivery of this Official Statement has been duly authorized by the Board of Directors of the Bond Bank and the Authority Board of the Authority.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT
BOND BANK

By: /s/ Dennis Charles
Dennis Charles, Chairperson

INDIANAPOLIS AIRPORT AUTHORITY

By: /s/ Barbara Glass
Barbara Glass, President

Dated: November 21, 2019

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APPENDIX A

**AUTHORITY AUDITED FINANCIAL STATEMENTS DATED AS OF AND
FOR THE YEAR ENDED DECEMBER 31, 2018**

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Indianapolis Airport Authority

Independent Auditor's Report and Financial Statements

December 31, 2018 and 2017

Indianapolis Airport Authority

December 31, 2018 and 2017

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Independent Auditor's Report

To the Members of the Board
Indianapolis Airport Authority
Indianapolis, Indiana

We have audited the accompanying financial statements of the Indianapolis Airport Authority (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 statement 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. Those standards require that we plan and perform the audit 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 financial statements referred to above present fairly, in all material respects, the financial position of the Indianapolis Airport Authority as of December 31, 2018 and 2017, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed 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 Governmental Accounting Standards Board, who 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. We previously expressed an unmodified opinion on the 2016 financial statements. The supplementary information as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BKD, LLP

Indianapolis, Indiana
April 5, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018
(Unaudited)

The following discussion and analysis of the financial performance and activity of the Indianapolis Airport Authority (Authority) is to provide an introduction and overview that users need to interpret the financial statements of the Authority as of and for the years ended December 31, 2018 and 2017. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Authority Powers and Purposes

In 1962, the City Council of the City of Indianapolis (City), the Mayor of the City and the County Council of Marion County (County) created the Authority pursuant to the Authority Act as a municipal corporation, separate from the City and the County. The Authority Act authorizes the Authority to own and operate public airports. The Authority is empowered to do all things necessary or reasonably incident to carrying out the purposes of the Authority Act, including the power to: (i) acquire, establish, construct, improve, equip, maintain, control, lease and regulate municipal airports, landing fields and other air navigation facilities, either inside or outside the County; (ii) manage and operate airports, landing fields and other air navigation facilities acquired or maintained by the Authority; (iii) adopt a schedule of reasonable charges and collect them from all users of facilities and services within the County; (iv) lease all or any part of an airport, landing field or any buildings or other structures, and fix, charge and collect rentals, tolls, fees and charges to be paid for the use of the whole or a part of the airports, landing fields or other air navigation facilities by aircraft landing there and for the servicing of the aircraft; (v) make rules and regulations, consistent with laws regarding air commerce, for management and control of its airports, landing fields, air navigation facilities and other property under its control; and (vi) incur indebtedness in accordance with the Authority Act.

The operations of the Authority depend heavily on revenues received from airlines serving Indianapolis International Airport. Airlines are given the option to sign an Agreement and Lease of Premises (Airline Agreement), which sets forth rates and charges for use of Authority assets and which utilizes a residual rate-making methodology. The residual nature of the Airline Agreement essentially requires the airlines to assume certain financial risks to guarantee the Airport has sufficient revenue to cover all operating and capital borrowing costs. In return, the Authority has less autonomy over capital asset development decisions in that the airlines must approve certain proposed capital improvement projects at the Airport. As of December 31, 2018, six passenger carriers and two cargo carriers represent the Signatory Airlines.

The Authority and the Signatory Airlines negotiated a new Airline Agreement in 2015. This new Airline Agreement was approved by the Authority Board and is effective from January 1, 2016 through December 31, 2018. The Authority entered into negotiations for a new Airline Agreement in 2018 with intent to finalize negotiations in 2019. Airlines that sign the Airline Agreement are subject to favorable Signatory rates, as opposed to the Authority's Non-Signatory rates.

Airport Operations Activity and Financial Highlights

	2018	2017	Variance
Enplaned passengers ⁽¹⁾	4,695,040	4,387,532	7.0%
Landed weight (1,000 lb. units)			
Passenger airlines	5,496,460	5,150,053	6.7%
Cargo airlines	5,282,874	5,139,115	2.8%
Total landed weights	10,779,334	10,289,168	4.8%
Aircraft operations	168,133	160,049	5.1%

⁽¹⁾ Includes domestic air carriers, international air carriers and air taxi/commuter flights

Airport Operations Activity

In 2018, the number of enplaned passengers was 7.0% higher than 2017. The increase from 2017 is attributed to the continued strength of the local and domestic economy, low fuel prices, and increased capacity to new markets from both new and existing carriers. As in 2017, the robust job market and competitive airfares continued to increase air travel demand in both the business and leisure markets; meanwhile, fuel prices remained low allowing carriers to sustain low fares and consider new routes from medium sized airports.

New nonstop destinations that were announced, reinstated or started in 2018 at Indianapolis International Airport (IND) include:

- March 10, 2018 - Inaugural Southwest IND – CUN (Cancun, Mexico)
- April 6, 2018 - Inaugural Allegiant IND – CHS (Charleston, South Carolina)
- April 8, 2018 - Inaugural Southwest IND – AUS (Austin, Texas)
- April 9, 2018 - Reinstated Frontier IND – PHL (Philadelphia, Pennsylvania)
- April 10, 2018 - Inaugural Frontier IND – AUS (Austin, Texas)
- April 11, 2018 - Inaugural Allegiant IND – SRQ (Sarasota, Florida)
- May 24, 2018 - Inaugural Delta IND – CDG (Paris, France)
- June 18, 2018 - Inaugural Delta IND – SEA (Seattle, Washington)
- July 15, 2018 - Inaugural Southwest IND – OAK (Oakland, California)
- August 13, 2018 - Inaugural Frontier IND – SAN (San Diego, California)
- November 15, 2018 - Reinstated Frontier IND – RSW (Fort Myers, Florida)
- December 11, 2018 - Spirit announced IND – LAS (Las Vegas, Nevada)
- December 11, 2018 - Spirit announced IND – MCO (Orlando, Florida)
- December 11, 2018 - Spirit announced IND – MYR (Myrtle Beach, South Carolina)

Passenger airlines accounted for approximately 51% of total landed weight at Indianapolis International Airport (IND) in 2018, 50% in prior year; cargo airlines accounted for the other 49% during 2018 and 50% in 2017. Passenger airline landed weights increased by 6.7% in 2018 from prior year; cargo airline landed weight increased 2.8% from prior year. The increase in passenger landed weights is a result of the mentioned market factors and is explained further in the Economic Factors section. FedEx continued to represent the majority of the cargo landed weights in 2018. The increase in cargo landed weights can be attributed to increased FedEx activity and larger aircraft.

Aircraft operations represent landings and takeoffs for air carrier (passenger and cargo), air taxi and commuter, general aviation and military operations. This activity increased 5.1% over the prior year due mainly to a year over year increase in passenger and cargo flights.

Financial Highlights

- The Authority experienced a decrease in total assets and deferred outflows of resources of \$54.4 million during 2018. This decrease can be attributed to a number of changes in the statement of net position, including the normal decrease in capital assets due to depreciation, a decrease in investments and a decrease in deferred outflows related to the fair value change of the Authority's derivative instruments.
- Total liabilities decreased \$25.6 million in 2018. This change is primarily attributable to the reduction of bonds payable and other debt.
- The 2018 decrease in net position was \$25.3 million compared to a decrease of \$0.9 million for 2017. This \$24.5 million decrease can be primarily attributed to the 2018 \$47.3 million loss on disposal of assets which increased the loss on disposal of assets by \$43.6 million due to the 2018 one-time strategic sale of heavily deed restricted land offset by increases in capital contributions and grants of \$17.8 million.

Overview of Financial Statements

The Authority only engages in business-type activities. These are activities that are intended to recover all or a significant portion of their costs through user fee charges to external parties for goods or services. The Authority reports its business-type activities in a single enterprise fund, meaning that its activities are operated and reported like a private-sector business.

The Authority's financial report includes comparative Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. Also included are notes to the financial statements that provide more detailed data. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The net position of the Authority is comprised of these categories:

- *Net investment in capital assets* - reflects the Authority's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.
- *Restricted* - represent resources that are subject to external restrictions on how they may be used.
- *Unrestricted* - represent resources that may be used to meet the Authority's ongoing obligations to the public and creditors.

Statements of Net Position

The Statements of Net Position present the financial position of the Authority at the end of the fiscal year and include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. The net position of the Authority represents the difference between total assets plus deferred outflows of resources, and total liabilities plus deferred inflows of resources and is an indicator of the current net value of the Authority. A summarized comparison of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2018, 2017 and 2016 follows:

	2018	2017	2016
	(Table Amounts in Thousands)		
Current assets - unrestricted	\$ 32,580	\$ 27,006	\$ 34,760
Current assets - restricted	48,217	50,078	43,001
Noncurrent assets			
Capital assets, net	1,734,709	1,757,719	1,821,200
Other noncurrent assets	221,850	242,192	231,965
Total assets	<u>2,037,356</u>	<u>2,076,995</u>	<u>2,130,926</u>
Deferred outflows of resources	<u>31,435</u>	<u>46,196</u>	<u>56,270</u>
Total assets and deferred outflows of resources	<u>\$ 2,068,791</u>	<u>\$ 2,123,191</u>	<u>\$ 2,187,196</u>
Current liabilities - payable from unrestricted	\$ 14,090	\$ 12,043	\$ 10,028
Current liabilities - payable from restricted	66,518	91,155	75,384
Noncurrent liabilities - payable from restricted	943,648	946,707	1,027,055
Total liabilities	<u>1,024,256</u>	<u>1,049,905</u>	<u>1,112,467</u>
Deferred inflows of resources	<u>11,163</u>	<u>14,593</u>	<u>15,172</u>
Net position			
Net investment in capital assets	825,210	835,366	845,491
Restricted	140,516	160,085	143,563
Unrestricted	67,646	63,242	70,503
Total net position	<u>1,033,372</u>	<u>1,058,693</u>	<u>1,059,557</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,068,791</u>	<u>\$ 2,123,191</u>	<u>\$ 2,187,196</u>

2018 to 2017 Comparative Statements of Net Position

Unrestricted current assets increased \$5.6 million, which is attributable to increases in cash and cash equivalents of \$5.2 million and grants receivable of \$2.2 million, offset by a decrease in unbilled revenues of \$1.1 million.

Total noncurrent assets decreased by \$43.4 million. This change is primarily attributable to a \$37.0 million decrease in depreciable capital assets, a \$13.9 million increase in non-depreciable capital assets and a \$20.3 million decrease in cash and cash equivalents, investment securities and derivative instruments.

Total deferred outflows of resources decreased by \$14.8 million, the result of a decrease in the amortization of deferred losses on the refunding of bonds of \$2.4 million and a decrease in the accumulated changes in fair values of hedging derivative instruments of \$12.4 million.

Total current liabilities decreased by \$22.6 million primarily driven by a decrease of \$35.6 million in the current portion of debt and an increase of \$11.4 million in accounts payable.

2017 to 2016 Comparative Statements of Net Position

Unrestricted current assets decreased \$7.8 million, which is attributable to decreases in cash and cash equivalents of \$2.2 million and grants receivable of \$5.7 million. The increase in restricted current assets of \$7.1 million reflects a \$7.9 million increase in restricted cash and cash equivalents.

Total noncurrent assets decreased by \$53.3 million. This change is primarily attributable to a \$54.0 million decrease in depreciable capital assets, a \$9.5 million decrease in non-depreciable capital assets and a \$10.9 million increase in cash and cash equivalents and investment securities.

Total deferred outflows of resources decreased by \$10.1 million, the result of a decrease in the amortization of deferred losses on the refunding of bonds of \$2.5 million and a decrease in the accumulated changes in fair values of hedging derivative instruments of \$7.6 million.

Total current liabilities increased by \$17.8 million primarily driven by an increase of \$16.0 million in the current portion of debt. Total noncurrent liabilities decreased \$80.3 million, attributable to a \$72.6 million decrease in bonds payable and other debt.

2018 to 2017 Comparative Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position reflect the operating activity of the Authority for the year using the accrual basis of accounting, similar to private sector companies. The change in net position for the years ended December 31, 2018 and 2017 was a decrease of \$25.3 million and \$0.9 million, respectively. The comparative analysis below is a summary of the Statements of Revenues, Expenses and Changes in Net Position for 2018 and 2017.

	2018	2017	\$ Variance	% Variance
	(Table Amounts in Thousands)			
Total operating revenues	\$ 160,672	\$ 153,260	\$ 7,412	4.8%
Total nonoperating revenues	46,312	46,997	(685)	-1.5%
Total revenues	<u>206,984</u>	<u>200,257</u>	<u>6,727</u>	<u>3.4%</u>
Total operating expenses	173,206	167,609	5,597	3.3%
Net nonoperating expenses	85,205	41,838	43,367	103.7%
Total expenses	<u>258,411</u>	<u>209,447</u>	<u>48,964</u>	<u>23.4%</u>
Loss Before Capital Contributions and Grants	(51,427)	(9,190)	(42,237)	459.6%
Capital Contributions and Grants	<u>26,106</u>	<u>8,326</u>	<u>17,780</u>	<u>213.5%</u>
Increase (Decrease) in Net Position	(25,321)	(864)	(24,457)	2830.7%
Net Position, Beginning of Year	<u>1,058,693</u>	<u>1,059,557</u>	<u>(864)</u>	<u>-0.1%</u>
Net Position, End of Year	<u>\$ 1,033,372</u>	<u>\$ 1,058,693</u>	<u>\$ (25,321)</u>	<u>-2.4%</u>

Operating revenue in 2018 increased \$7.4 million, or 4.8% from prior year attributable to the following components:

- *Airfield revenue* in 2018 of \$24.3 million increased from prior year by \$2.5 million or 11.7%. Total landed weights increased 4.8% from prior year as passenger carriers increased 6.7% and cargo carriers increased 2.8%. The 2018 Signatory landing fee rate increased to \$1.85 from \$1.70 in 2017. The 2018 Non-signatory landing fee rate increased to \$2.78, as compared to the 2017 rate of \$2.55.
- *Terminal complex revenues* of \$54.1 million increased \$1.0 million or 1.8% from prior year. Airline terminal rental rates decreased in 2018 to \$92.78 per square foot compared to the prior year rate of \$98.22 per square foot. This is offset by an increase in Concessionaire revenues of \$0.3 million or 4.2% and an increase in Automobile rental commissions of \$0.5 million or 5.1% driven by an increase in enplaned passengers of 7.0%.
- *Parking revenues* increased from prior year by \$3.8 million or 7.4%, resulting in \$54.6 million in 2018 parking revenue. Current year includes incremental revenue of \$0.7 million relating to the new valet operator and recording gross revenue vs. the net revenue amount reported in the prior year. The enplaned passenger increases of 7.0% is the main contributor to the variance.
- *Revenues from Indianapolis Maintenance Center (IMC)* of \$8.2 million increased by \$0.2 million or 2.1%. This represents revenues due the Authority for reimbursement of eligible expenditures under the terms of the Settlement Agreement reached between the Authority and the trustee for the special facility revenue bonds the Authority had previously issued on behalf of United Airlines. The increase from prior year relates to higher hangar bay utilization.

Nonoperating revenues in 2018 of \$46.3 million decreased from prior year by \$0.7 million or 1.5% attributable to the following components:

- *State and local appropriations* of \$13.2 million decreased \$3.6 million or 21.4%. This relates to capital leases with the State of Indiana and the City of Indianapolis for the IMC and the remaining bonds matured in 2018.
- *Passenger facility charges (PFC) income* of \$19.0 million increased \$1.3 million or 7.1%. This increase is due to an increase in passenger numbers and ticket sales as PFC revenues are earned when tickets are sold.
- *Customer facility charges (rental cars) income* of \$7.4 million increased \$0.2 million or 2.8%. This increase is due to an increase in passenger numbers and an increased number of transactions.
- *Investment income* of \$6.1 million increased \$1.4 million or 30.7%. Increase was primarily attributable to higher earnings on securities in the Authority's investment portfolio.

Operating expenses (before depreciation) for the years ended December 31, 2018 and 2017 totaled \$81.0 million and \$73.5 million, respectively, an increase of \$7.5 million or 10.2%. The following analysis provides material operating expense changes by both operating expense class and operating expense business area.

- *Operating expenses by class* (before depreciation): Total *personal services expense* increased 9.2% or \$2.9 million to \$33.9 million attributable to annual merit increases, higher health insurance expense claims, increased full-time staff in the Tech Shop, Audit, Legal and Procurement departments and lower staff vacancies in Parking, Fire, Police and other Administrative departments. Total *contractual services expense* increased 2.1% or \$0.5 million to \$25.6 million primarily due to the new valet operator expense incurred vs. being recorded as an offset of revenue in the prior year. Total *utilities expense* of \$11.4 million increased by \$2.7 million or 31.3% primarily driven by higher sewer charges relating to glycol processing. Total *supplies expense* of \$5.2 million increased \$1.1 million or 26.2% relating to LED lighting replacement program in terminal and garage and increased snow/ice chemical due to severe winter weather in 2018. Total *materials expense* decreased by \$0.1 million or 4.5% to \$3.1 million reflecting lower communication equipment replacements and signage than in prior year. Total *general expense* of \$1.8 million increased from prior year by \$0.4 million or 31.3% primarily due to an increase in bad debt expense and higher insurance premium costs.
- *Airfield expenses* (before depreciation) of \$12.0 million increased \$2.9 million, or 32.3% from the prior year. Current year expenses include annual merit increases; increased health insurance and greater snow and ice chemical and sewage costs for glycol processing due to severe winter weather.
- *Terminal complex expenses* (before depreciation) of \$17.9 million increased \$0.6 million, or 3.6% from the prior year. Increase is attributable to annual merit increases; increased health insurance; increased full-time staff in the Tech Shop and LED lighting replacements in terminal.
- *Parking expenses* (before depreciation) of \$9.7 million increased \$1.3 million, or 15.7% from the prior year. Increase is due to annual merit increases; increased health insurance; lower staff vacancies; the new valet operator expense incurred vs. being recorded as an offset of revenue in the prior year; LED lighting replacement program in garage; drainage repairs in garage and ground transportation center and contracted snow removal fees.
- *Rented buildings and other expenses* (before depreciation) of \$2.7 increased \$0.6 million, or 26.0% from prior year. Current year reflects an increase in the environmental remediation accrual and greater on-call environmental professional fees related to compliance audits and tree removal and vegetation control.
- *Indianapolis Maintenance Center (IMC) expenses* (before depreciation) of \$7.6 million increased \$0.5 million, or 6.4%, primarily due to higher utilities; roof repairs; Central Energy Plant steam/boiler repairs; various other building repairs and greater contracted snow removal costs.
- *Reliever airports expenses* (before depreciation) of \$1.6 million decreased \$1.1 million, or 39.4% from prior year. Prior year expenses included pavement repairs; storm drain repairs; material storage building and fuel farm repairs that were not incurred in 2018.
- *Public safety expenses* (before depreciation) of \$12.0 million increased \$0.4 million, or 3.6% from prior year. Variance primarily attributable to annual merit increases; increased health insurance and lower staff vacancies in the Fire and Police departments.
- *Administration costs* (before depreciation) of \$17.5 million increased by \$2.2 million, or 14.6% from prior year. Variance the result of annual merit increases; increased health insurance; increased full-time staff in Audit, Legal and Procurement departments; lower staff vacancies in Information Technology, Communications/Marketing and Human Resource departments; an increase in professional fees related to staff augmentation in Planning and Development.

Net Nonoperating expenses for the years ended December 31, 2018 and 2017 totaled \$85.2 million and \$41.8 million, respectively, an increase of \$43.4 million or 103.7% attributable to the following components:

- *Interest expense* of \$37.9 million decreased \$0.2 million over the prior year, or 0.5%; a net effect of various increases and decreases of interest expense over the year and the amortization of principal outstanding and the corresponding reduction in interest expense.
- *Loss on disposals of capital assets and other* of \$47.3 million increased \$43.6 million over the prior year. The current year net loss is comprised of \$43.2 million loss on land sales; \$4.6 million for loss on fixed assets and offset by \$0.6 million for insurance claim reimbursements.

Capital contributions and grants of \$26.1 million increased \$17.8 million compared to prior year. Current year represents greater contributions from leased property tenant improvements and an increase in federal and state grant revenues due to timing of completion of projects and related funding received.

2017 to 2016 Comparative Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position reflect the operating activity of the Authority for the year using the accrual basis of accounting, similar to private sector companies. The change in net position for the years ended December 31, 2017 and 2016 was a decrease of \$.9 million and an increase \$10.7 million, respectively. The comparative analysis below is a summary of the Statements of Revenues, Expenses and Changes in Net Position for 2017 and 2016.

	2017	2016	\$ Variance	% Variance
	(Table Amounts in Thousands)			
Total operating revenues	\$ 153,260	\$ 158,248	\$ (4,988)	-3.2%
Total nonoperating revenues	46,997	56,787	(9,790)	-17.2%
Total revenues	<u>200,257</u>	<u>215,035</u>	<u>(14,778)</u>	<u>-6.9%</u>
Total operating expenses	167,609	161,037	6,572	4.1%
Net nonoperating expenses	41,838	58,541	(16,703)	-28.5%
Total expenses	<u>209,447</u>	<u>219,578</u>	<u>(10,131)</u>	<u>-4.6%</u>
Loss Before Capital Contributions and Grants	(9,190)	(4,543)	(4,647)	102.3%
Capital Contributions and Grants	<u>8,326</u>	<u>15,235</u>	<u>(6,909)</u>	<u>-45.3%</u>
Increase (Decrease) in Net Position	(864)	10,692	(11,556)	-108.1%
Net Position, Beginning of Year	<u>1,059,557</u>	<u>1,048,865</u>	<u>10,692</u>	<u>1.0%</u>
Net Position, End of Year	<u>\$ 1,058,693</u>	<u>\$ 1,059,557</u>	<u>\$ (864)</u>	<u>-0.1%</u>

Operating revenue in 2017 decreased \$5.0 million, or 3.2% from prior year attributable to the following components:

- *Airfield revenue* in 2017 of \$21.7 million decreased from prior year by \$2.0 million or 8.4%. Total landed weights decreased a net 1.4% from prior year as passenger carriers increased 0.9% and cargo carriers decreased 3.7%. The 2017 Signatory landing fee rate decreased to \$1.70 from \$1.95 in 2016. The 2017 Non-signatory landing fee rate decreased to \$2.55, as compared to the 2016 rate of \$2.93.
- *Terminal complex revenues* of \$53.2 million decreased \$4.3 million or 7.4% from prior year. Airline terminal rental rates decreased in 2017 to \$98.22 per square foot compared to the prior year rate of \$114.09 per square foot. Automobile rental commissions were higher than prior year by \$0.2 million or 1.9% driven by an increase in enplaned passengers of 3.2%.
- *Parking revenues* increased from prior year by \$0.2 million or 0.4%, resulting in \$50.8 million in 2017 parking revenue. Even though enplaned passengers increased 3.2%, this was offset by product mix differences and an increase in the transportation network company (TNC) market share.
- *Revenues from rented buildings and other* of \$16.6 million increased by \$0.2 million or 1.1%. The increase is attributable to various new and renegotiated building rentals.
- *Revenues from Indianapolis Maintenance Center (IMC)* of \$8.1 million increased by \$0.9 million or 12.0%. This represents revenues due the Authority for reimbursement of eligible expenditures under the terms of the Settlement Agreement reached between the Authority and the trustee for the special facility revenue bonds the Authority had previously issued on behalf of United Airlines. The increase from prior year relates to higher hangar bay utilization.

Nonoperating revenues in 2017 of \$47.0 million decreased from prior year by \$9.8 million or 17.2% attributable to the following components:

- *State and local appropriations* of \$16.8 million decreased \$10.6 million or 38.8%. This relates to capital leases with the State of Indiana and the City of Indianapolis for the IMC and one of the related bonds matured on December 31, 2016.
- *Passenger facility charges (PFC) income* of \$17.7 million increased \$0.5 million or 3.0%. This increase is due to an increase in passenger numbers and ticket sales as PFC revenues are earned when tickets are sold.
- *Investment income* of \$4.7 million increased \$0.5 million or 11%. Increase was primarily attributable to higher earnings on securities in the Authority's investment portfolio.

Operating expenses (before depreciation) for the years ended December 31, 2017 and 2016 totaled \$73.5 million and \$67.2 million, respectively, an increase of \$6.3 million or 9.4%. The following analysis provides material operating expense changes by both operating expense class and operating expense business area.

- *Operating expenses by class* (before depreciation): Total *personal services expense* increased 10.0% or \$2.8 million to \$31.1 million attributable to annual merit increases, salary market rate adjustments and higher health insurance expense claims. Total *contractual services expense* increased 13.9% or \$3.1 million to \$25.1 million due to various strategic initiatives to maintain and preserve the Authority's assets including baggage system and pavement repairs; grounds maintenance/tree removal; LED lighting upgrades in terminal, garage and on airfields; material storage building and fuel farm repairs at reliever airports. Total *utilities expense* of \$8.7 million decreased by \$0.5 million or 5.6% primarily driven by lower sewer charges relating to glycol processing. Total *supplies expense* of \$4.1 million increased \$0.8 million or 22.8% relating to LED lighting replacement program in terminal and garage, airfield motor/garage supply parts and uniform safety upgrades. Total *materials expense* increased by \$0.4 million or 14.5% to \$3.2 million reflecting higher building materials, communication equipment replacements and signage. Total *general expense* of \$1.4 million decreased from prior year by \$0.2 million or 13.3% primarily due to the recovery of previously recognized bad debt expense in the prior year and lower insurance deductible costs.
- *Airfield expenses* (before depreciation) of \$9.1 million was flat with prior year. Current year expenses include annual merit and salary market rate adjustments and increased health insurance; higher pavement repairs, grounds maintenance, motor/garage supply parts, signage, and LED lighting replacements; offset by a decrease in professional fees related to environmental testing and audits, and lower snow & ice chemical and sewage costs for glycol processing due to milder weather.
- *Terminal complex expenses* (before depreciation) of \$17.2 million increased \$1.7 million, or 10.8% from the prior year. Increase is attributable to annual merit and salary market rate adjustments and increased health insurance; grounds maintenance; baggage system maintenance expenses; LED lighting replacements in terminal; tandem sling chairs in concourses; terminal door automatic operators; accessibility upgrades; uniform safety upgrades; and administrative office remodels.
- *Parking expenses* (before depreciation) of \$8.4 million increased \$0.5 million, or 6.1% from the prior year. Increase is due to annual merit and salary market rate adjustments and increased health insurance; grounds maintenance; LED lighting replacement program in garage; and motor/garage supply parts for buses; offset by a decrease in elevator/escalator repairs and contracted snow removal fees.
- *Rented buildings and other expenses* (before depreciation) of \$2.1 increased \$0.1 million, or 6.1% from prior year. Current year reflects an increase in grounds maintenance/tree removal costs and pavement repairs; offset by lower professional fees related to the implementation of a land use and sale program as well as insurance deductible costs for roof repairs in prior year.
- *Indianapolis Maintenance Center (IMC) expenses* (before depreciation) of \$7.1 million increased \$0.3 million, or 4.0%, primarily due to pavement repairs; grounds maintenance; Central Energy Plant chilled water system repairs; and an increase in software/hardware maintenance; offset by lower roof and door repairs than prior year.
- *Reliever airports expenses* (before depreciation) of \$2.7 million increased \$1.2 million, or 77.4% from prior year. Current year expenses included pavement repairs; storm drain repairs; LED lighting upgrades; material storage building and fuel farm repairs.

- *Public safety expenses* (before depreciation) of \$11.6 million increased \$1.0 million, or 9.0% from prior year. Variance includes annual merit and salary market rate adjustments and increased health insurance; LED lighting replacements, building and pavement repairs at both fire stations; fire and police uniform safety upgrades; and security communication equipment upgrades and replacements.
- *Administration costs* (before depreciation) of \$15.3 million increased by \$1.7 million, or 12.3% from prior year. Variance of the result of annual merit increases and increased health insurance, and an increase in professional fees related to staff augmentation.

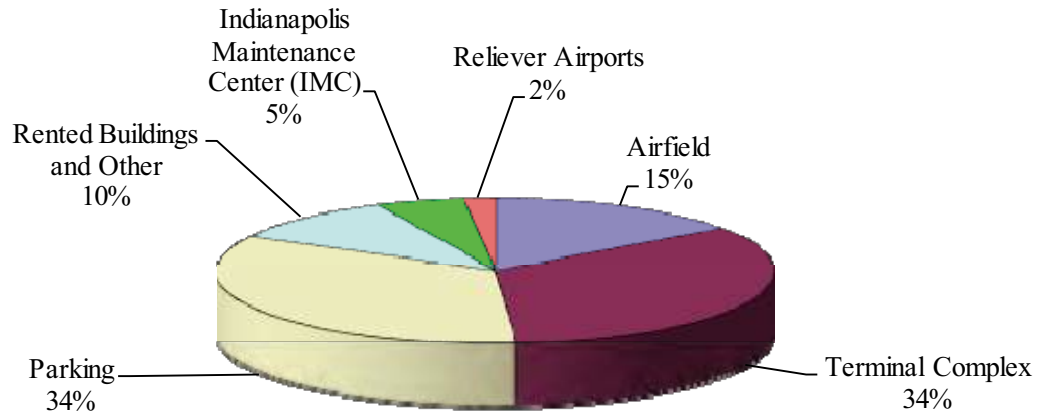
Net Nonoperating expenses for the years ended December 31, 2017 and 2016 totaled \$41.8 million and \$58.5 million, respectively, a decrease of \$16.7 million or 28.5%. The current year activity includes a decrease in interest expense and in loss on disposals of capital assets and other.

- *Interest expense* of \$38.1 million decreased \$7.7 million over the prior year, or 16.9%; a net effect of various increases and decreases of interest expense over the year. There was interest expense savings of \$3.1 million from the 2016A-1 and A-2 Bonds refunding transaction savings of \$0.3 million on pass-through debt-related interest expense, savings of \$1.8 million from lower interest costs on the 2010C Bonds, and a reduction of \$1.3 million in bond-related costs. The remaining decline is due to the amortization of principal outstanding and the corresponding reduction in interest expense.
- *Loss on disposals of capital assets and other* of \$(3.7) million decreased \$9.0 million over the prior year. The current year net loss is comprised of \$(4.2) million loss on land sales, \$(1.4) million for demolition costs on various projects, \$1.5 million insurance claim reimbursements, \$0.2 million proceeds from public auction, and \$0.2 million proceeds from a municipal derivatives settlement payment.

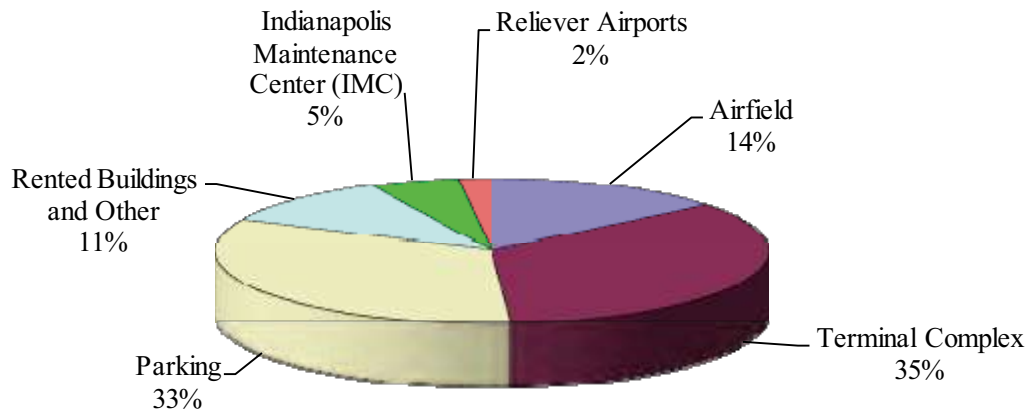
Capital contributions and grants of \$8.3 million decreased \$6.9 million compared to prior year. Current year represents lower contributions from leased property tenant improvements and a decrease in federal and state grant revenues due to timing of completion of projects and related funding received.

The following is a graphic illustration of operating revenues by source for the years ended December 31, 2018 and 2017:

Operating Revenues - 2018

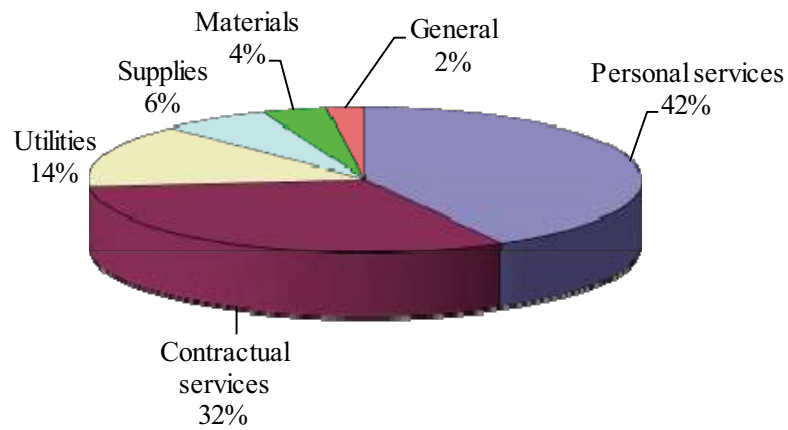


Operating Revenues - 2017

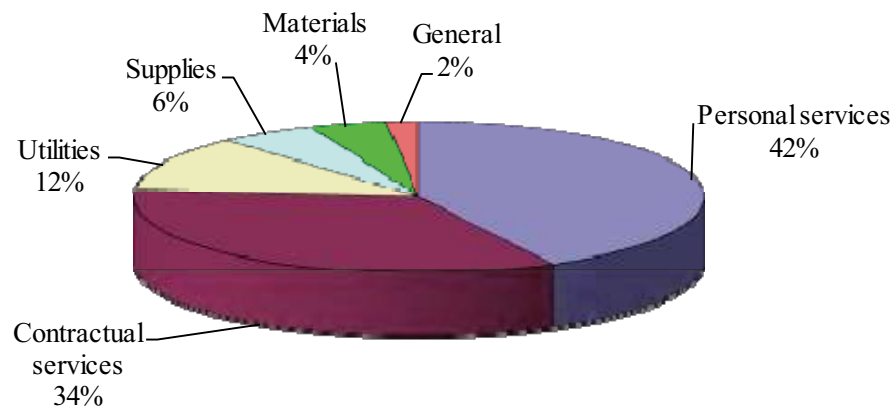


The following is a graphic illustration of the total operating expenses by source for the years ended December 31, 2018 and 2017 (excluding depreciation):

Operating Expenses (Excluding Depreciation) - 2018



Operating Expenses (Excluding Depreciation) - 2017



Capital Asset and Debt Administration

Capital Assets

During 2018, the Authority expended approximately \$103.7 million on capital assets. The capital expenditures related to multiple construction and equipment acquisition projects, the Seerley Creek Basin stormwater and deicing, parking garage maintenance, high speed exits, rehabilitate Taxiway C and LED lighting, and rehabilitate Taxiway H and lighting.

During 2018, completed projects totaling \$54.1 million were closed from construction-in-progress to their respective capital asset accounts. The more significant of these completed projects are as follows:

High Speed Exits, Taxiway C Rehabilitation & LEDs	\$15.2 million
Parking Garage Maintenance	\$11.4 million
Rehabilitation Taxiway H - H1 and H2 and Replace Lighting	\$5.2 million
Rehabilitation Airport Asphalt Lots and Roads	\$4.7 million

Note 4 to the financial statements provides additional information on the Authority's capital asset activity.

Long-Term Debt

Capital acquisitions can be funded using a variety of financing mechanisms, including federal and state grants, passenger facility charges, customer facility charges, public debt issues and airport operating revenues.

The Authority's Master Bond Ordinance enables it to adopt an ordinance or resolution irrevocably designating certain revenues as Dedicated Revenues (which may include, without limitation, PFC & CFC revenues, state and/or federal grants, or other identified revenues) to be used to pay debt service on Authority revenue bonds. Note 5 of the financial statements explains the details of ordinances adopted in 2017 and 2018.

As of December 31, 2018, the Authority had \$874.6 million in outstanding senior lien bonds and \$45.8 million in outstanding subordinate securities. The Authority, through its Master Bond Ordinance, has a covenant to maintain a debt service coverage ratio of not less than 1.25 for senior lien debt. Debt service coverage is calculated based on a formula included in the Master Ordinance and the Airline Agreements. Historically, the Authority has maintained a coverage ratio higher than its requirement. During 2018 and 2017, respectively, the Authority's debt service coverage was 1.47 and 1.77 for senior lien debt.

Notes 5, 6, 7, 8 and 10 to the financial statements provide additional information regarding the Authority's debt activities.

Economic Factors

As noted earlier, IND experienced a 7.0% increase in the number of passenger enplanements over last year, resulting in total 2018 enplanements of 4,695,040. This is a record-breaking number that represents the most passenger enplanements in the history of IND. A strong economy, increased airline competition, low fuel prices, and competitive airfare pricing continue to support growth of IND's passenger traffic.

Because of this passenger growth and the strength of the Indianapolis economy, carriers continue to invest in Indianapolis. Overall, IND added over 300,000 seats to the market while airline seat miles (ASMs) increased over 14%, suggesting bigger aircrafts are flying to further destinations.

Additional capacity resulted from increased frequency on existing routes, bigger aircraft, and new routes. In total, IND launched, announced or reinstated 14 new flights in 2018. New flights were added by Allegiant, Southwest, Frontier, Spirit and Delta.

Spirit Airlines announced IND market entry at the end of 2018 and will begin operations in March 2019 with daily nonstop service to Orlando (MCO), Las Vegas (LAS) and seasonal service to Myrtle Beach (MYR) beginning in May 2019. Spirit is an Ultra Low-Cost Carrier (ULCC) with an expansive airline network. March will mark Spirit's first operations at IND and the third ULCC in the IND market.

IND is served by both major and national airlines operating at many of the domestic hubs. In addition, point-to-point service is provided to major business and leisure destinations, mainly in the Eastern and Central U.S., and improved coverage on the West coast. At year end, IND offered 50 nonstop destinations including more international and West Coast access than ever before.

As a result of the strength of the Indianapolis passenger market, Allegiant Air opened the Indianapolis airplane and crew base in Q1 2018. The original two-plane base was increased to a three-plane base in the summer. As a result of the base, Allegiant added over 500 flights out of IND, an increase of more than 41% over 2017.

Additionally, on May 24, 2018, Delta launched Indiana's first scheduled transatlantic flight from IND airport to Paris - Charles De Gaulle (CDG). The new nonstop has an estimated \$50 million annual impact on Indiana's economy. Nonstop service to CDG is year-round, with daily frequency in the summer and reduced frequency in the heavy winter months.

In addition to increased passenger activity, the IAA continues to benefit from sustained cargo operations, anchored by FedEx. IND's position as FedEx's second largest hub allows the airport to maintain high cargo landed weight levels.

Looking Forward

At the end of 2018, the IAA staff completed the five-year Air Service Strategy. In Q4, the strategy was presented to and approved by the Air Service Task Force Executive Committee. The Committee includes representatives from IEDC, Visit Indy and the Indy Chamber. The strategy considers a myriad of factors including passenger demand, costs, airline strategy, industry trends, local and global economies amongst others.

The strategy identifies two-year and five-year targets including both domestic and international markets as well as domestic and international airlines. Short term market goals include Mexico, Canada, West Coast U.S. markets, short haul drive markets and domestic airlines. Long term markets include Asia, Europe and international airlines. The strategy outlines opportunities of implementation with emphasis on data collection and airline engagement. Action items include working with local partners to continue market research, visiting airline headquarters, hosting airlines in Indianapolis, and attending and hosting networking planning conferences.

The world's most prominent network planning conference, Routes Americas, recently selected Indianapolis as the host of the February 2020 conference after a highly competitive bid process. Routes Americas will bring 1,000+ airport and airline decision makers to Indianapolis, providing unparalleled exposure of Central Indiana to key airline decision makers. The successful bid for Routes Americas 2020 is one example of the elevated and focused approach by which IAA aims to execute the five-year strategy. In addition to bringing air service influencers to Indy in 2020 through Routes Americas, there are approximately 14 different major sporting events that will occur in Indiana over the next 5 years providing great opportunity to host airline decision makers in Indianapolis.

Despite planning efforts, future increases in passenger and cargo traffic at the Authority will be influenced by several key economic factors, which include, but are not limited to, the following:

- Economic and political conditions
- Aviation security concerns
- Financial health of the airline industry
- Capacity of national air traffic control and airport systems
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Capacity of the airport
- Airline competition and airfares
- Airline service and routes

As mentioned above, fuel costs and economic conditions have a significant effect on air travel and the transportation industry. The Authority cannot predict how future air travel, enplanements, or other variables relating to airport revenues may be impacted by various market factors.

Future passenger traffic may be impacted by the following:

- Load factors by carrier
- Average daily departures
- Scheduled seat capacity
- Average nonstop fares
- Average fares by market
- Airline communication
- Aircraft orders/retirements

Although it is not anticipated, the restructuring or liquidation of one or more of the large network airlines could also drastically affect airline service at many connecting hub airports. Additionally, present business opportunities for the remaining airlines, and evolving travel patterns throughout the U.S. aviation system will continue to play a role in how the industry performs.

Request for Information: This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to Investor Relations, 7800 Col. H. Weir Cook Memorial Drive, Suite 100, Indianapolis, IN 46241-4941 or via email to INDir@indianapolisairport.com.

Indianapolis Airport Authority

Statements of Net Position December 31, 2018 and 2017

	2018	2017
Assets and Deferred Outflows of Resources		
Current Assets		
Unrestricted Assets		
Cash and cash equivalents	\$ 21,102,629	\$ 15,879,279
Accounts receivable, net of allowance of \$152,000 and \$79,000, respectively	2,631,406	3,303,001
Unbilled revenues	3,047,016	4,129,580
Grants receivable	2,154,206	-
Supplies and materials inventories	2,152,097	1,734,328
Other	1,493,001	1,960,258
Total unrestricted current assets	<u>32,580,355</u>	<u>27,006,446</u>
Restricted Assets		
Cash and cash equivalents	43,020,128	42,577,741
Cash and cash equivalents - customer deposits	748,633	738,585
Receivable - passenger facility charges	1,113,813	1,949,993
Receivable - governments and other	174,085	3,745,292
Receivable - reimbursable IMC expenses	3,159,946	1,066,155
Total restricted current assets	<u>48,216,605</u>	<u>50,077,766</u>
Total current assets	<u>80,796,960</u>	<u>77,084,212</u>
Noncurrent Assets		
Cash and cash equivalents, restricted	73,783,357	74,482,934
Investment securities, unrestricted	48,335,166	47,357,550
Investment securities, restricted	87,747,811	104,837,509
Rent receivable	820,600	920,361
Derivative instruments - forward delivery purchase agreements	11,162,567	14,593,303
Nondepreciable capital assets	321,013,560	307,066,829
Depreciable capital assets, net	1,413,695,793	1,450,652,003
Total noncurrent assets	<u>1,956,558,854</u>	<u>1,999,910,489</u>
Total assets	<u>2,037,355,814</u>	<u>2,076,994,701</u>
Deferred Outflows of Resources		
Deferred loss on refunding of debt	24,787,991	27,186,832
Accumulated decrease in fair value of hedging derivatives	6,647,496	19,009,027
Total deferred outflows of resources	<u>31,435,487</u>	<u>46,195,859</u>
Total assets and deferred outflows of resources	<u>\$ 2,068,791,301</u>	<u>\$ 2,123,190,560</u>

	2018	2017
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Payable From Unrestricted Assets		
Accounts payable	\$ 7,294,510	\$ 5,535,360
Accrued and withheld items (including compensated absences)	6,795,924	5,707,045
Grants payable	-	800,322
Total current liabilities payable from unrestricted assets	<u>14,090,434</u>	<u>12,042,727</u>
Payable From Restricted Assets		
Accounts payable	21,161,447	9,728,508
Customer deposits payable	749,633	739,585
Current portion of debt	31,045,000	66,623,442
Accrued interest on debt	13,561,596	14,063,395
Total current liabilities payable from restricted assets	<u>66,517,676</u>	<u>91,154,930</u>
Total current liabilities	<u>80,608,110</u>	<u>103,197,657</u>
Noncurrent Liabilities		
Derivative instruments - interest rate swap agreements	54,291,244	66,652,775
Bonds payable and other debt, payable from restricted assets	889,356,922	880,054,408
Total noncurrent liabilities	<u>943,648,166</u>	<u>946,707,183</u>
Total liabilities	<u>1,024,256,276</u>	<u>1,049,904,840</u>
Deferred Inflows of Resources		
Accumulated increase in fair value of hedging derivatives	<u>11,162,567</u>	<u>14,593,303</u>
Net Position		
Net investment in capital assets	<u>825,210,435</u>	<u>835,365,921</u>
Restricted for		
Capital projects	70,631,302	77,711,116
Debt service	66,769,075	81,222,279
Other	3,115,959	1,151,471
Total restricted net position	<u>140,516,336</u>	<u>160,084,866</u>
Unrestricted	<u>67,645,687</u>	<u>63,241,630</u>
Total net position	<u>1,033,372,458</u>	<u>1,058,692,417</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 2,068,791,301</u>	 <u>\$ 2,123,190,560</u>

Indianapolis Airport Authority

Statements of Revenues, Expenses and Changes in Net Position

Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenues		
Airfield	\$ 24,287,898	\$ 21,745,673
Terminal complex	54,137,541	53,182,950
Parking	54,550,555	50,775,972
Rented buildings and other	16,522,830	16,567,445
Indianapolis Maintenance Center (IMC)	8,239,177	8,067,899
Reliever airports	2,934,461	2,919,794
Total operating revenues	<u>160,672,462</u>	<u>153,259,733</u>
Operating Expenses		
Personal services	33,910,211	31,055,972
Contractual services	25,620,353	25,086,231
Utilities	11,448,531	8,722,246
Supplies	5,180,710	4,104,131
Materials	3,052,886	3,196,458
General	1,797,054	1,369,000
Total operating expenses	<u>81,009,745</u>	<u>73,534,038</u>
Income From Operations Before Depreciation	79,662,717	79,725,695
Depreciation expense	<u>92,196,205</u>	<u>94,074,607</u>
Loss From Operations	<u>(12,533,488)</u>	<u>(14,348,912)</u>
Nonoperating Revenues (Expenses)		
State and local appropriations	13,162,521	16,751,310
Federal operating grants	598,580	595,315
Passenger facility charges	19,014,107	17,753,293
Customer facility charges (rental cars)	7,421,524	7,218,100
Investment income	6,115,216	4,678,810
Interest expense, net of \$0 and \$329,919 interest capitalized in 2018 and 2017, respectively	(37,949,911)	(38,137,899)
Loss on disposals of capital assets and other	(47,254,775)	(3,699,660)
	<u>(38,892,738)</u>	<u>5,159,269</u>
Decrease in Net Position Before Capital Contributions and Grants	<u>(51,426,226)</u>	<u>(9,189,643)</u>
Capital Contributions and Grants		
Federal, state and local grants	21,751,594	6,206,260
Contributions from lessees and other	4,354,673	2,120,100
	<u>26,106,267</u>	<u>8,326,360</u>
Increase (Decrease) in Net Position	(25,319,959)	(863,283)
Net Position, Beginning of Year	<u>1,058,692,417</u>	<u>1,059,555,700</u>
Net Position, End of Year	<u>\$ 1,033,372,458</u>	<u>\$ 1,058,692,417</u>

Indianapolis Airport Authority

Statements of Cash Flows

Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Cash receipts from customers and users	\$ 161,457,455	\$ 155,793,971
Cash payments to vendors for goods and services	(45,412,063)	(42,184,498)
Cash payments for employees services	(33,836,007)	(30,518,728)
Net cash provided by operating activities	<u>82,209,385</u>	<u>83,090,745</u>
Cash Flows From Noncapital Financing Activities		
Operating grants received	525,098	592,785
Customer facility charges received	7,421,524	7,218,100
Insurance recoveries	590,406	224,537
Net cash provided by noncapital financing activities	<u>8,537,028</u>	<u>8,035,422</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from issuance of subordinate note	45,840,000	-
Principal paid on bonds	(53,895,000)	(34,845,000)
Bond issue costs paid	(119,180)	(282,869)
Interest paid	(40,905,280)	(40,911,029)
Acquisition and construction of capital assets	(99,714,931)	(34,643,185)
Demolition costs related to capital assets	(540)	(364,634)
Proceeds from sale of capital assets	1,971,586	4,348,834
Passenger facility charges received	19,850,287	17,552,735
Capital grants received	18,870,548	10,136,361
Net cash used in capital and related financing activities	<u>(108,102,510)</u>	<u>(79,008,787)</u>
Cash Flows From Investing Activities		
Purchase of investment securities	(236,886,581)	(334,758,662)
Proceeds from sales and maturities of investment securities	255,939,500	321,318,000
Interest received on investments and cash equivalents	3,279,386	2,628,383
Net cash provided by (used in) investing activities	<u>22,332,305</u>	<u>(10,812,279)</u>
Net Increase in Cash and Cash Equivalents	4,976,208	1,305,101
Cash and Cash Equivalents, Beginning of Year	<u>133,678,539</u>	<u>132,373,438</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 138,654,747</u></u>	<u><u>\$ 133,678,539</u></u>

Indianapolis Airport Authority
Statements of Cash Flows (Continued)
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Loss From Operations to Net Cash		
Provided by Operating Activities		
Loss from operations	\$ (12,533,488)	\$ (14,348,912)
Item not requiring cash		
Depreciation of capital assets	92,196,205	94,074,607
Change in assets and liabilities		
Accounts receivable and unbilled revenues	784,993	2,534,238
Supplies and materials inventories	(417,769)	(218,270)
Other assets	467,257	(184,388)
Accounts payable	1,637,983	696,226
Accrued and withheld items	<u>74,204</u>	<u>537,244</u>
Net cash provided by operating activities	<u>\$ 82,209,385</u>	<u>\$ 83,090,745</u>
Noncash Capital and Related Financing Activities		
Capital assets included in accounts payable at end of year	\$ 20,887,937	\$ 4,852,511
Capital assets contributed by lessees and other governments	4,354,673	2,120,100
State and local appropriations used to fund capital lease obligations and interest	3,900,138	17,062,403

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Note 1: Nature of Organization and Summary of Significant Accounting Policies

The Indianapolis Airport Authority (Authority) is a municipal corporation established January 1, 1962, under authority granted by Indiana statute (1961 Acts, Chapter 283, I.C. 1979 19-6-2, superseded by I.C. 8-22-3). The Authority was established for the general purpose of acquiring, maintaining, operating and financing airports and landing fields in and bordering on Marion County, Indiana. In connection therewith, the Authority is authorized, among other things, to issue general obligation and revenue bonds and to levy taxes in accordance with the provisions of the statute. The Authority administers an airport system comprised of the Indianapolis International Airport, three general aviation reliever airports, one general aviation airport and one general aviation reliever heliport. The Authority has no stockholders or equity holders and all revenue and other receipts must be disbursed in accordance with such statute.

