New Issues-Book-Entry Only | **Rating: Moody's: Aa3 (See "RATING" herein)**

$210,615,000
RALEIGH-DURHAM AIRPORT AUTHORITY
(NORTH CAROLINA)

$141,005,000 AIRPORT REVENUE REFUNDING BONDS, SERIES 2020A (AMT)
$69,610,000 AIRPORT REVENUE REFUNDING BONDS, SERIES 2020B (NON-AMT)

Dated: Date of Delivery | **Due**: As shown on the inside cover

This Official Statement has been prepared by the North Carolina Local Government Commission and the Raleigh-Durham Airport Authority (the "Authority") to provide information in connection with the sale and issuance of the bonds offered hereby (the "2020 Bonds"). Selected information is presented on this cover page for convenience of the user. To make an informed decision regarding the purchase of the 2020 Bonds, prospective investors should read this Official Statement in its entirety. Unless indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.

Security: The 2020 Bonds will be special obligations of the Authority secured by and payable from the Net Revenues of the Airport System (as such terms are defined herein) and, under certain circumstances, other funds and accounts described herein, including the Parity Reserve Fund described herein. The Authority does not have taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS" herein.

Tax Treatment: In the opinion of Bond Counsel, which is based on existing law and assumes continuing compliance by the Authority with certain covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the 2020 Bonds will not be includable in the gross income of the owners thereof for purposes of federal income taxation, except for any owner of a 2020A Bond who is a "substantial user" of the facilities refinanced with the proceeds of the 2020A Bonds or a "related person" of a "substantial user" (as such terms are defined in the Code). Bond Counsel is of the further opinion that interest on the 2020 Bonds will be exempt from all State of North Carolina income taxes. See "TAX TREATMENT" herein for a further discussion regarding the tax treatment of ownership and receipt of interest on the 2020 Bonds, including the alternative minimum tax treatment resulting from such ownership and receipt of interest.

Redemption: The 2020A Bonds are subject to optional redemption as described herein. The 2020B Bonds are not subject to redemption prior to their maturities.

Purpose: To refund certain outstanding Bonds of the Authority as described herein and pay the fees and expenses incurred in connection with the sale and issuance of the 2020 Bonds.

Amendment of Master Trust Indenture: The Authority has proposed to amend and restate the Master Trust Indenture under which the Authority's Bonds are issued as described herein. By their purchase of the 2020 Bonds, the initial beneficial owners of the 2020 Bonds consent to the amendments to the Master Trust Indenture that may require bondholder consent.

Interest Payment Date: May 1 and November 1, commencing May 1, 2020.

Denominations: $5,000 or any integral multiple thereof. The 2020 Bonds initially will be issued as fully registered bonds and when delivered will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York. See Appendix A hereto.

Expected Closing: March 4, 2020.

Bond Counsel: Womble Bond Dickinson (US) LLP, Raleigh, North Carolina.

Authority Counsel: Erin M. Locklear, Esq.

Underwriters' Counsel: Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina.

Financial Advisor: Frasca & Associates, LLC

Trustee: The Bank of New York Mellon Trust Company, N.A.

Siebert Williams Shank & Co., LLC | **Citi**

J.P. Morgan | **Morgan Stanley** | **Ramirez & Co., Inc.**

January 23, 2020

MATURITY SCHEDULES

$141,005,000 AIRPORT REVENUE REFUNDING BONDS, SERIES 2020A (AMT)

Due May 1	Principal Amount	Interest Rate	Yield	CUSIP+
2021	$ 6,700,000	5.00%	1.00%	751073 LP0
2022	7,040,000	5.00	1.04	751073 LQ8
2023	7,400,000	5.00	1.09	751073 LR6
2024	7,780,000	5.00	1.13	751073 LS4
2025	8,180,000	5.00	1.19	751073 LT2
2026	8,600,000	5.00	1.28	751073 LU9
2027	9,045,000	5.00	1.37	751073 LV7
2028	7,785,000	5.00	1.50	751073 LW5
2029	8,180,000	5.00	1.58	751073 LX3
2030	8,600,000	5.00	1.67	751073 LY1
2031	9,040,000	5.00	1.76*	751073 LZ8
2032	9,505,000	5.00	1.82*	751073 MA2
2033	9,995,000	5.00	1.84*	751073 MB0
2034	10,505,000	5.00	1.88*	751073 MC8
2035	11,040,000	5.00	1.92*	751073 MD6
2036	11,610,000	5.00	1.96*	751073 ME4

$69,610,000 AIRPORT REVENUE REFUNDING BONDS, SERIES 2020B (NON-AMT)

Due May 1	Principal Amount	Interest Rate	Yield	CUSIP+
2020	$2,920,000	5.00%	0.88%	751073 MF1
2021	4,665,000	5.00	0.89	751073 MG9
2022	4,900,000	5.00	0.90	751073 MH7
2023	5,155,000	5.00	0.92	751073 MJ3
2024	5,420,000	5.00	0.95	751073 MK0
2025	5,695,000	5.00	0.96	751073 ML8
2026	5,985,000	5.00	1.05	751073 MM6
2027	6,295,000	5.00	1.17	751073 MN4
2028	6,615,000	5.00	1.26	751073 MP9
2029	6,955,000	5.00	1.34	751073 MQ7
2030	7,315,000	5.00	1.43	751073 MR5
2031	7,690,000	5.00	1.54	751073 MS3

* Yield to first optional redemption date of May 1, 2030.

\+ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP data above and elsewhere in this Official Statement is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. None of the Local Government Commission, the Authority, or any Underwriters of the 2020 Bonds makes any representation as to, and shall not be responsible for, the accuracy of such CUSIP numbers.

RALEIGH-DURHAM AIRPORT AUTHORITY

SPONSORING GOVERNMENTS

City of Raleigh, North Carolina
City of Durham, North Carolina
County of Durham, North Carolina
County of Wake, North Carolina

AUTHORITY MEMBERS

NAME	TITLE	APPOINTING GOVERNMENT
John Kane	Chairman	Wake County
Patrick Hannah	Vice Chairman	Durham County
Sepideta Saidi	Secretary	City of Raleigh
Robert D. Teer Jr.	Treasurer	City of Durham
Richard (Dickie) Thompson	Board Member	City of Raleigh
David Morgan	Board Member	Durham County
David Kushner	Board Member	Wake County
Napoleon Wallace	Board Member	City of Durham

ADMINISTRATION

President and Chief Executive Officer	Michael Landguth, A.A.E.
Senior Vice President and Chief Operating Officer	William Sandifer, A.A.E.
Senior Vice President and Chief Revenue Officer	David Freedman
Senior Vice President and Chief Information and Strategy Officer	Chuck McFall
Senior Vice President and Chief Finance Officer	Donna Sylver
General Counsel	Erin M. Locklear, Esq.

CONSULTANTS AND ADVISORS

Bond Counsel	Womble Bond Dickinson (US) LLP
Financial Advisor	Frasca & Associates, LLC

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2020 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the 2020 Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the 2020 Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the 2020 Bonds implies that the information herein is correct as of any date subsequent to the date thereof.

The electronic distribution of this Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2020 Bonds described herein to the residents of any particular state and is not specifically directed to the residents of any particular state. The 2020 Bonds will not be offered or sold in any state unless and until they are either registered pursuant to the laws of such state, or qualified pursuant to an appropriate exemption from registration in such state.

NEITHER THE 2020 BONDS NOR THE MASTER INDENTURE AND FOURTEENTH SUPPLEMENTAL INDENTURE (AS SUCH TERMS ARE DEFINED HEREIN) HAVE BEEN REGISTERED OR QUALIFIED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED AND SECTION 304(a)(4) OF THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE 2020 BONDS OR THE MASTER INDENTURE AND FOURTEENTH SUPPLEMENTAL INDENTURE IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE 2020 BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, THESE SECURITIES 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 DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE OF THE 2020 BONDS SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY SINCE THE DATE HEREOF.

The information set forth herein has been obtained from sources which are believed to be reliable and is in a form deemed final by the Authority for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934 (“Rule 15c2-12”), as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy of completeness of such information.

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State of North Carolina

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State and Local Government Finance Division
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OFFICIAL STATEMENT
OF THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION
CONCERNING

$210,615,000
RALEIGH-DURHAM AIRPORT AUTHORITY
(NORTH CAROLINA)
$141,005,000 Airport Revenue Refunding Bonds, Series 2020A (AMT)

$69,610,000 Airport Revenue Refunding Bonds, Series 2020B (Non-AMT)

INTRODUCTION

The purpose of this Official Statement, which includes the appendices, is to provide certain information in connection with the issuance by the Raleigh-Durham Airport Authority (the "*Authority*") of its $141,005,000 Airport Revenue Refunding Bonds, Series 2020A (AMT) (the "*2020A Bonds*") and its $69,610,000 Airport Revenue Refunding Bonds, Series 2020B (Non-AMT) (the "*2020B Bonds*"). The 2020A Bonds and 2020B Bonds are referred to collectively in this Official Statement as the "2020 Bonds."

The 2020 Bonds are being issued pursuant to The State and Local Government Revenue Bond Act, Article 5 of Chapter 159 of the General Statues of North Carolina, as amended (the "*Act*"), a bond order adopted by the Authority on December 19, 2019 (the "*Order*"), a Master Trust Indenture, dated as of February 1, 2001, as amended, between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*"), and a Fourteenth Supplemental Trust Indenture, dated as of March 1, 2020 (the "*Fourteenth Supplemental Indenture*"), between the Authority and the Trustee. The Trustee is also serving as the Registrar and Paying Agent for the 2020 Bonds.

This introduction provides certain limited information to serve as a guide to the Official Statement and is expressly qualified by the Official Statement as a whole. Investors should make a full review of the entire Official Statement and the documents summarized or described herein.

For the definition of certain terms used herein and a summary of certain provisions of the Master Indenture and the Fourteenth Supplemental Indenture, see **Appendix D**. Capitalized terms used herein and not otherwise defined have the same meanings given such terms in the Master Indenture and the Fourteenth Supplemental Indenture unless otherwise indicated.

The Authority. The Authority is a special joint agency of the Cities of Raleigh and Durham, North Carolina and the Counties of Wake and Durham, North Carolina. The Authority was created and exists pursuant to a special act enacted by the General Assembly of North

Carolina in 1939, as amended, and by action taken by the sponsoring governmental units pursuant to that act. The Authority is governed by an eight-member governing board appointed by the sponsoring governmental units. See "**THE AUTHORITY**" herein for additional information regarding the Authority and its organization.

The Airport and Airport System. The "*Airport System*" consists of all airports, airport sites, and equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce under the jurisdiction and control of the Authority, including the Raleigh-Durham International Airport (the "*Airport*"). The Airport System currently consists solely of the Airport. The Airport is located in Wake County and Durham County, approximately 10 miles from the downtown areas of each of the Cities of Raleigh and Durham. The airfield for the Airport includes two primary runways, one secondary runway and aircraft parking ramps and taxiways. Passenger terminal facilities at the Airport are located in two separate buildings known as Terminal 1 and Terminal 2. See "**THE AIRPORT SYSTEM**" herein for additional information regarding the Airport System and its operation.

Authorization. The 2020 Bonds are being issued pursuant to the authority granted by the Act, the Order, the Master Indenture and the Fourteenth Supplemental Indenture.

Security. The 2020 Bonds will be special obligations of the Authority, secured by and payable from the Net Revenues (hereinafter defined) of the Airport System and certain other funds and accounts described in this Official Statement. The 2020 Bonds will be secured by a pledge, charge and lien upon the Net Revenues on a parity with any other Bonds currently Outstanding and hereafter issued by the Authority under the Master Indenture. The 2020 Bonds also will be secured, together with certain other Bonds of the Authority, by a debt service reserve fund called the "Parity Reserve Fund." See "**SECURITY AND SOURCES OF PAYMENT FOR THE 2020 Bonds**" herein.

The Authority collects Passenger Facility Charges ("*PFCs*") that provide additional funds to pay a portion of the debt service on Bonds eligible to be paid from PFCs. At present, PFCs are not committed to pay debt service on any of the Authority's Bonds in any significant amount, but the Authority expects to continue to utilize PFCs to pay debt service to the extent permitted by applicable law. See "**SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS—PASSENGER FACILITY CHARGES**" herein.

Purpose. The 2020A Bonds are being issued for the purpose of providing funds, together with other available funds, to (a) current refund the outstanding Raleigh-Durham Airport Authority Airport Revenue Refunding Bonds, Series 2010A (Non-AMT) maturing May 1, 2021 through 2030, 2032 and 2036 in the aggregate principal amount of $182,335,000 and (b) pay the costs incurred in connection with the issuance of the 2020A Bonds. The 2020B Bonds are being issued for the purpose of providing funds, together with other available funds, to (a) current refund the outstanding Raleigh-Durham Airport Authority Airport Revenue Refunding Bonds, Series 2010B (Non-AMT) maturing November 1, 2020 through 2027 in the aggregate principal amount of $52,870,000 and the outstanding Raleigh-Durham Airport Authority Airport Revenue Refunding Bonds, Series 2010B-1 (Non-AMT) maturing November 1, 2028 through 2031 in the aggregate principal amount of $38,235,000 and (b) pay the costs incurred in connection with the issuance of the 2020B Bonds. The Bonds being refunded by the 2020 Bonds are referred to herein as the "Refunded 2010 Bonds."

See "**THE PLAN OF REFUNDING"** and **"ESTIMATED SOURCES AND USES OF FUNDS**" herein.

Details of Bonds. The 2020 Bonds will be dated their date of delivery. Interest on the 2020 Bonds will be payable on May 1 and November 1, beginning May 1, 2020, at the rates shown on the inside front cover. Principal of the 2020 Bonds will be payable, subject to prior redemption as described herein, on May 1, in the years and amounts shown on the inside front cover.

The 2020 Bonds will be issued as fully registered bonds in book-entry-only form, without physical delivery of bond certificates to the beneficial owners of the 2020 Bonds. The Paying Agent will make payment of principal of and interest on the 2020 Bonds to The Depository Trust Company, New York, New York ("DTC"), which will in turn remit such payment to its participants for subsequent distribution to the beneficial owners of the 2020 Bonds. Individual purchases of the 2020 Bonds by the beneficial owners will be made in denominations of $5,000 or integral multiples thereof. See "**THE 2020 BONDS--BOOK-ENTRY-ONLY SYSTEM**" herein.

Tax Status. See "**TAX TREATMENT**" herein.

Investment Considerations. For a description of certain risk factors affecting the payment of and security for the 2020 Bonds, see "**CERTAIN INVESTMENT CONSIDERATIONS**" herein.

Consent to Amendment of Master Trust Indenture. In connection with the issuance of the 2020 Bonds, the Authority has proposed to amend and restate the Master Trust Indenture. See "**APPENDIX D--SUMMARIES OF THE AMEDED AND RESTATED MASTER TRUST INDENTURE, THE FOURTEENTH SUPPLEMENTAL TRUST INDENTURE AND THE AMENDMENTS BEING MADE BY THE AMENDED AND RESTATED MASTER TRUST INDENTURE"** for a summary of the Amended and Restated Master Trust Indenture and of the amendments to the existing Master Trust Indenture to be effected thereby. Such amendment will be executed and delivered by the Authority and the Trustee when a majority of the owners of the Bonds issued and Outstanding under the Master Trust Indenture have consented to the amendment and restatement thereof. **By their purchase of the 2020 Bonds, the initial beneficial owners of the 2020 Bonds consent to the execution and delivery of the Amended and Restated Master Trust Indenture. References in this Official Statement to the "Master Indenture" refer, prior to the issuance of the 2020 Bonds, to the initial Master Trust Indenture, as previously amended, and following the issuance of the 2020 Bonds refer to the Amended and Restated Trust Indenture. See "AMENDMENT AND RESTATEMENT OF MASTER TRUST INDENTURE" herein.**

THE 2020 BONDS

AUTHORIZATION

The 2020 Bonds will be issued pursuant to the Act, the Order, the Master Indenture and the Fourteenth Supplemental Indenture.

The issuance of the 2020 Bonds received the required approval of the North Carolina Local Government Commission (the "*LGC*") on January 7, 2020. The LGC is a division of the State Treasurer's office charged with general oversight of local government finance in North Carolina. Its approval is required for all local government bond issues and substantially all other local government financing arrangements in North Carolina. In determining whether to allow bonds to be issued under the Act, the LGC considers the need for, and feasibility of the projects to be financed, the local government's capability to repay the amount financed from the pledged revenue sources and the local government's general compliance with State budget and finance laws. Under the Act, the LGC is also responsible, with the issuing unit's approval, for selling bonds issued pursuant to the Act. See **Appendix E** for additional information on the LGC and its powers and duties.

GENERAL

The 2020 Bonds will be dated their date of delivery, will bear interest from their delivery date payable on each May 1 and November 1, beginning May 1, 2020, at the rates shown on the inside front cover and will mature, subject to prior redemption as described herein, on May 1, in the years and amounts shown on the inside front cover. The 2020 Bonds will be issued as fully registered bonds in book-entry-only form and will be subject to the provisions of the book-entry-only system described below. Individual purchases of the 2020 Bonds by the beneficial owners will be made in denominations of $5,000 or integral multiples thereof.

BOOK-ENTRY-ONLY SYSTEM

Records of ownership of the 2020 Bonds will be maintained through a Book-Entry-Only system with DTC, as securities depository for the 2020 Bonds. Upon the delivery of the 2020 Bonds, one fully-registered bond for each maturity of each Series of the 2020 Bonds and each maturity of the 2020 Bonds will be registered in the name of Cede & Co., as nominee for DTC, in the aggregate principal amount of that maturity. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2020 BONDS, REFERENCE HEREIN TO THE REGISTERED OWNERS OR OWNERS OF THE 2020 BONDS MEANS CEDE & CO. AND NOT THE BENEFICIAL OWNERS OF THE 2020 BONDS.

See **Appendix A** for a description of DTC and the Book-Entry-Only System for the 2020 Bonds.

REDEMPTION PROVISIONS

Optional Redemption. The 2020A Bonds maturing on or prior to May 1, 2030 are not subject to redemption at the option of the Authority. The 2020 Bonds maturing on or after May 1, 2031 are subject to redemption, at the option of the Authority, either in whole or in part on any date on or after May 1, 2030, at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

The 2020B Bonds are not subject to redemption prior to their maturities.

General Redemption Provisions. The Registrar is required to give notice of redemption at least 30 days but not more than 60 days before each redemption by first-class mail (or with respect to 2020 Bonds held by DTC in accordance with DTC's rules and procedures) to each owner of a 2020 Bond to be redeemed; each such notice to be sent to such owner's registered address.

If at the time of mailing of notice of an optional redemption there is not deposited with the Trustee or the Paying Agent moneys sufficient to redeem all of the 2020 Bonds called for redemption, the notice of redemption may be conditioned upon the deposit of the redemption moneys with the Trustee or the Paying Agent not later than the scheduled redemption date, and if the notice is so conditioned, the notice shall be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption will be canceled and a notice of the cancellation shall be mailed to the owners of the 2020 Bonds otherwise to be redeemed.

Failure to give the required notice of redemption to the owner of any particular 2020 Bonds or any defect in the giving of notice will not affect the validity of the call for redemption of any other 2020 Bonds for which notice was properly given. Any notice sent will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, 2020 Bonds called for redemption become due and payable on the redemption date at the applicable redemption price, unless the notice is cancelled as described in the preceding paragraph. In the event that funds are deposited with the Trustee or the Paying Agent sufficient for such redemption, interest on the 2020 Bonds to be redeemed will cease to accrue as of the redemption date.

SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS

GENERAL

In the Master Indenture, the Authority has entered into certain covenants regarding the operations of the Authority and its finances for the benefit of the owners of Bonds issued under the Master Indenture. The 2020 Bonds will be on parity with the Authority's other outstanding Airport Revenue Bonds previously issued under the Master Indenture, consisting (after the issuance of the 2020 Bonds and the application of the proceeds thereof to the refunding of the Refunded 2010 Bonds) of the May 1, 2020 maturity of the Authority's Airport Revenue Refunding Bonds, Series 2010A (Non-AMT) and the Authority's Variable Rate Airport Revenue Bonds, Series 2008C (Non-AMT) (the *"2008 Bonds"*), Airport Revenue Refunding Bonds, Series 2015A (Non-AMT) and Airport Revenue Refunding Bonds, Series 2015B (AMT) (the *"2015 Bonds")* and Airport Revenue Refunding Bonds, Series 2017A (AMT) (the *"2017 Bonds"*). The 2010A Bonds maturing May 1, 2020 and the 2008 Bonds, the 2015 Bonds and the 2017 Bonds are referred to collectively in this Official Statement as the *"Prior Bonds"* and the

Prior Bonds, the 2020 Bonds and any additional Bonds that may be issued under and pursuant to the terms of the Master Indenture are referred to collectively as the "*Bonds.*"

Following the issuance of the 2020 Bonds and the application of the proceeds thereof to the refunding of the Refunded 2010 Bonds, $235,150,000 of Prior Bonds will be outstanding under the Master Indenture, and, together with the 2020 Bonds, $445,765,000 of Bonds will be outstanding under the Master Indenture. A table setting forth the annual debt service requirements for the 2020 Bonds and the Prior Bonds is set forth below under "OUTSTANDING INDEBTEDNESS AND DEBT SERVICE SCHEDULE."

THE 2020 BONDS WILL BE SPECIAL OBLIGATIONS OF THE AUTHORITY, SECURED BY AND PAYABLE FROM THE NET REVENUES OF THE AUTHORITY AS DESCRIBED BELOW AND, UNDER CERTAIN CIRCUMSTANCES, THE PROCEEDS OF THE 2020 BONDS, INVESTMENT EARNINGS, AMOUNTS SET ASIDE IN THE PARITY RESERVE FUND AS DESCRIBED HEREIN AND CERTAIN OTHER FUNDS AND ACCOUNTS DESCRIBED IN THIS OFFICIAL STATEMENT. THE AUTHORITY HAS NO TAXING POWER.

PLEDGE OF NET REVENUES

Under the Master Indenture, the Authority has pledged, assigned and granted to the Trustee, among other things, a first lien on and security interest in all right, title and interest of the Authority in and to the Net Revenues for the equal and proportionate benefit and security of all Bonds issued under the Master Indenture. Under the Master Indenture, "*Net Revenues*" for a given period are defined as the "*Revenues*" for that period less the "*Maintenance and Operation Expenses of the Authority*" for that period. "*Revenues*" are defined, generally, as all income, receipts, earnings and revenues received by the Authority from the operation and ownership of the Airport System, as determined in accordance with generally accepted accounting principles, as modified from time to time, subject to certain specific exclusions from the definition of "*Revenues*" set forth in the Master Indenture. "*Maintenance and Operation Expenses of the Authority*" are defined as, for any given period, the total maintenance and operation expenses of the Authority as modified from time to time, excluding depreciation expenses, allowances for any amortization of financing expenses, maintenance and operating expenses that are paid or to be paid from a source of funds other than Revenues, maintenance and operating expenses that do not involve a current outlay of cash, but are attributable to accruals, such as accruals for pensions and other post-retirement benefits, and maintenance and operation expenses of any Special Facilities for so long as any Special Facility Obligations are outstanding, calculated based upon generally accepted accounting principles, except that such calculation will include and exclude those items set forth in the Master Indenture.

The definition of Revenues excludes PFCs, except to the extent designated as Revenues in a resolution of the Authority or any Supplemental Indenture. The Authority has not designated PFCs as "*Revenues.*" See "**--PASSENGER FACILITY CHARGES**" below. Other items excluded from the definition of Revenues include gifts, grants and other income restricted to purposes inconsistent with the payment of debt service on the Bonds and certain insurance proceeds. See **Appendix D** for the complete definition of "Revenues" under the Master Indenture.

PASSENGER FACILITY CHARGES

Federal legislation allows public agencies controlling commercial service airports with regularly scheduled service and enplaning 2,500 or more passengers annually to charge each enplaning passenger using the airport a facility charge referred to as a "passenger facility charge." Under current law the maximum PFC that may be charged by qualifying airports is $4.50 on each enplaning passenger. Public agencies wishing to impose and use PFCs are required to apply to the Federal Aviation Administration (the "*FAA*") for authority to charge the PFCs and meet the requirements specified in the legislation and regulations issued by the FAA.

The purpose of PFCs is to develop additional capital funding resources for the expansion of the national airport system. PFCs are available to airports to finance specific eligible projects that (1) preserve or enhance capacity, safety or security of the national air transportation system, (2) reduce noise resulting from an airport or (3) furnish opportunities for enhanced competition among air carriers. The FAA has approved the Authority's collection and use of up to $765 million of PFCs through September 1, 2032 to finance the development of Terminal 2 at the Airport.

The Authority has not designated PFCs as "Revenues" under the Master Indenture, but the Master Indenture provides that if PFCs have either been irrevocably committed or are held by the Trustee or another fiduciary and are to be set aside exclusively to pay principal and interest on Bonds, then the principal and interest paid or to be paid from the PFCs is excluded in calculating the Authority's compliance with its Rate Covenant (hereinafter defined) and for complying with the requirements under the Master Indenture for issuing additional Bonds. At present, there is not any significant irrevocable commitment to apply PFCs to the payment of debt service on Bonds. Nevertheless, in recent years the Authority's practice has been to collect PFCs and apply the amounts collected to the payment of debt service on Bonds to the extent such use is permitted under applicable law, which has resulted in more favorable treatment of the amounts applied for purposes of computing the Authority's debt service coverage ratio for purposes of the Rate Covenant. See "RATE COVENANT" below and the definition of "Aggregate Annual Debt Service" in **Appendix D**. At present, the Authority intends (but is not committed) to continue to apply PFCs collected to the payment of debt service on Bonds to the extent permitted by applicable law.

FLOW OF FUNDS

A special fund called the "*Revenue Fund*" is created under the Master Indenture. Pursuant to the Master Indenture, the Authority covenants and agrees that all Revenues when and as received shall be deposited by the Authority in the Revenue Fund. So long as no Event of Default exists and is continuing, and so long as the Authority does not fail to comply with the requirements of the Rate Covenant, or is taking actions required by the Master Indenture to cure a failure to comply with the Rate Covenant, the Revenue Fund will remain in the possession of the Authority. If an Event of Default has occurred and is continuing, or if the Authority fails to comply with the requirements of its Rate Covenant, the Trustee will receive and expend all Revenues pursuant to the terms of the Master Indenture until the Trustee is satisfied that the Event of Default or non-compliance with the Rate Covenant has been cured. In addition to the Revenue Fund, the Master Indenture creates special funds designated the *"Debt Service Fund,"* the *"Parity Reserve Fund,"* the *"Subordinated Obligation Debt Service Fund,"* and the *"Subordinated Obligation Debt Service Reserve Fund*."

The Authority has created a "*PFC Revenue Fund*" in which the Authority deposits PFCs to the extent received. PFCs may be used by the Authority for paying PFC eligible project costs, including for the payment of debt service on bonds and other debt incurred for PFC eligible project costs, and as otherwise permitted by federal statute or the regulations promulgated by the FAA with respect to PFCs. Historically, the Authority has used collected PFCs to pay principal and interest due on Bonds payable from PFCs (or to reimburse the Authority's General Fund for debt service paid from the General Fund in the Fiscal Year in anticipation of the collection of PFCs). At present, the Authority has not irrevocably committed PFCs to the payment of debt service on Bonds in any significant amount, but the Authority intends (but is not committed) to continue to apply PFCs collected to the payment of debt service on Bonds to the extent permitted by applicable law. See "RATE COVENANT" below and the definition of "Aggregate Annual Debt Service" in **Appendix D** for a further discussion of the effect of such use on the calculations performed to show compliance by the Authority with its rate covenant.

As long as there are any Outstanding Bonds, all Revenues on deposit in the Revenue Fund will be set aside for the payment of the following amounts or transferred to the following funds and accounts in the order listed:

> (1) *Maintenance and Operation Expenses of the Authority*. Revenues shall be set aside from time to time in the Revenue Fund to be used to pay the current Maintenance and Operation Expenses of the Authority.
>
> (2) *Debt Service Funds*. Revenues shall be transferred by the Authority to the Debt Service Funds to provide for the payment of principal and interest becoming due on the Authority's Outstanding Bonds at the times and in the manner provided in the Supplemental Indenture authorizing the issuance of those Bonds. Money transferred from the PFC Revenue Fund to the Debt Service Funds to pay principal and interest on the Bonds will be taken into account in determining how much Revenues are required to be transferred to the Debt Service Funds. With respect to the 2020 Bonds, the Fourteenth Supplemental Indenture provides that the Authority is required to transfer to the Trustee on the third Business Day prior to each interest payment date or principal payment date the amounts required to pay interest on or principal of the 2020 Bonds.
>
> (3) *Debt Service Reserve Funds*. Revenues shall be transferred by the Authority to the Parity Reserve Fund and to any Series Specific Debt Service Reserve Fund (described below) for the purpose, at the times and in the amounts described under "**—PARITY RESERVE FUND"** below
>
> (4) *Subordinated Obligation Debt Service Fund*. Revenues shall be transferred by the Authority to the trustee or other paying agent for any Subordinated Obligation (defined below) in such amounts and at such times as are sufficient to pay the principal and interest becoming due on the Subordinated Obligations as required by the instrument providing for the issuance of the

Subordinated Obligation. At present, the Authority does not have any indebtedness that has been designated as a Subordinated Obligation.

(5) *Subordinated Obligation Debt Service Reserve Funds*. Revenues shall be transferred by the Authority to the Subordinated Obligation Debt Service Reserve Fund, if any, as specified in an indenture or other instrument authorizing the issuance of the Subordinated Obligations secured by that Subordinated Obligation Debt Service Reserve Fund.

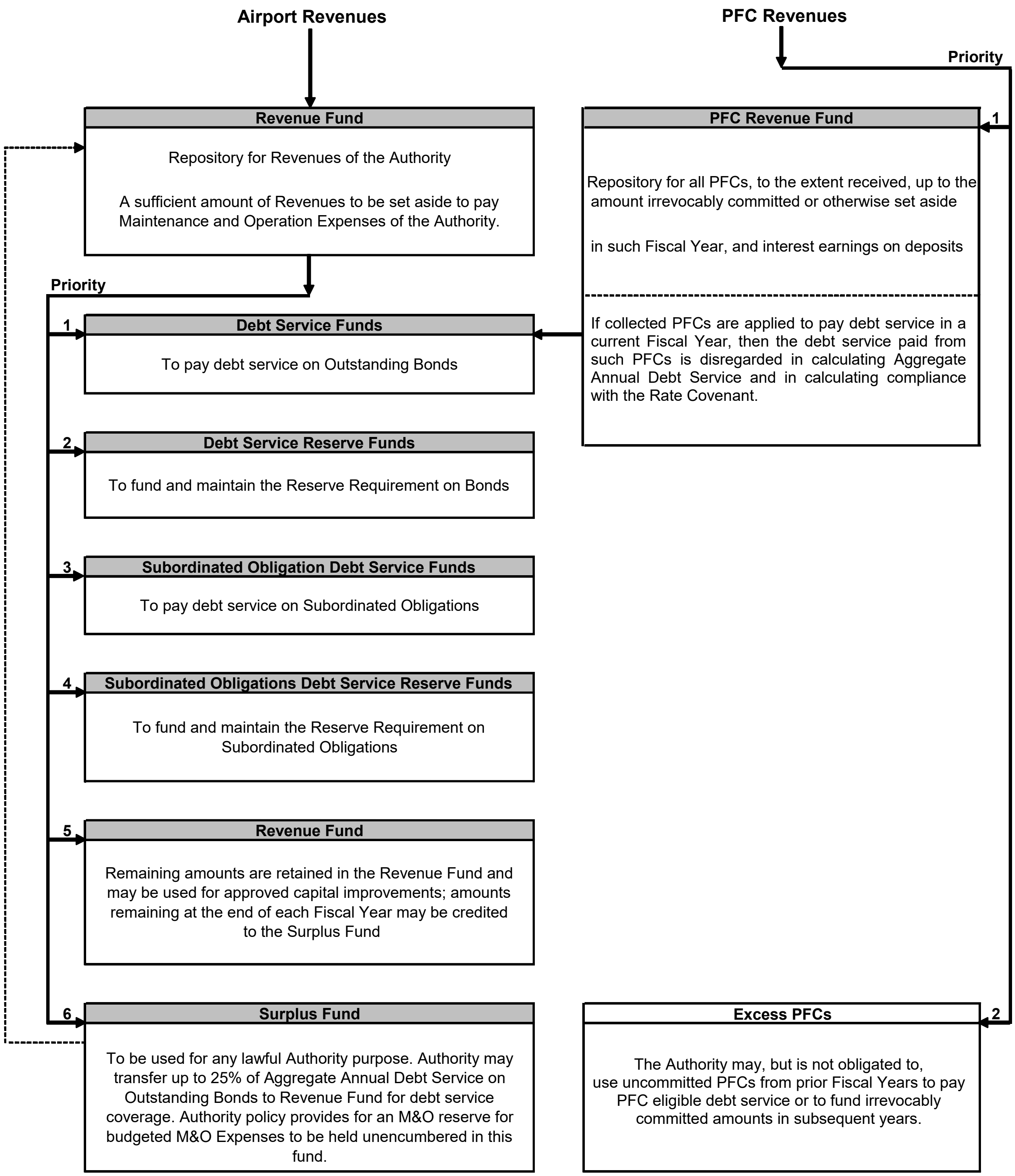
See **Appendix D** for a more complete description of the terms of the Master Indenture and Supplemental Indentures regarding the flow of funds thereunder.

Under the Master Indenture, multiple funds may be established for any of the purposes covered by the Debt Service Fund, Debt Service Reserve Funds, Subordinated Obligation Debt Service Fund and Subordinated Obligation Debt Service Reserve Fund.

In addition, moneys on deposit in the Revenue Fund may be used from time to time to pay the cost of any additions, improvements, repairs, renewals or replacements to the Airport System set forth in the Authority's Capital Improvements Budget; provided, however, that the use of such moneys may not impair the Authority's ability to make the payments described above.

Amounts on deposit in the Revenue Fund on the last Business Day of each Fiscal Year may, as of such date, be credited to the Surplus Fund or any other account or fund directed by the Authority if (1) there exists no Event of Default, (2) no deficiency exists in any fund, account or subaccount created under the Master Indenture or any Supplemental Indenture and (3) the Authority certifies to the Trustee that the amount to be credited will not materially adversely affect the ability of the Authority to pay in the following Fiscal Year the Maintenance and Operation Expenses of the Authority or the amounts to be deposited in any fund, account or subaccount created under the Master Indenture or any Supplemental Indenture. Amounts transferred to the Surplus Fund are no longer subject to the pledge and lien created by the Master Indenture.

The following graphic depicts the flow of funds under the Master Indenture:



Airport Revenues
PFC Revenues
Priority
Revenue Fund
Repository for Revenues of the Authority
A sufficient amount of Revenues to be set aside to pay Maintenance and Operation Expenses of the Authority.
PFC Revenue Fund
1
Repository for all PFCs, to the extent received, up to the amount irrevocably committed or otherwise set aside
in such Fiscal Year, and interest earnings on deposits
Priority
If collected PFCs are applied to pay debt service in a current Fiscal Year, then the debt service paid from such PFCs is disregarded in calculating Aggregate Annual Debt Service and in calculating compliance with the Rate Covenant.
1
Debt Service Funds
To pay debt service on Outstanding Bonds
2
Debt Service Reserve Funds
To fund and maintain the Reserve Requirement on Bonds
3
Subordinated Obligation Debt Service Funds
To pay debt service on Subordinated Obligations
4
Subordinated Obligations Debt Service Reserve Funds
To fund and maintain the Reserve Requirement on Subordinated Obligations
5
Revenue Fund
Remaining amounts are retained in the Revenue Fund and may be used for approved capital improvements; amounts remaining at the end of each Fiscal Year may be credited to the Surplus Fund
6
Surplus Fund
To be used for any lawful Authority purpose. Authority may transfer up to 25% of Aggregate Annual Debt Service on Outstanding Bonds to Revenue Fund for debt service coverage. Authority policy provides for an M&O reserve for budgeted M&O Expenses to be held unencumbered in this fund.
Excess PFCs
2
The Authority may, but is not obligated to, use uncommitted PFCs from prior Fiscal Years to pay PFC eligible debt service or to fund irrevocably committed amounts in subsequent years.

RATE COVENANT

Under the Master Indenture, the Authority covenants to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System, and for services rendered in connection therewith, so that Net Revenues in each Fiscal Year will be at least equal to the amount necessary in that Fiscal Year (a) to pay debt service on all Bonds, (b) to make required deposits to any Debt Service Reserve Fund under the Master Indenture or any Supplemental Indenture, (c) to pay any reimbursement owed to any issuer of a credit facility or a standby purchase agreement for any Bonds and (d) to pay debt service and fund any required reserve fund payments on any Subordinated Obligations. In addition, the Authority further agrees that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Net Revenues, together with any Transfer (described below), will be equal to at least 125% of Aggregate Annual Debt Service on the Outstanding Bonds. For purposes of this covenant, the amount of any Transfer taken into account may not exceed 25% of Aggregate Annual Debt Service on the Outstanding Bonds in such Fiscal Year. The requirements imposed upon the Authority and described in this paragraph are referred to in this Official Statement as the "*Rate Covenant*."

Under the Master Indenture, the definition of a "*Transfer*" operates to provide that a "Transfer" for a Fiscal Year is the amount in the Revenue Fund or the Surplus Fund at the beginning of the Fiscal Year that was available to pay debt service or Maintenance and Operating Expenses during that Fiscal Year, whether or not actually used for those purposes; provided, however, that the amount of any Transfer for a Fiscal Year may not exceed 25% of Aggregate Annual Debt Service on the Outstanding Bonds for such Fiscal Year. See **Appendix D** for the complete definition of a "Transfer."

The Master Indenture provides that if PFCs have either been irrevocably committed or are held by the Trustee or another fiduciary and are to be set aside exclusively to pay principal and interest on Bonds, then the principal and interest paid or to be paid from the PFCs is excluded in calculating Aggregate Annual Debt Service for purposes of computing the Authority's compliance with the Rate Covenant. In recent years, the Authority's practice has been to collect PFCs and apply the amounts collected to the payment of eligible debt service on Bonds, which has resulted in more favorable treatment of the amounts applied for purposes of computing the Authority's debt service coverage ratio for purposes of the Rate Covenant. At present, the Authority expects, but is not committed, to continue this practice in the foreseeable future.

If Net Revenues, together with any Transfer (to the extent applicable), in any Fiscal Year are less than the amount necessary to meet the requirements of the Rate Covenant, the Authority will retain and direct a Consultant (as defined in the Master Indenture) to make recommendations regarding the Authority's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Authority in connection with the Airport System, and will take all lawful measures to revise the Authority's business operations or schedule of rentals, rates, fees and charges as may be necessary to produce the required Net Revenues, in the next Fiscal Year. If the Authority takes the measures required by the Consultant prior to or during the next succeeding Fiscal Year, a deficiency in Net Revenues in the succeeding Fiscal Year will not constitute an Event of Default under the Master Indenture. If the Authority fails to meet the Rate Covenant in the second succeeding year, such failure will constitute an Event of Default.

See "FINANCIAL INFORMATION—DEBT SERVICE COVERAGE" below for the computation of the Authority's compliance with the Rate Covenant for the last five Fiscal Years. See **Appendix D** for a complete description of the terms of the Rate Covenant.

PARITY RESERVE FUND

The Master Indenture provides that when the Authority issues additional Bonds, the Authority may provide for a debt service reserve fund for those Bonds. The Authority has created a fund called the "Parity Reserve Fund," which is a common fund that provides additional security for the Bonds designated to be secured by it. The 2020 Bonds will be secured by the Parity Reserve Fund. The Parity Reserve Fund also secures the 2015 Bonds and the 2017 Bonds (the 2008 Bonds are not secured by the Parity Reserve Fund).

Since the refunding of the Refunded 2010 Bonds by the 2020 Bonds will result in annual debt service savings, no additional deposit will be required related to the issuance of the 2020 Bonds (and will result in a release of funds from the Parity Reserve Fund, which will be used to redeem a portion of the Refunded 2010 Bonds). The Authority may provide that future Series of Bonds may participate in the Parity Reserve Fund on a parity basis with the 2020 Bonds, the 2015 Bonds and the 2017 Bonds, provided that there is deposited in the Parity Reserve Fund the Reserve Requirement required with respect to each of the Series of Bonds secured by the Parity Reserve Fund and the new Series of Bonds participating in the Parity Reserve Fund.

The Reserve Requirement for the Parity Reserve Fund is an amount equal to the least of (a) Maximum Aggregate Annual Debt Service for Reserve Requirement for all Series of Bonds participating in the Parity Reserve Fund, (b) 10% of the principal amount of the Series of Bonds that have been issued and are participating in the Parity Reserve Fund, less the amount of original issue discount with respect to such Series of Bonds if such original issue discount exceeded 2% of such Series of Bonds at the time of their original sale and (c) 125% of the average Aggregate Annual Debt Service for Reserve Requirement for all Series of Bonds participating in the Parity Reserve Fund. For purposes of determining the Reserve Requirement, debt service to be paid from PFCs is not excluded from Aggregate Annual Debt Service.

After the issuance of the 2020 Bonds, the Reserve Requirement will be $38,278,550, which is the Maximum Aggregate Annual Debt Service for Reserve Requirement for all Series of Bonds participating in the Parity Reserve Fund and the Parity Reserve Fund will be fully funded with cash and investments. The Master Indenture provides that in addition to cash and investments, the Reserve Requirement for the Parity Reserve Fund may be met by a reserve fund surety bond or insurance policy.

Moneys held in the Parity Reserve Fund shall be used for the purpose of paying principal of and interest on each Series of Bonds participating in the Parity Reserve Fund, including the 2020 Bonds. If, on any date on which principal or interest is due and payable on Bonds participating in the Parity Reserve Fund, the amount in the Parity Reserve Fund is insufficient to pay in full the amount then due, the amount available will be distributed among the Bonds participating in the Parity Reserve Fund on a pro rata basis.

If moneys have been withdrawn from the Parity Reserve Fund and deposited into the respective Debt Service Funds for a Series of Bonds participating in the Parity Reserve Fund to prevent a default, then the Authority will pay to the Trustee, from Net Revenues, the full amount so withdrawn, together with interest, if any, or so much as shall be required to restore the Parity Reserve Fund to the Reserve Requirement and to pay such interest, if any. Such repayment is to be made in at least 12 substantially equal monthly installments each due on the first Business Day of the month commencing with the first month after such withdrawal occurs.

In addition to the Parity Reserve Fund, the Master Indenture also provides that Authority may create a "Series Specific Debt Service Reserve Fund" that secures only a specified series of Bonds. If such a Series Specific Debt Service Reserve Fund is utilized, it would have funding levels, requirements for replenishment for drawings, provisions for its investment and other provisions as set forth in the Supplemental Trust Agreement creating the Series Specific Debt Service Reserve Fund. At present, no Series Specific Debt Service Reserve Fund exist under the Master Indenture.

See **Appendix D** for a complete description of the provisions of the Master Indenture regarding the Parity Reserve Fund and any Series Specific Debt Service Reserve Fund.

ADDITIONAL BONDS

The Authority may issue additional Bonds under the Master Indenture, secured by the Net Revenues on a parity with the 2020 Bonds, the Prior Bonds and any other Bonds issued under the Master Indenture, for the purpose of paying the cost of any project or undertaking of the Authority or refunding outstanding Bonds or Subordinated Obligations of the Authority.

Additional Bonds Test. In order to issue additional Bonds under the Master Indenture, other than refunding Bonds, the Authority must provide to the Trustee, among other things, evidence indicating that the Authority is in compliance with the Rate Covenant, or that it is taking the remedial actions recommended by a Consultant following a failure to meet the Rate Covenant as described above under "*Rate Covenant*" and either of the following two requirements (as described below, the requirement set forth in (b) will be the requirement after the Amended and Restated Master Trust Indenture becomes effective):

> (a) a Consultant retained by the Authority has provided to the Trustee a certificate stating that, based upon reasonable assumptions, projected Net Revenues will be sufficient to satisfy the Rate Covenant (disregarding any Bonds or Subordinated Obligations that have been paid or discharged or will be paid or discharged immediately after the issuance of the additional Bonds proposed to be issued) for each of the next five full Fiscal Years following issuance of the additional Bonds, or each full Fiscal Year from issuance of the additional Bonds through two full Fiscal Years following completion of the Projects financed by the additional Bonds proposed to be issued, whichever is later; provided, that if Capitalized Interest on any Bonds and proposed additional Bonds is to be applied

in the last Fiscal Year of the period described in this sentence, the Consultant shall extend the test through the first full Fiscal Year for which there is no longer Capitalized Interest, or

(b) an Authorized Authority Representative has provided to the Trustee a certificate stating that the sum of (A) Net Revenues for the most recent Fiscal Year preceding the date of issuance of the proposed Series of Bonds for which audited financial statements are available plus (B) the amount available to be taken into account for the Transfer for such Fiscal Year, were no less than 125% of Maximum Aggregate Annual Debt Service on all Bonds that would be Outstanding after the issuance of the additional Bonds proposed to be issued.

Under the Master Indenture in effect at the time of issuance of the 2020 Bonds, a Transfer for the applicable Fiscal Year is not taken into account in meeting the requirements of the test set forth in (b) above. Such provision will be amended in the Amended and Restated Master Trust Indenture to permit such a Transfer to be included in the calculation.

In preparing the certificates described above, the Authorized Authority Representative or the Consultant, as the case may be, is authorized by the Master Indenture to make certain adjustments to the actual or projected Net Revenues that take into account rate increases that were, or can reasonably be expected to be, placed into effect by the Authority during the period in question.

With respect to additional Bonds to be issued to refund Outstanding Bonds under the Master Indenture, the Authority must provide to the Trustee, among other things, evidence that either (1) one of the requirements for the issuance of additional Bonds described above is satisfied or (2) following the proposed issuance of the refunding Bonds and application of the proceeds thereof, the Aggregate Annual Debt Service in each Fiscal Year on all Bonds Outstanding shall not be more than one hundred ten percent (110%) of the Aggregate Annual Debt Service of all Outstanding Bonds as scheduled for such Fiscal Year prior to the proposed refunding.

An earnings test certificate is not required if the proceeds of the additional Bonds will be used to pay costs of completing a Project for which Bonds have previously been issued and the principal amount of such completion Bonds does not exceed 15% of the principal amount of the Bonds originally issued for the Project if the Authority delivers to the Trustee, among other things, the evidence required by the Master Indenture demonstrating that the nature and purpose of the Project has not materially changed and the proceeds of the original Bonds have been or will be used to pay Costs of the Project.

SUBORDINATED OBLIGATIONS

Under the Master Indenture, the Authority is authorized to issue or incur "*Subordinated Obligations*," or debt or other obligations secured by the Net Revenues on a subordinate basis to the 2020 Bonds and any other parity Bonds issued under the Master Indenture. Payments on Subordinated Obligations from moneys constituting Net Revenues may be made only if all amounts of principal and interest that have become due and payable on all Bonds, whether by maturity or redemption, have been paid in full and the Authority is current on all payments, if any, required to be made to replenish all Debt Service Reserve Funds.

There are currently no Subordinated Obligations outstanding.

PERMITTED INVESTMENTS

Moneys and funds of the Authority may be invested in accordance with North Carolina law. Moneys held in the funds and accounts created under the Master Indenture may be invested in accordance with North Carolina law and subject to any additional restrictions that may be set forth in the Master Indenture.

See **Appendix D** for a list of investments that are "*Permitted Investments*" under the Master Indenture.

RELEASE OF REVENUES

Under the Master Indenture, the Authority is authorized to obtain the release of any identified source or stream of revenues from the definition of "*Revenues*." Upon such a release, the source or stream of revenues so released will no longer be "*Revenues*" pledged to secure payment of the Bonds. In order to obtain this release, the Authority must file with the Trustee:

(a) a request to release such category of Revenues, accompanied by a written certificate of the Authority certifying the Authority is in compliance with all requirements of the Master Indenture;

(b) a report of an independent certified public accountant to the effect that Net Revenues, excluding the category of Revenues proposed to become Released Revenues, for each of the two audited Fiscal Years prior to the date of the report were at least 150% of Maximum Aggregate Annual Debt Service;

(c) a certificate of a Consultant retained by the Authority to the effect that based upon current knowledge of the operations of the Airport System, Net Revenues, excluding the category of Revenues proposed to become Released Revenues, for the current Fiscal Year will be equal to at least 150% of Maximum Aggregate Annual Debt Service;

(d) confirmation from each Rating Agency then rating the Bonds that the ratings then assigned to any Bonds by such Rating Agency will not be reduced or withdrawn as a result of such withdrawal of Released Revenues; and

(e) an opinion of Bond Counsel to the effect that the exclusion of such revenues from the definition of Revenues and from the pledge, charge and lien of the Master Indenture will not, in and of itself, cause the interest on any Bond issued as tax-exempt securities to be included in gross income for purposes of federal income tax.

EVENTS OF DEFAULT AND REMEDIES; NO ACCELERATION

Events of Default under the Master Indenture and related remedies are described in the summary of certain provisions of the Master Indenture in **Appendix D**, in particular under the caption "**DEFAULTS AND REMEDIES**." The occurrence of an Event of Default does not grant any right to accelerate payment of the Bonds to either the Trustee, the Owners of the 2020 Bonds or the Owners of any other Bonds. The Trustee is authorized to take certain actions upon the occurrence of an Event of Default, including proceedings to enforce the obligations of the Authority under the Master Indenture.

THE PLAN OF REFUNDING

The 2020A Bonds are being issued for the purpose of providing funds, together with other available funds, to (a) refund the Series 2010A Bonds set forth in the table below and (b) pay the costs incurred in connection with the issuance of the 2020A Bonds. The Bonds being refunded by the 2020A Bonds were issued to refund certain Bonds in a series of refundings of Bonds previously issued to pay costs of certain improvements to the Airport. The following table set forth certain details regarding the Bonds refunded by the 2020A Bonds:

Airport Revenue Refunding Bonds, Series 2010A (Non-AMT)

Maturity (May 1)	Principal Amount	Interest Rate	CUSIP*
2021	$ 7,710,000	5.00%	751073GW1
2022	8,105,000	5.00	751073GX9
2023	8,520,000	5.00	751073GY7
2024	8,955,000	5.00	751073GZ4
2025	9,415,000	5.00	751073HA8
2026	9,900,000	5.00	751073HB6
2027	10,355,000	4.00	751073HC4
2028	10,835,000	5.00	751073HD2
2029	11,385,000	5.00	751073HE0
2030	11,925,000	4.25	751073HF7
2032	25,620,000	5.00	751073HH3
2036	59,610,000	5.00	751073HG5

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* See note on inside cover page regarding CUSIP numbers.

The 2020B Bonds are being issued for the purpose of providing funds, together with other available funds, to (a) refund the Series 2010B Bonds and Series 2010B-1 Bonds set forth in the tables below and (b) pay the costs incurred in connection with the issuance of the 2020B Bonds. The Bonds being refunded by the 2020B Bonds were issued to refund certain Bonds in a series of refundings of Bonds previously issued to pay costs of certain improvements to the Airport. The following table set forth certain details regarding the Bonds refunded by the 2020B Bonds:

Airport Revenue Refunding Bonds, Series 2010B (Non-AMT)

Maturity (November 1)	Principal Amount	Interest Rate	CUSIP*
2020	$ 5,630,000	3.00%	751073HS9
2021	5,805,000	5.00	751073HT7
2022	6,090,000	5.00	751073HU4
2023	6,395,000	5.00	751073HV2
2024	6,715,000	5.00	751073HW0
2025	7,055,000	5.00	751073HX8
2026	7,405,000	5.00	751073HY6
2027	7,775,000	5.00	751073HZ3

Airport Revenue Refunding Bonds, Series 2010B-1 (Non-AMT)

Maturity (November 1)	Principal Amount	Interest Rate	CUSIP*
2028	$ 8,915,000	5.00%	751073JD0
2029	3,250,000	5.00	751073JE8
2030	5,205,000	5.00	751073JH1
2030	4,555,000	4.00	751073JF5
2031	16,310,000	4.00	751073JG3

* See note on inside cover page regarding CUSIP numbers.

The Refunded 2010 Bonds will be called for redemption on May 1, 2020. The Refunded 2010 Bonds will be redeemed at 100% of the principal amount thereof plus accrued interest to their date of redemption.

The proceeds of the 2020 Bonds, together with amounts previously set aside to pay a portion of the interest on the Refunded 2010 Bonds on May 1, 2020 and the principal on the Refunded 2010 Bonds on November 1, 2020 and the excess amounts in the Parity Reserve Fund on account of the refunding of the Refunded 2010 Bonds, will be sufficient to pay when due all principal and interest with respect to the Refunded 2010 Bonds on the redemption thereof on May 1, 2020. Pending such use, such amounts may be invested in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Federal Securities"). The proceeds of the 2020 Bonds and other funds will be held in trust by the Escrow Agent pursuant to an Escrow Deposit Agreement dated as of March 1, 2020 (the "Escrow Agreement") between the Authority and The Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent"), as Escrow Agent. Any Federal Securities in which the funds held by the Escrow Agent are invested must mature at such times and in such amounts so that sufficient money will be available to pay when due all principal and interest with respect to the Refunded 2010 Bonds on the redemption thereof on May 1, 2020. The Authority has irrevocably instructed the Escrow Agent to redeem the Refunded 2010 Bonds on the redemption date.

Amounts on deposit under the Escrow Agreement will not secure the 2020 Bonds.

ESCROW VERIFICATION

The Authority has arranged for Bingham Arbitrage Rebate Services, Inc., Richmond, Virginia, to deliver to the Authority and the Underwriters on or before the date of delivery of the 2020 Bonds its report indicating that it has performed certain agreed-upon procedures, in accordance with standards established by the American Institute of Certified Public Accountants, certain information and assertions provided by the Underwriters on behalf of the Authority. Included in the scope of its examination will be the verification of the mathematical accuracy of the mathematical computations of the adequacy of the amount deposited to the Escrow Fund to pay the principal of and interest on the Refunded 2010 Bonds on May 1, 2020.

ESTIMATED SOURCES AND USES OF FUNDS

The Authority estimates the sources and uses of funds associated with the 2020 Bonds to be as follows:

	Series 2020A	Series 2020B	Total
SOURCES:			
Principal Amount	$141,005,000	$69,610,000	$210,615,000
Net Original Issue Premium	33,614,434	15,703,739	49,318,173
Other Available Funds[1]	12,545,194	8,058,214	20,603,408
TOTAL	$187,164,628	$93,371,953	280,536,581
USES:			
Deposit to Escrow Fund	$186,349,744	$92,998,854	$279,348,598
Costs of Issuance[2]	814,884	373,099	1,187,983
TOTAL	$187,164,628	$93,371,953	$280,536,581

[1] Includes amounts previously set aside to pay a portion of the interest on the Refunded 2010 Bonds on May 1, 2020 and the principal on the Refunded 2010 Bonds on November 1, 2020 and funds released from Parity Reserve Fund in connection with refunding the Refunded 2010 Bonds.

[2] Includes underwriters' discount, legal fees, financial advisor fees, printing costs, rating agency fees, fees and expenses of the Trustee, Registrar, Paying Agent, Escrow Agent and Verification Agent and miscellaneous fees and expenses.

OUTSTANDING INDEBTEDNESS AND DEBT SERVICE SCHEDULE

Following the issuance of the 2020 Bonds as described in this Official Statement, the Authority will have debt service payment obligations with respect to the 2008 Bonds, the May 1, 2020 maturity of the 2010A Bonds, the 2015 Bonds, the 2017 Bonds and the 2020 Bonds. The Authority is refunding the Refunded 2010 Bonds in order to achieve debt service savings.

The following table sets forth for each Fiscal Year ending March 31 the debt service requirements for the 2020 Bonds, the current debt service requirements of the Authority for the Prior Bonds (excluding the Refunded 2010 Bonds) and the total debt service requirements following the issuance of the 2020 Bonds.

	2020 Bonds				
FISCAL YEAR	**PRINCIPAL**	**INTEREST**	**SUBTOTAL**	**PRIOR BONDS[1]**	**TOTAL**
2021	$ 2,920,000	$ 6,859,744	$ 9,779,744	$28,759,550	$38,539,294
2022	11,365,000	10,100,625	21,465,625	21,259,250	42,724,875
2023	11,940,000	9,518,000	21,458,000	21,276,300	42,734,300
2024	12,555,000	8,905,625	21,460,625	21,285,625	42,746,250
2025	13,200,000	8,261,750	21,461,750	21,308,975	42,770,725
2026	13,875,000	7,584,875	21,459,875	21,327,225	42,787,100
2027	14,585,000	6,873,375	21,458,375	21,340,450	42,798,825
2028	15,340,000	6,125,250	21,465,250	21,369,300	42,834,550
2029	14,400,000	5,381,750	19,781,750	21,386,976	41,168,725
2030	15,135,000	4,643,375	19,778,375	21,417,075	41,195,450
2031	15,915,000	3,867,125	19,782,125	17,611,438	37,393,563
2032	16,730,000	3,051,000	19,781,000	13,641,075	33,422,075
2033	9,505,000	2,395,125	11,900,125	13,670,550	25,570,675
2034	9,995,000	1,907,625	11,902,625	13,700,500	25,603,125
2035	10,505,000	1,395,125	11,900,125	13,724,850	25,624,975
2036	11,040,000	856,500	11,896,500	13,757,325	25,653,825
2037	11,610,000	290,250	11,900,250	13,796,325	25,696,575
2038	--	--	--	8,989,250	8,989,250
Total	$210,615,000	$88,017,119	$298,632,119	$329,622,039	$628,254,157

[1] Assumes an interest rate of 4.00% on the 2008 Bonds.

THE AUTHORITY

ORGANIZATION AND GOVERNANCE

The General Assembly of North Carolina enacted legislation on March 9, 1939 enabling the Cities of Raleigh and Durham and the Counties of Wake and Durham to jointly establish, operate and maintain an airport and to appoint members to a board to be known as the "Aeronautics Authority for the City of Raleigh, City of Durham, the County of Durham and the County of Wake." Subsequently, the Aeronautics Authority was created by action of the governmental units. The enabling act further authorized the Aeronautics Authority to "act in an administrative capacity and be vested with the authority to control, lease, maintain, improve, operate, and regulate the joint airport or landing field." In 1941, the name of the Aeronautics Authority was changed to the "Raleigh-Durham Airport Authority." Amendments to the Authority's enabling legislation have been enacted from time to time to define and expand the Authority's powers to operate the Airport.

The Authority is currently governed by a board (the "*Board*") comprised of two representatives appointed for concurrent two-year terms by each of the four governmental units. The Board annually selects officers from among its members, including a chairman, vice chairman, secretary and treasurer. The Board establishes the policies under which the Airport is operated, hires a staff to handle its day-to-day development, operation and maintenance responsibilities, and establishes and collects charges made for use of the Airport to cover the financial obligations it incurs in developing, operating and maintaining the facility.

The Authority has many of the same powers of any North Carolina local governmental unit with some notable exceptions. It has no power to impose any taxes. In order to finance Airport development, operation and maintenance, it charges fees to those who use or operate businesses at the Airport. It cannot sell any of the land on which the Airport is located, if held in the names of the cities and counties, without the unanimous consent of the Cities of Raleigh and Durham, Wake County and Durham County, which own the land along with the Authority. It can, however, purchase land in its own name and can exercise the power of eminent domain to condemn privately held land and make it property of the Authority. The Authority receives $12,500 per year from each of the four governmental units that appoint its members. The total of $50,000 is less than one-tenth of one percent of the Authority's annual operating revenue. All other financial support of the Authority is generated from user fees and rents paid by businesses leasing building space or ground on the Airport.

The Authority is authorized to have its own police and firefighting units, whose jurisdictions extend to approximately one mile outside the Airport's property boundaries.

In the budget for the Fiscal Year ending March 31, 2020, the number of authorized full time positions of the Authority was 366. In addition, the Authority employs up to 39 part-time law enforcement officers (in addition to its full time force) to provide law enforcement presence at the Transportation Security Administration (the "TSA") passenger security checkpoints. The majority of the cost of maintaining this checkpoint security force is reimbursable from the TSA, with the balance of the cost paid by the airlines. Full time employees include police officers, firefighters (all of whom also are emergency medical technicians), maintenance workers (including electricians, heating and air conditioning mechanics, and automotive mechanics), engineers, accountants, auditors, human resources/personnel specialists, airport operations officers, telecommunication workers, public information and marketing specialists, parking cashiers, shuttle bus drivers, purchasing specialists and regulatory specialists.

The President is the chief executive officer of the Authority. The President reports to the Board, hires and supervises all subordinate staff members, and manages the day-to-day activities of the Airport.

GOVERNING BOARD

Members of the Board are appointed to serve two-year terms with each of the four local governments required to appoint two members in the odd numbered calendar years. The current members of the Board and the governmental unit appointing the members are set forth on the inside cover page of this Official Statement.

KEY MANAGEMENT PERSONNEL

The following are the names, backgrounds and duties of certain management personnel of the Authority.

Michael J. Landguth, A.A.E. Mr. Landguth serves as President and Chief Executive Officer (CEO) of the Authority. He assumed the position on November 14, 2011. As President and CEO, Landguth is responsible for the Authority's overall staffing, budgeting, strategic planning and operations. He is a seasoned airport professional with more than 25 years in the industry. Under his leadership, the Authority developed a strategic business plan to guide the organization's activities and support its growth. The Authority completed a $68 million renovation to Terminal 1 and launched the airport's first asset management program, which culminated in a five-year plan for maintaining the Airport's $1.5 billion in physical assets. The Airport's Terminal 1 was named *Engineering News-Record Southeast's* 2014 Best Project in the Airport/Transit category and was the Airport's first LEED certified building by the US Green Building Council. During his tenure, the Airport reached its goal of increased access to the West coast with non-stop service to San Francisco, Seattle and expanded service to Los Angeles. Locally, the Authority was recognized as the healthiest employer in the region by the *Triangle Business Journal*. Mr. Landguth is an Accredited Airport Executive. He is Chairman of Airports Council International – North America's Medium Hub Caucus. He has presented before the United States House of Representatives Committee on Homeland Security Subcommittee on Transportation Security hearing on "Lessons from the LAX Shooting: Airport and Law Enforcement Perspectives" in May of 2014. In 2014, he was named to North Carolina's Aviation Development Task Force by the North Carolina Governor. Mr. Landguth was recently named as the 2016 Director of the Year in the medium airports category by *Airport Revenue News*. He holds both a Bachelor's and Master's degrees in Aeronautical Sciences from Embry Riddle Aeronautical University.

William C. Sandifer, A.A.E. Mr. Sandifer is Senior Vice President and Chief Operating Officer. He oversees all aspects of facility planning, environmental compliance and sustainability, maintenance, design, construction and program management, as well as the

Airport's operations, security, police and fire-rescue departments. Mr. Sandifer brings 33 years of comprehensive airport management and consulting experience to the Authority. Most recently, he was the senior vice president and national aviation director at Reynolds, Smith and Hills. He holds a Bachelor of Science in Aviation Management from Eastern Michigan University, a Master of Business Administration from the University of Michigan and a Juris Doctor from Michigan State University. Mr. Sandifer is an Accredited Airport Executive by the American Association of Airport Executives and a member of the Florida Bar.

David Freedman, C.M. Mr. Freedman is Senior Vice President and Chief Revenue Officer. He is responsible for growing both aeronautical and non-aeronautical revenue while overseeing all aspects of revenue generation, including the Airport's concessions, ground transportation, parking, properties departments and marketing/guest relations. Most recently he served as Director of Strategic Planning and Business Development at the Hollywood Burbank Airport. Mr. Freedman earned a Bachelor of Arts degree in Public Policy and a Masters in Public Administration from Syracuse University.

Chuck McFall, PhD, PMP. Mr. McFall is Senior Vice President and Chief Information and Strategy Officer. He oversees all information technology service activities including planning, delivery, and operations of the Airport's information technology infrastructure and business systems. He also provides leadership and visioning for all strategic, business and tactical planning initiatives. Mr. McFall has over 25 years of senior leadership and information technology experience; he previously served the Tennessee Valley Authority in multiple senior leadership positions. He holds a Ph.D. in Business Administration from Columbia Southern University, a M.A. in Applied Organizational Behavior from Tusculum College and an Executive Certificate from the Massachusetts Institute of Technology. Mr. McFall is an Accredited Airport Executive (AAE) by the American Association of Airport Executives and has also obtained the Project Management Professional ("PMP") certification from the Project Management Institute.

Donna Sylver, MBA, CPA, CGMA. Ms. Sylver is Senior Vice President and Chief Financial Officer. She is responsible for planning, organizing, implementing, and directing the fiscal control, safety and risk activities of the Authority. Ms. Sylver brings more than 20 years of diverse financial experience to the Authority, and is a Certified Public Accountant, as well as a Chartered Global Management Accountant. Ms. Sylver holds an MBA from the Kenan-Flagler Business School of The University of North Carolina at Chapel Hill, a B.S. in Accounting from North Carolina Wesleyan College, and a Project Management certification from the American Management Association. She is a member of the American Institute of CPAs and the North Carolina Association of CPAs.

Ron Kapocius, CPA. Mr. Kapocius is the Vice President and Controller and has more than 25 years of diverse financial experience in various industries. Mr. Kapocius' duties include oversight of the Authority accounting processes, financial reporting, budgeting, rates and charges, financing and debt compliance, and financial planning. Mr. Kapocius has been employed by the Authority since 2015. He received a B.A. Degree in accounting from Southern Illinois University in 1991. Mr. Kapocius is a licensed Certified Public Accountant as well as a member of the American Institute of CPAs and the North Carolina Association of CPAs.

Erin Locklear, J.D. Ms. Locklear is General Counsel to the Authority, providing legal oversight and coordination for a wide range of issues that affect the Authority. She also oversees the Authority's Small Business Office. Ms. Locklear has been General Counsel since 2012. She earned an A.B. in Sociology from Princeton University, and her J.D. from The University of North Carolina at Chapel Hill School of Law.

SERVICE AREA

The Airport is located midway between the cities of Raleigh and Durham in an area often referred to as the "Research Triangle." The population estimate as of July 1, 2018 of the Raleigh-Durham-Chapel Hill Combined Statistical Area ("*CSA*"), which is made up of the eleven counties in and around the Research Triangle, was estimated at approximately 2,238,315. The Airport is the easternmost major airport in North Carolina and draws significant users from central and eastern North Carolina, southern Virginia and northern South Carolina, in addition to users from the Research Triangle area. The Piedmont Triad International Airport, which primarily services the Greensboro-Winston-Salem area, is approximately 79 miles west of the Airport. Charlotte Douglas International Airport is located approximately 159 miles southwest of the Airport.

The following table shows the estimated population in the CSA, North Carolina, and in the United States as of the dates set forth:

YEAR	CSA	NORTH CAROLINA	UNITED STATES
2010	1,922,568	9,574,293	309,326,085
2015	2,110,921	10,033,079	320,742,673
2018	2,238,315	10,383,620	327,167,434

Source: U.S. Census Bureau, Population Division (2019)

According to the U.S. Department of Labor, Bureau of Labor Statistics, as of October 2019 total non-farm employment in the Raleigh[1], North Carolina Metropolitan Statistical Area ("MSA") was approximately 651,300 and the total non-farm employment in the Durham, North Carolina MSA[2] was approximately 305,800 comprised of the following:

Sector	Raleigh MSA[1] Employment (1,000s)	Durham MSA[2] Employment (1,000s)	Total (1,000s)
Professional and Business Services	124.5	45.6	170.1
Government	96.1	65.8	161.9
Trade, Transportation and Utilities	113.9	37.8	151.7
Education and Health Services	82.0	69.3	151.3
Leisure and Hospitality	74.5	29.6	104.1
Manufacturing	36.5	28.1	64.6
Mining, Logging and Construction	41.8	9.0	50.8
Financial Activities	33.8	15.5	49.3
Other Services	25.4	10.8	36.2
Information	22.8	4.3	27.1

Source: U.S. Department of Labor, Bureau of Labor Statistics.
[1] Includes Wake, Johnston and Franklin Counties.
[2] Includes Durham, Orange, Person and Chatham Counties.

The following table shows the major employers in the vicinity of the Airport, their area of specialty or services and an estimate of their numbers of employees:

LARGEST EMPLOYERS IN THE RESEARCH TRIANGLE AREA

EMPLOYER	SPECIALIZATION	EMPLOYEES
Duke University and Medical Center	University and Health Care	38,591
State of North Carolina	Government	24,083
Wake County Public School System	Public Schools	19,845
Wal-Mart	Retail	16,135
UNC Health Care	Medical Center	12,475
University of North Carolina	University	11,079
International Business Machines (IBM)	Software – R&D	10,000
WakeMed Health & Hospitals	Medical Center	9,105
North Carolina State University	University	9,069
Target	Retail	8,000
UNC Rex Healthcare	Medical Center	7,400
SAS Institute, Inc.	Software - R&D	5,632

Source: Compiled from data included in the Durham County CAFR (2018), Orange County CAFR (2018); and Wake County CAFR (2018).

The Airport is located in the heart of the Research Triangle area, which draws its name from the location of three major universities, The University of North Carolina at Chapel Hill, North Carolina State University and Duke University, all of which are located in the area. In addition to those institutions, the area is the home of several other colleges and universities, including North Carolina Central University, Shaw University, Meredith College, Saint Augustine's College, William Peace University, Louisburg College, Southeastern Baptist Theological Seminary, Wake Technical Community College, Durham Technical Community College and Campbell University School of Law. Over 100,000 full-time and part time students were enrolled in these institutions, and thousands of faculty members held positions at these institutions.

THE AIRPORT SYSTEM

GENERAL

The Airport is located in Wake County, between the Cities of Raleigh and Durham. The Airport is located approximately 10 miles from the downtown areas of each of Raleigh and Durham. Interstate 40, a major thoroughfare, is located directly to the southwest of the Airport and US Highway 70, another major thoroughfare, is located directly to the northeast of the Airport. William B. Umstead State Park is located to the immediate east of the Airport.

The Airport consists of approximately 5,100 acres, approximately 2,075 of which are developed. The Airport has two primary runways and one secondary runway. The Airport has two active passenger terminals.

The Airport was ranked thirty-ninth in the United States in enplanements in calendar year 2018, ranking second in North Carolina behind Charlotte Douglas International Airport. The Airport, however, serves almost exclusively origin-destination (O&D) passengers, while Charlotte Douglas International Airport serves as a connecting hub.

At present, more than 400 daily flights depart from the Airport, connecting the Airport's service area to 61 US destinations, as well as international destinations including London, Paris, Toronto and Montreal.

For the fiscal year ended March 31, 2019, the Airport broke its passenger volume record for the third year in a row with more than 13.1 million passengers processed through the Airport. During the fiscal year, over 212,000 aircraft operations were conducted at the Airport. In 2019 the Authority added its tenth airline partner, Spirit Airlines, to the list of airlines providing service at the Airport. J.D. Power & Associates named the Airport one of its top-five large U.S. airports for customer satisfaction in 2019.

The following table shows the passenger enplanements by all airlines over the last ten Fiscal Years:

Fiscal Year Ended March 31	Enplanements
2010	4,518,322
2011	4,574,777
2012	4,611,485
2013	4,633,284
2014	4,596,898
2015	4,805,103
2016	5,151,501
2017	5,613,622
2018	5,944,594
2019	6,544,459

For the first six months of the current Fiscal Year (the period ended September 30, 2019), 3,799,061 passengers were enplaned at the Airport, an increase of 418,030, or 12.4% over the same six-month period of the prior Fiscal Year.

AIRPORT FACILITIES

Airfield. The airfield includes three runways and aircraft parking ramps and taxiways. The primary runway system consists of 10,000-foot Runway 5L/23R and parallel 7,500-foot Runway 5R/23L. These runways have northeast/southwest alignments and are able to accommodate simultaneous take-offs and landings. These runways are equipped with high-intensity runway LED lighting and instrument landing systems that permit operation under almost all types of weather conditions. LED lighting offers substantial operational savings over traditional quartz lighting, reducing energy costs by up to 60% and saving on maintenance due to less frequent lamp replacement. The Airport is one of the first airports in the country to use primarily LED lighting on its airfield. The Airport is also served by a secondary 3,570-foot Runway 14/32. Runway 14/32 is not equipped to handle most commercial aircraft.

See **"CAPITAL IMPROVEMENT PROGRAM AND MASTER PLAN"** below for a discussion of planned airfield improvements and the estimated costs thereof.

Passenger Terminal Facilities. Passenger terminal facilities at the Airport are located in two separate buildings known as Terminal 1 and Terminal 2.

Terminal 1 consists of approximately 296,000 square feet of floor space, including 9 contact gates. In 2014, the Authority completed an approximately $68 million project to modernize and renovate Terminal 1. The project included installation of an automated baggage handling system, reconfiguration of the security checkpoint to a larger and more navigable design, creation of pre-security concession areas and other improvements. It is the Airport's first LEED certified building by the US Green Building Council. At present, Terminal 1 is the home for Southwest Airlines at the Airport. Plans are underway for the expansion and modification of Terminal 1 to accommodate its use for operations by other airlines.

Terminal 2 consists of approximately 920,000 square feet of floor space, including 36 contact gates. It was redeveloped in an approximately $573 million program that was completed in 2011. Terminal 2 is a state-of-the-art, common use passenger terminal currently occupied by all airlines operating at the Airport other than Southwest for its domestic flights (Southwest utilizes Terminal 2 for its international flights). In addition to the airline gates, Terminal 2 has 40 shops and restaurants.

Certain agreements of the Authority with airlines and concessionaires with respect to the use of the passenger terminals are described below under "**--ARRANGEMENTS AND AGREEMENTS FOR USE OF AIRPORT FACILITIES.**"

Parking Facilities. There are approximately 19,057 parking spaces located in four structural and multiple surface lots throughout the Airport. Parking spaces at the Airport are designated as "ParkRDU Premier," "ParkRDU Central," "ParkRDU Express," "ParkRDU Economy 3," "ParkRDU Economy 4" and "General Aviation." Parking rates are set based upon the proximity of the parking facility to the terminals. Current rates for parking are as follows:

	Hours 1 through 4	Daily Maximum Rate
ParkRDU Premier	$3/hour	$22
ParkRDU Central	$2/hour	$15
ParkRDU Express	$2/hour	$12
ParkRDU Economy 3	$1/hour	$8
ParkRDU Economy 4	$1/hour	$7

There are off-Airport parking providers, but the Authority has over 90% market share of Airport-related parking. In accordance with an Authority ordinance, any such off-Airport parking providers are required to pay the Authority 10% of their gross revenues.

For the Fiscal Year ended March 31, 2019, parking revenues accounted for approximately 37% of the total operating revenue of the Authority.

Cargo Facilities. There are two cargo handling facilities located at the Airport. Major cargo carriers operating at the Airport are FedEx, Martinaire/DHL, Mountain Air Cargo and United Parcel Service. There are also multiple freight forwarders and passenger airlines that lease additional square feet of office and warehouse space from the Authority.

Other Airport Facilities. Various other facilities are located at the Airport, including general aviation facilities, on-Airport rental car service centers, fuel storage facilities, a service station and convenience store and a hangar and administration building providing facilities for the North Carolina National Guard.

PASSENGER AIR CARRIERS SERVING THE AIRPORT

As of January 2020, the Airport was served by the following airlines:

Air Canada
Alaska Airlines
Allegiant Air
American Airlines
Delta Air Lines
Frontier Airlines
JetBlue Airways
Southwest Airlines
Spirit Airlines
United Airlines

In addition to the service provided by the airlines listed, a number of airlines have affiliations with other regional airlines that operate as part of the system of the mainline airline and that provide service at the Airport. American Airlines, Delta Airlines United Airlines and Air Canada have such arrangements under which service is provided at the Airport by regional affiliates.

The Airport currently serves 61 domestic cities and five international cities through nonstop service with an average of approximately 220 daily departing flights. In Fiscal Year 2019, approximately 97% of all passengers at the Airport enplaned on domestic flights and 3% enplaned on international flights.

The following table shows recent enplaned passenger data, and the percentage of total enplanements by airline represented thereby, for each Fiscal Year ended March 31:

Airline	2019		2018		2017		2016		2015[1]	
Air Canada	43,299	0.7%	44,552	0.7%	38,318	0.7%	32,536	0.6%	28,603	0.6%
Alaska	97,223	1.5	73,305	1.2	54,308	1.0	25,191	0.5	--	-
Allegiant	66,303	1.0	61,375	1.0	44,809	0.8	37,763	0.7	--	--
American	1,527,807	23.3	1,553,847	26.1	1,509,127	26.9	1,443,316	28.0	1,496,737	31.1
Charter/Unscheduled	3,398	0.1	2,990	0.1	3,210	0.1	4,133	0.1	7,802	0.2
Delta	1,991,809	30.4	1,836,956	30.9	1,683,455	30.0	1,522,158	29.5	1,433,435	29.8
Frontier	427,903	6.5	146,020	2.5	145,730	2.6	104,111	2.0	44,655	0.9
JetBlue	281,335	4.3	270,297	4.5	256,777	4.6	253,654	4.9	239,660	5.0
Southwest	1,269,849	19.4	1,205,695	20.3	1,168,889	20.8	1,132,726	22.0	1,075,156	22.4
United	835,533	12.8	749,557	12.6	708,999	12.6	595,913	11.6	479,055	10.0
Total	6,544,459	100.0%	5,944,594	100.0%	5,613,622	100.0%	5,151,501	100.0%	4,805,103	100.0%

1. 2015 enplanement information for American includes enplanements of US Air, which merged with American Airlines in 2016.

The following table shows the major destinations for travel originating at the Airport by traffic as of the first six months of calendar year 2019:

Rank	Destination
1.	Boston
2.	Orlando
3.	Newark
4.	New York-La Guardia
5.	Atlanta
6.	Chicago-O'Hare
7.	Denver
8.	Los Angeles
9.	San Francisco
10.	Fort Lauderdale

In 2019, carriers serving the Airport added 25 new non-stop routes, and a new carrier to the Airport. Spirit Airlines, the new carrier at the Airport, launched non-stop service to Boston, Baltimore, Chicago, Detroit, Fort Lauderdale, New Orleans and Orlando. In addition, Frontier Airlines further increased its service during 2019, with ten new non-stop flights to Albany, Atlanta, Boston, Columbus, Hartford, Jacksonville, Miami, New York-Islip, Philadelphia and Tampa. Also, American Airlines added Phoenix to its Airport route network; Delta Airlines added four new markets, including Chicago, Jacksonville, New Orleans, and Pittsburgh; and Southwest added new service to Austin, as well as seasonal, periodic non-stop service to San Jose. In June 2019, Air Canada launched an additional international route to Montreal.

Airlines serving the Airport have communicated a plan for sizable passenger growth over the next 12 months and beyond. At this time, the Authority anticipates one additional transcontinental route launch in Fiscal Year 2020, in addition to considerable capacity growth through carrier increases to larger capacity aircraft and increased number of flights.

ARRANGEMENTS AND AGREEMENTS FOR USE OF AIRPORT FACILITIES

Landing Fees. Under existing policy, the Authority calculates landing fee rates according to a cost center compensatory methodology. The cost base is defined as the sum of direct and indirect (1) maintenance and operation expenses, (2) debt service payments on debt incurred for airfield improvements, and (3) depreciation and imputed interest for Airport cash-funded facilities. These costs are allocated among air carrier and general aviation users at the Airport, and the air carrier portion is charged to the individual carriers on the basis of landed weight.

Operating Agreements. Each of the airlines operating at the Airport has entered into month-to-month letter operating agreements (the "*Operating Agreements*") with the Authority providing for the operation of each airline's scheduled passenger business and lease of terminal space. The rights of the Authority under the Operating Agreements have not and will not be assigned to the Trustee to secure the Bonds (although income generated from the leasing of the space constitutes "*Revenues*" under the Master Indenture and will secure the Bonds).

Under the Operating Agreements, airlines operating at the Airport are required to pay rent to the Authority to lease space in the terminals. The lease payments are determined based upon the amount of square footage leased by an airline for ticket counter space, gate space, baggage handling and claim space, security checkpoint space and administrative office space. The cost of providing security checkpoints, baggage claim space and law enforcement services are pro-rated among the airlines. The cost of utility service is also included in fixed rental rates. All operating airlines are required to post payment collateral equal to 90 days of estimated airport rentals, fees, and charges. Any such operating airline that is unable to post the payment collateral through a bond or letter of credit must pay its rentals, fees, and charges in advance.

The rentals charged under the agreement may be changed from time to time by the Authority. Rates are examined annually during the Authority's budget process and are subject to adjustment each Fiscal Year. Under current Authority practice, airline terminal building space rentals are calculated taking into consideration (1) the costs incurred by the Authority in operating and maintaining the terminals, and (2) nonairline revenues generated in the terminals.

Pursuant to the Operating Agreements, each airline operating at the Airport is required to carry a $50 million comprehensive general liability insurance policy covering its operations at the Airport with a combined single limit of at least $50 million.

The agreements may be amended or modified at any time without bondholder approval and may be terminated without cause and without penalty at any time by either party thereto upon one month's notice.

Concessions. The Authority has contractual relationships with concessionaires for food and beverage, retail, advertising and various other miscellaneous services at the Airport. Contracts with various durations are in place for food/beverage, retail merchandise and services in both terminals. All of the contracts provide the Authority with a percentage of sales with a minimum guaranteed amount. The Authority has an exclusive advertising agreement with an advertising concessionaire for advertising at the Airport. The Authority receives the greater of a minimum guaranteed amount or 50% of gross advertising sales.

Cargo Agreements. Cargo operators at the Airport have entered into agreements with the Authority to pay monthly rentals for their leased cargo space. Cargo carriers are also required to pay landing fees at the prescribed rates.

Rental Car Agreements. Four automobile rental companies operating 11 rental car brands (Alamo, Avis, Advantage, Budget, Dollar, Enterprise, EZ, Hertz, National, Payless and Thrifty) have 10-year terms ending March 31, 2026 to provide service at the Airport. Each company maintains service centers on Airport property in an area that is remote from the terminals and accessed via company-operated shuttles. Under the terms of the agreements between the Authority and the companies operating on the Airport property, the Authority realizes a concession fee of 10% of gross automobile rental revenues, subject to minimum annual guarantees. In addition, the companies operating at the Airport also pay facility rent, ground rent and maintenance and operations fees.

In January 2017 the Authority began collecting a Customer Facility Charge of $5 per day on all car rentals at the Airport. The Customer Facility Charge is imposed for the purpose of paying for the costs associated with developing a consolidated rental car facility and other rental car related facilities at the Airport, including reimbursement of costs paid by the Authority for such facilities, paying debt service on obligations incurred by the Authority to finance such facilities, and funding of appropriate reserves. The rental car Customer Facility Charge is not available to pay debt service on the Bonds issued under the Master Indenture, and, as a result, the amounts collected are not "Revenues" under the terms of the Master Indenture.

Transportation Network Companies. Transportation Network Companies ("TNCs") such as Uber and Lyft began operating on Airport property in December 2015. TNCs are assessed a fee-per-trip of $3.00 per pick-up and $3.00 per drop-off. TNCs conducted approximately 1.36 million trips in the fiscal year ended March 31, 2019, representing approximately $4,087,632 in revenue to the Authority. For the six-month period ended September 30, 2019, there were 833,130 TNC trips, generating revenues of $2,499,390.

SELECTED AIRPORT STATISTICAL INFORMATION

Appendix C hereto contains certain statistical information regarding Airport operations during the Fiscal Year ended March 31, 2019. Such information is included in the Authority's Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended March 31, 2019.

FINANCIAL INFORMATION

The financial statements of the Authority for the Fiscal Year ended March 31, 2019 have been audited by certified public accountants. Copies of these financial statements containing the unqualified report of the independent certified public accountants are available in the office of Director of Finance and Controller, Raleigh-Durham Airport Authority, P.O. Box 80001, RDU Airport, North Carolina 27623. Attached hereto in **Appendix B** is the Management Discussion and Analysis and the Basic Financial Statements of the Authority and the notes thereto, taken from the audited Comprehensive Annual Financial Report of the Authority for the Fiscal Year ended March 31, 2019. Such Comprehensive Annual Financial Report is also available on the MSRB's EMMA website.

The Authority was the recipient of the Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the Fiscal Year ended March 31, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports. The Certificate for the Fiscal Year ended March 31, 2019 marks the eleventh consecutive year the Authority has received this honor since it first applied for the Certificate at the end of the Fiscal Year ended March 31, 2009.

The following table presents the Authority's Summary of Operations for the Fiscal Years ended March 31, 2019 and 2018, derived from the Authority's audited financial statements included in **Appendix B**.

	Fiscal Year Ended March 31	
	2019	2018
Operating revenues		
Parking	$ 60,543,954	$ 54,975,271
Airfield	18,808,634	16,614,473
General aviation	1,654,755	1,857,961
Terminals	55,102,240	51,770,857
Air cargo	2,854,505	2,574,929
Fueling systems	2,332,414	2,001,561
Rental car	17,446,412	16,142,255
Other	7,128,322	5,711,258
Total Operating Revenues	165,871,236	151,648,565
Operating Expenses		
Airport facilities	25,231,535	27,218,332
Administrative	18,893,982	19,119,100
Fueling systems	2,050,425	1,250,501
Law enforcement	5,249,412	4,957,943
Airport maintenance	7,072,745	6,289,429
Parking	4,970,567	4,530,170
Airport fire – rescue	2,083,912	1,943,232
Guest services	934,799	919,533
Communications	1,062,384	926,861
Operations	1,929,564	1,849,640
Ground transportation	3,895,533	3,325,573
Subtotal	73,374,858	72,330,314
Depreciation	47,889,122	48,199,789
Total Operating Expenses	121,263,980	120,530,103
Operating Income	44,607,256	31,118,462
Non-Operating Revenue (Expenses)		
Investment interest income	6,096,998	3,654,643
Passenger facility charges	26,653,392	23,815,980
Customer facility charges	16,578,862	15,065,790
Net (decrease) increase in fair value of investments	1,132,940	(646,907)
Bond interest expense, net	(21,404,408)	(21,890,713)
Other, net	735,380	272,403
Total Non-Operating Revenues (Expenses)	29,793,164	20,271,196
Income (Loss) Before Capital Contributions	74,400,420	51,389,658
Capital contributions	53,820,449	4,948,413
Increase in Net Position	128,220,869	56,338,071
Net Position, beginning, previously reported	515,647,605	459,413,779
Restatement	(1,963,862)	(104,245)
Net position, beginning restated	513,683,743	459,309,534
Net position, end of year	$641,904,612	$515,647,605

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL INFORMATION

The Authority has established multiple cost centers, referred to as "complexes," to track revenues and expenses that are used in the calculation of airline and non-airline rates and charges. The Authority accounts for all operating revenues, and for direct maintenance and operational expenses, on the basis of these complexes. With regard to revenue, Parking, Airfield, Terminals, and Rental Car represent the largest of these complexes. Additionally, the Authority incurs certain indirect expenses which are allocated back to the complexes based on direct labor by complex. The Authority employs a time tracking system for direct labor as the basis used to facilitate this allocation.