The Authority's Board consists of eleven members, six of which are appointed by the Mayor of the Consolidated City of Indianapolis-Marion County (a unified form of government commonly referred to as Unigov), one by the majority leader of the City-Council, and one each by the Hendricks, Hamilton, Hancock and Morgan County Boards of Commissioners. Each member is appointed a four-year term.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Financial Reporting Entity

The definition of the reporting entity under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, is based primarily on the concept of financial accountability. Although the Mayor appoints a voting majority of the Authority's governing body, neither of the other two tests of financial accountability are met. Unigov is unable to impose its will on the Authority. Also, the Authority does not impose a financial burden or provide a financial benefit to Unigov. Careful review of these criteria, therefore, has resulted in the conclusion that the Authority is a separate reporting entity and is not a component of Unigov or any other government.

Basis of Accounting and Financial Reporting

The financial statements consist of a single-purpose business-type activity, which is reported on the accrual basis of accounting using the economic resources measurement focus.

The Authority prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2018 and 2017

Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2018 and 2017, cash equivalents consisted primarily of money market accounts with brokers.

Investment Securities

Investment securities are stated at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit and repurchase agreements are carried at cost.

Investment income consists of interest and dividend income.

Unbilled Revenues

The Authority accrues revenue for rentals earned but not yet billed as of year-end.

Inventories

Inventories consist of parts, supplies and materials. Inventories are stated cost, which is determined using the first-in, first-out (FIFO) method.

Lessee-Financed Improvements

Certain leases include provisions whereby lessee-financed improvements become the property of the Authority. Prior to the adoption of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the Authority recorded lessee-financed improvements only upon leasehold reversion or lease termination, at which time the improvements were capitalized at fair value and recorded as a capital contribution. Upon implementation of GASB Statement No. 33, the Authority began recognizing lessee-financed improvements at cost or estimated cost upon completion of construction, or upon the asset being placed in service, whichever occurs first. However, lessee-financed improvements placed in service prior to the adoption of GASB Statement No. 33 continue to be recognized only upon leasehold reversion or lease termination.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,500. Capital assets purchased by the Authority are stated at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of such assets. The estimated lives by general classification are as follows:

	Years
Buildings, including parking garage	20 to 50
Sewers	25 to 50
Runways, taxiways and aprons	15 to 25
Roads, ramps, parking areas, runway and apron lighting, etc.	15 to 20
Heavy equipment, furniture and fixtures and fencing	5 to 20
Vehicles, office equipment and other	3 to 10

Interest incurred during construction periods prior to December 31, 2017, was capitalized and included in the cost of property and equipment. Effective January 1, 2018, the Authority implemented the provisions of GASB Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. In accordance with this Statement, the Authority recognized all interest costs incurred before the end of the construction period as an expense in the period in which the cost was incurred. GASB Statement No. 89 was implemented prospectively and had no effect on the prior period financial statements.

Maintenance and repairs are expensed as incurred. Environmental mitigation costs incurred to establish wetlands and habitats are capitalized, while costs related to maintaining wetlands and habitats are generally charged to expense as incurred. Gains and losses on disposition of capital assets are included in nonoperating revenues and expenses.

Donated capital assets are measured at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Original Issue Premiums and Discount

Original issue premiums and discounts on bonds are amortized using the interest method over the lives of the bonds to which they relate.

Employee Health Benefits

The Authority offers health benefit plans which provide employees with a choice of coverage under a Health Savings Account plan or a plan provided by a Preferred Provider Organization.

Deferred Outflows of Resources

The Authority reports increases in net position that related to future periods as deferred outflows of resources in a separate section of its statements of net position.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Deferred Inflows of Resources

The Authority reports decreases in net position that related to future periods as deferred inflows of resources in a separate section of its statements of net position.

Compensated Absences

In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and personal time is accrued when earned by the employee and the accrual is based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Net Position

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Authority, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted.

Classification of Revenues

The Authority has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as grants, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state and local appropriations, facility charges and investment income.

Federal and State Grants

Outlays for airport capital improvements and certain airport operating expenses, primarily those relating to airport security, are subject to reimbursement from federal grant programs. Funds are also received for airport development from the State of Indiana. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

From time to time, the Authority disposes of land or other assets which were originally purchased with federal assistance. In accordance with the Airport Improvement Program (AIP), the Authority must reinvest the federal government's proportionate share of the proceeds realized from the sale or exchange of such assets in approved AIP projects or return such amounts to the federal government.

Revenue and Expense and Net Position Recognition

Revenues from airlines, concessionaires, lessees, and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions, grants and charges.

When both restricted and unrestricted net position are available for use, it is the Authority's policy to use restricted net position first, and then unrestricted net position as they are needed.

Passenger Facility Charges

The Authority received approval from the Federal Aviation Administration (FAA) to impose and use a passenger facility charge (PFC) of \$3.00 per eligible enplaned passenger and has imposed the PFC since September 1993. PFC's are restricted for use in the acquisition of real estate and the construction of certain airport improvements and other costs, as approved by the FAA.

During 2001, the Authority received approval from the FAA to increase the collection level from \$3.00 to \$4.50 per enplaned passenger beginning April 2002. In addition, approvals received in March 2001 and August 2003 allow the Authority to impose and use \$524,907,606 in PFC's for various capital and debt-related purposes. Included in the use approval is \$208,872,000 for principal payments on debt, \$178,668,000 for interest payments on debt and \$56,330,000 for the construction of new terminal and associated program construction.

PFC's, which are recognized as earned, are included in nonoperating revenues and amounted to \$19,014,107 and \$17,753,293 for 2018 and 2017, respectively.

Customer Facility Charges (Rental Cars)

The Authority collects a customer facility charge (CFC) from all rental car concessionaires that operate facilities on the airport. The CFC, which started in 2007, was \$3.00 per rental car transaction per day, up to 14 days. The Authority increased this charge to \$4.00 per transaction in May 2010. Under the adopting ordinance, CFC's may be pledged or dedicated for the payment of airport bonds or other obligations, as defined by applicable bond documents, or other costs as agreed to by the Authority. CFC revenue totaled \$7,421,524 and \$7,218,100 for 2018 and 2017, respectively.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Rental Income

All leases wherein the Authority is the lessor are accounted for as operating leases. Rental income is generally recognized as it becomes receivable over the respective lease terms. The Authority has some leases which provide for waived rent during the initial period of the lease term and/or rental escalations throughout the lease term. In accordance with GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, the related rental income for leases in which the rental income stream is not systematic, if significant, is reported using the straight-line method rather than using the terms of the lease agreements. Accordingly, the Authority has recorded a receivable of \$820,600 and \$920,361 at December 31, 2018 and 2017, respectively. The current receivable will be recognized in full in 2034.

Income Taxes

As an instrumentality of the state, the income of the Authority is exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law.

Note 2: Cash, Cash Equivalents and Investment Securities

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of Indiana statutes.

The Authority's cash deposits are insured up to \$250,000 at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits in excess of the \$250,000 FDIC limits are partially or fully collateralized by the depository institution and insured by the Indiana Public Deposits Insurance Fund (Fund) via the pledged collateral from the institutions securing deposits of public funds. The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

Investments

Indiana statutes generally authorize the Authority to invest in United States obligations and issues of federal agencies, Indiana municipal securities, secured repurchase agreements fully collateralized by U.S. Government or U.S. Government agency securities, certificates of deposit, and open end money market mutual funds.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

At December 31, 2018 and 2017, the Authority had the following investment securities and maturities:

		December 31, 2018		
	Rating	Total	Less Than 1 Year	1 - 5 Years
U.S. Treasury Security Notes	AA+/Aa1	\$ 141,578,174	\$ 64,918,927	\$ 76,659,247
U.S. Treasury Security Bills	A-1+/P-1	3,669,227	3,669,227	-
Indiana municipal securities	AAA/Aaa	100,258	100,258	-
	AA+/Aa1	1,991,629	1,888,483	103,146
	AA/Aa2	709,416	501,830	207,586
	AA-/Aa3	301,638	301,638	-
Total Indiana municipal securities		3,102,941	2,792,209	310,732
Money market mutual funds	AAA/Aaa	75,316,834	75,316,834	-
	Not Rated	33,370,240	33,370,240	-
Total money market mutual funds		108,687,074	108,687,074	-
External investment pools	Not Rated	52,173	52,173	-
		<u>\$ 257,089,589</u>	<u>\$ 180,119,610</u>	<u>\$ 76,969,979</u>
		December 31, 2017		
	Rating	Total	Less Than 1 Year	1 - 5 Years
U.S. Treasury Security Notes	AA+/Aa1	\$ 130,797,979	\$ 49,445,583	\$ 81,352,396
U.S. Treasury Security Bills	A-1+/P-1	15,800,336	15,800,336	-
U.S. Government-sponsored enterprise securities				
Federal National Mortgage Association	AA+/Aa1	5,475,398	5,475,398	-
Federal Home Loan Mortgage Corporation	AA+/Aa1	1,348,839	1,348,839	-
Total U.S. Government- sponsored enterprise securities		6,824,237	6,824,237	-
Indiana municipal securities	AAA/Aaa	1,402,146	1,298,364	103,782
	AA+/Aa1	9,818,150	7,775,319	2,042,831
	AA/Aa2	1,893,382	1,168,292	725,090
	AA-/Aa3	559,382	251,240	308,142
	A+/A1	165,045	165,045	-
	A/A2	300,801	300,801	-
	BBB	511,586	511,586	-
Total Indiana municipal securities		14,650,492	11,470,647	3,179,845
Money market mutual funds	AAA/Aaa	84,240,286	84,240,286	-
	Not Rated	21,173,715	21,173,715	-
Total money market mutual funds		105,414,001	105,414,001	-
External investment pools	Not Rated	51,212	51,212	-
		<u>\$ 273,538,257</u>	<u>\$ 189,006,016</u>	<u>\$ 84,532,241</u>

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2018 and 2017

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority is limited to investing in municipal securities of Indiana issuers that have not defaulted within the previous 20 years and other securities with a stated maturity of not more than five years after the date of purchase or entry into a repurchase agreement, as defined by Indiana Code, Section 5-13-9-5.6. The Authority's investment policy for interest rate risk requires compliance with the provisions of Indiana statutes. The money market mutual funds and external investment pools are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy for credit risk requires compliance with the provisions of Indiana statutes, and Indiana Code Section 5-13-9-2.5 requires that the Authority only invest in money market mutual funds that are rated AAAM by Standard and Poor's or Aaa by Moody's Investors Service. Other securities, including municipal securities, may be rated lower than AAAM/Aaa or may be unrated. The Authority's investment policy restricts investments in unrated or below investment grade Indiana municipal securities to five percent of its total investment portfolio.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2018 and 2017, the Authority's investments were not exposed to custodial credit risk. The Authority's investments in Indiana municipal securities and U.S. agency obligations are held by the pledging financial institution's trust department or agent in the Authority's name. Likewise, investments in repurchase agreements (which are secured by U.S. Government and U.S. Government agency obligations) are not subject to custodial credit risk as the underlying collateral was held in the Authority's name. The existence of the Authority's investment in money market mutual funds and external investment pools is not evidenced by securities that exist in physical or book entry form. The Authority's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

Concentration of Credit Risk - The Authority places the following limits on the amount that may be invested in any one issuer: (1) no more than 50% of total investments with any one governmental agency; (2) no more than 25% in any one money market mutual fund, investment pool or certificate of deposit; and (3) no more than 15% with any one Indiana municipal issuer. No single issuer of the Indiana municipal securities in which the Authority has invested exceeded 5% of total investments. The following governmental agency investments held by the Authority are not explicitly guaranteed by the U.S. Government and are subject to concentration of credit risk:

	2018	2017
Federal National Mortgage Association	\$ -	\$ 5,475,398
Freddie Mac	-	1,348,839
	<u>\$ -</u>	<u>\$ 6,824,237</u>

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2018 and 2017

Foreign Currency Risk - This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Authority's investment policy prohibits investments in foreign investments.

Summary of Carrying Values

Cash, cash equivalents and investment securities included in the statements of net position are classified as follows:

	2018	2017
Cash and cash equivalents		
Current - unrestricted	\$ 21,102,629	\$ 15,879,279
Current - restricted	43,768,761	43,316,326
Noncurrent - restricted	73,783,357	74,482,934
Total cash and cash equivalents	<u>138,654,747</u>	<u>133,678,539</u>
Investment securities		
Noncurrent - unrestricted	48,335,166	47,357,550
Noncurrent - restricted	87,747,811	104,837,509
Total investment securities	<u>136,082,977</u>	<u>152,195,059</u>
	<u>\$ 274,737,724</u>	<u>\$ 285,873,598</u>

The carrying value of deposits and investments are as follows:

	2018	2017
Carrying value		
Deposits	\$ 17,648,135	\$ 12,335,341
Investments	257,089,589	273,538,257
	<u>\$ 274,737,724</u>	<u>\$ 285,873,598</u>

Investment Income

Investment income for the years ended December 31, 2018 and 2017 consisted of:

	2018	2017
Interest and dividend income	<u>\$ 6,115,216</u>	<u>\$ 4,678,810</u>

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Cash, cash equivalents and investment securities are restricted as follows:

	2018	2017
Revenue Bond Interest and Principal Fund	\$ 46,664,644	\$ 58,171,808
Revenue Bond Reserve Fund	54,646,698	54,145,329
Operation and Maintenance Reserve Fund	13,529,686	13,348,743
Renewal and Replacement Fund	2,724,513	2,840,566
Capital Improvement Fund	53,482,793	62,798,947
Passenger Facility Charge Fund	16,034,696	12,962,176
Debt Service Coverage Fund	17,211,818	17,179,265
Subordinate Securities Fund	25,925	-
Customer deposits	748,633	738,585
Air Service Task Force and other	230,523	451,350
	<u>\$ 205,299,929</u>	<u>\$ 222,636,769</u>

The above funds and accounts have been established in accordance with the Authority's General Ordinance No. 5-2014, the Consolidated and Restated Master Bond Ordinance (consolidating and restating all previously adopted Bond Ordinances, as amended), and further amended by various supplemental ordinances (collectively, the Ordinance). The Ordinance provides, among other things, that certain accounting procedures be followed and certain funds be established to provide bond holders a degree of security against certain contingencies. Brief descriptions of these funds follow.

Deposits into the Airport System Fund are disbursed in accordance with the Authority's annual budget to provide for current operations and maintenance expenses. Such deposits are also used to replenish balances in other funds to their required levels under the Ordinance. Amounts in the Airport System Fund are pledged to secure the Authority Revenue Bonds, but all current operations and maintenance expenses of the Airport System are paid prior to debt service on the Authority Revenue Bonds.

Assets included in the Revenue Bond Interest and Principal Funds and Revenue Bond Reserve Funds are used for the payment of bond principal, interest and redemption premiums, as well as any amounts due under Qualified Derivative Agreements (as defined under the Ordinance) entered into with regard to any of the Authority's Revenue Bonds. The Operation and Maintenance Reserve Fund must be maintained at a balance at least equal to one-sixth of the Authority's current operating budget as a reserve for payment of operation and maintenance expenses. Assets of the Renewal and Replacement Fund are used to pay extraordinary costs of replacing depreciable property and equipment and/or making extraordinary repairs, replacements, or renovations to the airport system. The Capital Improvement Fund can be used for any lawful airport system purpose, including payment for capital improvements and land acquisition. Finally, amounts in the Debt Service Coverage Fund are used for the purposes of establishing future coverage on outstanding Revenue Bonds.

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2018 and 2017

Funds not used for these purposes are transferred into a Prepaid Airline Revenue Fund. Balances included in the Airport System Fund and Prepaid Airline Revenue Fund are classified in current unrestricted assets in the accompanying statements of net position.

The Authority has established a Customer Facility Charge Fund, which provides for a segregated account for receipt of CFC revenue. Such revenue is expended for reimbursement of capital and operating expenditures related to rental car operations on airport property, as well as to service debt associated with the financing of such capital projects. Balances in the CFC Fund are classified in current unrestricted assets in the accompanying statements of net position.

The Authority's Passenger Facility Charge Fund provides for the segregation of PFC receipts, as required by the FAA. Such revenues are to be expended only for allowable capital projects, or to repay debt (principal and interest) issued for allowable capital projects, under a Record of Decision granted by the FAA.

Note 3: Grants Receivable (Payable)

Grants receivable from government agencies represent reimbursements due from the federal government and/or the State of Indiana for allowable costs incurred on federal and state award programs. Grants receivable (payable) at December 31, 2018 and 2017 consist of:

	2018	2017
State of Indiana	\$ 113,539	\$ 46,856
Federal Aviation Administration	1,868,305	(946,058)
U.S. Department of Homeland Security	172,362	98,880
	<u>\$ 2,154,206</u>	<u>\$ (800,322)</u>

The maximum amount of federal and state participation available for 2018 totaled \$59,507,846. At December 31, 2018, a cumulative total of \$35,102,941 has been received on these grant commitments.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Note 4: Capital Assets

A summary of changes in capital assets for the years ended December 31, 2018 and 2017 is as follows:

	Beginning Balance	Transfers and Additions	Transfers and Disposals	Ending Balance
December 31, 2018				
Capital assets, not being depreciated:				
Land	\$ 281,413,319	\$ 6,044,334	\$ (44,604,987)	\$ 242,852,666
Construction in progress	25,653,510	111,389,390	(58,882,006)	78,160,894
Total capital assets, not being depreciated	307,066,829	117,433,724	(103,486,993)	321,013,560
Capital assets, being depreciated:				
Buildings	1,646,056,822	17,887,914	(4,529,819)	1,659,414,917
Runways and other airport infrastructure	1,018,402,081	33,453,452	(7,100,732)	1,044,754,801
Equipment, furniture and fixtures and other	248,475,869	9,707,102	(1,397,373)	256,785,598
Total capital assets, being depreciated	2,912,934,772	61,048,468	(13,027,924)	2,960,955,316
Less accumulated depreciation for:				
Buildings	(664,607,417)	(47,879,521)	2,626,979	(709,859,959)
Runways and other airport infrastructure	(609,314,240)	(34,378,567)	3,216,986	(640,475,821)
Equipment, furniture and fixtures and other	(188,361,112)	(9,938,117)	1,375,486	(196,923,743)
Total accumulated depreciation	(1,462,282,769)	(92,196,205)	7,219,451	(1,547,259,523)
Total capital assets, being depreciated, net	1,450,652,003	(31,147,737)	(5,808,473)	1,413,695,793
Capital assets, net	\$ 1,757,718,832	\$ 86,285,987	\$ (109,295,466)	\$ 1,734,709,353
December 31, 2017				
Capital assets, not being depreciated:				
Land	\$ 286,717,378	\$ 231,922	\$ (5,535,981)	\$ 281,413,319
Construction in progress	29,860,962	38,020,802	(42,228,254)	25,653,510
Total capital assets, not being depreciated	316,578,340	38,252,724	(47,764,235)	307,066,829
Capital assets, being depreciated:				
Buildings	1,632,425,477	13,853,035	(221,690)	1,646,056,822
Runways and other airport infrastructure	1,001,910,236	17,569,825	(1,077,980)	1,018,402,081
Equipment, furniture and fixtures and other	246,585,219	9,679,775	(7,789,125)	248,475,869
Total capital assets, being depreciated	2,880,920,932	41,102,635	(9,088,795)	2,912,934,772
Less accumulated depreciation for:				
Buildings	(614,836,285)	(49,925,693)	154,561	(664,607,417)
Runways and other airport infrastructure	(575,665,863)	(33,829,354)	180,977	(609,314,240)
Equipment, furniture and fixtures and other	(185,797,030)	(10,319,560)	7,755,478	(188,361,112)
Total accumulated depreciation	(1,376,299,178)	(94,074,607)	8,091,016	(1,462,282,769)
Total capital assets, being depreciated, net	1,504,621,754	(52,971,972)	(997,779)	1,450,652,003
Capital assets, net	\$ 1,821,200,094	\$ (14,719,248)	\$ (48,762,014)	\$ 1,757,718,832

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Note 5: Bonds Payable and Other Debt

Bonds and other debt outstanding at December 31, 2018 and 2017 consist of:

	2018	2017
Revenue Bonds, Series 2016A-1		
Serial bonds, maturing January 1, 2019 to January 1, 2035 in payments from \$2,145,000 to \$18,645,000. Interest at 4.00% to 5.00%, due semiannually on January 1 and July 1	\$ 130,655,000	\$ 146,105,000
Unamortized premium	13,313,469	15,817,987
	<u>143,968,469</u>	<u>161,922,987</u>
Revenue Bonds, Series 2016A-2		
Serial bonds, maturing January 1, 2019 to January 1, 2023 in payments from \$2,260,000 to \$3,370,000. Interest at 1.651% to 2.561%, due semiannually on January 1 and July 1	15,325,000	18,450,000
Term bonds, maturing January 1, 2024 to January 1, 2027 in payments from \$85,000 to \$95,000. Interest is fixed at 3.195%, due semiannually on January 1 and July 1	365,000	365,000
Term bonds, maturing January 1, 2035 and January 1, 2036 in payments of \$1,520,000 and \$1,615,000, respectively. Interest is fixed at 3.894%, due semiannually on January 1 and July 1	3,135,000	3,135,000
Revenue Bonds, Series 2015A		
Serial bonds, maturing January 1, 2023 to January 1, 2033 in payments from \$6,770,000 to \$19,875,000. Interest at 4.00% to 5.00%, due semiannually on January 1 and July 1	178,690,000	178,690,000
Unamortized premium	15,189,854	16,761,115
	<u>193,879,854</u>	<u>195,451,115</u>
Revenue Bonds, Series 2014A		
Serial bonds, maturing January 1, 2020 to January 1, 2034 in payments from \$6,205,000 to \$17,075,000. Interest at 4.00% to 5.00%, due semiannually on January 1 and July 1	163,850,000	163,850,000
Unamortized premium	13,334,746	14,772,570
	<u>177,184,746</u>	<u>178,622,570</u>
Revenue Bonds, Series 2013A		
Term bonds, maturing July 1, 2018. Interest is fixed at 1.800%, due semiannually on January 1 and July 1	-	11,240,000
Revenue Bonds, Series 2013B		
Term bonds, maturing July 1, 2018. Interest is fixed at 1.610%, due semiannually on January 1 and July 1	-	9,825,000

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

(Continued)	2018	2017
Revenue Bonds, Series 2012A		
Term bonds, maturing July 1, 2019. Interest is fixed at 1.253%, due semiannually on January 1 and July 1	\$ 5,370,000	\$ 13,500,000
Unamortized discount	(770)	(9,753)
	<u>5,369,230</u>	<u>13,490,247</u>
Revenue Bonds, Series 2010C		
Term bonds, maturing January 1, 2033, 2036 and 2037. Interest is variable (75% of the one-month LIBOR plus 0.620% (2.497%) at December 31, 2018), due monthly on the first business day	<u>314,600,000</u>	<u>320,030,000</u>
Revenue Bonds, Series 2010A		
Serial bonds, maturing January 1, 2019 to January 1, 2027 in payments from \$725,000 to \$1,005,000. Interest at 4.00% to 4.50%, due semiannually on January 1 and July 1	7,710,000	8,405,000
Term bonds, maturing January 1, 2030 and 2037. Interest at 4.75% and 5.00%, respectively, due semiannually on January 1 and July 1	<u>13,155,000</u>	<u>13,155,000</u>
	20,865,000	21,560,000
Unamortized discount	(130,377)	(142,511)
	<u>20,734,623</u>	<u>21,417,489</u>
Total revenue bonds	<u>874,561,922</u>	<u>933,949,408</u>
Other debt		
Subordinate Securities, Series 2018A		
Principal due March 1, 2023 in an amount not to exceed \$175,000,000. Interest is variable at the highest of (a) the Prime Rate in effect at such time plus 1.00%; (b) the Federal Funds Rate in effect at such time plus 2.00%; (c) and 7.00%, due monthly	45,840,000	-
Obligations under capital lease	<u>-</u>	<u>12,728,442</u>
	<u>45,840,000</u>	<u>12,728,442</u>
Total bonds payable and other debt	920,401,922	946,677,850
Current portion	<u>(31,045,000)</u>	<u>(66,623,442)</u>
Long-term portion	<u>\$ 889,356,922</u>	<u>\$ 880,054,408</u>

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Revenue Bonds

The Authority's Series 2010A, 2014A, 2015A, 2016A-1 and 2016A-2 Revenue Bonds are subject to optional redemption by the Authority at various dates in the future. The 2010C Revenue Bonds are subject to optional redemption by the Authority upon notification of the bondholders.

The Series 2010A Revenue Bonds, maturing January 1, 2030 (the 2030 Term Bonds) and January 1, 2037 (the 2037 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2028 to 2030 and 2031 to 2037, respectively.

The Series 2010C Revenue Bonds, maturing January 1, 2033, 2036 and 2037, are subject to redemption from mandatory sinking fund payments during 2019 to 2037.

The Series 2012A Refunding Revenue Bonds, maturing July 1, 2019, are subject to redemption from mandatory sinking fund payments in 2019.

The Series 2016A-2 Refunding Revenue Bonds, maturing January 1, 2027 (the 2027 Term Bonds) and January 1, 2036 (the 2036 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2024 to 2027 and 2035 to 2036, respectively.

2018A Subordinate Securities

In March 2018, the Authority issued the Indianapolis Airport Authority Subordinate Securities, Series 2018A (2018A Subordinate Securities) in an amount not to exceed \$175,000,000. The 2018A Subordinate Securities will be used to fund the Authority's stormwater enhancement and baggage system modification projects. In conjunction with the issuance of the 2018A Subordinate Securities, the Authority covenants that it will at all times fix, charge, impose and collect rentals, rates, fees and other charges for the use of the Airport System, and, to the extent it may legally do so, revise the same as may be necessary or appropriate, in order that upon measurement in each year, the net revenues, together with moneys in the Coverage Fund, will at all times be at least sufficient to equal an amount not less than one hundred ten percent (110%) of the sum of the Debt Service Requirement plus the Subordinate Securities Debt Service Requirement for such year.

The Master Bond Ordinance

The Authority's Revenue Bonds are secured under the Master Bond Ordinance by a pledge of net revenues of the Airport System and on parity with each other, except with respect to their Revenue Bond Reserve Funds.

Pursuant to its Master Bond Ordinance, the Authority has adopted resolutions beginning in 2003 and 2006 irrevocably dedicating revenues from passenger facility charges and customer facility charges (the Dedicated Revenues), respectively, to be used exclusively to pay debt service on the Authority's Revenue Bonds. The irrevocable designation of passenger facility charges revenue in 2018 and 2017 was approximately \$17.1 million and \$20.7 million, respectively. The customer facility charge revenue designation was \$6.0 million for 2018 and 2017.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

In accordance with the Rate Covenant contained in the Master Bond Ordinance, rates and fees charged by the Authority for the use of its facilities must be sufficient to provide annual net revenues when combined with moneys in the coverage fund to equal the larger of: (a) all amounts required to be deposited to the credit of the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund; or (b) an amount not less than 125% of the Debt Service Requirement for all Revenue Bonds. For the purpose of complying with the Rate Covenant, the Authority includes within net revenues in any fiscal year amounts transferred from the Prepaid Airline Fund and amounts on deposit in the Debt Service Coverage Fund pursuant to the Master Bond Ordinance and excludes from interest due on Authority Revenue Bonds any interest paid from bond proceeds. The Authority can also exclude debt service to be paid from dedicated revenues from its Rate Covenant calculation.

Debt Service Requirements

Debt service requirements to maturity for all debt of the Authority, excluding any unamortized discount or premium and its capital lease agreements, are as follows at December 31, 2018:

Years Ending December 31	Revenue Bonds		Subordinate Securities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 31,045,000	\$ 31,697,464	\$ -	\$ 1,492,183	\$ 64,234,647
2020	33,075,000	30,736,700	-	1,492,183	65,303,883
2021	34,645,000	29,729,743	-	1,492,183	65,866,926
2022	36,300,000	28,530,063	-	1,492,183	66,322,246
2023	37,520,000	27,332,885	45,840,000	241,201	110,934,086
2024 - 2028	252,880,000	107,491,091	-	-	360,371,091
2029 - 2033	319,340,000	48,453,774	-	-	367,793,774
2034 - 2037	88,050,000	3,882,186	-	-	91,932,186
	<u>\$ 832,855,000</u>	<u>\$ 307,853,906</u>	<u>\$ 45,840,000</u>	<u>\$ 6,209,933</u>	<u>\$ 1,192,758,839</u>

The following is a summary of long-term obligation transactions for the Authority for the years ended December 31, 2018 and 2017:

	Beginning Balance	Additions	2018		Ending Balance	Current Portion
			Deductions			
Long-term obligations						
Revenue bonds payable	\$ 886,750,000	\$ -	\$ (53,895,000)	\$ 832,855,000	\$ 31,045,000	
Bond (discounts)/premium	47,199,408	-	(5,492,486)	41,706,922	-	
Total revenue bonds payable	933,949,408	-	(59,387,486)	874,561,922	31,045,000	
Subordinate securities	-	45,840,000	-	45,840,000	-	
Obligations under capital lease	12,728,442	-	(12,728,442)	-	-	
Total long-term obligations	<u>\$ 946,677,850</u>	<u>\$ 45,840,000</u>	<u>\$ (72,115,928)</u>	<u>\$ 920,401,922</u>	<u>\$ 31,045,000</u>	

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

	Beginning Balance	2017 Additions	2017 Deductions	Ending Balance	Current Portion
Long-term obligations					
Revenue bonds payable	\$ 921,595,000	\$ -	\$ (34,845,000)	\$ 886,750,000	\$ 53,895,000
Bond (discounts)/premium	52,928,714	-	(5,729,306)	47,199,408	-
Total revenue bonds payable	974,523,714	-	(40,574,306)	933,949,408	53,895,000
Obligations under capital lease	28,696,082	-	(15,967,640)	12,728,442	12,728,442
Total long-term obligations	\$ 1,003,219,796	\$ -	\$ (56,541,946)	\$ 946,677,850	\$ 66,623,442

On March 28, 2019, the Authority entered into a loan with the Indiana State Revolving Loan Fund (“SRF”), the source of which is a subsidized direct loan from the SRF Clean Water Program in the amount of \$30.0 million. The proceeds of this transaction are to fund specific components of the stormwater enhancement project. Of the \$45.8 million 2018A Subordinate Securities outstanding as of December 31, 2018, there was approximately \$10.8 million refunded by the SRF loan.

Note 6: Special Facility Revenue Bonds

To provide for the construction of the Indianapolis Maintenance Center (IMC) (formerly leased to United Air Lines, Inc.), the Authority issued special facility revenue bonds (conduit debt obligations). These bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of lease rentals to be received by the Authority. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, the County, the City or the State and are, therefore, not reported in the accompanying financial statements. At December 31, 2018, the Special Facility Revenue Bonds, Series 1995 (Indianapolis Maintenance Center), outstanding were \$165,988,327.

Note 7: Derivative Financial Instruments

Forward Delivery Purchase Agreements - Hedging Derivative Instruments

The Authority has entered into three forward delivery purchase agreements (the Forward Delivery Agreements). The Forward Delivery Agreements require the counterparties to deposit securities in the Authority’s debt service reserve trust accounts and provides the Authority a guaranteed rate of return. The securities that are deposited into the debt service reserve trust accounts are required to mature prior to scheduled debt service payment dates on the bonds that are secured by the respective debt service reserve funds.

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Notes to Financial Statements December 31, 2018 and 2017

Eligible securities include (a) discount notes issued by a federal agency; and (b) securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America, and issued by any of the following:

- the United States Treasury
- a federal agency
- a federal instrumentality
- a federal government-sponsored enterprise

Objective of the Forward Delivery Agreements - The Forward Delivery Agreements allow the Authority to earn a guaranteed fixed rate of return over the life of the agreement. These Agreements are utilized by the Authority to earn a rate of return in excess of a rate that would otherwise be feasible by investing in securities with a shorter term.

Terms - The general terms of each agreement are set forth in the table below:

Debt Service Fund	Date of Agreement	Termination Date	Scheduled Reserve Amount	Guaranteed Rate	Fair Value at December 31, 2018	Fair Value at December 31, 2017
Series 2014A	December 1, 2004	December 30, 2033	\$ 16,534,000	4.962%	\$ 2,851,440	\$ 4,498,712
Series 2015A	December 28, 2005	December 31, 2032	15,000,000	4.820%	4,820,915	3,822,394
Series 2016A	August 1, 2006	January 1, 2036	17,321,400	5.311%	3,490,212	6,272,197
					<u>\$ 11,162,567</u>	<u>\$ 14,593,303</u>

The forward delivery agreement associated with the Series 2004A Debt Service Reserve Fund was amended when the 2004A Bonds were refunded by the 2014A Bonds. The amended agreement now provides for the delivery of the securities into debt service reserve fund of the 2014A Bonds.

The forward delivery agreement associated with the Series 2005A Debt Service Reserve Fund was amended when the 2005A Bonds were refunded by the 2015A Bonds. The amended agreement now provides for the delivery of the securities into debt service reserve fund of the 2015A Bonds. The notional amount associated with the Series 2005A Debt Service Fund Agreement was reduced by \$4,532,425 during 2015, the result of the refunding with the 2015A Bonds.

The forward delivery agreement associated with the Series 2006A Debt Service Reserve Fund was amended when the 2006A Bonds were refunded by the 2016A-1 and 2016A-2 Bonds. The amended agreement now provides for the delivery of the securities into the debt service reserve funds of the 2016A-1 and 2016A-2 Bonds.

Fair Value - The fair values of the Forward Delivery Agreements are based on the value of the future discounted cash flows expected to be received over the life of the agreement relative to an estimate of discounted cash flows that could be received over the same term based on current market conditions. The fair values of the Forward Delivery Agreements are classified as a noncurrent asset on the statements of net position as of December 31, 2018 and 2017. As the Forward Delivery Agreements are effective hedging instruments, the changes in fair value of the Forward Delivery Agreements of \$(3,430,736) and \$(579,058) for the years ended December 31, 2018 and 2017, respectively, are shown as an adjustment to the carrying amount of the related deferred inflows of resources on the statements of net position.

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Notes to Financial Statements December 31, 2018 and 2017

Credit Risk - Credit risk is the risk that a counterparty will not fulfill its obligations. Under the terms of the Forward Delivery Agreements, the Authority is either holding cash or an approved security within the debt service reserve funds. None of the principal amount of an investment under the Forward Delivery Agreements is at risk to the credit of the counterparty. Should the counterparty default, the Authority's maximum exposure is the positive termination value, if any, related to these agreements.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Authority's financial instruments or cash flows. The fair value of the Forward Delivery Agreements is expected to fluctuate over the life of the agreements in response to changes in interest rates. The Authority does not have a formally adopted policy related to interest rate risk on the Forward Delivery Agreements.

Termination Risk - The Authority or the counterparties may terminate the Forward Delivery Agreements if the other party fails to perform under the terms of the contract. In addition, the Authority has an unrestricted option to terminate the Forward Delivery Agreements. If the Forward Delivery Agreements have a negative fair value at the time of termination, the Authority would be liable to the counterparty for a payment equivalent to the fair value of the instrument at the time of termination.

Interest Rate Swap Agreements - Hedging Derivative Instruments

The Authority is a party to three interest rate swap agreements (the Swap Agreements) that became effective on July 1, 2008, concurrent with the issuance of the 2008 Revenue Bonds. The Swap Agreements continued to hedge the 2008 Revenue Bonds until December 31, 2010, at which time the 2008 Revenue Bonds were refunded by the issuance of the 2010C Revenue Bonds. This refunding resulted in a terminating event and accordingly, the Authority included the balance of the deferred outflows associated with this hedge in its calculation of the deferred loss on refunding, which was \$47,643,748. At that same time, the Swap Agreements became a hedge of the 2010C Revenue Bonds with terms and conditions that are identical to the previous hedge of the refunded 2008 Revenue Bonds.

Objective of the Interest Rate Swaps - The Swap Agreements are used as a strategy to maintain acceptable levels of exposure to the risk of future changes in interest rates related to the Authority's existing variable rate debt. The primary intention of the Swap Agreements is to effectively convert the Authority's variable interest rates on its long-term debt to synthetic fixed rates.

Indianapolis Airport Authority

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Terms - The general terms of each agreement are set forth in the table below:

Notional Amount	Trade Date	Effective Date of Swap Agreement	Termination Date	Rate Authority Pays	Variable Rate Authority Receives	Fair Value at December 31, 2018	Fair Value at December 31, 2017
\$ 103,900,000	October 14, 2004	July 1, 2008	January 1, 2036	4.0325%	75% One Month LIBOR	\$ (18,268,644)	\$ (22,491,720)
60,700,000	October 14, 2004	July 1, 2008	January 1, 2037	4.1500%	75% One Month LIBOR	(11,589,922)	(14,165,152)
50,000,000	October 7, 2005	July 1, 2008	January 1, 2033	3.7800%	75% One Month LIBOR	(8,158,933)	(9,928,761)
100,000,000	July 2, 2015 *	July 1, 2015 *	January 1, 2033	3.7775%	75% One Month LIBOR	(16,273,745)	(20,067,142)
<u>\$ 314,600,000</u>						<u>\$ (54,291,244)</u>	<u>\$ (66,652,775)</u>

* During 2015, there was an exchange of counterparties from UBS to Wells Fargo. This was not considered as a terminating event.

Payments due under the Swap Agreements (excluding any termination payments) and payments on any repayment obligation will be payable from net revenues of the airport system on a parity with the Revenue Bonds. Under the Swap Agreements, the Authority pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The Swap Agreements resulted in no initial cash receipts or payments to be made by the Authority.

Fair Value - The fair values of the Swap Agreements are based on estimated discounted future cash flows determined using the counterparties' proprietary models based upon financial principles and estimates about relevant future market conditions. The fair values of the Swap Agreements are classified as a noncurrent liability on the statements of net position as of December 31, 2018 and 2017. As the Swap Agreements are effective hedging instruments, the changes in fair value of the Swap Agreements of \$12,361,531 and \$7,589,203 for the years ended December 31, 2018 and 2017, respectively, are shown as an adjustment to the carrying amount of the related deferred outflows of resources on the statements of net position.

Credit Risk - The fair value of each of the Swap Agreements represents the Authority's credit exposure to the counterparties as of December 31, 2018. Should the counterparties to these transactions fail to perform according to the terms of the Swap Agreements, the Authority has a maximum possible loss equivalent to the fair value at that date. As of December 31, 2018, the Authority was not exposed to credit risk because each of the swaps had a negative fair value. In order to mitigate the potential for credit risk, if any of the counterparties' credit quality rating falls below a rating threshold of Aa3 by Moody's Investors Service or AA- by Standard & Poor's, the fair value of that counterparty's swap or swaps is to be fully collateralized by the counterparty with eligible securities (as defined in the Schedule to the Master Agreement) to be held by a third-party custodian on behalf of the Authority.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

The ratings of the various counterparties at December 31, 2018 are as follows:

	Ratings of the Counterparty	
	Moody's Investors Service	Standard & Poor's
JPMorgan Chase Bank, N.A., counterparty of the interest rate swaps with notional amounts of \$103,900,000 and \$60,700,000	Aa2	A+
Merrill Lynch Capital Services, Inc., counterparty of the interest rate swap with the notional amount of \$50,000,000	A3	A-
Wells Fargo Bank, N.A., counterparty of the interest rate swap with the notional amount of \$100,000,000 and both basis swap agreements	Aa2	A+

¹ – The swaps are guaranteed by both Merrill Lynch & Company and Merrill Lynch Derivative Products AG. Merrill Lynch Derivative Products AG has ratings of Aa3 and AA.

Basis Risk - The Authority is not exposed to basis risk because the variable-rate payments received by the Authority under the Swap Agreements are based on an index that coincides with the interest rates the Authority pays on its 2010C Revenue Bonds. As of December 31, 2018, the interest rate on the Authority's 2010C Revenue Bonds is 2.497%, (calculated at 75% of the one-month LIBOR plus 0.6200% times the margin rate factor for applicable series), while the Authority receives payments under the Swap Agreements equal to 75% of the one-month LIBOR, or 1.877%.

Termination Risk - The Authority or the counterparties may terminate the Swap Agreements if the other party fails to perform under the terms of the contract. In addition, the Authority has the unilateral option to terminate the Swap Agreements. If the Swap Agreements have a negative fair value at the time of termination, the Authority would be liable to the counterparty for a payment equal to the fair value of the respective swap.

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Notes to Financial Statements December 31, 2018 and 2017

Swap Payments and Associated Debt - The variable rate bond interest payments and net swap payments will vary with changes in interest rates. Using rates as of December 31, 2018, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are set forth in the table below.

	Variable Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	Interest
2019	\$ 5,710,000	\$ 7,721,508	\$ 6,337,337	\$ 14,058,845
2020	6,000,000	7,869,009	6,206,733	14,075,742
2021	6,305,000	8,145,155	6,069,487	14,214,642
2022	6,630,000	8,298,892	5,925,174	14,224,066
2023	6,965,000	8,529,401	5,773,546	14,302,947
2024 - 2028	105,540,000	33,780,788	22,832,564	56,613,352
2029 - 2033	136,940,000	15,174,370	10,444,628	25,618,998
2034 - 2038	40,510,000	1,507,910	1,094,958	2,602,868
	<u>\$ 314,600,000</u>	<u>\$ 91,027,033</u>	<u>\$ 64,684,427</u>	<u>\$ 155,711,460</u>

Note 8: Obligations Under Capital Leases

In November 1991, the Authority entered into an agreement (the MOC-II Agreement) with the State of Indiana, the City of Indianapolis, and United Air Lines, Inc. (United) to provide a 300-acre site for United's Indianapolis Maintenance Center (IMC).

The State, the City and Hendricks County, Indiana provided the initial funding for the IMC. The State provided \$184.5 million from the proceeds of tax-exempt lease revenue bonds and a \$15.2 million grant. The City provided approximately \$111.0 million from the proceeds of tax-exempt current interest and capital appreciation bonds. Hendricks County provided \$8.0 million in the form of a grant, from the proceeds of an economic development income tax revenue bond issue.

Concurrently with the execution of the MOC-II Agreement in 1991, the Authority entered into a tenancy in common agreement and various lease agreements, which created certain leasehold interests in the IMC site and facilities and provided the framework for financing the costs of its construction. Accordingly, the Authority's leases with the State and the City for the IMC and its lease with the State for a building and related equipment ancillary to IMC, the Aviation Technology Center (ATC), have been reflected as capital lease obligations in these financial statements. In 2017, the ATC lease expired as the related bonds were paid-off in advance of their 2018 maturity. The IMC lease expired in 2018. At December 31, 2017, the gross amounts of capital assets and related accumulated depreciation recorded under these capital leases was \$323,463,530 and (\$176,452,742), respectively.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

The Authority's capital lease payments to the State were payable solely from monies to be appropriated by the Indiana General Assembly, the governing body for the State. There is no requirement that these amounts be appropriated. However, the Authority could not be held liable, should an appropriation not be made, for the State's debt obligations relative to the IMC facility.

The Authority's capital lease payments to the City were secured by an irrevocable pledge of a distributive share of Marion County Option Income Taxes (the Pledged Revenues). The City-County Council covenanted not to repeal or rescind that tax as long as such rentals remained due. The Authority was not obligated for the debt incurred by the City with regard to the IMC facilities. The bonds related to the City's capital lease obligation were paid off during 2016 and therefore, there are no future pledged revenues.

Note 9: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2018 and 2017

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018 and 2017:

		Fair Value Measurements Using						
		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
Fair Value								
December 31, 2018								
Investments								
U.S. Treasury Security Notes	\$	141,578,174	\$	141,578,174	\$	-	\$	-
U.S. Treasury Security Bills		3,669,227		3,669,227		-		-
Indiana municipal securities		3,102,941		-		3,102,941		-
External investment pools		52,173		-		52,173		-
Derivative Financial Instruments								
Forward delivery purchase agreements		11,162,567		-		-		11,162,567
Interest rate swap agreements		(54,291,244)		-		(54,291,244)		-
December 31, 2017								
Investments								
U.S. Treasury Security Notes	\$	130,797,979	\$	130,797,979	\$	-	\$	-
U.S. Treasury Security Bills		15,800,336		15,800,336		-		-
U.S. Government-sponsored enterprise securities								
Federal National Mortgage Association		5,475,398		-		5,475,398		-
Federal Home Loan Mortgage Corporation		1,348,839		-		1,348,839		-
Indiana municipal securities		14,650,492		-		14,650,492		-
External investment pools		51,212		-		51,212		-
Derivative Financial Instruments								
Forward delivery purchase agreements		14,593,303		-		-		14,593,303
Interest rate swap agreements		(66,652,775)		-		(66,652,775)		-

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of net position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2018.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Derivative Financial Instruments

Interest rate swaps classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates. The fair value of the forward delivery agreements are derived from proprietary models and are calculated on a mid-market basis, but do not include bid/offer spread and are therefore classified in Level 3.

Note 10: Indianapolis Maintenance Center

As discussed previously in these footnotes, the Authority, the State of Indiana, the City of Indianapolis and United Air Lines, Inc. (United) financed the construction and equipping of the IMC. As a part of the financing of these facilities, the Authority issued \$220,705,000 in special facility revenue bonds of which \$165,988,327 remains outstanding at December 31, 2018. The Authority had, and continues to have, no obligation to make interest and principal payments on these special facility bonds. Revenues from the IMC are reserved for expense reimbursement to the Authority for operational expenses incurred. Once all on-going expenses have been reimbursed to the Authority, revenue in excess of expenses are shared between the bondholders and the Authority on a percentage basis bound by the Settlement Agreement. Previously, the interest and principal payments for the Series 1995 Special Facility Revenue Bonds were funded by rentals paid by United under its lease agreement with the Authority. On December 9, 2002, United filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. On May 9, 2003, the Bankruptcy Court made effective United's rejection of its lease of the IMC and United abandoned the IMC facilities, whereby all of the IMC assets reverted to the Authority's control.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

In February 2004, the Authority and the Trustee of the bondholders entered into a Settlement Agreement which, among other things, provides for up to \$7.5 million in reimbursements for certain costs incurred after May 2003. The Settlement Agreement also provides for reimbursement for up to \$6.5 million of the Tenant Improvement Expenditure Reserve (TIER) fund for use of capital improvements, if certain conditions are met. On the ten-year anniversary of the Settlement Agreement, all the funds accumulated in the TIER Fund were to be disbursed to the bondholders with the exception of \$1 million. On February 13, 2014, these funds were disbursed.

Since 2004, the Authority has entered into various leases for certain portions of the IMC. These leases include hangar space, office areas and the backshops (which are being used primarily for the maintenance, repair and overhaul of commercial aircraft) and certain warehouse and office space for non-aviation related use. A new ten-year lease was entered into in December 2014 with the IMC's main tenant, AAR Aircraft Services (AAR), while a lease extension was granted to Shuttle America and Express Scripts. AAR and Shuttle America make up the leasing of all hangar space. As a part of the Settlement Agreement, rentals collected for the IMC are not considered revenue to the Authority, but instead are required to be deposited into a trust held on behalf of the United bondholders. The monies held in trust are to be used to pay ongoing operating and maintenance costs of the IMC and must be applied in a manner prescribed by the terms of the Settlement Agreement.

For the years ended December 31, 2018 and 2017, the Authority incurred approximately \$7.6 million and \$7.1 million of costs for the IMC, respectively. The Authority has received reimbursements for these costs under the Settlement Agreement aggregating approximately \$6.4 million and \$8.9 million for 2018 and 2017, respectively. In addition, as of December 31, 2018 and 2017, the Authority has accrued approximately \$3.2 million and \$1.1 million, respectively, in reimbursements from the Trustee for allowable costs incurred.

The aforementioned lease agreements historically contained a number of incentives to be provided by the Authority in the form of grants and rent credits over the terms of these leases, which currently range from six months to ten years. These grants and rental credits were designed to assist the tenants with start-up costs and the acquisition of certain capital assets, including leasehold improvements, and to encourage them to expand their operations and/or increase the amount of space they lease. Grants for start-up costs are recorded as unamortized lease costs by the Authority and amortized over the respective lease term, while grants for capital improvements result in new depreciable assets of the Authority. Success payments (for expanding operations) and other similar grants were expensed as they were earned by AAR. Currently, rental credits are being utilized in the AAR Agreement for leasehold improvements. All existing IMC capital assets, as well as those acquired by the tenants through Authority grants or otherwise, remain the property of the Authority, subject only to the tenants' rights to use such assets during their respective lease terms. As of December 31, 2018, the Authority has provided \$7.5 million in grants and \$9.6 million in rental credits to the lessees of the IMC.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Note 11: Risk Management

Risk management is the responsibility of the Authority. Operationally, the Authority is exposed to various risks of loss related to the theft of, damage to and destruction of assets, natural disasters as well as certain tort liabilities for which commercial insurance is carried. The commercial insurance policies carry deductibles ranging from \$0 to \$100,000. Insurance policies procured, including commercial general liability and commercial property damage, are inclusive of coverage for certain war casualty and acts of terrorism. Coverage terms, limits, and deductibles have each been benchmarked in comparison with those maintained at other mid-size airports and found to be within the range of our peers. Although coverage limits are significant, no assurance can be given that such coverage will continue to be available at such amounts and/or at a reasonable cost. Claim settlements have not exceeded insurance coverage for the previous three years and no situation exists presently, to the best of the Authority's knowledge, which has the potential of doing so for the 2018 calendar year.

The Authority has a self-insured arrangement for health care benefits provided to Authority employees and has established a self-insured liability for employee medical claims. The Authority utilizes a third-party company to provide individual stop loss coverage of \$100,000 on each covered individual's health claims and \$6,046,106 on overall health care program aggregate claims. The estimated self-insurance liability is based on claim trend and consultation with an actuary. There is no significant incremental claim adjustment expense, salvage or subrogation attributable to this liability.

Note 12: Benefit Plan

The Authority provides a 401(a) defined-contribution employee retirement plan for employer contributions and a 457(b) deferred compensation plan for employee contributions. The Authority is the administrator of these plans, which are available to substantially all of its employees. Employer contributions to the 401(a) plan can range from zero up to nine percent of eligible compensation. Contributions to the plan were \$947,417 for 2018 and \$796,930 for 2017.

Note 13: Rental Income From Operating Leases

The Authority leases space in the Indianapolis International Airport 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 adjustment of the rental amounts. Substantially all capital assets are held by the Authority for the purpose of rental or related use.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Minimum future rentals on noncancelable operating leases to be received in each of the next five years and thereafter as of December 31, 2018 are as follows:

2019	\$ 23,036,192
2020	19,839,923
2021	16,294,163
2022	16,028,215
2023	14,358,872
Thereafter	<u>73,665,506</u>
	<u>\$ 163,222,871</u>

The Authority has entered into an Agreement and Lease of Premises (Airline Agreement) with certain passenger, charter and cargo airlines serving the airport (collectively, the Signatory Airlines). Other airlines operate under an airport use permit that generally has a term of no more than two years. The Airline Agreement's residual rate-making features are designed to ensure that the Authority's debt service and related coverage obligations, including the Rate Covenant, will be met. The Airline Agreement authorizes the Authority to implement new fees and charges as necessary. In the event of an airline bankruptcy, the Authority may adjust the rates and charges for all Signatory Airlines in the current rate period to recover the rates and charges due from the bankrupt carrier. However, there can be no assurance that such other airlines will be financially able to absorb the additional costs. Rental rates under these agreements are determined annually.

Contingent rentals and fees aggregated approximately \$48.5 million in 2018 and \$45.1 million in 2017, and are accrued in arrears.

Note 14: Commitments and Contingencies

Land Acquisition and Disposal

In 1991, the Authority updated its FAA Part 150 Noise and Land Use Compatibility Study and final recommendations were adopted by the Authority Board in April 1992. The recommendations included expanding the existing Guaranteed Purchase Program (Phase I), which is now an inactive program, to add approximately 750 additional homes. As of December 31, 2018, the Authority has spent approximately \$102.6 million (including relocation costs) under this inactive program (Phase II), substantially all of which was eligible for 80% reimbursement from the FAA. The owners of an estimated 30 homes did not participate in Phase II when it was an active program.

A five-year review and update of the Authority's noise compatibility program (Phase III) began in 1996. Final recommendations were adopted by the Authority Board in February 1998, followed by FAA approval in October 1998. The recommendations included continuation of the Guaranteed Purchase Program with respect to approximately 132 additional homes, of which 127 were acquired by the Authority when the program was active.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

The Sound Insulation Program, which is now an inactive program, paid for a home within the impacted noise area to be sound insulated with respect to doors, window treatments, etc., with no further cash outlay required by the Authority. At December 31, 2018, 316 homes were sound insulated under this program. Under the Purchase Assurance Program, which is now an inactive program, the Authority purchased the property, sound insulated the home and then resold the property on the open market. At December 31, 2018, 118 homeowners participated in the Purchase Assurance Program. Participation in either the Sound Insulation or Purchase Assurance programs required the homeowner to grant an aviation easement in favor of the Authority.

The Sales Assistance program is the third and only active program at December 31, 2018 and applied to approximately 487 homes, of which 402 requests have been completed. Sales Assistance consists of a benefit payment to homeowners adjacent to the 65DNL noise contour. The benefit payment is equal to 10% of the contract sales price between the homeowner and third-party buyer, in exchange for the inclusion of a Noise Disclosure Statement in the deed of conveyance. The estimated cost of the Phase III programs approximate \$98.5 million. These programs, excluding Sales Assistance, were eligible for reimbursement from passenger facility charges and FAA noise grants (at 80% reimbursement).

The noise mitigation land use programs described above are voluntary on the part of the homeowner as there is no legal requirement that homeowners participate in any of these programs.

The Authority has also acquired land south of Interstate 70 (I-70). With the exception of one small parcel of land, all parcels have been acquired for the future development of a third parallel runway in this area. As of December 31, 2018, the Authority has expended approximately \$13.7 million for this project.

In November 2014, the Authority Board approved and adopted Resolution No. 12-2014, establishing certain land use policies and guidelines for the implementation of a new land use initiative. The Authority owns approximately 9,000 acres of land in and around the Indianapolis International Airport, with large holdings not only in Wayne and Decatur Townships of Marion County, but also in neighboring Hendricks County. After an extensive review of its land holdings in 2014, the Authority developed this land use initiative under which more than 30 parcels of land (approximately 743 acres) would be made available for sale, and an additional six large parcels of land (470 acres) would be made available for leasing opportunities. During 2018, the Authority sold approximately 2,038 acres under this land use initiative for a total sales price of \$1,953,514. During 2017, the Authority sold approximately 49 acres under this land use initiative for a total sales price of \$3,853,464.

With respect to the Authority's permanently protected bat and wetland habitat (containing approximately 2,000 acres), the Authority will pursue opportunities to divest itself of this land to a third party who has expertise in this area, such as a public or private conservation organization or governmental entity that has responsibility for environmental matters. As land is sold and proceeds received, the Authority will determine how those proceeds must be treated, including what amounts, if any, must be returned to the Federal Aviation Administration directly or reinvested in other AIP eligible projects pursuant to federal grant requirements.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2018 and 2017

Environmental Mitigation and Remediation

In order to comply with environmental laws, the Authority has implemented a natural resource mitigation program to create, monitor and maintain wetlands along with habitats for the endangered Indiana bat. The Authority had acquired approximately 2,000 acres in order to replace wetland and bat habitat areas that were removed by construction of the Indianapolis Maintenance Center and runway 5L-23R and the Midfield Terminal. The Authority continued to maintain and monitor bat habitats under this program pursuant to a permit with the U.S. Fish & Wildlife Service through the year 2017. In 2018, the Authority sold nearly 2,000 acres of this land for approximately \$1.5 million. The Authority retained permanently protected land in Hendricks and Marion Counties that no longer have monitoring requirements. Approximately \$22.9 million was spent under this program, of which approximately 28% was eligible for reimbursement from the FAA. The Authority's share of the costs for this conservation plan was originally estimated to be \$2.4 million, and as of December 31, 2018, the Authority incurred \$3.3 million in costs.

The Authority is currently involved in three separate pollution remediation obligations that meet the requirements for accounting treatment under GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. These obligations are related primarily to the removal and/or treatment of petroleum impacted soil. The pronouncement dictates that for each obligating event, an estimate of the expected pollution remediation outlays is required to be accrued as a liability and expensed in the current period. Re-measurement of the liability is required when new information indicates increases or decreases in estimated outlays.

The amount of the estimated liability as of December 31, 2018 and 2017 was \$120,000 and \$40,000, respectively, which represents the approximate present value of the amounts the Authority expects to pay for future remediation activities. This estimate was generated using input and guidance from internal management and professional consultants, and represents a wide array of remediation activities ranging from one-time events to longer term sustained monitoring activity.

The Authority will continue to closely monitor each of these obligations, working toward the point of ultimate resolution, and will make any necessary adjustments to the potential liability as new information becomes available.

Capital Improvements

As of December 31, 2018, the Authority had outstanding commitments for certain airport improvements aggregating \$102,779,632.

Litigation and Claims

The nature of the business of the Authority generates certain litigation against the Authority arising in the ordinary course of business.

As of December 31, 2018, there were six claims in litigation for alleged personal injury and/or other claims pending against the Authority. All of these claims were for personal injury and are fully insured. In addition, there were five worker's compensation claims pending as of December 31, 2018. The Authority was also aware of several claims for which legal action against the Authority might be threatened or possible in the future.

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Supplementary Information

Indianapolis Airport Authority

Schedule of Net Position Information

December 31, 2018

	2018		
	Authority	IMC	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Unrestricted Assets			
Cash and cash equivalents	\$ 21,102,629	\$ -	\$ 21,102,629
Accounts receivable, net	2,631,406	-	2,631,406
Unbilled revenues	3,047,016	-	3,047,016
Grants receivable	2,154,206	-	2,154,206
Supplies and materials inventories	2,152,097	-	2,152,097
Other	1,493,001	-	1,493,001
Total unrestricted current assets	<u>32,580,355</u>	<u>-</u>	<u>32,580,355</u>
Restricted Assets			
Cash and cash equivalents	43,020,128	-	43,020,128
Cash and cash equivalents - customer deposits	748,633	-	748,633
Receivable - passenger facility charges	1,113,813	-	1,113,813
Receivable - governments and other	174,085	-	174,085
Receivable - reimbursable IMC expenses	-	3,159,946	3,159,946
Total restricted current assets	<u>45,056,659</u>	<u>3,159,946</u>	<u>48,216,605</u>
Total current assets	<u>77,637,014</u>	<u>3,159,946</u>	<u>80,796,960</u>
Noncurrent Assets			
Cash and cash equivalents, restricted	73,783,357	-	73,783,357
Investment securities, unrestricted	48,335,166	-	48,335,166
Investment securities, restricted	87,747,811	-	87,747,811
Rent receivable	820,600	-	820,600
Derivative instruments - forward delivery purchase agreements	11,162,567	-	11,162,567
Capital assets, net	<u>1,519,087,302</u>	<u>215,622,051</u>	<u>1,734,709,353</u>
Total noncurrent assets	<u>1,740,936,803</u>	<u>215,622,051</u>	<u>1,956,558,854</u>
Total assets	<u>1,818,573,817</u>	<u>218,781,997</u>	<u>2,037,355,814</u>
Deferred Outflows of Resources			
Deferred loss on refunding of debt	24,787,991	-	24,787,991
Accumulated decrease in fair value of hedging derivatives	<u>6,647,496</u>	<u>-</u>	<u>6,647,496</u>
Total deferred outflows of resources	<u>31,435,487</u>	<u>-</u>	<u>31,435,487</u>
Total assets and deferred outflows of resources	<u>\$ 1,850,009,304</u>	<u>\$ 218,781,997</u>	<u>\$ 2,068,791,301</u>

		2018		
		Authority	IMC	Total
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Payable From Unrestricted Assets				
Accounts payable	\$	7,294,510	\$ -	\$ 7,294,510
Accrued and withheld items		6,795,924	-	6,795,924
Total current liabilities payable from unrestricted assets		14,090,434	-	14,090,434
Payable From Restricted Assets				
Accounts payable		20,887,937	273,510	21,161,447
Customer deposits payable		749,633	-	749,633
Current portion of debt		31,045,000	-	31,045,000
Accrued interest on debt		13,561,596	-	13,561,596
Total current liabilities payable from restricted assets		66,244,166	273,510	66,517,676
Total current liabilities		80,334,600	273,510	80,608,110
Noncurrent Liabilities				
Derivative instruments - interest rate swap agreements		54,291,244	-	54,291,244
Bonds payable and other debt, payable from restricted assets		889,356,922	-	889,356,922
Total noncurrent liabilities		943,648,166	-	943,648,166
Total liabilities		1,023,982,766	273,510	1,024,256,276
Deferred Inflows of Resources				
Accumulated increase in fair value of hedging derivatives		11,162,567	-	11,162,567
Net Position				
Net investment in capital assets		609,588,384	215,622,051	825,210,435
Restricted for				
Capital projects		70,631,302	-	70,631,302
Debt service		66,769,075	-	66,769,075
Other		229,523	2,886,436	3,115,959
Total restricted net position		137,629,900	2,886,436	140,516,336
Unrestricted		67,645,687	-	67,645,687
Total net position		814,863,971	218,508,487	1,033,372,458
Total liabilities, deferred inflows of resources and net position	\$	1,850,009,304	\$ 218,781,997	\$ 2,068,791,301

Indianapolis Airport Authority

Schedule of Net Position Information

December 31, 2017

	2017		
	Authority	IMC	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Unrestricted Assets			
Cash and cash equivalents	\$ 15,879,279	\$ -	\$ 15,879,279
Accounts receivable, net	3,303,001	-	3,303,001
Unbilled revenues	4,129,580	-	4,129,580
Grants receivable	-	-	-
Supplies and materials inventories	1,734,328	-	1,734,328
Other	1,960,258	-	1,960,258
Total unrestricted current assets	<u>27,006,446</u>	<u>-</u>	<u>27,006,446</u>
Restricted Assets			
Cash and cash equivalents	42,577,741	-	42,577,741
Cash and cash equivalents - customer deposits	738,585	-	738,585
Receivable - passenger facility charges	1,949,993	-	1,949,993
Receivable - governments and other	279,233	3,466,059	3,745,292
Receivable - reimbursable IMC expenses	-	1,066,155	1,066,155
Total restricted current assets	<u>45,545,552</u>	<u>4,532,214</u>	<u>50,077,766</u>
Total current assets	<u>72,551,998</u>	<u>4,532,214</u>	<u>77,084,212</u>
Noncurrent Assets			
Cash and cash equivalents, restricted	74,482,934	-	74,482,934
Investment securities, unrestricted	47,357,550	-	47,357,550
Investment securities, restricted	104,837,509	-	104,837,509
Rent receivable	920,361	-	920,361
Derivative instruments - forward delivery purchase agreements	14,593,303	-	14,593,303
Capital assets, net	1,529,236,073	228,482,759	1,757,718,832
Total noncurrent assets	<u>1,771,427,730</u>	<u>228,482,759</u>	<u>1,999,910,489</u>
Total assets	<u>1,843,979,728</u>	<u>233,014,973</u>	<u>2,076,994,701</u>
Deferred Outflows of Resources			
Deferred loss on refunding of debt	27,186,832	-	27,186,832
Accumulated decrease in fair value of hedging derivatives	19,009,027	-	19,009,027
Total deferred outflows of resources	<u>46,195,859</u>	<u>-</u>	<u>46,195,859</u>
Total assets and deferred outflows of resources	<u>\$ 1,890,175,587</u>	<u>\$ 233,014,973</u>	<u>\$ 2,123,190,560</u>

	2017		
	Authority	IMC	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Payable From Unrestricted Assets			
Accounts payable	\$ 5,535,360	\$ -	\$ 5,535,360
Accrued and withheld items	5,707,045	-	5,707,045
Grants payable	800,322	-	800,322
Total current liabilities payable from unrestricted assets	12,042,727	-	12,042,727
Payable From Restricted Assets			
Accounts payable	5,984,231	3,744,277	9,728,508
Customer deposits payable	739,585	-	739,585
Current portion of debt	53,895,000	12,728,442	66,623,442
Accrued interest on debt	13,976,579	86,816	14,063,395
Total current liabilities payable from restricted assets	74,595,395	16,559,535	91,154,930
Total current liabilities	86,638,122	16,559,535	103,197,657
Noncurrent Liabilities			
Derivative instruments - interest rate swap agreements	66,652,775	-	66,652,775
Bonds payable and other debt, payable from restricted assets	880,054,408	-	880,054,408
Total noncurrent liabilities	946,707,183	-	946,707,183
Total liabilities	1,033,345,305	16,559,535	1,049,904,840
Deferred Inflows of Resources			
Accumulated increase in fair value of hedging derivatives	14,593,303	-	14,593,303
Net Position			
Net investment in capital assets	622,990,847	212,375,074	835,365,921
Restricted for			
Capital projects	77,711,116	-	77,711,116
Debt service	77,843,036	3,379,243	81,222,279
Other	450,350	701,121	1,151,471
Total restricted net position	156,004,502	4,080,364	160,084,866
Unrestricted	63,241,630	-	63,241,630
Total net position	842,236,979	216,455,438	1,058,692,417
Total liabilities, deferred inflows of resources and net position	\$ 1,890,175,587	\$ 233,014,973	\$ 2,123,190,560

Indianapolis Airport Authority

Schedules of Revenues, Expenses and Changes in Net Position Information

Years Ended December 31, 2018 and 2017

	2018		
	Authority	IMC	Total
Operating Revenues			
Airfield	\$ 24,287,898	\$ -	\$ 24,287,898
Terminal complex	54,137,541	-	54,137,541
Parking	54,550,555	-	54,550,555
Rented buildings and other	16,522,830	-	16,522,830
Indianapolis Maintenance Center (IMC)	-	8,239,177	8,239,177
Reliever airports	2,934,461	-	2,934,461
Total operating revenues	<u>152,433,285</u>	<u>8,239,177</u>	<u>160,672,462</u>
Operating Expenses			
Personal services	33,511,609	398,602	33,910,211
Contractual services	21,695,723	3,924,630	25,620,353
Utilities	8,407,420	3,041,111	11,448,531
Supplies	5,011,039	169,671	5,180,710
Materials	3,145,099	(92,213)	3,052,886
General	1,651,463	145,591	1,797,054
Total operating expenses before depreciation	<u>73,422,353</u>	<u>7,587,392</u>	<u>81,009,745</u>
Income From Operations Before Depreciation Expense	79,010,932	651,785	79,662,717
Depreciation expense	<u>78,599,299</u>	<u>13,596,906</u>	<u>92,196,205</u>
Income (Loss) From Operations	<u>411,633</u>	<u>(12,945,121)</u>	<u>(12,533,488)</u>
Nonoperating Revenues (Expenses)			
State and local appropriations	-	13,162,521	13,162,521
Federal operating grants	598,580	-	598,580
Passenger facility charges	19,014,107	-	19,014,107
Customer facility charge (rental cars)	7,421,524	-	7,421,524
Investment income	6,115,216	-	6,115,216
Interest expense, net of capitalized interest	(37,515,832)	(434,079)	(37,949,911)
Loss on disposals of capital assets and other	<u>(47,254,775)</u>	<u>-</u>	<u>(47,254,775)</u>
	<u>(51,621,180)</u>	<u>12,728,442</u>	<u>(38,892,738)</u>
Increase (Decrease) in Net Position Before Capital Contributions and Grants	<u>(51,209,547)</u>	<u>(216,679)</u>	<u>(51,426,226)</u>
Capital Contributions and Grants			
Federal, state and local grants	21,751,594	-	21,751,594
Contributions from lessees and other	<u>4,354,673</u>	<u>-</u>	<u>4,354,673</u>
	<u>26,106,267</u>	<u>-</u>	<u>26,106,267</u>
Increase (Decrease) in Net Position	(25,103,280)	(216,679)	(25,319,959)
Transfers	(2,269,728)	2,269,728	-
Net Position, Beginning of Year	<u>842,236,979</u>	<u>216,455,438</u>	<u>1,058,692,417</u>
Net Position, End of Year	<u>\$ 814,863,971</u>	<u>\$ 218,508,487</u>	<u>\$ 1,033,372,458</u>

2017		
Authority	IMC	Total
\$ 21,745,673	\$ -	\$ 21,745,673
53,182,950	-	53,182,950
50,775,972	-	50,775,972
16,567,445	-	16,567,445
-	8,067,899	8,067,899
2,919,794	-	2,919,794
145,191,834	8,067,899	153,259,733
30,650,890	405,082	31,055,972
21,390,964	3,695,267	25,086,231
6,034,410	2,687,836	8,722,246
3,879,783	224,348	4,104,131
3,211,166	(14,708)	3,196,458
1,236,571	132,429	1,369,000
66,403,784	7,130,254	73,534,038
78,788,050	937,645	79,725,695
79,109,087	14,965,520	94,074,607
(321,037)	(14,027,875)	(14,348,912)
963,132	15,788,178	16,751,310
595,315	-	595,315
17,753,293	-	17,753,293
7,218,100	-	7,218,100
4,678,810	-	4,678,810
(37,312,593)	(825,306)	(38,137,899)
(3,699,660)	-	(3,699,660)
(9,803,603)	14,962,872	5,159,269
(10,124,640)	934,997	(9,189,643)
6,206,260	-	6,206,260
2,120,100	-	2,120,100
8,326,360	-	8,326,360
(1,798,280)	934,997	(863,283)
1,092,169	(1,092,169)	-
842,943,090	216,612,610	1,059,555,700
\$ 842,236,979	\$ 216,455,438	\$ 1,058,692,417

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Indianapolis Airport Authority
Schedules of Operating Revenues
Years Ended December 31, 2018 and 2017

	2018	2017	Increase (Decrease)
Airfield			
Landing fees - scheduled airlines	\$ 9,811,961	\$ 8,562,288	\$ 1,249,673
Landing fees - freight and other	9,998,530	8,912,244	1,086,286
Apron fees	2,002,360	1,892,080	110,280
Commissions - aviation fuel sales	324,383	300,193	24,190
Other	2,150,664	2,078,868	71,796
	<u>24,287,898</u>	<u>21,745,673</u>	<u>2,542,225</u>
Terminal Complex			
Space rental			
Airlines	27,011,058	27,004,991	6,067
Concessionaires	8,574,746	8,230,172	344,574
Other space rental	1,715,755	1,804,167	(88,412)
Automobile rental commissions	11,260,643	10,716,586	544,057
Other commissions, fees, etc.	5,575,339	5,427,034	148,305
	<u>54,137,541</u>	<u>53,182,950</u>	<u>954,591</u>
Parking - parking operations	<u>54,550,555</u>	<u>50,775,972</u>	<u>3,774,583</u>
Rented Buildings and Other			
Space rental - freight buildings	1,262,452	1,032,945	229,507
Space rental - hangars	696,130	675,173	20,957
Space rental - other buildings	7,923,177	8,107,249	(184,072)
Ground leases	5,894,056	5,999,486	(105,430)
Farm income	29,835	28,531	1,304
International building	400	14,800	(14,400)
Other	716,780	709,261	7,519
	<u>16,522,830</u>	<u>16,567,445</u>	<u>(44,615)</u>
Indianapolis Maintenance Center (IMC)	<u>8,239,177</u>	<u>8,067,899</u>	<u>171,278</u>
Reliever Airports	<u>2,934,461</u>	<u>2,919,794</u>	<u>14,667</u>
	<u>\$ 160,672,462</u>	<u>\$ 153,259,733</u>	<u>\$ 7,412,729</u>

Indianapolis Airport Authority

Schedule of Operating Expenses Year Ended December 31, 2018 (With Comparative Totals for 2017)

	Airfield	Terminal Complex	Parking	Rented Buildings and Other	Indianapolis Maintenance Center (IMC)
Personal Services					
Salaries and wages	\$ 2,496,310	\$ 4,500,974	\$ 3,113,309	\$ 203,132	\$ 315,864
Employee insurance	625,245	1,266,259	721,753	42,000	48,607
Retirement and social security	269,002	425,135	253,225	20,327	34,131
	<u>3,390,557</u>	<u>6,192,368</u>	<u>4,088,287</u>	<u>265,459</u>	<u>398,602</u>
Contractual Services					
Transportation and communication	104,372	62,746	30,962	16,450	29,972
Professional fees	370,549	359,830	67,436	1,190,876	83,742
Printing and advertising	569	33,337	41,561	1,598	425
Repairs and maintenance	545,080	2,529,358	731,328	213,974	551,870
Facilities maintenance and security	43,232	2,584,454	185,115	1,570	3,145,164
Other contractual services	117,923	665,303	2,370,550	464,944	113,457
	<u>1,181,725</u>	<u>6,235,028</u>	<u>3,426,952</u>	<u>1,889,412</u>	<u>3,924,630</u>
Utilities	<u>3,683,533</u>	<u>3,307,208</u>	<u>511,634</u>	<u>453,431</u>	<u>3,041,111</u>
Supplies					
Fuel	356,967	-	250,401	-	53,298
Garage and motor	320,423	73,484	119,857	189	1,062
Institutional and medical	46,937	768,540	309,433	21,216	14,836
Office supplies	15,888	10,326	13,969	1,584	1,590
Snow and ice chemicals	1,080,498	20,441	152,126	9,550	11,724
Other	98,104	247,867	169,248	1,847	87,161
	<u>1,918,817</u>	<u>1,120,658</u>	<u>1,015,034</u>	<u>34,386</u>	<u>169,671</u>
Materials					
Building	27,130	152,403	16,393	2,756	(128,016)
Pavement and grounds	353,733	2,806	673	-	-
Repair parts	1,079,561	375,880	432,028	9,846	887
Small equipment and tools	75,743	49,403	6,679	-	524
Other	67,718	9,023	3,122	28,083	34,392
	<u>1,603,885</u>	<u>589,515</u>	<u>458,895</u>	<u>40,685</u>	<u>(92,213)</u>
General					
Insurance	234,671	422,341	202,190	9,283	123,667
Equipment rental	230	-	-	-	21,549
Other (including bad debts)	2,200	840	674	194	375
	<u>237,101</u>	<u>423,181</u>	<u>202,864</u>	<u>9,477</u>	<u>145,591</u>
Subtotal	<u>12,015,618</u>	<u>17,867,958</u>	<u>9,703,666</u>	<u>2,692,850</u>	<u>7,587,392</u>
Depreciation	<u>28,582,575</u>	<u>21,060,226</u>	<u>4,365,561</u>	<u>19,733,890</u>	<u>13,596,906</u>
Total	<u>\$ 40,598,193</u>	<u>\$ 38,928,184</u>	<u>\$ 14,069,227</u>	<u>\$ 22,426,740</u>	<u>\$ 21,184,298</u>
Year Ended December 31, 2017	\$ 37,333,003	\$ 39,035,821	\$ 12,594,346	\$ 22,091,654	\$ 22,095,774
Increase (Decrease)	\$ 3,265,190	\$ (107,637)	\$ 1,474,881	\$ 335,086	\$ (911,476)

2018

Reliever Airports	Public Safety	Administration	Total	Year Ended December 31, 2017	Increase (Decrease)
\$ 311,423	\$ 7,064,523	\$ 7,297,958	\$ 25,303,493	\$ 23,344,684	\$ 1,958,809
49,662	1,716,724	1,391,662	5,861,912	5,216,436	645,476
38,231	980,140	724,615	2,744,806	2,494,852	249,954
399,316	9,761,387	9,414,235	33,910,211	31,055,972	2,854,239
22,931	105,992	1,570,986	1,944,411	1,716,940	227,471
59,037	77,130	3,958,719	6,167,319	5,264,361	902,958
-	4,689	263,111	345,290	207,620	137,670
32,878	159,136	1,251,258	6,014,882	6,926,301	(911,419)
6,973	120	25,516	5,992,144	5,931,217	60,927
41,270	956,256	426,604	5,156,307	5,039,792	116,515
163,089	1,303,323	7,496,194	25,620,353	25,086,231	534,122
277,459	174,155	-	11,448,531	8,722,246	2,726,285
368,986	-	-	1,029,652	881,434	148,218
24,441	55,691	11,973	607,120	491,983	115,137
25,515	38,819	1,020	1,226,316	981,291	245,025
631	34,127	39,574	117,689	176,682	(58,993)
111,382	118	-	1,385,839	581,749	804,090
6,240	167,379	36,248	814,094	990,992	(176,898)
537,195	296,134	88,815	5,180,710	4,104,131	1,076,579
11,595	8,558	662	91,481	153,030	(61,549)
77,852	4,705	-	439,769	480,152	(40,383)
75,044	197,961	41,777	2,212,984	2,139,723	73,261
4,153	14,528	1,072	152,102	152,713	(611)
4,178	6,779	3,255	156,550	270,840	(114,290)
172,822	232,531	46,766	3,052,886	3,196,458	(143,572)
78,961	175,491	48,219	1,294,823	1,232,002	62,821
-	450	74,162	96,391	60,238	36,153
-	41,387	360,170	405,840	76,760	329,080
78,961	217,328	482,551	1,797,054	1,369,000	428,054
1,628,842	11,984,858	17,528,561	81,009,745	73,534,038	7,475,707
2,856,280	352,771	1,647,996	92,196,205	94,074,607	(1,878,402)
\$ 4,485,122	\$ 12,337,629	\$ 19,176,557	\$ 173,205,950		
\$ 5,643,548	\$ 11,905,515	\$ 16,908,984		\$ 167,608,645	
\$ (1,158,426)	\$ 432,114	\$ 2,267,573			\$ 5,597,305

Indianapolis Airport Authority

Schedule of Operating Expenses Year Ended December 31, 2017 (With Comparative Totals for 2016)

	Airfield	Terminal Complex	Parking	Rented Buildings and Other	Indianapolis Maintenance Center (IMC)
Personal Services					
Salaries and wages	\$ 2,236,662	\$ 4,170,126	\$ 2,975,845	\$ 234,101	\$ 318,575
Employee insurance	540,640	1,180,874	678,205	49,905	51,654
Retirement and social security	216,891	379,671	249,695	20,452	34,853
	<u>2,994,193</u>	<u>5,730,671</u>	<u>3,903,745</u>	<u>304,458</u>	<u>405,082</u>
Contractual Services					
Transportation and communication	106,860	49,494	23,553	10,865	30,719
Professional fees	558,594	300,793	47,066	582,858	56,665
Printing and advertising	295	5,279	51,132	38,784	58
Repairs and maintenance	730,881	2,543,586	765,905	417,638	542,915
Facilities maintenance and security	39,495	2,840,300	97,852	21,009	2,925,856
Other contractual services	231,790	749,274	1,457,580	390,238	139,054
	<u>1,667,915</u>	<u>6,488,726</u>	<u>2,443,088</u>	<u>1,461,392</u>	<u>3,695,267</u>
Utilities	<u>1,376,313</u>	<u>3,364,688</u>	<u>510,940</u>	<u>346,404</u>	<u>2,687,836</u>
Supplies					
Fuel	222,020	-	278,652	-	58,477
Garage and motor	264,301	22,136	110,056	-	1,541
Institutional and medical	140,309	504,122	246,790	7,999	37,135
Office supplies	11,071	7,067	12,470	6,052	578
Snow and ice chemicals	438,457	9,342	97,873	1,600	18,220
Other	86,643	274,246	186,751	-	108,397
	<u>1,162,801</u>	<u>816,913</u>	<u>932,592</u>	<u>15,651</u>	<u>224,348</u>
Materials					
Building	31,930	94,495	43,519	407	(54,012)
Pavement and grounds	395,613	1,506	29,488	-	-
Repair parts	1,028,111	309,824	314,391	3,533	1,481
Small equipment and tools	83,218	30,626	4,744	-	468
Other	133,808	33,620	28,337	53	37,355
	<u>1,672,680</u>	<u>470,071</u>	<u>420,479</u>	<u>3,993</u>	<u>(14,708)</u>
General					
Insurance	207,811	371,265	173,236	4,189	124,347
Equipment rental	-	-	-	-	7,807
Other (including bad debts)	2,647	-	678	948	275
	<u>210,458</u>	<u>371,265</u>	<u>173,914</u>	<u>5,137</u>	<u>132,429</u>
Subtotal	<u>9,084,360</u>	<u>17,242,334</u>	<u>8,384,758</u>	<u>2,137,035</u>	<u>7,130,254</u>
Depreciation	<u>28,248,643</u>	<u>21,793,487</u>	<u>4,209,588</u>	<u>19,954,619</u>	<u>14,965,520</u>
Total	<u>\$ 37,333,003</u>	<u>\$ 39,035,821</u>	<u>\$ 12,594,346</u>	<u>\$ 22,091,654</u>	<u>\$ 22,095,774</u>
Year Ended December 31, 2016	<u>\$ 36,976,016</u>	<u>\$ 37,050,170</u>	<u>\$ 11,904,595</u>	<u>\$ 22,750,221</u>	<u>\$ 22,503,066</u>
Increase (Decrease)	<u>\$ 356,987</u>	<u>\$ 1,985,651</u>	<u>\$ 689,751</u>	<u>\$ (658,567)</u>	<u>\$ (407,292)</u>

2017				Year Ended	
Reliever Airports	Public Safety	Administration	Total	December 31, 2016	Increase (Decrease)
\$ 279,089	\$ 6,535,982	\$ 6,594,304	\$ 23,344,684	\$ 21,506,591	\$ 1,838,093
39,894	1,531,442	1,143,822	5,216,436	4,424,897	791,539
31,571	923,631	638,088	2,494,852	2,312,634	182,218
<u>350,554</u>	<u>8,991,055</u>	<u>8,376,214</u>	<u>31,055,972</u>	<u>28,244,122</u>	<u>2,811,850</u>
20,184	113,877	1,361,388	1,716,940	1,414,327	302,613
362,970	86,930	3,268,485	5,264,361	4,785,433	478,928
-	3,900	108,172	207,620	221,097	(13,477)
328,237	265,748	1,331,391	6,926,301	5,979,114	947,187
5,520	600	585	5,931,217	5,561,395	369,822
766,671	925,117	380,068	5,039,792	4,057,057	982,735
<u>1,483,582</u>	<u>1,396,172</u>	<u>6,450,089</u>	<u>25,086,231</u>	<u>22,018,423</u>	<u>3,067,808</u>
260,661	175,404	-	8,722,246	9,242,901	(520,655)
322,285	-	-	881,434	811,102	70,332
31,976	52,866	9,107	491,983	292,673	199,310
13,021	31,144	771	981,291	639,487	341,804
489	79,042	59,913	176,682	156,855	19,827
16,257	-	-	581,749	827,488	(245,739)
10,283	226,918	97,754	990,992	615,723	375,269
<u>394,311</u>	<u>389,970</u>	<u>167,545</u>	<u>4,104,131</u>	<u>3,343,328</u>	<u>760,803</u>
11,022	25,268	401	153,030	(26,789)	179,819
53,044	501	-	480,152	463,884	16,268
54,366	342,025	85,992	2,139,723	2,032,532	107,191
7,035	20,121	6,501	152,713	154,723	(2,010)
2,064	29,978	5,625	270,840	167,778	103,062
<u>127,531</u>	<u>417,893</u>	<u>98,519</u>	<u>3,196,458</u>	<u>2,792,128</u>	<u>404,330</u>
70,075	170,988	110,091	1,232,002	1,296,305	(64,303)
-	278	52,153	60,238	66,179	(5,941)
-	26,940	45,272	76,760	216,387	(139,627)
<u>70,075</u>	<u>198,206</u>	<u>207,516</u>	<u>1,369,000</u>	<u>1,578,871</u>	<u>(209,871)</u>
2,686,714	11,568,700	15,299,883	73,534,038	67,219,773	6,314,265
<u>2,956,834</u>	<u>336,815</u>	<u>1,609,101</u>	<u>94,074,607</u>	<u>93,817,692</u>	<u>256,915</u>
<u>\$ 5,643,548</u>	<u>\$ 11,905,515</u>	<u>\$ 16,908,984</u>	<u>\$ 167,608,645</u>		
\$ 4,213,466	\$ 10,786,190	\$ 14,853,720		<u>\$ 161,037,465</u>	
\$ 1,430,082	\$ 1,119,325	\$ 2,055,264			<u>\$ 6,571,180</u>

Indianapolis Airport Authority

Schedule of Bond Debt Service Requirements to Maturity

December 31, 2018

	2018A Subordinate Securities		2016A-1 Revenue Bonds		2016A-2 Revenue Bonds		2015A Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ -	\$ 1,492,183	\$ 16,070,000	\$ 5,864,800	\$ 3,170,000	\$ 436,143	\$ -	\$ 8,649,600
2020	-	1,492,183	16,885,000	5,040,925	3,230,000	378,078	-	8,649,600
2021	-	1,492,183	17,745,000	4,175,175	3,295,000	309,525	-	8,649,600
2022	-	1,492,183	18,645,000	3,265,425	3,370,000	232,243	-	8,649,600
2023	45,840,000	241,201	13,490,000	2,462,050	2,260,000	162,678	6,770,000	8,480,350
2024	-	-	2,775,000	2,055,425	85,000	132,381	12,240,000	8,066,300
2025	-	-	2,910,000	1,913,300	90,000	129,585	16,250,000	7,496,500
2026	-	-	3,055,000	1,764,175	95,000	126,630	16,925,000	6,748,375
2027	-	-	3,210,000	1,607,550	95,000	123,595	17,800,000	5,880,250
2028	-	-	2,145,000	1,473,675	-	122,077	18,720,000	4,967,250
2029	-	-	2,255,000	1,363,675	-	122,077	16,215,000	4,093,875
2030	-	-	2,365,000	1,248,175	-	122,077	17,055,000	3,262,125
2031	-	-	2,485,000	1,126,925	-	122,077	17,955,000	2,386,875
2032	-	-	2,610,000	1,012,600	-	122,077	18,885,000	1,465,875
2033	-	-	2,715,000	906,100	-	122,077	19,875,000	496,875
2034	-	-	2,820,000	795,400	-	122,077	-	-
2035	-	-	18,475,000	369,500	1,520,000	92,483	-	-
2036	-	-	-	-	1,615,000	31,441	-	-
2037	-	-	-	-	-	-	-	-
	<u>\$ 45,840,000</u>	<u>\$ 6,209,933</u>	<u>\$ 130,655,000</u>	<u>\$ 36,444,875</u>	<u>\$ 18,825,000</u>	<u>\$ 3,009,321</u>	<u>\$ 178,690,000</u>	<u>\$ 87,943,050</u>

¹ The 2010C Revenue Bonds bear interest at a variable rate. See Note 5 to the financial statements.