REVENUES, EXPENSES, AND CHANGE IN NET ASSETS FOR FISCAL YEAR ENDED MARCH 31, 2019

For the Fiscal Year ended March 31, 2019, the Authority experienced a $14.2 million increase, or 9.4%, in operating revenue, due primarily to an increase of $5.6 million, or 10.1%, in parking revenue, an increase of $3.3 million, or 6.4%, in terminals revenue, and an increase in airfield revenue of $2.2 million, or 13.2%, compared to the prior fiscal year. This overall increase in operating revenue was realized in part due to an increase in enplaned passengers of 0.6 million. In addition, the Authority's airlines derived revenue remained diversified with no single carrier accounting for more than approximately 11% of operating revenues for the Fiscal Year.

Operating expenses (excluding depreciation) increased $1 million, or 1.4%, for the Fiscal Year ended March 31, 2019, compared to the prior Fiscal Year. This increase was primarily due to a $0.8 million, or 64% increase in fueling systems expense, $0.6 million, or 17.1% increase in ground transportation, and $0.8 million, or 12.5% increase in airport maintenance, offset by a $2.0 million decrease in airport facilities expenses. Depreciation expense decreased $0.3 million, or 0.6%, during the Fiscal Year ending March 31, 2019. Thus, total Operating expenses (including depreciation), increased $0.7 million, or 0.6%.

The combined effect of the above items was an increase in operating income of $13.5 million for the Fiscal Year ending March 31, 2019 to a total of $44.6 million.

For the period ended March 31, 2019, total non-operating revenues (expenses) increased $9.5 million, or 47%, due primarily to an increase in investment interest income of $4.2 million, or 140.4%, an increase in CFC revenue of $1.5 million, or 10.0%, and an increase in PFC revenue of $2.8 million, or ll.9%, compared to the Fiscal Year ended March 31, 2018.

Capital contributions increased by $48.9 million, or 987.6%, compared to the prior fiscal year. This change is primarily related to an increase in Federal and State grant funds received for master plan expenditures.

DEBT SERVICE COVERAGE

The following table sets forth a calculation of the Authority's debt service coverage ratio, calculated in accordance with the Master Indenture, but without a Transfer Adjustment, for each of the years ended March 31:

Year ended March 31	Revenues [a][1]	Maintenance and Operating Expenses of the Airport System [b][1]	Net Revenues [c]= [a] – [b]	Aggregate Annual Debt Service [d][2]	Debt Service Coverage Ratio [c]/[d][3]
2015	$109,935,847	$53,607,399	$56,328,448	$25,219,451	2.23
2016	118,385,039	59,707,924	58,677,115	25,089,397	2.34
2017	136,784,794	65,281,110	71,503,684	32,679,895	2.19
2018	155,303,208	72,330,314	82,972,894	18,602,715	4.46
2019	171,968,234	73,374,858	98,593,376	20,160,150	4.89

[1] Calculated as provided in the Master Indenture. Revenues do not include PFCs. Maintenance and Operating Expenses exclude depreciation and amortization.

[2] Calculated as provided in the Master Indenture. Excludes debt service on Bonds paid from PFCs. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS—PASSENGER FACILITY CHARGES" for information regarding the amount of PFCs collected and applied to pay Debt Service in the applicable year. PFCs used to pay debt service during the Fiscal Years were:

Fiscal Year Ended March 31	PFCs Used for Debt Service
2015	$22,000,000
2016	22,000,000
2017	21,700,000
2018	22,000,000
2019	27,000,000

[3] Excludes Transfer Adjustment permitted by the Master Indenture. If the Transfer Adjustment were included, the debt service coverage ratio would increase in each year by .25.

COST PER ENPLANEMENT

The following table sets forth the airline cost per enplanement over the last ten years computed by the Authority:

Fiscal Year Ended March 31	Cost per Enplanement
2010	$6.24
2011	6.29
2012	6.48
2013	6.35
2014	6.45
2015	6.91
2016	7.02
2017	7.28
2018	8.68
2019	8.59

BUDGET INFORMATION FOR THE FISCAL YEAR ENDING MARCH 31, 2020

The budget for the Fiscal Year ending March 31, 2020 anticipates operating revenue of \$166 million. This amount is \$0.1 million, or 0.1%, greater than the actual operating revenue of \$165.9 million for the preceding Fiscal Year ended March 31, 2019. Through the six months ended September 30, 2019, operating revenues (unaudited) were approximately \$91.5 million, exceeding budgeted revenues for that six-month period by approximately \$7.6 million. Operating revenues for the comparable six-month period for the prior Fiscal Year were \$84 million (unaudited).

Operating expenses, excluding depreciation, for the Fiscal Year ending March 31, 2020 are budgeted to be approximately \$83.7 million. This budgeted amount represents an approximately \$11.67 million increase from the actual operating expenses, excluding depreciation, for the prior Fiscal Year. Through the six-month period ended September 30, 2019, operating expenses (unaudited) were approximately \$40 million, which was approximately \$3.4 million less than the budgeted \$43.4 million for that six-month period. Operating expenses, excluding depreciation, for the comparable period for the prior Fiscal Year were approximately \$33.6 million (unaudited).

On November 21, 2019, the Authority approved an amendment to the adopted budget that increased budgeted operating expenses by \$6.6 million to \$90.3 million. About half of the increased expenses are associated with capital maintenance to parking and airfield facilities that was not anticipated in the budget. Additional expenses are mainly on account of expenses associated with passenger utilization of the Airport at levels higher than anticipated when the budget was adopted. As of the date of this Official Statement, the Authority expects that for the Fiscal Year ending March 31, 2020 operating revenues will exceed the amount budgeted and operating expenses will be less than the amended amount budgeted for the Fiscal Year.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The Authority is a participating employer in the statewide Local Government Employees' Retirement System *("LGERS")*, a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. At March 31, 2019, the Authority reported a liability of \$7.9 million for its share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. For the fiscal year ended March 31, 2019, the Authority recognized pension expense of \$2.3 million. As of March 31, 2019, the Authority reported \$6.1 million deferred outflows of resources and \$40,867 deferred inflows of resources related to pensions.

Under the terms of an Authority resolution, the Authority administers a single-employer defined benefit Health Care Plan. This Health Care Plan provides post-employment healthcare benefits to retirees of the Authority, provided they participate in the North Carolina Local Governmental Employees' Retirement System ("System"). While eligibility to draw retirement benefits from the System vests at 5 years, eligibility for post-retirement health benefits from the Authority Health Care Plan requires: (1) all requirements for retirement from LGERS are met and (2) the final 5 years of service are worked with the Authority. Under the Health Care Plan, the Authority pays the cost of the individual and dependent premiums (on the same portion of the cost as it pays for non-retired employees) for the qualified retiree's health coverage through the Authority's group health insurance plan. When the retiree reaches age 65, the Authority's post-retirement benefits cease. At that time, the retiree is no longer covered by the Authority's group health insurance program.

In April 2018 the Authority adopted Governmental Accounting Standards Board Statement No. 75 relating to the Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other Than Pension Plans ("GASB 75"). GASB 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. The Authority's total liability of $6.8 million was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date. For the year ended March 31, 2019 the Authority recognized OPEB expense of $0.7 million. At March 31,2019, the Authority reported $0.3 million as deferred outflows of resources and $0.2 million as deferred inflows of resources to OPEB.

For additional information concerning the Authority’s pension obligations and OPEB, see Note 7 to the Authority’s Audited Financial Statements in **Appendix B**.

CAPITAL IMPROVEMENT PROGRAM AND MASTER PLAN

In November 2017, the Authority adopted a 25-year master plan entitled “Vision2040.” The master plan, which was developed over a number of years in accordance with guidance from the FAA, is a comprehensive study of the airport, describing the short-, medium-, and long-term development plans needed to meet future aviation demand. It is intended to provide a flexible framework to guide airport development while considering potential environmental and socioeconomic impacts and benefits. Major components of Vision2040 include the relocation of one of the Authority’s two major runways and extension of associated taxiways, improvements and expansion of both passenger terminals, cargo and general aviation area expansion, parking garage expansion, roadway improvements, ground transportation improvements and the development of a consolidated rental car facility. The FAA approved the airport layout plan upon which several major components of the master plan are based.

More specifically, the Authority has developed a capital improvement program covering the period of the Fiscal Year ending March 31, 2020 through the Fiscal Year ending March 31, 2024 (the “*Capital Improvement Program*”). The Capital Improvement Program identifies airport capital improvements that are needed or desirable over the five-year horizon. The Capital Improvement Program includes expenditures on capital projects at the Airport of approximately $1.1 billion. The most significant project in the Capital Improvement Program is the planned replacement of one of the Airport’s two major runways at an estimated cost of $370 million. While plans for this project are still under development, the desired alternative for the runway replacement would consist of the construction of a new runway parallel to the runway to be replaced, converting the existing runway into a taxiway. This design would permit the use of the existing runway for some or all of the period of construction of the replacement runway. The design would also create room for future expansion of Terminal 2 in the area between the replacement runway and the present footprint of Terminal 2 as demand requires. The replacement runway would be located on property owned by the Authority. The Capital Improvement Program also includes $440 million of projects for improvements to both passenger Terminals to accommodate heavier passenger traffic. Terminal projects include expansion of Terminal 1 for more gates and improvements to areas in Terminal 2 used by United States customs and immigration officials in order to accommodate heavier international traffic. Other projects included in the Capital Improvement Program include standard asset management replacement or rehabilitation projects at the Airport, including, but not limited to, parking garage maintenance, road maintenance, data center infrastructure improvements and building upgrades.

To the extent the Authority determines to proceed with projects included in the Capital Improvement Program or emerging from the master plan, the projects would be funded from a combination of funds generated from Authority activities, PFCs, Airport Improvement Program grants-in-aid, grants from the State of North Carolina and other sources of funding, such as a customer facility charge to finance a consolidated rental car facility. At present, the Authority does not have any specific plan to issue additional Bonds to finance any of the projects included in the Capital Improvement Program or the master plan, but the Authority regularly continues to examine the condition of its general infrastructure and the need to meet the demands of the Airport's customers, and expects that it will utilize additional debt authorization in keeping with its objectives, subject to the provisions of the Master Indenture.

AMENDMENT AND RESTATEMENT OF MASTER TRUST INDENTURE

In connection with the issuance of the 2020 Bonds, the Authority has proposed certain amendments to the Master Trust Indenture, all of which will be set forth in an Amended and Restated Master Trust Indenture by and between the Authority and the Trustee. By their purchase of the 2020 Bonds, the initial beneficial owners of the 2020 Bonds consent to the amendments to the Master Trust Indenture that may require bondholder consent. The Authority and the Trustee will enter into the Amended and Restated Master Trust Indenture when a majority of the owners of the Outstanding Bonds have consented to the amendment of the Master Trust Indenture, and the Amended and Restated Trust Indenture will thereupon become effective at that time. At the time the Amended and Restated Master Trust Indenture is executed and delivered, a continuing disclosure notice of such event and the effectiveness of the amendment will be made by the Authority pursuant to the continuing disclosure undertaking the Authority will make in connection with the issuance and sale of the 2020 Bonds as described below under the heading "CONTINUING DISCLOSURE."

Many of the amendments to the Master Trust Indenture consist of changes that reorganize the existing Master Trust Indenture to make it more manageable as an administrative matter, or that correct typographical errors in the original Master Trust Indenture. The affect of these amendments do not have a material impact on the owners of the Bonds or the security for payment of the Bonds and do not require the consent of Bondholders. Certain of the other changes, however, do have a material affect and require the consent of a majority of the owners of the Bonds, which for the 2020 Bonds is being obtained as described above. Appendix D sets forth a summary of the Master Trust Indenture and the Fourteenth Supplemental Indenture that reflects the resulting Amended and Restated Master Trust Indenture. In addition, Appendix D includes a summary of the changes to the Master Trust Indenture being effected by the Amended and Restated Trust Indenture to which the beneficial owners of the 2020 Bonds consent by their initial purchase of the 2020 Bonds.

INFORMATION ON AIRLINES AND THE AVIATION INDUSTRY

Certain of the airlines and cargo carriers serving the Airport or their respective parent corporations are subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, file reports and other information with the Securities and Exchange Commission (the "*SEC*"). Certain information, including financial information, as of particular dates concerning such airlines or their respective parent corporations is disclosed in reports and statements filed with the SEC. Such reports and statements can be inspected in the Public Reference Rooms of the SEC which can be located by calling the SEC at 1-800-SEC-0330. Certain information is also filed electronically with the SEC and can be accessed on its website at http://www.sec.gov. In addition, each airline is required to file periodic reports with the United States Department of Transportation. These reports can be inspected at the United States Department of Transportation's Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, 1200 New Jersey Avenue, S.E., Washington, D.C. 20590, and copies can be obtained from the Department of Transportation at prescribed rates. These reports are also available electronically at htttps://www.bts.dot.gov/.

THE AUTHORITY, THE LOCAL GOVERNMENT COMMISSION AND THE UNDERWRITERS DO NOT TAKE ANY RESPONSIBILITY FOR THE COJPLETENESS OR ACCURACY OF THE INFORMATION AVAILABLE FROM THE ABOVE-NAMED SOURCES.

CERTAIN INVESTMENT CONSIDERATIONS

The following section describes certain risk factors affecting the payment of, and security for, the 2020 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of the 2020 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following specific factors along with all other information described or referenced elsewhere in this Official Statement in evaluating an investment in the 2020 Bonds.

GENERAL FACTORS AFFECTING AIRLINES

The Authority's ability to derive Net Revenues from its operation of the Airport depends upon many factors which affect the airlines' operations at the Airport, many of which are not subject to the control of the Authority, including the economy, domestic and international affairs, air transportation disruptions, the threat of terrorism and international conflict, health crises, the cost structure of the airlines, including the cost of aviation fuel, and labor issues. The Authority cannot assess the impact that these factors will have on the airline industry and, in turn, on the Airport's Net Revenues.

In addition, many factors have combined to create structural changes in the travel market that have altered consumer travel patterns. The threat of terrorism against the United States remains. As a result, the federal government has continued to mandate security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at many airports, adding to the cost of air travel and making air travel potentially less attractive to consumers relative to ground transportation, especially to short-haul destinations. In addition, the availability of fully transparent price information on the Internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the Internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Smaller corporate travel budgets, combined with the higher time costs of travel, have made business customers more amenable to communications substitutes such as tele- and video-conferencing.

AIRLINE BANKRUPTCIES

Since 2000, numerous airlines have filed for, and emerged from, bankruptcy protection, including several that have significant operations at the Airport. Each of the airlines that has filed for bankruptcy has continued operations at the Airport, however, as a part of their restructuring plans and continued operations, certain routes and flights have been subject to reductions. Additional bankruptcies, liquidations or major restructurings of other airlines could occur. The Authority has not lost any revenues under its operating agreements with the airlines currently operating at the Airport directly as a result of any airline bankruptcy; however, it is not possible to predict the future impact on the Airport System of any future bankruptcies, liquidations or major restructurings of airlines. See "**--FEDERAL LEGISLATION AFFECTING THE AIR TRANSPORTATION INDUSTRY**" below.

The act authorizing PFCs provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFCs separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. The airlines, however, are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFCs until such PFCs are remitted. Federal legislation requires airlines in bankruptcy to segregate PFCs into a separate account for the benefit of eligible agencies. While this requirement should provide some protection for airports in connection with PFCs collected by airlines in bankruptcy, prior to its enactment, bankruptcy courts have not universally treated PFCs collected by the airlines as trust funds. Therefore, the Authority cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by an airline operating at the Airport. It is possible that the Authority could be held to be an unsecured creditor with respect to unremitted PFCs held by an airline that has filed for bankruptcy protection. Additionally, the Authority cannot predict whether the airline that files for bankruptcy protection would have properly accounted for the PFCs owed to the Authority or whether the bankruptcy estate would have sufficient moneys to pay the Authority in full for the PFCs owed by such airline.

COSTS OF CAPITAL IMPROVEMENT PROGRAM AND SCHEDULE

The estimated costs of, and the projected schedule for, the Capital Improvement Program discussed above under **"CAPITAL IMPROVEMENT PROGRAM AND MASTER PLAN"** are subject to a number of uncertainties. The ability of the Authority to complete the Capital Improvement Program may be adversely affected by various factors including, without limitation, design and engineering errors, changes to the scope of elements of the Capital Improvement Program, delays in contract awards, material and/or labor shortages, unforeseen site conditions, adverse weather conditions, contractor defaults, labor disputes, unanticipated levels of inflation, litigation, delays in permitting, environmental compliance issues and the Authority's ability to obtain required financing of the various elements of the Capital Improvement Program. The current estimate of the cost of the Capital Improvement Program is an estimate, and there is no assurance that the actual cost will not exceed the estimated cost.

Construction of large projects at airports also involve the risk of disruption of ongoing operations and could result in reluctance on the part of passengers and airlines to use the Airport.

COST OF AVIATION FUEL

Airline earnings are significantly affected by changes in the price of aviation fuel. Fuel is one of the largest cost components of airline operations and continues to be an important and uncertain determinate of an air carrier's operating economics. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries policy, demand from the rapid growth of economies such as China and India, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather, among other factors. Significant and prolonged increases in the cost of aviation fuel are likely to have an adverse impact on air transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines.

AIRLINE CONCENTRATION; EFFECT OF AIRLINE INDUSTRY CONSOLIDATION

The airline industry has evolved as a result of competition and changing demand patterns and it is possible that the airlines serving the Airport could consolidate operations through acquisition, merger, alliances and code share sales strategies. Many major domestic airlines have joined with other major domestic airlines. Mergers or alliances among airlines operating at the Airport may result in fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Revenues, reduced PFC collections and/or increased costs for the other airlines serving the Airport.

REDUCED PASSENGER FACILITY CHARGES

The Authority's collection of PFC revenues will vary depending on the actual number of passenger enplanements at the Airport. A shortfall in PFCs could have an adverse impact on the Authority's ability to make timely payment of principal of or interest on the Bonds.

In addition, the authority to impose and use PFCs is subject to the terms and conditions of federal regulations and statutes. Failure to comply with the requirements of applicable law, such as the failure to use PFCs strictly for the approved PFC eligible projects, may cause the FAA to terminate or reduce the Authority's authority to impose and collect PFCs. Also, there is no assurance that the federal law authorizing the imposition of PFCs or any other relevant legislation or regulation will not be repealed or amended in a way that adversely affects the Authority's ability to collect PFCs or to apply them to pay for the PFC eligible projects. The occurrence of any of these events could have an adverse impact on the timely payment of principal of, or interest on, the Bonds.

FEDERAL LEGISLATION AFFECTING THE AIR TRANSPORTATION INDUSTRY

The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations. Since September 11, 2001 and as a result of the financial distress and bankruptcy filings in the airline industry, the federal government enacted several acts of legislation that have directly affected the airline industry. Such legislation includes the federalization of airport security through the Transportation Security Administration.

The Next Generation Air Transportation System program run by the FAA has the potential to change the current financing system for the national aviation system.

It is not possible to predict whether future restriction 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 Net Revenues.

FEDERAL REGULATION REGARDING RATES AND CHARGES DISPUTES

Federal law provides that rates and charges set by airports be "reasonable" and mandates an expedited administrative process by which the Secretary of Transportation shall review rates and charges complaints. An affected air carrier may file a written complaint requesting a determination of the Secretary of Transportation as to reasonableness within 60 days after such carrier receives written notice of the establishment or increase of such fee. During the pendency of the review, the airlines must pay the disputed portion of the fee to the airport under protest, subject to refund to the extent such fees are found to be unreasonable by the Secretary. The airport must obtain a letter of credit, surety bond or other suitable credit facility equal to the amount in dispute unless the airport and the complaining carriers agree otherwise.

AVIATION SAFETY AND SECURITY CONCERNS

Since 2001, government agencies, airlines, and airport operators have enhanced security measures to guard against possible terrorist incidents and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the TSA, more effective dissemination of information about threats, more intensive screening of passengers, baggage, and cargo, and deployment of new screening technologies. The airlines and the federal government were primarily responsible for, and bore most of the capital costs associated with, implementing the aforementioned security measures. The Airport is currently in compliance with all federally mandated security requirements. The

TSA has introduced "pre-check" service to expedite the screening of passengers who have submitted to background checks.

Following the fatal crashes of Boeing 737 MAX aircraft that are suspected to have been caused by the malfunction of the aircraft's automated flight control system, all B-737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest, and United are being affected. To date, the Authority has not perceived any material impact of this grounding on the number of flight operations conducted at the Airport. At the time of the grounding, B-737 MAX aircraft accounted for approximately 1.5% of all U.S. airline seat capacity. The Authority is unable to predict how quickly the flight control system software will be approved by the FAA and the grounding will be lifted.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, and other safety concerns. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, future demand for airline travel at the Airport may depend primarily on economic, not safety or security, factors.

The Authority cannot predict the effect of any future government-required security measures on passenger activity at the Airport. Nor can the Authority predict how the government will staff security screening functions or the effect on passenger activity of government decisions regarding its staffing levels. The Authority, like many airport operators, has experienced increased operating costs due to compliance with federally mandated and other security and operating changes. The Authority cannot predict the likelihood of future terrorist incidents, the possibility of increased security restrictions, the likelihood of future air transportation disruptions or the impact on the Airport or the airlines from such incidents or disruptions.

UNCERTAINTY OF NON-AIRLINE REVENUES

The Authority's ability to generate Revenues from its non-airline businesses (including parking, car rentals and terminal concessions such as food and beverage sales) depends, in part, upon the volume of passengers passing through the Airport, economic conditions, and ground transportation and terminal concession preferences, pricing and alternatives. The nature of the businesses that provide concessions and services to the Airport change as new business models develop. For example, ridesharing or TNCs represent a relatively new business model providing service at the Airport and may adversely affect not only other ground transportation businesses, but also other Airport businesses, including parking and rental car businesses.

CLIMATE CHANGE ISSUES AND POSSIBLE NEW REGULATION

Climate change concerns are shaping laws and regulations at the federal and State levels that could have a material adverse effect on airlines operating at the Airport and could also affect ground operations at the Airport. Studies report that airplane emissions equal approximately 12% of all U.S. transportation and more than 3% of total U.S. greenhouse gas emissions. While the U.S. Environmental Protection Agency (the "EPA") does not currently regulate greenhouse gas ("GHG") emissions from aircraft, it could do so in the future. When drafting aircraft emission 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 also disapprove if the Secretary of Transportation advises that the regulations create a hazard to aircraft safety. The Authority can provide no assurance as to the likelihood or potential impact of any such future proposed or enacted regulations.

CYBERSECURITY

Computer networks and systems used for data transmission and collection are vital to the efficient operations of the Airport. Increasingly, governmental entities are being targets of cyberattacks seeking to obtain confidential data, disrupt critical services or obtain ransoms. A rapidly changing cyber risk landscape may introduce new vulnerabilities that attackers/hackers can exploit in attempts to effect breaches or service disruptions. Employee error and/or malfeasance may also affect confidentiality, integrity and availability of systems and the information stored there. The potential disruption, access, modification, disclosure or destruction of data could result in interruption of the efficiency of Airport operations, initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruptions in operations and the service provided, and the loss of confidence in Authority operations, ultimately adversely affecting Airport Revenues.

The Authority maintains comprehensive information security program to protect the confidentiality, integrity, and availability of the Authority's critical systems and sensitive data. The solution is designed to assess and mitigate current threats and the risk of data breaches to local government.

AVAILABILITY OF TAX-EXEMPT FINANCING

Future legislation could be enacted that limits or eliminates, directly or indirectly, the availability of tax-exempt financing to the Authority. Such legislation could be applied retroactively to limit or eliminate the exclusion of interest on the 2020 Bonds from gross income for purposes of federal income taxation as discussed below under **"TAX TREATMENT"**). In addition to the negative tax impact to owners of the 2020 Bonds, the elimination or limiting of tax-exempt financing for airports and other governmental projects would result in higher financing costs to the Authority, perhaps limiting its ability to finance improvements at the Airport.

CONTINUING DISCLOSURE

In the Fourteenth Supplemental Indenture, the Authority will undertake, in accordance with the requirements of Rule 15c2-12 issued by the Securities Exchange Commission under the Securities Exchange Act of 1934 ("Rule 15c2-12"), for the benefit of the beneficial owners of the 2020 Bonds, to provide to the Municipal Securities Rulemaking Board (the *"MSRB"*):

(a) by not later than seven months from the end of each Fiscal Year of the Authority, beginning with the Fiscal Year ending March 31, 2020, the audited financial statements of the Authority for such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the Authority are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the Authority for such Fiscal Year to be replaced subsequently by audited financial statements of the Authority to be delivered within 15 days after such audited financial become available for distribution,

(b) by not later than seven months from the end of each Fiscal Year of the Authority, beginning with the Fiscal Year ending March 31, 2020, to the extent not included in the audited financial statements referred to in (a) above, the financial and statistical data as of the date not earlier than the end of the preceding Fiscal Year for the type of information in this Official Statement:

(1) THE AIRPORT SYSTEM—GENERAL – Table of Enplanements;

(2) THE AIRPORT SYSTEM—AIRPORT FACILITIES – Parking Facilities – number of parking spaces;

(3) THE AIRPORT SYSTEM—PASSENGER AIR CARRIERS SERVING THE AIRPORT – table of enplanements by carrier and total enplanements;

(4) FINANCIAL INFORMATION—DEBT SERVICE COVERAGE –table showing debt service coverage ratio;

(5) FINANCIAL INFORMATION—COST PER ENPLANEMENT—Table of Airline Cost Per Enplanement computed by the Authority; and

(6) APPENDIX C—SELECTED STATISTICAL INFORMATION REGARDING THE AUTHORITY FOR THE FISCAL YEAR ENDED MARCH 31, 2019—Table of Landed Weights by Airline;

(c) in a timely manner not in excess of ten business day after the occurrence of the event, notice of any of the following events with respect to the 2020 Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) 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 2020 Bonds or other material events affecting the tax status of the 2020 Bonds;

(7) modification to the rights of the beneficial owners of the 2020 Bonds, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of any property securing repayment of the 2020 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Authority;

(13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional Trustee or the change of name of the Trustee, if material;

(15) incurrence of a financial obligation (as defined below) of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the Authority, any of which affect beneficial owners of the 2020 Bonds, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties; and

(d) in a timely manner, notice of a failure of the Authority to provide required annual financial information described in (a) or (b) above on or before the date specified.

All information provided to the MSRB as described in this Section shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The Authority may also discharge its undertaking described above by transmitting such information in any other manner subsequently authorized or required by the U.S. Securities and Exchange Commission in lieu of the manner described above.

For the purposes of this Section, "financial obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

At present, Section 159-34 of the General Statutes of North Carolina requires the Authority's financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

The Fourteenth Supplemental Indenture will also provide that if the Authority fails to comply with the undertaking described above, the Trustee or any beneficial owner of the 2020 Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that the Authority's failure to comply with the undertaking will not constitute an Event of Default under the Master Indenture and will not result in the acceleration of the 2020 Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the 2020 Bonds.

Pursuant to the Fourteenth Supplemental Indenture, the Authority will reserve the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Authority, provided that any such modification will be done in a manner consistent with Rule 15c2-12, and provided further that:

(a) any such modification may only be 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 Authority;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners of the 2020 Bonds, as determined either by the Trustee or bond counsel, or by the approving vote of the Owners of a majority in principal amount of the 2020 Bonds pursuant to the terms of the Master Indenture, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The undertaking described above will terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the 2020 Bonds.

The Authority is not aware of any instance in which it has failed, in any material respect, to comply with an undertaking made pursuant to Rule 15c2-12 during the last five years.

LITIGATION

No litigation is now pending or, to the best of the Authority's knowledge, threatened against or affecting the Authority seeking to restrain or enjoin the authorization, execution or delivery of the 2020 Bonds, the Master Indenture or the Fourteenth Supplemental Indenture or contesting the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the 2020 Bonds, the Master Indenture or the Fourteenth Supplemental Indenture or the Authority's creation, organization or corporate existence, or the title of any of the Authority's present officers to their respective offices, or the Authority's powers to carry out its obligations thereunder.

The Authority is party to a number of civil lawsuits and other legal actions. The ultimate outcome of these suits is not expected to have a material adverse impact upon the Authority's financial position.

LEGAL MATTERS

Legal matters related to the authorization, execution, sale and delivery of the 2020 Bonds are subject to the approval of Womble Bond Dickinson (US) LLP, Bond Counsel, the form of whose approving legal opinion is set forth in **Appendix F**. Certain legal matters will be passed upon for the Authority by Erin M. Locklear, Esq., General Counsel to the Authority, and for the Underwriters by Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, counsel to the Underwriters.

TAX TREATMENT

OPINION OF BOND COUNSEL

In the opinion of Bond Counsel, under existing law and assuming continuing compliance by the Authority with certain covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "*Code*"), regarding, among other matters, the use, expenditure and investment of the proceeds of the 2020 Bonds, and the timely payment of certain investment earnings to the United States Treasury, interest on the 2020 Bonds will not be includable in the gross income of the owners thereof for purposes of federal income taxation (except for any owner of a 2020A Bond who is a "substantial user" of the facilities refinanced with the proceeds of the 2020A Bonds or a "related person" of a "substantial user" (as such terms are defined in the Code)).

Bond Counsel is also of the opinion that (i) interest on the 2020A Bonds will be treated as a preference item for purposes of the federal alternative minimum tax imposed by the Code and (ii) interest on the 2020B Bonds will not be treated as a preference item for purposes of the federal alternative minimum tax imposed by the Code.

In addition, in the opinion of Bond Counsel, under existing law, interest on the 2020 Bonds will be exempt from all State of North Carolina income taxes.

ORIGINAL ISSUE PREMIUM

Each maturity of each Series of the 2020 Bonds is being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, wholesalers or other intermediaries) at which a substantial amount of each maturity of a Series the 2020 Bonds is sold and (b) the principal amount payable at maturity of such 2020 Bonds constitutes original issue premium. In general, an owner of a Bond initially sold at an original issue premium must amortize the bond premium over the remaining term of the Bond based on the owner's yield over the remaining term of the Bond, determined based on constant yield principles (in certain cases involving a Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). An owner of a Bond initially sold at an original issue premium must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period and subtract such bond premium from the owner's basis in the Bond. If the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is nondeductible loss. Under certain circumstances, the owner of a Bond initially sold at an original issue premium may realize a taxable gain upon disposition of the Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost.

Owners of the 2020 Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences in connection with the ownership and disposition of the 2020 Bonds.

OTHER TAX CONSEQUENCES

Ownership or transfer of, or the accrual or receipt of interest on, the 2020 Bonds may result in collateral federal, State of North Carolina, other state or local tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers who may be eligible for the federal earned income tax credit, and taxpayers subject to franchise, estate, inheritance, gift or capital gains taxes. Prospective purchasers of the 2020 Bonds should consult their tax advisors as to any such possible tax consequences. Except to the extent covered in its legal opinion, Bond Counsel expresses no opinion regarding any such collateral tax consequences.

No assurance can be given that future legislation, including amendments to the Code or interpretations thereof, if enacted into law, or certain litigation or judicial decisions, if upheld, will not contain provisions or produce results which could, directly or indirectly, reduce the benefit of the excludability of interest on the 2020 Bonds from gross income for federal income tax purposes.

The Internal Revenue Service (the "*Service*") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2020 Bonds.

Interest paid on tax-exempt obligations, such as the 2020 Bonds, will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest with respect to the 2020 Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest with respect to the 2020 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Service as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner's federal income tax liability provided the required information is furnished to the Service.

LEGALITY FOR INVESTMENT

Section 159-140 of the General Statutes of North Carolina provides that the 2020 Bonds are securities in which all public officers and public bodies of the State of North Carolina and its political subdivisions and agencies and all insurance companies, trust companies, investment companies, banks, savings banks, building and loan associations, savings and loan associations, credit unions, pension or retirement funds, other financial institutions engaged in business in the State of North Carolina, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them, and the 2020 Bonds are securities which may properly and legally be deposited with and received by any State of North Carolina or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds, notes or obligations of the State is now or may hereafter be authorized by law.

RATING

Moody's Investors Service ("*Moody's*") has assigned a rating of "Aa3" with stable outlook to the 2020 Bonds. Further explanation of the significance of such rating may be obtained from Moody's. The Authority has provided to Moody's certain information that has not been included in this Official Statement. The rating is not a recommendation to buy, sell or hold the 2020 Bonds and should be evaluated independently. There is no assurance that such rating will not be withdrawn or revised downward by Moody's. Such action may have an adverse effect on the market price of the 2020 Bonds. Neither the Authority nor the Underwriters have undertaken any responsibility after the issuance of the 2020 Bonds to assure maintenance of the rating or to oppose any such revision or withdrawal.

FINANCIAL ADVISOR

The Authority has retained the services of Frasca & Associates, LLC, as Financial Advisor, in connection with the authorization and delivery of the 2020 Bonds. The Financial Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume the responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement.

UNDERWRITING

Siebert Williams Shank & Co., LLC, as the representative of the Underwriters, has entered into a Bond Purchase Agreement to purchase all of the 2020 Bonds, if any of the 2020 Bonds are to be purchased, at a purchase price equal to (i) the principal amount of the 2020A Bonds, plus a net original issue premium on the 2020A Bonds of $33,614,433.55, less an underwriters' discount for the 2020A Bonds of $430,667.38, plus (ii) the principal amount of the 2020B Bonds, plus a net original issue premium on the 2020B Bonds of $15,703,739.30, less an underwriters' discount for the 2020B Bonds of $181,315.95. The obligation of the Underwriters to pay for the 2020 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement.

The Underwriters may offer and sell the 2020 Bonds to certain dealers (including dealers depositing the 2020 Bonds into investment trusts) and others at prices lower than the initial public offering prices stated on the cover page hereof. The public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the Authority in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Certain of the Underwriters have provided the statements in the remainder of this section for inclusion in this Official Statement and the Authority and the LGC do not take any responsibility for or make any representation as to its accuracy or completeness.

Citigroup, an underwriter of the 2020 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2020 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2020 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2020 Bonds that such firm sells.

Morgan Stanley & Co. LLC, an underwriter of the 2020 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of the arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2020 Bonds.

MISCELLANEOUS

Members of the LGC staff have participated in the preparation of this Official Statement and other documents related to the issuance of the 2020 Bonds, but the LGC and its staff assume no responsibility for the accuracy or completeness of any representation or statement in this Official Statement other than those made in **Appendix E**.

The LGC and the Authority have each duly authorized the use of this Official Statement by the Underwriters.

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APPENDIX A

BOOK-ENTRY-ONLY SYSTEM

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APPENDIX A

BOOK-ENTRY-ONLY SYSTEM

Beneficial ownership interests in the 2020 Bonds will be available only in a book-entry system. The actual purchasers of the 2020 Bonds (the "*Beneficial Owners*") will not receive physical certificates representing their interests in the 2020 Bonds purchased. So long as DTC, or its nominee is the registered owner of the 2020 Bonds, references in this Official Statement to the Owners of the 2020 Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners. The Fourteenth Supplemental Indenture contains provisions applicable to periods when DTC or its nominee is not the registered owner.

THE FOLLOWING DESCRIPTION OF DTC, OF PROCEDURES AND RECORD KEEPING ON BENEFICIAL OWNERSHIP INTERESTS IN THE 2020 BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS WITH RESPECT TO THE 2020 BONDS TO DTC PARTICIPANTS OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2020 BONDS AND OF OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC PARTICIPANTS AND BENEFICIAL OWNERS IS BASED ON INFORMATION FURNISHED BY DTC.

DTC will act as securities depository for the 2020 Bonds. The 2020 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 certificate in the aggregate principal amount of each Series and maturity of the 2020 Bonds will be deposited with DTC.

DTC, the world's largest 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, as amended. 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 certificated securities. 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 (the "*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 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each 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 purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 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 2020 Bonds, except in the event that the use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such name as may be requested by an authorized representative of DTC. The deposit of 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 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. Beneficial Owners of the 2020 Bonds may wish to take steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, defaults and proposed amendments to the Indenture. For example, Beneficial Owners of the 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2020 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to the Authority as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts the 2020 Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Payments of principal and interest with respect to the 2020 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 Trustee, on the 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 Participants and not of DTC (nor its nominee), the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Trustee's responsibility, disbursement of such payments to Direct Participants is DTC's responsibility, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants. THE AUTHORITY CAN GIVE NO ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the 2020 Bonds are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the 2020 Bonds are required to be printed and delivered.

THE AUTHORITY AND THE TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE 2020 BONDS, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE FOURTEENTH SUPPLEMENTAL INDENTURE TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2020 BONDS, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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APPENDIX B

FINANCIAL STATEMENTS OF THE AUTHORITY

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RDU
Michael J. Landguth, A.A.E.
President & CEO

RALEIGH-DURHAM AIRPORT AUTHORITY
1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623
tel: (919) 840-7700 • fax: (919) 840-0175 • www.rdu.com

June 20, 2019

To the Board of the Raleigh-Durham Airport Authority,

This Comprehensive Annual Financial Report of the Raleigh-Durham Airport Authority (the "Authority"), is hereby submitted for the fiscal year ended March 31, 2019 . Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Finance department of the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority.

The Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report is presented in three sections - Introductory, Financial, and Statistical. The Introductory section includes this Letter of Transmittal, a depiction of the Authority Board Members, the Authority's Organization Chart and the Certificate of Achievement for Excellence in Financial Reporting Awarded to the Authority for its prior fiscal year ended March 31, 2018 submission. This Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government finance reports. The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplemental Information, and Supplemental Information. The Statistical Section includes selected financial trends, debt service, key performance indicators ("KPIs"), other operating statistics, and economic demographic information, presented on a multi-year basis.

This Letter should be read in conjunction with the accompanying Management Discussion & Analysis ("MD&A") in order to gather a more complete financial and business picture of the Authority. It is our intent to submit the fiscal year ended March 31, 2019 Comprehensive Annual Financial Report to the Government Finance Officers Association for their review and seek the award for the eleventh consecutive year.

Reporting Entity

The Authority is a special joint agency of the Cities of Raleigh and Durham, North Carolina and the Counties of Wake and Durham, North Carolina created for the development, operation and maintenance of the Raleigh-Durham International Airport (RDU). The Authority was created and exists pursuant to a special act enacted by the General Assembly of North Carolina in 1939, as amended, and by action taken by the sponsoring governmental units pursuant to that act. The Authority is governed by an eight-member board appointed by the sponsoring governmental units.

The Authority has many of the same powers of any North Carolina local government unit with some notable exceptions. It has no power to impose any taxes. In order to finance Airport development, operation and maintenance it charges fees to those who use or operate businesses at the Airport. Annually the Authority receives $12,500 from each of the four governmental units that appoint its members. This total of $50,000 is less than one-tenth of one percent of the Authority's annual operating revenue.

RALEIGH-DURHAM AIRPORT AUTHORITY
1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623
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President & CEO
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Economy, Region & Air Service

RDU broke its all-time passenger volume record for the third year in a row in 2018 with more than 13.1 million passengers traveling through the airport - about 36,000 per day.

The core of RDU's service area is the Research Triangle Region, known locally as "The Triangle." This is an area surrounding multiple major universities in Raleigh, Durham and Chapel Hill and is the home of the Research Triangle Park, a major research and technological economic development area. This 7,000 acre research park employs about 50,000 people. The primary Triangle region consists of Durham, Orange and Wake counties.

Located in Morrisville, N.C., RDU is the easternmost large airport in North Carolina and draws significant users from eastern and central North Carolina, in addition to travelers from the Research Triangle area.

The wider Research Triangle Region consists of a 13-county economic powerhouse that provides the primary economic base for air transportation at the airport. Beyond this region, RDU serves as the main airport for residents from the coast westward to about U.S. 220 and from southern Virginia southward to the South Carolina state line. RDU is the primary international hub for nearly half the State of North Carolina.

RDU serves as one of this region's most influential economic engines. The North Carolina Department of Transportation finds that the airport contributes a $12.6 billion economic impact annually, supporting more than 86,000 regional jobs and $450 million in state and local taxes. More than 5,000 people come to work at the airport each day.

Classified by the Federal Aviation Administration (FAA) as a medium hub, RDU's diversification in air service has grown, with 10 airlines serving 65 nonstop destinations. Delta leads all airlines in enplanement market share at RDU at 31 percent; American captures 24 percent of the RDU market; Southwest and United comprise 19 percent and 13 percent, respectively. Frontier is the fastest growing carrier with 30 nonstop destinations, eight of which were introduced in spring 2019.

More than 400 daily flights connect central North Carolina to the world, including London, Paris, Toronto and other major international cities. While Delta continues to expand service to our "focus city," RDU has observed significant growth among low-cost and ultra-low cost leisure air carriers, including Spirit, which announced debut service starting in May 2019. Thanks to this increased diversification, RDU continues to offer one of North Carolina's lowest average fares.

RDU added a flurry of new air service during the fiscal year. Frontier has added nonstop flights to San Diego, Syracuse, Portland (Maine), Harrisburg, Palm Beach, Punta Cana, Montego Bay, Fort Myers, Albany, Hartford, Islip, Boston, Tampa, Philadelphia, Jacksonville and Columbus.

Spirit's new nonstop service will reach Baltimore/Washington, Boston, Chicago, Detroit, Orlando, Fort Lauderdale and New Orleans.

Economy, Region & Air Service (continued)

Delta added nonstop service to Chicago-O'Hare, New Orleans and Pittsburgh. Air Canada will begin international service to Montreal in June 2019.

More than 107,000 tons of cargo came through RDU, roughly a 7 percent increase over last fiscal year. Similarly, general and corporate aviation at the airport continue to grow. TAC Air and Signature Flight Support operate facilities at the airport, and corporate hangar space will expand further as Western LLC announced plans to develop a corporate aviation campus of up to 21 new hangars on 48 acres.

FY 2018-19 Major Events and Initiatives

The Authority identified a number of critical infrastructure projects to meet the region's growing aviation demands, accomplishing completion or progress on capital improvement work around the entire campus. The FAA approved RDU's Airport Layout Plan and Vision 2040 - a 25-year master plan calling for improvements to runways, terminals, ground transportation and general aviation - in 2017. During the fiscal year, the Authority completed rehabilitation work on two key assets, Runway 14/32 and Taxiway A.

The Authority will next look toward transforming common-use systems, the security checkpoint and customs and border protection facilities in Terminal 2. It plans to activate four dormant gates in Terminal 1, and later will add four new additional gates. Parking improvements, WiFi upgrades and a refreshed concessions program are also on the way. RDU already has kicked off work on the crown jewel of Vision 2040 - the rehabilitation and eventual replacement of current primary runway 5L/23R, which is nearing the end of its useful life.