2014A Revenue Bonds		2012A Revenue Bonds		2010C Revenue Bonds ¹		2010A Revenue Bonds		Total Debt
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Service
\$ -	\$ 8,021,750	\$ 5,370,000	\$ 41,600	\$ 5,710,000	\$ 7,721,508	\$ 725,000	\$ 962,063	\$ 64,234,647
6,205,000	7,866,625	-	-	6,000,000	7,869,009	755,000	932,463	65,303,883
6,515,000	7,548,625	-	-	6,305,000	8,145,155	785,000	901,663	65,866,926
6,840,000	7,214,750	-	-	6,630,000	8,298,892	815,000	869,153	66,322,246
7,185,000	6,864,125	-	-	6,965,000	8,529,401	850,000	834,281	110,934,086
11,070,000	6,407,750	-	-	18,965,000	8,024,162	885,000	797,413	71,503,431
8,130,000	5,927,750	-	-	19,980,000	7,423,220	925,000	758,372	71,933,727
8,535,000	5,511,125	-	-	21,050,000	6,790,114	965,000	716,425	72,281,844
8,965,000	5,073,625	-	-	22,180,000	6,123,023	1,005,000	672,100	72,735,143
9,415,000	4,614,125	-	-	23,365,000	5,420,269	1,050,000	624,550	71,916,946
13,375,000	4,044,375	-	-	24,610,000	4,680,085	1,100,000	573,488	72,432,575
14,045,000	3,358,875	-	-	25,930,000	3,900,228	1,155,000	519,931	72,961,411
14,750,000	2,639,000	-	-	27,310,000	3,078,852	1,210,000	462,250	73,525,979
15,485,000	1,883,125	-	-	28,775,000	2,213,454	1,270,000	400,250	74,122,381
16,260,000	1,089,500	-	-	30,315,000	1,301,751	1,335,000	335,125	74,751,428
17,075,000	341,500	-	-	12,035,000	890,121	1,400,000	266,750	35,745,848
-	-	-	-	12,650,000	507,177	1,470,000	195,000	35,279,160
-	-	-	-	13,295,000	104,694	1,545,000	119,625	16,710,760
-	-	-	-	2,530,000	5,918	1,620,000	40,500	4,196,418
<u>\$ 163,850,000</u>	<u>\$ 78,406,625</u>	<u>\$ 5,370,000</u>	<u>\$ 41,600</u>	<u>\$ 314,600,000</u>	<u>\$ 91,027,033</u>	<u>\$ 20,865,000</u>	<u>\$ 10,981,402</u>	<u>\$ 1,192,758,839</u>

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APPENDIX B

FORM OF BOND COUNSEL OPINION

December 5, 2019

The Indianapolis Local Public Improvement Bond Bank
Indianapolis, Indiana

Re: The Indianapolis Local Public Improvement Bond Bank
Bonds, Series 2019I (Indianapolis Airport Authority Project) (Non-AMT)
Total Issue: \$67,595,000
Dated: December 5, 2019

Ladies and Gentlemen:

We have acted as Bond counsel in connection with the issuance by The Indianapolis Local Public Improvement Bond Bank (the “Issuer”) of \$51,595,000 of its Bonds, Series 2019I-1 (Indianapolis Airport Authority Project) (Non-AMT), dated December 5, 2019 (the “2019I-1 Bonds”) and \$16,000,000 of its Bonds, Series 2019I-2 (Indianapolis Airport Authority Project) (Non-AMT), dated December 5, 2019, (the “2019I-2 Bonds,” collectively with the 2019I-1 Bonds, known as the “2019I Bonds”) pursuant to a Trust Indenture, dated as of November 1, 2019 (the “Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee. We have examined the law and the certified transcript of proceedings that the Issuer had relative to the authorization, issuance and sale of the 2019I Bonds and such other papers as we deem necessary to render this opinion. We have relied upon the certified transcript of proceedings and certificates of public officials and have not undertaken to verify any facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, as follows:

1. The 2019I Bonds are the valid and binding limited obligations of the Issuer enforceable in accordance with the terms and provisions thereof, and together with any additional bonds on a parity therewith hereafter issued, will be secured by a pledge of and payable solely from the Trust Estate (as defined in the Indenture), which includes payments received on the Indianapolis Airport Authority Revenue Bonds, Series 2019C of the Indianapolis Airport Authority (the “Authority”).
2. The Indenture constitutes the valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. Under statutes, decisions, regulations and rulings existing on this date, interest on the 2019I Bonds is exempt from income taxation in the State of Indiana (“State”). This opinion relates only to the exemption of interest on the Bonds from State income taxes.
4. Under federal statutes, decisions, regulations and rulings existing on this date, interest on the 2019I Bonds is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (“Code”). Under Section 147(a) of the Code, the interest on any 2019I-2 Bond will not be exempt from taxation during the time such 2019I-2 Bond is held by a person who is a “substantial user” of the facilities financed by the 2019I-2 Bonds or a “related person” thereto within the meaning of Section 147(a) of the Code and the regulations promulgated pursuant thereto. The interest on the 2019I Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code. The opinions in this paragraph 4 relate only to the excludability from gross income of interest on the 2019I Bonds for federal income tax purposes under Section 103 of the Code and are conditioned on continuing compliance with tax representations and covenants made in the Indenture, in the General Ordinance No. 5-2019 adopted on October 18, 2019, by the Authority, and in certificates of the Issuer and the Authority (collectively, “Tax

Representations”). Failure to comply with the Tax Representations could cause interest on the Bonds to lose the excludability from gross income for federal income tax purposes retroactive to their date of issue.

It is to be understood that the rights of the owners of the 2019I Bonds and the enforceability thereof and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is to be understood that the rights of the owners of the 2019I Bonds and the enforceability thereof and of the Indenture may be subject to the valid exercise of the constitutional powers of the Authority, the City of Indianapolis, the State of Indiana and the United States of America.

Very truly yours,

APPENDIX C

LETTER REPORT OF THE AIRPORT CONSULTANT

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4445 Lake Forest Drive
Suite 700
Cincinnati, OH 45242
USA
T +1 513 530 5333
F +1 513 530 1278
landrum-brown.com

November 12, 2019

Mr. Mario Rodriguez
Executive Director
Indianapolis Airport Authority
7800 Col. H. Weir Cook Memorial Drive
Indianapolis, Indiana 46241

RE: Letter Report of the Airport Consultant, The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2019I (Non-AMT) (Indianapolis Airport Authority Project)

Dear Mr. Rodriguez,

Landrum & Brown, Incorporated (L&B), in association with Airmac LLC, is pleased to submit this Letter Report of the Airport Consultant (herein referred to as this Series 2019C Letter) for the proposed issuance of The Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2019I (Non-AMT) (Indianapolis Airport Authority Project), referred to as the 2019I Bond Bank Bonds. This letter has been prepared for the Indianapolis Airport Authority (Authority) to support the planned issuance of the 2019I Bond Bank Bonds, and is intended to be included in the Preliminary and final Official Statement (Official Statement) for the 2019I Bond Bank Bonds as Appendix C, Letter Report of the Airport Consultant. All capitalized terms in this Series 2019C Letter are used as defined in the Official Statement, Consolidated and Restated Master Bond Ordinance, and the Supplemental Ordinance relating to the 2019I Bond Bank Bonds and the Series 2019C Bonds of the Authority, except as otherwise defined herein.

L&B, in association with Airmac LLC, prepared the Letter Report of the Airport Consultant dated August 5, 2019 and it was included as Appendix C in the Official Statement for The Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2019D (AMT) (Indianapolis Authority Project). That letter report is referred to herein as the "Series 2019B Letter." The Series 2019B Letter concluded that based upon the Authority's approach and assumptions as described in the Series 2019B Letter, Net Revenues in each year during the 2019 to 2024 forecast period will be sufficient to satisfy the Authority's Rate Covenant in the Authority Bond Ordinance and at the same time to maintain reasonable levels of passenger airline cost per enplaned passenger and landing fees. Given the Series 2019B Letter was prepared relatively recently, this Series 2019C Letter restates and confirms that the assumptions and findings contained in the Series 2019B Letter are still materially valid at this time in regards to generating Net Revenues in each year during the 2019 to 2024 forecast period that will be sufficient to satisfy the Authority's Rate Covenant and maintain reasonable levels of passenger airline cost per enplaned passenger and landing fees. This Series 2019C Letter also provides updated forecasts, as described herein, based on recent trends, data, and information related to the Authority since the Series 2019B Letter.

The Authority and the Airport System

The Authority is a municipal corporation, separate from the City of Indianapolis (City) and Marion County (County), and is authorized to own and operate public airports. The Authority is governed by the Authority Board, which is its executive



and legislative body. The Authority Board consists of eleven members, each of whom is appointed for a term of four years and serves until a successor is appointed.

In 1962, the City, the Mayor of the City and the County Council created the Authority pursuant to the Authority Act as a municipal corporation, separate from the City and the County. The Authority Act authorizes the Authority to own and operate public airports. The Authority is empowered to do all things necessary or reasonably incident to carrying out the purposes of the Authority Act, including the power to (i) acquire, establish, construct, improve, equip, maintain, control, lease and regulate municipal airports, landing fields and other air navigation facilities, either inside or outside the County; (ii) manage and operate airports, landing fields and other air navigation facilities acquired or maintained by the Authority; (iii) adopt a schedule of reasonable charges to and collect them from all users of facilities and services within the County; (iv) lease all or any part of an airport, a landing field or any buildings or other structures, and fix, charge and collect rentals, tolls, fees, and charges to be paid for the use of the whole or a part of the airports, landing fields or other air navigation facilities by aircraft landing there and for the servicing of the aircraft; (v) make rules and regulations, consistent with laws regarding air commerce, for management and control of its airports, landing fields, air navigation facilities and other property under its control; and (vi) incur indebtedness in accordance with the Authority Act.

The Authority operates the Indianapolis International Airport (Airport), the Downtown Heliport and four general aviation facilities (General Aviation Airports): Eagle Creek Airpark, Metropolitan Airport, Hendricks County Airport (Gordon Graham Field) and Indianapolis Regional Airport (the six locations collectively referred to as the Airport System). The General Aviation Airports are located in and around the Indianapolis metropolitan area. Eagle Creek Airpark, Metropolitan Airport, Hendricks County Airport (Gordon Graham Field), and Indianapolis Regional Airport are classified as reliever airports and are part of an airport system plan for the Indianapolis area. The reliever airports are designed to reduce congestion at the Airport and have been developed by the Authority in accordance with the metropolitan airport system plan. Indianapolis Regional Airport has a full instrument landing system and Eagle Creek Airpark has a partial instrument landing system.

The Airport, the largest part of the Airport System, is the principal air carrier airport serving Indianapolis and central Indiana. It primarily serves origin and destination (O&D) passenger traffic or passengers beginning or ending their trip at the Airport. For 2018, approximately 96% of the Airport's passengers were O&D.¹ According to Airports Council International—North America (ACI-NA), the Airport was the 46th largest airport in the United States in 2018, in terms of total passengers. The Airport is located seven miles west of downtown Indianapolis in Marion and Hendricks counties, Indiana, and encompasses approximately 6,200 acres. The Airport proper (the area inside and outside the perimeter fence) is approximately 5,100 acres of the total 6,200 Airport property acreage. The Airport first opened in 1931 as Indianapolis Municipal Airport. In 1976, the Authority changed the name of the Airport to Indianapolis International Airport. Since 2010, the Airport has been named the best airport in North America by Airports Council International (ACI) as part of ACI's annual Airport Service Quality Awards for performance excellence in eight of the last nine years.

The Airport also serves as a major cargo hub for FedEx, and according to ACI-NA, was the 9th largest in the United States in 2018 in terms of total air cargo tonnage. FedEx began operations at the Airport in June 1988, and has expanded its Indianapolis operations to become the second largest airport hub worldwide for all of FedEx. The largest facility for FedEx at the Airport is the package sorting complex located on the south side of the Airport, which includes a sortation facility, a fuel storage facility and aircraft parking apron capable of accommodating up to 63 aircraft. In October 2018, FedEx announced a seven-year \$1.5 billion expansion to its facility to increase package-handling capacity, causing an increase in its leasehold commitment from 319 acres (13.9 million square feet) to 482 acres. The expansion adds 29 new aircraft gate positions to accommodate a total of 92 aircraft. The FedEx construction timeline indicates completion of the 29 aircraft positions by 2021 with full year utilization in 2022.

¹ U.S. DOT O&D Segment Report from the Authority, accessed July 2019.



Prior to FedEx's recent expansion announcement, the Authority's stormwater and deicing system was near capacity and not able to meet demands of anticipated increased aircraft operations. As a result, the Authority initiated efforts to expand and modify the existing stormwater and deicing control facilities to meet the increased demand on the system from FedEx and others. This expansion project modifies the existing Seerley Creek Basins and constructs a new West Basin and Hanna Facilities. The overall estimated cost of the project is \$120.8 million. Expenditures to date were financed from the Subordinate Bond Bank Notes, Series 2018A; Series 2019A SRF Bonds; and Series 2019D SRF Bonds. In addition to other items described below, the Series 2019C Bonds are planned to refund a portion of the Subordinate Bond Bank Notes, Series 2018A.

Overview of Refinancing Plan

The Indianapolis Local Public Improvement Bond Bank (Bond Bank) is a body corporate and politic separate from the City. The Bond Bank was created by the Bond Bank Act for the purpose of buying and selling securities of certain qualified entities, including the City, the County, all special taxing districts of the City, all entities whose tax levies are subject to review and modification by the Council and certain authorities or entities that lease land or facilities to other qualified entities, to help the qualified entities lower their respective borrowing costs by having the Bond Bank purchase their debt obligations at interest rates favorable to the qualified entities. The Authority is a qualified entity under the Bond Bank Act. To accomplish its purpose, the Bond Bank may issue bonds or notes. The Bond Bank also has general powers which include the power to enter into, make and perform contracts of every lawful kind to accomplish its purpose. The Bond Bank has no taxing power. Additional information on the Bond Bank is contained in the Official Statement (see "Security and Sources of Payment for the 2019I Bond Bank Bonds").

The 2019I Bond Bank Bonds will be issued as senior bonds by the Bond Bank pursuant to the Bond Bank Indenture for the principal purpose of providing funds, together with certain other funds of the Authority, to: (a) pay and redeem the Authority's Airport Revenue Bonds, Series 2010A; (b) refund all outstanding The Indianapolis Local Public Improvement Bond Bank Subordinate Bond Bank Notes, Series 2018A (Indianapolis Airport Authority Project); (c) pay interest on the 2019I-1 Bond Bank Bonds through January 1, 2020; and (d) pay the costs of issuance related to the 2019I Bond Bank Bonds and the Series 2019C Bonds of the Authority (Series 2019C Bonds described herein).

The 2018A Subordinate Securities currently held by the Bond Bank are secured by and payable from a pledge of the Net Revenues of the Airport System subordinate in priority to all Outstanding Airport Revenue Bonds.

Upon issuance, the Series 2019C Bonds shall be secured by an account hereafter named the 15/19C Reserve Account (the "2019C Reserve Account") of the Authority's Revenue Bond Reserve Fund.

The remaining sections of this Series 2019C Letter describe the financial structure of the Authority, key financial assumptions received from the Authority, airline revenue forecasts, and net cash flow and debt service coverage forecasts, which demonstrate the ability of the Authority to satisfy its Rate Covenant obligations upon the issuance of the Series 2019C Bonds and other planned debt service over the forecast period of 2019 through 2024.

Financial Structure of the Authority

This section of the Series 2019C Letter discusses the financial structure of the Authority, including an overview of the Airport System Cost Centers, certain obligations of the Authority Bond Ordinance (defined herein), and certain provisions contained in the recently executed Agreement and Lease of Premises at the Airport (Airline Agreement).

Airport System Cost Centers

Expenditures and Revenues of the Authority are categorized into Airport System Cost Centers. Airport System Cost Centers include those areas or functional activities of the Airport System used for the purposes of accounting for Revenues, Operation and Maintenance (O&M) Expenses, debt service, and required fund deposits. The Authority's accounting structure has been continuously reviewed by the Authority to assess the appropriateness of the cost center



structure in which to categorize all Revenues, O&M Expenses, and debt service, and for the basis of developing airline rates and charges. To summarize, the Authority has the following Airport System Cost Centers:

- **Airfield Area.** The Airfield Area includes those areas of the Airport that provide for the landing, takeoff, and taxiing of aircraft, the approach and runway protection zones, infield areas and navigational aids.
- **Apron Area.** The Apron Area includes those areas of the Airport that provide for the parking, loading, unloading, and servicing of passenger aircraft.
- **Terminal.** Terminal includes the passenger terminal serving the airlines, including associated concourses as presently exist or as may be modified in the future.
- **Public Roadways.** Public Roadways include those areas of the Airport that provide for public roadway access. O&M Expenses of the Public Roadways are allocated to the Airfield Area, Apron Area, and All Other Areas based on the pro-rata share of direct Operating Expenses of each.²
- **All Other Areas.** All Other Areas includes those areas of the Airport not included as part of the Airfield Area, Apron Area, Terminal, or Public Roadways, or more specifically as follows:
 - **Parking Area.** The Parking Area includes the access roads and parking areas surrounding the Terminal as now exist or as may be hereafter modified.
 - **Rented Buildings and Other Areas.** Rented Buildings and Other Areas includes all other areas at the Airport not described in the Airfield Area, Terminal, and Parking Area cost centers, and shall include the facilities, installations, and improvements that exist now or as may be modified in the future.
 - **Reliever Airports.** Reliever Airports includes the system of General Aviation Airports owned or operated by the Authority.

Authority Bond Ordinance

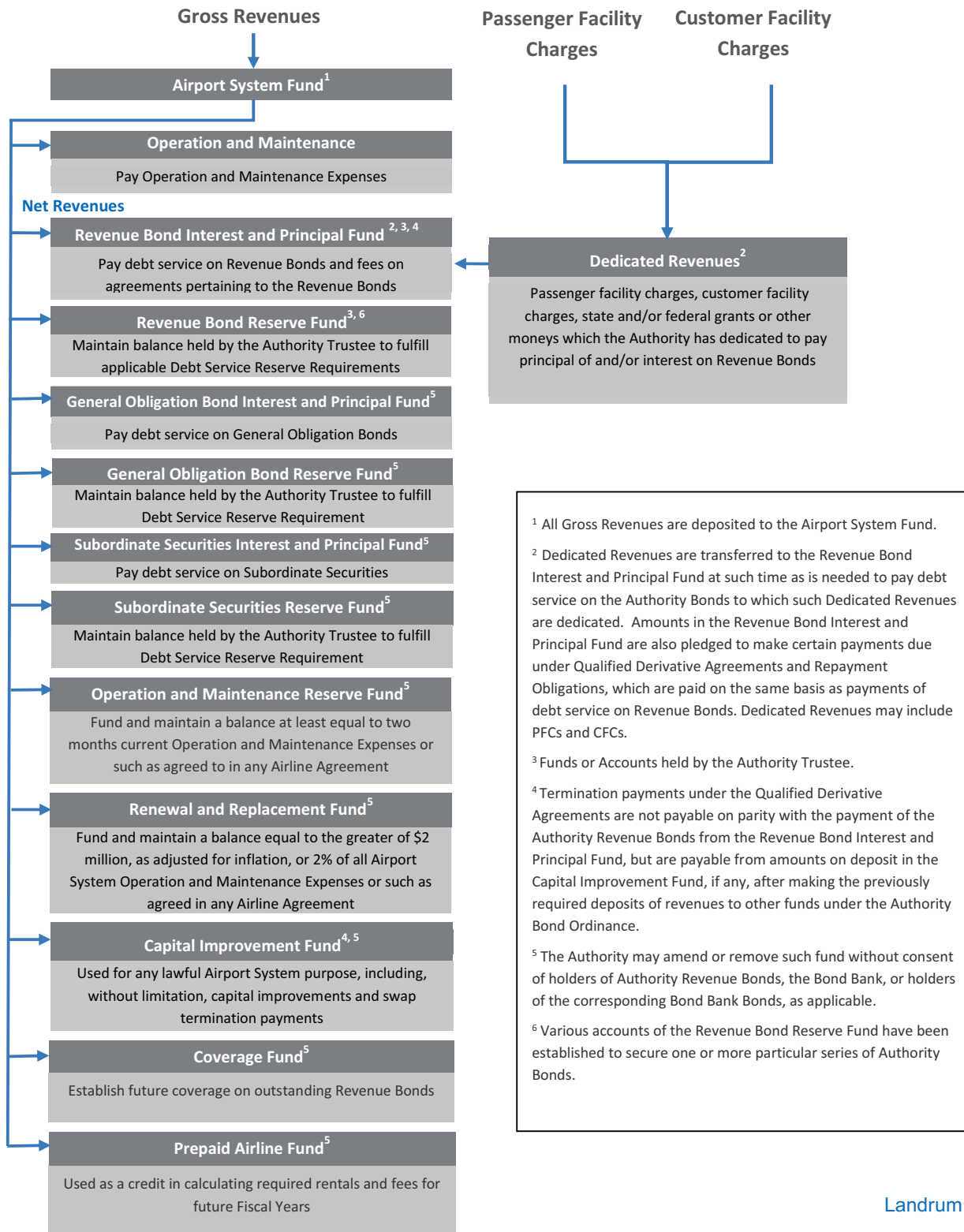
The Authority's General Ordinance No. 4-2002, adopted on December 20, 2002 (the 2002 Authority Master Ordinance, which amended and restated General Ordinance No. 6-1985 adopted on November 4, 1985) has subsequently been supplemented and amended from time to time. The Authority consolidated and restated the 2002 Authority Ordinance and its subsequent amendments in the Authority's General Ordinance No. 5-2014, adopted August 15, 2014 (the Authority Master Ordinance), and the Authority subsequently adopted General Ordinance No. 5-2019 (the 2019 Authority Supplemental Ordinance) in connection with the Series 2019C Bonds (collectively, the Authority Bond Ordinance). The Series 2019C Bonds are to be issued under and secured by the Authority Bond Ordinance. The following sections of this Series 2019C Letter describe key provisions associated with the Authority Bond Ordinance, including: flow of funds, rate covenant, and Additional Bonds.

Flow of Funds

Sections 4.04 and 4.05 of the Authority Master Ordinance establish certain funds and accounts and the priority for the flow of Revenues and certain other amounts to such funds and accounts. **Figure 1** illustrates the flow of funds as set forth in the Authority Bond Ordinance. Additional information on these funds is contained in the Official Statement for the 2019 Bond Bank Bonds (see "Security and Sources of Payment for the 2019C Authority Bonds").

² For Public Roadways allocation purposes to All Other Areas, Operating Expenses for IMC are not included.

Figure 1 Flow of Funds under the Authority Bond Ordinance





Rate Covenant

The Authority Bond Ordinance establishes a covenant of the Authority that it will at all times fix, charge, impose and collect rentals, rates, fees and other charges for the use of the Airport System sufficient to provide Net Revenues, together with moneys on deposit in the Coverage Fund, for each Fiscal Year equal to the larger of (i) all amounts required to be deposited in such Fiscal Year into the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund; or (ii) an amount equal to not less than 125% of the annual principal and interest due for all Authority Revenue Bonds for such Fiscal Year (Rate Covenant). For the purpose of complying with the Rate Covenant, the Authority will: (a) include within Net Revenues in any Fiscal Year amounts transferred or credited from the Prepaid Airline Fund pursuant to the Authority Bond Ordinance; (b) exclude from interest due on Authority Revenue Bonds any interest paid from moneys in the Capitalized Interest Account; (c) include in such calculation moneys in the Coverage Fund; and (d) exclude from the calculation, debt service excluded from the Debt Service Requirement by reason of the dedication of Dedicated Revenues for payment of such debt service.

Additional Authority Bonds

The Authority Bond Ordinance provides that the Authority may issue, for any lawful Airport System purpose, one or more series of additional revenue bonds (Additional Authority Bonds), payable from and secured by a senior lien on Net Revenues on parity with the Authority Revenue Bonds, except with respect to the Revenue Bond Reserve Fund, upon satisfaction of the following conditions:

- a) No Default. An Authorized Airport Representative must certify that, upon the issuance of such series of Additional Authority Bonds, the Authority will not be in default under any term or provision of any Authority Revenue Bonds then outstanding or any ordinance authorizing the issuance of such Authority Revenue Bonds;
- b) Proper Fund Balances. An Authorized Airport Representative must certify that, upon the issuance of such series of Additional Authority Bonds, (i) the Revenue Bond Interest and Principal Fund will contain the amounts required to be deposited therein and (ii) the account of the Revenue Bond Reserve Fund, if any, which is held for the benefit of such series of Additional Authority Bonds will contain the amounts required at such time to be on deposit therein;
- c) Historical Coverage on Outstanding Authority Revenue Bonds. An Authorized Airport Representative must certify that, either for the Authority's most recent complete Fiscal Year or for any consecutive 12 out of the most recent 18 months, Net Revenues, together with monies in the Coverage Fund, were equal to at least 125% of the Debt Service Requirement for all Authority Revenue Bonds for such period (without taking into account the Debt Service Requirement for the proposed Additional Authority Bonds);
- d) Coverage for Additional Authority Bonds. The Authority must also submit to the Authority Trustee either of the following: (i) a certification by an Authorized Airport Representative of the Authority that, for either the Authority's most recent Fiscal Year or for any consecutive 12 months out of the most recent 18 months, the Net Revenues, together with monies in the Coverage Fund, were equal to at least 125% of the Debt Service Requirement for all Outstanding Authority Revenue Bonds, including the proposed Additional Revenue Bonds in any future Fiscal Year; or (ii) a report of an airport consultant setting forth projections indicating that, based on the Authority's expectations, the estimated Net Revenues for each of three consecutive Fiscal Years beginning on the earlier of (A) the first Fiscal Year following the estimated date of completion and initial use of any of the revenue producing facilities to be financed with such series of Additional Authority Bonds, based upon a certified, written estimated completion date by the consulting engineer for such facility or facilities, or (B) the first Fiscal Year in which the Authority will have any scheduled payments of interest on or principal of the series of Additional Authority Bonds to be issued, for the payment of which provision has not been made as indicated in the report of such airport consultant from the proceeds of such series of Additional Authority Bonds, investment income thereon or other appropriated sources (other than Net Revenues) are, together with the moneys in the Coverage Fund, at least equal to 125% of the Debt Service Requirement for all Authority Revenue Bonds for such period



scheduled to occur during each such respective Fiscal Year after taking into consideration the additional Debt Service Requirement for the series of Additional Authority Bonds to be issued.

For all purposes of (c) and (d) above, (i) any principal or interest on Authority Revenue Bonds which is payable from Dedicated Revenues may be excluded from the Debt Service Requirement for such Authority Revenue Bonds; (ii) any amount transferred or credited from the Prepaid Airline Fund to the Airport System Fund is included in Net Revenues for such Fiscal Year; and (iii) any interest due on Authority Revenue Bonds that is paid from moneys in the Capitalized Interest Account is excluded from the Debt Service Requirement.

e) Bond Ordinance Requirement. The supplemental bond ordinance authorizing such series of Additional Authority Bonds must meet the applicable requirements set out in the Authority Bond Ordinance.

If the Additional Authority Bonds are being issued for the purpose of refunding all or a portion of the previously issued Authority Revenue Bonds or Subordinate Securities which remain outstanding as of the date of such issuance, none of the certifications described under subparagraph (c) and (d) above will be required so long as (for each Fiscal Year during which Authority Revenue Bonds would otherwise have been outstanding) the Debt Service Requirement for all Outstanding Authority Revenue Bonds in such Fiscal Year (after giving effect to the issuance of such Refunding Authority Bonds), will not exceed the scheduled Debt Service Requirement for all Outstanding Authority Revenue Bonds in such Fiscal Year (prior to giving effect to the issuance of such Additional Authority Bonds).

Airline Agreement

The Authority entered into a five-year Airline Agreement with the Signatory Airlines operating at the Airport effective January 1, 2019. The Airline Agreement establishes, among other things, procedures for setting and adjusting rentals, rates, fees and charges to be collected for the use of Airport facilities. The Signatory Airlines at the Airport include the following: Allegiant Air, American Airlines, Cargolux Airlines, Delta Air Lines, FedEx, Frontier Airlines, Southwest Airlines, and United Airlines. Together, the passenger Signatory Airlines and their respective regional affiliates accounted for approximately 97% of enplaned passengers at the Airport in 2018. When including the cargo Signatory Airlines with the passenger Signatory Airlines, they accounted for approximately 98% of landed weight at the Airport in 2018.

The Airline Agreement governs airline use of certain Airport facilities, including Airfield Areas, Terminal, Apron Areas, baggage claim, ticket counters and gate areas and permits the Signatory Airlines to lease Preferential Use Space and Joint Use Space. Preferential Use Space is Airport space, including holdroom areas and gates, ticket counters, and office space, leased to a Signatory Airline and to which the Signatory Airline has a higher and continuous priority of use over all other air carriers. Joint Use Space generally includes baggage claim, baggage system areas, and the security checkpoint areas, which multiple airlines use jointly.

The key provisions of the Airline Agreement are summarized in the following sections and are used as the basis for forecasting airline revenues in this Series 2019C Letter.

Airline Rate-Setting Methodology

As described earlier in this Series 2019C Letter, the Airport has been divided into distinct Airport System Cost Centers for the purposes of establishing and setting airline rates and charges. The cost centers associated with the airlines are the Airfield Area, Terminal, and Apron Area. The Authority's non-airline cost center is named All Other Areas of which certain net revenues of such cost center are distributed to the Signatory Airlines as credits to certain airline rates and charges and as further described in Revenue Sharing below.

Airline rates and charges are calculated each year for the Terminal, Apron Area, and Airfield Area cost centers at the Airport. The components of the total cost requirement for the terminal rental rate, apron area rental rate, and landing fee include the following:



- **O&M Expenses** - Includes the O&M Expenses (direct and allocated indirect) attributable to the specific airline rate-setting cost centers.
- **Net Debt Service Requirements** –Includes the prorata portion of annual Bond debt service allocable to the specific airline rate-setting cost center net of Dedicated Revenues.
- **Debt Service Coverage Requirement** – Includes the prorata portion of annual debt service and coverage, after giving effect to amounts on deposit in the Coverage Fund, as required by the Authority Bond Ordinance.
- **O&M Reserve Fund Requirement** - Includes the prorata portion of annual amounts needed to establish or maintain the O&M Reserve Fund Requirement (equivalent to two months of O&M Expenses) for the specific airline rate-setting area.
- **Other Reserve Fund Requirement** – Includes the prorata portion of annual amounts needed, if any, for required bond or reserve fund deposits allocable to the specific airline rate-setting cost center per the Authority Bond Ordinance.
- **Prepaid Airline Fund** – This fund is primarily used for annual rates and charges settlement purposes. Each airline cost center (e.g., Airfield Areas, Apron Area, and Terminal cost centers) will be credited or debited as appropriate in the following fiscal year for over/underpayment by the Signatory Airlines.

The above described requirements are offset by non-airline and/or non-signatory airline revenue amounts in the specific airline rate-setting area to calculate the Net Requirement for the Airfield Area and the Apron Area. The Terminal cost center does not have any offsets of non-airline and/or non-signatory airline revenue as described below.

Landing fees pursuant to the Airline Agreement are calculated on an Airfield Area Cost Center residual basis where the Signatory Airlines are required to ensure the total requirement of the Airfield Area Cost Center. The total requirement allocable to the Airfield Area, as described above is offset by non-airline and/or non-signatory airline revenue amounts allocable to the Airfield Area to calculate the Net Requirement. This Net Requirement is then divided by total Signatory Airline landed weight to derive the Signatory Airline Landing Fee.

Apron Area Rental Rates are also calculated on an Apron Area Cost Center residual basis in somewhat similar fashion to the Landing Fee. However, the Net Requirement of the Apron Area is divided by total apron space leased by the Signatory Airlines to derive the Apron Area Rental Rate.

Terminal Rental Rates under the Airline Agreement are calculated on a commercial compensatory basis where the Signatory Airlines pay rents for only the space they lease. The Net Requirement of the Terminal is divided by total rentable space in the Terminal to derive the Terminal Rental Rate. Thus, the Authority is responsible for the cost of rentable space not leased by the airlines and other tenants at the Airport. Unlike the Landing Fee and Apron Area Rental Rates calculations, non-airline revenue and Non-Signatory Airline revenue is not credited to the Terminal requirement for the purposes of setting Terminal Rental Rates; these revenues are included in the calculation of Revenue Sharing as described below.



Additional detail on the calculations of airline rates and charges are presented in **Exhibits E, F, and G** attached to the end of this Series 2019C Letter. Non-Signatory Airlines are charged at 150% of all applicable Signatory Airline rates and charges.

The Airline Agreement allows for the calculation of airline rates and charges each year, using budgeted aviation activity, O&M Expenses, and non-airline revenues. The Authority may also amend airline rates and charges during the current year at its discretion using the above formulas. An example for such an amendment would be if year-to-date financial results or activity varies materially from that budgeted for such year. The Airline Agreement also allows for a final adjustment of airline rates and charges after the annual audit of Authority records. Any adjustment (i.e., underpayment or overpayment of rentals, fees, and charges) to actual rates and charges resulting from the final settlement is included in the Prepaid Airline Fund for the next year as part of the calculation of budgeted airline rates and charges for such year.

Revenue Sharing

The Airline Agreement provides for the sharing of certain net remaining revenues of the All Other Areas Cost Center (Amounts Available for Revenue Sharing). These revenues generally include revenues from the All Other Areas such as automobile parking, rental cars, and non-airline revenues and Non-Signatory Airline revenues of the Terminal cost center. The Amounts Available for Revenue Sharing to the Signatory Airlines are amounts available after the Authority has met all financial obligations pursuant to the Authority Bond Ordinance and deposited at least \$24 million annually to its Capital Improvement Fund (Capital Improvement Fund Requirement). The Authority is able to deposit additional annual amounts into the Capital Improvement Fund pursuant to the Airline Agreements as follows:

- 25% of the Amounts Available for Revenue Sharing when it exceeds \$17.5 million and is less than or equal to \$18.5 million
- 37.5% of the Amounts Available for Revenue Sharing when it exceeds \$18.5 million and is less than or equal to \$19.5 million
- 50% of the Amounts Available for Revenue Sharing when it exceeds \$19.5 million

Amounts Available for Revenue Sharing are credited to the calculation of the Landing Fee and the Terminal Rental Rate at 12% of the total amounts and 88% of the total amounts, respectively. **Exhibit H** following this Series 2019 Letter presents the Authority's Revenue Sharing methodology pursuant to the Airline Agreement. Amounts Available for Revenue Sharing are expected to range from approximately \$14.1 million in 2019 to a peak of approximately \$14.8 million in 2023. As shown on Exhibit H, since the forecast Amounts Available for Revenue Sharing are below the levels described above, \$24 million is forecast to be deposited into the Capital Improvement Fund through 2024.

Signatory Airline Disapproval of Capital Improvements

The Authority and the Signatory Airlines agreed in the Airline Agreement that certain capital improvements in the Terminal or Airfield Area with a cost exceeding \$100 million are subject to a Signatory Airline disapproval process, referred to as Majority-In-Interest (MII) Concurrence. Article 8 of the Airline Agreement specifies that the Authority may finance the costs of capital improvements and may include such costs in Signatory Airline rentals, fees, and charges upon receiving MII Concurrence for such capital projects. MII Concurrence is received if Signatory Airlines constituting an MII do not disapprove of such capital improvement. An MII is defined as either (a) in the Airfield Area, Signatory Airlines which, in the aggregate, have paid more than 50% of total Landing Fees by all Signatory Airlines for the preceding six-month period for which records are available and represent more than 50% in number of all Signatory Airlines, or (b) in the Terminal, Signatory Airlines which, in the aggregate, have paid more than 50% of total Terminal Rentals by all Signatory Airlines for the preceding six-month period for which records are available and represent more than 50% in number of all Signatory Airlines.

The Authority may, at any time, undertake capital improvements for any lawful Authority purpose that are not subject to MII Concurrence from the Signatory Airlines and include the costs of such capital improvements in airline rates and charges.



Extraordinary Adjustments of Rentals, Fees, and Charges

Section 6.10 of the Airline Agreement contains a provision for the extraordinary adjustment of airline rates and charges that allows for the Authority to collect additional payments from the Signatory Airlines to satisfy the Rate Covenant set forth in the Authority Bond Ordinance if revenues and balances available in any fund under the Authority Bond Ordinance are not sufficient. Upon notice and consultation with the Signatory Airlines, the Authority may increase the rentals, fees, and charges to the Signatory Airlines at any time to such amounts sufficient to assure the Authority shall meet Rate Covenant obligations pursuant to the Authority Bond Ordinance.

Key Assumptions from the Authority

The Authority has provided various assumptions for use in the financial feasibility analysis contained in this Series 2019 Letter. It should be noted that the Authority developed these assumptions and forecasts for the purposes of financial management planning for the Airport System. In general, these are intended to reflect a conservative view of future results. The next several subsections describe the following assumptions.

- Aviation activity forecast of enplaned passengers and landed weight
- The Authority's capital improvement program (CIP)
- Terminal and apron space
- Debt service
- O&M Expenses
- Non-airline revenue
- Dedicated Revenues

Aviation Activity

Table 1 presents historical enplaned passengers and landed weight at the Airport for the period of 2013 through 2018.³ As presented, this time period has generally been a period of growth by the passenger airlines. Enplaned passengers increased from approximately 3.6 million in 2013 to approximately 4.7 million in 2018 for a compound annual growth rate (CAGR) of 5.5%. Landed weight for the passenger airlines also increased, generally, in concert with enplaned passengers at a CAGR of 5.2% for this period.

Cargo carriers landed weight at the Airport, which primarily consists of FedEx, as it operates its second largest hub at the Airport, was more volatile over this period as compared to the passenger airlines. Landed weight had years with increases and other years where landed weight decreased. Overall, cargo airline landed weight was generally flat from 2013 to 2018 at approximately 5.3 billion pounds. As a result, the percentage of cargo airline landed weight to total landed weight at the Airport decreased from approximately 55% in 2013 to approximately 49% in 2018. Given the above described trends in both passenger airline landed weight and cargo airline landed weight, total landed weight at the Airport increased from approximately 9.6 billion pounds in 2013 to approximately 10.8 billion pounds in 2018 for a CAGR of 2.5%.

Table 1 also presents 2019 year-to-date aviation activity at the Airport as compared to the same period in 2018. Data presented is through September 2019, which is the latest data available. Year-to-date enplaned passengers are up 1.4% in 2019 as compared to 2018. Total landed weight at the Airport for year-to-date 2019 is 0.5% lower than 2018. As shown on the table, landed weight for cargo airlines has increased for this period (up 0.9%). While enplaned passengers have increased year-over-year, landed weight for passenger airlines has decreased by 1.7%. This trend generally indicates that passenger airline aircraft are experiencing higher load factors at the Airport (i.e., airplanes on average have more passengers per flight than the prior year).

³ The Authority's Fiscal Year is the 12-month period ending December 31. Since the Authority's Fiscal Year is consistent with a calendar year, the Series 2019 Letter identifies years without reference to a Fiscal Year.



Table 1 Historical Aviation Activity at the Airport

Fiscal Year	Enplaned Passengers	% Change	Passenger Airline Landed Weight (1,000-lbs)	% Change	Cargo Airline Landed Weight (1,000-lbs)	% Change	Total Landed Weight (1,000-lbs)	% Change
2013	3,598,718	--	4,274,786	--	5,275,642	--	9,550,428	--
2014	3,686,245	2.4%	4,280,224	0.1%	5,356,686	1.4%	9,636,910	0.9%
2015	4,008,256	8.7%	4,676,484	9.3%	5,335,588	(0.4%)	10,012,072	3.9%
2016	4,239,828	5.8%	5,088,062	8.8%	5,334,670	0.0%	10,422,732	4.1%
2017	4,387,532	3.5%	5,150,053	1.2%	5,139,115	(3.7%)	10,289,168	(1.3%)
2018	4,695,040	7.0%	5,496,460	6.7%	5,282,874	2.8%	10,779,334	4.8%
CAGR ¹								
2013-2018	5.5%		5.2%		0.0%		2.5%	
Year-to-Date								
YTD 18 ²	3,492,502	--	4,124,181	--	3,713,310	--	7,837,491	--
YTD 19 ³	3,543,027	1.4%	4,054,030	(1.7%)	3,745,830	0.9%	7,799,860	(0.5%)

Note: Amounts may not add because of rounding.

¹ CAGR = Compound annual growth rate

²Year-to-date data is through September 2018

³Year-to-date data is through September 2019

Source: Authority records, October 2019

Compiled by L&B

Figure 2 presents enplaned passengers from the Authority for actual 2018 and forecast enplaned passengers for the period of 2019 through 2024. For the purposes of this financial analysis, the Authority's forecast of enplaned passengers at the Airport has been developed for financial management purposes and is generally considered conservative as described below. As shown on Figure 2, enplaned passengers for 2019 are forecast to increase by 1.1% from 2018 levels to approximately 4.75 million. The primary reason for this assumed increase in enplaned passengers for 2019 is related to the enplaned passengers being up year-over-year by 1.4% through September 2019 and the Authority's review of future seat capacity over the remaining months for 2019.

The Authority's enplaned passenger forecast in the prior Series 2019B Letter presented a reduction of enplaned passengers by 2.0% for 2019 primarily based on expectations related to the reduction of seat capacity by Southwest Airlines at the Airport; however, actual activity has exceeded that forecast. Southwest is the largest airline at the Airport representing about 31% of the enplaned passengers in 2018. A major reason for this reduction in seat capacity appears to be related to the temporary grounding of the Boeing 737 MAX 8 (737 MAX 8) aircraft per the Federal Aviation Administration's (FAA's) order on March 13, 2019. While the return to service of this aircraft is still uncertain at this time,



Southwest is currently planning to continue to remove the aircraft from its schedule through February 8, 2020.⁴ Southwest began operating the 737 MAX 8 aircraft throughout its network in October 2017, and as of June 30, 2019, it comprised approximately 4.5% of Southwest's aircraft fleet.⁵ Southwest began operating the 737 MAX 8 at the Airport in November 2017 with three scheduled departures that month. By March of 2019, it had 49 737 MAX 8 scheduled departures. As of November 2019, Southwest's scheduled departing seat capacity at the Airport has been reduced by approximately 5.3% for 2019 as compared to 2018. This is somewhat in line with the 737 MAX 8's share of Southwest's aircraft fleet of 4.5%.

While Southwest's seat capacity is lower at the Airport in 2019 as compared to 2018, the other airlines, overall, have increased capacity. As of October 2019, the Airport's total seat capacity is planned to be flat in 2019 as compared to 2018. Given the Airport being overwhelmingly an O&D airport, local demand for air travel still needs to be served and the other airlines, in aggregate, appear to be providing capacity commensurate with the scheduled decrease by Southwest. This trend is generally considered typical at O&D airports. As mentioned previously based on year-to-date traffic, the Authority has planned for a 1.1% increase in total enplaned passengers at the Airport for 2019 as compared to 2018.

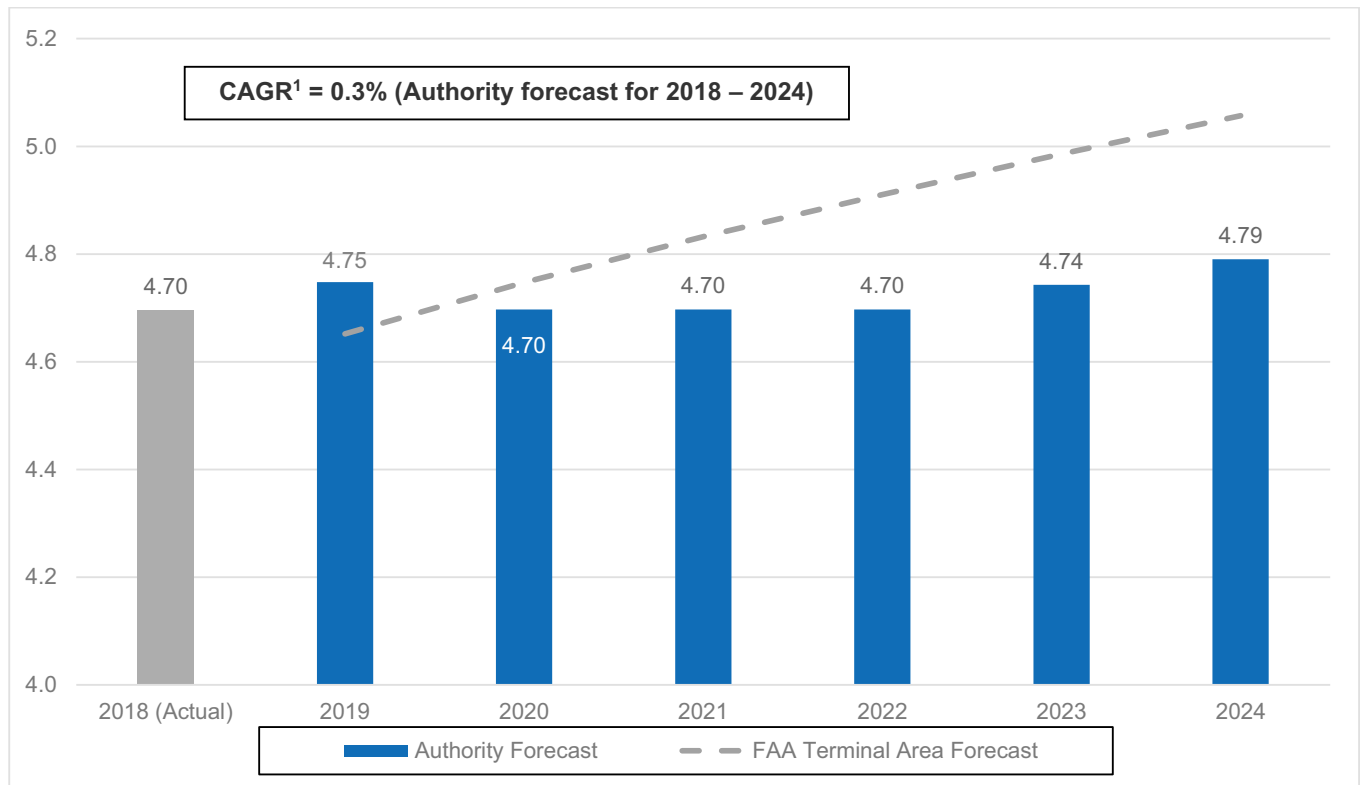
In an effort to be conservative for financial forecasting purposes, the Authority assumes enplaned passengers will remain at 2018 levels for the period of 2020 through 2022. Growth is then assumed to resume in 2023 and 2024 where enplaned passengers are forecast to increase by 1.0% over each prior year. Overall, enplaned passengers are forecast to grow at a modest 0.3% CAGR for the period of 2018 through 2024.

For comparison purposes, the FAA's Terminal Area Forecast (TAF) of enplaned passengers developed in February 2019 is also presented on Figure 2 as a dashed line. As illustrated, the FAA TAF is higher than the Authority's enplaned passenger forecast by approximately 5.6% by 2024. This is a further indication of the potential conservatism in the Authority's forecast. It should be noted though that the FAA TAF is generally used for facility planning purposes as opposed to financial planning; therefore, it is not uncommon for it to be higher than forecasts used for financial purposes. The Authority's enplaned passenger forecast was used for financial analysis purposes in this Series 2019C Letter.

⁴ Southwest Airlines, https://www.southwest.com/html/air/737-MAX-8.html?clk=737MAX8_190408, accessed November 2019.

⁵ Southwest Airlines Corporate Fact Sheet, <https://www.swamedia.com/pages/corporate-fact-sheet#fleet>, accessed October 2019.

Figure 2 Forecast Enplaned Passengers at the Airport (millions)



Note: Amounts may not add because of rounding.