Finally, we received from the State of North Carolina $53.6 million for fiscal year 2018-2019 to help accelerate the completion of critical airport infrastructure projects at RDU.

Financial Information

The Board of Directors and management are responsible for establishing and maintaining internal controls designed to ensure that the assets of the Authority are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with Generally Accepted Accounting Principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and local financial assistance, the Board and management are also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by management and the internal audit staff.

RALEIGH-DURHAM AIRPORT AUTHORITY
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Michael J. Landguth, A.A.E.
President & CEO

Financial Information (continued)

The Authority maintains extensive budgetary controls to ensure that expenditures are made in compliance with the approved budget ordinances. There were no significant changes to the Authority's financial policies that had an impact on the financial statements during the last year.

Independent Audit

Elliott Davis, PLLC has performed the annual audit as of and for the fiscal period ended March 31, 2019, and rendered an unmodified opinion as to the Authority's financial statements. The audit was conducted in a manner consistent with the requirements of the Single Audit Act, Subpart F of the U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the U.S. Office of Management and Budgets (OMB) Compliance Supplement. The report and opinion are contained herein, and found that the Authority's financial statements presented fairly, in all material respects, the financial position of the Authority as of March 31, 2019 and 2018.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended March 31, 2018. This was the tenth consecutive year of award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized CAFR. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The completion of this report would not have been possible without the dedication and efforts of all the team members of the Finance and Accounting Department. We also express our appreciation to the Authority's Board of Directors for their continued support of our mission and strategic vision.

Respectfully submitted,

Michael J. Landguth, AAE President and CEO Raleigh-Durham Airport Authority	Donna Sylver, MBA, CPA, CGMA Senior Vice President and CFO Raleigh-Durham Airport Authority

Overview

The Management's Discussion and Analysis ("MD&A") provides an overview of the Raleigh-Durham Airport Authority's (the "Authority") activities during the fiscal years ended March 31, 2019 and March 31, 2018. The Authority's basic financial statements consist of three components; 1) Management's Discussion and Analysis, 2) Financial Statements, and 3) Notes to the Financial Statements. In addition to the Management's Discussion and Analysis, management has prepared the accompanying Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows.

The MD&A is intended to aid the reader in interpreting the Authority's relative financial position as of the above referenced date. Condensed key financial and non-financial information will be highlighted for the reader.

Required Financial Statements

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statements of Net Position include all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). They also provide the basis for computing rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements can be used to measure the success of the Authority's operations over the past year, its financial position, and can be used to determine the Authority's overall profitability, financial strength and credit worthiness. The final required financial statement is the Statements of Cash Flows. The primary purpose of these statements is to provide information about the Authority's cash receipts and cash payments during the reporting period. These statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Notes to Basic Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 17 to 42 of this report.

Background

The Raleigh-Durham International Airport (the "Airport") is located in Wake County, between the Cities of Raleigh and Durham, approximately 10 miles from the downtown areas of each of Raleigh and Durham. Interstate 40, a major thoroughfare, is located immediately to the southwest of the Airport and US Highway 70, another major thoroughfare, is located immediately to the northeast of the Airport. William B. Umstead State Park is located to the immediate east of the Airport. The Airport consists of approximately 5,100 acres, approximately 2,075 of which are developed. The Airport has two active terminals: 1 and 2. The $573 million Terminal 2, a state-of-the-art, common-use facility consists of approximately 920,000 square feet of floor space, including 36 passenger gates. The North Concourse of Terminal 2 opened October 26, 2008, while the final phase, or the South Concourse of Terminal 2, opened January 23, 2011. In addition, in April 2014 the Authority completed a $68 million renovation of Terminal 1. This terminal is home to Southwest Airlines and operates with 9 gates.

Background (continued)

The Airport has two primary runways and one secondary runway. In the fiscal years ended March 31, 2019 and 2018, 13.1 million and 11.9 million annual passengers, respectively, used the Airport.

Financial Highlights and Analysis

Net Position

For the fiscal year ending March 31, 2019, current assets increased $66.8 million or 27.6% from the prior fiscal year due primarily to increased purchases of short-term investments in the amount of $80.5 million compared to the fiscal year ending March 31, 2018. For the fiscal year ending March 31, 2018, current assets increased 24.1% or $47.0 million from the prior fiscal year due primarily to increased purchases of short-term investments in the amount of $45.4 million compared to the fiscal year ending March 31, 2017.

For the fiscal year ending March 31, 2019, restricted assets increased $36.8 million or 40.9% as compared to the fiscal year ending March 31, 2018, primarily due to an increase in the Customer Facility Charge cash of $14.6 million or 89.8%, an increase in State Grant Funds of $14.6 million or 100.0% and a $4.2 million or 17.3% increase in Passenger Facility Charge cash. For the fiscal year ending March 31, 2018, restricted assets increased $15.9 million or 21.5% as compared to the fiscal year ending March 31, 2017, primarily due to an increase in the Customer Facility Charge cash of $14.2 million or 100.0% and a $1.9 million or 8.5% increase in Passenger Facility Charge cash. The Customer Facility Charge commenced on January 1, 2017.

For the fiscal year ending March 31, 2019, net airport and facilities increased $17.4 million or 2.1% as compared to the fiscal year ending March 31, 2018, primarily related to an increase in non-depreciable airport and facilities of $33.5 million or 40.6%, offset by a decrease in depreciable net airport and facilities of $16.1 million or 2.2%. For the fiscal year ending March 31, 2018, net airport and facilities decreased $23.1 million or 2.8% as compared to the fiscal year ending March 31, 2017, primarily related to a decrease in depreciable net airport and facilities of $47.4 million or 6.1% offset by an increase in non-depreciable airport and facilities of $24.4 million or 41.8%.

The combined effect of the above items was to increase total assets $121.0 million or 10.6% for the fiscal year ending March 31, 2019, $39.9 million or 3.6% for the fiscal year ending March 31, 2018, and $2.2 million or 0.2% for the fiscal year ending March 2017.

For the fiscal year ending March 31, 2019, deferred outflows of resources increased by $2.7 million or 70.9% due to a increase in the Authority's proportionate share of the Local Government Employees' Retirement System's net pension liability as compared to the fiscal year ending March 31, 2018. For the fiscal year ending March 31, 2018, deferred outflows of resources decreased by $2.0 million or 34.2% due to a decrease in the Authority's proportionate share of the Local Government Employees' Retirement System's net pension liability as compared to the fiscal year ending March 31, 2017.

For the fiscal year ending March 31, 2019, current liabilities increased by $17.5 million or 37.9% due to an increase in deferred revenue of $14.6 million or 100.0%, an increase in accounts payable and accrued liabilities of $3.0 million or 79.6%, offset by a decrease in current maturities of long-term debt of $0.1 million or 0.3% as compared to the fiscal year ending March 31, 2018. For the fiscal year ending March 31, 2018, current liabilities increased by $8.8 million or 23.5% due to an increase in current maturities of long-term debt of $5.1 million or 29.0% and an increase in accrued bond interest payable of $1.9 million or 24.0% as compared to the fiscal year ending March 31, 2017.

Net Position (continued)

For the fiscal year ending March 31, 2019, total non-current liabilities decreased by $20.1 million or 3.4% from the prior fiscal year, primarily due to a decrease in long-term debt of $22.7 million or 4.3% and a decrease in debt issue premiums of $2.8 million or 6.6%, both the result of principal payments. For the fiscal year ending March 31, 2018, total non-current liabilities decreased by $27.0 million or 4.4% from the prior fiscal year, primarily due to a decrease in long term debt of $22.8 million or 4.1% and a decrease in debt issue premiums of $2.7 million or 6.1%, both the result of principal payments.

For the fiscal year ending March 31, 2019, total deferred inflows of resources increased $0.1 million or 63.7% due to a increase in deferred pensions of $0.1 million or 63.7% as compared to the fiscal year ending March 31, 2018. For the fiscal year ending March 31, 2018, total deferred inflows of resources decreased $0.1 million or 48.0% due to a decrease in deferred pensions of $0.1 million or 42.0% as compared to the fiscal year ending March 31, 2017.

The combined effect of these items was an increase in net position during the fiscal year ending March 31, 2019 of $126.3 million or 24.5%. For the fiscal year ending March 31, 2018, net position increased $56.2 million or 12.2%. For the fiscal year ending March 31, 2017, net position increased by $26.4 million or 6.1%. Net position at March 31, 2019, March 31, 2018, and March 31, 2017 are presented in the following table:

Condensed Statements of Net Position

	March 31, 2019	March 31, 2018	March 31, 2017
Current assets	$ 308,824,235	$ 242,006,672	$ 194,962,826
Airport and facilities, net	827,624,444	810,223,985	833,312,368
Other non-current assets	126,851,356	90,027,064	74,090,883
Total assets	1,263,300,035	1,142,257,721	1,102,366,077
Total deferred outflows of resources	6,551,822	3,833,259	5,822,651
Current liabilities	63,715,091	46,192,350	37,389,932
Non-current liabilities	564,011,494	584,116,269	611,126,027
Total liabilities	627,726,585	630,308,619	648,515,959
Total deferred inflows of resources	220,660	134,756	258,990
Net investment in capital assets	343,876,701	302,248,539	306,735,414
Restricted net position	79,324,099	43,967,510	28,992,837
Unrestricted net position	218,703,812	169,431,556	123,685,528
Net position	$ 641,904,612	$ 515,647,605	$ 459,413,779

Revenues, Expenses, and Change in Net Position

For the fiscal year ended March 31, 2019, the Authority experienced a $14.2 million increase, or 9.4% in operating revenues, due primarily to an increase of $5.6 million, or 10.1% in parking revenue, an increase of $3.3 million, or 6.4% in terminals revenue and an increase in airfield revenue of $2.2 million, or 13.2%, compared to the prior fiscal year. This overall increase in operating revenues was realized in part due to an increase in enplaned passengers of 0.6 million. In addition, the Authority's airline derived revenue remained diversified with no single carrier accounting for more than approximately 11% of operating revenues for the fiscal year ended March 31, 2019.

For the fiscal year ended March 31, 2018, the Authority experienced a $17.8 million increase, or 13.3% in operating revenues, due primarily to an increase of $13.8 million, or 36.5% in terminals revenue and an increase in airfield revenue of $1.6 million or 10.3%, compared to the prior fiscal year. This overall increase in operating revenues was realized in part due to an increase in enplaned passengers of 0.3 million as well as terminal rental rate increases relative to the prior fiscal year. In addition, the Authority's airline derived revenue remained diversified with no single carrier accounting for more than approximately 12% of operating revenues for the fiscal year ended March 31, 2018.

Operating expenses (excluding depreciation) increased $1.0 million, or 1.4% for the fiscal year ending March 31, 2019, compared to the prior fiscal year. This increase was primarily due to a $0.8 million, or 64.0% increase in fueling systems expense, $0.6 million, or 17.1% increase in ground transportation and $0.8 million, or 12.5% increase in airport maintenance, offset by a $2.0 million decrease in airport facilities. Depreciation expense decreased $0.3 million or 0.6% during the fiscal year ending March 31, 2019. Thus, total operating expenses (including depreciation) increased $0.7 million, or 0.6%.

The combined effect of the above items was an increase in operating income of $13.5 million with a fiscal year ending March 31, 2019 income of $44.6 million.

Operating expenses (excluding depreciation) increased $7.0 million, or 10.8% for the fiscal year ending March 31, 2018, compared to the prior fiscal year. This increase was primarily due to a $4.4 million increase in professional services relating to repairing our parking lot facilities, and additional increases were incurred as a result of new hires made throughout the fiscal year. Depreciation expense decreased $1.5 million or 3.1% during the fiscal year ending March 31, 2018. Thus, total operating expenses (including depreciation), increased $5.5 million, or 4.8%. The combined effect of the above items was an increase in operating income of $12.3 million with a current fiscal year operating income of $31.1 million.

The combined effect of the above items was an increase in operating income of $12.3 million with a fiscal year ending March 31, 2018 operating income of $31.1 million.

For the period ending March 31, 2019, total non-operating revenues (expenses) increased $9.5 million, or 47.0% due to increases in Investment Interest income of $4.2 million, or 140.4%, CFC revenue of $1.5 million, or 10.0% and PFC revenue of $2.8 million, or 11.9% compared to the period ending March 31, 2018.

For the period ending March 31, 2018, total non-operating revenues (expenses) increased $15.4 million, or 315.9% due to increases in CFC revenue of $11.9 million or 378.7% and PFC revenue of $1.1 million compared to the period ending March 31, 2017.

Revenues, Expenses, and Change in Net Position (continued)

For the fiscal year ending March 31, 2019, capital contributions increased $48.9 million or 987.6% compared to the prior fiscal year. This change is primarily related to an increase in Federal and State Funds received for our master plan expenditures.

For the fiscal year ending March 31, 2018, capital contributions increased $2.2 million or 78.3% compared to the prior fiscal year. This change is primarily related to an increase in Federal and State Funds received for our master plan expenditures.

Net position may serve over time as one useful indicator of the Authority's financial condition. The Authority's net position for the fiscal year ending March 31, 2019, increased $126.3 million, or 24.5% as compared to the previous fiscal year. Net position for the fiscal year ending March 31, 2018, increased $56.2 million, or 12.2% as compared to the previous fiscal year. A condensed representation of revenues, expenses and change in net position for the fiscal years ending March 31, 2019, 2018, and 2017 are presented in the following table:

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Revenues, Expenses, and Change in Net Position (continued)

Condensed Statement of Revenues, Expenses, and Change in Net Position

	March 31, 2019	March 31, 2018	March 31, 2017
Operating revenues			
Parking	$ 60,543,954	$ 54,975,271	$ 55,843,209
Terminals	55,102,240	51,770,857	37,929,957
Rental car	17,446,412	16,142,255	16,742,662
Other	32,778,630	28,760,182	23,298,462
Total operating revenues	165,871,236	151,648,565	133,814,290
Operating expenses	73,374,858	72,330,314	65,281,110
Depreciation	47,889,122	48,199,789	49,734,592
Total operating expenses	121,263,980	120,530,103	115,015,702
Operating income (loss)	44,607,256	31,118,462	18,798,588
Non-operating revenues (expenses)			
Investment interest income	6,096,998	3,654,643	2,970,505
Passenger facility charges	26,653,392	23,815,980	22,679,826
Customer facility charges	16,578,862	15,065,790	3,147,074
Bond interest expense, net	(21,404,408)	(21,890,713)	(22,575,341)
Other non-operating revenue (expense)	1,868,320	(374,504)	(1,347,666)
Total non-operating revenues (expenses)	29,793,164	20,271,196	4,874,398
Capital contributions	53,820,449	4,948,413	2,775,237
Increase (decrease) in net position	128,220,869	56,338,071	26,448,223
Net position, beginning restated	(1,963,862)	(104,245)	—
Net position, beginning of year	515,647,605	459,413,779	432,965,556
Net position, end of year	$ 641,904,612	$ 515,647,605	$ 459,413,779

Cash Flows

With regard to the statement of cash flows for fiscal year ending March 31, 2019, cash provided by operating activities of $100.1 million increased $23.2 million or 30.14% from the prior fiscal year. For fiscal year ending March 31, 2018, cash provided by operating activities of $76.9 million increased $8.0 million or 11.7% from the prior fiscal year.

For the fiscal year ending March 31, 2019, cash used in investing activities of $87.3 million represented an increase of $29.9 million or 52.0% relative to the prior fiscal year. This increase in cash used in investing activities was primarily due to increased purchases of short-term investments. For the fiscal year ending March 31, 2018, cash used in investing activities of $42.5 million represented a decrease of $2.7 million or 6.0% relative to the prior fiscal year. This decrease in cash used in investing activities was primarily due to decreased purchases of short-term investments.

For the fiscal year ending March 31, 2019, cash used in capital and related financing activities of $2.8 million represented a decrease of $20.4 million or 88.0% from the prior fiscal year. The primary contributor to this was a $5.1 million decrease in payments of long-term debt as a result of the 2017 bond refunding that occurred March 14, 2017. For the fiscal year ending March 31, 2018, cash used in capital and related financing activities of $23.2 million represented a decrease of $24.7 million or 51.5% from the prior fiscal year. The primary contributor to this was a $21.4 million decrease in payments of long-term debt as a result of the 2017 bond refunding that occurred March 14, 2017.

For the fiscal year ending March 31, 2019, positive operating cash activities of $100.1 million, offset by cash used in capital and related financing activities of $2.8 million and cash used in investment activities of $87.3 million produced an overall increase in cash and cash equivalents of $10.0 million. For the fiscal year ending March 31, 2018, positive operating cash activities of $76.9 million, offset by cash used in capital and related financing activities of $23.2 million and cash used in investment activities of $42.5 million produced an overall increase in cash and cash equivalents of $11.2 million.

The following is a summary of the change in cash and cash equivalents for the fiscal years ended March 31, 2019, March 31, 2018, and March 31, 2017:

Condensed Statement of Cash Flows

	March 31, 2019	March 31, 2018	March 31, 2017
Net cash provided by (used in):			
Operating activities	$ 100,078,782	$ 76,899,992	$ 68,853,660
Investing activities	(87,310,444)	(57,453,628)	(45,153,072)
Capital and related financing activities	(2,794,014)	(23,226,104)	(47,900,822)
Net increase (decrease)	9,974,324	(3,779,740)	(24,200,234)
Cash and cash equivalents at beginning of year	90,558,199	94,337,939	118,538,172
Cash and cash equivalents at end of year	$ 100,532,523	$ 90,558,199	$ 94,337,938

The Authority continues to maintain its cash reserve policy to set aside and reserve an operating cash reserve of about one times the current fiscal year's annual operating budgeted expenses (excluding depreciation). Authority policy requires that this reserve not be expended, encumbered, or budgeted for any purpose in executing Authority

Cash Flows (continued)

fiscal policy without Board approval and notification of bond rating agencies that maintain bond ratings for the Authority.

Capital Assets

As of March 31, 2019, the Authority had $827.6 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents increases in construction in progress of $65.2 million offset by a net increase in depreciation of $47.9 million over the prior fiscal year. As of March 31, 2018, the Authority had $810.2 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents a net decrease primarily attributable to depreciation of $48.2 million, offset by increases in construction in progress of $25.3 million and additions to assets of $0.9 million over the prior fiscal year.

This year's major asset additions were airfield improvements. More detailed information about the Airport's capital assets is presented in Note 4 to the financial statements.

Economic Outlook and Capital Development

The economic outlook for North Carolina's Research Triangle region continues to be strong. A diverse industry base, top-tier research universities, and a talented and highly-educated workforce are major factors in the area's continued growth. The region experienced 70% population growth from 2000 - 2018, is projected to grow by an additional 61% by 2046, and has an unemployment rate of 3%. With its high-quality lifestyle and comparatively low cost of living, 76 new people move to the Research Triangle area every day. On November 20, 2017, the Federal Aviation Administration approved the Airport Layout Plan. This puts Vision 2040, the Authority's 25-year master plan into motion. Vision 2040 is the flight plan for the Authority to ensure RDU has essential infrastructure in place to keep pace with the region's continued growth.

For the fiscal year ended March 31, 2019, the Authority's enplaned passengers increased year-over-year to 6.5 million, which represented a 10.1% increase, compared to the prior fiscal year.

For the fiscal year ended March 31, 2018, the Authority's enplaned passengers increased year-over-year to 5.9 million, which represented a 5.9% increase, compared to the prior fiscal year.

Long-Term Debt Activity

For the fiscal year ending March 31, 2019, the Authority's outstanding debt totaled $531.3 million that was comprised of 89.0% fixed rate revenue bonds and 11.0% variable rate revenue bonds. The weighted average interest cost of this debt portfolio was 3.4% at March 31, 2019.

For the fiscal year ending March 31, 2018, the Authority's outstanding debt totaled $554.0 million that was comprised of 89.1% fixed rate revenue bonds and 10.9% variable rate revenue bonds. The weighted average interest cost of this debt portfolio was 3.4% at March 31, 2018.

For more information on long-term debt activity please refer to Note 5 to the financial statements.

Budget Information for the Fiscal Year Ending March 31, 2020

The Authority, as it typically does, has elected to budget conservatively, especially with respect to revenues. For comparison purposes, the fiscal year ending March 31, 2020 budgeted operating revenues of $166.0 million is $0.2 million, or 0.1% greater than actual fiscal year ended March 31, 2019 operating revenues of $165.9 million.

For the fiscal year ending March 31, 2020 relative to the prior fiscal year budget, total budgeted operating revenues increased $13.0 million, or 8.5%. Significant drivers of this revenue increase include increased parking revenue of $4.8 million, increased terminal related revenue of $5.4 million, increased rental car revenue of 2.1 million, increased ground transportation revenue of $1.1 million, and decreased landing fee revenue of $0.9 million. For the fiscal year ended March 31, 2019 relative to the prior fiscal year budget, total budgeted operating revenues increased $9.0 million, or 6.3%. Significant drivers of this revenue increase included increased parking revenue of $1.4 million, increased terminal related revenue of $4.2 million, increased ground transportation revenue of $1.6 million, and increased landing fee revenue of $1.6 million.

For the fiscal year ending March 31, 2020 relative to the prior fiscal year budget, total operating expenses are budgeted to increase $7.9 million, or 6.2%. The increase is predominantly driven by increased salaries, benefits, and related of $3.7 million and increased contractual labor of $3.3 million. For the fiscal year ended March 31, 2019 relative to the prior fiscal year budget, total operating expenses were budgeted to decrease $3.8 million, or 2.9%. The decrease was predominantly driven by the completion of our parking garage rehabilitation project.

For the fiscal year ending March 31, 2020 relative to the prior fiscal year budget, non-operating revenues (expenses) decreased $2.1 million, or 4.0% due to decreased federal and state grant contributions of $13.3 million , offset by increased investment interest income of $4.8 million, increased PFC revenue of $3.1 million and increased CFC revenue of $2.2 million. For the fiscal year ended March 31, 2019 relative to the prior fiscal year budget, non-operating revenues (expenses) increased $46.2 million, or 652.7% due to increased federal and state grant contributions of $27.6 million, increased CFC revenue of $14.4 million, increased PFC revenue of $2.0 million, and decreased debt service interest expense of $1.2 million.

The combined net effect of these items for the fiscal year ending March 31, 2020 will increase budgeted net position by $83.4 million. The combined net effect of these items for the fiscal year ended March 31, 2019 increased budgeted net position by $59.1 million, driven by increased operating and non-operating revenue and decreased debt service expense.

Requests for Information

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, Raleigh-Durham Airport Authority, P.O. Box 80001, RDU Airport, North Carolina 27623.

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
March 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,243,769	$ 19,122,442
Short-term investments	286,222,305	205,713,205
Accounts receivable, net	6,684,710	8,950,740
Grants receivable	3,836,577	4,318,259
Other current assets	4,836,874	3,902,026
Total current assets	308,824,235	242,006,672
Non-current assets		
Restricted assets		
DEA/ICE forfeitures cash	226,159	115,634
Passenger facility charge cash	28,197,259	24,038,466
Passenger/customer facility charge receivable	5,558,732	3,599,107
Customer facility charge cash & investments	30,781,832	16,214,303
State grant funds	14,560,117	—
Parity reserve fund investment	47,527,257	46,059,554
Total restricted assets	126,851,356	90,027,064
Airport and facilities		
Airport and facilities, non-depreciable	116,139,835	82,594,197
Airport and facilities, depreciable net	711,484,609	727,629,788
Airport and facilities, net	827,624,444	810,223,985
Total non-current assets	954,475,800	900,251,049
TOTAL ASSETS	1,263,300,035	1,142,257,721
DEFFERRED OUTFLOWS OF RESOURCES		
Deferred outflows	6,551,822	3,833,259
TOTAL DEFFERRED OUTFLOWS OF RESOURCES	6,551,822	3,833,259

The accompanying notes are an integral part of these basic financial statements.

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
March 31, 2019 and 2018

	2019	2018
LIABILITIES		
Current liabilities		
Accounts payable	10,597,403	6,140,143
Other accrued liabilities	3,114,380	5,195,620
Deferred revenue	14,560,117	—
Accrued employee compensation	3,219,655	2,125,967
Accrued bond interest payable	9,538,536	9,970,620
Current maturities of long-term debt	22,685,000	22,760,000
Total current liabilities	63,715,091	46,192,350
Non-current liabilities		
Long-term debt		
General airport revenue bonds	548,238,154	573,723,255
	548,238,154	573,723,255
Other non-current liabilities		
OPEB retiree health care liability	6,797,224	4,655,238
Separation allowance liability	1,081,668	977,080
Net pension liability	7,894,448	4,760,696
	15,773,340	10,393,014
Total non-current liabilities	564,011,494	584,116,269
TOTAL LIABILITIES	627,726,585	630,308,619
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows	220,660	134,756
TOTAL DEFERRED INFLOWS OF RESOURCES	220,660	134,756
NET POSITION		
Net investment in capital assets	343,876,701	302,248,539
Restricted for:		
DEA/ICE forfeitures	226,159	115,634
State grant funds	14,560,117	—
Passenger facility charges	32,288,882	27,635,490
Customer facility charges	32,248,941	16,216,386
Unrestricted net position	218,703,812	169,431,556
TOTAL NET POSITION	$ 641,904,612	$ 515,647,605

The accompanying notes are an integral part of these basic financial statements.

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended March 31, 2019 and 2018

	2019	2018
Operating revenues		
Parking	$ 60,543,954	$ 54,975,271
Airfield	18,808,634	16,614,473
General aviation	1,654,755	1,857,961
Terminals	55,102,240	51,770,857
Air cargo	2,854,505	2,574,929
Fueling systems	2,332,414	2,001,561
Rental car	17,446,412	16,142,255
Other	7,128,322	5,711,258
Total operating revenues	165,871,236	151,648,565
Operating expenses		
Airport facilities	25,231,535	27,218,332
Administrative	18,893,982	19,119,100
Fueling systems	2,050,425	1,250,501
Law enforcement	5,249,412	4,957,943
Airport maintenance	7,072,745	6,289,429
Parking	4,970,567	4,530,170
Airport fire - rescue	2,083,912	1,943,232
Guest services	934,799	919,533
Communications	1,062,384	926,861
Operations	1,929,564	1,849,640
Ground transportation	3,895,533	3,325,573
Subtotal	73,374,858	72,330,314
Depreciation	47,889,122	48,199,789
Total operating expenses	121,263,980	120,530,103
Operating income	44,607,256	31,118,462
Non-operating revenues (expenses)		
Investment interest income	6,096,998	3,654,643
Passenger facility charges	26,653,392	23,815,980
Customer facility charges	16,578,862	15,065,790
Net (decrease) increase in fair value of investments	1,132,940	(646,907)
Bond interest expense, net	(21,404,408)	(21,890,713)
Other, net	735,380	272,403
Total non-operating revenues (expenses)	29,793,164	20,271,196
Income (loss) before capital contributions	74,400,420	51,389,658
Capital contributions	53,820,449	4,948,413
Increase in net position	128,220,869	56,338,071
Net position, beginning, previously reported	515,647,605	459,413,779
Restatement	(1,963,862)	(104,245)
Net position, beginning restated	513,683,743	459,309,534
Net position, end of year	$ 641,904,612	$ 515,647,605

The accompanying notes are an integral part of these basic financial statements.

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Cash received from operations	$ 168,559,083	$ 146,508,685
Other, net	674,411	268,016
Cash paid to employees	(30,221,348)	(28,989,786)
Cash paid to suppliers	(38,933,364)	(40,886,923)
Net cash provided by operating activities	100,078,782	76,899,992
Investing activities		
Purchases of short-term investments	(286,876,160)	(67,000,000)
Proceeds from calls or maturities of short-term investments	194,500,000	6,000,000
Interest on cash deposits	5,065,716	3,546,372
Net cash used in by investing activities	(87,310,444)	(57,453,628)
Capital and related financing activities		
Payments of long-term debt	(22,760,000)	(17,640,000)
Other capital and financing costs		
Additions to airport and facilities, net	(65,719,333)	(25,217,559)
Bond interest paid on long-term debt	(24,734,534)	(22,739,459)
Passenger facility charges collected	26,158,793	23,599,752
Customer facility charges collected	15,239,902	16,404,185
Contributed capital	69,021,158	2,366,977
Net cash used in capital and related financing activities	(2,794,014)	(23,226,104)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,974,324	(3,779,740)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	90,558,199	94,337,939
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 100,532,523	$ 90,558,199

(Continued on page #16)

The accompanying notes are an integral part of these basic financial statements.

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2019 and 2018

	2019	2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 44,607,257	$ 31,118,462
Other, net	674,413	268,016
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	47,889,122	48,199,789
Changes in operating assets and liabilities		
Accounts receivable	2,687,846	(5,139,881)
Inventories	94,395	(211,749)
Other current assets	(557,514)	558,632
OPEB retiree health care liability	2,141,986	142,087
Net pension liability	1,169,889	(1,971,182)
Separation allowance liability	104,588	211,929
Deferred Outflows	(2,718,563)	1,989,392
Deferred Inflows	85,904	(97,480)
Accounts payable and other accrued liabilities	2,805,771	1,683,064
Accrued employee compensation	1,093,688	175,666
Unearned Rent	—	(26,754)
Net cash provided by operating activities	$ 100,078,782	$ 76,899,991

	2019	2018
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Current assets		
Cash and cash equivalents	$ 7,243,769	$ 19,122,442
Restricted cash and cash equivalents:		
DEA/ICE forfeitures cash	226,159	115,634
State grant funds	14,560,117	—
Passenger facility charge cash	28,197,259	24,038,466
Customer facility charge cash	2,777,962	1,222,103
Parity reserve fund investment	47,527,257	46,059,554
	$ 100,532,523	$ 90,558,199

	2019	2018
Supplemental Cash Flow Information		
Non-cash investing, capital and financing activities		
Capitalized interest	$ —	$ 947,300

The accompanying notes are an integral part of these basic financial statements.

Note 1 - The Authority

In 1939, the General Assembly of the State of North Carolina enacted legislation authorizing the governing bodies of the City of Durham, the City of Raleigh, the County of Durham, and the County of Wake jointly to acquire, establish, and operate airports. It was provided that the governing bodies would appoint a joint board to carry out the provisions of the act, and the Raleigh-Durham Airport Authority (the "Authority") is the board so appointed. Legal title to all properties is vested jointly in the governing bodies. Each of the four governing bodies makes an annual appropriation of $12,500, which is accounted for as nonexchange transactions in accordance with Statement No. 33 of the Government Accounting Standards Board ("GASB").

Note 2 - Summary of Significant Accounting Policies and New Pronouncements

Basis of presentation, basis of accounting - The accounts of the Raleigh-Durham Airport Authority are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

The Authority accounts for its operations in one fund type, the enterprise fund. An enterprise fund is used to account for operations that are (a) financed and operated in a manner similar to that of private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. Net position is the result of deducting all the liabilities and deferred inflows of resources from all the assets and deferred outflows of resources. Total net position is segregated into three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Operating statements present increases and decreases in total net position. As required for periods beginning after June 15, 2000 by Statement 33 of GASB, Accounting and Financial Reporting for Nonexchange Transactions, the Authority recognizes capital contributions as revenue, rather than as contributed capital. Nonexchange transactions for the Authority include federal and state grants and contributions by the Authority's four governing bodies. The enterprise fund of the Authority is presented in the financial statements on the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned, and expenses are recognized in the period when incurred.

Budgetary control - The Authority adopts an annual budget ordinance as required by the Local Government Budget and Fiscal Control Act of the North Carolina General Statutes. The Operating Budget ordinance is prepared on the modified accrual basis of accounting as required by North Carolina law. This budget is adopted and amended at the total expense level with management control maintained on a departmental and complex basis. Operating expenses may not legally exceed the total expense level and operating budget appropriations lapse at year-end. Project ordinances are also adopted annually but do not lapse at year-end and may extend multiple years. Both operating and project ordinances are adopted by the Authority at its March meeting and are entered in the minutes within five days after adoption.

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

Cash and cash equivalents - The Authority considers highly liquid investments, including restricted assets, with a maturity of 90 days or less to be cash equivalents.

Investments - The Authority records its investments in marketable securities at their quoted estimated fair value except for money market investments and U.S. Treasury and Agency obligations having a remaining maturity at purchase of one year or less, which are recorded at amortized cost.

Grants receivable - Grants receivable from governmental agencies for capital construction projects are recorded in the period actual costs are incurred. The actual amount of payment on these grants is subject to final audit by the applicable agency.

Allowance for doubtful accounts - All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that are written off in prior years.

Inventory - Inventory is included in other current assets and consists of parts related to fleet vehicles, building maintenance, the terminal baggage claim systems and passenger boarding bridges as well as fuel for fleet vehicles and equipment. Materials and supplies inventories are valued at cost. Fuel inventories are accounted for at the lower of cost or market.

Airport and facilities - The airport and facilities are recorded at cost. A provision for depreciation has been made to amortize the cost of the assets over their estimated useful lives by the straight-line method.

A portion of internal engineering costs are capitalized in connection with related capital projects.

All capital projects are budgeted under project ordinances, which span more than one year. These appropriations continue until the related project is complete.

Airport and facilities are defined by the Authority as assets with an initial individual cost of more than $5,000 and an economic useful life of 3 years or more.

Depreciation of airport and facilities is computed under the straight-line method at various rates considered adequate to allocate the cost over the estimated useful lives of such assets.

The estimated lives by general classifications are as follows:

	Years
Landing field and grounds	5 - 20
Terminal buildings	5 - 45
Other buildings	5 - 30
Utilities	5 - 20
Equipment	3 - 20

Deferred outflows/inflows of resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflow of Resources, represents a consumption of net position that applies to a future period and so will not be

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

recognized as an expense until then. The Authority has two items that meet this criterion: contributions that were made to the pension plan subsequent to the measurement date and pension deferrals resulting from changes in proportion and the proportionate share of contributions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has one item that meet the criterion for this category : pension deferrals. The Authority has both deferred outflows and deferred inflows of resources resulting from changes in unamortized components of pension expense.

Deferred Revenue - The Authority received state grant funding during the year in which the eligibility requirements have not been fully met as of March 31, 2019, the deferred revenue represents grant funds not yet expended as the construction projects remain ongoing.

Net position - The Authority's net position is classified into three parts: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets - This represents the Authority's total investment in airport and facilities, net of outstanding debt obligations related to those airport and facilities. To the extent debt has been incurred but not yet expended for airport and facilities, such amounts are not included as a component of net investment in capital assets. On the Statement of Net Position, the Net investment in capital assets is composed of the following:

Airport and facilities, net	$	827,624,444
Parity reserve fund investment		47,527,257
General airport revenue bonds current and long term		(531,275,000)
Total net investment in capital assets	$	343,876,701

Restricted net position - Restricted net position include resources in which the Authority is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Pensions - For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net pension of the Local Government Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Authority's employer contributions are recognized when due, and the Authority has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Vacation and sick leave compensation - The Authority allows full-time employees to accumulate up to 30 days earned vacation leave, and such leave is fully vested when earned provided the employee has completed a mandatory six-month probationary period. An employee will forfeit any unused vacation days beyond thirty days remaining after the end of the final pay period of the calendar year, and those excess vacation days will be converted to sick leave on an hour-for-hour basis. Accumulated vacation pay is recorded as a current liability and reflected in accrued employee compensation.

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

Employees can accumulate an unlimited amount of sick leave. Unused sick leave accumulated at the time of retirement may be used in determining length of service for retirement benefit purposes. If an employee resigns with more than 30 days of accrued sick leave, the days over 30 (up to a maximum of 30 days) may be paid out as sick days. This payout of sick leave will not be considered by the Local Government Retirement System in its final compensation calculation.

Revenues and expenses classifications - Revenues from airlines, concessions, rental cars, and parking are reported as operating revenues. Transactions which are financing or investing related, customer facility charges, and passenger facility charges are reported as non-operating revenues. All expenses related to operating the Authority are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Income tax status - Income of the Authority is excludable from federal income tax under Section 115 of the Internal Revenue Code.

Concentration of credit risk - For the years ended March 31, 2019 and 2018, no air carrier accounted for more than approximately 11% of the Authority's operating revenues.

Use of estimates - The preparation of the basic 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 reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reporting amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Customer facility charges - Commencing on January 1, 2017, rental car customers pay a $5.00 facility charge for each transaction day to fund the future debt service and capital improvements of a rental car facility.

Passenger facility charges - This is presented as restricted net position based on Federal Aviation Administration ("FAA") regulations to be used only on FAA approved capital projects. The ("FAA") authorized the Authority to collect Passenger Facility Charges ("PFCs") of $3 per qualifying enplaned passenger commencing May 1, 2003. Effective October 1, 2004, the FAA authorized the Authority to collect PFCs of $4.50 per qualifying enplaned passenger. The net receipts from PFCs are accounted for on the accrual basis of accounting and are restricted to use on FAA approved projects. Aggregate collections and interest thereon from inception through March 31, 2019 and 2018 were $313.9 million and $287.8 million, respectively. Total PFC funds of $22.0 million and $21.7 million were transferred from the restricted fund to the operating fund during the fiscal years ended March 31, 2019 and 2018, respectively.

Parity reserve fund - The Authority, pursuant to its Bond Master Trust Indenture, maintains a debt service reserve fund, called the Parity Reserve Fund, for its outstanding revenue bonds (excluding the variable rate Series 2008 Bonds, for which a reserve fund is not required). The reserve fund requirement for the Parity Reserve Fund is based on the maximum year of debt service for all of the Bonds secured by the Parity Reserve Fund. The Parity Reserve Fund is available to pay debt service on the Bonds secured by the Parity Reserve Fund in the event the Authority were to encounter financial difficulty and did not have sufficient revenues for such payment. The Parity Reserve Fund would also be used to pay the final year of debt service on the Bonds secured by the Parity Reserve Fund. Due to these restrictions, the Parity Reserve Fund balance is presented as a restricted asset on the Statements of Net Position.

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

New pronouncements - During the fiscal year ended March 31, 2019 and beyond, the Authority has or will implement several new pronouncements of the GASB. These pronouncements are as follows:

GASB Statement No. 75 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” This statement replaces GASB Statement No. 45. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The Authority adopted the statement as of April 1, 2018. The effect of the statement is described in Note 10.

GASB Statement No. 83 "Certain Asset Retirement Obligations"
This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Authority is currently evaluating the effect this statement will have on the Authority’s financial position or results of operations.

GASB Statement No. 84 "Fiduciary Activities"
The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Authority is currently evaluating the effect this statement will have on the Authority’s financial position or results of operations.

GASB Statement No. 85 "Omnibus 2017"
The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. The Authority adopted the statement as of April 1, 2018. The statement did not have a material effect on the Authority’s financial position or results of operations.

GASB Statement No. 86 "Certain Debt Extinguishment Issues"
The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Authority adopted the statement as of April 1, 2018. The statement did not have a material effect on the Authority’s financial position or results of operations.

GASB Statement No. 87 "Leases"
The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"
The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 89 "Accounting For Interest Cost Incurred Before The End Of A Construction Period"
The objectives of this Statement are: (1) to enhance the relevance and comparability information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The Authority adopted the statement as of April 1, 2018. The effect of the statement is described in Note 10.

GASB Statement No. 90 "Majority Equity Interests - An Amendment Of GASB Statements No. 14 and No. 61"
The primary objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 91 "Conduit Debt Obligations"
The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

Note 3 - Deposits and Investments

Deposits - All the deposits of the Authority are either insured or collateralized by the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the

Note 3 - Deposits and Investments (continued)

State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Authority, these deposits are considered to be held by the Authority's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Authority has no formal policy regarding custodial credit risk for deposits.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

At March 31, 2019, the Authority's deposits had a carrying amount of $53.0 million and a bank balance of $62.4 million. Of this bank balance, $0.3 million was covered by federal depository insurance while the balance of $62.2 million was covered by collateral held under the Pooling Method. The Authority is required to maintain a minimum balance of $250,000 in its checking account.

At March 31, 2018, the Authority's deposits had a carrying amount of $44.5 million and a bank balance of $46.3 million. Of this bank balance, $0.3 million was covered by federal depository insurance while the balance of $46.1 million was covered by collateral held under the Pooling Method. The Authority is required to maintain a minimum balance of $250,000 in its checking account.

Investments - At March 31, 2019, the Authority had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 Months	6-12 Months	1 Year- 30 Months
Repurchase Agreement	Cost	$ 8,164,942	$ —	$ —	$ 8,164,942
US Treasuries	Fair Value-Level 1	31,249,640	10,346,834	20,902,806	—
US Government Agencies	Fair Value-Level 1	278,536,876	75,795,510	10,001,400	192,739,966
NC Capital Management Trust: Government Portfolio	Amortized Cost	16,808,305	16,808,305	—	—
Commercial Paper	Fair Value-Level 1	26,993,669	22,079,408	4,914,261	—
Total		$ 361,753,432	$ 125,030,057	$ 35,818,467	$ 200,904,908

Note 3 - Deposits and Investments (continued)

At March 31, 2018, the Authority had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 Months	6-12 Months	1 Year- 30 Months
Repurchase Agreement	Cost	$ 8,169,466	$ —	$ —	$ 8,169,466
US Government Agencies	Fair Value-Level 1	243,271,469	79,873,114	60,998,710	102,399,645
NC Capital Management Trust: Government Portfolio	Amortized Cost	15,324,024	—	—	—
Total:		$ 266,764,959	$ 79,873,114	$ 60,998,710	$ 110,569,111

Interest rate risk - Interest rate risk is the risk that rising interest rates will adversely affect the fair value of an interest bearing investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority limits the investment portfolio to maturities of 30 months.

Credit risk - State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (“NRSROs”). Direct investments made by the Authority by policy are limited to U.S. Treasury Bills and Notes, U.S. Government Agency obligations, bank Certificates of Deposit and Commercial Paper, all with maximum maturity of 30 months. Only indirect investments in Repurchase Agreements are permitted in relation to bond proceed and debt service reserve fund investments which are designed to maximum investment income as permitted under U.S. Treasury arbitrage regulations. The Authority’s investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor’s as of March 31, 2019 and 2018. The Authority’s investments in U.S. Agencies are rated AA+ by Standard & Poor’s and Aaa by Moody’s Investors Service as of March 31, 2019 and 2018.

G.S. 159-30(c) authorizes the Authority to invest in obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of interest and principal of such obligations is fully guaranteed by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-acceptances; and the North Carolina Capital Management Trust (“NCCMT”), a SEC registered mutual fund, dedicated to serving North Carolina public units.

Concentration of credit risk - The Authority places no formal limit on the amount that the Authority may invest in any one issuer. At March 31, 2019, the Authority’s investments are 2% Repurchase Agreement, 5% NCCMT, 7% Commercial Paper, 9% US Treasuries and 77% in government agencies, consisting of 35% in Federal Home Loan Bank securities, 45% in Federal Home Loan Mortgage Corporation securities, and 20% Federal Farm Credit Bank. Of the 5% invested in the NCCMT, 100% represents Authority debt service reserves.

At March 31, 2018, the Authority’s investments are 3% Repurchase Agreement, 6% NCCMT and 91% in government agencies, consisting of 28% in Federal Home Loan Bank securities, 34% in Federal Home Loan Mortgage Corporation securities, 19% Federal Farm Credit Bank, 2% Federal National Mortgage Association, and 17% in Guaranteed Investment Contract. Of the 6% invested in the NCCMT, 100% represents Authority debt service reserves.

Note 4 - Airport and Facilities, Net

Changes in airport and facilities are as follows for the year ended March 31, 2019:

	March 31, 2018	Increases	Decreases	March 31, 2019
Capital assets not being depreciated				
Land	$ 41,193,383	$ —	$ —	$ 41,193,383
Construction in progress	41,400,814	65,232,609	(31,686,971)	74,946,452
Total capital assets not being depreciated	82,594,197	65,232,609	(31,686,971)	116,139,835
Other capital assets				
Landing field and grounds	557,070,673	16,063,546	—	573,134,219
Terminal buildings	777,062,445	—	—	777,062,445
Other buildings	177,455,535	3,519,214	—	180,974,749
Utilities	5,417,436	—	—	5,417,436
Equipment	45,697,514	12,154,450	—	57,851,964
Total other capital assets	1,562,703,603	31,737,210	—	1,594,440,813
Total airport and facilities	1,645,297,800	96,969,819	(31,686,971)	1,710,580,648
Accumulated depreciation				
Landing field and grounds	(405,816,225)	(15,479,057)	—	(421,295,282)
Terminal buildings	(267,886,360)	(22,237,782)	—	(290,124,142)
Other buildings	(119,141,166)	(6,536,367)	—	(125,677,533)
Utilities	(4,798,080)	(68,795)	—	(4,866,875)
Equipment	(37,431,984)	(3,560,388)	—	(40,992,372)
Total accumulated depreciation	(835,073,815)	(47,882,389)	—	(882,956,204)
Airport and facilities, net	$ 810,223,985	$ 49,087,430	$(31,686,971)	$ 827,624,444

Note 4 - Airport and Facilities, Net (continued)

Changes in airport and facilities are as follows for the year ended March 31, 2018:

	March 31, 2017	Increases	Decreases	March 31, 2018
Capital assets not being depreciated				
Land	$ 41,193,383	$ —	$ —	$ 41,193,383
Construction in progress	17,048,952	25,285,238	(933,376)	41,400,814
Total capital assets not being depreciated	58,242,335	25,285,238	(933,376)	82,594,197
Other capital assets				
Landing field and grounds	557,031,304	94,316	(54,947)	557,070,673
Terminal buildings	777,075,433	89,075	(102,063)	777,062,445
Other buildings	177,455,535	—	—	177,455,535
Utilities	5,417,436	—	—	5,417,436
Equipment	44,964,351	749,987	(16,824)	45,697,514
Total other capital assets	1,561,944,059	933,378	(173,834)	1,562,703,603
Total airport and facilities	1,620,186,394	26,218,616	(1,107,210)	1,645,297,800
Accumulated depreciation				
Landing field and grounds	(390,952,699)	(14,863,526)	—	(405,816,225)
Terminal buildings	(238,120,274)	(29,766,086)	—	(267,886,360)
Other buildings	(119,141,166)	—	—	(119,141,166)
Utilities	(4,729,285)	(68,795)	—	(4,798,080)
Equipment	(33,930,602)	(3,501,382)	—	(37,431,984)
Total accumulated depreciation	(786,874,026)	(48,199,789)	—	(835,073,815)
Airport and facilities, net	$ 833,312,368	$ (21,981,173)	$ (1,107,210)	$ 810,223,985

Depreciation expense was $47.9 million and $48.2 million for the fiscal years ending March 31, 2019 and 2018, respectively.

Note 5 - Long-Term Debt

Changes of long-term debt for the fiscal year ended March 31, 2019 consist of the following:

Amounts Due to Trustee	March 31, 2018	Principal Repayments	New Debt	March 31, 2019
Series 2008C 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	$ 60,545,000	$ 2,020,000	$ —	$ 58,525,000
Series 2010A 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2036 (Refunded 2008AB Bonds)	203,275,000	6,635,000	—	196,640,000
Series 2010B 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2027 (Refunded 2001A Bonds)	63,345,000	5,110,000	—	58,235,000
Series 2010B-1 4.18% General Airport Revenue Bonds, maturing in varying installments beginning 2028 to 2031 (Refunded 2001A Bonds)	38,235,000	—	—	38,235,000
Series 2015A 3.07% General Airport Revenue Bonds, maturing in varying installments beginning 2019 to 2030 (Refunded 2005A Bonds)	34,060,000	—	—	34,060,000
Series 2015B 3.00% General Airport Revenue Bonds, maturing in varying installments beginning 2016 to 2029 (Refunded 2005A Bonds)	39,440,000	4,675,000	—	34,765,000
Series 2017A 3.56% General Airport Revenue Bonds, maturing in varying installments beginning 2018 to 2037 (Refunded 2007 Bonds)	115,135,000	4,320,000	—	110,815,000
Total Bond Obligations	554,035,000	22,760,000	—	531,275,000
Less Current Maturities	22,760,000	—	—	22,685,000
	$ 531,275,000	$ 22,760,000	$ —	$ 508,590,000

Note:

Unamortized bond premiums at 3/31/2018 and 3/31/2019 were $42.4 million and $39.6 million, respectively.

Note 5 - Long-Term Debt (continued)

Changes of long-term debt for the year ended March 31, 2018 consist of the following:

Amounts due to trustee	March 31, 2017	Principal Repayments	New Debt	March 31, 2018
Series 2008C 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	$ 62,470,000	$ 1,925,000	$ —	$ 60,545,000
Series 2010A 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2036 (Refunded 2008AB Bonds)	209,585,000	6,310,000	—	203,275,000
Series 2010B 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2027 (Refunded 2001A Bonds)	68,210,000	4,865,000	—	63,345,000
Series 2010B-1 4.18% General Airport Revenue Bonds, maturing in varying installments beginning 2028 to 2031 (Refunded 2001A Bonds)	38,235,000	—	—	38,235,000
Series 2015A 3.07% General Airport Revenue Bonds, maturing in varying installments beginning 2019 to 2030 (Refunded 2005A Bonds)	34,060,000	—	—	34,060,000
Series 2015B 3.00% General Airport Revenue Bonds, maturing in varying installments beginning 2016 to 2029 (Refunded 2005A Bonds)	43,885,000	4,445,000	—	39,440,000
Series 2017A 3.56% General Airport Revenue Bonds, maturing in varying installments beginning 2018 to 2037 (Refunded 2007 Bonds)	115,230,000	95,000	—	115,135,000
Total bond obligations	571,675,000	17,640,000	—	554,035,000
Less current maturities	17,640,000	—	—	22,760,000
	$ 554,035,000	$ 17,640,000	$ —	$ 531,275,000

Note:
Unamortized bond premiums at 3/31/2017 and 3/31/2018 were $45.2 million and $42.4 million, respectively.

Note 5 - Long-Term Debt (continued)

Debt maturities for the next five years and in five-year increments thereafter are as follows:

Years Ending March 31	General Airport Revenue Bond Series 2008C	General Airport Revenue Bond Series 2010A	General Airport Revenue Bond Series 2010B, B-1	General Airport Revenue Bond Series 2015A	General Airport Revenue Bond Series 2015B	General Airport Revenue Bond Series 2017A	Interest
2020	$ 2,120,000	$ 6,975,000	$ 5,365,000	$ 120,000	$ 4,420,000	$ 3,685,000	$ 24,813,204
2021	2,220,000	7,330,000	5,630,000	2,375,000	2,400,000	3,840,000	23,715,313
2022	2,330,000	7,710,000	5,805,000	2,495,000	2,520,000	4,015,000	22,656,529
2023	2,440,000	8,105,000	6,090,000	2,625,000	2,655,000	4,195,000	21,431,121
2024	2,550,000	8,520,000	6,395,000	2,755,000	2,790,000	4,415,000	20,123,488
2025-2029	14,735,000	49,460,000	37,865,000	16,060,000	16,235,000	25,470,000	78,952,729
2030-2034	18,650,000	62,735,000	29,320,000	7,630,000	3,745,000	32,595,000	39,087,223
2035-2038	13,480,000	45,805,000	—	—	—	32,600,000	7,474,958
	$ 58,525,000	$ 196,640,000	$ 96,470,000	$ 34,060,000	$ 34,765,000	$ 110,815,000	$ 238,254,565

For the table above, interest was calculated for the 2008C variable rate bonds using an estimated rate of 4.0% for their remaining term. At March 31, 2019, the actual rate on these bonds was 1.5%.

On February 27, 2001, the Authority entered into a Master Trust Indenture, dated as of February 1, 2001, that established the primary financing mechanism for the issuance of Bonds to finance improvements to the Airport. Bonds issued under the Master Trust Indenture are obligations of the Authority, secured by and payable from the Net Revenues of the Authority, and under certain circumstances, the proceeds of the Bonds, investment earnings, amounts set aside in a Debt Service Reserve Fund created under the Master Trust Indenture, and certain other funds and accounts.

On May 2, 2008, the Authority issued $300.0 million of Series 2008ABC Variable Rate Airport Revenue Bonds to refund the Series 2006ABCDE Bonds. The Series 2008 Bonds were issued as variable interest rate bonds, but the swaps converted the interest rate to a synthetic fixed rate. The Series 2006 Bond proceeds were used for the development of Terminal 2. There was no gain or loss on the refunding.

On August 6, 2010, the Authority elected to terminate all three of its interest rate swap positions. In conjunction with these terminations, the Authority simultaneously issued the 2010A refunding bonds in the amount of $242.4 million, which refunded the 2008AB variable bonds. The Authority's remaining $72.3 million Series 2008C Bonds were converted to bear interest at the weekly interest rate on December 3, 2009. These Bonds are secured by an irrevocable, direct-pay Letter of Credit.

During August 2010, the Authority issued $94.1 million of Series 2010B and $38.2 million of 2010B-1 Bonds to advance refund the Series 2001A Bonds. The Series 2001A Bond proceeds were used for the design and construction of several improvements to the Airport, including the construction of a garage, two warehouse buildings to house support equipment, alterations to existing parking structures, roadways, bridges, toll plazas, walkways, and alterations to a pedestrian tunnel. This advance refunding resulted in future debt service savings of $4.1 million and net present value economic gain of $2.6 million. The proceeds were deposited into an escrow fund to be used to pay the interest on the Series 2001A Bonds until the redemption thereof on May 1, 2011 and to pay the redemption price of the Series 2001A Bonds on such date. This escrow payment to the trustee defeased

Note 5 - Long-Term Debt (continued)

the remaining Series 2001A Bonds and the liability for this debt was removed from the Authority's statement of net position.

On June 5, 2015, the Authority issued $82.7 million of Series 2015AB Bonds to refund its Series 2005AB Bonds. The Series 2005AB Bond proceeds were used for the development of Terminal 2, including the redevelopment of the north ramp general aviation area, an Authority Operations Center, and the relocation of Taxiway D and ramp expansion. This refunding resulted in future debt service savings of $16.5 million and net present value economic gain of $11.8 million.

On March 14, 2017, the Authority issued $115.2 million of Series 2017A Bonds to advance refund its Series 2007 Bonds. The Series 2007 Bond proceeds were used for the development of the new Terminal 2. This advance refunding resulted in future debt service savings of $23.0 million and net present value economic gain of $15.0 million. The proceeds of the 2017A bonds were deposited in an escrow fund pending the call date of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Authority's statement of net position.

The Authority's bonds are subject to federal arbitrage regulations, and are reviewed for potential arbitrage liability annually on the bond issue dates. At March 31, 2019 there was $9.5 thousand liability for arbitrage rebate.

These bonds have rate covenants associated with them, whereby the Authority must maintain a debt service coverage ratio of net revenues and available fund balance to debt service. The bond documents provide for a number of technical adjustments to be followed in determining the net revenues and debt service to be used in this calculation. The rate covenant generally requires that sum of (i) the net revenues for the fiscal year and (ii) available fund balance at the end of the fiscal year in an amount up to 25% of debt service for the fiscal year (the "25% transfer") must be no less than 125% of the adjusted debt service calculated for the fiscal year. The debt service coverage ratio at March 31, 2019 with this 25% transfer is 514%. The debt service coverage ratio at March 31, 2019 without this 25% transfer is calculated as follows:

Net revenues	$	98,593,376
Annual debt service		20,160,150
Calculated debt service coverage ratio without transfer		489%

For the fiscal year ended March 31, 2018, the Authority had debt service coverage ratios of 446% without transfer and 471% with transfer.

Note 6 - Leases

The Authority leases land, buildings, and terminal space with a cost of approximately $796.2 million and a carrying value of approximately $496.7 million to the airlines, car rental agencies, restaurants and other businesses located at the airport. Revenues from these leases, which are included in general aviation, terminals, air cargo and rental car revenue, were approximately 43.6% and 44.0% of airport operating revenues for fiscal years ended March 31, 2019 and 2018, respectively. These leases cover periods ranging up to a maximum of 40 years and contain provisions for fixed and contingent rentals based on revenues. For the years ended March 31, 2019 and 2018, contingent rentals comprised $29.9 million and $26.6 million of the total rental revenues, respectively.

Note 6 - Leases (continued)

Minimum future rentals on non-cancelable operating leases for the next five fiscal years are approximately:

Years Ending March 31	Amounts
2020	$ 14,563,000
2021	5,779,000
2022	5,472,000
2023	3,601,000
2024	3,307,000
Thereafter	6,067,000
	$ 38,789,000

Note 7 - Employee Retirement Plans

Local Governmental Employees' Retirement System

Plan description - The Authority is a participating employer in the statewide Local Governmental Employees' Retirement System (“LGERS”), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the Authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (“CAFR”) for the state of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits provided - LGERS provides retirement benefits. Retirement benefits are determined as 1.85% of the member’s average final compensation times the member’s years of creditable service. A member’s average final compensation is calculated as the average of a member’s four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor’s Alternate Benefit for life or a return of the member’s contributions.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Authority employees are required to contribute 6.00% of their annual covered salary. The Authority is required to contribute at an actuarially determined rate and set annually by the LGERS Board of Trustees. The Authority’s contractually required contribution rate for employees not engaged in law enforcement and for law enforcement officers is 8.00% and 8.75% of annual covered payroll respectively. The Authority’s contributions to LGERS for the fiscal years ended March 31, 2019 and 2018 were $1.8 million

Note 7 - Employee Retirement Plans (continued)

and $1.6 million, respectively. The contributions made by the Authority were actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year.

Refunds of contributions - Authority employees who have terminated service as a contributing member of LGERS may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At March 31, 2019, the Authority reported a liability of $7.9 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension asset was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Authority's proportion was 0.33277%, which was an increase of 0.02115% from its proportion measured as of June 30, 2017.

For the fiscal year ended March 31, 2019, the Authority recognized pension expense of $2.3 million. At March 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,217,925	$ 40,867
Changes of assumptions	2,094,880	—
Net difference between projected and actual earnings on pension plan investments	1,083,672	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	301,160	—
Employer contributions subsequent to the measurement date	1,354,462	—
Total	**$ 6,052,099**	**$ 40,867**

$1.4 million reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note 7 - Employee Retirement Plans (continued)

Years Ending March 31	Amounts
2020	$ 2,210,816
2021	1,460,976
2022	308,745
2023	676,233
2024	—
Thereafter	—

Actuarial assumptions - The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled, healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2017.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

Note 7 - Employee Retirement Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.00%	1.4%
Global Equity	42.00%	5.3%
Real Estate	8.00%	4.3%
Alternatives	8.00%	8.9%
Credit	7.00%	6.0%
Inflation Protection	6.00%	4.0%
Total	**100%**	

The information above is based on 30 year expectations developed with the consulting actuary and is part of the asset liability and investment policy of the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount rate **-** The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension asset to changes in the discount rate **-** The following presents the Authority's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease	Current Discount Rate (7.00%)	1% Increase
Employer's proportionate share of the net pension liability (asset)	$15,261,694	$7,894,448	$(3,411,521)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan description - The Authority contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Authority. Article 5 of G.S. Chapter 135 assigns the Authority to establish and amend benefit provisions to the North Carolina General Assembly.

Note 7 - Employee Retirement Plans (continued)

Funding policy - Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended March 31, 2019 were $0.3 million, which consisted of $0.1 million from the Authority and $0.2 million from the law enforcement officers. Contributions for the year ended March 31, 2018 were $0.3 million, which consisted of $0.1 million from the Authority and $0.2 million from the law enforcement officers.

Law Enforcement Officer's Special Separation Allowance

Plan description - The Authority administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Authority's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Category	Number
Retirees receiving benefits	7
Active plan members	44
Total	51

Summary of significant accounting policies:
Basis of accounting - The Authority has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from operating accounts, which are maintained on the accrual basis of accounting. The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial assumptions:

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50-7.35 percent, including inflation factor
Discount rate	3.64 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

Note 7 - Employee Retirement Plans (continued)

Contributions - The Authority is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the operating budget. The Authority's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Authority paid $(0.1) million as benefits came due for the reporting period.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

*A*t March 31, 2019, the Authority reported a total pension liability of $1.1 million. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended March 31, 2019, the Authority recognized pension expense of $0.1 million.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 111,091	$ —
Changes of assumptions	12,155	5,641
Benefit payments subsequent to the measurement date	30,436	—
Total	$ 153,682	$ 5,641

$30.4 thousand reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending March 31, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending March 31	Amounts
2020	$ 27,397
2021	27,397
2022	27,397
2023	26,044
2024	9,370
Thereafter	—

Sensitivity of the Authority's total pension liability to changes in the discount rate - The following presents the Authority's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Authority's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64 percent) or 1 percentage point higher (4.64 percent) than the current rate:

Note 7 - Employee Retirement Plans (continued)

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	$1,162,097	$1,081,668	$1,008,704

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	Total Pension Liability
Balance at December 31, 2017	$ 977,080
Changes for the year:	
Service cost at end of year	61,657
Interest	32,572
Change in benefit terms	—
Difference between expected and actuarial experience	136,396
Changes of assumptions and other inputs	(6,926)
Benefit payments	(119,111)
Other	—
Net changes	104,588
Balance at December 31, 2018	$ 1,081,668

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled, healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

DEATHS AFTER RETIREMENT (HEALTHY): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

DEATHS BEFORE RETIREMENT: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

DEATHS AFTER RETIREMENT (BENEFICIARY): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

DEATHS AFTER RETIREMENT (DISABLED): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Note 7 - Employee Retirement Plans (continued)

Other Post-Employment Benefits

Health Care Plan

Plan description:
Under the terms of an Authority resolution, the Authority administers a single-employer defined benefit Health Care Plan (the "Plan"). The Plan provides postemployment healthcare benefits to retirees of the Authority, provided they participate in the North Carolina Local Governmental Employees' Retirement System ("System"). While eligibility to draw retirement benefits from the System vests at 5 years, eligibility for post-retirement health benefits from the Authority requires: (1) all requirements for retirement from LGERS are met and (2) the final 5 years of service are worked with the Authority. The Authority pays the cost of the individual and dependent premiums (on same portion of the cost as it pays for non-retired employees) for the qualified retiree's health coverage through the Authority's group health insurance plan. When the retiree reaches age 65, the Authority's post-retirement benefits cease. At that time, the retiree is no longer covered by the Authority's group health insurance program. The Plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or a report of another entity.

Membership in the Plan included the following at June 30, 2018, the date of the last actuarial valuation:

Category	Number
Retirees and dependents receiving benefits	92
Terminated plan members entitled to but not yet receiving benefits	—
Active plan members	315
Total	407

Funding policy:
As noted above, the Authority pays its share of the cost of coverage (premiums) for the health care benefits provided to qualified retirees. The Authority's members pay their share of the premiums. The Authority has chosen to fund the health care benefits on a pay as you go basis, and no funds are set aside to pay these benefits.

Life Insurance Benefit

Plan description:
Under the terms of an Authority resolution, the Authority administers a single-employer life insurance benefit. The life insurance benefit provides postemployment life insurance coverage to retirees of the Authority in the amount of $10,000. When the retiree reaches age 99, the Authority's post-retirement benefits cease. At that time, the retiree is no longer covered by the Authority's life insurance policy.

Funding policy:
The Authority pays the full cost of life insurance premiums. The Authority has chosen to fund the life insurance benefits on a pay as you go basis, and no funds are set aside to pay these benefits. The Authority's obligation to contribute to the life insurance benefit is established and may be amended by the Authority's Board of Directors.

Note 7 - Employee Retirement Plans (continued)

Summary of significant accounting policies:
Postemployment expenditures for the Authority's portion of the premiums are from the Authority's enterprise fund, which is maintained on the full accrual basis of accounting. No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

Total OPEB liability:
The Authority's total liability of $6.8 million was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs:
The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 percent, average, including inflation
Discount rate	3.9 percent
Healthcare cost trend rates	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028

The discount rate is based on the June 2018 average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the total OPEB liability:

	Total OPEB Liability
Balance at June 30, 2017	$ 6,619,100
Changes for the year:	
Service Cost	453,432
Interest	227,642
Changes of benefit terms	—
Differences between expected and actual experience	152,630
Changes in assumptions or other inputs	(202,291)
Benefit payments	(453,289)
Net Changes	178,124
Balance at June 30, 2018	$ 6,797,224

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

Note 7 - Employee Retirement Plans (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2018.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease	Discount Rate (3.89%)	1% Increase
Total OPEB Liability	$7,437,758	$6,797,224	$6,233,400

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1 percentage-point-higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	$6,224,604	$6,797,224	$7,463,803

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended March 31, 2019 the Authority recognized OPEB expense of $0.7 million. At March 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 131,402	$ —
Changes of assumptions	—	174,156
Benefit payments and administrative costs made subsequent to the measurement date	214,639	—
Total	$ 346,041	$ 174,156

$214,639 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended March 31, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note 7 - Employee Retirement Plans (continued)

Years Ending March 31	Amounts
2020	$ 6,907
2021	6,907
2022	6,907
2023	6,907
2024	6,907
Thereafter	8,219

Note 8 - Commitments and Contingencies

Risk management - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets: injuries to employees and the general public; and natural disasters. The Authority carries commercial insurance against risks of loss, including property and public liability insurance and worker's compensation. Settled claims from these risks have been far less than commercial insurance coverage.

The Authority, in accordance with NC General Statute 159-29, maintains Public Official Bonds on those designated as Finance Officer or Deputy Finance Officer. Currently, the Senior Vice President and Chief Financial Officer and the Director of Financial Planning and Analysis each carry coverage at the statutory requirement of $50,000. In addition, the Authority carries blanket dishonesty coverage for all employees in the amount of $1.0 million.

Construction commitments - At March 31, 2019 and 2018, the Authority has contractual commitments for Authority capital programs of approximately $185.9 million and $50.2 million, respectively.

Contingent liabilities - The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Authority's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

Note 9 - Subsequent Events

The Authority has evaluated subsequent events through June 20, 2019 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. No subsequent events are noted.

Note 10 - Restatement for Implementation of New Accounting Standards

The Authority implemented Governmental Accounting Standards Board (GASB) statement 75 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" in the fiscal year ending March 31,2019. The implementation of the statement required the Authority to adjust beginning OPEB liability. As a result, net position for the Authority decreased by $2.0 million.

Note 10 - Restatement for Implementation of New Accounting Standards (continued)

The Authority implemented Governmental Accounting Standards Board (GASB) statement 73, "Accounting and Financial Reporting for Pensions and Related Assets" that are not within the scope of GASB Statement 68, and amendments to certain provisions of GASB Statements 67 and 68 in the fiscal year ending March 31, 2018. The implementation of the statement required the Authority to record beginning net pension liability and the effects on net position of contributions made by the Authority during the measurement period (calendar year ending December 31, 2017). As a result, net position for the Authority decreased by $0.1 million.

Note 11 - Reclassifications

Certain amounts in the prior-year financial statements have been reclassified in order to be comparable with the current year presentation.

RALEIGH-DURHAM AIRPORT AUTHORITY
POST EMPLOYMENT BENEFIT HEALTH CARE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
UNAUDITED

	Fiscal Year Ended March 31, 2019
Total OPEB liability	
Service cost	$ 453,432
Interest	227,642
Changes of benefit terms	—
Differences between expected and actual experience	152,630
Changes of assumptions	(202,291)
Benefit payments	(453,289)
Net change in total OPEB liability	178,124
Total OPEB liability - beginning	6,619,100
Total OPEB liability - ending	$ 6,797,224
Covered employee payroll	$ 21,268,476
Total OPEB liability as a percentage of covered payroll	31.96%

Notes to the Required Schedules:

The Raleigh-Durham Airport Authority does not have a special funding situation.

The schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2019	3.89%

RALEIGH-DURHAM AIRPORT AUTHORITY
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
UNAUDITED

	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2018
Total pension liability		
Service cost at end of year	$ 61,657	$ 47,739
Interest	32,572	36,344
Changes in benefit terms	—	—
Difference between expected and actual experience	136,396	—
Changes on assumptions and other inputs	(6,926)	18,909
Benefit payments	(119,111)	(134,953)
Other	—	—
Net change in total pension liability	104,588	(31,961)
Total pension liability - beginning	977,080	1,009,041
Total pension liability - ending	$ 1,081,668	$ 977,080

Notes to the Required Schedules:

The Raleigh-Durham Airport Authority does not have a special funding situation.

December 31, 2018 Measurement Date: The Municipal Bond Index Rate increased from 3.55% to 3.64%.

The pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

RALEIGH-DURHAM AIRPORT AUTHORITY
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
UNAUDITED

	March 31, 2019	March 31, 2018
Total pension liability - ending	$ 1,081,668	$ 977,080
Covered payroll	$ 2,799,339	$ 2,388,016
Total pension liability as a percentage of covered payroll	38.64%	40.92%

Notes to the Required Schedules:

The Raleigh-Durham Airport Authority has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73 to pay related benefits.

The pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

RALEIGH-DURHAM AIRPORT AUTHORITY
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
UNAUDITED

	Fiscal Years Ended March 31				
	2019	**2018**	**2017**	**2016**	**2015**
Proportionate share of net pension liability (asset)	0.33277%	0.31162%	0.31228%	0.28507%	0.28433 %
Proportionate share of net pension liability (asset) ($)	$ 7,894,448	$ 4,760,696	$ 6,627,632	$ 1,279,381	$ (1,569,268)
Covered payroll - measurement period	$ 22,402,704	$ 20,252,627	$ 20,098,008	$ 18,128,137	$17,154,583
Proportionate share of net pension liability (asset) as a percentage of covered-employee payroll	35.24%	23.51%	32.98%	7.06%	(9.15)%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64 %

Notes to the Required Schedules:

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

The pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

RALEIGH-DURHAM AIRPORT AUTHORITY
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
UNAUDITED

	Fiscal Years Ended March 31				
	2019	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$ 1,818,909	$ 1,621,300	$ 1,410,750	$ 1,267,243	$ 1,221,836
Contributions in relation to the contractually required contribution	1,818,909	1,621,300	1,410,750	1,267,243	1,221,836
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Covered payroll - fiscal year	$23,559,475	$21,771,497	$20,140,459	$20,098,008	$ 18,128,137
Contributions as a percentage of covered-employee payroll	7.72%	7.45%	7.00%	6.31%	6.74%

Notes to the Required Schedules:

The pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

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APPENDIX C

SELECTED STATISTICAL INFORMATION REGARDING THE AUTHORITY FOR THE FISCAL YEAR ENDED MARCH 31, 2019

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RALEIGH-DURHAM AIRPORT AUTHORITY
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net position										
Net investment in capital assets	$343,876,701	$302,248,539	$306,735,414	$297,838,788	$313,053,656	$330,599,774	$313,607,597	$307,107,509	$321,369,827	$302,289,837
Restricted For:										
State of North Carolina underground storage tank trust deductible	—	—	—	220,000	220,000	220,000	220,000	220,000	220,000	220,000
DEA/ICE forfeitures	226,159	115,634	79,610	82,029	39,851	—	—	—	—	—
State grant funds	14,560,117	—	—	—	—	—	—	—	—	—
Passenger facility charges	32,288,882	27,635,490	25,529,873	2,850,046	4,325,108	7,212,645	13,239,327	18,149,465	22,671,438	73,294,625
Customer facility charges	32,248,941	16,216,386	3,383,354	—	—	—	—	—	—	—
Unrestricted net position	218,703,812	169,431,556	123,685,528	131,974,693	108,720,984	86,803,531	93,733,389	96,036,491	97,869,697	108,572,170
Total net position	$641,904,612	$515,647,605	$459,413,779	$432,965,556	$426,359,599	$424,835,950	$420,800,313	$421,513,465	$442,130,962	$484,376,632

Note:
Due to Raleigh-Durham Airport Authority's required adoption of GASB 75 during FY2019, the Net Position for FY2018 has been re-stated for comparative financial statements.
Due to Raleigh-Durham Airport Authority's required adoption of GASB 73 during FY2018, the Net Position for FY2017 has been re-stated for comparative financial statements.
Due to Raleigh-Durham Airport Authority's required adoption of GASB 68 during FY2016, the Net Position for FY2015 has been re-stated for comparative financial statements.
Due to Raleigh-Durham Airport Authority's required adoption of GASB 63 & 65 during FY2013, the Net Position for FY2012 has been re-stated for comparative financial statements.

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating revenues										
Parking	$ 60,543,954	$ 54,975,271	$ 55,843,209	$ 47,058,255	$ 43,796,914	$ 41,427,389	$ 41,266,707	$ 37,166,800	$ 35,859,116	$ 34,686,948
Airfield	18,808,634	16,614,473	15,058,135	12,852,933	11,361,874	12,158,127	11,366,233	11,930,074	11,865,742	12,499,790
General aviation	1,654,755	1,857,961	1,721,515	1,706,871	1,632,938	1,475,959	1,539,352	1,399,599	1,400,643	1,398,821
Terminals	55,102,240	51,770,857	37,929,957	33,821,356	31,649,941	26,230,425	27,022,756	27,020,695	24,632,442	23,283,910
Air cargo	2,854,505	2,574,929	2,309,639	2,290,621	2,186,712	2,032,561	2,000,218	2,300,134	2,016,233	2,004,795
Fueling systems	2,332,414	2,001,561	1,649,095	1,632,397	1,493,730	1,260,329	1,033,960	1,041,622	972,544	961,740
Rental car	17,446,412	16,142,255	16,742,662	14,830,467	14,191,508	13,126,408	12,875,772	12,305,766	11,967,229	11,604,879
Other	7,128,322	5,711,258	2,560,078	2,126,105	1,156,617	986,311	939,738	1,219,858	905,829	728,034
Total operating revenues	**165,871,236**	**151,648,565**	**133,814,290**	**116,319,005**	**107,470,234**	**98,697,509**	**98,044,736**	**94,384,548**	**89,619,778**	**87,168,917**
Operating expenses										
Airport facilities	25,231,535	27,218,332	22,633,404	21,241,939	20,771,149	21,427,418	19,852,701	19,742,281	19,122,793	17,956,239
Administrative	18,893,982	19,119,100	19,738,597	17,813,209	13,081,431	11,439,962	10,104,828	9,631,766	9,438,549	8,201,857
Fueling systems	2,050,425	1,250,501	1,137,855	1,072,207	974,962	988,781	962,410	954,405	978,378	903,815
Law enforcement	5,249,412	4,957,943	4,004,081	3,958,846	3,083,883	2,621,284	3,276,244	3,352,166	3,253,639	2,848,365
Airport maintenance	7,072,745	6,289,429	5,541,078	5,317,196	5,752,900	5,682,924	5,582,380	5,147,431	5,176,960	4,828,437
Parking	4,970,567	4,530,170	4,411,740	2,787,162	2,646,638	2,734,778	2,695,904	2,752,134	2,829,332	2,416,808
Airport fire - rescue	2,083,912	1,943,232	1,647,814	1,649,329	1,630,311	1,687,521	1,588,000	1,601,134	1,614,092	1,523,960
Guest services	934,799	919,533	837,917	791,525	793,295	803,492	736,912	734,451	758,323	689,040
Communications	1,062,384	926,861	859,235	794,310	706,819	722,262	777,618	751,792	808,140	727,856
Operations	1,929,564	1,849,640	1,553,559	1,516,292	1,325,999	1,277,388	1,211,335	1,127,924	1,069,994	984,061
Ground transportation	3,895,533	3,325,573	2,915,830	2,765,909	2,728,126	2,656,949	2,573,877	2,608,835	2,685,399	2,701,382
Terminal services	—	—	—	—	111,886	129,396	237,313	334,352	256,996	227,699
Subtotal	**73,374,858**	**72,330,314**	**65,281,110**	**59,707,924**	**53,607,399**	**52,172,155**	**49,599,522**	**48,738,671**	**47,992,595**	**44,009,519**
Depreciation	47,889,122	48,199,789	49,734,592	51,800,974	49,623,986	47,901,680	48,678,489	49,359,167	47,095,977	47,523,955
Total operating expenses	**121,263,980**	**120,530,103**	**115,015,702**	**111,508,898**	**103,231,385**	**100,073,835**	**98,278,011**	**98,097,838**	**95,088,572**	**91,533,474**
Operating income (loss)	**44,607,256**	**31,118,462**	**18,798,588**	**4,810,107**	**4,238,849**	**(1,376,326)**	**(233,275)**	**(3,713,290)**	**(5,468,794)**	**(4,364,557)**
Non-operating revenues (expenses)										
Investment interest income	6,096,998	3,654,643	2,970,505	2,432,019	2,465,613	1,419,898	2,054,048	2,148,101	2,500,267	3,750,839
Passenger facility charges	26,653,392	23,815,980	22,679,826	20,525,728	19,113,463	18,323,327	18,734,688	18,424,026	18,818,814	18,940,075
Customer facility charges	16,578,862	15,065,790	3,147,074	—	—	—	—	—	—	—
Fair value of investments - incr (decr)	1,132,940	(646,907)	(711,548)	259	(570,203)	477,643	781,419	241,068	(404,171)	(404,147)
Bond interest expense, net	(21,404,408)	(21,890,713)	(22,575,341)	(21,768,920)	(26,763,852)	(25,801,032)	(27,933,517)	(29,077,558)	(25,491,187)	(22,663,862)
Loss on swap termination	—	—	—	—	—	—	—	(1,465,749)	(34,350,297)	—
Amortization of deferred expenses	—	—	—	—	—	—	—	—	(5,392,913)	—
Other, revenue (reimbs, late fees, misc)	735,380	272,403	(636,118)	91,847	580,360	344,365	408,133	729,996	873,263	487,820
Total non-operating revenues (exp)	**29,793,164**	**20,271,196**	**4,874,398**	**1,280,933**	**(5,174,619)**	**(5,235,799)**	**(5,955,229)**	**(9,000,116)**	**(43,446,224)**	**110,725**
Income (loss) before contributions	**74,400,420**	**51,389,658**	**23,672,986**	**6,091,040**	**(935,770)**	**(6,612,125)**	**(6,188,504)**	**(12,713,406)**	**(48,915,018)**	**(4,253,832)**
Capital contributions	53,820,449	4,948,413	2,775,237	1,793,993	2,459,419	10,647,762	5,475,352	644,240	6,669,348	11,518,926
Increase (decrease) in net position	**128,220,869**	**56,338,071**	**26,448,223**	**7,885,033**	**1,523,649**	**4,035,637**	**(713,152)**	**(12,069,166)**	**(42,245,670)**	**7,265,094**
Net position, beginning restated	(1,963,862)	(104,245)	—	(1,279,076)				(8,548,331)		
Net position, beginning of year	515,647,605	459,413,779	432,965,556	426,359,599	424,835,950	420,800,313	421,513,465	442,130,962	484,376,632	477,111,538
Net position, end of year	**$641,904,612**	**$515,647,605**	**$459,413,779**	**$432,965,556**	**$426,359,599**	**$424,835,950**	**$420,800,313**	**$421,513,465**	**$442,130,962**	**$484,376,632**

Note:

Due to Raleigh-Durham Airport Authority's required adoption of GASB 75 during FY2019, the Net Position for FY2018 has been re-stated for comparative financial statements.

Due to Raleigh-Durham Airport Authority's required adoption of GASB 74 during FY2018, the Net Position for FY2017 has been re-stated for comparative financial statements.

Due to Raleigh-Durham Airport Authority's required adoption of GASB 68 during FY2016, the Net Position for FY2015 has been re-stated for comparative financial statements.

Due to Raleigh-Durham Airport Authority's required adoption of GASB 63 & 65 during FY2013, the Net Position for FY2012 has been re-stated for comparative financial statements.

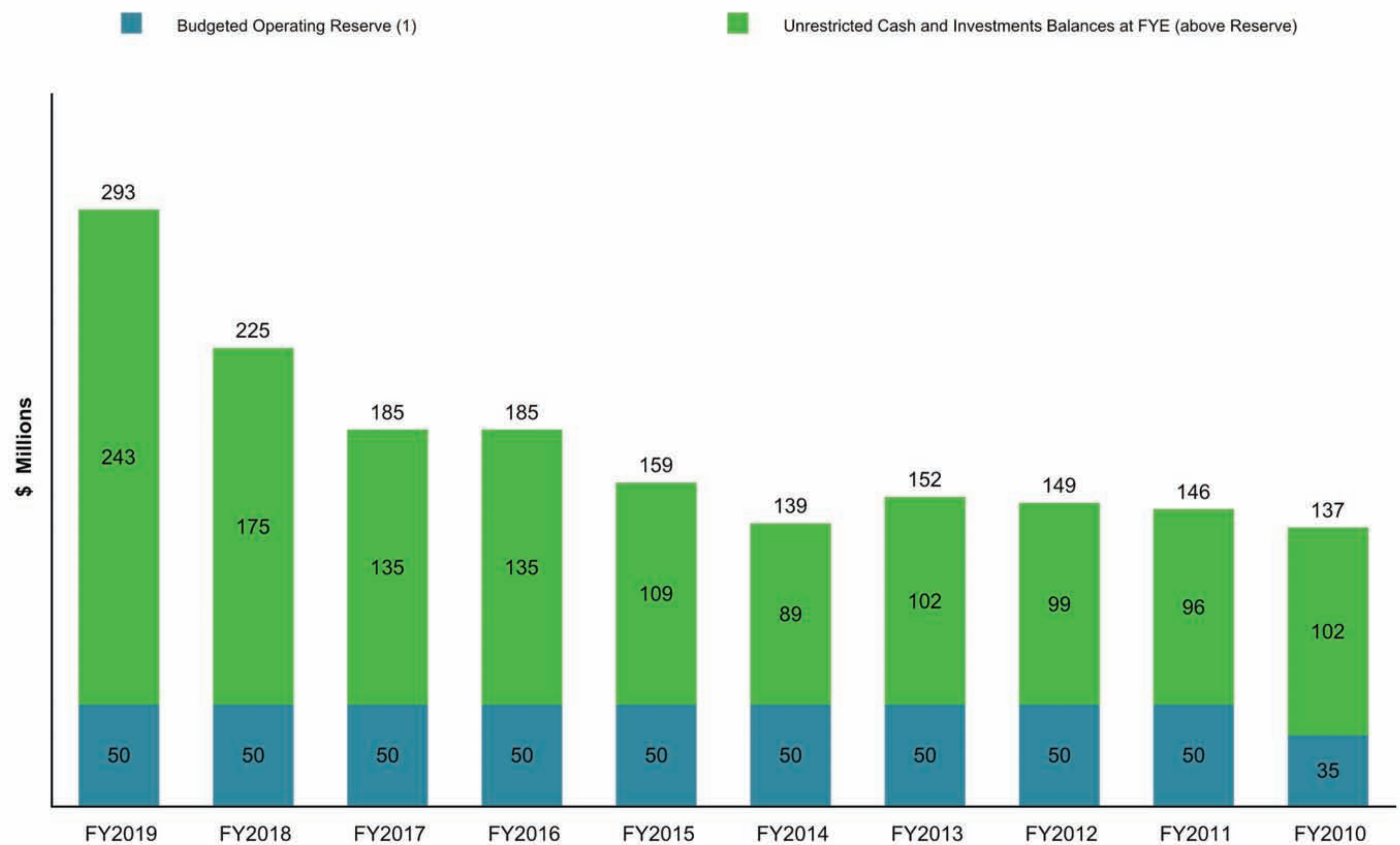
RALEIGH-DURHAM AIRPORT AUTHORITY
KEY PERFORMANCE INDICATORS
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Airline cost per enplanement (CPE)	$ 8.59	$ 8.68 *	$ 7.28	$ 7.02	$ 6.91	$ 6.45	$ 6.35	$ 6.48	$ 6.29	$ 6.24
Airline cost per airline operation	360.75	352.13	286.04	266.43	247.87	218.82	215.93	206.77	191.23	186.94
Terminal concession revenue per enplanement	1.77	1.51	1.67	1.61	1.60	1.49	1.44	1.49	1.43	1.39
Terminal concession revenue per airline operation	74.43	61.09	65.51	61.24	57.52	50.64	48.96	47.62	43.52	41.80
Rental car revenue per enplanement	2.67	2.72	2.98	2.88	2.95	2.86	2.78	2.68	2.62	2.57
Rental car revenue per airline operation	111.97	110.11	117.16	109.31	105.95	96.84	94.53	85.35	79.84	77.00
Parking revenue per enplanement	10.12	10.01	10.27	9.37	9.26	9.13	9.01	8.18	7.95	7.76
Parking revenue per airline operation	425.10	405.97	403.47	355.77	332.28	309.53	306.46	260.80	241.89	232.63
Non-aeronautical revenue per enplanement	15.01	14.65	15.05	14.14	14.10	13.73	13.49	12.66	12.09	11.82
Non-aeronautical revenue per airline operation	630.51	593.88	591.36	536.97	505.68	465.46	458.76	404.01	367.65	354.43
Total operating revenue per enplanement	25.35	25.51	23.84	22.58	22.46	21.55	21.14	20.53	19.72	19.41
Total operating revenue per airline operation	1,064.53	1,034.47	936.39	857.36	805.71	730.87	718.97	655.08	599.76	581.97
Total operating revenue per total operation	780.98	753.68	691.41	632.05	592.95	535.84	531.13	485.88	462.41	439.68
Total operating expenses per enplanement	11.21	12.17	11.63	11.59	11.16	11.35	10.71	10.57	10.49	9.74
Total operating expenses per airline operation	470.90	493.40	456.82	440.09	400.21	384.88	364.16	337.16	319.14	292.01
Total operating expenses per total operation	345.48	359.47	337.31	324.44	294.53	282.17	269.02	250.08	246.05	220.62
Number of days unrestricted cash on hand	1,460	1,135	1,036	1,131	1,084	976	1,118	1,112	1,162	1,135

*2018 and forward CPE calculation includes deduction for airline incentives

Source: Raleigh-Durham Airport Authority Finance Department

RALEIGH-DURHAM AIRPORT AUTHORITY
RDU UNRESTRICTED CASH AND INVESTMENT BALANCES
Last Ten Fiscal Years



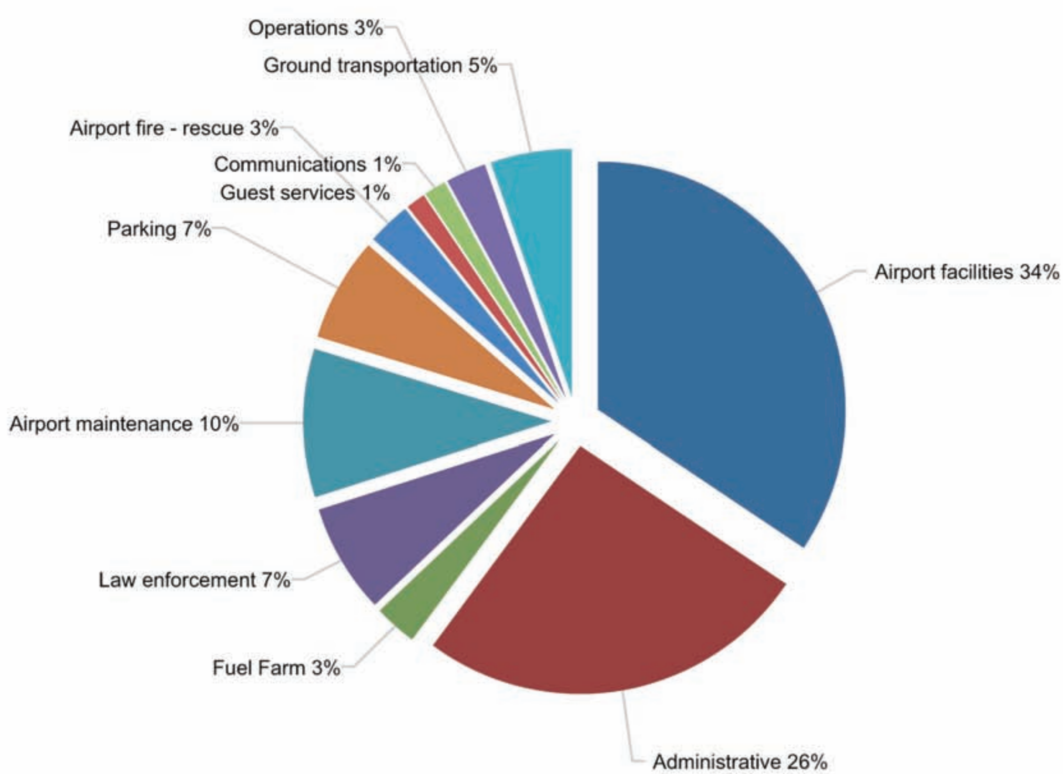
(1) The Authority formally adopted an operating reserve policy that provided that the Authority maintain an unencumbered reserve of $50 million.