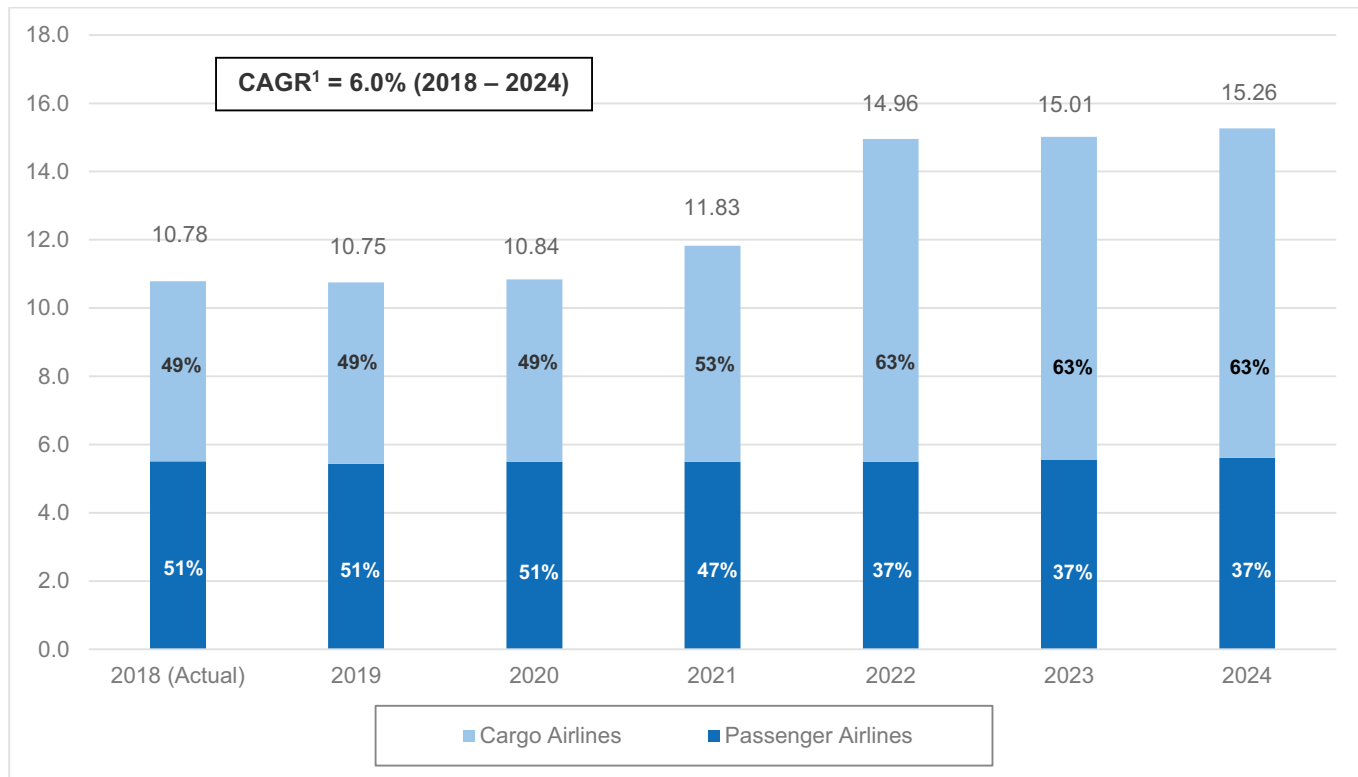
¹ CAGR = Compound annual growth rate

Source: Authority records, October 2019 (Authority enplaned passengers for 2018 and Authority forecast); FAA (Terminal Area Forecast)

Compiled by L&B

Figure 3 presents the Authority's actual landed weight at the Airport for 2018 and its forecast for landed weight for 2019 through 2024. The air cargo airline landed weight is forecast to increase more rapidly than passenger carrier landed weight because of FedEx's continued expansion at the Airport. The Authority has received FedEx's input in the development of its landed weight forecast. As shown on Figure 3, air cargo landed weight at the Airport is forecast to increase from approximately 49% of total landed weight in 2018 to 63% of total landed weight in 2024. This growth is expected to occur starting in 2021. Passenger airline landed weight at the Airport is forecast by the Authority to increase generally in concert with enplaned passengers. Total landed weight at the Airport is forecast to increase from approximately 10.8 billion pounds in 2018 to approximately 15.3 billion pounds in 2024 for a CAGR of 6.0%.

Figure 3 Forecast Landed Weight at the Airport (billions of pounds)



Note: Amounts may not add because of rounding.

¹ CAGR = Compound annual growth rate

Source: Authority records, July 2019

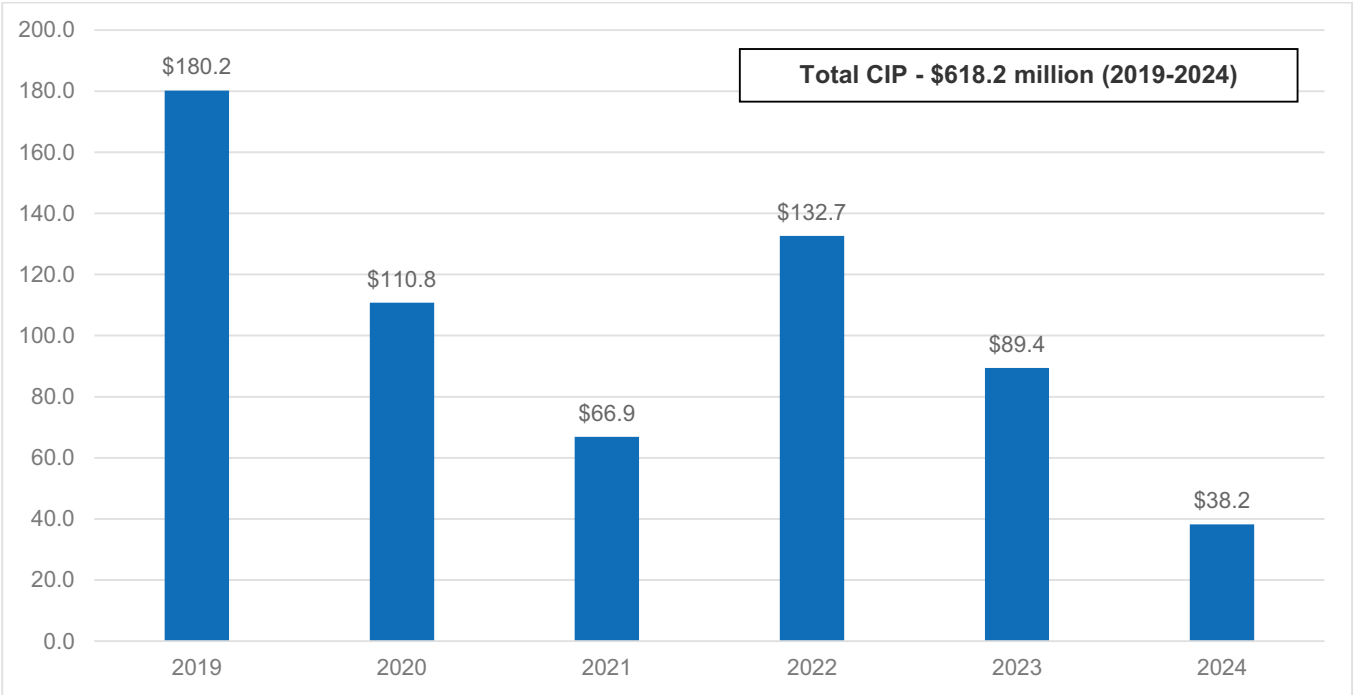
Compiled by L&B

Capital Improvement Program

The Authority's capital improvement program (CIP) is intended to meet capital and asset infrastructure needs over the next five years. These programs are designed to ensure the continued availability of existing facilities, to maximize the life cycle of existing assets, and to develop improvements necessary to meet the ongoing air travel demands of the airport service region. The Authority's \$618.2 million CIP for the period of 2019 through 2024 is primarily focused on maintaining, preserving and extending the useful life of the Authority's existing assets and ensuring operational capacity for the Authority's stormwater system and parking garage. The Authority's CIP in this Series 2019C Letter is approximately \$15 million less than that presented in the Series 2019B Letter to reflect the deferral of the Stormwater & Deicing – Midfield project to beyond the forecast period. In addition, the Authority's future revenue debt amount has been reduced from the amount shown in the Series 2019B Letter by approximately \$9.7 million to reflect an FAA Airport Improvement Program (AIP) grant received for its Airfield Maintenance and Snow Removal Equipment Facilities project. FAA AIP grant funding has been increased by that same amount. **Figure 4** presents forecast annual project expenditures in the Authority's CIP. As shown, annual project costs range from approximately \$180.2 million expected in 2019 to \$38.2 million in 2024.



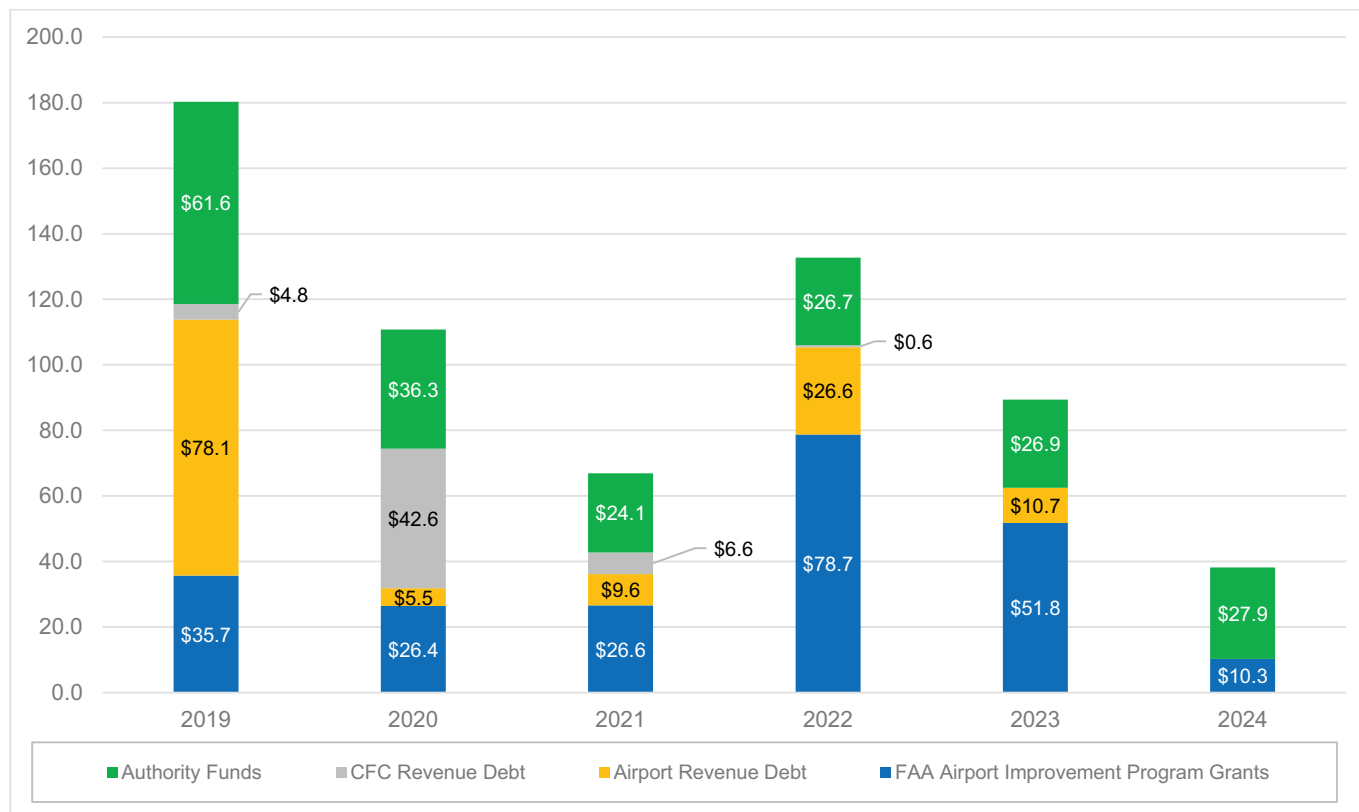
Figure 4 Authority CIP – Annual Project Cost Cash Flow (dollars in millions)



Source: Authority records, June 2019
Compiled by L&B

The Authority anticipates that the Airport’s CIP projects will be funded from a combination of FAA AIP grants, Authority funds generated from the operation of the Airport System, proceeds from the sale of land and Authority property, and future debt payable from both Authority Revenues and Customer Facility Charges (CFCs) for rental car related projects. **Figure 5** depicts the CIP by anticipated funding sources over the forecast period. Funding from the Authority ranges from \$61.6 million to \$24.1 million per year over the forecast period.

Figure 5 Airport CIP – Annual Project Cost Funding (dollars in millions)



Source: Authority records, June 2019
Compiled by L&B

Additional information on the Authority's CIP for the Airport is presented on **Exhibit A** following this Series 2019 Letter. Exhibit A presents the Authority's project costs by major area along with sources of funds for the CIP for the period of 2019 through 2024.

Capital projects in the CIP that have significant project cost forecast over the 2019 though 2024 period include the following:

- Reconstruct Runway 5R-23L and Taxiway D with LEDs - \$163.5 million
- Stormwater & Deicing – Seerley Creek Basin Relocation & West Basin - \$76.8 million
- Rental Car Facility Enhancements and Expansion - \$54.6 million
- Airfield Maintenance and Snow Removal Equipment Facilities - \$22.6 million
- Rehabilitate Runway 14-32 and Taxiway M, with LED 14-32, M, and N - \$20.3 million
- Rehabilitate Airport Roads & Lots – Future Years - \$13.8 million
- Rehab and Return to Service – Old Parking Garage - \$11.8 million
- Reconstruct Runway 7-25 – Indy Regional (Reliever Airport) - \$11.1 million
- Snow Equipment Replacement Program – Future Years - \$11.0 million

It is important to note that airport capital programs are dynamic and generally reflect an organization's plan for capital improvements at a current point in time. It is not uncommon for an airport operator to undertake only a subset of its CIP

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over the forecast period. While certain projects are underway and more certain, other future projects, especially in the latter years of the forecast period are less certain and it is assumed that the Authority would only undertake certain future projects when demand warrants, necessary environmental reviews have been completed, required approvals have been obtained, and associated project costs can be supported by a reasonable level of Airport user fees or other discrete funding sources. It is also possible that during the forecast period, the Authority could consider other future Airport improvements not planned at this time.

Terminal Space

As described previously, the airline rates and charges methodology in the Airline Agreement is commercial compensatory for the Terminal where total rentable space is the divisor for the terminal rental rate. As a result of this rates and charges methodology in the Terminal, the Authority assumes the vacancy cost associated with terminal space not rented by the airlines and other tenants at the Airport. The Signatory Airlines have signed five-year Airline Agreements in effect through December 31, 2024 and have committed to lease space in the terminal over this period. The Signatory Airlines lease 24 of the 39 available aircraft gates at the Airport, and all airlines (Signatory and Non-Signatory) lease approximately 61.9% of rentable space in the terminal.

Table 2 presents the space in the terminal including the amount leased by the airlines and total rentable space, which are used for setting airline rates and charges.

Table 2 Terminal Space at the Airport

Type of Space		Amount of Space (square feet)
<u>Airline Rentable Space:</u>		
Signatory Airlines		315,708
Non-Signatory Airlines		2,596
Vacant Airline Space		<u>58,123</u>
Total Airline Rentable Space	[A]	376,427
<u>Other Tenant Rentable Space</u>		
Concessions		85,471
Non-Airline Tenants		16,530
Other Vacant Rentable Space		<u>35,403</u>
Total Other Tenant Rentable Space	[B]	137,404
Total Rentable Space	[C=A+B]	513,831
Percent of Rentable Space Leased by Airlines		61.9%

Source: Authority records, June 2019
Compiled by L&B



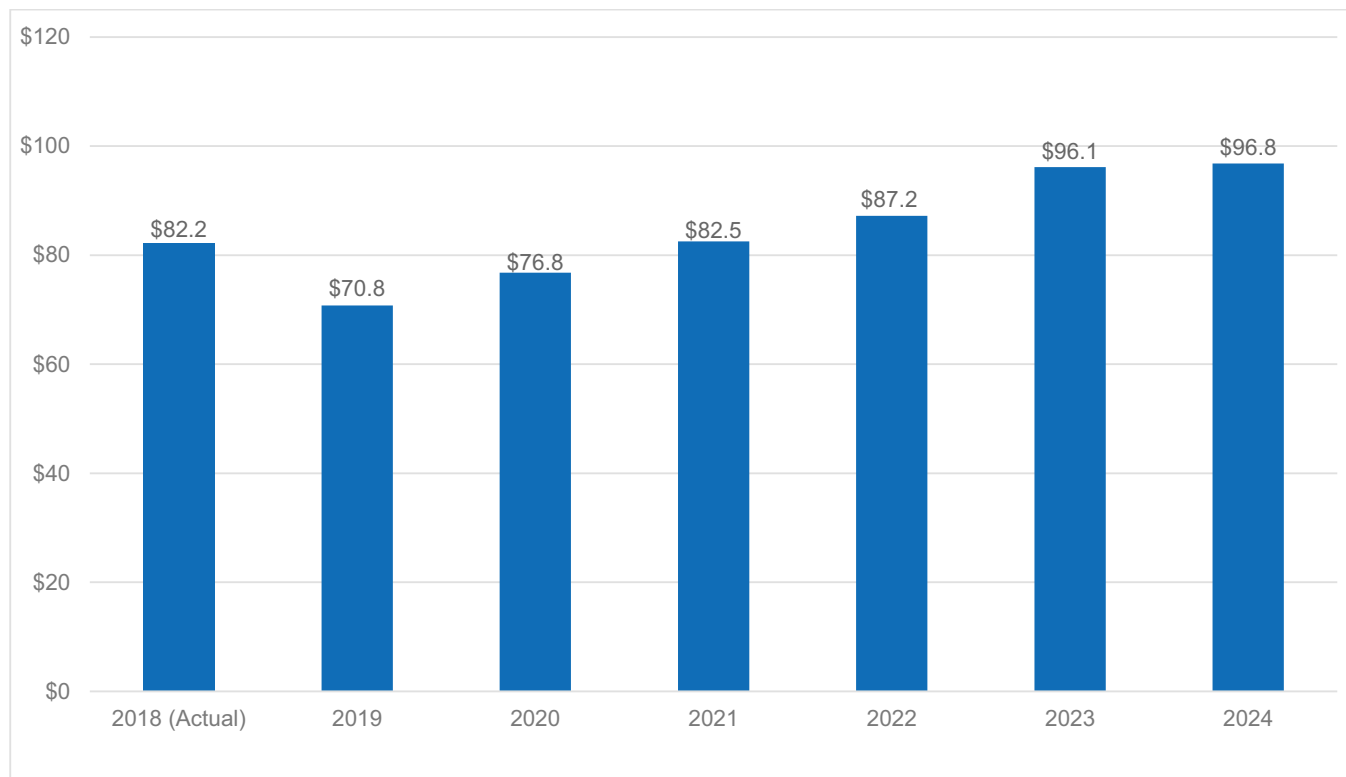
Debt Service

The Authority had \$863.1 million of Outstanding Airport Revenue Bonds, as of November 5, 2019, all of which are payable on a parity basis from Net Revenues of the Airport System. The Authority also has the ability to dedicate Passenger Facility Charge (PFC) revenue and CFC revenue to pay a portion of its Debt Service Requirements as Dedicated Revenues. **Figure 6** presents the forecast annual Debt Service Requirements for the Authority for the period of 2019 through 2024 prior to the refunding of the Series 2010A Bonds. The Authority is anticipating issuing future Airport Revenue Bonds during the forecast period to finance the following projects.

- Reconstruct Runway 5R-23L and Taxiway D with LEDs
- Airfield Maintenance and Snow Removal Equipment Facilities
- Rental Car Facility Enhancement and Expansion

In regards to the Rental Car Facility Enhancement and Expansion project, the Authority is planning to issue future Airport Revenue Bonds and such associated debt service is expected to be paid entirely with CFC revenues as Dedicated Revenues. Total debt service is forecast to be approximately \$70.8 million in 2019 and increase to \$96.8 million by 2024. **Exhibit B** presents the Authority's forecast annual Debt Service Requirements by series for the period of 2019 through 2024. For the purposes of the financial analysis in this Series 2019C Letter, forecast debt service does not reflect potential savings associated with the refunding of the Series 2010A Bonds. As presented on Exhibit B, Dedicated Revenues are forecast to pay debt service ranging from approximately \$16.8 million and \$27.2 million annually during the forecast period. Of these Dedicated Revenues, approximately \$5.1 million to \$7.2 million annually is forecast to be CFC revenues paying planned future debt service.

Figure 6 Annual Debt Service Requirements (dollars in millions) ¹



¹ Does not reflect the refunding of the Series 2010A Bonds and includes debt program expenses.

Source: Authority records, October 2019

Compiled by L&B

O&M Expenses

Table 3 presents historical O&M Expenses of the Authority for the period of 2013 through 2018. Over this period, O&M Expenses increased from approximately \$61.5 million in 2013 to approximately \$82.5 million in 2018 for a CAGR of 6.0%. O&M Expenses increased modestly during the period of 2013 through 2015 and then experienced more rapid growth over the past three years. The increase in recent years is consistent with the Authority's objective of investing in facilities maintenance, personnel, and other strategic initiatives to improve overall sustainability of facilities and the organization. Categories primarily contributing to these increases include contractual services, personal services, utilities, and supplies. With the completion of this recent investment, the Authority expects future growth in O&M Expenses to return back to the modest levels it experienced during the 2013 to 2015 period.



Table 3 Historical O&M Expenses ¹

Fiscal Year	O&M Expenses (thousands)	% Change
2013	\$61,505	--
2014	\$63,125	2.6%
2015	\$63,827	1.1%
2016	\$68,538	7.4%
2017	\$74,709	9.0%
2018	\$82,451	10.4%
<u>CAGR ²</u>		
2013-2018	6.0%	

¹ Includes equipment and capital outlays and does not include depreciation. Amounts presented were used for calculating airline rates and charges and may not match audited financial statements due to the inclusion/exclusion of certain items.

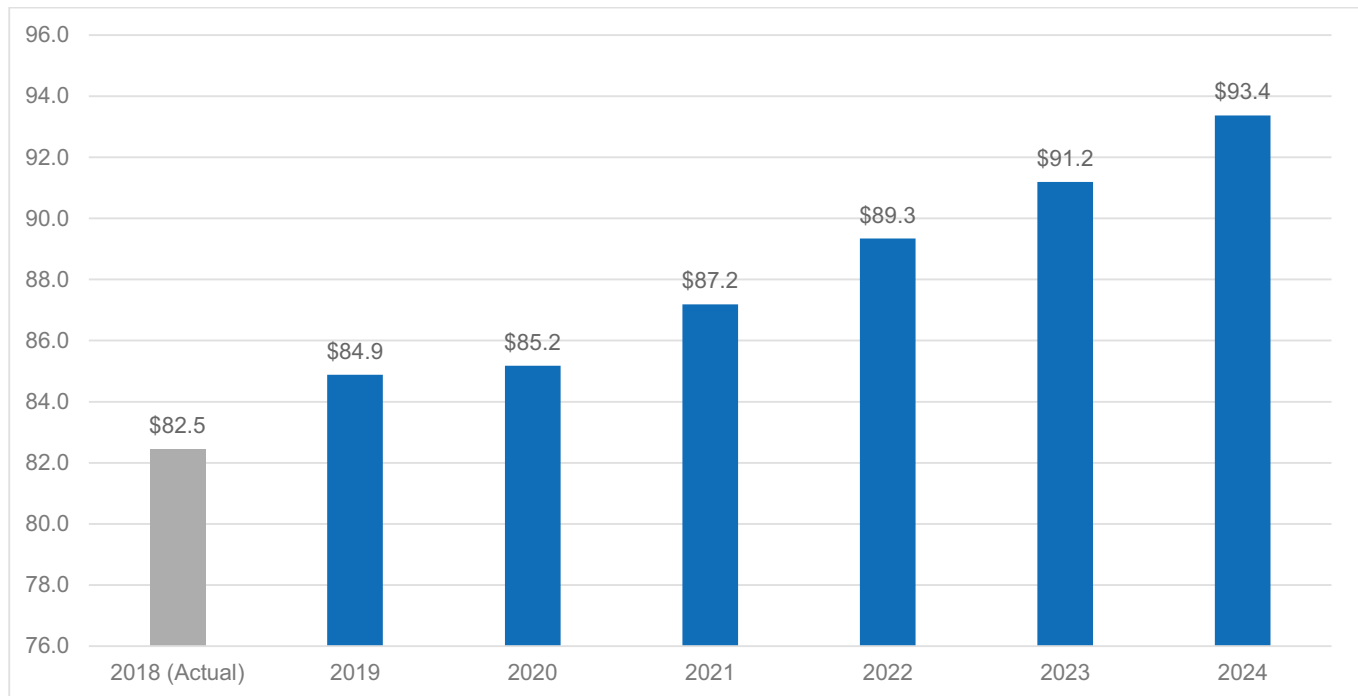
²CAGR = Compound annual growth rate

Source: Authority records, June 2019

Compiled by L&B

Figure 7 depicts the Authority's 2018 O&M Expenses and the forecast of O&M Expenses for the period of 2019 through 2024. Future O&M Expenses reflect expected inflationary impacts, historical O&M Expense trends, and incremental increases as a result of the CIP. Total O&M Expenses forecast for 2019 have been reviewed by the Authority and updated to approximately \$84.9 million as compared to approximately \$82.4 million included in the Series 2019B Letter. Total O&M Expenses are forecast to increase from approximately \$82.5 million in 2018 to approximately \$93.4 million forecast for 2024, a CAGR of approximately 2.1%.

Figure 7 Forecast Airport O&M Expenses (dollars in millions) ¹



¹Includes equipment and capital outlays and does not include depreciation. Amounts presented are used for calculating airline rates and charges and may not match audited financial statements due to the inclusion/exclusion of certain items.

Source: Authority records, October 2019

Compiled by L&B

O&M Expenses of the Authority are divided into the following key categories. O&M expenses for each category and assumptions regarding future growth are as follows:

- Personal services.** This category includes salaries and wages, employee benefits including health insurance, and retirement and social security expenses of the Authority. Personal services are forecast to increase from \$33.9 million in 2018 to \$45.1 million in 2024 for a CAGR of 4.9% to reflect inflationary increases along with increases in benefits programs such as the cost of employee health insurance.
- Contractual services.** This category includes costs for repairs and maintenance services, professional fees, transportation and communication services, and other contractual expenses of the Authority. Contractual services expenses are forecast to increase from \$25.6 million in 2018 to \$27.0 million in 2024, a CAGR of 0.9%. This forecast growth is assumed to increase slower than inflation to reflect Authority goals in controlling this expense category.
- Utilities.** Utilities expenses for the Authority are forecast to increase from approximately \$11.4 million in 2018 to approximately \$11.9 million in 2024, a CAGR of 0.6%. This forecast growth is assumed to increase slower than inflation to reflect anticipated efficiencies.
- Supplies.** This category of expenses includes snow and ice chemicals, institutional and medical items, fuel, garage and motor supplies, office supplies, and other items. Supplies expenses for the Authority are forecast to



decrease from \$5.2 million in 2018 to \$4.3 million in 2024 for a CAGR of -2.9%. This forecast is assumed to decrease from 2018 reflecting average snow and ice control expenses in the forecast. These expenses were higher than normal for 2018. In 2019, these expenses are budgeted to be approximately \$3.7 million, thus, the forecast includes growth over budgeted 2019 levels.

- **Materials.** This category of expenses includes repair parts, pavements and grounds materials, small equipment and tools, building materials, and other items. Materials expenses for the Authority are forecast to decrease from \$3.1 million in 2018 to \$2.5 million in 2024 for a CAGR of -3.1%. These expenses are budgeted at approximately \$2.4 million in 2019; thus, the forecast includes some growth in these expenses over budgeted levels.
- **General.** This category of expenses includes insurance, equipment rentals, and other items such as bad debts. General expenses for the Authority are forecast to decrease from approximately \$3.2 million in 2018 to approximately \$2.6 million in 2024 for a CAGR of -3.8%. These expenses are budgeted at approximately \$2.5 million in 2019; thus, the forecast includes some growth in these expenses over budgeted levels.

Exhibit C following this Series 2019C Letter presents the forecast of O&M expenses for the Authority and the allocation of O&M expenses to cost centers for the forecast period of 2019 through 2024.

Non-Airline Revenue

Table 4 presents historical non-airline revenue of the Authority for the period of 2013 through 2018. Over this period, non-airline revenue increased from approximately \$94.0 million in 2013 to approximately \$111.3 million in 2018 for a CAGR of 3.4%. Categories primarily contributing to these increases include automobile parking, rental cars, food and beverage concessions, and ground handling operations.

Table 4 Historical Non-Airline Revenue

Fiscal Year	Non-Airline Revenue (thousands)	% Change
2013	\$94,008	--
2014	\$97,559	3.9%
2015	\$101,567	4.0%
2016	\$104,321	2.7%
2017	\$106,090	1.7%
2018	\$111,292	4.9%
CAGR ¹		
2013-2018	3.4%	

¹CAGR = Compound annual growth rate

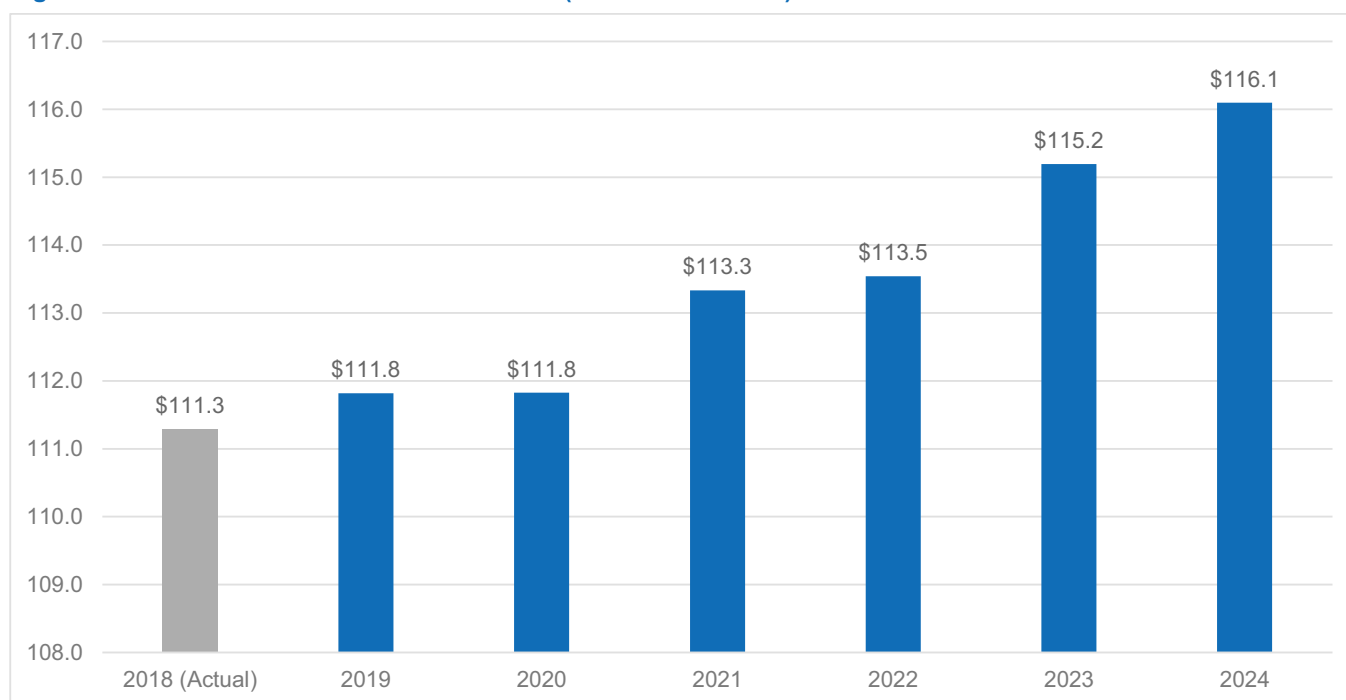
Source: Authority records, June 2019

Compiled by L&B

Non-airline revenue at an airport generally includes all revenues with the exception of landing fees, terminal rentals, and apron fees, as applicable. **Figure 8** presents the Authority's actual non-airline revenue for 2018 and its forecast non-airline revenue for 2019 through 2024. Total non-airline revenue forecast for 2019 has been reviewed by the Authority and updated to approximately \$111.8 million to reflect the forecast increase in enplaned passengers for 2019. For

comparison purposes, total non-airline revenue forecast for 2019 in the Series 2019B Letter was approximately \$109.5 million. As shown, total non-airline revenue for the Authority is forecast to increase from 2018 levels of approximately \$111.3 million in 2018 to approximately \$116.1 million in 2024, reflecting a CAGR of approximately 0.7%. As passengers are forecast to remain flat during the years of 2019 through 2022, non-airline revenue increases in those years are generally assumed to be from Terminal concessions and other non-airline leases at the Airport. The Authority is in the process of overhauling its concession program and the redevelopment of stores is expected to continue into 2020. The Terminal concession program is assumed to be fully operational by 2021 resulting in an expected increase in such revenues at that time.

Figure 8 Forecast of Non-Airline Revenue (dollars in millions)



Source: Authority records, October 2019
Compiled by L&B

Non-airline revenue was forecasted by the Authority based on expected future passenger traffic growth, expected inflationary trends, current lease terms and provisions, and other assumptions. Assumptions used to forecast future key non-airline revenue at the Airport are as follows:

- **Automobile parking.** Automobile parking revenue at the Airport is forecast to increase from \$54.6 million in 2018 to \$60.1 million in 2024, reflecting a CAGR of 1.6%. Auto parking is forecast to increase in concert with enplaned passenger growth with some inflationary growth resulting from future rate increases.
- **Building, hangar, and ground leases.** Building, hangar, and ground leases are forecast to increase from \$15.9 million in 2018 to \$16.3 million in 2024 for a CAGR of 0.4%. Building, hangar, and ground leases assume current lease terms and expected changes over the forecast period.



- **Rental cars.** Rental car revenues are forecast to decrease from approximately \$11.3 million in 2018 to approximately \$10.7 million in 2024 for a CAGR of -0.8%. These revenues are forecast to decrease as a result of new ten-year concession agreements.
- **Terminal concessions.** Terminal concessions are forecast to increase from approximately \$9.9 million in 2018 to approximately \$10.5 million in 2024 for a CAGR of 1.0%. These revenue forecasts assume changes to concession agreements and are forecast to increase less than inflation.
- **Indianapolis Maintenance Center.** Indianapolis Maintenance Center revenues are forecast to decrease from approximately \$8.2 million in 2018 to approximately \$7.1 million in 2024 for a CAGR of -2.5%. These revenues are forecast to decrease due to the recent loss of a tenant. To be conservative for financial purposes, it is not assumed this space will be leased by another tenant during the forecast period.

Exhibit D following this Series 2019C Letter presents the detailed forecast of non-airline revenues for the Authority for actual 2018 and the forecast period of 2019 through 2024.

Dedicated Revenues

Pursuant to the Authority Bond Ordinance, Dedicated Revenues are defined as PFCs, state and or federal grants or other moneys, such as CFCs, which the Authority has dedicated to pay principal of and/or interest on Revenue Bonds. Currently, the Authority has formally dedicated only PFCs to pay eligible debt service and plans to dedicate CFC revenues in the future to pay future CFC eligible debt service. **Table 5** presents Authority forecasts of PFC and CFC revenues along with amounts expected to be dedicated to pay debt service over the forecast period.

As of the end of 2018, the Authority had approximately \$16.0 million of PFCs on hand and approximately \$4.8 million of CFCs. As shown in Table 3 below, in most years annual PFC revenues exceed amounts expected to be dedicated. In 2021 and 2023, annual PFC revenues forecast are slightly below those expected to be dedicated. If that were to occur, the Authority could access surplus PFC revenues to meet expected dedicated levels. In each year of the forecast, CFC revenues are forecast to exceed CFCs expected to be dedicated.

Table 5 **Dedicated Revenues**

Fiscal Year	PFC Revenues	Dedicated PFC Revenues	CFC Revenues	Dedicated CFC Revenues
2019	\$19,385,000	\$16,756,000	\$8,940,000	\$0
2020	\$19,176,000	\$18,000,000	\$9,342,500	\$0
2021	\$19,176,000	\$20,000,000	\$9,435,000	\$5,099,000
2022	\$19,176,000	\$18,000,000	\$9,530,000	\$7,152,000
2023	\$19,368,000	\$20,000,000	\$9,625,000	\$7,150,000
2024	\$19,561,000	\$19,000,000	\$9,721,000	\$7,150,000

Source: Authority records, October 2019
Compiled by L&B



Airline Revenue Forecast

Airline revenue forecasts are based on the airline rates and charges methodology in the Airline Agreement as described previously. This section of the Series 2019C Letter describes forecasts for Terminal Rental Revenue, Apron Area Rents, Landing Fees, Revenue Sharing, and airline cost per enplaned passenger (CPE).

Terminal Rental Revenue

Exhibit E presents the forecast of Terminal Rental Revenue for 2019 through 2024. Per the rate-setting methodology, the Authority recovers Terminal Rental Revenue from the Signatory Airlines based on a commercial compensatory methodology. The Terminal Rental Rate per square foot forecast for 2019 is \$75.30. Over the forecast period, the Terminal Rental Rate is expected to increase to \$100.72 in FY 2024.

Exhibit E also presents the forecast Terminal Rental Revenues over the forecast period. Total Terminal Rental Revenue is forecast to increase from approximately \$23.8 million in 2019 to approximately \$31.8 million in 2024. This represents a CAGR of approximately 6.0%.

Apron Area Rental Revenue

Exhibit F presents the forecast of Apron Area Rental Revenue for 2019 through 2024. Per the rate-setting methodology, the Authority recovers Apron Area Rental Revenue from the Signatory Airlines based on a cost center residual methodology. The Apron Area Rental Rate per square foot forecast for 2019 is \$1.03. Over the forecast period, the Apron Area Rental Rate is expected to decrease to \$0.72 in FY 2024. The rate forecast for 2019 is somewhat inflated due to a deficit in the Prepaid Airline Fund allocated to the Apron Area forecast from the under collection of Apron Area Rental Revenues in 2018.

Exhibit F also presents the forecast Apron Area Rental Revenue over the forecast period. Total Apron Area Rental Revenue is forecast to decrease from approximately \$857,000 in 2019 to approximately \$601,000 in 2024.

Landing Fee Revenue

Exhibit G presents the forecast of Landing Fee Revenue for 2019 through 2024. Per the cost center residual rate-setting methodology, the Authority fully recovers the cost of the Airfield Area from the airlines.

As presented in Exhibit G, the Signatory Airline Landing Fee Rate per 1,000-pound unit of landed weight is forecast at \$1.70 for 2019. Throughout the forecast period, the Signatory Airline Landing Fee rate is expected to increase up to \$2.35 by 2024.

Total Landing Fee Revenue is forecast to increase from approximately \$17.9 million in 2019 to approximately \$35.3 million in 2024. This represents a CAGR of approximately 14.6% as the Landing Fees include future debt service associated with the Authority's CIP, including debt related to the various stormwater improvements. Forecast Landing Fee Rates throughout this period remain within reasonable levels as compared to other airports comparable to the Airport.

Revenue Sharing

Exhibit H presents the calculation of Revenue Sharing pursuant to the Airline Agreement, which is allocated as a credit to the calculation of the Landing Fee and Terminal Rental Rate. The share of Revenue Sharing credited to the Landing Fee and Terminal Rental Rate is 12% and 88%, respectively. Forecast Revenue Sharing amounts for 2019 are approximately \$14.1 million. Revenue Sharing is forecast to increase to approximately \$14.4 million in 2024.

Airline Cost per Enplaned Passenger

A key performance indicator for airline costs at an airport is the average airline CPE. **Exhibit I** presents the forecast of CPE for the Signatory Airlines at the Airport. As shown, the Signatory Airline CPE includes terminal rents, apron area rents, passenger airline landing fees, and other ancillary charges. Signatory Airline CPE for 2019 is forecast at \$8.09. Over the forecast period, Signatory Airline CPE is expected to increase to \$10.32 in 2024. The forecast Signatory Airline



CPE throughout this period remains within reasonable levels as compared to other airports similarly situated to the Airport.

Application of Revenue and Debt Service Coverage

Exhibit J following the Series 2019C Letter presents the forecast for application of Revenue for the Authority. As shown, the Authority is forecast to satisfy its obligations pursuant to the Authority Bond Ordinance in each year of the forecast period. Pursuant to the Airline Agreement, the Authority is also able to deposit \$24 million into the Capital Improvement Fund for each year of the forecast period.

Exhibit K presents the debt service coverage ratio for each year of the forecast period pursuant to the Authority Bond Ordinance. As presented, Net Revenues are forecast to increase from \$74.7 million in 2019 to \$95.5 million in FY 2024. This increase in Net Revenues is primarily driven by the increased revenue requirements included in airline rates and charges because of the future debt service associated with the CIP. Total amounts available for debt service (e.g., Net Revenues plus amounts available in the Coverage Fund and the Prepaid Airline Fund) are forecast to increase from approximately \$97.3 million 2019 to approximately \$112.8 million in 2024. Debt service coverage ratios are forecast to range from 1.85x in 2019 to 1.64x in 2024. As presented on Exhibit K, the Authority is forecast to satisfy the Rate Covenant requirement in each year of the forecast.

In preparing this analysis, L&B has relied upon the accuracy and completeness of financial information and assumptions provided to it by the Authority. The techniques and methodologies used in preparing this analysis are consistent with industry practices. Although L&B believes that the approach and assumptions used are reasonable and provide an appropriate basis for the financial forecasts, any forecast is subject to uncertainties. Inevitably, some assumptions used to derive the forecast contained herein will not be realized, and unforeseeable events may occur. The actual financial results achieved will vary from those forecasted in this analysis, and such variations could be material.

L&B is not registered with the U.S. Securities & Exchange Commission as a municipal advisor, is not acting as a municipal advisor, and does not assume any fiduciary duties or provide advisory services as described in Section 15B of the Securities Exchange Act of 1934 or otherwise. L&B does not make recommendations or advice regarding any action to be taken by our clients with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities including with respect to the structure, timing, terms or other similar matters concerning municipal financial products or the issuance of municipal securities.

L&B, in association with Airmac LLC, appreciates this opportunity to serve as the Authority's Airport Consultant for this proposed financing.

Sincerely,

A handwritten signature in blue ink that reads "Landrum & Brown, Incorporated". The signature is written in a cursive, flowing style.

Landrum & Brown, Incorporated

Exhibit A
CAPITAL IMPROVEMENT PROGRAM (dollars in thousands) (a)
INDIANAPOLIS AIRPORT AUTHORITY

	2019-2024 Project Cost	2019	2020	2021	2022	2023	2024
<u>Airport Projects:</u>							
Airfield	\$220,506	\$30,189	\$8,305	\$31,386	\$99,420	\$45,475	\$5,731
Terminal	27,100	7,754	7,413	3,509	1,908	4,735	1,781
Parking	74,851	11,034	43,892	9,741	4,889	2,775	2,520
Safety & Security	30,830	8,060	13,050	3,637	4,464	1,619	0
Environmental	96,391	79,015	7,495	3,461	1,919	2,474	2,027
Roads & Lots	20,471	1,346	1,375	3,631	5,194	5,341	3,584
Information Technology	9,290	1,120	2,791	2,163	2,226	654	336
Parking Shuttle Bus	1,779	189	0	0	1,590	0	0
Vehicle & Equipment	18,680	2,578	3,512	2,023	564	692	9,311
Other	4,232	425	950	979	995	491	392
Revenue Development	27,454	16,057	7,573	2,154	0	0	1,670
Properties	10,391	3,238	2,521	560	159	2,834	1,079
Central Energy Plant	11,485	2,968	113	0	3,115	1,529	3,760
Indianapolis Maintenance Center	20,863	7,384	4,207	2,506	3,642	470	2,654
Total Airport Projects	[A] \$574,323	\$171,357	\$103,197	\$65,750	\$130,085	\$69,089	\$34,845
Reliever Airports Projects	[B] \$43,868	\$8,854	\$7,605	\$1,149	\$2,588	\$20,344	\$3,328
Total Authority Projects	[C=A+B] \$618,191	\$180,211	\$110,802	\$66,899	\$132,673	\$89,433	\$38,173
<u>Sources of Funds:</u>							
FAA Airport Improvement Program Grants	\$229,556	\$35,703	\$26,403	\$26,609	\$78,739	\$51,801	\$10,302
Airport Revenue Debt (b)	130,469	78,081	5,495	9,587	26,614	10,693	0
CFC Revenue Debt (c)	54,563	4,800	42,575	6,572	616	0	0
Authority Funds (d)	203,604	61,627	36,329	24,132	26,705	26,940	27,871
Total Sources of Funds	\$618,191	\$180,211	\$110,802	\$66,899	\$132,673	\$89,433	\$38,173

Note: Amounts may not add due to rounding.

(a) Includes project costs for the period of FY 2019 through FY 2024, and certain expenditures prior to FY 2019 to be funded with bond proceeds. Shifts Stormwater & Deicing - Midfield project beyond FY 2024.

(b) Includes airport revenue bonds and other debt obligations.

(c) Includes debt payable with CFC revenues.

(d) Includes available Authority cash, proceeds available from land and property sales, and direct reimbursements.

Source: Authority records, October 2019

Compiled by Landrum & Brown, Inc.