RALEIGH-DURHAM AIRPORT AUTHORITY

FYE March 31, 2019 Operating Expense by Business Unit (000s)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Airport facilities	$ 25,232	$ 27,218	$ 22,633	$ 21,242	$ 20,771	$ 21,427	$ 19,853	$ 19,742	$ 19,123	$ 17,956
Administrative	18,894	19,119	19,738	17,813	13,081	11,440	10,105	9,632	9,439	8,202
Fueling systems	2,050	1,251	1,138	1,072	975	989	963	954	978	904
Law enforcement	5,249	4,958	4,004	3,959	3,084	2,621	3,276	3,352	3,254	2,848
Airport maintenance	7,073	6,289	5,541	5,317	5,753	5,683	5,582	5,148	5,177	4,829
Parking	4,971	4,530	4,412	2,787	2,647	2,735	2,696	2,752	2,829	2,417
Airport fire - rescue	2,084	1,943	1,648	1,650	1,630	1,688	1,588	1,601	1,614	1,524
Guest services	935	920	838	792	793	804	737	735	758	689
Communications	1,062	927	859	794	707	722	778	752	808	728
Operations	1,930	1,850	1,554	1,516	1,326	1,277	1,211	1,128	1,070	984
Ground transportation	3,896	3,326	2,916	2,766	2,728	2,657	2,574	2,609	2,686	2,701
Terminal services	—	—	—	—	112	129	237	334	257	228
Total	$ 73,375	$ 72,330	$ 65,281	$ 59,708	$ 53,607	$ 52,172	$ 49,600	$ 48,739	$ 47,993	$ 44,010

FYE March 31, 2019 Operating Expense by Business Unit

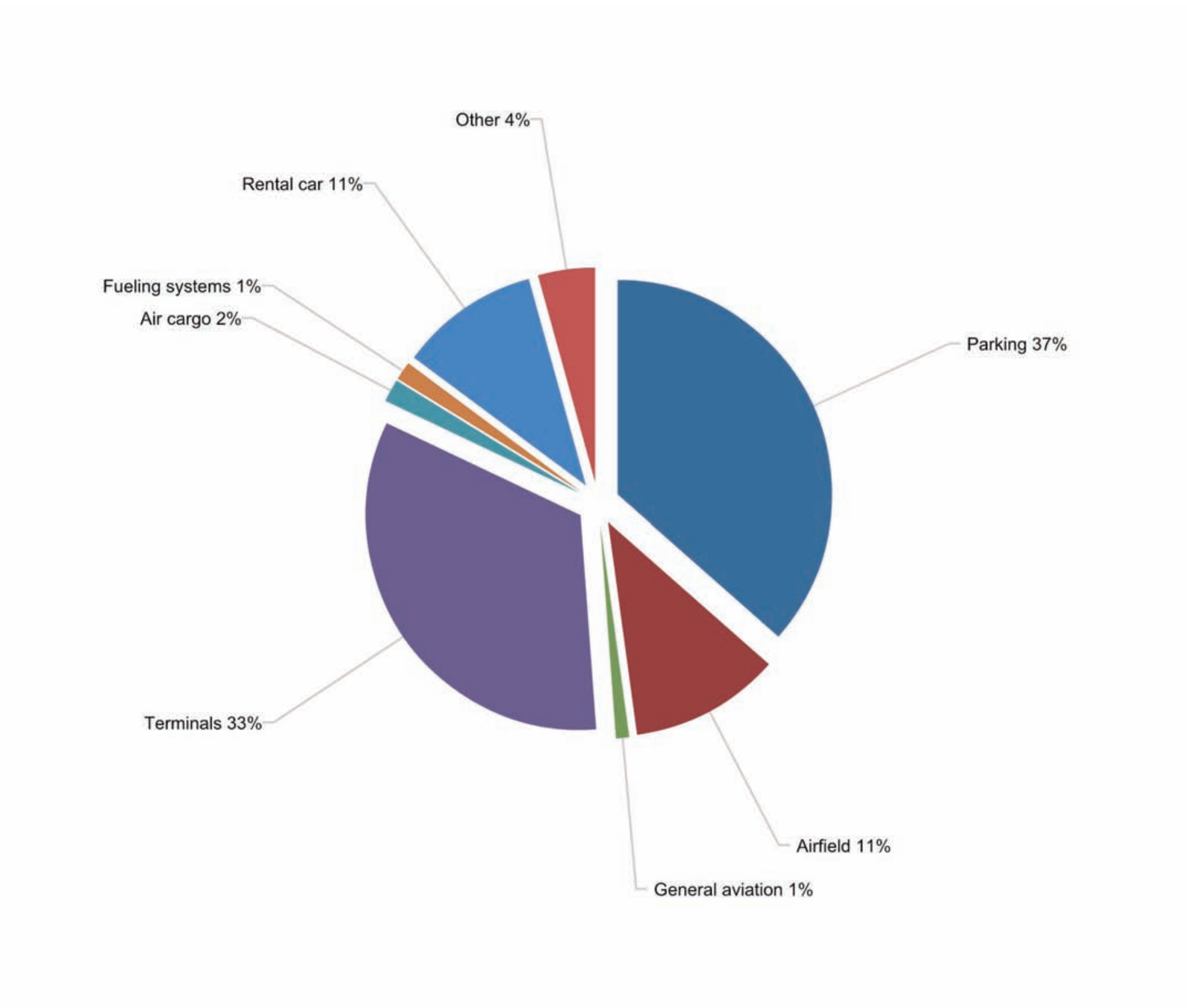


RALEIGH-DURHAM AIRPORT AUTHORITY

FYE March 31, 2019 Operating Revenue by Source (000s)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Parking	$ 60,544	$ 54,975	$ 55,843	$ 47,058	$ 43,796	$ 41,427	$ 41,267	$ 37,167	$ 35,859	$ 34,687
Airfield	18,809	16,614	15,058	12,853	11,362	12,158	11,366	11,930	11,866	12,500
General aviation	1,655	1,858	1,722	1,707	1,633	1,476	1,539	1,399	1,401	1,399
Terminals	55,102	51,771	37,930	33,821	31,650	26,230	27,023	27,021	24,632	23,284
Air cargo	2,855	2,575	2,310	2,291	2,187	2,033	2,000	2,300	2,016	2,005
Fueling systems	2,332	2,002	1,649	1,632	1,494	1,260	1,034	1,042	973	961
Rental car	17,446	16,142	16,742	14,831	14,191	13,128	12,876	12,306	11,967	11,605
Other	7,128	5,711	2,560	1,760	1,157	986	940	1,220	906	728
Total	$ 165,871	$ 151,649	$ 133,814	$ 115,953	$ 107,470	$ 98,698	$ 98,045	$ 94,385	$ 89,620	$ 87,169

FYE March 31, 2019 Operating Revenue by Source

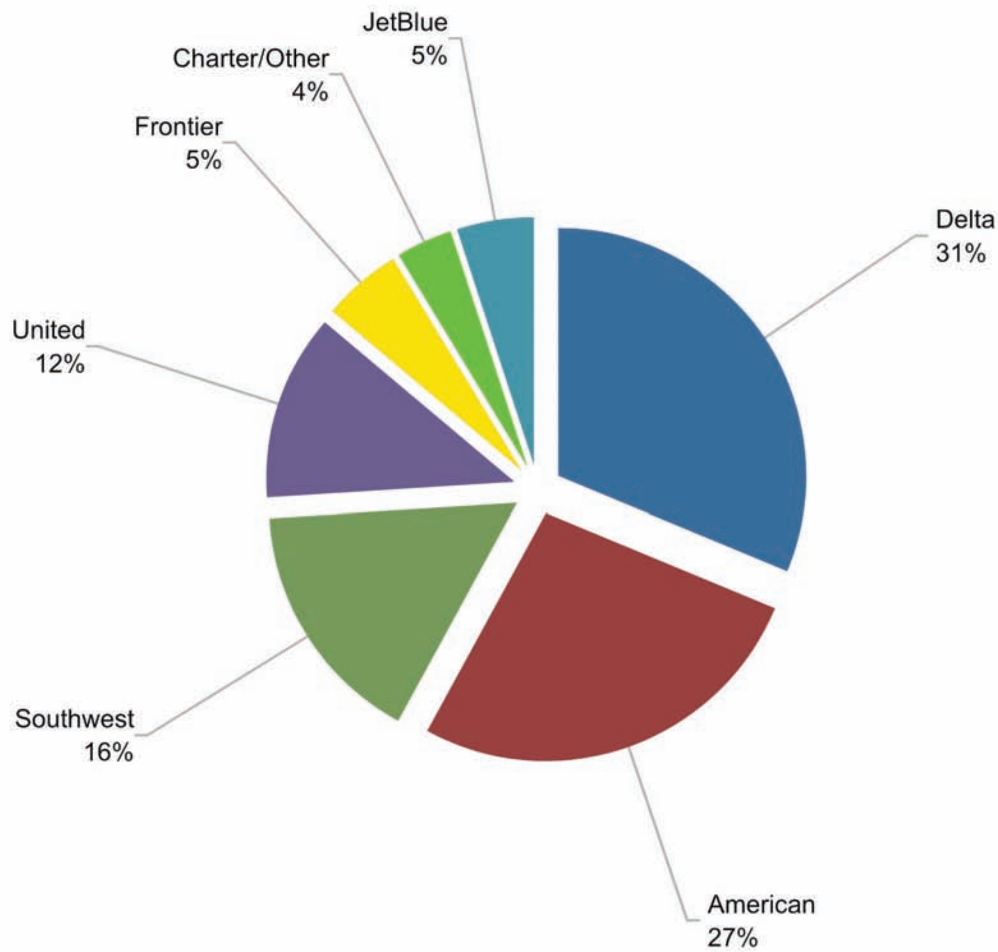


RALEIGH-DURHAM AIRPORT AUTHORITY

FYE March 31, 2019 Airline Derived Revenue by Carrier (000s)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Delta	$ 17,566	$ 18,427	$ 11,571	$ 10,598	$ 9,840	$ 8,580	$ 7,894	$ 7,590	$ 6,999	$ 6,753
American	15,004	15,653	11,651	11,152	11,184	11,070	11,495	11,399	10,795	11,360
Southwest	9,027	8,528	6,458	6,278	5,753	4,573	4,659	4,756	4,878	5,175
United	6,819	6,658	5,070	4,822	4,017	3,816	3,988	4,525	3,988	3,959
Frontier	2,919	1,064	579	343	159	80	—	25	151	—
JetBlue	2,820	2,627	1,805	1,854	1,566	1,098	1,040	1,066	999	812
Charter/Other	2,055	1,783	1,182	1,100	685	444	333	530	481	426
Total	$ 56,210	$ 54,740	$ 38,316	$ 36,147	$ 33,204	$ 29,661	$ 29,409	$ 29,891	$ 28,291	$ 28,485

FYE March 31, 2019 Airline Derived Revenue by Carrier



RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT SERVICE SCHEDULE
Last Ten Fiscal Years

RDU BOND ISSUES	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
2008 C (Non-AMT) - $72.295M Variable rate											
Principal (May Only)	$ 2,020,000	$ 2,120,000	$ 2,220,000	$ 2,330,000	$ 2,440,000	$ 2,550,000	$ 2,680,000	$ 2,805,000	$ 2,940,000	$ 3,080,000	$ 3,230,000
Interest (12 Monthly Payments)	861,412	2,263,267	2,174,800	2,081,967	1,984,733	1,883,100	1,776,333	1,664,550	1,547,400	1,424,667	1,295,967
Total	2,881,412	4,383,267	4,394,800	4,411,967	4,424,733	4,433,100	4,456,333	4,469,550	4,487,400	4,504,667	4,525,967
2010A (Non-AMT) - $242.365M (4.11%) Fixed Rate											
Principal (May Only)	6,635,000	6,975,000	7,330,000	7,710,000	8,105,000	8,520,000	8,955,000	9,415,000	9,900,000	10,355,000	10,835,000
Interest (May)	4,985,381	4,819,506	4,645,131	4,461,881	4,269,131	4,066,506	3,853,506	3,629,631	3,394,256	3,146,756	2,939,656
Interest (November)	4,819,506	4,645,131	4,461,881	4,269,131	4,066,506	3,853,506	3,629,631	3,394,256	3,146,756	2,939,656	2,668,781
Total	16,439,887	16,439,637	16,437,012	16,441,012	16,440,637	16,440,012	16,438,137	16,438,887	16,441,012	16,441,412	16,443,437
2010B - (Non-AMT) - $94.08M (4.11%) Fixed Rate											
Principal (November Only)	5,110,000	5,365,000	5,630,000	5,805,000	6,090,000	6,395,000	6,715,000	7,055,000	7,405,000	7,775,000	—
Interest (May)	1,527,325	1,399,575	1,265,450	1,181,000	1,035,875	883,625	723,750	555,875	379,500	194,375	—
Interest (November)	1,527,325	1,399,575	1,265,450	1,181,000	1,035,875	883,625	723,750	555,875	379,500	194,375	—
Total	8,164,650	8,164,150	8,160,900	8,167,000	8,161,750	8,162,250	8,162,500	8,166,750	8,164,000	8,163,750	—
2010B-1 (Non-AMT) - $38.235M (4.18%) Fixed Rate											
Principal (November Only)	—	—	—	—	—	—	—	—	—	—	8,915,000
Interest (May)	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550
Interest (November)	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550
Total	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	10,618,100
2015A (Non-AMT) - $34.06M (3.07%) Fixed Rate											
Principal (May Only)	—	120,000	2,375,000	2,495,000	2,625,000	2,755,000	2,900,000	3,045,000	3,205,000	3,370,000	3,540,000
Interest (May)	841,525	841,525	839,125	779,750	717,375	651,750	582,875	510,375	434,250	354,125	269,875
Interest (November)	841,525	839,125	779,750	717,375	651,750	582,875	510,375	434,250	354,125	269,875	181,375
Total	1,683,050	1,800,650	3,993,875	3,992,125	3,994,125	3,989,625	3,993,250	3,989,625	3,993,375	3,994,000	3,991,250
2015B (AMT) - $48.685M (3.00%) Fixed Rate											
Principal (May Only)	4,675,000	4,420,000	2,400,000	2,520,000	2,655,000	2,790,000	2,930,000	3,085,000	3,235,000	3,405,000	3,580,000
Interest (May)	971,000	854,125	743,625	683,625	620,625	554,250	484,500	411,250	334,125	253,250	168,125
Interest (November)	854,125	743,625	683,625	620,625	554,250	484,500	411,250	334,125	253,250	168,125	78,625
Total	6,500,125	6,017,750	3,827,250	3,824,250	3,829,875	3,828,750	3,825,750	3,830,375	3,822,375	3,826,375	3,826,750
2017A (AMT) - $115.23M (3.56%) Fixed Rate											
Principal (May Only)	4,320,000	3,685,000	3,840,000	4,015,000	4,195,000	4,415,000	4,615,000	4,830,000	5,075,000	5,340,000	5,610,000
Interest (May)	2,787,963	2,679,963	2,624,688	2,528,688	2,448,388	2,343,513	2,233,138	2,140,838	2,020,088	1,893,213	1,759,713
Interest (November)	2,679,963	2,624,688	2,528,687	2,448,387	2,343,513	2,233,138	2,140,838	2,020,088	1,893,213	1,759,712	1,619,463
Total	9,787,926	8,989,651	8,993,375	8,992,075	8,986,901	8,991,651	8,988,976	8,990,926	8,988,301	8,992,925	8,989,176
FY principal total	22,760,000	22,685,000	23,795,000	24,875,000	26,110,000	27,425,000	28,795,000	30,235,000	31,760,000	33,325,000	35,710,000
FY interest total	24,400,150	24,813,205	23,715,312	22,656,529	21,431,121	20,123,488	18,773,046	17,354,213	15,839,563	14,301,229	12,684,680
Total principal and interest	**$ 47,160,150**	**$ 47,498,205**	**$ 47,510,312**	**$ 47,531,529**	**$ 47,541,121**	**$ 47,548,488**	**$ 47,568,046**	**$ 47,589,213**	**$ 47,599,563**	**$ 47,626,229**	**$ 48,394,680**
Total principal outstanding at end of FY	**$ 531,275,000**	**$ 508,590,000**	**$ 484,795,000**	**$ 459,920,000**	**$ 433,810,000**	**$ 406,385,000**	**$ 377,590,000**	**$ 347,355,000**	**$315,595,000**	**$ 282,270,000**	**$ 246,560,000**
PFC offsets to annual debt service	22,000,000										
DEBT SERVICE P&I NET OF PFC OFFSET	**$ 25,160,150**	**$ 47,498,205**	**$ 47,510,312**	**$ 47,531,529**	**$ 47,541,121**	**$ 47,548,488**	**$ 47,568,046**	**$ 47,589,213**	**$ 47,599,563**	**$ 47,626,229**	**$ 48,394,680**

Notes:

1. This schedule represents Cashflow Scheduled Debt Service. Accrual Basis interest expense will differ slightly.
2. 2008C interest costs are based on estimated weekly variable rates of 4.0%. The actual average variable rates at March 31, 2019 was 1.99% This interest cost excludes program costs such as liquidity and remarketing fees, which total 21.0 basis pts.
3. There are no irrevocable commitments of PFC's beyond FY2015/2016

RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT PROFILE
March 31, 2019

			Original Issue			Current Issue	
Series	Final Maturity	Use of Funds	Amount	Rate	Call Date	Amount	Rate
2008C	5/1/2036	Refunded 2008C Variable Bonds to to Non-AMT -T2	$ 73,680,000	4.72%	Any Time	$ 58,525,000	1.48%
2010A	5/1/2036	Refunded 2008AB bonds to fixed rate and Terminate Swaps - T2	242,365,000	4.11%	5/1/2020	196,640,000	4.11%
2010B	11/1/2027	Refunded 2001A-Parking Garage Bonds for PV savings	94,080,000	4.11%	5/1/2020	58,235,000	4.11%
2010B-1	11/1/2031	Refunded 2001A-Parking Garage Bonds for PV savings	38,235,000	4.18%	5/1/2020	38,235,000	4.18%
2015A	11/1/2031	Refunded 2005A-Operation Center, G/A Term, 75% of Taxiway D	34,060,000	4.66%	5/1/2025	34,060,000	3.07%
2015B	11/1/2031	Refunded 2005B-Terminal 2 Project, 25% of Taxiway D	48,685,000	4.66%	5/1/2025	34,765,000	3.00%
2017A	5/1/2037	Refunded 2007-Terminal 2 project	115,230,000	4.75%	5/1/2027	110,815,000	3.56%
		Total	**$ 646,335,000**	**4.02%**	(1)	**$ 531,275,000**	**3.36%**

Fixed versus Variable Debt

Fixed rate debt	89.0%	$ 472,750,000
Variable rate debt (2008C bonds)	11.0%	58,525,000
		$ 531,275,000
Debt outstanding per enplanement		$ 81.2

(1) Excludes unamortized debt issue premiums

RALEIGH-DURHAM AIRPORT AUTHORITY
RDU DEMOGRAPHIC INFORMATION
Last Ten Years (000s)

Year	Population*	Median Household Income**	Per Capita Income***	Median Age****	Unemployment Rate*****
2009	1,122	$55.5	$38.2	34.7	8.4%
2010	1,152	$49.4	$39.1	34.9	8.5%
2011	1,172	$60.7	$40.2	34.4	8.6%
2012	1,205	$60.3	$41.4	35.1	7.7%
2013	1,230	$58.9	$42.5	35.4	6.4%
2014	1,258	$56.6	$46.3	35.2	4.9%
2015	1,290	$59.5	$46.0	36.1	4.7%
2016	1,318	$59.8	$50.4	36.4	4.4%
2017	1,348	$62.3	$52.4	36.7	4.0%
2018	1,381	Unavailable	Unavailable	37.0	3.4%

Sources:

*CAFR Demographic and Economic Statistics for Wake County and Durham County
**U.S. Census Bureau, American Fact Finder - American Community Survey
***U.S. Department of Commerce, Bureau of Economic Analysis
****Raleigh-Durham-Chapel Hill, NC CSA - profile data - Census Reporter
*****U.S. Department of Labor, Bureau of Labor Statistics

RALEIGH-DURHAM AIRPORT AUTHORITY
RALEIGH-DURHAM TRIANGLE TOP EMPLOYERS
Current Year and Nine Years Ago

The Authority primarily serves the Research Triangle; officially named the Raleigh-Durham-Cary CSA (combined statistical area). Major employers of the region include:

	2018			2009		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Duke University & Health System	38,591	1	4.97%	20,185	2	3.65%
State of North Carolina	24,083	2	3.10%	25,458	1	4.61%
Wake County Public Schools	19,845	3	2.56%	16,755	3	3.03%
Wal-Mart	16,135	4	2.08%			
International Business Machines	10,000	5	1.29%	11,530	4	2.09%
WakeMed Health & Hospitals	9,105	6	1.17%	6,893	7	1.25%
N C State University at Raleigh	9,069	7	1.17%	8,000	6	1.45%
Target	8,000	8	1.03%			
UNC Rex Healthcare	7,400	9	0.95%	4,000		0.72%
SAS Institute, Inc.	5,632	10	0.73%	4,149	10	0.75%
Durham Public Schools	4,600		0.59%	5,489	8	0.99%
GlaxoSmithKline	2,600		0.33%	11,400	5	2.06%
Progress Energy				5,000	9	0.90%
Total	155,060		19.97%	118,859		21.50%

Sources:

Wake County 2018 CAFR - Greater Raleigh Chamber of Commerce
Durham County 2018 CAFR - Durham Chamber of Commerce

RALEIGH-DURHAM AIRPORT AUTHORITY
ACTIVITY STATISTICS
Last Ten Fiscal Years

Fiscal Year	Total Passengers	Aircraft Operations	Enplaned Cargo Volume (tons)	Deplaned Cargo Volume (tons)
2019	13,070,284	212,388	42,600	64,505
2018	11,848,878	201,212	41,423	59,113
2017	11,211,410	193,538	34,829	51,333
2016	10,264,233	184,034	38,208	47,240
2015	9,591,249	182,013	37,915	46,045
2014	9,165,624	184,893	36,941	45,944
2013	9,234,825	184,370	35,622	49,713
2012	9,199,631	194,895	36,862	48,446
2011	9,147,426	195,051	44,158	51,658
2010	9,001,247	199,483	46,251	53,021

Source: Raleigh Durham Airport Authority Activity Reports
Aircraft Operations represents the total number of take-offs and landings (passenger and cargo)

RALEIGH-DURHAM AIRPORT AUTHORITY
ENPLANED PASSENGERS BY AIRLINE
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
AIR CANADA	43,299	44,552	38,318	32,536	28,603	28,893	27,849	29,885	29,477	27,913
AIRTRAN	—	—	—	—	—	179,787	119,079	115,128	117,280	130,365
ALASKA	97,223	73,305	54,308	25,191	—	—	—	—	—	—
ALLEGIANT	66,303	61,375	44,809	37,763	—	—	—	—	—	—
AMERICAN	1,527,807	1,553,847	1,509,127	1,443,316	761,538	822,556	792,398	796,502	835,120	977,895
CHARTER/ UNSCHEDULED	3,398	2,990	3,210	4,133	7,802	4,504	5,770	2,040	11,137	5,774
CONTINENTAL	—	—	—	—	—	—	139,311	243,467	295,864	306,178
DELTA	1,991,809	1,836,956	1,683,455	1,522,158	1,433,435	1,301,608	1,252,801	1,213,745	1,068,655	992,524
FRONTIER	427,903	146,020	145,730	104,111	44,655	26,028	—	6,146	6,332	—
JETBLUE	281,335	270,297	256,777	253,654	239,660	225,960	227,676	234,131	210,642	152,583
SOUTHWEST	1,269,849	1,205,695	1,168,889	1,132,726	1,075,156	881,332	1,001,494	980,621	1,018,029	1,012,673
UNITED	835,533	749,557	708,999	595,913	479,055	461,097	364,127	248,920	330,210	289,275
USAIR	—	—	—	—	735,199	665,133	702,779	740,900	652,031	623,142
TOTAL	6,544,459	5,944,594	5,613,622	5,151,501	4,805,103	4,596,898	4,633,284	4,611,485	4,574,777	4,518,322

Source: Raleigh-Durham Airport Authority Activity Reports

RALEIGH-DURHAM AIRPORT AUTHORITY
ENPLANED PASSENGERS BY MONTH
Last Ten Fiscal Years

	Avg %	**Monthly Avg**	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
April	8.3%	**421,241**	538,150	487,023	447,366	408,738	401,769	384,101	394,240	385,934	378,833	386,257
May	8.9%	**454,605**	586,622	519,125	514,217	449,653	436,051	417,581	411,004	415,626	400,240	395,931
June	9.2%	**470,709**	614,545	545,573	518,973	464,691	450,658	426,151	428,277	422,735	421,754	413,735
July	9.2%	**467,004**	597,868	532,289	508,317	476,967	444,405	410,540	414,839	427,336	427,675	429,806
August	8.7%	**444,589**	582,829	518,712	481,903	440,297	422,424	396,153	411,880	391,839	399,923	399,927
September	7.8%	**398,803**	461,017	463,363	457,284	404,968	384,148	359,375	369,095	369,392	365,295	354,093
October	8.9%	**452,621**	573,640	530,014	493,170	457,164	431,658	406,059	406,522	412,907	411,232	403,843
November	8.5%	**431,881**	575,067	517,244	480,508	431,732	390,220	374,721	392,065	389,412	393,364	374,480
December	8.6%	**438,792**	562,881	507,048	481,271	461,445	415,732	414,239	383,896	383,279	391,540	386,585
January	6.9%	**350,381**	455,329	405,358	385,261	351,758	328,348	317,903	323,135	314,555	312,767	309,391
February	6.7%	**339,393**	443,374	405,430	374,588	358,049	302,921	293,120	311,865	313,715	299,202	291,670
March	8.4%	**429,386**	553,137	513,415	470,764	446,039	396,769	396,955	386,466	384,755	372,952	372,604
TOTAL		**5,099,406**	6,544,459	5,944,594	5,613,622	5,151,501	4,805,103	4,596,898	4,633,284	4,611,485	4,574,777	4,518,322
Increase (Decrease) over Prior Period			10.1%	5.9%	9.0%	7.2%	4.5%	(0.8)%	0.5%	0.8%	1.2%	(3.6)%

Source: Raleigh-Durham Airport Authority Activity Reports

RALEIGH-DURHAM AIRPORT AUTHORITY
LANDED WEIGHTS BY AIRLINE (in 000's)
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Airlines										
AIR CANADA	54,050	54,896	49,068	47,047	44,979	46,540	50,752	60,364	53,752	45,646
AIRTRAN	—	—	—	—	91,000	215,944	138,728	145,040	138,872	151,096
ALASKA	108,502	84,840	64,382	27,394	—	—	—	—	—	—
ALLEGIANT	69,473	62,026	45,527	37,743	—	—	—	—	—	—
AMERICAN	1,829,047	1,806,337	1,775,281	1,569,356	889,370	986,671	919,159	945,196	1,015,421	1,199,346
CONTINENTAL	—	—	—	—	—	—	162,018	270,259	325,661	340,284
DELTA	2,330,006	2,149,363	2,057,116	1,808,812	1,776,474	1,641,586	1,503,387	1,453,247	1,281,755	1,161,040
FRONTIER	417,784	137,204	141,610	105,682	50,447	28,369	—	21,676	44,847	—
JETBLUE	329,451	307,300	284,781	285,029	264,781	266,987	256,643	269,025	249,735	190,769
SOUTHWEST	1,403,967	1,324,040	1,285,108	1,283,654	1,168,858	1,058,200	1,239,454	1,226,814	1,205,886	1,237,984
UNITED AIRLINES	978,432	866,777	809,007	646,950	507,034	517,665	396,819	516,571	484,410	473,477
USAIR	—	—	—	—	874,493	797,467	818,146	752,766	716,733	658,321
CHARTER/OTHER	6,976	6,454	6,704	7,465	13,315	11,814	17,455	24,926	16,968	17,940
Cargo										
FEDERAL EXPRESS	302,775	319,470	299,700	294,116	290,774	269,512	251,156	244,371	250,699	239,170
UPS	203,676	178,221	157,182	144,829	142,946	137,312	132,418	133,430	134,901	131,024
OTHERS	16,990	8,125	7,938	8,118	8,797	8,202	8,287	33,463	75,259	79,123
TOTAL	8,051,129	7,305,053	6,983,404	6,266,195	6,123,268	5,986,269	5,894,422	6,097,148	5,994,899	5,925,220

Source: Raleigh-Durham Airport Authority Finance Department

RALEIGH-DURHAM AIRPORT AUTHORITY
CAPITAL ASSETS AND OTHER AIRPORT INFORMATION

About the Airport:

Raleigh-Durham International Airport (the Airport or RDU) is owned and operated by the Raleigh-Durham Airport Authority (the Authority). The General Assembly of North Carolina enacted legislation on March 9, 1939 enabling the Cities of Raleigh and Durham, and the Counties of Wake and Durham to jointly establish, operate and maintain an airport and to appoint members to a board to be known as the "Aeronautics Authority for the City of Raleigh, City of Durham, County of Durham and County of Wake". The enabling act further authorized the Aeronautics Authority to "act in an administrative capacity and be vested with the authority to control, lease, maintain, improve, operate, and regulate the joint airport or landing field." In 1941 , the name of the Aeronautics Authority was changed to the "Raleigh-Durham Airport Authority." Amendments to the Authority's enabling legislation have been enacted from time to time to define and expand the Authority's powers to operate the Airport.

RDU serves 13.1 million passengers on 10 airlines and serves 65 international and domestic nonstop destinations with an average of 216 daily flights. In the fiscal year 2019 97% of all passengers at the airport enplaned on domestic flights and 3% enplaned on international flights.

Location:

The Airport is located midway between the cities of Raleigh and Durham, primarily in Wake County, approximately 10 miles southeast of Durham and 10 miles northwest of Raleigh. The Airport encompasses approximately 5,100 acres, of which approximately 2,075 acres are developed.

Terminals:

Passenger terminal facilities at the Airport are located in two separate buildings known as Terminal 1 and Terminal 2.

The Authority completed a project to renovate and modernize Terminal 1. Construction on this $68 million project was completed on April 13, 2014. Terminal 1 is home to Southwest Airlines and potentially other carriers and operates with 9 gates.

Terminal 2 is a $573 million state-of-the-art, common use, passenger terminal that opened on October 26, 2008. The second phase of the Terminal, the South Concourse, opened January 23, 2011. The completed Terminal consists of approximately 920,000 square feet, with a total of 36 gates. Terminal 2 currently serves Air Canada, Alaska, Allegiant, American Airlines, Delta Airlines, Frontier, JetBlue Airways, Spirit, United Airlines and Charter Express.

Runways:

RDU has two primary runways and one secondary runway.
Runway One: 5L/23R 10,000' L, 150' W; CAT II (5L), CAT III (23R)
Runway Two: 5R/23L 7,500' L, 150' W; CAT I (5R), CAT II (23L)
Runway Three: 14/32 3,550' L, 100' W; not equipped to handle most commercial aircraft.

Parking Spaces:

The airports total parking capacity is approximately 19,057 vehicles.

4 - Parking Garages	11,270 spaces approximately
4 - Park & Ride Parking Lots	7,558 spaces approximately
General Aviation Parking Lot	227 spaces approximately

RALEIGH-DURHAM AIRPORT AUTHORITY
GRANT EXPENDITURES HISTORY
Last Ten Fiscal Years

Fiscal Year Ended	State	Federal	Total
2019	$ 38,420,576	$ 15,349,872	$ 53,770,448
2018	746,928	4,425,422	5,172,350
2017	590,119	2,441,097	3,031,216
2016	—	1,947,012	1,947,012
2015	985,122	1,861,900	2,847,022
2014	48,374	10,843,575	10,891,951
2013	628,069	5,048,573	5,676,612
2012	84,891	1,061,497	1,146,388
2011	579,473	6,613,436	7,192,909
2010	1,611,573	10,397,845	12,009,418
Total	$ 43,695,125	$ 59,990,229	$ 103,685,326

Source: Schedule of Expenditures of Federal and State Awards

RALEIGH-DURHAM AIRPORT AUTHORITY
EMPLOYEE HEADCOUNT
Last Ten Fiscal Years

Fiscal Year Ended	Number of Employees
2019	329
2018	318
2017	288
2016	286
2015	272
2014	273
2013	270
2012	273
2011	271
2010	271

Source: Raleigh-Durham Airport Authority Human Resources & Payroll Department

APPENDIX D

SUMMARIES OF THE AMENDED AND RESTATED MASTER TRUST INDENTURE, THE FOURTEENTH SUPPLEMENTAL TRUST INDENTURE AND THE AMENDMENTS BEING MADE BY THE AMENDED AND RESTATED MASTER TRUST INDENTURE

AMENDMENTS MADE BY THE AMENDED AND RESTATED MASTER TRUST INDENTURE

The following sets forth a summary of the material changes to the Master Trust Indenture that will result from the execution and delivery of the Amended and Restated Master Trust Indenture. The summary of the Amended and Restated Master Trust Indenture and the Fourteenth Supplemental Indenture below include the changes to the Master Trust Indenture by the Amended and Restated Master Trust Indenture.

Change in assumption used for calculating Aggregate Annual Debt Service if there is Balloon Long-Term Indebtedness. The Master Trust Indenture currently provides that if any Indebtedness is Balloon Long-Term Indebtedness, then for purposes of calculating Aggregate Annual Debt Service the Balloon Long-Term Indebtedness should be treated as if it were to be amortized over a period of 20 years (or the actual number of years over which such Balloon Indebtedness is to be amortized, if greater than 20 years, but in no event greater than 30 years) with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Indebtedness was issued. Under the Amended and Restated Master Trust Indenture, this time period would be 30 years.

In addition, the Master Trust Indenture currently provides that for purposes of calculating he assumed debt service on the amortized Balloon Long-Term Indebtedness, the interest rate to be used would be based on an opinion of a banking or investment banking institution knowledgeable in airport finance as the interest rate or rates at which the Authority could reasonably expect to borrow the same by incurring indebtedness of that amortization. Under the Amended and Restated Master Trust Indenture, the assumed rate would be based on the Bond Buyer Revenue Bond Index for revenue bonds of a comparable maturity.

Change in assumption used for calculating Aggregate Annual Debt Service if there is Synthetic Fixed Rate Debt. The Master Trust Indenture currently provides that for purposes of calculating Aggregate Annual Debt Service, if there is any Synthetic Fixed Rate Debt the interest payable thereon shall, if the Authority elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable, but if the Authority fails to so elect, the rate will be based on an opinion of a banking or investment banking institution knowledgeable in airport finance as the interest rate or rates at which the Authority could reasonably expect to borrow the same by incurring indebtedness of that amortization. Under the Amended and Restated Master Trust Indenture, the assumed rate would be based on the Bond Buyer Revenue Bond Index for revenue bonds of a comparable maturity.

Change to definition of "Debt Service Reserve Fund Surety Policy." The Master Indenture currently defines a “Debt Service Reserve Fund Surety Policy” as an insurance policy or surety bond, or a letter of credit, deposited with the Trustee for the credit of the Parity Reserve Fund or any Series Specific Debt Service Reserve Fund that is issued by an entity rated in one of the two highest long-term ratings categories by a Rating Agency. Under the Amended and Restated Master Trust Indenture, the issuer of such an insurance policy, surety bond or letter of credit for the Parity Reserve Fund must be an entity rated in one of the three highest long-term ratings categories by a Rating Agency, and the ratings requirement for a Debt Service Reserve Fund Surety Policy for a Series Specific Debt Service Reserve Fund will be set forth in the

Supplemental Trust Indenture creating the Series Specific Debt Service Reserve Fund. Also, the definition is revised to clarify that the ratings requirement for the Parity Reserve Fund is met if it is met as of the date of issuance of the Debt Service Reserve Fund Surety Policy.

Change to definition of "Maintenance and Operation Expenses of the Authority." The Master Trust Indenture currently defines "Maintenance and Operation Expenses of the Authority" (which is used in computing compliance with the Rate Covenant and the Additional Debt tests under the Master Trust Indenture), such amount means the total maintenance and operation expenses of the Authority for the given period calculated based upon generally accepted accounting principles, excluding depreciation expenses, allowances for any amortization of financing expenses. Under the Amended and Restated Master Trust Indenture, "Maintenance and Operation Expenses of the Authority" for a given period will also exclude maintenance and operating expenses that are paid or to be paid from a source of funds other than Revenues and maintenance and operating expenses attributable to accruals for pensions and other post-retirement benefits that do not involve a current outlay of cash.

Change to definition of "Special Facility Revenue." The Master Trust Indenture currently defines "Special Facility Revenue" (which relates to the security for "Special Facility Obligations," which are debt obligations not secured by or payable from Revenues) as contractual payments and all other revenues derived by the Authority from a Special Facility that are pledged to secure Special Facility Obligations. The Amended and Restated Master Trust Indenture expands the definition to include or any other revenues of the Authority not constituting Revenues (including Released Revenues) that are pledged to secure Special Facility Obligations. "Special Facility Revenue" may also include PFCs to be collected in the future to the extent not designated as "Revenues" or irrevocably committed to be used to pay debt service on Bonds if such future PFCs are designated as "Special Facility Revenue."

Change to Definition of "Transfer." The Master Trust Indenture currently provides that for an amount to be treated as a "Transfer" (which is used in computing compliance with the Rate Covenant and the Additional Debt tests under the Master Trust Indenture) for a Fiscal Year, the amount must have been moved from the Revenue Fund to a separate Surplus Fund prior to that Fiscal Year and was available during the Fiscal Year for transfer to other funds under the Master Trust Indenture to pay Maintenance and Operation Expenses or debt service. The Amended and Restated Master Trust Indenture retains that provision, but also provides that amounts in the Revenue Fund on the first Business Day of the Fiscal Year that would be available to pay maintenance and operating expense or principal and interest on the Bonds during the Fiscal Year may also be included in calculating the amount to be included as a "Transfer" for the applicable period.

Change to Test for Additional Bonds Based on Historical Performance. The Master Trust Indenture currently provides that the Authority may issue additional Bonds thereunder if it can demonstrate that Net Revenues for the most recent Fiscal Year were not less than 125% of Maximum Aggregate Annual Debt Service on all Bonds that would be Outstanding after the issuance of the additional Bonds proposed to be issued. Under the Amended and Restated Master Trust Indenture, the permitted amount of the Transfer for that Fiscal Year would be added to the Net Revenues for the Fiscal Year.

Delete requirement for filing Capital Improvements Budget and Annual Budget with the Trustee. Under the Amended and Restated Master Trust Indenture, the current requirement that the Authority file its Capital Improvements Budget and its Annual Budget with the Trustee would be deleted.

Delete requirement for filing annual insurance information with the Trustee. Under the Amended and Restated Master Trust Indenture, the current requirement that the Authority file an annual summary of all insurance policies and self-insurance programs with the Trustee would be deleted.

Delete certain notices to rating agencies. Under the Amended and Restated Master Trust Indenture, the current requirement that the Authority notify rating agencies of material changes to Authority policies on reserves for budgeted amounts for Maintenance and Operations Expenses would be deleted.

Increase percentage of bondholders needed to direct the Trustee to take specific actions upon the occurrence of an event of default from 25% to 50%. Under the current Master Trust Indenture, if an Event of Default occurs, the Trustee is required to follow the directions of the Bondholders if 25% of the Bondholders provide such directions. The requisite percentage will be increased to 50% under the Amended and Restated Master Trust Indenture.

SUMMARIES OF THE AMENDED AND RESTATED MASTER TRUST INDENTURE AND THE FOURTEENTH SUPPLEMENTAL TRUST INDENTURE

Definitions

The following are definitions of certain terms used in this Official Statement including the summaries of the Amended and Restated Master Trust Indenture and the Fourteenth Supplemental Trust Indenture.

"Accreted Value" shall mean, with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in a Supplemental Indenture as the amount representing the initial principal amount of such Capital Appreciation Bond plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, determined in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bond.

"Act" shall mean The State and Local Government Revenue Bond Act, constituting Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended from time to time.