Exhibit B
DEBT SERVICE REQUIREMENTS
INDIANAPOLIS AIRPORT AUTHORITY

(Fiscal Years Ending December 31)

	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Gross Debt Service Requirements on Revenue Bonds						
Series 2010 A Bonds	\$ 1,703,000	\$ -	\$ -	\$ -	\$ -	\$ -
Series 2010C Bonds (a)	14,018,000	7,078,000	7,347,000	7,371,000	7,761,000	7,761,000
Series 2012A Bonds	643,000	-	-	-	-	-
Series 2014A Bonds	14,227,000	14,227,000	14,226,000	14,229,000	17,755,000	14,261,000
Series 2015 Bonds	8,650,000	8,650,000	8,650,000	15,420,000	20,551,000	24,072,000
Series 2016 A-1 & A-2 Bonds	25,988,000	26,280,000	26,294,000	19,016,000	5,394,000	5,392,000
Series 2019A Program Bonds	-	1,380,000	1,380,000	1,379,000	1,378,000	1,382,000
Series 2019B Bonds	5,052,000	13,158,000	13,187,000	13,155,000	24,749,000	24,937,000
Series 2019 C-1 Bonds	-	2,477,000	2,477,000	2,477,000	2,477,000	2,477,000
Series 2019 C-2 Bonds	-	1,702,000	1,701,000	1,702,000	1,701,000	1,704,000
Series 2019D Bonds	-	1,129,000	1,061,000	3,501,000	3,501,000	3,501,000
Planned Future Bonds	-	210,000	5,713,000	8,482,000	10,402,000	10,858,000
Debt Service Requirements on Subordinate Debt (b)						
Debt Program Expenses	\$ 475,000	\$ 475,000	\$ 475,000	\$ 475,000	\$ 475,000	\$ 475,000
Total Gross Debt Service Requirements	\$ 70,756,000	\$ 76,766,000	\$ 82,511,000	\$ 87,207,000	\$ 96,144,000	\$ 96,820,000
Less: Dedicated Revenue (c)						
Passenger Facility Charges	\$ 16,756,000	\$ 18,000,000	\$ 20,000,000	\$ 18,000,000	\$ 20,000,000	\$ 19,000,000
Customer Facility Charges	-	-	5,133,000	7,198,000	7,200,000	7,198,000
Total Net Debt Service Requirements	\$ 54,000,000	\$ 58,766,000	\$ 57,378,000	\$ 62,009,000	\$ 68,944,000	\$ 70,622,000
Summary by Airport System Cost Center (d)						
Apron Area	\$ 242,000	\$ 240,000	\$ 241,000	\$ 213,000	\$ 195,000	\$ 187,000
Airfield Area	3,614,000	7,713,000	6,437,000	12,059,000	15,956,000	17,120,000
Terminal	34,704,000	35,096,000	34,895,000	35,577,000	39,202,000	39,199,000
Parking Area	7,215,000	7,375,000	7,407,000	6,850,000	6,329,000	6,649,000
Rented Buildings and Other Areas	7,972,000	8,091,000	8,144,000	7,058,000	6,930,000	7,126,000
Reliever Airports	253,000	251,000	254,000	252,000	332,000	341,000
Total Net Debt Service Requirements	\$ 54,000,000	\$ 58,766,000	\$ 57,378,000	\$ 62,009,000	\$ 68,944,000	\$ 70,622,000

(a) 2010C Bond Debt Service has a variable rate component, forecast assumes 4.80%.

(b) Represents principal and interest payments on Subordinate Securities and other debt-related fees.

(c) Represents PFC and CFC revenues that the Authority intends to use to pay debt service.

(d) Debt Service Requirements are allocated to cost centers on the basis of capital projects financed with each borrowing.

Source: Authority records, October 2019

Compiled by Landrum & Brown, Inc.

Exhibit C							
OPERATION AND MAINTENANCE (O&M) EXPENSES		INDIANAPOLIS AIRPORT AUTHORITY					
(Fiscal Years Ending December 31)							

	Forecast		Forecast		Forecast		Forecast		Forecast	
	2019		2020		2021		2022		2023	
Direct										
Personal services	\$	15,427,000	\$	16,406,000	\$	16,969,000	\$	17,557,000	\$	18,169,000
Contractual services		14,084,000		14,275,000		14,205,000		14,410,000		14,302,000
Utilities		8,237,000		7,771,000		8,006,000		8,254,000		8,511,000
Supplies		3,453,000		3,254,000		3,313,000		3,373,000		3,435,000
Materials		2,443,000		2,119,000		2,117,000		2,117,000		2,115,000
General		918,000		985,000		994,000		1,004,000		1,014,000
	\$	44,562,000	\$	44,810,000	\$	45,604,000	\$	46,715,000	\$	47,546,000
Indirect										
Public safety	\$	11,667,000	\$	12,228,000	\$	12,674,000	\$	13,108,000	\$	13,498,000
Administration		17,481,000		18,650,000		18,992,000		19,400,000		19,822,000
Security		1,161,000		1,238,000		1,298,000		1,336,000		1,375,000
Roadways		258,000		260,000		262,000		264,000		266,000
	\$	30,567,000	\$	32,376,000	\$	33,226,000	\$	34,108,000	\$	34,961,000
Subtotal--O&M Expenses	\$	75,129,000	\$	77,186,000	\$	78,830,000	\$	80,823,000	\$	82,507,000
Equipment and capital outlays		2,301,000		703,000		900,000		900,000		900,000
Indianapolis Maintenance Center		7,433,000		7,268,000		7,427,000		7,591,000		7,760,000
Environmental remediation		20,000		25,000		25,000		25,000		25,000
Total O&M Expenses	\$	84,883,000	\$	85,182,000	\$	87,182,000	\$	89,339,000	\$	91,192,000
Summary allocation by Airport System Cost Center										
Apron Area	\$	1,946,000	\$	1,944,000	\$	2,012,000	\$	2,074,000	\$	2,133,000
Airfield Area		20,270,000		20,283,000		20,950,000		21,575,000		22,208,000
Terminal		29,002,000		29,964,000		30,773,000		31,754,000		32,287,000
Parking Area		15,628,000		15,126,000		15,494,000		15,800,000		16,144,000
Rented Buildings and Other Areas		15,520,000		15,166,000		15,196,000		15,340,000		15,580,000
Reliever Airports		2,517,000		2,699,000		2,757,000		2,796,000		2,840,000
	\$	84,883,000	\$	85,182,000	\$	87,182,000	\$	89,339,000	\$	91,192,000

Source: Authority records, October 2019
Compiled by Landrum & Brown, Inc.

Exhibit D

NONAIRLINE REVENUES

INDIANAPOLIS AIRPORT AUTHORITY

(Fiscal Years Ending December 31)

	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Airfield Area						
Aviation Fuel Sales	\$ 285,000	\$ 269,000	\$ 269,000	\$ 269,000	\$ 269,000	\$ 269,000
Ground Handling	1,934,000	1,961,000	1,961,000	1,961,000	1,961,000	1,961,000
Total Airfield Area Revenue	\$ 2,219,000	\$ 2,230,000	\$ 2,230,000	\$ 2,230,000	\$ 2,230,000	\$ 2,230,000
Terminal						
Terminal building						
Space rentals--other	\$ 1,790,000	\$ 1,855,000	\$ 1,855,000	\$ 1,855,000	\$ 1,855,000	\$ 1,855,000
Concessions						
Food & Beverage	\$ 5,654,000	\$ 5,519,000	\$ 6,346,000	\$ 6,346,000	\$ 6,410,000	\$ 6,474,000
News & Gifts	1,337,000	1,387,000	1,596,000	1,596,000	1,612,000	1,628,000
Specialty Shops	902,000	1,090,000	1,221,000	1,221,000	1,233,000	1,246,000
Advertising	1,023,000	913,000	913,000	913,000	922,000	931,000
Other Concessions	196,000	248,000	248,000	248,000	251,000	253,000
	\$ 9,112,000	\$ 9,157,000	\$ 10,324,000	\$ 10,324,000	\$ 10,428,000	\$ 10,532,000
Other (Terminal Complex)	137,000	135,000	135,000	135,000	135,000	135,000
Total Terminal Revenue	\$ 11,039,000	\$ 11,147,000	\$ 12,314,000	\$ 12,314,000	\$ 12,418,000	\$ 12,522,000
Parking Area	57,587,000	58,854,000	58,854,000	58,854,000	59,443,000	60,037,000
Fuel Convenience Center	48,000	59,000	59,000	59,000	59,000	59,000
Rental cars	10,547,000	10,515,000	10,515,000	10,515,000	10,620,000	10,726,000
Rented Buildings and Other Areas						
Building, hangar, and ground leases	15,119,000	14,779,000	15,118,000	15,325,000	16,179,000	16,281,000
Farm income	1,000	14,000	14,000	14,000	14,000	14,000
Fuel Farm	2,918,000	2,938,000	2,938,000	2,938,000	2,938,000	2,938,000
Other	843,000	875,000	875,000	875,000	875,000	875,000
Solar Farm Revenue	358,000	425,000	425,000	425,000	425,000	425,000
	\$ 19,239,000	\$ 19,031,000	\$ 19,370,000	\$ 19,577,000	\$ 20,431,000	\$ 20,533,000
Reliever Airports	2,884,000	2,916,000	2,916,000	2,916,000	2,916,000	2,916,000
IMC Gross Revenue	8,257,000	7,075,000	7,075,000	7,075,000	7,075,000	7,075,000
Total Nonairline Revenue	\$ 111,820,000	\$ 111,827,000	\$ 113,333,000	\$ 113,540,000	\$ 115,192,000	\$ 116,098,000

Source: Authority records, October 2019

Compiled by Landrum & Brown, Inc.

Exhibit E

CALCULATION OF TERMINAL RENTAL RATES

INDIANAPOLIS AIRPORT AUTHORITY

(Fiscal Years Ending December 31)

		Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Terminal Costs							
O&M Expenses		\$ 29,002,000	\$ 29,964,000	\$ 30,773,000	\$ 31,754,000	\$ 32,287,000	\$ 33,107,000
O&M Reserve Fund Requirement (a)		106,000	160,000	135,000	164,000	89,000	137,000
Renewal and Replacement Fund Requirement (b)		-	-	-	-	-	-
Net Debt Service Requirements		34,704,000	35,096,000	34,895,000	35,577,000	39,202,000	39,199,000
Debt Service Coverage Requirement (c)		-	-	-	-	-	-
Total Terminal Requirement	[A]	\$ 63,812,000	\$ 65,220,000	\$ 65,803,000	\$ 67,495,000	\$ 71,578,000	\$ 72,443,000
Federal reimbursements	[B]	561,000	-	-	-	-	-
Terminal credit (deficit) from prior year end settlement	[C]	4,352,000	836,000	1,034,000	-	-	-
Terminal Revenue Requirement	[D=A-B-C]	\$ 58,899,000	\$ 64,384,000	\$ 64,769,000	\$ 67,495,000	\$ 71,578,000	\$ 72,443,000
Rentable Space (square feet) (d)	[E]	513,831	513,831	513,831	513,831	513,831	513,831
Average rate per square foot	[F=D/E]	\$114.63	\$125.30	\$126.05	\$131.36	\$139.30	\$140.99
Airline Rented Space (square feet)	[G]	315,708	315,708	315,708	315,708	315,708	315,708
Terminal Rental Revenue Required (before Revenue Sharing)	[H=F*G]	\$ 36,189,000	\$ 39,559,000	\$ 39,795,000	\$ 41,470,000	\$ 43,979,000	\$ 44,510,000
Amount Available for Revenue Sharing for Terminal (e)	[I]	12,416,000	12,062,000	12,683,000	12,941,000	13,060,000	12,711,000
Adjusted Terminal Rental Revenue Requirement	[J=H-I]	\$ 23,773,000	\$ 27,497,000	\$ 27,112,000	\$ 28,529,000	\$ 30,919,000	\$ 31,799,000
Terminal Rental Rate	[K=J/G]	\$75.30	\$87.10	\$85.88	\$90.37	\$97.94	\$100.72
Terminal Rental Revenue	[K*G]	\$ 23,773,000	\$ 27,497,000	\$ 27,112,000	\$ 28,529,000	\$ 30,919,000	\$ 31,799,000
= Actual or Reforecast Terminal Area Rent received		\$ 24,609,000	\$ 28,531,000	\$ -	\$ -	\$ -	\$ -
= Apron Area credit (deficit) carried forward		\$ 836,000	\$ 1,034,000	\$ -	\$ -	\$ -	\$ -

(a) Required supplemental deposit (credit) to maintain fund at 1/6 of the annual budgeted O&M Expenses allocable to the Terminal.

(b) Required supplemental deposit (credit) to Renewal and Replacement Fund allocable to the Terminal.

(c) Represents the incremental deposit (credit) to the Coverage Fund to meet the Debt Service Coverage Requirement of 25% of the annual Debt Service Requirements for all Revenue Bonds allocable to the Terminal.

(d) Includes all rentable space in the Terminal, including security checkpoints.

(e) Represents amounts available for revenue sharing with the airlines after the financial obligations of the Authority have been met, and applied as a credit to the Terminal Rental Revenue.

Source: Authority records, October 2019

Compiled by Landrum & Brown, Inc.

Exhibit F

CALCULATION OF APRON AREA RENTAL RATES

INDIANAPOLIS AIRPORT AUTHORITY

(Fiscal Years Ending December 31)

		Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Apron Area Costs							
O&M Expenses		\$ 1,946,000	\$ 1,944,000	\$ 2,012,000	\$ 2,074,000	\$ 2,133,000	\$ 2,197,000
O&M Reserve Fund Requirement (a)		-	-	11,000	10,000	10,000	11,000
Renewal and Replacement Fund Requirement (b)		-	-	-	-	-	-
Net Debt Service Requirements		242,000	240,000	241,000	213,000	195,000	187,000
Debt Service Coverage Requirement (c)		-	-	-	-	-	-
Apron Area Expense	[A]	\$ 2,188,000	\$ 2,184,000	\$ 2,264,000	\$ 2,297,000	\$ 2,338,000	\$ 2,395,000
Apron Gate Use Fees (d)	[B]	1,024,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
RON Parking Fees (d)	[C]	694,000	694,000	694,000	694,000	694,000	694,000
Apron Credit (deficit) from prior year end settlement	[D]	(387,000)	110,000	120,000	-	-	-
Apron Area Revenue Requirement	[E=A-B-C-D]	\$ 857,000	\$ 280,000	\$ 350,000	\$ 503,000	\$ 544,000	\$ 601,000
Apron Area rented by airlines (square feet)	[F]	833,773	833,773	833,773	833,773	833,773	833,773
Apron Area Rental Rate per square foot	[G=E/F]	\$1.03	\$0.34	\$0.42	\$0.60	\$0.65	\$0.72
Apron Area Rental Revenue	[G*F]	\$ 857,000	\$ 280,000	\$ 350,000	\$ 503,000	\$ 544,000	\$ 601,000

(a) Required supplemental deposit (credit) to maintain fund at 1/6 of the annual budgeted O&M Expenses allocable to the Apron Area.

(b) Required supplemental deposit (credit) to Renewal and Replacement Fund allocable to the Apron Area.

(c) Represents the incremental deposit (credit) to the Coverage Fund to meet the Debt Service Coverage Requirement of 25% of the annual Debt Service Requirements for all Revenue Bonds allocable to the Apron Area.

(d) Includes Signatory and nonsignatory apron gate use and RON fees.

Source: Authority records, October 2019

Compiled by Landrum & Brown, Inc.

Exhibit G

CALCULATION OF LANDING FEE RATES

INDIANAPOLIS AIRPORT AUTHORITY

(Fiscal Years Ending December 31)

		Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Airfield Area Costs							
O&M Expenses		\$ 20,270,000	\$ 20,283,000	\$ 20,950,000	\$ 21,575,000	\$ 22,208,000	\$ 22,873,000
O&M Reserve Fund Requirement (a)		-	2,000	111,000	104,000	106,000	111,000
Renewal and Replacement Fund Requirement (b)		-	-	-	-	-	-
Net Debt Service Requirements		3,614,000	7,713,000	6,437,000	12,059,000	15,956,000	17,120,000
Debt Service Coverage Requirement (c)		-	-	-	56,000	416,000	-
Total Airfield Area Requirement	[A]	\$ 23,884,000	\$ 27,998,000	\$ 27,498,000	\$ 33,794,000	\$ 38,686,000	\$ 40,104,000
Nonairline Airfield Area Revenue (d)	[B]	2,219,000	2,230,000	2,230,000	2,230,000	2,230,000	2,230,000
Airfield Credit (deficit) from prior year end settlement	[C]	1,449,000	63,000	(1,166,000)	-	-	-
Nonsignatory Landing Fee Revenue	[D]	626,000	727,000	724,000	688,000	804,000	832,000
Airfield Revenue Requirement	[E=A-B-C-D]	\$ 19,590,000	\$ 24,978,000	\$ 25,710,000	\$ 30,876,000	\$ 35,652,000	\$ 37,042,000
Total Signatory Airline Landed Weight	[F]	10,503,000	10,606,000	11,519,000	14,726,000	14,780,000	15,026,000
Landing Fee rate (per 1,000-pound unit)	[G=E/F]	\$1.87	\$2.36	\$2.23	\$2.10	\$2.41	\$2.47
Airfield Revenue Requirement	[E]	\$ 19,590,000	\$ 24,978,000	\$ 25,710,000	\$ 30,876,000	\$ 35,652,000	\$ 37,042,000
Revenue Sharing towards Airfield Area cost center (e)	[H]	1,693,000	1,645,000	1,729,000	1,765,000	1,781,000	1,733,000
Net Airfield Revenue Requirement	[I=E-H]	\$ 17,897,000	\$ 23,333,000	\$ 23,981,000	\$ 29,111,000	\$ 33,871,000	\$ 35,309,000
Landing Fee Rate (per 1,000-pound unit)	[J=I/F]	\$1.70	\$2.20	\$2.08	\$1.98	\$2.29	\$2.35
Landing Fee Revenue	[K=I*J]	\$ 17,897,000	\$ 23,333,000	\$ 23,981,000	\$ 29,111,000	\$ 33,871,000	\$ 35,309,000

(a) Required supplemental deposit to maintain fund at 1/6 of the annual budgeted O&M Expenses allocable to the Airfield Area.

(b) Required supplemental deposit (credit) to Renewal and Replacement Fund allocable to the Airfield Area.

(c) Represents the incremental deposit (credit) to the Coverage Fund to meet the Debt Service Coverage Requirement of 25% of the annual Debt Service Requirements for all Revenue Bonds allocable to the Airfield Area.

(d) Includes aviation fuel sales, ground handling, and other revenues generated in the Airfield Area.

(e) Represents amounts available for revenue sharing with the airlines after the financial obligations of the Authority have been met, and applied as a credit to the Airfield Revenue Requirement.

Source: Authority records, October 2019

Compiled by Landrum & Brown, Inc.

Exhibit H

REVENUE SHARING CALCULATION
(Fiscal Years Ending December 31)

INDIANAPOLIS AIRPORT AUTHORITY

		Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Revenue not credited to the Signatory Airlines							
Parking Area		\$ 57,587,000	\$ 58,854,000	\$ 58,854,000	\$ 58,854,000	\$ 59,443,000	\$ 60,037,000
Fuel Convenience Center		48,000	59,000	59,000	59,000	59,000	59,000
Rental cars		10,547,000	10,515,000	10,515,000	10,515,000	10,620,000	10,726,000
Rented Buildings and Other Areas		19,239,000	19,031,000	19,370,000	19,577,000	20,431,000	20,533,000
Reliever Airports		2,884,000	2,916,000	2,916,000	2,916,000	2,916,000	2,916,000
IMC Gross Revenue		8,257,000	7,075,000	7,075,000	7,075,000	7,075,000	7,075,000
Terminal Nonairline Revenue		11,039,000	11,147,000	12,314,000	12,314,000	12,418,000	12,522,000
Federal Payments		(420,000)	(480,000)	(480,000)	(480,000)	(480,000)	(480,000)
Common Use Gate Fees		881,000	1,019,000	1,005,000	1,058,000	1,146,000	1,179,000
Terminal / Gate Use Rentals from nonsignatory carriers		571,000	719,000	744,000	783,000	849,000	873,000
Nonsignatory Joint Use Premium		399,000	364,000	359,000	377,000	409,000	419,000
Total Revenue not credited to the Signatory Airlines	[A]	\$ 111,032,000	\$ 111,219,000	\$ 112,731,000	\$ 113,048,000	\$ 114,886,000	\$ 115,859,000
O&M Expenses from All Other Areas							
Parking Area		\$ 15,628,000	\$ 15,126,000	\$ 15,494,000	\$ 15,800,000	\$ 16,144,000	\$ 16,496,000
Rented Buildings and Other Areas		8,087,000	7,898,000	7,769,000	7,749,000	7,820,000	7,881,000
Reliever Airports		2,517,000	2,699,000	2,757,000	2,796,000	2,840,000	2,884,000
IMC		7,433,000	7,268,000	7,427,000	7,591,000	7,760,000	7,934,000
Total O&M Expenses from All Other Areas	[B]	\$ 33,665,000	\$ 32,991,000	\$ 33,447,000	\$ 33,936,000	\$ 34,564,000	\$ 35,195,000
Net Revenues from All Other Areas	[C=A-B]	\$ 77,367,000	\$ 78,228,000	\$ 79,284,000	\$ 79,112,000	\$ 80,322,000	\$ 80,664,000
All Other Areas Debt Service and Fund Balance Obligations							
Net Debt Service (a)		\$ 15,440,000	\$ 15,717,000	\$ 15,805,000	\$ 14,160,000	\$ 13,591,000	\$ 14,116,000
Operation and Maintenance Reserve Fund		537,000	(112,000)	76,000	82,000	104,000	104,000
Renewal and Replacement Fund		571,000	91,000	17,000	140,000	183,000	67,000
Gross Terminal requirement deficit		22,710,000	24,825,000	24,974,000	26,025,000	27,599,000	27,933,000
Deposit to Coverage Fund (b)		-	-	-	-	4,000	-
Capital Improvement Fund:							
Deposit from Gross Revenues		24,000,000	24,000,000	24,000,000	24,000,000	24,000,000	24,000,000
Deposit to Supplemental Capital Improvement Fund		-	-	-	-	-	-
Total Debt Service and Fund Balance Obligations for All Other Areas	[D]	\$ 63,258,000	\$ 64,521,000	\$ 64,872,000	\$ 64,407,000	\$ 65,481,000	\$ 66,220,000
Budgeted Amount Available for Revenue Sharing	[C]-[D]=[E]	\$ 14,109,000	\$ 13,707,000	\$ 14,412,000	\$ 14,705,000	\$ 14,841,000	\$ 14,444,000

(a) Net Debt Service from All Other Areas, including other debt-related fees.

(b) Represents the incremental deposit (credit) to the Coverage Fund to meet the Debt Service Coverage Requirement of 25% of the annual Debt Service Requirements for all Revenue Bonds allocable to All Other Areas.

Source: Authority records, October 2019

Compiled by Landrum & Brown, Inc.

Exhibit I

SIGNATORY AIRLINE COST PER ENPLANED PASSENGER

INDIANAPOLIS AIRPORT AUTHORITY

(Fiscal Years Ending December 31)

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		2019	2020	2021	2022	2023	2024
Signatory Passenger Airline Revenue							
Signatory Airline Terminal Rents		\$ 24,609,000	\$ 28,531,000	\$ 27,112,000	\$ 28,529,000	\$ 30,919,000	\$ 31,799,000
Apron Area rents		967,000	400,000	350,000	503,000	544,000	601,000
Gate use and RON fees		2,599,000	2,813,000	2,799,000	2,852,000	2,940,000	2,973,000
Landing fees from Signatory Passenger Airlines		8,945,000	11,100,000	11,057,000	10,499,000	12,293,000	12,729,000
Signatory Passenger Airline Revenue	[A]	\$ 37,120,000	\$ 42,844,000	\$ 41,318,000	\$ 42,383,000	\$ 46,696,000	\$ 48,102,000
Signatory Airline Enplaned Passengers	[B]	4,590,000	4,571,000	4,571,000	4,571,000	4,616,000	4,662,000
Signatory Airline Cost Per Enplaned Passenger	[A/B]	\$ 8.09	\$ 9.37	\$ 9.04	\$ 9.27	\$ 10.12	\$ 10.32

Source: Authority records, October 2019

Compiled by Landrum & Brown, Inc.

Exhibit J
APPLICATION OF REVENUES
INDIANAPOLIS AIRPORT AUTHORITY

(Fiscal Years Ending December 31)

		Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Gross Revenues							
Airline revenue							
Signatory Airline Terminal rents (a)		\$ 36,189,000	\$ 39,559,000	\$ 39,795,000	\$ 41,470,000	\$ 43,979,000	\$ 44,510,000
Apron Area rents (a)		857,000	280,000	350,000	503,000	544,000	601,000
Gate use and RON fees (a)		2,599,000	2,813,000	2,799,000	2,852,000	2,940,000	2,973,000
Landing fees from signatory passenger airlines (a)		9,757,000	12,508,000	11,854,000	11,136,000	12,939,000	13,354,000
Total Signatory Passenger Airline Revenues	[A]	\$ 49,402,000	\$ 55,160,000	\$ 54,798,000	\$ 55,961,000	\$ 60,402,000	\$ 61,438,000
Landing Fees from signatory cargo carriers (a)		9,833,000	12,470,000	13,856,000	19,740,000	22,713,000	23,688,000
Landing Fees from nonsignatory carriers		626,000	727,000	724,000	688,000	804,000	832,000
Terminal / Gate Use Rentals from nonsignatory carriers		571,000	719,000	744,000	783,000	849,000	873,000
Nonsignatory Joint Use Premium		399,000	364,000	359,000	377,000	409,000	419,000
Total airline revenue		\$ 60,831,000	\$ 69,440,000	\$ 70,481,000	\$ 77,549,000	\$ 85,177,000	\$ 87,250,000
Nonairline revenues		111,820,000	111,827,000	113,333,000	113,540,000	115,192,000	116,098,000
Federal Payments		(420,000)	(480,000)	(480,000)	(480,000)	(480,000)	(480,000)
Year End Settlement amounts in the Prepaid Airline Fund		5,414,000	1,009,000	(12,000)	-	-	-
Total gross revenues (b)	[B]	\$ 177,645,000	\$ 181,796,000	\$ 183,322,000	\$ 190,609,000	\$ 199,889,000	\$ 202,868,000
Application of Gross Revenues							
Operation and Maintenance Fund		\$ 84,883,000	\$ 85,182,000	\$ 87,182,000	\$ 89,339,000	\$ 91,192,000	\$ 93,372,000
Federal reimbursements		(561,000)	-	-	-	-	-
Net Debt Service (c)		53,525,000	58,291,000	56,903,000	61,534,000	68,469,000	70,147,000
Debt Program Expenses		475,000	475,000	475,000	475,000	475,000	475,000
Deposit to Coverage Fund (d)		-	-	-	56,000	420,000	-
Operation and Maintenance Reserve Fund		643,000	50,000	333,000	360,000	309,000	363,000
Renewal and Replacement Fund		571,000	91,000	17,000	140,000	183,000	67,000
Total obligations	[D]	\$ 139,536,000	\$ 144,089,000	\$ 144,910,000	\$ 151,904,000	\$ 161,048,000	\$ 164,424,000
Net Revenue after payment of obligations	[B]-[D]=[E]	\$ 38,109,000	\$ 37,707,000	\$ 38,412,000	\$ 38,705,000	\$ 38,841,000	\$ 38,444,000
Deposit to Capital Improvement Fund	[F]	24,000,000	24,000,000	24,000,000	24,000,000	24,000,000	24,000,000
Deposit to Supplemental Capital Improvement Fund							
Amount Available for Revenue Sharing (e)	[E]-[F]	14,109,000	13,707,000	14,412,000	14,705,000	14,841,000	14,444,000
Total application of revenues		\$ 177,645,000	\$ 181,796,000	\$ 183,322,000	\$ 190,609,000	\$ 199,889,000	\$ 202,868,000

(a) See Exhibit E for Terminal Rents (does not include non-signatory joint use space rentals), Exhibit F for Apron Rents and Gate Use and RON Fees, and Exhibit G for Landing Fee Revenues.

(b) Excludes interest income.

(c) Represents Senior Debt Service requirements net of Dedicated Revenues.

(d) Represents the incremental deposit (credit) to the Coverage Fund to meet the Debt Service Coverage Requirement of 25% of the annual Debt Service Requirements for all Revenue Bonds.

(e) Represents amounts available for revenue sharing with the airlines after the financial obligations of the Authority have been met.

Source: Authority records, October 2019

Compiled by Landrum & Brown, Inc.

Exhibit K

DEBT SERVICE COVERAGE

INDIANAPOLIS AIRPORT AUTHORITY

(Fiscal Years Ending December 31)

	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Airline revenues	\$ 47,732,000	\$ 55,720,000	\$ 56,069,000	\$ 62,845,000	\$ 70,336,000	\$ 72,806,000
Nonairline revenues	111,820,000	111,827,000	113,333,000	113,540,000	115,192,000	116,098,000
Total Revenues	\$ 159,552,000	\$ 167,547,000	\$ 169,402,000	\$ 176,385,000	\$ 185,528,000	\$ 188,904,000
O&M Expenses	\$ 84,883,000	\$ 85,182,000	\$ 87,182,000	\$ 89,339,000	\$ 91,192,000	\$ 93,372,000
Net Revenues	\$ 74,669,000	\$ 82,365,000	\$ 82,220,000	\$ 87,046,000	\$ 94,336,000	\$ 95,532,000
Coverage Fund	\$ 17,180,000	\$ 17,180,000	\$ 17,180,000	\$ 17,236,000	\$ 17,656,000	\$ 17,236,000
Transfers from Prepaid Airline Fund from prior year	5,414,000	1,009,000	(12,000)	-	-	-
Net Revenues Available for Debt Service	\$ 97,263,000	\$ 100,554,000	\$ 99,400,000	\$ 104,282,000	\$ 111,992,000	\$ 112,768,000
Gross Debt Service	\$ 70,756,000	\$ 76,766,000	\$ 82,511,000	\$ 87,207,000	\$ 96,144,000	\$ 96,820,000
Less: Dedicated Revenues	(16,756,000)	(18,000,000)	(25,133,000)	(25,198,000)	(27,200,000)	(26,198,000)
Less: Assumed VRD components excluded	(1,083,000)	(897,000)	(969,000)	(1,077,000)	(1,223,000)	(1,223,000)
Less: Debt Program Expenses	(475,000)	(475,000)	(475,000)	(475,000)	(475,000)	(475,000)
Net Senior Debt Service	\$ 52,442,000	\$ 57,394,000	\$ 55,934,000	\$ 60,457,000	\$ 67,246,000	\$ 68,924,000
Debt Service Coverage Ratio	1.85	1.75	1.78	1.72	1.67	1.64

Source: Authority records, October 2019

Compiled by Landrum & Brown, Inc.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS

The following is a summary of certain provisions of the Indenture and the Authority Bond Ordinance relating to the 2019I Bond Bank Bonds and the 2019C Authority Bonds, respectively, not otherwise discussed in this Official Statement. This summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Indenture and the Authority Bond Ordinance. Capitalized terms in this summary will have the meanings set forth in the Indenture or the Authority Bond Ordinance, as applicable.

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Trust Indenture (the “Indenture”) between The Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Bond Bank Trustee” or “Trustee”), dated as of November 1, 2019, not otherwise discussed in this Official Statement. This summary of the Indenture does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Indenture.

Certain capitalized terms used in this summary of the Indenture are defined as follows:

“Accounts” means the accounts created pursuant to Article VI of the Indenture.

“Additional Bonds” means any Bond Bank Bonds issued pursuant to Section 2.06 of the Indenture and any Supplemental Indenture.

“Additional Qualified Obligations” means any Qualified Obligations which are revenue bonds issued by the Airport and purchased by the Bond Bank with all or a portion of the proceeds of a Series of Bond Bank Bonds.

“Airport” means the Indianapolis Airport Authority, or any successor to its functions.

“Airport Authority Bond Ordinance,” “Authority Bond Ordinance” or “Ordinance” means General Ordinance No. 5-2014 adopted by the Board of Directors of the Airport on August 15, 2014, as supplemented and amended from time to time, including as supplemented by General Ordinance No. 5-2019 adopted by the Board of Directors of the Airport on October 18, 2019.

“Bond Bank” means The Indianapolis Local Public Improvement Bond Bank, an entity created pursuant to the Act by, but separate from, the City in its corporate capacity or any successor to its functions.

“Bond Bank Act” or “Act” means the provisions of Indiana Code 5-1.4.

“Bond Bank Bonds” or “Bonds” means any of the 2019I Bonds and Additional Bonds issued pursuant to the Indenture and any Supplemental Indenture.

“Bond Bank Trustee” or “Trustee” means initially The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or any successor Bond Bank Trustee.

“Bond Counsel” means Counsel that is nationally recognized in the area of municipal law and matters relating to the exclusion of interest on municipal bonds from gross income under federal tax law.

“Bond Issuance Expense Account” means the account by that name created under the Indenture.

“Bondholder” or “holder of Bond Bank Bonds” or “owner of Bond Bank Bonds” or “Registered Owner” or any similar term means the registered owner of any Bond Bank Bond, including the Bond Bank, and any purchaser of Bonds being held for resale, including the Bond Bank.

“City” means the City of Indianapolis, Indiana.

“Code” means the Internal Revenue Code of 1986, as in effect on the date of issuance of any Series of Bond Bank Bonds, and the applicable judicial decisions or published rulings, or any applicable regulations promulgated or proposed thereunder or under the Internal Revenue Code of 1954 as in effect immediately prior to the enactment of the Tax Reform Act of 1986.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Bond Bank or the Qualified Entity and related to the authorization, sale and issuance of Bond Bank Bonds and the Qualified Obligations, which items of expense shall include, but not be limited to, bond insurance premiums, credit enhancement or liquidity facility fees, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Bond Bank Trustee and Registrar, underwriters’ discounts, legal fees and charges, professional consultants’ fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Bond Bank Bonds, costs and expenses of refunding and other costs, charges and fees in connection with the foregoing and any other costs of a similar nature authorized by the Act.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and approved by the Bond Bank.

“Event of Default” means any occurrence or event specified in Section 10.01 of the Indenture.

“Fees and Charges” means fees and charges established by the Bond Bank from time to time pursuant to the Act which are payable by the Airport.

“Fiscal Year” means the twelve month period from January 1 through the following December 31.

“Funds” means the funds created pursuant to Article VI of the Indenture.

“General Account” means the account by that name created by Section 6.02 of the Indenture.

“General Fund” means the fund by that name created by Section 6.02 of the Indenture.

“Governmental Obligations” means (a) direct obligations of the United States of America or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, including but not limited to securities evidencing ownership interests in such obligations or in specified portions thereof (which may consist of specific portions of the principal of or interest on such obligations), and (b) obligations of any state of the United States of America or any political subdivision thereof, the full payment of principal of, premium, if any, and interest on which (i) are unconditionally guaranteed or insured by the United States of America, or (ii) are provided for by an irrevocable deposit of securities described in clause (a) and are not subject to call or redemption by the issuer thereof prior to maturity or for which irrevocable instructions to redeem have been given.

“Indenture” means the Trust Indenture, dated as of November 1, 2019, and all supplements and amendments entered into pursuant to Article XII.

“Investment Earnings” means earnings and profits (after consideration of any accrued interest paid and amortization of premium or discount on the investment) on the moneys in the Funds and Accounts established under the Indenture.

“Investment Securities” means (i) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (ii) obligations fully

and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (iii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (iv) evidence of ownership of proportionate interests in future interest and principal payments on obligations described above 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 government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated, (v) demand deposits, including interest-bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Bond Bank Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FEIC-insured, or (vi) money market funds rated "AAm" or "AAm G" by Standard and Poor's Ratings Services, or better, including those for which the Bond Bank Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise.

"Issue Date" means, for the 2019I Bond Bank Bonds, the date of delivery to the purchaser thereof, December 5, 2019.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel which opinion is acceptable to the Bond Bank and the Bond Bank Trustee.

"Opinion of Counsel" means a written opinion of Counsel addressed to the Bond Bank Trustee, for the benefit of the owners of the Bonds, who may (except as otherwise expressly provided in the Indenture) be Counsel to the Bond Bank or Counsel to the owners of the Bond Bank Bonds and who is acceptable to the Bond Bank Trustee.

"Outstanding" or "Bond Bank Bonds Outstanding" means all Bond Bank Bonds which have been authenticated and delivered by the Bond Bank Trustee under the Indenture or Bond Bank Bonds held for resale, including Bond Bank Bonds held by the Bond Bank, except:

- (i) Bond Bank Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (ii) Bond Bank Bonds deemed paid under Article IX; and
- (iii) Bond Bank Bonds in lieu of which other Bond Bank Bonds have been authenticated under the Indenture.

"Paying Agent" means initially The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America or any successor thereto.

"Program" means the program for the purchase or exchange of Qualified Obligations by the Bond Bank pursuant to the Act and the Indenture.

"Program Expenses" means all of the Bond Bank's expenses in carrying out and administering the Program pursuant to the Indenture and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, credit enhancement fees, liquidity facility fees, legal, accounting, management, consulting and banking services and expenses, fees and expenses of the Bond Bank Trustee, the Registrar and the Paying Agent, costs of verifications required under Section 6.13, Costs of Issuance, not paid from the proceeds of Bond Bank Bonds, travel, payments for pension, retirement, health and hospitalization, life and disability insurance benefits, any other costs permitted under the Act, and rebates, if any, which in the Opinion of Bond Counsel are required to be made under the Code in order to preserve or protect the exclusion from gross income for federal tax purposes of interest on the Bonds, all to the extent properly allocable to the Program.

“Qualified Entity” means the Airport, a qualified entity under IC 5-1.4-1-10.

“Qualified Obligation” means the 2019C Authority Bonds and any Additional Qualified Obligations acquired by the Bond Bank pursuant to the Indenture.

“Rating Agency” means any nationally recognized rating agency maintaining a rating on the Bond Bank Bonds at the request of the Bond Bank.

“Redemption Account” means the account by that name created by the Indenture.

“Refunding Bonds” means Bond Bank Bonds issued pursuant to Section 2.06 of the Indenture and any Supplemental Indenture.

“Refunding Qualified Obligation” means any Qualified Obligation issued to refund any of the Qualified Obligations or another Refunding Qualified Obligation.

“Registrar” means initially The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America or any successor thereto.

“Revenues” means the income, revenues and profits of the Funds and Accounts referred to in the granting clauses of the Indenture including, without limitation, all Qualified Obligation Payments and Investment Earnings.

“Series of Bond Bank Bonds” or “Bond Bank Bonds of a Series” or “Series of Bonds” or “Bonds of a Series” or “Series” or words of similar meaning means any Series of Bond Bank Bonds authorized by the Indenture or by a Supplemental Indenture.

“Supplemental Indenture” means an indenture supplemental to or amendatory of the Indenture, executed by the Bond Bank and the Bond Bank Trustee in accordance with Article XII of the Indenture.

“Trust Estate” means the property, rights, moneys and amounts pledged and assigned to the Bond Bank Trustee pursuant to the granting clauses of the Indenture.

“2019C Authority Bonds” means the Indianapolis Airport Authority Revenue Bonds, Series 2019C-1, dated the Issue Date (the “2019C-1 Authority Bonds”) and the Indianapolis Airport Authority Revenue Bonds, Series 2019C-2, dated the Issue Date (the “2019C-2 Authority Bonds”), and issued in the same original aggregate principal amounts, same maturities and same interest rates as the Series 2019I-1 Bond Bank Bonds and the Series 2019I-2 Bond Bank Bonds, respectively.

“2019I Bonds” means any of the of \$51,595,000 principal amount of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2019I-1 (Non-AMT) (Indianapolis Airport Authority Project), dated the Issue Date (the “2019I-1 Bonds”) and \$16,000,000 of principal amount of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2019I-2 (Non-AMT) (Indianapolis Airport Authority Project), dated the Issue Date (the “2019I-2 Bonds”).

Authority for Indenture

The Indenture is executed and delivered by the Bond Bank by virtue of and pursuant to the Bond Bank Act. The Bond Bank has ascertained and determines and declares that the execution and delivery of the Indenture is consistent with the public purposes of the Bond Bank, that each and every act, matter, thing or course of conduct as to which provision is made therein is made in order to carry out and effectuate such purposes of the Bond Bank.

Indenture to Constitute Contract

In consideration of the purchase and acceptance of Bonds by those who shall hold the same from time to time, the provisions of the Indenture and any Supplemental Indenture shall be a part of the contract of the Bond

Bank with the Trustee as representative of and for the benefit of the Bondholders, including but not limited to, as described in Indiana Code 5-1.4-4-2. The Bond Bank covenants and agrees with the Trustee, that it will faithfully perform all of the covenants and agreements contained in the Indenture and in the Bonds.

Pledge and Agreement of the State

The pledge and agreement of the State set forth in Indiana Code 5-1.4-4-2 is incorporated therein as part of the contract between the Bond Bank and the Trustee.

Security for Bonds

The Bond Bank will issue its Bonds pursuant to the Indenture. To secure the payment of the principal of, premium, if any, and interest on the outstanding Bonds and any Additional Bonds, the performance of the covenants contained in the Bonds and the Indenture, the Bond Bank, grants to the Bond Bank Trustee a security interest in the following property ("Trust Estate"):

1. All cash and securities now or hereafter held in the Funds and Accounts created or established under the Indenture, the Investment Earnings thereon and all proceeds thereof (except to the extent transferred from such Funds and Accounts from time to time in accordance with the Indenture); and
2. All Qualified Obligations acquired and held by the Trustee pursuant to the Indenture and the earnings thereon and all proceeds thereof, including all Qualified Obligation Payments; and
3. All Revenues and any moneys pledged as security by the Bond Bank.

Revenues and Funds

Creation of Funds and Accounts. Under the Indenture, the Bond Bank creates and establishes the General Fund. The following Accounts are established in the General Fund: a "General Account," a "Bond Issuance Expense Account," and a "Redemption Account."

All such Funds and Accounts will be held and maintained by the Bond Bank Trustee. All moneys or securities held by the Bond Bank Trustee pursuant to the Indenture will be held in trust and applied only in accordance with the provisions of the Indenture. The Bond Bank and the Bond Bank Trustee may establish such additional Funds, Accounts or subaccounts as they may in their discretion determine to be appropriate to comply with the provisions of the Indenture.

General Account. There will be deposited in the General Account: (a) the proceeds of the sale of the Bonds, other than the amounts deposited in the Bond Issuance Expense Account as described below; and (b) any other amounts required to be deposited in the General Account pursuant to the Indenture. The Bond Bank Trustee will apply the moneys in the General Account (i) to pay principal and interest coming due on the Bonds; (ii) to pay, as necessary, Program Expenses; and (iii) with the approval of the Authority, to any other fund or account maintained by the Bond Bank.

Redemption Account. There will be deposited in the Redemption Account (a) all moneys received upon the sale or redemption prior to maturity of Qualified Obligations and (b) such other amounts as may be designated by the Indenture. Funds in the Redemption Account will be disbursed as follows by the Bond Bank Trustee: (i) on such dates as are specified in the Indenture, an amount equal to the principal which would have been payable during the following month for Qualified Obligations sold or redeemed prior to maturity; (ii) on such dates as are specified in the Indenture, to the extent moneys in the General Account are not sufficient, for the purpose of paying the principal of and interest on the Bonds as the same become due; (iii) after providing for the payments required under (i) and (ii) above, moneys may be used (1) on any redemption date, to redeem Bonds; (2) to purchase Qualified Obligations as permitted under the Indenture; (3) to transfer any excess moneys to the General Account; (4) to purchase Bonds at the most advantageous price obtainable with reasonable diligence; or (5) to invest such moneys until the maturity or maturities of Bonds in accordance with the Indenture; and (6) if the Bond Bank Trustee is

unable to purchase Bonds as described above, then, subject to the Indenture, the Bond Bank Trustee will redeem Bonds to exhaust as nearly as possible the amounts remaining in the Redemption Account under the Indenture.

Bond Issuance Expense Account. There will be deposited in the Bond Issuance Expense Account: (i) a portion of the proceeds of the Bonds in an amount equal to the estimated costs of issuing the Bonds, and (ii) any other amounts required to be deposited therein pursuant to the Indenture. Funds in the Bond Issuance Expense Account will be disbursed to pay the costs of issuing the Bonds. Any funds remaining in the Bond Issuance Expense Account 90 days after the issuance of Bonds will be transferred to the General Account and the Bond Issuance Expense Account may, at the direction of the Bond Bank, be closed.

Investment of Money

Subject to the right of the Bond Bank to direct the investment or deposit of funds under the Indenture, moneys in any Fund or Account (except the Redemption Account) shall be continuously invested and reinvested or deposited or redeposited by the Bond Bank Trustee in Investment Securities.

Any moneys in the Redemption Account shall be invested only in Governmental Obligations as directed by the Bond Bank. Any moneys in the Rebate Fund shall be invested as directed by the Bond Bank from time to time. All such investments shall at all times be a part of the Fund or Account in which the moneys used to acquire such investments had been deposited and all Investment Earnings on such investments shall be deposited as received in the General Account, except for income and profits on investment of funds in the Rebate Fund which shall remain in the Rebate Fund.

Additional Bonds

Additional Bonds may be issued from time to time only for the purchase of Additional Qualified Obligations, including, but not limited to, Refunding Qualified Obligations, issued by a Qualified Entity or to refund all or a portion of the outstanding Bonds. Any Additional Bonds shall be authorized by a supplemental indenture, will be secured by the supplemental indenture and will be equally and ratably payable from the Trust Estate.

Accounts and Reports

The Bond Bank will keep proper and separate books of records and accounts in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Indenture. Such books, and all other books and papers of the Bond Bank, and all Funds and Accounts will at all reasonable times be subject to the inspection of the Bond Bank Trustee and the owners of an aggregate of at least five percent (5%) in principal amount of Bonds then outstanding, or their representatives duly authorized in writing.

Before the twentieth day of each month, the Bond Bank Trustee will provide the Bond Bank with a statement of the amounts on deposit in each Fund and Account as of the last day of the preceding month and the total deposits to and withdrawals from each Fund and Account during the preceding month. The Bond Bank may provide for less frequent statements so long as such statements are supplied no less frequently than quarterly.

Tax Covenants

In order to preserve the exclusion of interest on the 2019I Bond Bank Bonds from gross income for federal income tax purposes and as an inducement to purchasers of the 2019I Bond Bank Bonds, the Bond Bank represents, covenants, and agrees that the Bond Bank will take no action nor fail to take any action with respect to any of the 2019I Bond Bank Bonds that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the 2019I Bond Bank Bonds under Section 103 of the Code, nor will it act in any other manner which would adversely affect such exclusion. These tax covenants are based solely on current law in effect and in existence on the date of issuance of each series of 2019I Bond Bank Bonds. It shall not be an event of default under the Indenture if interest on any 2019I Bond Bank Bonds is not excludable from gross income pursuant to any provision of the Code which is not in existence and in effect on the issue date of such 2019I Bond Bank Bonds.