"Aggregate Annual Debt Service" shall mean for any Fiscal Year the aggregate amount of Annual Debt Service on all Outstanding Bonds and Unissued Program Bonds. For purposes of calculating Aggregate Annual Debt Service the following components of debt service shall be computed as follows:

(a) in determining the amount of principal to be funded in each year, payment shall (unless a different paragraph of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds and Unissued Program Bonds in accordance with any amortization schedule established by the governing documents setting forth the terms of such Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds maturing or scheduled for redemption in such year; in determining the amount of interest to be funded in each year, interest payable at a fixed rate shall (except to the extent paragraph (b), (c) or (d) of this definition applies) be assumed to be made at such fixed rate and on the required funding dates; provided, however, that interest payable on the Bonds shall be excluded to the extent such payments are to be paid from Capitalized Interest for such Fiscal Year;

(b) if all or any portion or portions of an Outstanding Series of Bonds, or Unissued Program Bonds constitute Balloon Indebtedness (excluding Program Bonds or Unissued Program Bonds to which paragraph (f) applies), then, for purposes of determining Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness shall, unless otherwise provided in the Supplemental Indenture pursuant to which such Balloon Indebtedness is issued or unless paragraph (c) of this definition then applies to such maturity, be treated as if it were to be amortized over a period of 30 years with substantially level annual debt service funding 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 equal to the current market rate for a similar obligation with such assumed amortization, as set forth in the *Bond Buyer* Revenue Bond Index at the end of the month for the most recent month preceding the calculation date, or if such index is no longer published, a similar replacement index designated by the Authority; with respect to any Series of Bonds, Unissued Program Bonds or Program Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion shall be treated as described in paragraph (a) above or such other provision of this definition as shall be applicable and, with respect to any Series of Bonds, Unissued Program Bonds or Program Bonds or that portion of a Series thereof which constitutes Balloon Indebtedness, all funding requirements of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness shall be treated as described in paragraph (a) above or such other provision of this definition as shall be applicable;

(c) any maturity of Bonds which constitutes Balloon Indebtedness as described in paragraph (b) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Aggregate Annual Debt Service is made, shall be assumed to become due and payable on the stated maturity date and paragraph (b) above shall not apply thereto unless there is delivered to the person making the calculation of Aggregate Annual Debt Service a certificate of an Authorized Authority Representative annexing a letter evidencing a binding commitment of an institutional lender or municipal underwriting firm to provide financing 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 commitment and such terms shall be used for purposes of calculating Aggregate Annual Debt Service, provided that such assumption shall not result in an interest rate lower than that which would be assumed under paragraph (b) above and shall be amortized over a term of not more than 30 years from the date of refinancing;

(d) if any Outstanding Bonds (including Program Bonds) or any Bonds which are then proposed to be issued constitute Tender Indebtedness (but excluding Program Bonds or Bonds as to which a Qualified Swap is in effect and to which paragraph (a) or (h) applies), then, for purposes of determining Aggregate Annual Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized over the stated term of such Tender Indebtedness but in any case not more than 30 years commencing in the year in which such Tender Indebtedness is first subject to tender and with substantially level Annual Debt Service payments and extending not later than the actual final maturity date of such Tender Indebtedness but in any case not more than 30 years from the date such Tender Indebtedness was originally issued; the interest rate used for such computation shall be a rate equal to the current market rate for a similar obligation with such assumed amortization as set forth in an opinion of a banking institution or an investment banking institution knowledgeable in airport finance delivered to the Trustee as the interest rate at which the Authority could reasonably expect to borrow the same by incurring indebtedness with the same terms as assumed above, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to all funding requirements of 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 paragraph (a) 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 paragraph (e) or (f) below, as appropriate;

(e) if any Outstanding Bonds constitute Variable Rate Indebtedness, including obligations described in subparagraph (h)(ii) below to the extent it applies (except to the extent paragraph (b) or (c) relating to Balloon Indebtedness or (d) relating to Tender Indebtedness or subparagraph (h)(i) below relating to Synthetic Fixed Rate Debt applies), the interest rate on such Variable Rate Indebtedness shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect and the principal amount of such Variable Rate Indebtedness Outstanding) for the most recent twelve (12) month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve (12) month period), except that with respect to new

Variable Rate Indebtedness proposed to be incurred, the interest rate for such Variable Rate Indebtedness shall be a rate equal to the current market rate for a similar obligation of a corresponding term as set forth in an opinion of a banking institution or an investment banking institution knowledgeable in airport finance delivered to the Trustee as the interest rate at which the Authority could reasonably expect to borrow the same by incurring indebtedness with the same terms as assumed above, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(f) with respect to any Program Bonds or Unissued Program Bonds, it shall be assumed that the full principal amount of such Unissued Program Bonds will be amortized over a term certified by an Authorized Authority Representative at the time the initial Program Bonds 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 Authority Representative to be the expected duration of such Program at the time of such calculation, but not to exceed 30 years from the date the initial Program Bonds of such Program are issued 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 a rate equal to the current market rate for a similar obligation with such assumed amortization as set forth in an opinion of a banking institution or an investment banking institution knowledgeable in airport finance delivered to the Trustee as the interest rate at which the Authority could reasonably expect to borrow the same by incurring indebtedness with the same terms as assumed above, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(g) debt service on Repayment Obligations, to the extent such obligations constitute Bonds under the Indenture, shall be calculated as provided in the Indenture;

(h) (i) for purposes of computing the Aggregate Annual Debt Service of Bonds that 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 Swap or the net interest rate payable pursuant to offsetting indices, as applicable; or, if the Authority fails so to elect, then it shall be deemed to be a rate equal to the current market rate for a fixed rate obligation with the same amortization and terms as such Bonds that constitute Synthetic Fixed Rate Debt as set forth in the *Bond Buyer* Revenue Bond Index at the end of the month for the most recent month preceding the calculation date, or if such index is no longer published, a similar replacement index designated by the Authority;

(ii) for purposes of computing the Aggregate Annual Debt Service of Bonds with respect to which a Swap has been entered into whereby the Authority has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Bonds to which such Swap pertains shall be included in the calculation of Aggregate Annual Debt Service, and the interest rate with respect to such Bonds shall be the sum of that rate as determined in accordance with paragraph (e) relating to Variable Rate Indebtedness plus the difference between the interest rate on the Designated Debt and the rate received from the Swap Provider;

(i) if moneys or Permitted Investments have been irrevocably deposited with and are held by the Trustee or another fiduciary or Capitalized Interest has been set aside exclusively to be used to pay principal and/or interest on specified Bonds, then the principal and/or interest to be paid from such moneys, Permitted Investments or Capitalized Interest or from the earnings thereon shall be disregarded and not included in calculating Aggregate Annual Debt Service; and

(j) if collected Passenger Facility Charges or federal or state grants or other moneys are actually applied to pay principal or interest on Bonds in a Fiscal Year, or if Passenger Facility Charges or federal or state grants or other moneys have been irrevocably committed to be used to pay principal or interest in a future Fiscal Year, then the principal and/or interest actually paid in the Fiscal Year or to be paid in the future Fiscal Year from such Passenger Facility Charges or federal or state grants or other moneys or from earnings thereon shall be disregarded (unless such amounts are Passenger Facility Charges that are included in the definition of Revenues) and not included in calculating Aggregate Annual Debt Service.

"*Aggregate Annual Debt Service For Parity Reserve Requirement*" shall mean the computation of Aggregate Annual Debt Service for all Bonds secured by the Parity Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as are described in this definition. For purposes of determining the Aggregate Annual Debt Service For Parity Reserve Requirement (i) for any Variable Rate Indebtedness secured by the Parity Reserve Fund, the Aggregate Annual Debt Service on account of the Variable Rate Indebtedness shall be calculated on the basis of the assumptions set forth in paragraph (e) of the definition of Aggregate Annual Debt Service, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the Outstanding principal amount of such Series, and (ii) for any Balloon Indebtedness or Tender Indebtedness, the Annual Debt Service requirements assumed at the time of issuance of the Bonds containing Balloon Indebtedness or Tender Indebtedness shall not require subsequent increases.

"Airport Facilities" or *"Airport Facility"* shall mean a facility or group of facilities or category of facilities which constitute or are part of the Airport System.

"Airport System" shall mean all airports, airport sites, and all equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce under the jurisdiction and control of the Authority, including the Raleigh-Durham International Airport and any area of land or water, which is designated for the landing and taking off of aircraft, whether or not facilities are provided for the shelter, servicing or repairing of aircraft, or for receiving or discharging passengers or cargo and all appurtenant areas used or suitable for airport buildings or other airport facilities and all appurtenant rights-of-way, including all facilities and property related thereto, real or personal, under the jurisdiction or control of the Authority or in which the Authority has other rights or from which the Authority derives revenues at such location; and including or excluding, as the case may be, such property as the Authority may either acquire or which shall be placed under its control, or divest or have removed from its control.

"Annual Budget" shall mean the Authority's budget for a Fiscal Year adopted pursuant to the provisions of the Local Government Budget and Fiscal Control Act.

"Annual Debt Service" shall mean, with respect to any Bond, the aggregate amount of Revenues required to be set aside in the respective Debt Service Fund during the Fiscal Year to satisfy the funding requirements for future payments of principal and interest, plus, if a Qualified Swap is in effect for any Bond, the amount payable by the Authority (or the Trustee) under the Qualified Swap calculated in accordance with the principles and assumptions set forth in the definition of Aggregate Annual Debt Service, less any amount to be received by the Authority from the Qualified Swap Provider pursuant to the Qualified Swap.

"Authority" shall mean the Raleigh-Durham Airport Authority, created under provisions of Chapter 168, Public Local Laws of 1939 of the State of North Carolina, as amended from time to time, and any successor to its functions. Any action required or authorized to be taken by the Authority in the Indenture may be taken by the Authorized Authority Representative with such formal approvals by the Authority as are required by the policies and practices of the Authority and applicable laws; provided,

however, that any action taken by the Authorized Authority Representative in accordance with the provisions of the Indenture shall conclusively be deemed by the Trustee and the Owners to be the act of the Authority without further evidence of the authorization thereof by the Authority.

"Authority General Counsel" shall mean the general counsel to the Authority who is responsible for representing the Authority on legal matters.

"Authorized Amount" shall mean, when used with respect to Bonds, including Bonds issued pursuant to a Program, the maximum Principal Amount of Bonds which is then authorized by a resolution or Supplemental Indenture adopted by the Authority pursuant to the Indenture to be Outstanding at any one time under the terms of such Program or Supplemental Indenture. If the maximum Principal Amount of Bonds or Program Bonds authorized by a preliminary resolution or form of Supplemental Indenture approved by the Authority pursuant to the Indenture exceeds the maximum Principal Amount of Bonds set forth in the final definitive Supplemental Indenture executed and delivered by the Authority pursuant to which such Bonds are issued or such Program is established, the Principal Amount of such Bonds or Program Bonds as is set forth in said final definitive Supplemental Indenture as executed and delivered by the Authority shall be deemed to be the "Authorized Amount."

"Authorized Authority Representative" shall mean the Chief Executive Officer, or such other officer or employee of the Authority or other person which other officer, employee or person has been designated by the Chief Executive Officer as an Authorized Authority Representative by written notice delivered by the Chief Executive Officer to the Trustee.

"Balloon Indebtedness" shall mean, with respect to any Series of Bonds (other than Commercial Paper, Revenue Bond Anticipation Notes, or other short-term paper), 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 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 Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date.

"Bond" or *"Bonds"* shall mean any indebtedness of the Authority secured by a senior lien upon Net Revenues, including taxable or tax-exempt obligations issued under and in accordance with the provisions of the Indenture. The term "Bond" or "Bonds" does not include any Subordinated Obligation; provided, however, that the Authority may provide in a Supplemental Indenture to the Indenture that Subordinated Obligations may be thenceforth issued pursuant to the Indenture having the terms applicable to the Bonds, except that such Subordinated Obligations shall be junior and subordinate in payment of such Subordinated Obligations from the Net Revenues.

"Bond Counsel" shall mean a firm or firms of attorneys that are nationally recognized as experts in the area of municipal finance and that are familiar with the transactions contemplated under the Indenture and that are acceptable to the Authority.

"Bondholder," "holder," "Owner," "owner" or *"registered owner"* shall mean the person in whose name any Bond or Bonds are registered on the books maintained by the Registrar and shall include any Credit Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond under the provisions of the Indenture.

"Business Day" shall mean a day on which banks located in New York, New York, in Raleigh, North Carolina and in the city in which the designated corporate trust office of the Trustee is located are

open, provided that such term may have a different meaning for any specified Series of Bonds if so provided by Supplemental Indenture.

"Capital Appreciation Bonds" shall mean 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 Indenture and is payable only upon redemption or on the maturity date of such Bonds. Bonds which are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically shall be Capital Appreciation Bonds until the conversion date and from and after such conversion date shall no longer be Capital Appreciation Bonds, but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

"Capital Improvements Budget" shall mean the budget for capital improvements for a Fiscal Year adopted by the Authority in accordance with the Indenture.

"Capitalized Interest" shall mean the amount of interest on Bonds, if any, funded from the proceeds of the Bonds or other monies that are deposited with the Trustee in the Debt Service Fund as shall be described in a Supplemental Indenture upon issuance of Bonds to be used to pay interest on the Bonds.

"Chairman" shall mean the chairman of the Authority or such other title as the Authority may from time to time assign for such position.

"*Chief Executive Officer*" shall mean the person at a given time who is the Chief Executive Officer of the Authority or such other title as the Authority may from time to time assign for such position and the officer or officers succeeding to such position as certified to the Trustee by the Authority.

"*Chief Financial Officer*" shall mean the person at a given time who is the Chief Financial Officer of the Authority or such other title as the Authority may from time to time assign for such position and the officer or officers succeeding to such position as certified to the Trustee by the Authority.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable with respect thereto,

"Commercial Paper" shall mean notes of the Authority with a maturity of not more than 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.

"Construction Fund" shall mean any of the Construction Funds authorized to be created as provided by the Indenture.

"Consultant" shall mean any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, or other expert recognized to be well-qualified for work of the character required and retained by the Authority to perform acts and carry out the duties provided for such consultant in the Indenture.

"Costs" or *"Costs of a Project"* shall mean all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a

Project and placing the same in service and shall include, but not be limited to the following: (a) costs of real or personal property, rights, franchises, easements and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures may be removed; (b) the costs of materials and supplies, machinery, equipment, vehicles, furnishings, improvements and enhancements; (c) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, financial and feasibility consultants, in each case, whether an employee of the Authority or Independent Consultant; (d) costs of the Authority properly allocated to a Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (e) financing expenses, including costs related to issuance of and securing of Bonds, costs of Credit Facilities, Capitalized Interest, a Debt Service Reserve Fund, if any and Trustee's, Registrar's and Paying Agent's fees and expenses; (f) any Swap Termination Payments due in connection with a Series of Bonds or the failure to issue such Series of Bonds; and (g) such other costs and expenses that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the Authority.

"Costs of Issuance" shall mean all costs and expenses incurred by the Authority in connection with the issuance and sale of the Series 2020 Bonds, including, but not limited to, legal expenses incurred by the Authority, underwriter's fees and expenses, costs and expenses of printing and copying documents, and cost of preparation of the official statement.

"Credit Facility" shall mean a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, Debt Service Reserve Fund Surety Policy or other financial instrument which obligates a third party to make payment of or provide funds to the Trustee for the payment of the principal of and/or interest on or the purchase price of Bonds whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the Authority fails to do so,

"Credit Provider" shall mean the party obligated to make payment of principal of and/or interest on or the purchase price of the Bonds under a Credit Facility; provided, however, that the Credit Provider may not be the Trustee unless an arrangement satisfactory to the Local Government Commission has been established including, but not limited to, designating a co-trustee or separate trustee for the purpose of drawing on the Credit Facility. If and to the extent permitted by law and with the prior approval of the Local Government Commission (unless all Outstanding Bonds have received a rating of AA or better by at least one of the Rating Agencies the Authority has asked to maintain a rating, in which case such approval of the Local Government Commission shall not be required), the Authority may be a Credit Provider only for the purpose of providing liquidity support.

"Debt Service Fund" or *"Debt Service Funds"* shall mean a Debt Service Fund or any of the Debt Service Funds required to be created as provided by the Indenture.

"Debt Service Reserve Fund" shall mean the Parity Reserve Fund and any Series Specific Debt Service Reserve Fund created by the Authority pursuant to a Supplemental Indenture in connection with the issuance of any Series of Bonds.

"Debt Service Reserve Fund Surety Policy" shall mean an insurance policy or surety bond, or a letter of credit, deposited with the Trustee for the credit of a Debt Service Reserve Fund in lieu of or in partial substitution for cash or securities on deposit therein. For the Parity Reserve Fund, the entity providing such Debt Service Reserve Fund Surety Policy shall be rated in one of the three highest long-term Rating Categories by one or more of the Rating Agencies as of the date of the issuance of the Debt

Service Reserve Fund Surety Policy. For a Series Specific Debt Service Reserve Fund, the entity providing such Debt Service Reserve Fund Surety Policy shall have such ratings as are required by the Supplemental Trust Indenture creating the Series Specific Debt Service Reserve Fund.

"Designated Debt" shall mean a specific indebtedness, designated by the Authority, in which such debt shall be offset with a Swap, such specific indebtedness to include all or any part of a Series of Bonds or multiple Series of Bonds.

"Event of Default" shall mean any occurrence or event specified in the Indenture.

"Facilities Construction Credit" and *"Facilities Construction Credits"* shall mean the amounts further described in the Indenture resulting from an arrangement embodied in a written agreement of the Authority and another person or entity pursuant to which the Authority permits such person or entity to make a payment or payments to the Authority which is reduced by the amount owed by the Authority to such person or entity under such agreement, resulting in a net payment to the Authority by such person or entity. The "Facilities Construction Credit" shall be deemed to be the amount owed by the Authority under such agreement which is "netted" against the payment of such person or entity to the Authority.

"Fiscal Year" shall mean the period of time beginning on April 1 of each year and ending on March 31 of the following year, or such other similar period as the Authority designates as its fiscal year.

"Fitch" shall mean Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and its assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any nationally recognized rating agency designated by the Authority.

"*Fourteenth Supplemental Indenture*" shall mean the Fourteenth Supplemental Trust Indenture, dated as of March 1, 2020, between the Authority and the Trustee, which sets forth the terms of the Series 2020 Bonds, as supplemented and amended from time to time.

"Government Obligations" shall mean (a) United States Obligations (including obligations issued or held in book-entry form), (b) prerefunded municipal obligations meeting the following conditions: (i) the municipal obligations are not subject to calling or redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (ii) the municipal obligations are secured by cash and/or United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (iii) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (iv) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (v) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (vi) the municipal obligations are rated in their highest rating category by one or more of the Rating Agencies, but only if such Rating Agencies have been requested by the Authority to maintain a rating on the Bonds and such Rating Agencies are then maintaining a rating on any of the Bonds, and (c) any other type of security or obligation which the Rating Agencies then maintaining ratings on the Bonds to be defeased have determined to be permitted defeasance securities.

"Indenture" shall mean, prior to the Amendment and Restatement hereof, the Master Trust Indenture dated as of February 1, 2001, as amended as of March 1, 2005, between the Authority and the Trustee, together with all Supplemental Indentures, and commencing on the execution and delivery of the

Amended and Restated Master Trust Indenture, dated as of March 1, 2020, the Amended and Restated Master Trust Indenture and all Supplemental Indentures hereunder.

"Independent" shall mean, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the Authority, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the Authority as an official, officer or employee.

"Interest Account" shall mean the account with that name established within the Series 2020 Debt Service Fund pursuant to the Fourteenth Supplemental Indenture.

"*Interest Payment Date*" shall mean May 1 and November 1, commencing November 1, 2020, the dates upon which interest on the Series 2020 Bonds become due and payable.

"Local Government Budget and Fiscal Control Act" shall mean Article 3 of Chapter 159 of the General Statutes of North Carolina, as amended from time to time.

"Local Government Commission" shall mean the Local Government Commission of North Carolina, a division of the Department of State Treasurer, established by Section 159-3 of the General Statutes of North Carolina, and any successor or successors thereto. When the consent or approval of the Local Government Commission is required by the terms of the Indenture, such consent or approval may be obtained from the Local Government Commission, the Executive Committee of the Local Government Commission or any authorized representative of the Local Government Commission.

"Mail" shall mean first-class United States mail, postage prepaid.

"Maintenance and Operation Expenses of the Authority" shall mean, for any given period, the total maintenance and operation expenses of the Authority as modified from time to time, excluding depreciation expenses, allowances for any amortization of financing expenses, maintenance and operating expenses that are paid or to be paid from a source of funds other than Revenues, maintenance and operating expenses that do not involve a current outlay of cash, but are attributable to accruals, such as accruals for pensions and other post-retirement benefits, and maintenance and operation expenses of any Special Facilities for so long as any Special Facility Obligations are outstanding.

For purposes of testing compliance with the rate covenant set forth in the Indenture and the limitations on additional Bonds described in the Indenture, Maintenance and Operation Expenses of the Authority will be calculated based upon generally accepted accounting principles, except that such calculation will include and exclude those items specifically included and excluded above.

"Master Subordinated Trust Indenture" shall mean a separate trust indenture entered into by the Authority with the Subordinated Obligation Trustee which provides for the issuance or incurrence of Subordinated Obligations.

"Maximum Aggregate Annual Debt Service" shall mean the maximum amount of Aggregate Annual Debt Service with respect to all Bonds, Unissued Program Bonds and the Authorized Amount of all Bonds then proposed to be issued in the then current or any future Fiscal Year.

"*Maximum Aggregate Annual Debt Service For Parity Reserve Requirement*" shall mean the maximum Aggregate Annual Debt Service For Parity Reserve Requirement in the current or any future Fiscal Year, computed as provided in the definition of Aggregate Annual Debt Service For Parity Reserve Requirement.

"Moody's" shall mean Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and its assigns, and, if such corporation shall for any reason no longer be performing the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the Authority.

"Net Proceeds" shall mean (a) insurance proceeds received as a result of damage to or destruction of Airport Facilities (other than a Special Facility or Special Facilities so long as Special Facility Obligations are outstanding) plus (b) any condemnation award or amounts received by the Authority from the sale of Airport Facilities under the threat of condemnation (other than a Special Facility or Special Facilities so long as Special Facility Obligations are outstanding) less (c) expenses (including attorneys' fees and expenses and any fees and expenses of the Trustee) incurred in the collection of such proceeds or award.

"Net Revenues" shall mean, for any given period, the Revenues for such period less, for such period, the Maintenance and Operation Expenses of the Authority.

"Non-Qualified Swap" shall mean any Swap which is not a Qualified Swap.

"*Original Issue Discount Bonds"* shall mean Bonds which are sold at an initial public offering price of less than face value.

"Outstanding" when used with respect to Bonds shall mean all Bonds which have been authenticated and delivered under the Indenture, except:

(a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Bonds deemed to be paid in accordance with the Indenture;

(c) Bonds in lieu of which other Bonds have been authenticated under the Indenture;

(d) Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee or a Paying Agent;

(e) Bonds which, under the terms of the Supplemental Indenture pursuant to which they were issued, are deemed to be no longer Outstanding;

(f) Repayment Obligations deemed to be Bonds under the Indenture to the extent such Repayment Obligation arose under the terms of a Credit Facility and are secured by a pledge of Outstanding Bonds acquired by the Credit Provider; and

(g) For purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds under the Indenture, Bonds held by or for the account of the Authority or by any person controlling, controlled by or under common control with the Authority, unless such Bonds are pledged to secure a debt to an unrelated party.

"Parity Reserve Fund" shall mean the Parity Reserve Fund existing pursuant to the Amended and Restated Master Indenture, which as of the date of execution and delivery of the Amended and Restated Master Indenture secures the Series 2015A and 2015B Bonds, the Series 2017A Bonds and Series 2020A

and 2020B Bonds issued and Outstanding thereunder, and may, pursuant to such Indenture, secure any additional Bonds that may hereafter be secured by the Parity Reserve Fund on a *pari passu* basis.

"Passenger Facility Charges" shall mean charges collected by the Authority pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990, the Aviation Investment Reform Act of 2000 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

"Paying Agent" or *"Paying Agents"* shall mean, with respect to the Bonds or any Series of Bonds, the banks, trust companies or other financial institutions or other entities designated in a Supplemental Indenture or a resolution of the Authority as the place where such Bonds shall be payable. *"Paying Agent"* shall mean, with respect to the Series 2020 Bonds, the Trustee.

"Payment Date" shall mean, with respect to any Bonds, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

"Permitted Investments" shall mean the following investments, but only to the extent such investments are permitted by § 159-30 of the General Statutes of North Carolina, as amended from time to time:

(a) Government Obligations;

(b) Obligations of the Export Import Bank of the United States, the Federal Financing Bank, the Federal Farm Credit Bank, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration and the Farmers Home Administration;

(c) Obligations of the State rated in one of the two highest rating categories by at least two Rating Agencies;

(d) Bonds and notes of any North Carolina local government or public authority, subject to such restrictions as the Secretary of the Local Government Commission may impose, provided such bonds or notes are rated in one of the two highest rating categories by at least two Rating Agencies;

(e) Savings certificates or certificates of deposit issued by any commercial bank or savings and loan association organized under the laws of the State or by any federal bank or savings and loan association having its principal office in the State; provided, however that any principal amount of such certificates in excess of the amount insured by the federal government or any agency thereof, or by a mutual deposit guaranty association authorized by the Administrator of the Savings Institutions Division of the Department of Commerce of the State, be fully collateralized by obligations described in (a) or (b) above;

(f) Prime quality commercial paper bearing the highest rating of at least two Rating Agencies and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligation;

(g) Participating shares in the cash portfolio of North Carolina Capital Management Trust, provided that the investments of such fund are limited to those qualifying for investment under this definition and that said fund is certified by the Local Government Commission;

(h) Repurchase agreements with respect to Government Obligations if (1) entered into with a broker or dealer, as defined by the Securities Exchange Act of 1934, as amended, which is a dealer recognized as a primary dealer by a Federal Reserve bank with a short-term rating of not less than "P-1" from Moody's and not less than "F-1" from Fitch, or any commercial bank, trust company or national banking association rated "A" or better by Moody's and Fitch, the deposits of which are insured by the Federal Deposit Insurance Corporation or any successor thereof, or (2) the repurchase agreement constitutes a "repurchase agreement" within the meaning of the United States Bankruptcy Code, if:

1. such obligations that are subject to such repurchase agreement are delivered (in physical or in book-entry form) to the Authority, or any financial institution serving either as trustee for the Authority or as fiscal agent for the Authority or are supported by a safekeeping receipt issued by a depository satisfactory to the Authority, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at a current market value, calculated at least daily, of not less than one hundred percent (100%) of the repurchase price, and, provided further, that the financial institution serving either as trustee or as fiscal agent for the Authority holding the obligations subject to the repurchase agreement under the Indenture or the depository issuing the safekeeping receipt shall not be the provider of the repurchase agreement;

2. a valid and perfected first security interest in the obligations which are the subject of such repurchase agreement has been granted to the Authority or its assignee or book entry procedures, conforming, to the extent practicable, with federal regulations and satisfactory to the Authority, have been established for the benefit of the Authority or its assignee;

3. such securities are free and clear of any adverse third-party claims; and

4. such repurchase agreement is in a form satisfactory to the Authority; and

(i) Any other investment now or hereafter permitted for investment of funds by the Authority by the General Statutes of North Carolina.

"*PFC Revenue Fund*" shall mean the fund created and designated by the Authority to which Passenger Facility Charges collected by the Authority shall be deposited and applied as provided in the Indenture.

"Principal Amount" or *"principal amount"* shall mean, as of any date of calculation, (a) with respect to any Capital Appreciation Bond, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest) except as used in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default, in which case "Principal Amount" means the initial principal amount of a Capital Appreciation Bond (the difference between the Accreted Value and the initial principal amount being deemed interest), (b) with respect to any Original Issue Discount Bond, the principal amount thereof, unless the Supplemental Indenture under which such Bond was issued shall specify a different amount, in which case, the terms of the Supplemental Indenture shall control, and (c) with respect to any

other Bonds, the principal amount of such Bond payable at maturity or in satisfaction of a sinking fund requirement, if any.

"Program" shall mean a financing program identified in a Supplemental Indenture including but not limited to, a Commercial Paper Program, (a) which is authorized and the terms thereof approved by a resolution adopted by the Authority and as to which the items required under the Indenture have been filed with the Trustee, (b) wherein the Authority has authorized the issuance, from time to time, of notes including, but not limited to, Commercial Paper or other indebtedness in an Authorized Amount, and (c) the Authorized Amount of which has met the additional Bonds test set forth in the Indenture and the outstanding amount of which may vary from time to time, but may not exceed the Authorized Amount.

"Program Bonds" shall mean Bonds issued and Outstanding pursuant to a Program, other than Unissued Program Bonds.

"Project" shall mean any and all facilities, improvements and other expenditures related to the Airport System financed in whole or in part with proceeds of a Series of Bonds.

"Qualified Self-Insurance" is defined in the Indenture.

"Qualified Swap" shall mean any Swap (a) whose Designated Debt is all or part of a particular Series or multiple Series of Bonds; (b) whose Swap Provider is a Qualified Swap Provider or has been a Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Annual Debt Service or Average Annual Debt Service is being made; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; and (d) which has been designated in writing to the Trustee by the Authority as a Qualified Swap with respect to such Bonds.

"Qualified Swap Provider" shall mean a financial institution whose senior long-term debt obligations are rated at least "A1", in the case of Moody's and "A+", in the case of Fitch, or the equivalent thereto in the case of any successor thereto, or whose obligations under any Qualified Swap are (i) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations are rated at least "A1", in the case of Moody's and "A+", in the case of Fitch, or the equivalent thereto in the case of any successor thereto, or (ii) fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (B) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (C) subject to a perfected first lien on behalf of the Trustee, and (D) free and clear from all third-party liens.

"Rating Agency" and *"Rating Agencies"* shall mean Fitch, Moody's or S&P, or any other nationally recognized rating agency of municipal obligations acceptable to the Local Government Commission, but only if such Rating Agencies have been requested by the Authority to maintain a rating on the Bonds and such Rating Agencies are then maintaining a rating on any of the Bonds.

"Rating Category" and *"Rating Categories"* shall mean (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Rebate Fund" shall mean any fund created by the Authority pursuant to a Supplemental Indenture in connection with the issuance of the Bonds or any Series of Bonds for the purpose of complying with the Code and providing for the collection and holding for, and payment of, amounts to the United States of America.

"Record Date" shall mean, with respect to any Series of Bonds, the record date as specified in the Supplemental Indenture which provides for the issuance of such Series. *"Record Date"* shall mean, with respect to the Series 2020 Bonds, the fifteenth day of the month preceding each Interest Payment Date, regardless of whether such fifteenth day is or is not a Business Day.

"Redemption Account" shall mean the account with that name established within the Series 2020 Debt Service Fund pursuant to the Fourteenth Supplemental Indenture.

"Refunding Bonds" shall mean any Bonds issued pursuant to the Indenture to refund or defease all or a portion of any Series of Outstanding Bonds or any Subordinated Obligations.

"Registrar" shall mean, with respect to the Bonds or any Series of Bonds, the bank, trust company or other entity designated in a Supplemental Indenture or a resolution of the Authority to perform the function of Registrar under the Indenture or any Supplemental Indenture, and which bank, trust company or other entity has accepted the position in accordance with the Indenture. *"Registrar"* shall mean, for purposes of the Fourteenth Supplemental Indenture, the Trustee.

"Regularly Scheduled Swap Payments" shall mean the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap.

"Released Revenues" shall mean revenues of the Authority in respect of which the following have been filed with the Trustee:

(a) a written request of the Chief Executive Officer to release such category of Revenues, accompanied by a written certificate of the Chief Executive Officer and the Chief Financial Officer certifying the Authority is in compliance with all requirements of this Indenture;

(b) a report of an Independent certified public accountant to the effect that Net Revenues, excluding the category of Revenues proposed to become Released Revenues, for each of the two audited Fiscal Years prior to the date of such report were equal to at least 150% of Maximum Aggregate Annual Debt Service;

(c) a certificate of a Consultant retained by the Authority to the effect that based upon current knowledge of the operations of the Airport System, Net Revenues, excluding the category of Revenues proposed to become Released Revenues, for the current Fiscal Year will be equal to at least 150% of Maximum Aggregate Annual Debt Service;

(d) Rating Agency confirmation that the ratings then assigned to any Bonds by such Rating Agency will not be reduced or withdrawn as a result of such withdrawal of Released Revenues; and

(e) an opinion of Bond Counsel to the effect that the exclusion of such revenues from the definition of Revenues and from the pledge, charge and lien of the Indenture will not in and of itself cause the interest on any Outstanding Bond issued as tax-exempt securities to be included in gross income for purposes of federal income tax.

"Repayment Obligation" shall mean an obligation arising under a written agreement of the Authority and a Credit Provider pursuant to which the Authority agrees to reimburse the Credit Provider for amounts paid through a Credit Facility to be used to pay debt service on or the purchase price of any Bonds.

"Reserve Requirement" shall mean, with respect to the Parity Reserve Fund, an amount equal to the least of (a) Maximum Aggregate Annual Debt Service For Parity Reserve Requirement, (b) ten percent (10%) of the principal amount of the Series of Bonds that have been issued and are participating in the Parity Reserve Fund, less the amount of original issue discount with respect to such Series of Bonds if such original issue discount exceeded 2% of such Series of Bonds at the time of their original sale and (c) 125% of the average Aggregate Annual Debt Service For Parity Reserve Requirement. For any Series Specific Debt Service Reserve Fund, *"Reserve Requirement"* shall have the meaning set forth in the Supplemental Indenture creating the Series Specific Debt Service Reserve Fund. The Reserve Requirement may be composed of cash, Permitted Investments or a Debt Service Reserve Fund Surety Policy, or any combination of the foregoing, as the Authority may determine; provided, however, that the consent of the Local Government Commission is required before a Debt Service Reserve Fund Surety Policy may be used to satisfy all or a portion of the Reserve Requirement.

"Responsible Officer" shall mean an officer or assistant officer of the Trustee assigned by the Trustee to administer the Indenture.

"Revenue Bond Anticipation Notes" shall mean any revenue bond anticipation notes issued by the Authority in compliance with the provisions of the Indenture.

"Revenue Fund" shall mean the fund of the Authority established, held and maintained by the Authority to which all Revenues shall be deposited and from which the Revenues shall be or may be expended in compliance with the provisions of Section 4.02, which fund may be identified on the books and records of the Authority as a fund by another name, such as the "Operating Fund" or the "General Fund."

"Revenues" shall mean, except to the extent specifically excluded herefrom, all income, receipts, earnings and revenues received by the Authority from the operation and ownership of the Airport System, as modified from time to time, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the Authority for the use or availability of the Airport System, and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Authority, rental or business interruption insurance proceeds received by, held by, accrued to or entitled to be received by the Authority or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Authority receives payments which are attributable to the Airport System or activities or undertakings related thereto. Additionally, "Revenues" shall include all income, receipts and earnings from the investment of amounts held in the Revenue Fund, any Debt Service Fund (except Capitalized Interest on deposit therein), any Debt Service Reserve Fund and the Construction Fund (except any earnings allowed by the terms of a Supplemental Indenture to be used to fund the Construction Fund), the income and gains realized upon the maturity or sale of securities held by or on behalf of the Authority (except any income and gains allowed by the terms of a Supplemental Indenture to be used to fund the Construction Fund) and such additional revenues, if any, as are designated as "Revenues" under the terms of any Supplemental Indenture. The following, including any investment earnings thereon, are specifically excluded from Revenues: (i) gifts, grants and other income otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Bonds, (ii) Net Proceeds and other insurance proceeds, to the extent

the use of such Net Proceeds or other proceeds are restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Bonds (except to the extent Net Proceeds are utilized to pay Maintenance and Operating Expenses of the Airport System), (iii) any Transfer, (iv) any Special Facility Revenue; (v) any gain or loss from the sale, exchange or other disposition of capital assets of the Authority, (vi) any Released Revenues and (vii) any unrealized gains or losses on securities held for investment by or on behalf of the Authority. In addition, the following, including any investment earnings thereon, are specifically excluded from "Revenues," unless designated as "Revenues" under the terms of a Supplemental Indenture or pursuant to a resolution of the Authority: (i) any Swap Termination Payments paid to the Authority pursuant to a Qualified Swap, (ii) Facilities Construction Credits, (iii) Passenger Facility Charges, (iv) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Bonds, (v) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and (vi) Capitalized Interest. Further, interest earnings or other investment earnings on any Construction Fund established by any Supplemental Indenture are specifically excluded from "Revenues," unless otherwise provided for in such Supplemental Indenture.

For purposes of testing compliance with the rate covenant set forth in the Indenture and the limitations on additional Bonds described in the Indenture, Revenues will be calculated based upon generally accepted accounting principles, except that such calculation will include and exclude those items specifically included or excluded above.

"Serial Bonds" shall mean Bonds for which no sinking fund installment payments are provided.

"Series" shall mean Bonds designated as a separate Series by a Supplemental Indenture and, with respect to Program Bonds or a Commercial Paper Program, shall mean the full Authorized Amount of such program, regardless of when or whether issued, unless portions thereof are, by Supplemental Indenture, designated as separate Series.

"*Series 2015A Bonds*" shall mean the Bonds issued under the Indenture and the Twelfth Supplemental Trust Indenture, dated as of June 1, 2015, and designated "Raleigh-Durham Airport Authority Airport Revenue Refunding Bonds, Series 2015A."

"*Series 2015B Bonds*" shall mean the Bonds issued under the Indenture and the Twelfth Supplemental Trust Indenture, dated as of June 1, 2015, and designated "Raleigh-Durham Airport Authority Airport Revenue Refunding Bonds, Series 2015B."

"*Series 2017A Bonds*" shall mean the Bonds issued under the Indenture and the Thirteenth Supplemental Trust Indenture, dated as of March 1, 2017, and designated "Raleigh-Durham Airport Authority Airport Revenue Refunding Bonds, Series 2017A."

"Series 2020 Bonds" shall mean the Bonds issued under the Indenture and the Fourteenth Supplemental Indenture and designated "Raleigh-Durham Airport Authority Airport Revenue Refunding Bonds, Series 2020A (AMT)" and "Raleigh-Durham Airport Authority Airport Revenue Refunding Bonds, Series 2020B (Non-AMT)."

"*Series 2020A Bonds*" shall mean the Raleigh-Durham Airport Authority Airport Revenue Refunding Bonds, Series 2020A (AMT) authorized hereby.

"*Series 2020B Bonds*" shall mean the Raleigh-Durham Airport Authority Airport Revenue Refunding Bonds, Series 2020B (Non-AMT) authorized hereby.

"*Series 2020 Debt Service Fund*" shall mean the Debt Service Fund of such designation established in the Fourteenth Supplemental Indenture and into which money is to be deposited to pay debt service on the Series 2020 Bonds.

"Series Specific Debt Service Reserve Fund" means a Debt Service Reserve Fund other than the Parity Reserve Fund that is established for one or more Series of Bonds and is subject to provisions that relate only to the Bonds of that Series and that Series Specific Debt Service Reserve Fund.

"Significant Portion" shall mean, for purposes of the Indenture, any Airport Facilities or portions thereof which, if such facilities had been sold or disposed of by the Authority at the beginning of an annual period which includes the month of commencement of the 12-month period ending on the day of such disposition would have resulted in a reduction in Net Revenues for such annual period of more than 5% when the actual Net Revenues for such annual period are decreased by the Revenues directly attributable to such Airport Facilities and increased by the expenses of the Authority directly attributable to such Airport Facilities. The Authority shall notify each of the Rating Agencies from whom the Authority has requested ratings and who are then maintaining a rating on any of the Bonds prior to the selling or disposing of a Significant Portion of any Airport Facilities or portions thereof.

"S&P" shall mean S&P Global Ratings, and any successor thereto, and if such entity shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"Special Facilities" or *"Special Facility"* shall mean a facility or group of facilities or category of facilities which are designated as a Special Facility pursuant to the Indenture.

"Special Facility Obligations" shall mean bonds or other debt instruments issued pursuant to an indenture other than the Indenture to finance Special Facilities and which are not secured by nor payable from a lien on and pledge of the Net Revenues but which are secured by revenues derived from Special Facilities.

"Special Facility Revenue" shall mean the contractual payments and all other revenues derived by the Authority from a Special Facility, or any other revenues of the Authority not constituting Revenues (including Released Revenues) that, in either instance are pledged to secure Special Facility Obligations. To the extent Passenger Facility Charges to be collected in the future have not been designated as "Revenues" or irrevocably committed to be used to pay debt service on Bonds, all or a portion of Passenger Facility Charges to be collected in the future may be designated as "Special Facility Revenue" and applied as provided in any indenture under which Special Facility Obligations are issued, including to secure payment of the Special Facility Obligations.

"State" shall mean the State of North Carolina.

"Subordinated Obligation" shall mean any bond, note or other debt instrument, issued or otherwise entered into by the Authority which ranks junior and subordinate to the Bonds and which may be paid from moneys constituting Net Revenues only if all amounts of principal and interest which have become due and payable on the Bonds whether by maturity, redemption or acceleration have been paid in full and the Authority is current on all payments, if any, required to be made to replenish all Debt Service Reserve Funds. "Subordinated Obligations" are not Bonds for purposes of the Indenture; provided, however, that the Authority may henceforth by Supplemental Indenture elect to have the provisions of the Indenture applicable to the Bonds apply to the Subordinated Obligations issued thereunder, except that in all cases such Subordinated Obligations shall be secured on a junior and subordinate basis to the Bonds by the pledge of the Net Revenues or shall be secured by assets that are not Net Revenues or shall be

unsecured. No bond, note or other instrument of indebtedness shall be deemed to be a "Subordinated Obligation" for purposes of the Indenture and payable on a subordinated basis from Net Revenues unless specifically designated by the Authority as a "Subordinated Obligation" in a Supplemental Indenture or other written instrument. In connection with any Subordinated Obligation with respect to which a Swap is in effect or proposes to be in effect, the term "Subordinated Obligation" includes, collectively, both such Subordinated Obligation and either such Swap or the obligations of the Authority under each such Swap, as the context requires. The term "Subordinated Obligations" also includes a Swap or the obligations of the Authority under such Swap which has been entered into in connection with a Subordinated Obligation, as the context requires, although none of the Subordinated Obligations with respect to which such Swap was entered into remain outstanding. In connection with any Bonds with respect to which a Qualified Swap is in effect or proposed to be in effect, the term "Subordinated Obligation" includes any Swap Termination Payment if designated as a Subordinated Obligation in a Supplemental Indenture.

"Subordinated Obligation Debt Service Reserve Fund" shall mean any Debt Service Reserve Fund created by the Authority pursuant to a Supplemental Indenture in connection with the issuance of any Subordinated Obligation and that is required to be funded for the purpose of providing additional security for such Subordinated Obligation and under certain circumstances to provide additional security for such other designated Subordinated Obligation issued pursuant to the terms of the Indenture and as specified in the Master Subordinated Trust Indenture or any Supplemental Indenture.

"Subordinated Obligation Trustee" shall mean the entity named and serving as the trustee under the Master Subordinated Trust Indenture, until a successor replaces it and, thereafter, shall mean such successor.

"Supplemental Indenture" shall mean any document supplementing or amending the Indenture or providing for the issuance of Bonds and entered into as provided in the Indenture.

"Surplus Fund" shall mean the Surplus Fund created by the Authority pursuant to the Indenture.

"Swap" shall mean any financial arrangement between the Authority and a Swap Provider which provides that (a) each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid before it is deemed to have accrued, the amount paid shall reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid after it is deemed to have accrued shall reflect the time value of such funds; (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one shall pay to the other any net amount due under such arrangement.

"Swap Provider" shall mean a party to a Swap with the Authority.

"Swap Termination Payment" shall mean an amount payable by the Authority or a Qualified Swap Provider, in accordance with a Qualified Swap, to compensate the other party to the Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap.

"Synthetic Fixed Rate Debt" means indebtedness issued by the Authority which: (a) is combined, as Designated Debt, with a Qualified Swap and creates, in the opinion of a Consultant, 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 principal

amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

"Tax Certificate" shall mean the certificate of the Authority prepared by Bond Counsel and delivered by the Authority at the time of issuance and delivery of any Series of Bonds, the interest on which is excluded from gross income for federal income tax purposes pursuant to a favorable opinion of such Bond Counsel, making certifications and representations of the Authority as to the status of such Bonds under the Code.

"Tender Indebtedness" shall mean any fixed rate Bond or Variable Rate Indebtedness which by its terms entitles or requires a holder to tender all or a portion of such Bonds or Variable Rate Indebtedness to the Authority, the Trustee, the Paying Agent or other fiduciary or agent or Credit Provider for payment or purchase and requiring that such Bonds or Variable Rate Indebtedness or portions thereof be purchased if properly presented.