Covenants of the Bond Bank

In order to provide for the payment of the principal of, premium, if any, and interest on the Bonds and of Program Expenses, the Bond Bank will from time to time, and in a sound and economical manner in accordance with the Act, the Indenture and sound banking practices and principles (i) undertake all necessary actions to receive and collect Revenues (including the enforcement of the prompt collection of any arrears on all Qualified Obligation Payments), and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Bond Bank to protect the rights of the Bond Bank with respect to or to maintain any insurance on the Qualified Obligations and to enforce all terms, covenants and conditions of the Qualified Obligations. Whenever necessary to provide for the payment of principal of and interest on the Bonds, the Bond Bank will also commence appropriate remedies with respect to any Qualified Obligations which is in default.

With respect to the Qualified Obligations:

(a) the Bond Bank may without the consent of any of the holders of the 2019I Bond Bank Bonds, agree to changes to the Authority Bond Ordinance; provided, however, any such changes will not adversely affect any then existing rating from a Rating Agency on all Outstanding Bond Bank Bonds under the Indenture; and

(b) the Bond Bank will not sell, release or dispose of any Qualified Obligations, unless the Bond Bank supplies the Bond Bank Trustee with a cash flow certificate to the effect that, after such change, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal the Debt Service on all Outstanding Bond Bank Bonds in each such Fiscal Year.

Defeasance and Discharge of Indenture

If payment or provision for payment is made, to the Bond Bank Trustee, of the whole amount of principal of and interest due and to become due on all of the Bonds and if the Bond Bank Trustee receives all payments due and to become due under the Indenture, then the Indenture may be discharged in accordance with its provisions. In the event of any early redemption of Bonds in accordance with their terms, the Bond Bank Trustee must receive irrevocable instructions from the Bond Bank, satisfactory to the Bond Bank Trustee, to call such Bonds for redemption at a specified date and pursuant to the Indenture. Outstanding Bonds will continue to be a limited obligation of the Bond Bank payable only out of the moneys or securities held by the Bond Bank Trustee for the payment of the principal of and interest on the Bonds.

Any Bond will be deemed to be paid when payment of the principal of that Bond, plus interest to its due date, either (a) has been made or has been caused to be made in accordance with its terms, or (b) has been provided for by irrevocably depositing with the Bond Bank Trustee, in trust and exclusively for such payment, (i) moneys sufficient to make such payment, (ii) noncallable or nonprepayable Governmental Obligations maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will ensure the availability of sufficient moneys to make such payments, or (iii) a combination of such moneys and Governmental Obligations, and all other sums payable under the Indenture, including the necessary and proper fees and expenses of the Bond Bank Trustee pertaining to the Bonds, have been paid or deposited with the Bond Bank Trustee.

Events of Default and Remedies

Any of the following events constitutes an “Event of Default” under the Indenture:

(a) The Bond Bank defaults in the due and punctual payment of the principal of or interest on any Bond; or

(b) The Bond Bank defaults in the due and punctual payment of any Bond whether at the stated maturity thereof or on any date fixed for mandatory sinking fund redemption; or

(c) The Bond Bank fails to make remittances required by the Indenture to the Bond Bank Trustee within the time limits prescribed in the Indenture; or

(d) The Bond Bank defaults in the performance or observance of any other of the covenants, agreements or conditions on the part of the Bond Bank contained in the Indenture or in the Bond Bank Bonds and the failure to remedy the same within the time period provided in the Indenture; or

(e) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture, or in any instrument furnished in compliance with or in reference to the Indenture, is materially false or misleading when made, and there has been a failure to remedy such Event of Default within thirty (30) days after receipt of notice, all in accordance with the Indenture; or

(f) A petition is filed against the Bond Bank under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within ninety (90) days after such filing; or

(g) The Bond Bank files a petition in voluntary bankruptcy or seeking relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(h) The Bond Bank is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a liquidator or trustee of the Bond Bank or any of its property is appointed by court order or takes possession and such order remains in effect or such possession continues for more than sixty (60) days; or

(i) The Bond Bank is rendered incapable of fulfilling its obligations under the Indenture for any reason; or

(j) a default or event of default occurs under the Ordinance.

Upon the occurrence and continuance of an Event of Default, the Bond Bank Trustee will notify the owners of outstanding Bonds of such Event of Default and will have the following rights and remedies:

(a) The Bond Bank Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on Bonds outstanding under the Indenture, including any and all such actions arising under, or by reason of, the Qualified Obligations;

(b) The Bond Bank Trustee may by action at law or in equity require the Bond Bank to account as if it were the trustee of an express trust for the holders of the Bonds, and may take such action with respect to the Qualified Obligations as the Bond Bank Trustee deems necessary, appropriate and in the best interest of the Bondholders, subject to the terms of the Qualified Obligations;

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Bond Bank Trustee and of the Bondholders under the Indenture, the Bond Bank Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate under the Indenture and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer; and

(d) By notice to the Bond Bank and the Corporation Counsel of the City, the Bond Bank Trustee may declare the principal of and accrued interest on all Bonds to be due and payable immediately in accordance with the provisions of the Indenture and the Act; provided, however, that acceleration of the Bond Bank Bonds does not cause or permit an acceleration of the Authority Revenue Bond.

If an Event of Default has occurred, if requested to do so by the owners of twenty-five percent (25%) or more in aggregate principal amount of the Bonds outstanding under the Indenture, and if indemnified as provided in the Indenture, the Bond Bank Trustee will be obligated to exercise one or more of the rights, remedies and powers conferred by the Indenture as the Bond Bank Trustee, being advised by counsel, deemed most expedient in the interest of the Bondholders.

The owners of a majority in aggregate principal amount of the Bonds outstanding under the Indenture will have the right, at any time during the continuance of an Event of Default, by a written instrument or instruments executed and delivered to the Bond Bank Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture. However, such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Waivers of Events of Default

At its discretion, the Bond Bank Trustee may waive any Event of Default and its consequences, and must do so upon the written request of the owners of (a) more than 66-2/3% in aggregate principal amount of all Bonds then outstanding under the Indenture in the case of default in the payment of principal of or interest on the Bonds or (b) more than 50% in aggregate principal amount of all Bonds then outstanding under the Indenture in the case of any other default. However, there may not be waived (i) any Event of Default in the payment of the principal of any Bond then outstanding under the Indenture at the specified date of maturity or (ii) any Event of Default in the payment when due of the interest on any Bond then outstanding under the Indenture unless, prior to the waiver, all arrears of interest or principal due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Bond Bank Trustee in connection with the Event of Default have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Bond Bank Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then the Bond Bank, the Bond Bank Trustee and the Bondholders will be restored to their former respective positions and right under the Indenture. No waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

Rights and Remedies of Owners of Bonds

No Owner of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for any other remedy under the Indenture, unless (a) an Event of Default has occurred and the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding under the Indenture have made written request to the Bond Bank Trustee and have offered the Bond Bank Trustee reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (b) such Owners of Bonds have offered to indemnify the Bond Bank Trustee, as provided in the Indenture, and (c) the Bond Bank Trustee has refused, or for sixty (60) days after receipt of such request and offer of indemnification has failed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity must be carried out as provided in the Indenture and for the equal benefit of the owners of all outstanding Bonds. However, nothing contained in the Indenture will affect or impair the right of any owner of Bonds to enforce the payment of the principal of and interest on any Bond at and after its maturity, or the limited obligation of the Bond Bank to pay the principal of and interest on each of the Bonds to the respective owners of the Bonds at the time and place, from the source and in the manner expressed in the Bonds.

Removal of the Bond Bank Trustee and Appointment of Successor Bond Bank Trustee

The Bond Bank and the Airport have certain rights regarding removal of the Bond Bank Trustee and appointment of a successor Bond Bank Trustee as further described in the Indenture.

Supplemental Indentures

The Bond Bank and the Bond Bank Trustee may, without the consent of or notice to any of the owners of Bonds, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Bond Bank Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Bond Bank Trustee;
- (c) To make any modification or amendment of the Indenture which the Bond Bank Trustee, relying on an opinion of Bond Counsel, determines will not have a material adverse effect on the interests of the Bondholders, provided, however, that the Bond Bank and the Bond Bank Trustee will make no amendment which would permit the purchase of the obligations of any Qualified Entity other than Additional Qualified Obligations;
- (d) To subject to the Indenture additional revenues, security, properties or collateral;
- (e) To modify, amend or supplement the Indenture or any supplemental indenture in order to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if the Bond Bank and the Bond Bank Trustee so determine, to add to the Indenture or to any supplemental indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or similar federal statute, which the Bond Bank Trustee determines, relying on an opinion of Bond Counsel, will not have a material adverse effect on the interest of any of the owners of the Bonds;
- (f) To evidence the appointment of a separate or co-trustee, or the succession of a new trustee, registrar or paying agent;
- (g) To provide for the issuance of each series of Additional Bonds;
- (h) To provide for the refunding of all or a portion of the Bonds;
- (i) To amend the Indenture to permit the Bond Bank to comply with any future federal tax law or covenants contained in any Supplemental Indenture with respect to compliance with future federal tax law; and
- (j) To obtain or maintain a rating on the Bonds.

With the exception of supplemental indentures for the purposes set forth in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority of the aggregate principal amount of the Bonds then outstanding under the Indenture which are affected (other than Bonds held by the Bond Bank) will have the right from time to time to consent to and approve the execution by the Bond Bank and the Bond Bank Trustee of any supplemental indenture or indentures deemed necessary and desirable by the Bond Bank Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture. However, no supplemental indenture may permit or be construed as permitting, without the consent of the owners of all Bonds then outstanding under the Indenture, (a) an extension of the stated date for maturity or redemption or a reduction in the principal amount of or redemption premium, or reduction in the rate or extension of the time of payment of the interest, on any Bonds, (b) the creation of any lien on the Trust Estate or any part thereof pledged under the Indenture prior to or on a parity with the lien of the Indenture other than a lien ratably securing all of the Bonds outstanding under the Indenture, (c) a reduction in the aggregate principal amount of the Bonds the owners of which are required to consent to such supplemental indenture, (d) the

creation of privilege, priority or preference of any Bond or Bonds over any other Bond or Bonds, or (e) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Bond Bank Trustee without the written consent of the Bond Bank Trustee.

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SUMMARY OF AUTHORITY BOND ORDINANCE

The following is a summary of certain provisions of the Authority Bond Ordinance (or “Ordinance”) as it relates to the 2019C Authority Bonds and not otherwise discussed in this Official Statement.

Definitions

Definitions of certain capitalized terms used in this summary of the Authority Bond Ordinance are as follows:

“Account” means an account established in any Fund created by the Ordinance.

“Accountant’s Certificate” means a certificate signed by a firm of independent certified public accountants.

“Accreted Value” means (a) with respect to any Capital Appreciation Revenue Bond, as of any date of calculation, the sum of the amount set forth in a Supplemental Ordinance as the amount representing the initial principal amount of such Capital Appreciation Revenue Bond plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (b) with respect to any Original Issue Discount Revenue Bond, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Revenue Bonds plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value shall be determined in accordance with the provisions of the Supplemental Ordinance authorizing the issuance of such Capital Appreciation Revenue Bond or Original Issue Discount Revenue Bond.

“Act” means Indiana Code 8-22-3, as amended from time to time, and all laws supplemental thereto.

“Airline Agreement” means, collectively, the substantially similar agreements between the Authority and the various airlines and other substantial users of the Airport System, as in place from time to time, including the various Agreement and Lease of Premises executed with the Authority effective January 1, 2019, or if no agreement is in place, an ordinance of the Authority setting the rates for and providing the terms upon which the airlines may use the Airport.

“Airport Consultant” means an independent airport consultant or airport consulting firm:

(a) Who has a nationally recognized reputation for special skill and knowledge in methods of the development, operation, management and financing of airports and airport facilities; and

(b) Who is selected and retained by the Authority and is compensated thereby, but who is not in the regular employ or control of the Authority.

“Airport System” means all airport, heliport and aviation facilities, or any interest therein, now or from time to time hereafter owned, operated or controlled in whole or in part by the Authority, together with all properties, facilities and services thereof, and all additions, extensions, replacements and improvements thereto, and all services provided or to be provided by the Authority in connection therewith. The Airport System currently includes the present airports of the Authority, known as “Indianapolis International Airport,” “Eagle Creek Airpark,” “Mt. Comfort Airport,” “Downtown Heliport,” “Hendricks County Airport” and “Metropolitan Airport.”

“Airport System Fund” means the fund established by the Ordinance into which all Gross Revenues shall be deposited.

“Authority” means the Indianapolis Airport Authority, a municipal corporation created pursuant to the Act and any successor thereto.

“Authority Trust Estate,” for purposes herein, means the assets pledged as security for all Outstanding Authority Revenue Bonds.

“Authorized Airport Representative” means the President, the Vice President, the Secretary or the Treasurer or any other duly authorized representative of the Authority.

“Balloon Indebtedness” shall mean, with respect to any series of Revenue Bonds fifty percent (50%) or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness the amount of Revenue Bonds of a series maturing on a single date or within a Fiscal Year must equal or exceed 150% of the amount of such series which matures during any other Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Revenue Bonds, scheduled to be amortized by prepayment or redemption prior to their stated maturity date. A Commercial Paper Program and the Commercial Paper constituting part of such Program shall not be Balloon Indebtedness.

“Board” means the governing body of the Authority.

“Capital Appreciation Revenue Bond” shall mean Revenue Bonds, all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Ordinance and is payable only upon redemption or on the maturity date of such Revenue Bonds. Revenue Bonds which are issued as Capital Appreciation Revenue Bonds, but later convert to Revenue Bonds on which interest is paid periodically, shall be Capital Appreciation Revenue Bonds until the conversion date and from and after such conversion date shall no longer be Capital Appreciation Revenue Bonds, but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

“Capital Improvement” shall have the same meaning as “Capital Improvements” in the Airline Agreement, currently meaning any single item having a cost in excess of Two Hundred Fifty Thousand Dollars (\$250,000), and a useful life in excess of two (2) years, acquired, purchased, or constructed in order to improve, maintain, or develop the Airport System, as well as any extraordinary or substantial expenditure whose object is to preserve, enhance, or protect the Airport System. Said term may include any expense for development studies, analysis, master planning efforts (including periodic reviews thereof), and economic or operational studies of the Airport System.

“Capital Improvement Fund” means the Capital Improvement Fund established by the Ordinance.

“Capitalized Interest Account” means the Capitalized Interest Account in the Revenue Bond Interest and Principal Fund established pursuant to the Ordinance.

“Commercial Paper” shall mean notes or other obligations of the Authority with a maturity of not more than two hundred seventy (270) days from the date of issuance and which are issued and reissued from time to time pursuant to a Program adopted by the Authority.

“Commercial Paper Program” shall mean a Program authorized by the Authority pursuant to which Commercial Paper shall be issued and reissued from time to time, up to the authorized amount of such Program.

“Completion Revenue Bonds” means the Completion Revenue Bonds authorized pursuant to the Ordinance.

“Construction Fund” means a Construction Fund established by a Supplemental Ordinance for any particular series of Revenue Bonds.

“Coverage Fund” means the Coverage Fund established by the Ordinance.

“Debt Service Requirement” means the annual amount required for payment of principal of and interest on, but excluding interest which has been funded by Revenue Bond proceeds, all Outstanding Revenue Bonds, whether at maturity or by reason of mandatory sinking fund redemption payment requirements; provided, however, that the following rules shall apply to the computation of Debt Service Requirements:

(i) in determining the principal due in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Revenue Bonds and Unissued Program Obligations in accordance with any amortization schedule established by or pursuant to a Supplemental Bond Ordinance setting forth the terms of such Revenue Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Revenue Bonds or Original Issue Discount Revenue Bonds maturing or scheduled for redemption in such year; in determining the interest due in each year, interest payable at a fixed rate shall (except to the extent subsection (ii), (iii) or (iv) of this definition applies) be assumed to be made at such fixed rate and on the required payment dates; provided, however, that interest payable on the Revenue Bonds shall be excluded to the extent such payments are to be paid from a Capitalized Interest Account for such Fiscal Year;

(ii) if all or any portion or portions of an Outstanding series of Revenue Bonds or Program Obligations constitute Balloon Indebtedness, then, for purposes of determining the Debt Service Requirement, each maturity which constitutes Balloon Indebtedness shall, unless otherwise provided in the Supplemental Bond Ordinance pursuant to which such Balloon Indebtedness is issued or unless subsection (iii) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than thirty (30) years and with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Indebtedness was issued; the interest rate used for such computation shall be that rate quoted as The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by the Airport Consultant to be a reasonable market rate for fixed-rate Revenue Bonds of a corresponding term issued under this Ordinance on the date of such calculation, with no credit enhancement and taking into consideration whether such Revenue Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any series of Revenue Bonds or Program Obligations, only a portion of which constitutes Balloon Indebtedness, the remaining portion shall be treated as described in subsection (i) above or such other provision of this definition as shall be applicable;

(iii) any maturity of Revenue Bonds which constitutes Balloon Indebtedness as described in subsection (ii) of this definition and for which the stated maturity date occurs within twelve (12) months from the date such calculation of the Debt Service Requirement is made, shall be assumed to become due and payable on the stated maturity date and subsection (ii) above shall not apply thereto unless there is delivered to the entity making the calculation of the Debt Service Requirement a certificate of an Authorized Airport Representative stating that the Authority intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Authority is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating the Debt Service Requirement, provided that such assumption shall not result in an interest rate lower than that which would be assumed under subsection (ii) above and shall be amortized over a term of not more than thirty (30) years from the date of refinancing;

(iv) if any Outstanding Revenue Bonds (including Program Obligations) or any Revenue Bonds which are then proposed to be issued constitute Tender Indebtedness (but excluding Program Obligations or Revenue Bonds as to which a Qualified Derivative Agreement is in effect and to which subsection (viii) applies), then, for purposes of determining the Debt Service Requirement, Tender Indebtedness shall be treated as if the principal amount of such Revenue Bonds were to be amortized over a term of not more than thirty (30) years commencing in the year in which such Tender Indebtedness is first subject to tender and with substantially level debt service payments; the interest rate used for such computation shall be either (a) the average of the variable rates applicable to such Tender Indebtedness during any consecutive 12-month period

during the immediately preceding twenty-four (24) months (or a shorter period, commencing on the date of issuance of such Tender Indebtedness) ending within thirty (30) days prior to the date of computation, or (b) with respect to any Tender Indebtedness for which such an average of the variable rates cannot be determined, (i) at a rate equal to 110% of the most recent BMA Index theretofore published in The Bond Buyer, or (ii) if The Bond Buyer is no longer published or no longer publishes the BMA Index, at a rate certified by the Authority's financial advisor, underwriter or other agent, including a remarketing agent, to be the rate of interest such Tender Indebtedness would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security and bearing interest at a variable rate, taking into consideration whether interest on such Tender Indebtedness is or is not excluded from gross income for federal income tax purposes; and with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in subsection (i) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date shall be determined as provided in subsections (v) or (vi) below, as appropriate;

(v) if any Outstanding Revenue Bonds constitute Variable Rate Indebtedness, including obligations described in subsection (viii)(B) to the extent it applies (except to the extent subsection (ii) or (iii) relating to Balloon Indebtedness or subsection (iv) relating to Tender Indebtedness or subsection (viii)(A) relating to Synthetic Fixed Rate Debt applies), the interest rate used for such computation shall be either (a) the average of the variable rates applicable to such Variable Rate Indebtedness during any consecutive 12-month period during the immediately preceding twenty-four (24) months (or a shorter period, commencing on the date of issuance of such Variable Rate Indebtedness) ending within thirty (30) days prior to the date of computation, or (b) with respect to any Variable Rate Indebtedness for which such an average of the variable rates cannot be determined, (i) at a rate equal to 110% of the most recent BMA Index theretofore published in The Bond Buyer, or (ii) if The Bond Buyer is no longer published or no longer publishes the BMA Index, at a rate certified by the Authority's financial advisor, underwriter or other agent, including a remarketing agent, to be the rate of interest such Variable Rate Indebtedness would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security and bearing interest at a variable rate, taking into consideration whether interest on such Variable Rate Indebtedness is or is not excluded from gross income for federal income tax purposes;

(vi) with respect to any Program Obligations or Unissued Program Obligations (in each case other than Commercial Paper) (A) debt service on such Program Obligations then Outstanding shall be determined in accordance with such of the foregoing provisions of this definition as shall be applicable, and (B) with respect to Unissued Program Obligations, it shall be assumed that the full principal amount of such Unissued Program Obligations will be amortized over a term certified by an Authorized Airport Representative at the time the initial Program Obligations of such Program are issued to be the expected duration of such Program or, if such expectations have changed, over a term certified by an Authorized Airport Representative to be the expected duration of such Program at the time of such calculation, but not to exceed thirty (30) years from the date of the initial issuance of such Program Obligations and it shall be assumed that debt service shall be paid in substantially level annual debt service payments over such assumed term; the interest rate used for such computation shall be the average of the variable rates applicable to such Unissued Program Obligations during any consecutive 12-month period during the immediately preceding twenty-four (24) months (or a shorter period, commencing on the date of issuance of such Unissued Program Obligations) ending within thirty (30) days prior to the date of computation, or (b) with respect to any Unissued Program Obligations for which such an average of the variable rates cannot be determined, (i) at a rate equal to 110% of the most recent BMA Index theretofore published in The Bond Buyer, or (ii) if The Bond Buyer is no longer published or no longer publishes the BMA Index, at a rate certified by the Authority's financial advisor, underwriter or other agent, including a remarketing agent, to be the rate of interest such Unissued Program Obligations would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security and bearing interest at a

variable rate, taking into consideration whether interest on such Program Obligations or Unissued Program Obligations is or is not excluded from gross income for federal income tax purposes;

(vii) debt service on Repayment Obligations shall be deemed to be the Debt Service Requirement for the Revenue Bonds associated with such Repayment Obligations;

(viii) (A) for purposes of computing the Debt Service Requirement of Revenue Bonds which constitute Synthetic Fixed Rate Debt, the interest payable thereon shall, if the Authority elects, be that rate as provided for by the terms of the Qualified Derivative Agreement or the net interest rate payable pursuant to offsetting indices, as applicable, or if the Authority fails to elect such rate, then it shall be deemed to be the fixed interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority;

(B) for purposes of computing the Debt Service Requirement of Revenue Bonds with respect to which a Qualified Derivative Agreement has been entered into whereby the Authority has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Revenue Bonds to which such Qualified Derivative Agreement pertains shall be included in the calculation of the Debt Service Requirement, and the interest rate with respect to such Revenue Bonds shall, if the Authority elects, be the sum of that rate as determined in accordance with subsection (v) relating to Variable Rate Indebtedness plus the difference between the interest rate on such Revenue Bonds and the rate received from the Qualified Derivative Agreement provider;

(ix) with respect to any Commercial Paper Program which has been implemented and not then terminated or with respect to any Commercial Paper Program then proposed to be implemented, with respect to Commercial Paper issued thereunder, the principal of and interest thereon shall be calculated as if the entire authorized amount of such Commercial Paper Program were to be amortized over a term of thirty (30) years commencing in the year in which such Commercial Paper Program is implemented and with substantially level annual debt service payments; the interest rate used for such computation shall be the average of the variable rates applicable to such Commercial Paper Program during any consecutive 12-month period during the immediately preceding twenty-four (24) months (or a shorter period, commencing on the date of issuance of such Commercial Paper Program) ending within thirty (30) days prior to the date of computation, or (b) with respect to any Commercial Paper Program for which such an average of the variable rates cannot be determined, (i) at a rate equal to 110% of the most recent BMA Index theretofore published in The Bond Buyer, or (ii) if The Bond Buyer is no longer published or no longer publishes the BMA Index, at a rate certified by the Authority's financial advisor, underwriter or other agent, including a remarketing agent, to be the rate of interest such Commercial Paper Program would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security and bearing interest at a variable rate, taking into consideration whether interest on such Commercial Paper is or is not excluded from gross income for federal income tax purposes;

(x) if moneys or Defeasance Obligations have been irrevocably deposited with and are held by the Trustee or another fiduciary or moneys in the Capitalized Interest Account have been set aside exclusively to be used to pay principal of and/or interest on specified Revenue Bonds, then the principal of and/or interest on to be paid from such moneys, Defeasance Obligations or from the earnings thereon shall be disregarded and not included in calculating the Debt Service Requirement;

(xi) the principal of and/or interest on Revenue Bonds to be paid from Dedicated Revenues or from earnings thereon shall be disregarded and not included in calculating the Debt Service Requirement as provided in Section 4.19 of the Ordinance;

(xii) to the extent not otherwise addressed herein, any payments made by the Authority on a Derivative Agreement shall be treated as part of the Debt Service Requirement on the Designated Debt with respect thereto and all payments received by the Authority on a Derivative Agreement shall be applied to reduce the Debt Service Requirement on the Designated Debt with respect thereto; and

with respect to any Revenue Bond that does not clearly fit within (i)-(xii) above, the Debt Service Requirement on such Revenue Bond shall be the amount or amounts certified by the Treasurer and another Authorized Airport Representative as reasonable in a certificate delivered to the Trustee.

“Debt Service Reserve Requirement” means the required amount, if any, to be held in any account of the Revenue Bond Reserve Fund for a series of Revenue Bonds in accordance with the applicable Supplemental Bond Ordinance; however, with respect to the 2019C Authority Bonds, the Debt Service Reserve Requirement means the 15/19C Debt Service Reserve Requirement.

“Dedicated Revenues” means passenger facility charges, state and/or federal grants or other moneys which the Authority has dedicated to pay principal of and/or interest on Revenue Bonds in the manner provided under the Ordinance.

“Defeasance Obligations” means with respect to any particular series of Revenue Bonds, any security specified by the Authority in the Supplemental Bond Ordinance as a Defeasance Obligation in connection with the sale of such Revenue Bonds by the Authority.

“Derivative Agreement” means an agreement or contract executed by the Authority in connection with a transaction, agreement or understanding entered into by the Authority in connection with Revenue Bonds or Subordinate Securities in which the Authority and a counterparty agree to exchange payments in the future, including, without limitation, transactions commonly called swap agreements, option agreements in which the counterparty can require the Authority to issue Refunding Revenue Bonds, cap and floor agreements and interest rate swap agreements.

“Designated Debt” shall mean a specific indebtedness designated by the Authority in which such debt shall be offset with a Derivative Agreement, such specific indebtedness to include all or any part of a series or multiple series of Revenue Bonds or Subordinate Securities.

“Event of Default” means an Event of Default as set forth in the Ordinance.

“Federal Payment” means those funds received by the Airport System from the federal government or any agency thereof as payments for the use of any facilities or services of the Airport System, but excluding grants-in-aid and all mandated payments, including payments from the United States Transportation Security Administration.

“Fiscal Year” means the fiscal year of the Authority being the period from January 1 in any year to the following December 31 or any other period specified by the Authority as its fiscal year for accounting purposes.

“Fund” means any Fund established by this Ordinance.

“General Obligation Bond Interest and Principal Fund” means the General Obligation Bond Interest and Principal Fund established by the Ordinance.

“General Obligation Bonds” means any General Obligation Bonds issued by the Authority pursuant to I.C. 8-22-3-16, or prior provisions of statutes governing the Authority.

“Gross Revenues” means all revenues, income, accounts and general intangibles from the Airport System, including but not limited to rents, charges, landing fees, user charges, revenues from concessionaires, ground rents from Special Purpose Facilities and similar revenues, but excluding revenue from ad valorem taxes or payments in

lieu of taxes, payments received on any Investment Swap or Derivative Agreement (other than a Qualified Derivative Agreement), Federal Payments, passenger facility, customer facility and similar charges, grants-in-aid, gifts, investment income, bond or loan proceeds, proceeds from the sale of Airport System capital assets, revenues derived from the reversion of an interest in property following the expiration of a lease, Released Revenues or rental payments made for Special Purpose Facilities to provide for debt service and for an allocable portion of administrative costs for such facilities.

“Implicit Price Deflator Index” means the Implicit Price Deflator Index published by the United States Bureau of Labor Statistics, as amended and supplemented from time to time, or any successor index thereto.

“Investment Swap” means an agreement or contract executed by the Authority in connection with the investment of funds, in which the Authority and a counterparty agree to make payments in the future based upon interest rates, including, without limitation, swap agreements, cap and floor agreements, forward delivery agreements or investment contracts.

“Net Revenues” means Gross Revenues less Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means the reasonable, necessary current expenses of the Authority paid or accrued in operating and maintaining the Airport System, including but not limited to (a) costs of collecting Gross Revenues and making refunds; (b) engineering, audit reports, legal and administrative expenses; (c) salaries, wages and other compensation; (d) costs of routine repairs, replacements and renewals; (e) costs of utility services; (f) general administrative overhead of the Authority; (g) material and supplies used in the ordinary course of business; (h) contractual and professional services; (i) costs of insurance and fidelity bonds; (j) costs of carrying out provisions of the Ordinance; (k) the costs for any single item of \$100,000 or less, as adjusted by the Implicit Price Deflator Index, (or such other amount, if any, specified in the Airline Agreement) or which has a useful life of less than two (2) years; and (l) all other routine costs and expenses or costs and expenses required to be paid by the Authority by law. The term “Operation and Maintenance Expenses” shall not include any allowance for depreciation, any debt service, any payment due on a Derivative Agreement, any operation and maintenance expense incurred in connection with Special Purpose Facilities which are reimbursed by the Lessee thereof nor any expenses paid (or the portion) by assets, grants or other moneys received by the Authority, but only to the extent such assets, grants or other moneys are not included in Gross Revenues.

“Operation and Maintenance Reserve Fund” means the Operation and Maintenance Reserve Fund established by the Ordinance.

“Ordinance” means the Consolidated and Restated Master Bond Ordinance as enacted by the Authority on August 15, 2014, which consolidates and restates General Ordinance No. 4-2002, adopted on December 20, 2002, as subsequently amended by General Ordinances No. 7-2005 and No. 1-2008, including the Supplemental Ordinance for the 2019I Authority Bonds and any and all Supplemental Ordinances hereafter adopted for the issuance of Revenue Bonds.

“Original Issue Discount Revenue Bond” shall mean Revenue Bonds which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Revenue Bonds by the Supplemental Ordinance under which such Revenue Bonds are issued.

“Outstanding” means, as of a particular date, all such Revenue Bonds theretofore and thereupon delivered except: (a) any such Revenue Bond canceled by or on behalf of the Authority at or before said date; (b) any such Revenue Bond defeased pursuant to the defeasance provisions of the ordinance authorizing its issuance, or otherwise defeased as permitted by applicable law; and (c) any such Revenue Bond in lieu of or in substitution for which another Revenue Bond shall have been delivered pursuant to the ordinance authorizing the issuance of such Revenue Bond.

“Owner,” “Bondowner” or “Owner of Revenue Bonds” means the registered owner of any Revenue Bond.

“Paying Agent” means any bank or trust company organized under the laws of any state of the United States or any national banking association designated as Paying Agent or Co-Paying Agent for the Revenue Bonds of any Series, and its successor or successors hereafter appointed in the manner provided in the Ordinance.

“Prepaid Airline Fund” means the Prepaid Airline Fund established by the Ordinance.

“President” means the President elected by the Board pursuant to the provisions of I.C. 8-22-3-9(a).

“Principal Amount” or “principal amount” shall mean, as of any date of calculation, (a) with respect to any Capital Appreciation Revenue Bonds, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (b) with respect to any Original Issue Discount Revenue Bonds, the Accreted Value thereof, unless the Supplemental Bond Ordinance under which such Revenue Bonds were issued shall specify a different amount, in which case, the terms of the Supplemental Bond Ordinance shall control, and (c) with respect to any other Revenue Bonds, the principal amount of such Revenue Bond payable at maturity.

“Program” shall mean a financing program identified in a Supplemental Ordinance, including, but not limited to a Commercial Paper Program, (a) which is authorized and the terms thereof approved by a Supplemental Ordinance adopted by the Authority where the items described in Section 5.01 of the Ordinance have been filed with the Trustee, (b) wherein the Authority has authorized the issuance, from time to time, of notes, Commercial Paper or other indebtedness as Revenue Bonds, and (c) the authorized amount of which has met the additional bonds test set forth in Section 5.01 of the Ordinance and the Outstanding amount of which may vary from time to time, but not exceed the authorized amount set forth in such Supplemental Ordinance.

“Program Obligations” shall mean Revenue Bonds issued and Outstanding pursuant to a Program, other than Unissued Program Obligations.

“Project” means, as it pertains to any particular issue of Revenue Bonds, any use of Revenue Bond proceeds for a Capital Improvement as further described in any Supplemental Bond Ordinance.

“Project Costs” with respect to any Project means costs including the following:

- (i) obligations of the Authority and all contractors incurred for labor and materials in connection with the construction, installation and equipping of the Project;
- (ii) the cost of contract bonds and insurance of all kinds that may be required or necessary during the construction of the Project;
- (iii) all costs of architectural and engineering services, including the costs of the Authority for test borings, surveys, estimates, plans and specifications and preliminary investigation therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the Project;
- (iv) all expenses incurred in connection with the issuance of Revenue Bonds, including, without limitation, compensation and expenses of the Trustee, Registrar and Paying Agents, expenses of the Authority, legal and accounting expenses and fees, payments on a Derivative Agreement, costs of printing and engraving, recording and filing fees, compensation of underwriters, rating agency fees, costs of financial services, and interest;
- (v) all sums required to reimburse the Authority for advances made by it for any of the above items or for any other costs incurred and for work done, whether before or after the adoption of this Ordinance, which are properly chargeable to the Project; and
- (vi) all other components of cost of labor, materials, machinery and equipment and financing charges attributable to the Projects to the extent permitted by the Act.

“Qualified Derivative Agreement” means a Derivative Agreement with respect to which:

(i) the counterparty to such Derivative Agreement shall be rated or guaranteed by a party that is rated, at the time of execution of such Derivative Agreement in a category not lower than the A category now used by each Rating Agency (if such then exist); and

(ii) the Authority shall have determined by certificate filed with the Trustee to treat the Derivative Agreement as a Qualified Derivative Agreement under this Ordinance.

“Rating Agency” and “Rating Agencies” shall mean any nationally recognized rating agency of municipal obligations, but only if such Rating Agencies have been requested by the Authority to maintain a rating on the Revenue Bonds and such Rating Agencies are then maintaining a rating on any of the Revenue Bonds.

“Registrar” means any bank or trust company organized under the laws of any state of the United States or any national banking association designated as Registrar by the Authority to perform the duties set forth in Article VIII of the Ordinance.

“Released Revenues” means revenues (including any revenues, fees, income and receipts that would otherwise be considered to be Gross Revenues) which the Authority has determined to designate as Released Revenues in accordance with the provisions of the Ordinance.

“Repayment Obligations” shall mean an obligation arising under a written agreement between the Authority and a credit provider pursuant to which the Authority agrees to reimburse the credit provider for amounts paid through a credit facility and used to pay debt service on any Revenue Bonds and all other amounts due and owing to a credit provider under a credit facility, or an obligation arising under a written agreement of the Authority and a liquidity provider pursuant to which the Authority agrees to reimburse the liquidity provider for amounts paid through a liquidity facility to be used to purchase Revenue Bonds and all other amounts due and owing to a liquidity provider under a liquidity facility.

“Revenue Bond Interest and Principal Fund” means the Revenue Bond Interest and Principal Fund established by the Ordinance.

“Revenue Bond Reserve Fund” means the Revenue Bond Reserve Fund established by the Ordinance with separate accounts as established in a Supplemental Ordinance for any issue of Revenue Bonds.

“Revenue Bonds” means the bonds, notes or other obligations authorized to be issued pursuant to the Ordinance as Revenue Bonds or Completion Revenue Bonds secured in whole or in part by a first priority lien on the Net Revenues.

“Secretary” means the Secretary appointed by the Board pursuant to the provisions of I.C. 8-22-3-11(17).

“Secured Bonds” means any applicable Authority Bonds, outstanding Revenue Bonds and any other Revenue Bonds that an Authorized Airport Representative shall determine to secure with a specific Authority Reserve Account for such Authority Bonds and any other accounts of the Revenue Bond Reserve Fund. For the 15/19C Reserve Account, the Secured Bonds are initially the 2015A Authority Revenue Bonds and 2019C Authority Revenue Bonds

“Special Purpose Facilities” means facilities which are leased from the Authority pursuant to which the lessee agrees to pay to the Authority rentals or fees sufficient to pay the principal and interest on bonds issued to pay the cost of construction of the Special Purpose Facility plus such further rentals or fees necessary to maintain all reserves or pay necessary administrative expenses required for Special Purpose Facilities.

“Subordinate Securities” means each series of bonds, notes or other obligations permitted to be issued by the Authority pursuant to Section 5.04 of the Ordinance as Subordinate Securities secured in whole or in part by

liens on the Net Revenues that are junior and subordinate to the lien on Net Revenues securing payment of Revenue Bonds.

“Subordinate Securities Interest and Principal Fund” means the Subordinate Securities Interest and Principal Fund established by the Ordinance.

“Subordinate Securities Reserve Fund” means the Subordinate Securities Reserve Fund established by the Ordinance.

“Supplemental Bond Ordinance” means, with respect to a series of Revenue Bonds, the Supplemental Ordinance pursuant to which such series was issued.

“Supplemental Ordinance” means each ordinance enacted by the Authority for the issuance of Revenue Bonds or Subordinate Securities or to amend or supplement this Ordinance.

“Synthetic Fixed Rate Debt” shall mean indebtedness issued by the Authority which: (a) is combined, as Designated Debt, with a Qualified Derivative Agreement and creates, in the opinion of an Underwriter, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (b) consisting of an arrangement in which two inversely related variable-rate securities are issued in equal notional amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

“Taxable Bonds” means any Revenue Bonds or Subordinate Securities the interest on which, when issued, the Authority expected to not be excludable from gross income of the Owners thereof for federal income tax purposes.

“Tax-Exempt Bonds” means any Revenue Bonds or Subordinate Securities the interest on which, when issued, the Authority expected to be excludable from gross income of the Owners thereof for federal income tax purposes.

“Tender Indebtedness” shall mean any Revenue Bonds or portions of Revenue Bonds a feature of which is an option or an obligation on the part of the holders, under the terms of such Revenue Bonds, to tender all or a portion of such Revenue Bonds to the Authority, the Trustee, the Paying Agent or other fiduciary or agent or credit provider for payment or purchase and requiring that such Revenue Bonds or portions of Revenue Bonds be purchased if properly presented.

“Treasurer” means the Treasurer appointed by the Board pursuant to the provisions of I.C. 8-22-3-11(17) and I.C. 8-22-3-20.

“Trustee” means any and all Trustees or successor Trustees designated in a Supplemental Bond Ordinance.

“Underwriters” means the underwriters, as designated in the Supplemental Bond Ordinance of each particular issue of Revenue Bonds for which the term refers.

“Unissued Program Obligations” shall mean the Revenue Bonds authorized to be issued pursuant to a Program, issuable in an amount up to the authorized amount relating to such Program, which have been approved for issuance by the Authority pursuant to a Supplemental Bond Ordinance adopted by the Authority and with respect to which Program the items described in Section 5.01 of the Ordinance have been filed with the Trustee but which have not yet been authenticated and delivered pursuant to the Program documents.

“Variable Rate Indebtedness” shall mean any Revenue Bond or Revenue Bonds the interest rate on which is not, at the time in question, fixed to maturity, excluding any Commercial Paper Program.

“Vice President” means the Vice President elected by the Board pursuant to the provisions of I.C. 8-22-3-9(a).

“15/19C Reserve Account” means the Account of the Revenue Bond Reserve Fund established for the 2019C Authority Bonds.

“15/19C Debt Service Reserve Requirement” means the least of the following: (1) the maximum annual principal and interest due on the Secured Bonds in any future calendar year; (2) 125% of the average annual principal and interest payments due on the Secured Bonds; and (3) 10% of the principal amount of the Secured Bonds.

Creation of Funds and Accounts

(a) The Ordinance establishes special Funds and Accounts including the Airport System Fund, the Revenue Bond Interest and Principal Fund (including a Capitalized Interest Account) and the Revenue Bond Reserve Fund.

(b) In addition, the Authority may provide for additional funds from time to time for accounting and rate-setting purposes, the provisions of which the Authority may amend without the consent of the Trustee or any bondholder. At this time, the Authority has created the General Obligation Bond Interest and Principal Fund, the General Obligation Bond Reserve Fund, the Subordinate Securities Interest and Principal Fund, the Subordinate Securities Reserve Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund, the Capital Improvement Fund, the Coverage Fund and the Prepaid Airline Fund.

Under the Ordinance, the Airport System Fund and any fund described in (b) above must be maintained as separate funds or accounts on the books of the Authority, and all amounts credited to such funds will be maintained in an official depository bank of the Authority. Moreover, the Ordinance provides that the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund, which constitute trust funds for the owners of the Revenue Bonds, will be maintained with the Trustee subject to the terms and conditions of the Ordinance.

Airport System Fund

All Gross Revenues shall be deposited as received into the Airport System Fund. In addition, the Authority may deposit into the Airport System Fund any Federal Payments, provided that, so long as such Federal Payments are excluded from the definition of Gross Revenues, such Federal Payments shall not be required to be applied for any debt service or reserves therefor. Moneys from time to time credited to the Airport System Fund shall be applied as follows in the following order of priority:

- (i) First, to apply and use sufficient amounts to pay and to provide for the payment of all current Operation and Maintenance Expenses.
- (ii) Second, to transfer all amounts to the Revenue Bond Interest and Principal Fund.
- (iii) Third, to transfer all amounts to the Revenue Bond Reserve Fund required by the Ordinance or any Supplemental Bond Ordinance.

Moneys remaining in the Airport System Fund, after making the deposits provided above, shall be held by the Authority for application at a future time as provided above or for deposit to any other account or fund of the Authority or for any other purpose of the Authority.

After making the deposits mentioned above, the Authority also agrees, to the extent moneys are available, to make deposits from the Airport System Fund as follows:

- (i) First, to transfer all amounts to the General Obligation Bond Interest and Principal Fund required by any ordinance authorizing the issuance of General Obligation Bonds;

- (ii) Second, to transfer all amounts to the General Obligation Bond Reserve Fund required by any ordinance authorizing the issuance of General Obligation Bonds;
- (iii) Third, to transfer all amounts to the Subordinate Securities Interest and Principal Fund required by any Supplemental Ordinance authorizing the issuance of Subordinate Securities;
- (iv) Fourth, to transfer all amounts to the Subordinate Securities Reserve Fund required by any Supplemental Ordinance authorizing the issuance of Subordinate Securities;
- (v) Fifth, to transfer all amounts to the Operation and Maintenance Reserve Fund required by the Ordinance or any Supplemental Ordinance;
- (vi) Sixth, to transfer all amounts to the Renewal and Replacement Fund required by the Ordinance or any Supplemental Ordinance;
- (vii) Seventh, to transfer amounts to the Capital Improvement Fund as provided in the Ordinance;
- (viii) Eighth, to transfer amounts to the Coverage Fund as provided in the Ordinance; and
- (ix) Ninth, to transfer all amounts to the Prepaid Airline Fund as provided in the Ordinance.

Notwithstanding the Authority's agreement to deposit moneys as provided in (i) (ix) above, the Authority may alter, amend or terminate any of these funds without Bondowner or Trustee consent.

Revenue Bond Interest and Principal Fund

Amounts in the Revenue Bond Interest and Principal Fund will be disbursed solely for the purpose of making timely payment of principal of, and interest and redemption premiums, if any, on, the Revenue Bonds, and to make all regularly scheduled payments on and pay all fees charged in connection with Qualified Derivative Agreements, bond insurance, letters of credit, lines of credit or other credit or liquidity facilities, tender agent agreements and any similar agreements pertaining to the Revenue Bonds. The Authority may create a Capitalized Interest Account of the Revenue Bond Interest and Principal Fund for any series of Revenue Bonds.

Moneys received by the Authority pursuant to any Qualified Derivative Agreement will be deposited into the Revenue Bond Interest and Principal Fund, and moneys paid by the Authority pursuant to any Qualified Derivative Agreement will be paid from the Revenue Bond Interest and Principal Fund. In the event that the moneys in the Revenue Bond Interest and Principal Fund shall be insufficient to pay the amounts described in the Supplemental Bond Ordinance adopted for each series of Revenue Bonds, the Trustee will apply the moneys in the Revenue Bond Interest and Principal on a pro rata basis (except that Dedicated Revenues shall only be applied to the extent allowed by law) to pay such amounts prior to taking into consideration the amounts on deposit in any account of the Revenue Bond Reserve Fund.

Revenue Bond Reserve Fund

The Authority is authorized to specify in the Supplemental Ordinance authorizing a series of Revenue Bonds that an account or accounts of the Revenue Bond Reserve Fund may be maintained for such Revenue Bonds and the provisions with respect thereto or that no account of the Revenue Bond Reserve Fund is being created for such Revenue Bonds. In addition, the Ordinance provides that the reserve requirement for any series of Revenue Bonds may be satisfied by a surety bond, insurance policy or letter of credit (each, a "Reserve Policy"). See "SECURITY AND SOURCES FOR PAYMENT FOR THE 2019C AUTHORITY BONDS – Revenue Bond Reserve Fund."

General Obligation Bond Interest and Principal Fund

Amounts in the General Obligation Bond Interest and Principal Fund will be disbursed solely for the purpose of paying principal of, interest and redemption premiums, if any, on, the General Obligation Bonds, or to purchase General Obligation Bonds on the open market, and to pay all bank charges, costs of any credit and liquidity facilities and other costs pertaining to the General Obligation Bonds or such payments.

Subordinate Securities Interest and Principal Fund

The Authority will set forth in any Supplemental Ordinance authorizing a series of Subordinate Securities the provisions with respect to the Subordinate Securities Principal and Interest Fund.

Subordinate Securities Reserve Fund

Amounts in the Subordinate Securities Reserve Fund will be maintained and transferred in accordance with the Supplemental Ordinance of the Authority authorizing the issuance of Subordinate Securities.

Operation and Maintenance Reserve Fund

The Authority shall fund and maintain a balance of money and investments in the Operation and Maintenance Reserve Fund at least equal to two (2) months current Operation and Maintenance Expenses or such other amount as agreed to in any Airline Agreement. The amount required to be held in this Fund will be determined annually at the time of approval of the annual budget for the following Fiscal Year for the Airport System pursuant to the Ordinance. The balance in this fund will be evaluated monthly in light of current Operation and Maintenance Expense expectations, and on or before the last business day of each month, after making all required payments and provision for payment of Operation and Maintenance Expenses and all required transfers, the Authority may transfer from the Airport System Fund, to the extent amounts are available, to the Operation and Maintenance Reserve Fund the amount needed to establish or reestablish the balance in the Operation and Maintenance Reserve Fund to that level required in the Ordinance. Amounts credited to the Operation and Maintenance Reserve Fund may be used at any time: first, to pay for any Operation and Maintenance Expenses for which amounts are not otherwise available in the Airport System Fund; second, to the extent any amounts are remaining, to be transferred to the Revenue Bond Interest and Principal Fund, the Revenue Bond Reserve Fund, the General Obligation Bond Interest and Principal Fund, the General Obligation Bond Reserve Fund, the Subordinate Securities Interest and Principal Fund or the Subordinate Securities Reserve Fund to the extent of any deficiency; third, to pay any costs or expenses payable from the Renewal and Replacement Fund for which there are insufficient amounts in the Renewal and Replacement Fund; and fourth, to the extent any excess amounts remain, for transfer to the Capital Improvement Fund.

Renewal and Replacement Fund

The Authority may fund and maintain a balance in the Renewal and Replacement Fund equal to the greater of \$2,000,000, as adjusted for inflation, or 2% of all Airport System Operation and Maintenance Expense or such other amount agreed to in any Airline Agreement. Amounts in the Renewal and Replacement Fund may be used for the following purposes and in the following order of priority: (a) to pay the extraordinary costs of replacing depreciable property and equipment and making extraordinary repairs, replacements or renovations of the Airport System; (b) to pay any Operation and Maintenance Expenses for which insufficient amounts are available in the Airport System Fund; (c) to satisfy any deficiencies in the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund; and (d) to the extent of any amounts remaining in excess of such minimum reserve requirement, to the Capital Improvement Fund.

Capital Improvement Fund

The Authority may disburse amounts in the Capital Improvement Fund for any lawful purpose of the Authority, including without limitation to pay for any Capital Improvements, to pay for any costs of replacing any depreciable property or equipment in the Airport System, to pay for any major or extraordinary repairs,

replacements or renewals of the Airport System, to make any payments to be made by the Authority on an Investment Swap or a Derivative Agreement, to acquire land or any interest therein, to pay any lease or contractual obligations not otherwise paid as Operation and Maintenance Expenses for any lawful purpose of the Authority and to make any transfers required to cure any deficiencies in any Funds.

Coverage Fund

The Authority may, after making all required payments and transfers, deposit Gross Revenues to the Coverage Fund for the purpose of establishing future coverage on outstanding Revenue Bonds. Moneys in the Coverage Fund may be used for any lawful purpose of the Authority.

Prepaid Airline Fund

Any amount in the Prepaid Airline Fund at the end of any Fiscal Year shall be used as a credit in calculating the required rentals and fees under the Ordinance for the following Fiscal Year. After making such credit, however, such moneys may ultimately be used for any Airport System purpose deemed necessary by the Authority.

Investment of Funds

Moneys in all Funds will, at the option and direction of the Authority, be invested and secured in the manner required by law for public funds in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, in obligations of any agencies or instrumentalities of the United States of America or in any other investment authorized by Indiana law; provided that all such deposits and investments must be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. For purposes of maximizing investment returns, money in such Funds may be invested, together with money in other Funds or with other money of the Authority, in common investments of the kind described above, or in a common pool of such investments maintained by the Authority or the Trustee which will not be deemed to be a loss of the segregation of such money or Funds so long as safekeeping receipts or certificates of participation or other documents clearly evidencing the investment or investment pool in which such money is invested, and the share thereof purchased with such money or owned by such Fund, are held by or on behalf of each such Fund. If, and to the extent necessary, such investments or participations therein will be promptly sold to prevent any default.

Interest and income derived from the deposit and investment of amounts held in all Funds will be transferred or credited monthly to the Airport System Fund or such other Fund as the Authority shall direct, except as follows: (a) all interest and income derived from deposits and investments in any Fund will remain in such Fund to the extent necessary to accumulate the balance required to be maintained therein; and (b) all interest and income derived from deposits and investments held in any Construction Fund will remain in such Construction Fund for application on Project Costs until such Projects are complete, at which time all moneys in the Construction Fund will be transferred to: (i) any account or fund as provided in the Supplemental Ordinance pursuant to which such moneys were deposited into the Construction Fund; (ii) the Revenue Bond Interest and Principal Fund or the Revenue Bond Reserve Fund if needed to eliminate deficiencies therein; and (iii) then to the Capital Improvement Fund or such other Fund as the Authority shall direct.

Dedicated Revenues

From time to time the Authority may adopt an ordinance or resolution irrevocably designating certain passenger facilities charges, state and/or federal grants or other moneys received by the Authority (and not otherwise treated as Gross Revenues) as Dedicated Revenues to be used exclusively to pay debt service on Revenue Bonds. In such ordinance or resolution, the Authority shall elect to exclude from the Debt Service Reserve Requirement, an amount of principal of and/or interest on Revenue Bonds in an amount equal to such Dedicated Revenues. If the Authority adopts an ordinance or resolution as described in this paragraph, the Authority shall transfer such Dedicated Revenues into the Revenue Bond Interest and Principal Fund at such time as is needed to pay such debt service when due.

Released Revenues

The Authority may identify and determine that any revenues (including revenues, fees, income and receipts that would otherwise be considered to be Gross Revenues) are to be designated as Released Revenues by filing the following items with the Trustee:

- (a) a written request of an Authorized Airport Representative to release such revenues, accompanied by a certificate of such Authorized Airport Representative certifying the Authority is in compliance with all requirements of the Ordinance;
- (b) either: (i) an Accountant's Certificate to the effect that Net Revenues, excluding the revenues proposed to become Released Revenues, for each of the two (2) latest Fiscal Years for which audited financial reports are available were equal to at least 135% of the Debt Service Requirement for each of such Fiscal Years; or (ii) a certificate of an Airport Consultant to the effect that based upon current knowledge of the operation of the Airport, Net Revenues, excluding the revenues proposed to become Released Revenues, for the current Fiscal Year will be equal to at least 135% of the Debt Service Requirement for such Fiscal Year;
- (c) Proof of notice provided to each Rating Agency of the Authority's intent to release such revenues from the definition of Gross Revenues; and
- (d) an opinion of bond counsel to the effect that the exclusion of such revenues from the definition of Gross Revenues and from the pledge, charge and lien of the Ordinance will not adversely affect the tax exempt status of the interest on any Outstanding Tax Exempt Bond under the Ordinance.

In such event, the Released Revenues shall not be deposited in or shall be released from the Airport System Fund and shall not be pledged as security for the Revenue Bonds.

Additional Authority Bonds

One or more series of Additional Authority Bonds payable from and secured by a lien on the Net Revenues on a parity with any Outstanding Revenue Bonds may be issued subject to the provisions of Section 5.01 of the Ordinance. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019C AUTHORITY BONDS – Additional Bonds – Authority Revenue Bonds" contained in this Official Statement.

Rate Covenant

The Authority covenants that it will at all time fix, charge, impose and collect rentals, rates, fees and other charges for the use of the Airport System, and, to the extent it legally may do so, revise the same as may be necessary or appropriate, in order that upon measurement in each Fiscal Year the Net Revenues, together with moneys in the Coverage Fund, will at all times be at least sufficient to equal the larger of either: (i) all amounts required to be deposited in such Fiscal Year to the credit of the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund; or (ii) an amount not less than 125% of the annual principal and interest due for all Revenue Bonds for such Fiscal Year.

Operation and Maintenance of Airport System

So long as any Revenue Bonds remain outstanding, the Authority covenants that it will at all times maintain and operate the Airport System, or within the limits of its authority cause the same to be maintained and operated, in good and serviceable condition.

Sale or Encumbrance of Airport System

Except as permitted in the Ordinance, neither all nor a substantial part of the Airport System or any property necessary to the operation and use of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of.

The Authority may enter into a management contract or lease of all or substantially all of the Airport System or any lesser part thereof, on the condition that the manager or lessee agrees to comply with and perform all of the duties of the Authority under the provisions of the Ordinance (except those expressly retained by the Authority). Subject to such conditions, the Authority may delegate to such manager or lessee all or a portion of the Authority's rights and duties under the Ordinance. In such event, after providing for the deposits required by the Ordinance, the lessee may compensate the Authority for the lessee's use of such property from Gross Revenues in the Airport System Fund for deposit into the Capital Improvement Fund.

The Authority may also execute any leases, licenses, easements, or other agreements of any part of the Airport System in connection with the operation of the Airport System by the Authority, or in connection with any Special Purpose Facilities located at any airport within the Airport System.

The Authority may sell, exchange, lease or otherwise dispose of, or exclude from the Airport System, any property constituting a part of the Airport System which the Authorized Airport Representative certifies (i) to be no longer useful in the construction or operation of the Airport System, (ii) to be no longer necessary for the efficient operation of the Airport System, or (iii) to have been replaced by other property of at least equal value. The net proceeds of any such sale or disposition of any Airport System property (or the fair market value of any property so excluded) will be used for the purpose of replacing properties at the Airport System or will be paid into the Airport System Fund for the purposes thereof.

In addition, the Authority may transfer all or a substantial part of the Airport System to another body corporate and politic which assumes the Authority's obligations under the Ordinance and in any Supplemental Ordinance, if, in the written opinion of the Airport Consultant, the ability to meet the rate covenant and other covenants under the Ordinance and in any Supplemental Ordinance are not materially and adversely affected. In the event of any such transfer and assumption, the Authority may retain any facility of the Airport System, if, in the written opinion of the Airport Consultant, such retention will not materially and adversely affect nor unreasonably restrict such other entity's ability to comply with the requirements of the rate covenant and the other covenants of the Ordinance and in any Supplemental Ordinance.

Insurance

The Ordinance requires the Authority to keep the Airport System insured with insurers of good standing against risks, accidents or casualties against which and to the extent customarily insured against by, and with deductible and self-insurance provisions customarily utilized by, operators operating similar properties, to the extent that such insurance is reasonably available. To the extent the Authority self-insures its insurance risks in an amount greater than \$5,000,000, the Authority will provide to the Trustee a report of an independent insurance consultant satisfactory to the Trustee that its self-insurance program is funded in accordance with industry standards.

Accounts, Records and Audits

So long as any Revenue Bonds remain outstanding, the Authority covenants and agrees that it will maintain a proper and complete system of records and accounts pertaining to the Gross Revenues and the operation of the Airport System, in which full, true and proper entries will be made of all dealings, transactions, business and affairs which in any way affect or pertain to the Gross Revenues and the Airport System. The Authority will, within 120 days after the close of each Fiscal Year or as soon thereafter as practicable, cause an audit report of such records and accounts to be prepared by an independent certified public accountant or independent firm of certified public accountants, which will calculate the Gross Revenues, Net Revenues and Debt Service Requirement for such Fiscal Year and will set forth a calculation to demonstrate whether the Authority has satisfied the rate covenant contained in the Ordinance. In addition, the Authority will each year, either as a part of its annual audit or by separate

engagement, cause an independent certified public accountant or independent firm of certified public accountants to prepare an annual report. Each year promptly after such reports are prepared, the Authority will furnish copies thereof to any registered owners of Revenue Bonds who so request.

Tax Exemption

So long as any Tax Exempt Bonds remain outstanding, the Authority covenants that it will not take, or omit to take, any acts, including without limitation entering into any lease, operating agreement or other contract for the operation of all or any portion of the Airport System or pledge to the payment of the Tax Exempt Bonds any revenues or fail to make any required payment or rebate of interest earnings, if to do so would cause interest on any Tax Exempt Bonds to be includable within the gross income of the Owners thereof for federal income tax purposes. See "TAX MATTERS" contained in this Official Statement.

Notwithstanding the foregoing, the Authority may issue taxable Revenue Bonds in the manner and pursuant to the terms set forth in the Ordinance.

Events of Default and Remedies of Owners of Revenue Bonds

Each of the following constitutes an Event of Default under the Ordinance:

- (a) Default in the punctual payment of principal or redemption premium, if any, due to be paid on any Revenue Bond, whether at maturity or by call or proceedings for redemption or otherwise; or
- (b) Default in the punctual payment of any installment of (1) interest due to be paid on any Revenue Bond, (2) any regularly scheduled payment due on a Qualified Derivative Agreement, or (3) any payment due on a Repayment Obligation (after the lapse of any applicable grace period); or
- (c) Default in the performance or observance of any other covenant, agreement or condition required to be performed or observed by the Authority under the Ordinance or in any of the Revenue Bonds, continuing for 90 days after written notice of such default is given to the Authority by the Trustee or to the Authority and the Trustee by the owners of not less than 25% of the aggregate principal amount of outstanding Revenue Bonds; provided that if such default is correctable, but cannot be corrected within 90 days, it will not constitute an Event of Default if the Authority institutes and diligently pursues corrective action, within such period, until the default is corrected or, if such action involves legal action, the default is determined to be not correctable as a matter of law by a court of competent jurisdiction; or
- (d) Certain voluntary or involuntary proceedings in bankruptcy or reorganization.

So long as the Event of Default has not been remedied, either the Trustee, upon written notice to the Authority, or the owners of not less than 25% in aggregate principal amount of Outstanding Revenue Bonds, upon notice to the Authority and the Trustee, may declare that an Event of Default has occurred. Any such declaration may be waived if, prior to the maturity of all of the outstanding Revenue Bonds, all overdue installments of interest upon the Revenue Bonds, together with interest on such overdue installments to the extent permitted by law, and all other sums then payable by the Authority under the Ordinance are made good or are secured to the satisfaction of the Trustee, and if (i) the owners of not less than 50% of the aggregate principal amount of outstanding Revenue Bonds rescind such declaration by written notice to the Trustee and the Authority or (ii) the Trustee has acted on its own without written direction to the contrary by the owners of not less than 25% of the aggregate principal amount of outstanding Revenue Bonds.

If an Event of Default has occurred, and has not been remedied, the Trustee may proceed, and upon the written request of the owners of not less than 25% of the aggregate principal amount of the outstanding Revenue Bonds and the provision for indemnification required under the Ordinance, must proceed to protect the rights of the owners of the Revenue Bonds under the Act or the Ordinance by such actions at law or in equity as the Trustee, upon the advice of counsel, deems to be most effectual in protecting the interests of the owners of the Revenue Bonds.

During the continuance of an Event of Default, the Trustee or receiver appointed pursuant to the Ordinance will apply all moneys, securities, funds and revenues received by the Trustee pursuant to any right given or action taken under the provisions of the Ordinance as follows and in the following order:

(i) Expenses of Fiduciaries - to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee, Registrar or Paying Agent, or any successor thereof, appointed and serving in such capacity pursuant to the Ordinance;

(ii) Operation and Maintenance Expenses - to the payment of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the Trustee to prevent a loss of revenues;

(iii) Principal and redemption premium, if any, and interest - to the payment of the interest, principal and redemption premium, if any, then due on the Revenue Bonds and Repayment Obligations and regularly scheduled payments on a Qualified Derivative Agreement, as follows:

FIRST: Interest - to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Revenue Bonds and Qualified Derivative Agreements or the interest component of any Repayment Obligations theretofore called for redemption, and, if the amount available is not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND: Principal and redemption premium, if any - to the payment to the persons entitled thereto of the unpaid principal and redemption premium, if any, of any Revenue Bonds or the principal component of any Repayment Obligations which have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available is not sufficient to pay in full all the Revenue Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal and redemption premium, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

The owners of a majority in principal amount of outstanding Revenue Bonds may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee upon the continuance of an Event of Default, unless (a) the Trustee is advised by counsel that the action or proceeding so directed may not be lawfully taken, (b) the Trustee determines in good faith that the action or proceeding so directed would involve the Trustee in personal liability for which provision for indemnification has not been made, or (c) the Trustee determines that the action or proceeding so directed would be unjustly prejudicial to the owners of Revenue Bonds which are not parties to such direction.

Discharge by Deposit

The Ordinance provides that the Authority may discharge its obligations to the Owners of any or all of the Revenue Bonds to pay principal thereof, interest and redemption premium (if any) thereon, by depositing with the Trustee cash in an amount equal to the principal amount and redemption premium, if any, of Revenue Bonds plus interest thereon to the date of maturity or redemption, or by depositing either with the Trustee or with any national banking association with capital and surplus in excess of \$100,000,000, pursuant to an escrow or trust agreement to which the Trustee is a party, cash and/or Defeasance Obligations in principal amounts and maturities, and bearing interest at rates sufficient to provide for the timely payment of the principal amount and redemption premium, if any, of such Revenue Bonds plus interest thereon to the date of maturity or redemption. Upon such deposit, such Revenue Bonds will no longer be regarded to be Outstanding or unpaid. If any Revenue Bonds are to be redeemed on any date prior to their maturity, the Authority will give irrevocable instructions to the Trustee to mail notice of redemption to the Owners of such Revenue Bonds to be redeemed and to mail notice of such deposit to the holders

of all Revenue Bonds not to be redeemed or paid in full within 60 days. Any failure, error or delay in giving such notice shall not affect the defeasance of such Revenue Bonds.

Amendment of Ordinance

The Authority may, without the consent of, or notice to, any of the owners of the Revenue Bonds, amend or supplement the Ordinance for any one or more of the following purposes:

- (a) To cure any ambiguity, defect, omission or inconsistent provision in the Ordinance or in the Revenue Bonds or to comply with any applicable provision of federal law or regulations, so long as such action does not adversely affect the interests of the owners of the Revenue Bonds;
- (b) To change the terms or provisions of the Ordinance to the extent necessary to prevent the interest on the Tax Exempt Bonds from being includable within the gross income of the owners thereof for purposes of federal income tax;
- (c) To grant to or confer upon the owners of the Revenue Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the owners of the Revenue Bonds;
- (d) To add other covenants or agreements of, or conditions or restrictions on the Authority to the covenants and agreements of the Authority contained in the Ordinance, or to surrender or eliminate any right or power reserved to or conferred upon the Authority in the Ordinance;
- (e) To subject to the lien and pledge of the Ordinance additional revenues, properties or collateral;
- (f) To authorize the issuance, and to specify the terms and conditions, of Revenue Bonds or Subordinate Securities, so long as all of the requirements under the Ordinance are met for the issuance of such Revenue Bonds or Subordinate Securities;
- (g) To authorize any change or amendment in the Ordinance, which, in the judgment of the Trustee, does not materially and adversely affect the rights or interests of the registered owners of outstanding Revenue Bonds and does not otherwise require unanimous consent of the owners of the Revenue Bonds then outstanding under the Ordinance; or
- (h) To authorize any change or amendment in the Ordinance relating to deposits or balances in the Airport System Fund or any Fund other than the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund.

With the exception of amendments for the purposes set forth in the preceding paragraph, the Owners of not less than a majority of the aggregate principal amount of the Revenue Bonds then outstanding which are affected have the right to consent, in accordance with the Ordinance, to any ordinance adopted by the Authority, which would amend, modify, add to or eliminate any provision of the Ordinance; provided, however, that no such subsequent ordinance may permit: (i) an extension of the maturity of the principal of or interest on any Revenue Bond; (ii) a reduction in the principal amount of or the rate of interest on any Revenue Bond; (iii) a privilege or priority of any Revenue Bond over any other Revenue Bond; or (iv) a reduction in the aggregate principal amount of Revenue Bonds required for consent to any amendment to the Ordinance.

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SUMMARY OF CURRENT AIRLINE AGREEMENTS

As of the date of this Official Statement, the Authority has an Agreement and Lease of Premises (an “Airline Agreement”) with each of the following passenger, charter or cargo air carriers (the “Signatory Airlines”) serving the Airport: Allegiant Air, American Airlines, Cargolux Airlines, Delta Air Lines, Federal Express, Frontier Airlines, Southwest Airlines and United Airlines.

All of the Airline Agreements contain substantially identical terms and conditions. The term of each Airline Agreement is for the period from January 1, 2019 through December 31, 2023. See “THE AIRPORT AND AIRPORT SYSTEM –Authority Agreements – *Airline Agreements*” for a discussion of current negotiations regarding new Airline Agreements.

The following is a summary of certain provisions of the Airline Agreements. The summary is qualified in its entirety by reference to the standard form of the Airline Agreement.

Definitions

Capitalized terms used in this summary shall have the meanings defined below. Capitalized terms not otherwise defined in this summary shall have the meanings as set forth in the Airline Agreement.

“Air Transportation” shall mean the carriage of persons, property, cargo and mail by aircraft and all other activities reasonably related thereto.

“Aircraft Arrival” shall mean any aircraft arrival at the Airport (including, without limitation, scheduled flights, charters, sightseeing flights, test flights, ferry flights, courtesy flights, inspection flights or any other flights). Aircraft arrival shall not include any flight that returns to the Airport after departure because of mechanical, meteorological, medical or other precautionary reason or which is diverted to the Airport from its intended destination because of mechanical, medical or other precautionary reasons other than meteorological reasons.

“Airline Agreement” means an Agreement and Lease of Premises between the Authority and a Signatory Airline.

“Airport” shall mean the Indianapolis International Airport as shown on the Airport Layout Plan in Exhibit A to the Airline Agreements.

“Airport System” shall mean Indianapolis International Airport, Eagle Creek Airpark, Indianapolis Regional Airport, Downtown Heliport, Metropolitan Airport and the Hendricks County Airport (Gordon Graham Field), as the Airport System may hereafter be amended from time to time.

“Annual Budget” shall mean the capital and operating budget prepared by the Airport Director and adopted by ordinance of the Authority.

“Apron Area” shall mean those areas of the Airport as shown on Exhibit B to the Airline Agreements that provide for the parking, loading, unloading and servicing of passenger aircraft.

“Authority” means the Indianapolis Airport Authority.

“Baggage System Space” shall mean all space occupied by or directly support the Inbound Baggage System and the Outbound Baggage System.

“Capital Improvement” shall mean any single item having a cost in excess of Two Hundred Fifty Thousand Dollars (\$250,000) and a useful life in excess of two (2) years, acquired, purchased or constructed in order to improve, maintain or develop the Airport System, as well as any extraordinary or substantial expenditure whose object is to preserve, enhance or protect the Airport System. Said term shall include any expense for development

studies, analyses, master planning efforts (including periodic reviews thereof) and economic or operational studies of the Airport System.

“Exclusive Use Space” shall mean that space in the Terminal as approved and designated by the Authority for the exclusive use of Airline, including Airline office space as designated on Exhibit E to the Airline Agreements.

“Fiscal Year” shall mean the 12-month period beginning on January 1 of any year and ending on December 31 of that year or any other period adopted by the Authority for its financial affairs.

“Indemnified Parties” shall mean the Authority, its board members, directors, officers, agents and employees.

“Joint Use Space” shall mean the Baggage System Space and the TSA Space as designated on Exhibit C to the Airline Agreements.

“Landing Fees” shall mean charges based on Maximum Gross FAA Certified Landing Weight per Revenue Landing, which shall be charged to, due and payable by Signatory Airlines.

“Majority-in-Interest” or “MII”, shall mean: (1) for a Capital Improvement in the Airfield Area, any combination of Signatory Airlines which together, according to Authority, have paid more than fifty percent (50%) of the total of all Landing Fees paid by Signatory Airlines during the most recent six (6) month period for which statistics are available, and which represent more than fifty percent (50%) in number of all Signatory Airlines; or (2) for a Capital Improvement in the Terminal, any combination of Signatory Airlines which together, according to Authority, have paid more than fifty percent (50%) of the total of all Terminal Rentals (excluding Special Purpose Facility rents and fees) paid by all Signatory Airlines during the most recent six (6) month period for which statistics are available, and which represent more than fifty percent (50%) in number of all Signatory Airlines. Affiliates will not be entitled to participation in the MII process as a result of their affiliation with a Signatory Airline; however, the Affiliates’ Landing Fees and Terminal Rentals, as applicable, shall be included in the Landing Fees and Terminal Rentals of the Signatory Airline with which the Affiliate has the relationship for purposes calculating each Signatory Airline’s participation in the MII process.

“Maximum Gross FAA Certified Landing Weight” shall mean the maximum gross landing weight in 1,000 pound units as certified by the FAA for landing of an aircraft.

“Operations and Maintenance Expense” or “O&M Expense” shall mean operations and maintenance expenses of the Airport.

“Passenger Facility Charge” shall mean the fee the Authority may assess airline passengers for the use of the Airport in accordance with 49 U.S.C. § 40117 and the rules and regulations thereunder (14 CFR Part 158, herein the “PFC Regulations”), or as amended from time to time hereafter.

“Preferential Use Space” shall mean the nonexclusive preferential use space in the Terminal, including ticket counter positions, gates/holdrooms and sky cap podiums, and apron areas as designated or allocated by the Authority to a Signatory Airline for which the Signatory Airline has primary use rights as determined by the Authority as designated in Exhibit E to the Airline Agreements.

“Revenue Landing” shall mean any Aircraft Arrival by an airline at the Airport for which such airline receives revenue.

“Signatory Airlines” shall mean a Cargo Airline or Passenger Airline that has executed an Agreement and Lease of Premises with the Authority that is substantially similar to this Agreement. In addition, a Signatory Airline must, if a Passenger Airline, regularly operate at the Terminal and lease at least one (1) holdroom/Gate, four (4) Ticket Counter positions and one hundred six (106) square feet of other Leased Premises or the financial equivalent at the Airport over the same term which would apply to Passenger Airlines. A Signatory Airline that is a Cargo

Airline must lease cargo building, hangar or warehouse space, or enter into a separate ground lease agreement with the Authority for a term no less than one (1) year.

“Terminal” means the passenger terminal building at the Airport as presently existing or as hereafter modified, developed or relocated.

Lease Rentals and Fees

In order to satisfy its Signatory Airline Revenue Requirement (see “THE AIRPORT AND AIRPORT SYSTEM – Authority Agreements – Airline Agreements”), each Signatory Airline agrees to make the following monthly payments in accordance with the applicable provisions of and the schedules attached to its Airline Agreement with the Authority:

1. Rentals for the Terminal Exclusive Use Space, Preferential Use Space and Joint Use Space facilities (collectively, the “Space Rentals”);
2. Rentals for use of the Apron Common Use and Preferential Use areas (“Apron Areas”);
3. Airfield Landing Fees (“Airfield Use”); and
4. Revenue Sharing.

In calculating the rates and charges for each fiscal year, the rates and charges for Airfield Use and the Apron Areas are determined by ratably allocating all operating and maintenance costs (including O&M and Renewal and Replacement Fund requirements), and bond-related costs (including required Coverage, if any) of each cost center, less applicable revenues with respect to such cost centers, less the revenue sharing described below, minus the expected balance (plus in the case of a carryforward deficit) of the Prepaid Airline Fund. Using the total estimated annual 1000 pound units of Maximum Gross FAA Certified Landing Weight per Revenue Landing the Landing Fee is determined. The annual Apron Area fee per square foot is determined using the total Signatory Airline rented space.

Rates and charges for the Terminal are determined by ratably allocating all operating and maintenance costs (including O&M and Renewal and Replacement Fund requirements), bond-related costs (including required Coverage, if any), less federal reimbursements for operating and maintenance expenses allocable to the Terminal, plus or minus the expected balance (deficit of the Prepaid Airline Fund). The gross Terminal Space Rental fee per square foot is determined using total rentable space in the Terminal. Revenue from the Revenue Sharing cost center satisfies the requirement for the rentable space not utilized by the Signatory Airlines. The Signatory Airline rented space is credited with the revenue sharing described below to determine the Signatory Airline Terminal Space Rental fee per square foot.

The Revenue Sharing cost center includes all other areas of the Airport System, which are charged to the users thereof. However, to the extent the Authority expects to derive excess revenues in the Revenue Sharing cost center in that fiscal year over the expenses, an applicable fairly allocated share of the Airport Terminal facility cost not rented by the Signatory Airlines, and capital improvements (\$24,000,000) for Revenue Sharing cost center, 88% of the excess is credited to the Terminal Space Rentals and 12% to Airfield Landing Fees. The extent that Revenue Sharing exceeds \$17,500,000 \$18,500,000; thirty-seven and a half percent (37.5%) of the amount remaining thereafter in excess of \$18,500,000 but less than or equal to \$19,500,000; and fifty percent (50%) of any amount remaining thereafter in excess of \$19,500,000.

If total Terminal Space Rentals or Landing Fees of all airlines for any two (2) successive quarters vary by more than ten percent (10%) from the projected total Terminal Rentals (including fees for the use of Joint Use Space) or Landing Fees for such quarters, the Terminal Rentals (including the fees for use of Joint Use Space) or Landing Fee rate may be adjusted for the balance of such Fiscal Year by an amount equal to the difference between projected and actual Terminal Space Rentals or Landing Fees.

If, at any time during the Term of the Airline Agreements, the revenues and balances available in any fund under the Bond Ordinance are not sufficient to pay, when due, all items included in the reports by the Authority prepared pursuant to the Agreement, or to pay any other expense or cost incidental or necessary to, or arising out of, the operation of the Airport System, including, without limitation, emergency repairs or expenses, the reasonably necessary cost of defending, settling or satisfying any litigation or threatened litigation that relates to the Airport System, or any aspect thereof, or to compensate for the loss of Airport System operating revenues by reason of any labor dispute, or a Force Majeure as defined in the Airline Agreements, or because of adoption of an amended annual budget, the Authority may, upon notice to and consultation with the Signatory Airlines, increase the rentals, fees, and charges to such amount as is sufficient to assure the Authority that all such items, expenses and costs shall be paid in full, solely from Airport System Operating Revenues.

Each Signatory Airline shall report to the Authority (i) a description of all Aircraft Arrivals of such Signatory Airline during the previous month, by type and model of aircraft, and the Maximum Gross FAA Certified Landing Weight of such aircraft, (ii) the total number of enplaning and deplaning passengers of such Signatory Airline at the Airport during the previous month, and (iii) the amount in tons of freight, mail and other cargo carried or transported by such Signatory Airline at the Airport during the previous month. In the event that a Signatory Airline fails to provide such report, the Landing Fees due to the Authority will be equal to the Landing Fees paid for the most recent month during which such a report was filed, subject to appropriate adjustment upon delivery of the currently required report by such Signatory Airline.

Each Signatory Airline will also collect on behalf of and remit to the Authority any such Passenger Facility Charges in accordance with the requirements of federal law. The proceeds of such Passenger Facility Charges will be applied in any lawful manner.

Annual Recalculation of Lease Rentals and Fees

Not later than April 1 of each year, each Signatory Airline will submit to the Authority an estimate of both the Maximum Gross FAA Certified Landing Weight and passenger forecast at the Airport for such Signatory Airline during the next Fiscal Year. Not later than August 1 of each year, the Authority will submit copies of the following reports to each Signatory Airline:

- (a) report of the proposed Annual Budget for the following Fiscal Year, reflecting, among other things, all estimated operation and maintenance expenses, estimated Airport System operating revenues and all outlays for Capital Improvements;
- (b) report of debt service payable during the following Fiscal Year, together with an estimate of debt service coverage and any required Coverage payable for such Fiscal Year;
- (c) report of preliminary estimates of fees and charges reasonably expected to be imposed by the Authority for the following Fiscal Year; and
- (d) report of estimated deposits to and balances in funds established under the Bond Ordinance.

Within fourteen (14) days after the receipt of such reports by the Signatory Airlines, the Authority and the Signatory Airlines shall meet to review the reports of the Authority. The Authority will have sole discretion to modify or amend its Annual Budget based upon the results of such meeting. Prior to the first day of each Fiscal Year, the Authority will furnish each Signatory Airline with a copy of the Authority's Annual Budget, together with a schedule of the fees and charges applicable to such Signatory Airline during such Fiscal Year. In the event that the Authority does not adopt an Annual Budget prior to the commencement of a Fiscal Year, the fees and charges applicable to each Signatory Airline for the preceding Fiscal Year will remain in effect until a new Annual Budget, together with applicable fees and charges, is promulgated by the Authority, effective as of January 1 of such Fiscal Year.

Capital Improvements

The Authority may design and construct Capital Improvements without Majority-In-Interest approval if the cost of such Capital Improvements is not in excess of \$100,000,000 if concurrence in such Capital Improvement is specifically withheld by a Majority-In-Interest. On or before August 1 of each Fiscal Year, the Authority will notify each Signatory Airline of the cost of proposed Capital Improvements to be undertaken at the Airport in the following Fiscal Year with a five (5) year capital improvement plan. Such notification will describe the nature, estimated cost, necessity for, feasibility of and expected benefits from such Capital Improvement, together with an allocation of costs among the Airport System and a description of the Authority's proposed means of financing. Not later than 30 days after the distribution of such notice, the Authority shall convene a meeting of all Signatory Airlines in order to discuss Capital Improvements that require MII concurrence. The Capital Improvement will be deemed concurred unless, within 30 days after the date of such meeting, concurrence is specifically withheld in writing by more than half of the Signatory Airlines. In the event that such concurrence is specifically withheld, the Authority will have the option to convene a second meeting within 30 days of the Authority's receipt of the notice of nonconcurrence by the Signatory Airlines. After reconsideration, the Signatory Airlines will be deemed to have concurred with the Capital Improvement, unless, within 30 days after the date of such second meeting, concurrence is specifically withheld in writing by more than 50% Majority-in-Interest of the Signatory Airlines. Such Capital Improvements with an estimated cost greater than \$100,000,000 are deferred until the next Fiscal. See "Definitions" in the Airline Agreement.

However, notwithstanding any of the foregoing, the Authority may construct any Capital Improvement found to be necessary or prudent to: (i) assure or facilitate compliance with a rule, regulation or order of any federal, state or other governmental agency (excluding the Authority) having jurisdiction over the Airport; (ii) maintain, operate or create functional capability and capacity that is required for public health, safety, access or security or by the trustee for the security of the Bonds; (iii) satisfies judgments or fines against Authority imposed by an agency of federal or state government rendered by a court of competent jurisdiction; (iv) repair casualty damage, net of insurance proceeds, to Airport System property; (v) develop a Special Purpose Facility; (vi) acquire land to preserve, protect or enhance the Airport System; or (vii) does not increase the fees and charges to be paid by the Signatory Airlines during the term of the Airline Agreements.

Signatory Airline Responsibilities

Each Signatory Airline is required to maintain its portion of the Terminal, Apron Area and the Joint Use Apron Area and to repair at its own expense any damages to such areas caused by an action or omission of such Signatory Airline and any damages to its assigned premises not caused by an action or omission of the Authority. Title to any improvements on the premises leased by such Signatory Airline will be in the Authority, subject to the right of such Signatory Airline to use such improvement for the term of the applicable Airline Agreement. Each Signatory Airline will be responsible for paying any and all lawful taxes, assessments or charges, which become a lien or are levied upon any interest of such Signatory Airline in the Terminal premises or any improvements thereof. Each Signatory Airline will also be responsible for paying for all licenses, permits, fees or authorizations required under federal, state or local laws for its use and operation of the Airport System facilities and will be responsible for paying for all allocable charges for utility services in excess of those specifically provided by the Authority.

Insurance and Indemnification

Each Signatory Airline is required to carry at all times, comprehensive airline liability insurance including general liability in amounts not less than five hundred million dollars (Combined Single Limit \$500,000,000) per occurrence and in the aggregate as respects Products and Completed Operation Liability for bodily injury (including death) and property damage liability; Coverage shall include, but not be limited to: a) premises operations; b) blanket contractual liability; c) passenger liability; d) host liquor liability; e) ground hangar-keeper's liability; f) liability for vehicles operated or used by airline on the restricted access areas of the Airfield Area, including baggage tugs, aircraft pushback tugs, provisioning trucks, air stair trucks, belt loaders and other such vehicles or equipment. Said coverage shall also include personal injury liability, which such coverage shall not be less than twenty five million dollars, (\$25,000,000). Airline will also provide specific evidence to the Authority of War and Allied Perils coverage, in an amount of no less than fifty million dollars, (\$50,000,000) in the aggregate.

Each Signatory Airline agrees to indemnify the Authority and the Indemnified Parties from and against all liabilities, losses, claims, actions, judgments, administrative proceedings, fines, settlement demands, penalties, damages and related expenses arising out of personal injury or bodily injury (including wrongful death) to person or property attributable to the use, occupancy, activities or operations of such Signatory Airline at or on any Airport System facility.

Termination by the Signatory Airline

So long as it is not in default of its rental obligations under its Airline Agreement, any Signatory Airline may terminate such Airline Agreement after 30 days' written notice and the surrender of the premises upon the occurrence of one or more of the following:

- (a) The Terminal premises assigned to such Signatory Airline become untenable in whole or substantial part, and the Authority does not terminate the assignment of such premises and does not proceed reasonably promptly with necessary repairs and rebuilding;
- (b) The Authority fails to provide and maintain means for unobstructed ingress and egress to and from the Terminal in accordance with such Airline Agreement;
- (c) The Authority closes the Airport to aircraft operations in general or to flights of such Signatory Airline for reasons other than weather, acts of God or other causes beyond the Authority's control, and fails to reopen the Airport to such operations or flights for a period in excess of 30 days; or
- (d) The Authority fails to comply with any of the material terms or provisions of such Airline Agreement or fails promptly to fulfill any of its obligations under such Airline Agreement.

In addition to any other right of termination which a Signatory Airline may have under its Airline Agreement, each Signatory Airline has a special limited right to terminate its Airline Agreement in the event that the Authority adopts a bond ordinance or an amendment to such ordinance, which either (i) materially affects the method of calculation of Signatory Airline rentals and fees under its Airline Agreement or (ii) materially affects the rights of such Signatory Airline under its Airline Agreement. This special right of termination expires 15 days after the date of adoption of such ordinance or ordinance amendment by the Authority.

Termination by the Authority

The Authority may terminate the Airline Agreement of any Signatory Airline upon 30 days' written notice and may re-enter the Airline's leased Terminal premises 15 days after such termination, upon the occurrence and continuation of one or more of the following:

- (a) Such Signatory Airline fails to make required payments of rentals, fees and charges when due;
- (b) Such Signatory Airline files a voluntary petition in bankruptcy, makes a general assignment for the benefit of creditors or is adjudicated as bankrupt;
- (c) A court of competent jurisdiction takes jurisdiction of such Signatory Airline or such Signatory Airline's assets pursuant to proceedings brought under any federal reorganization act;
- (d) A receiver or trustee is appointed for such Signatory Airline's assets by a court of competent jurisdiction, or such Signatory Airline enters into a voluntary agreement with its creditors, and such receiver, trustee or agreement is not removed within 90 days;
- (e) Any act occurs which operates to deprive such Signatory Airline permanently of the rights, powers and privileges necessary for the proper operation and conduct of its business;

(f) Such Signatory Airline abandons and fails to use the leased premises for any period of 30 consecutive days at any one time, except when such abandonment and cessation is due to fire, earthquake, strike, governmental action, the default of the Authority or other cause beyond such Signatory Airline's control;

(g) Such Signatory Airline uses or permits the use of the leased premises for any purpose not authorized by its Airline Agreement or for any purpose prohibited by applicable law, rule or regulation;

(h) Such Signatory Airline discontinues air service to the Airport System as a consequence of the filing by such Signatory Airline of a bankruptcy petition, voluntary or involuntary seeking a reorganization or readjustment of its indebtedness under the federal bankruptcy laws or under any other statute of the United States or any state thereof or being adjudged bankrupt, such Signatory Airline shall be deemed to have forfeited its leasehold space; or

(i) Such Signatory Airline remains in violation of any material provision of its Airline Agreement for a period of 30 days after notice thereof.

Amendment to Bond Ordinance

Each Airline Agreement provides that the Authority must not enact any bond ordinance or subsequently amend a bond ordinance so as to require a change in the method of calculation of rentals and fees payable under such Airline Agreement or so as to materially affect the rights of the Signatory Airline subject to such Airline Agreement. If the Authority adopts a bond resolution or a subsequent amendment to a bond resolution, either of which materially affects the method of calculation of such rentals and fees or materially affects the rights of the Signatory Airline under such Airline Agreement, such Signatory Airline may, in writing, cancel such Airline Agreement within 15 days after the adoption date of the bond resolution or amendment thereto by the Authority.

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2019I Bond Bank Bonds. The 2019I Bond Bank 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 2016 Bond will be issued for each maturity, 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 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.

Purchases of 2019I Bond Bank Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019I Bond Bank 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 confirmation 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 2019I Bond Bank 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 the 2019I Bond Bank Bonds, except in the event that use of the book-entry system for the 2019I Bond Bank Bonds is discontinued.

To facilitate subsequent transfers, all 2019I Bond Bank 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 2019I Bond Bank Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019I Bond Bank Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2019I Bond Bank 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.

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.

Redemption notices shall be sent to DTC. If less than all of the 2019I Bond Bank 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2019I Bond Bank 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 Bond Bank 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 2019I Bond Bank Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2019I Bond Bank 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 Bond Bank or the Paying Agent, 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 Paying Agent, or the Bond Bank, 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 the Bond Bank or the Paying 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.

DTC may discontinue providing its services as depository with respect to the 2019I Bond Bank Bonds at any time by giving reasonable notice to the Bond Bank or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2019I Bond Bank Bonds are required to be printed and delivered.

The Bond Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2019I Bond Bank Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

For so long as the 2019I Bond Bank Bonds are registered in the name of DTC or its nominee or any successor securities depository or its nominee, the Bond Bank and the Bond Bank Trustee will recognize only DTC or its nominee or such successor securities depository or its nominee as the registered owner of the 2019I Bond Bank Bonds for all purposes, including payments, notices and voting.

In the event that either (1) the Bond Bank received notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the 2019I Bond Bank Bonds or (2) the Bond Bank elects to discontinue its use of DTC as a clearing agency for the 2019I Bond Bank Bonds, then the Bond Bank and the Bond Bank Trustee, Paying Agent or Registrar will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 2019I Bond Bank Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the 2019I Bond Bank Bonds and to transfer the ownership of each of the 2019I Bond Bank Bonds to such person or persons, including any to the clearing agency, as the holder of such 2019I Bond Bank Bonds may direct in accordance with the Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the 2019I Bond Bank Bonds will be paid by the Bond Bank.

APPENDIX F

DEBT SERVICE REQUIREMENTS OF OUTSTANDING REVENUE BONDS

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Debt Service Breakout for POS Prior to Issuance of 2019C1-C2

Period Ending	Series 2010A	Series 2010C(1)	Series 2014A	Series 2015A	Series 2016A1	Series 2016A2	Series 2019A (S	Series 2019B	Series 2019D (S	Total
1-1-2020										
1-1-2021	1,702,363	7,021,789	14,226,500	8,649,600	22,363,800	3,641,182	1,379,860	13,157,500	1,159,762	73,302,354
1-1-2022	1,700,963	7,017,964	14,225,750	8,649,600	22,376,550	3,642,868	1,379,740	13,186,500	1,061,233	73,241,167
1-1-2023	1,702,344	6,964,555	14,228,750	15,419,600	16,289,300	2,451,617	1,379,200	13,154,500	3,500,676	75,090,542
1-1-2024	1,701,219	6,876,771	17,754,500	20,551,100	4,899,800	218,739	1,378,240	24,748,750	3,500,676	81,629,795
1-1-2025	1,703,606	6,895,926	14,261,000	24,071,500	4,896,050	221,023	1,381,860	24,937,250	3,500,676	81,868,891
1-1-2026	1,703,138	6,895,926	14,259,500	24,096,500	4,895,550	223,147	1,379,920	25,115,500	3,500,676	82,069,857
1-1-2027	1,699,713	6,934,237	14,262,750	24,125,250	4,897,800	220,112	1,377,560	25,326,250	3,500,677	82,344,348
1-1-2028	1,699,488	6,876,771	14,264,500	24,155,250	3,672,300	122,077	1,379,780	25,500,000	3,500,676	81,170,842
1-1-2029	1,699,613	6,876,771	17,753,750	20,714,250	3,675,050	122,077	1,381,440	25,705,500	580,832	78,509,282
1-1-2030	1,702,363	32,825,926	17,755,000	20,743,500	3,672,300	122,077	1,377,540	33,000	580,806	78,812,511
1-1-2031	1,702,500	33,050,240	17,757,750	20,790,750	3,674,050	122,077	1,378,220	33,000	580,780	79,089,366
1-1-2032	1,702,000	33,298,128	17,755,250	20,823,000	3,674,800	122,077	1,378,340	33,000	580,753	79,367,348
1-1-2033	1,703,500	33,564,816	17,756,000	20,868,750	3,675,400	122,077	1,377,900	33,000	580,727	79,682,170
1-1-2034	1,701,750	13,924,969	17,758,000	-	3,671,800	122,077	1,381,900	353,000	3,500,676	42,414,172
1-1-2035	1,701,750	13,975,070	-	-	19,214,000	1,642,077	1,380,200	357,000	3,500,676	41,770,774
1-1-2036	1,703,250	14,033,873	-	-	-	1,677,888	1,377,940	-	3,500,676	22,293,627
1-1-2037	1,701,000	2,648,910	-	-	-	-	1,380,120	-	3,500,677	9,230,707
1-1-2038	-	-	-	-	-	-	1,381,600	-	3,500,676	4,882,276
1-1-2039	-	-	-	-	-	-	1,377,380	-	3,500,676	4,878,056
1-1-2040	-	-	-	-	-	-	1,377,600	-	3,500,676	4,878,276
1-1-2041	-	-	-	-	-	-	1,377,120	-	-	1,377,120
1-1-2042	-	-	-	-	-	-	1,380,940	-	-	1,380,940
1-1-2043	-	-	-	-	-	-	1,378,920	-	-	1,378,920
1-1-2044	-	-	-	-	-	-	1,381,200	-	-	1,381,200
1-1-2045	-	-	-	-	-	-	1,377,640	-	-	1,377,640
1-1-2046	-	-	-	-	-	-	1,378,380	-	-	1,378,380
1-1-2047	-	-	-	-	-	-	1,378,280	-	-	1,378,280
1-1-2048	-	-	-	-	-	-	1,377,340	-	-	1,377,340
1-1-2049	-	-	-	-	-	-	1,380,560	-	-	1,380,560
1-1-2050	-	-	-	-	-	-	1,377,800	-	-	1,377,800
1-1-2051	-	-	-	-	-	-	1,379,200	-	-	1,379,200
1-1-2052	-	-	-	-	-	-	1,379,620	-	-	1,379,620
1-1-2053	-	-	-	-	-	-	1,379,060	-	-	1,379,060
1-1-2054	-	-	-	-	-	-	1,377,520	-	-	1,377,520
Totals	28,930,556	239,682,642	224,019,000	253,658,650	125,548,550	14,793,191	46,889,920	191,673,750	50,633,683	1,175,829,943

Footnotes

(1) Based upon assumed variable rates and swap payments

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