"Term Bonds" shall mean Bonds of a Series which are payable on or before their specified maturity dates from sinking installment payments established pursuant to the Supplemental Indenture for such Series for that purpose and calculated to retire the Bonds on or before their specified maturity dates.

"Transfer" shall mean an amount for each Fiscal Year for which the calculation is made that is the sum of the following amounts for the Revenue Fund and Surplus Fund:

(1) Revenue Fund: the amount in the Revenue Fund on the first Business Day of the Fiscal Year that would be available to pay Maintenance and Operation Expenses of the Authority or to make any required payments or deposits to pay or secure the payment of the principal, purchase price or redemption premium of and interest on the Outstanding Bonds, less any amounts credited to the Surplus Fund from the Revenue Fund as of the last Business Day of such Fiscal Year;

(2) Surplus Fund: the amount, if any, in the Surplus Fund on the last Business Day of the Fiscal Year, plus any amounts withdrawn from the Surplus Fund during that Fiscal Year to pay Maintenance and Operation Expenses of the Authority or to make any required payments or deposits to pay or secure the payment of the principal, purchase price or redemption premium of and interest on the Outstanding Bonds;

provided, however, that the amount of any Transfer for a Fiscal Year shall not exceed 25% of Aggregate Annual Debt Service on the Outstanding Bonds in such Fiscal Year.

"Trustee" shall mean the entity named as such in the heading of the Indenture until a successor replaces it and, thereafter, shall mean such successor.

"Unissued Program Bonds" shall mean the bonds, notes or other indebtedness authorized to be issued pursuant to a Program and secured by a senior lien on Net Revenues, 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 resolution adopted by the Authority and with respect to which Program the items described in the Indenture have been filed with the Trustee but which have not yet been authenticated and delivered pursuant to the Program documents.

"United States Bankruptcy Code" shall mean Title 11 U.S.C., Section 101 *et seq.,* as amended or supplemented from time to time, or any successor federal act.

"United States Obligations" shall mean direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including, with respect only to direct and general obligations and not to guaranteed obligations, evidences of ownership of proportionate interests in future interest and/or principal payments of such obligations, provided that investments in such proportionate interests must be limited to circumstances wherein: (a) a bank or trust company acts as custodian and holds the underlying United States Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (c) the underlying United States Obligations are held in a special account separate from the custodian's general assets and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated. *"United States Obligations"* shall include any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Funding Corporation securities.

"Variable Rate Indebtedness" shall mean any Bond the interest rate on which is not, at the time in question, fixed to maturity excluding any Commercial Paper whether or not issued as part of a Commercial Paper Program.

THE AMENDED AND RESTATED MASTER TRUST INDENTURE

In addition to certain information contained under the captions "THE 2020 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS" and "OUTSTANDING INDEBTEDNESS AND DEBT SERVICE SCHEDULE" in the Official Statement, the following is a summary of certain provisions of the Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Indenture.

Grant to Secure Bonds; Pledge of Net Revenues

To secure the payment of the interest, principal and premium, if any, on the Bonds and the performance and observance by the Authority of all the covenants, agreements and conditions expressed or implied in the Indenture or contained in the Bonds, the Authority pledges and assigns to the Trustee and grants to the Trustee a lien on and security interest in all right, title and interest of the Authority in and to all of the following and provides that such lien and security interest shall be prior in right to any other pledge, lien or security interest created by the Authority in the following: (a) the Net Revenues, (b) all moneys and securities (excluding moneys and securities on deposit in any Rebate Fund) held from time to time by the Trustee under the Indenture, and to the extent provided in any Supplemental Indenture moneys and securities held in any Construction Fund whether or not held by the Trustee, (c) earnings on amounts included in provisions (a) and (b) above (except to the extent excluded from the definition of "Revenues" by the Indenture), and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description that may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, mortgaged, granted or delivered to or deposited with the Trustee as additional security under the Indenture, for the equal and proportionate benefit and security of all Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall, with respect to the security provided by the Granting Clause, be of equal rank without preference, priority or distinction as to any Bond over any other Bond or Bonds. Any Debt Service Reserve Fund and any Debt Service Reserve Fund Surety Policy provided at any time in satisfaction of all or a portion of the Reserve Requirement and any other security or Credit Facility provided for specific Bonds, a specific Series of Bonds or one or more Series of Bonds may, as provided by a Supplemental Indenture, secure only such specific Bonds, Series of Bonds or one or more Series of Bonds and, therefore, shall not be included as security for all Bonds under the Indenture unless otherwise provided by a Supplemental Indenture and moneys and securities held in trust as provided in the Indenture exclusively for Bonds that have become due and payable and moneys and securities which are held exclusively to pay Bonds which are deemed to have been paid under the Indenture shall be held solely for the payment of such specific Bonds.

Form, Execution, Delivery and Registration of Bonds

Additional Bonds. The Authority shall not issue additional Bonds unless the requirements of paragraph (a) below are satisfied, or, in the case such additional Bonds are Refunding Bonds, unless the requirements of paragraphs (b) or (c) below are satisfied.

(a) Either

(1) a Consultant retained by the Authority has provided to the Trustee a certificate stating that, based upon reasonable assumptions, projected Net Revenues will be sufficient to satisfy the rate covenant set forth in Section 5.04 (disregarding any Bonds or Subordinated Obligations that have been paid or discharged or will be paid or discharged immediately after the issuance of the additional Bonds proposed to be issued) for each of the next five full Fiscal Years following issuance of the additional Bonds, or each full Fiscal Year from issuance of the additional Bonds through two full Fiscal Years following completion of the Projects financed by the additional Bonds proposed to be issued, whichever is later; provided that if Capitalized Interest on any Bonds and proposed additional Bonds is to be applied in the last Fiscal Year of the period described in this sentence, the Consultant shall extend the test through the first full Fiscal Year for which there is no longer Capitalized Interest, or

(2) an Authorized Authority Representative has provided to the Trustee a certificate stating that the sum of (A) Net Revenues for the most recent Fiscal Year preceding the date of issuance of the proposed Series of Bonds for which audited financial statements are available plus (B) the amount available to be taken into account for the Transfer for such Fiscal Year, is no less than 125% of Maximum Aggregate Annual Debt Service on all Bonds that would be Outstanding after the issuance of the additional Bonds proposed to be issued.

(b) With respect to additional Bonds proposed to be issued to refund Outstanding Bonds, either the requirement set forth in (a) (as the same may be amended from time to time) is satisfied or the Authority has provided to the Trustee evidence that the Aggregate Annual Debt Service in each Fiscal Year with respect to all Bonds Outstanding after issuance of such Refunding Bonds shall not be more than one hundred ten percent (110%) of the Aggregate Annual Debt Service of all Outstanding Bonds as scheduled for such Fiscal Year prior to the proposed refunding.

(c) With respect to additional Bonds proposed to be issued to refund outstanding Subordinated Obligations, the requirement set forth in paragraph (a) must be satisfied.

For purposes of (a)(1) above, in estimating Net Revenues, the Consultant may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which has been approved by the Authority and will be in effect during the period for which the estimates are provided or (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Maintenance and Operation Expenses of the Authority, the Consultant shall use such assumptions as the Consultant believes to be reasonable, taking into account: (i) historical Maintenance and Operation Expenses of the Authority, (ii) Maintenance and Operation Expenses of the Authority associated with the Projects and any other new Airport Facilities, and (iii) such other factors, including inflation and changing operations or policies of the Authority, as the

Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues and shall also set forth the calculations of Aggregate Annual Debt Service or Maximum Aggregate Annual Debt Service, which calculations may be based upon information provided by the Authority or another Consultant.

In addition, for purposes of (a)(2) above, the Authority shall be allowed to adjust Net Revenues for earnings arising from any increase in the rates, charges and fees for the use of the Airport System which has become effective prior to the issuance of such proposed Series of Bonds but which, during the last completed Fiscal Year or 12-month period, was not in effect for the entire Fiscal Year or 12-month period under consideration, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in rates, charges and fees had been in effect during the whole of the last completed Fiscal Year or 12-month period, as shown by the certificate or opinion of a Consultant retained by the Authority.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may rely upon financial statements prepared by the Authority which have not been subject to audit by an Independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Authority Representative shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles.

Neither of the certificates described under (a) above shall be required if the proceeds of Bonds being issued will be used to pay costs of completing a Project for which Bonds have previously been issued and the Principal Amount of such Bonds being issued for completion purposes does not exceed an amount equal to 15% of the Principal Amount of the Bonds originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of an Authorized Authority Representative and there is delivered to the Trustee (i) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (ii) a certificate of an Authorized Authority Representative to the effect that (A) all of the proceeds (including investment earnings on amounts in the Construction Fund allocable to such Project) of the original Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (B) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Construction Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose).

If a Credit Provider makes payment of principal of or interest on a Bond or advances funds to pay or provide for the purchase price of Bonds and is entitled to reimbursement thereof, pursuant to a separate written agreement with the Authority, but is not reimbursed, the Authority's Repayment Obligation under such written agreement may, if so provided in the written agreement, be afforded the status of a Bond issued under the Indenture, and, if afforded such status, the Credit Provider shall be the Bondholder and such Bond shall be deemed to have been issued at the time of the issuance of the original Bond for which the Credit Facility was provided and will not be subject to the provisions of the Indenture regarding issuance of additional Bonds. The payment terms of the thus-deemed Bond held by the Credit Provider under the Indenture shall be the stated terms of the Repayment Obligation (unless otherwise provided in the Supplemental Indenture pursuant to which the Bonds are issued). Any amount which comes due on the Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Bond shall be a Subordinated Obligation of the Authority. This provision shall not defeat or alter the rights of subrogation which any Credit Provider may have under law or under the terms of any Supplemental Indenture. The Trustee may conclusively rely on a written certification by the Credit

Provider of the amount of such non-reimbursement and that such Repayment Obligation is to be afforded the status of a Bond under the Indenture.

Revenue Bond Anticipation Notes. Revenue Bond Anticipation Notes may be issued by the Authority from time to time for any purpose for which Bonds may be issued under the Indenture.

Revenues and Funds

Bonds Secured by a Pledge of and Lien on Net Revenues. The Bonds authorized and issued under the provisions of the Indenture shall be secured as provided in the Granting Clauses of the Indenture. The Authority represents and states that it has not previously created any pledge, charge or lien on or any security interest in the Revenues or the Net Revenues and the Authority covenants that, until all the Bonds authorized and issued under the provisions of the Indenture and the interest thereon shall have been paid or are deemed to have been paid, it will not, except as otherwise provided under the Indenture, grant any prior or parity pledge of or any security interest in the Net Revenues or any of the other security which is pledged pursuant to the Granting Clauses of the Indenture or create or permit to be created any pledge, charge or lien thereon or any security interest therein ranking prior to or on a parity with the pledge, charge or lien of the Bonds from time to time Outstanding under the Indenture. The Authority may, as provided in and as limited by the Indenture, grant a lien on or security interest in the Net Revenues to secure Subordinated Obligations.

Receipt, Deposit and Use of Revenues—Revenue Fund; PFC Revenue Fund. (a) The Authority covenants and agrees that all Revenues when and as received, shall be deposited by the Authority in the Revenue Fund. So long as no Event of Default exists and is continuing, and so long as the Authority shall not fail to comply with the provisions of the Indenture related to the rate covenant, the Revenue Fund shall remain in the possession of the Authority. If an Event of Default has occurred and is continuing, or if the Authority shall fail to comply with the rate covenant set forth in the Indenture, the Authority shall (i) endorse all checks and other negotiable instruments representing Revenues to the order of the Trustee immediately upon the receipt thereof and deliver such endorsed instruments daily to the Trustee; (ii) notify any and all account debtors of the Authority to pay any amounts representing Revenues, when due and owing, directly to the Trustee, as Trustee, at the address set forth in the Indenture and (iii) deliver to the Trustee all money and Permitted Investments then held by the Authority in the Revenue Fund. The Authority shall comply with all the requirements of the next preceding sentence until the Trustee is satisfied based on audited financial statements for the most recent Fiscal Year provided to the Trustee pursuant to the requirements of the Indenture that the Event of Default or non-compliance with the rate covenant set forth the Indenture has been cured. Notwithstanding anything contained in the Indenture or in any Supplemental Indenture to the contrary, during such period of default or non-compliance with the rate covenant set forth in the Indenture, the Trustee shall, in its sole discretion, dispose of the Revenues pursuant to the terms of the Indenture, and the Authority shall not be entitled to use or withdraw any of the Revenues unless and to the extent that the Trustee in its sole discretion so directs for the payment of current or past due Maintenance and Operation Expenses of the Authority.

(b) As long as there are any Outstanding Bonds, all Revenues in the Revenue Fund shall be reflected on the books of the Authority as set aside for the payment of the following amounts or transferred to the following funds and accounts in the order listed:

(i) *Maintenance and Operation Expenses of the Authority.* A sufficient amount of Revenues shall be set aside from time to time in the Revenue Fund to be used to pay the current Maintenance and Operation Expenses of the Authority.

(ii) *Debt Service Funds.* A sufficient amount of Revenues shall be transferred by the Authority to the Debt Service Funds at the times and in the manner provided in the Indenture, to provide for the payment of principal and interest becoming due on the Authority's Outstanding Bonds.

(iii) *Debt Service Reserve Fund.* A sufficient amount of Revenues shall be transferred by the Authority to the Parity Reserve Fund at the times and in the amounts specified in the Indenture and a sufficient amount of Revenues shall be deposited to any Series Specific Debt Service Reserve Fund at the time and in the amounts specified in the Supplemental Indenture creating the Series Specific Debt Service Reserve Fund.

(iv) *Subordinated Obligation Debt Service Fund.* A sufficient amount of Revenues shall be transferred by the Authority to the Subordinated Obligation Trustee or Paying Agent in such amounts and at such times as are sufficient to pay the principal and interest becoming due on any Subordinated Obligations in the manner set forth in any Supplemental Indenture providing for the issuance thereof.

(v) *Subordinated Obligation Debt Service Reserve Fund.* A sufficient amount of Revenues shall be transferred by the Authority to the Subordinated Obligation Debt Service Reserve Fund, if any, as specified in a Supplemental Indenture to be used in the manner provided in the Indenture.

(c) Moneys on deposit in the Revenue Fund may be used from time to time to pay the cost of any additions, improvements, repairs, renewals or replacements to the Airport System set forth in the Capital Improvements Budget; provided, however, that the use of such moneys shall not impair the Authority's ability to make the payments required to be made to the funds listed above.

(d) Amounts on deposit in the Revenue Fund on the last Business Day of each Fiscal Year may, as of such date, be credited to the Surplus Fund and/or any other account or fund if the following requirements are met:

(i) There exists no Event of Default;

(ii) There exists no deficiency in any fund, account or subaccount created under this Indenture or any Supplemental Indenture; and

(iii) At any time following the end of such Fiscal Year there is filed with the Trustee a Certificate of an Authorized Authority Representative certifying that, in the opinion of such Authorized Authority Representative, the amount to be so credited will not materially adversely affect the ability of the Authority to pay in the following Fiscal Year the Maintenance and Operation Expenses of the Authority or the amounts due to be deposited in such following Fiscal Year in any fund, account or subaccount created under this Indenture or any Supplemental Indenture.

(e) The Authority shall deposit all Passenger Facility Charges as received by the Authority into the PFC Revenue Fund, except for any Passenger Facility Charges that have been designated as "Revenues" as provided in the definition of Revenues in the Indenture, in which event the Passenger Facility Charges designated as Revenues shall be deposited to the Revenue Fund. Amounts deposited to the PFC Revenue Fund are not Revenues and are not subject to the provisions of this section regarding Revenues. Subject to the further provisions of this subsection (e), Passenger Facility Charges may be applied by the Authority for any purpose or manner consistent with applicable Federal Aviation Administration regulations for the collection and application of Passenger Facility Charges and any restrictions or provisions included in the authorization of the collection of the Passenger Facility Charges by the Federal Aviation Administration. Such uses may include the payment of debt service on Bonds for projects eligible for payment from Passenger Facility Charges, the payment of costs of projects eligible for payment from Passenger Facility Charges, the reimbursement of the Authority of prior costs paid for projects eligible for payment from Passenger Facility Charges and the reimbursement of debt service on Bonds eligible for payment from Passenger Facility Charges that have been paid from Revenues or other sources.

For each Fiscal Year through the Fiscal Year ending March 31, 2038, the Authority has irrevocable committed the transfer of $1,000 of Passenger Facilities Charges collected in each year from the PFC Revenue Fund to the Debt Service Fund to be used to pay debt service on Bonds pursuant to Section 4.02. In addition, the Authority may at any time irrevocably commit any additional Passenger Facility Charges to be collected in the future to the payment of debt service on Bonds in the amounts and at the times set forth in the Supplemental Indenture, resolution or other action of the Authority making the commitment. In addition, the Authority may at any time use collected Passenger Facility Charges in excess of the committed amounts to pay principal or interest due on Bonds. To the extent Passenger Facility Charges are actually used or are so committed, the amount committed shall be taken into account in the definition as provided in the definition of Aggregate Annual Debt Service.

Creation of Debt Service Funds; Funding of Debt Service Funds. The Authority shall, at the time of issuance of each Series of Bonds create a Debt Service Fund for such Series, which Debt Service Fund shall be held by the Trustee, and amounts to be used to pay principal and interest on such Series, as received by the Trustee, shall be deposited therein and used for such purpose. Accounts and subaccounts shall be created in the various Debt Service Funds and shall be held by the Trustee as shall be provided by the Supplemental Indenture. The moneys in the Debt Service Fund shall be held in trust and applied as provided in the Supplemental Indenture with regard to each such fund, and pending such application on the arrival of the Payment Date for such amounts shall be subject to a lien on and security interest in favor of the holders of the Bonds issued and Outstanding under this Indenture.

The Trustee shall, at least fifteen (15) Business Days prior to each Payment Date on any Bond, give the Authority notice by telephone, promptly confirmed in writing, of the amount after taking into account any Capitalized Interest on deposit in the Debt Service Fund, required to be deposited with the Trustee to make each required payment of principal and interest due on such Payment Date. With respect to any Series of Bonds, the Supplemental Indenture under which such Bonds are issued may provide for different times and methods of notifying the Authority of payment dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Indenture shall control.

On any day on which the Trustee receives funds from the Authority to be used to pay principal of or interest on Bonds, the Trustee shall, if the amount received is fully sufficient to pay all amounts of principal and interest then due or becoming due on the next Payment Date, deposit such amounts into the respective Debt Service Funds for the Series of Bonds for which such payments were made and any excess shall be applied to pay all amounts of principal and interest becoming due on any subsequent Payment Dates. If, on any Payment Date, the Trustee does not have sufficient amounts in the Debt Service Funds (without regard to any amounts which may be available from Debt Service Reserve Funds) to pay in full all amounts of principal and/or interest due on such date, the Trustee shall allocate the total amount which is available to make payment on such day (without regard to any amounts in the various Debt Service Reserve Funds) as follows: first to the payment of interest then due on the Bonds and, if the amount available shall not be sufficient to pay in full all interest on the Bonds then due, then pro rata among the Series according to the amount of interest then due and second to the payment of principal then due on the Bonds and, if the amount available shall not be sufficient to pay in full all principal on the Bonds then due, then pro rata among the Series according to the Principal Amount then due on the Bonds.

Notwithstanding the foregoing, the Authority may, in the Supplemental Indenture authorizing such Series of Bonds, provide for different provisions and timing of deposits with the Trustee and different methods of paying principal of or interest on such Bonds depending upon the terms of such Bonds and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Debt Service Fund created for the Series of Bonds for which such Credit Facility is provided.

If the Net Revenues are at any time insufficient to make the deposits required to make payments on the Bonds, the Authority may, at its election, pay to the Trustee funds from any available sources with the direction that such funds be deposited into the Debt Service Funds or into a specified account or accounts or subaccount or subaccounts therein.

Creation of Construction Fund. Proceeds of each Series of Bonds which are to be used to pay Costs of the Projects shall be deposited into a fund created for such Series of Bonds which shall be designated "Raleigh-Durham Airport Authority Airport Revenue Bonds Series ____ Construction Fund" (each, respectively, a "Construction Fund") which may be held either by the Authority or the Trustee or part by the Authority and part by the Trustee, all as provided by the Indenture, a Supplemental Indenture or Supplemental Indentures. All moneys in each Construction Fund shall be held and disbursed as provided in the Supplemental Indenture or Supplemental Indentures under which such fund or funds were created. Notwithstanding this provision, no Construction Fund shall be required for a given Series of Bonds if all of the proceeds thereof (except those deposited into a Debt Service Reserve Fund or a Debt Service Fund) are spent at the time of issuance of such Series or are used to refund Bonds.

Parity Reserve Fund; Creation of Series Specific Debt Service Reserve Funds; Additional Funds and Accounts. (a) As of the date of the execution and delivery of this Amended and Restated Master Trust Indenture, all Bonds issued and outstanding under this Indenture are secured by the Parity Reserve Fund, other than the Airport Revenue Refunding Bonds, Series 2008C (which are not secured by a Debt Service Reserve Fund). The Authority may, at the time of issuance of any Series of additional Bonds, provide by Supplemental Indenture that such Series of Bonds may participate in the Parity Reserve Fund on a parity basis with all other Series of Bonds participating in the Parity Reserve Fund; provided that there is deposited in the Parity Reserve Fund an additional amount of money (which may be provided from the proceeds of the additional Series of Bonds) or a Debt Service Reserve Fund Surety Policy in an amount sufficient to bring the amount on deposit or otherwise available in the Parity Reserve Fund up to the Reserve Requirement of the Parity Reserve Fund following the issuance of such new Series of Bonds.

Moneys held in the Parity Reserve Fund shall be used for the purpose of paying principal of and interest on the Bonds participating in the Parity Reserve Fund if, on an Interest Payment Date or any date on which principal is due and payable for any Series of Bonds participating in the Parity Reserve Fund, the amount in the Debt Service Fund for such Series of Bonds is insufficient to pay in full the amount then due. If on any such date the total amount required to be transferred from the Parity Reserve Fund to the respective Debt Service Funds exceeds the amount available for such purpose, the Trustee shall transfer the available amount in the Parity Reserve Fund to the various Debt Service Funds *pro rata* on the basis of the Outstanding Principal Amount of Bonds of each applicable Series of Bonds participating in the Parity Reserve Fund for which payment is due on that date.

If funds in the Parity Reserve Fund or a Debt Service Reserve Fund Surety Policy provided in lieu thereof have been used to make payments on Bonds secured by the Parity Reserve Fund and thereafter the amount on deposit in the Parity Reserve Fund is less than the Reserve Requirement for the Parity Reserve Fund, then the Authority shall as promptly as practicable replenish the Parity Reserve Fund or reimburse the provider of the Debt Service Reserve Fund Surety Policy from Net Revenues provided that (a) no amount from Net Revenues may be used for such purpose until all payments of principal of and interest on all Bonds which have become due and payable shall have been paid in full and (b) the deposits to replenish the Parity Reserve Fund or the payments to reimburse the provider of the Debt Service Reserve Fund Surety Policy shall be made in no more than twelve (12) substantially equal monthly installments commencing in the month following the deficiency.

Beginning on the 25th day of the month following a valuation made in accordance with Section 4.11 hereof in which the amount on deposit in the Parity Reserve Fund and amounts available under any Debt Service Reserve Fund Surety Policy is less than ninety percent (90%) of the Reserve Requirement for the Parity Reserve Fund due to a loss, realized or unrealized, resulting from a decline in the value of Permitted Investments held for the credit of the Parity Reserve Fund, the Authority shall replenish the Parity Reserve Fund provided that (a) no amount from Net Revenues may be used for such purpose until all payments of principal of and interest on all Bonds which have become due and payable shall have been paid in full and (b) the required payments to replenish any the Parity Reserve Fund shall be due in no more than six (6) substantially equal monthly installments totaling the amount by which the Reserve Requirement exceeds the amount to the credit of the Parity Reserve Fund. If, upon any valuation, the value of the Parity Reserve Fund (including amounts available under a Debt Service Reserve Fund Surety Policy) exceeds the Reserve Requirement for the Parity Reserve Fund, the excess amount, including investment earnings, may, at the direction of the Authority, be withdrawn and deposited by the Trustee into the Interest Account of any Debt Service Fund established for any Series of Bonds participating in the Parity Reserve Fund, *pro rata* based on outstanding principal amounts for each Series of Bonds, unless otherwise directed by the Authority.

At any time the Authority determines that the value of the cash and Permitted Investments in the Parity Reserve Fund plus accrued interest to the date of value is greater than the Reserve Requirement, the Authority may direct the Trustee to compute the amount by which the balance in the Parity Reserve Fund exceeds the Reserve Requirement and upon confirmation of the excess the Trustee shall transfer the excess to the Authority for deposit into the Revenue Fund or otherwise provided for in a Supplemental Indenture; provided, however, that the Authority shall not be required to liquidate Permitted Investments in order to transfer any such excess.

At such time as amounts in the respective Debt Service Funds for each Series of Bonds participating in the Parity Reserve Fund, when added to the amounts in the Parity Reserve Fund, are equal to all debt service payments remaining due on the Series of Bonds participating in the Parity Reserve Fund, the amount in the Parity Reserve Fund may be used to pay the final installments of principal and interest on the Bonds participating in the Parity Reserve Fund and otherwise may be withdrawn and transferred to the Authority to be deposited in the Revenue Fund to be used for any lawful purpose, provided that, if such amounts are used for a purpose other than payment of the Bonds participating in the Parity Reserve Fund, there shall be delivered to the Trustee with the request for such funds an opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Act and that such use shall not result in the inclusion of interest on any such Bonds in gross income of the recipient thereof for federal income tax purposes.

The Authority may, at the time of issuance of any Series of Bonds, provide by Supplemental Indenture for the creation of a Series Specific Debt Service Reserve Fund as security for such Series, and in its discretion reserving the right to allow a future Series of Bonds to participate in such Series Specific Debt Service Reserve Fund. Any Series Specific Debt Service Reserve Fund established under a Supplemental Indenture shall be funded in an amount equal to the Reserve Requirement for that Series Specific Debt Service Reserve Fund set forth in the Supplemental Trust Agreement creating the Series Specific Debt Service Reserve Fund. The Authority shall, by such Supplemental Indenture, provide for the manner of funding and replenishing of such Debt Service Reserve Fund and shall establish such other terms with respect to such Series Specific Debt Service Reserve Fund as the Authority may deem to be appropriate, including providing a Debt Service Reserve Fund Surety Policy in lieu thereof. In addition, the Authority may, by Supplemental Indenture, create additional funds and accounts for such purposes as the Authority deems appropriate, including separate funds available only for specified Bonds or Series of Bonds. Notwithstanding the foregoing, if there is a deficiency in a Series Specific Debt Service Reserve Fund, whether on account of transfer of funds in the Series Specific Debt Service Reserve Fund to the Debt Service Fund for the Bonds it secures, on account of a valuation or otherwise, and sufficient funds are not available to replenish the deficiency in that Series Specific Debt Service Reserve Fund and any simultaneous deficiency in the Parity Reserve Fund, the funds available to replenish the Series Specific Debt Service Reserve Fund and the Parity Reserve Fund shall be applied *pro rata* to the replenishment of such Debt Service Reserve Funds based upon the outstanding aggregate principal amounts for each Series of Bonds participating in the Parity Reserve Fund on the one hand, and the outstanding aggregate principal amounts of the Series of Bonds participating in the Series Specific Debt Service Reserve Fund on the other hand.

(b) Moneys in the Parity Reserve Fund and any Series Specific Debt Service Reserve Fund shall be invested and reinvested in Permitted Investments by the Trustee at the written direction of the Authority.

Creation of Subordinated Obligation Debt Service Funds. The Authority shall, at the time of issuance of any Subordinated Obligation create a Debt Service Fund for such Subordinated Obligation, which Subordinated Obligation Debt Service Fund shall be held by the Trustee, and amounts to be used to pay principal of and interest on such Subordinated Obligations, as received by the Trustee, shall be deposited therein and used for such purpose. Accounts and subaccounts shall be created in the various Subordinated Obligation Debt Service Funds and shall be held by the Trustee as shall be provided by Supplemental Indenture or other indenture or instrument providing for the issuance of such Subordinated Obligations.

Creation of Subordinated Obligation Debt Service Reserve Funds. The Authority may, at the time of issuance of any Subordinated Obligation, provide by Supplemental Indenture or other indenture or instrument for the creation of a Subordinated Obligation Debt Service Reserve Fund as security for such Subordinated Obligation, and in its discretion reserving the right to allow a future issue of Subordinated Obligations to participate in such Subordinated Obligation Debt Service Reserve Fund or provide that such Subordinate Obligations participate in a Subordinated Obligation Debt Service Reserve Fund previously created for an outstanding Subordinated Obligation. Any Subordinated Obligation Debt Service Reserve Fund established under a Supplemental Indenture or other indenture or instrument shall be funded in an amount required thereby. The Authority shall, by such Supplemental Indenture or other indenture or instrument, provide for the manner of funding and replenishing of such Subordinated Obligation Debt Service Reserve Fund as the Authority may deem to be appropriate, including providing a Credit Facility in lieu thereof. In addition, the Authority may, by Supplemental Indenture or other indenture or instrument, create additional funds and accounts for such purposes as the Authority deems appropriate, including separate funds available only for specified Subordinated Obligations.

Creation of Surplus Fund; Moneys Held in Trust for Matured Bonds; Unclaimed Moneys. The Authority shall create a special fund to be designated the "Surplus Fund." As of the last Business Day of each Fiscal Year, subject to and in the manner provided in the Indenture, moneys in the Revenue Fund may be credited to the Surplus Fund. Moneys in the Surplus Fund shall be held free of the lien of the Indenture and may be used for any lawful purpose. In addition, the Authority may from time to time credit to the Surplus Fund all or a portion of the Authority's legally available, unencumbered general fund balances and all moneys that the Trustee shall have withdrawn from the Debt Service Fund and Debt Service Reserve Fund or shall have received from any other source and set aside, or deposited with the

Trustee, for the purpose of paying any of the Bonds secured under the Indenture, either at the maturity thereof or upon call for redemption shall be held in trust for the respective holders of such Bonds. If any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the redemption date, and if funds sufficient to pay such Bond and the interest thereon shall have been made available to and are held by the Trustee in the Debt Service Fund for the benefit of the owner thereof on the date of maturity or of any such redemption, all liability of the Authority to the owner thereof for the payment of such Bond, as the case may be, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for any future interest thereon, for the benefit of the owner of such Bond for a period of five (5) years after such principal and premium, if any, or interest has become due and payable, at which time such monies shall be treated as abandoned property pursuant to the provisions of Section 116B-53 of the North Carolina General Statutes, and the Trustee shall report and remit this property to the Escheat Fund of the State of North Carolina according to the requirements of the North Carolina Unclaimed Property Act. Thereafter the owners of such Bonds shall look only to the Escheat Fund for payment and then only to the extent of the amount so received, without any interest thereon. Neither the Trustee, nor the Authority nor any Paying Agent thereafter shall have any responsibility with respect to such funds.

Additional Security. The pledge of Net Revenues and the other security provided in the Granting Clauses of the Indenture, secure all Bonds issued under the terms of the Indenture on an equal and ratable basis, except as to the timing of such payments. The Authority may, however, in its discretion, provide additional security or credit enhancement for specified Bonds or Series of Bonds with no obligation to provide such additional security or credit enhancement to other Bonds.

Covenants of the Authority

Payment of Principal and Interest. The Authority covenants and agrees that it will duly and punctually pay or cause to be paid from the Net Revenues and to the extent thereof the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner in the Indenture, in the Supplemental Indentures and in the Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements in the Indenture and in the Bonds contained, provided that the Authority's obligation to make payment of the principal of, premium, if any, and interest on the Bonds shall be limited to payment from the Net Revenues, the funds and accounts pledged therefor in the Granting Clauses of the Indenture and any other source which the Authority may specifically provide for such purpose and no Bondholder shall have any right to enforce payment from any other funds of the Authority.

Senior Lien Obligations Prohibited. The Authority agrees that so long as any Bonds are Outstanding under the Indenture, it (i) will not adopt a resolution determining that Revenues be used to pay any new revenue bonds of the Authority on a senior lien basis, and (ii) will not issue any additional bonds or other obligations with a lien on or security interest granted in Net Revenues that is senior to the Bonds and (iii) it will not issue any additional bonds pursuant to the provisions of such resolution.

Rate Covenant. The Authority covenants to fulfill the following requirements:

(a) The Authority shall, while any of the Bonds remain Outstanding, establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Net Revenues in each Fiscal Year will be at least equal to the sum of the following amounts:

(i) the Annual Debt Service on any Outstanding Bonds in such Fiscal Year as required by the Indenture or any Supplemental Indenture with respect to the Outstanding Bonds;

(ii) the required deposits to any Debt Service Reserve Fund which may be established by the Indenture or any Supplemental Indenture;

(iii) the reimbursement owed to any Credit Provider as required by a Supplemental Indenture;

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year for Subordinated Obligations; and

(v) payments of any reserve requirement for debt service for any Subordinated Obligations.

(b) The Authority further agrees that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that for each Fiscal Year the Net Revenues, together with any Transfer, will be equal to at least 125% of Aggregate Annual Debt Service on the Outstanding Bonds. For purposes of this paragraph (b), the amount of any Transfer taken into account shall not exceed 25% of Aggregate Annual Debt Service on the Outstanding Bonds in such Fiscal Year.

(c) The Authority covenants that if Net Revenues, together with any Transfer (only as applied in (b) above), in any Fiscal Year are less than the amount specified above in paragraph (a) or (b), the Authority will retain and direct a Consultant to make recommendations as to the revision of the Authority's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Authority shall take all lawful measures to comply with the recommendations of the Consultant as to revisions of the Authority's business operations and schedule of rentals, rates, fees and charges as may be necessary to produce Net Revenues, together with any Transfer (only as applied in paragraph (b) above), in the amount specified in paragraph (a) or (b) in the next Fiscal Year.

(d) In the event that Net Revenues for any Fiscal Year are less than the amount specified in paragraph (a) or (b) above, but the Authority promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to comply with the recommendations of the Consultant as to revisions of the Authority's business operations and schedule of rentals, rates, fees and charges as required by paragraph (c) above, such deficiency in Net Revenues shall not constitute an Event of Default under the Indenture. Nevertheless, if after taking the measures required by paragraph (c) above to revise the schedule of rentals, rates, fees and charges, Net Revenues in the next Fiscal Year (as evidenced by the audited financial statements of the Authority for such Fiscal Year) are less than the amount specified in paragraph (a) or (b) above, such deficiency in Net Revenues shall constitute an Event of Default under the Indenture.

Budgets and Covenants as to Capital Expenditures. The Authority covenants to adopt an Annual Budget for each Fiscal Year in accordance with the Local Government Budget and Fiscal Control Act. The Authority shall prepare its Annual Budget so that it will be possible to determine from such Annual Budget the current expenses of the Airport System and the amounts to be deposited to the credit of the various funds, accounts and subaccounts created by the Indenture or any Supplemental Indenture.

The Authority covenants to adopt a Capital Improvements Budget for the Airport System for each Fiscal Year which will show, in addition to such other matters as the Authority may determine to include, the amounts, if any, to be expended during such Fiscal Year for identified capital improvements to the Airport System and the sources of such amounts. The Capital Improvements Budget may be part of the Authority's Annual Budget.

Subordinated Obligations. The Authority may, from time to time, incur indebtedness which is subordinate to the Bonds and which indebtedness is, in the Indenture, referred to as Subordinated Obligations. Such indebtedness shall be incurred at such times and upon such terms as the Authority shall determine, provided that:

(a) Any Supplemental Indenture or other indenture or instrument authorizing the issuance of any Subordinated Obligations shall specifically state that such lien on or security interest granted in the Net Revenues, if any, is junior and subordinate to the lien on and security interest in such Net Revenues and other assets granted to secure the Bonds; and

(b) Payment of principal of and interest on such Subordinated Obligations shall be permitted, provided that all deposits required to be made pursuant to and in accordance with the provisions of the Indenture.

Special Facilities and Special Facility Obligations. The Authority shall be permitted to designate new or existing Airport Facilities as Special Facilities. The Authority may, from time to time, in accordance with the provisions in the Indenture, (a) designate a separately identifiable existing facility or planned facility as a "Special Facility," (b) pursuant to an indenture other than the Indenture and without a pledge of any Net Revenues, incur debt for the purpose of acquiring, constructing, renovating, or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility, (c) provide that certain of the contractual payments derived from such Special Facility, together with other income and revenues available to the Authority from such Special Facility to the extent necessary to make the payments required by clause (i) of the second succeeding paragraph, be "Special Facility Revenue" and not included as Revenues or Net Revenues, and (d) provide that the debt so incurred shall be a "Special Facility Obligation" and the principal of and interest thereon shall be payable solely from the Special Facility Revenue. The Authority may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations.

Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest solely from Special Facility Revenue, which shall include contractual payments derived by the Authority under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the Authority and another person, firm or corporation, either public or private, as shall undertake the operation of a Special Facility.

No Special Facility Obligations shall be issued by the Authority unless there shall have been filed with the Trustee a certificate of an Authorized Authority Representative stating that:

(i) The estimated Special Facility Revenue pledged to the payment of obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Authority and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and

(ii) With respect to the designation of any separately identifiable existing Airport Facilities or Airport Facility as a "Special Facility" or "Special Facilities," the estimated Net Revenues, calculated without including the new Special Facility Revenue, will be sufficient so that the Authority will be in compliance with the rate covenant set forth in the Indenture; and

(iii) The issuance of such Special Facility Obligations will not result in the ratings on any Bond being suspended or downgraded below "investment grade" by any Rating Agency then rating the Bonds; and

(iv) No Event of Default then exists under the Indenture.

To the extent Special Facility Revenue received by the Authority during any Fiscal Year shall exceed the amounts required to be paid pursuant to clause (i) of the immediately preceding paragraph for such Fiscal Year, such excess Special Facility Revenue, to the extent not otherwise encumbered or restricted, shall constitute Revenues.

Notwithstanding any other provision of the Indenture regarding Special Facilities and Special Facilities Obligations as described in this section, at such time as the Special Facility Obligations issued for a Special Facility including Special Facility Obligations issued to refinance Special Facility Obligations are fully paid or otherwise discharged, all revenues of the Authority from such facility shall be included as Revenues.

Maintenance and Operation of Airport System. Subject to the transfer of any Airport Facilities, the Authority covenants that the Airport System shall at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises shall be complied with (provided the Authority shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the Airport System shall be obtained and maintained and that all necessary repairs, improvements and replacements of the Airport System shall be made, subject to sound business judgment. Subject to the transfer of any Airport Facilities, the Authority will, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Authority, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Airport System or upon any part thereof, or upon the Revenues or Net Revenues, when the same shall become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Revenues or Net Revenues or Airport System or any part thereof constituting part of the Airport System.

Insurance; Application of Insurance Proceeds.

(a) Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions, the Authority will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Authority, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports.

(b) "Qualified Self-Insurance" shall mean insurance maintained through a program of self-insurance or insurance maintained with a fund, company or association in which the

Authority may have a material interest and of which the Authority may have control, either singly or with others. Each plan of Qualified Self-Insurance shall be established in accordance with law, shall provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Authority determines to be reasonable to protect against risks assumed under the Qualified-Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified-Self Insurance, and such self-insurance program shall be reviewed at least once every 12 months by a Consultant who shall deliver to the Authority a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, he shall make a recommendation as to the amount of reserves that should be established and maintained, and the Authority shall comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Authority.

(c) If, as a result of any event, any part of the Airport System is destroyed or severely damaged, the Authority shall create within the Revenue Fund a special account and shall credit the Net Proceeds received as a result of such event of damage or destruction to such account and such Net Proceeds shall, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (i) repair or replace the Airport System, or portion thereof, which were damaged or destroyed, (ii) provide additional revenue-producing Airport Facilities, (iii) pay or redeem Bonds, or (iv) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in the provisions of the Indenture governing defeasance; provided, however, that, if the Authority uses the proceeds to pay or redeem Bonds, the Authority shall first deliver to the Trustee a certificate of a Consultant showing that, after taking into account the use of the Net Proceeds for the payment or redemption of such specified Bonds, the test set forth in the section of the Indenture governing the rate covenant would, nevertheless, be met.

Transfer of Airport Facility or Airport Facilities. The Authority shall not, except as permitted below, transfer, sell or otherwise dispose of an Airport Facility or Airport Facilities. For purposes of this section, any transfer of an asset over which the Authority retains substantial control in accordance with the terms of such transfer, shall not, for so long as the Authority has such control, be deemed a disposition of an Airport Facility or Airport Facilities. The Authority may, to the extent permitted by law, transfer, sell or otherwise dispose of Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions:

(a) The property being disposed of is inadequate, obsolete or worn out; or

(b) The property proposed to be disposed of and all other Airport Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into a special account of the Revenue Fund to be used as described below and the Authority believes that such disposal will not prevent it from fulfilling its obligations under the Indenture; or

(c) The Authority has furnished a certificate of an Authorized Authority Representative to the Trustee and the Local Government Commission to the effect that (i) the removal of such Significant Portion from the Airport System would not result in the ratings on any Bond being suspended or downgraded below "investment grade" by any Rating Agency then rating the Bonds and (ii) such disposition of such Significant Portion would be for a consideration not less than fair market value; or

(d) The Authority has furnished to the Local Government Commission and the Trustee (i) a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Authority as evidenced by a certificate of an Authorized Authority Representative, the Authority will be in compliance with the rate covenant set forth in the Indenture during each of the five Fiscal Years immediately following such disposition and (ii) the removal of such Significant Portion from the Airport System would not result in the ratings on any Bond being suspended or downgraded below "investment grade" by any Rating Agency then rating the Bonds.

Proceeds of the disposition of assets under paragraph (b), (c) and (d) above shall be deposited into a special account of the Revenue Fund and used, within a reasonable period of time, not to exceed three years, to (i) provide additional revenue-producing Airport Facilities, (ii) pay or redeem Bonds or (iii) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in the Indenture.

Airport Facilities which were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes shall not be disposed of, except under the terms of paragraph (a) above, unless the Authority has first received a written opinion of Bond Counsel to the effect that such disposition will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

No such disposition shall be made which would cause the Authority to be in default of any other covenant contained in the Indenture.

Investments

Moneys held by the Trustee in the funds and accounts created in the Indenture and under any Supplemental Indenture shall be invested and reinvested as directed by the Authority, in Permitted Investments subject to the restrictions set forth in the Indenture and such Supplemental Indenture and subject to the investment restrictions imposed upon the Authority by the laws of the State, including, but not limited to, Section 159-30 of the North Carolina General Statutes. The Authority shall direct such investments by written certificate, including electronic mail (upon which the Trustee may conclusively rely), of an Authorized Authority Representative; in the absence of any such instructions, the Trustee shall, to the extent practicable, invest in Permitted Investments specified in item (g) of the definition thereof, which includes a money market fund comprised of United States Obligations.

The Trustee shall not be liable for any loss resulting from following the written directions of the Authority or as a result of liquidating investments to provide funds for any required payment, transfer, withdrawal or disbursement from any fund or account in which such Permitted Investment is held. The Trustee may buy or sell any Permitted Investment through its own (or any of its affiliates') investment department.

Defeasance

Bonds or portions thereof (such portions to be in integral multiples of the authorized denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of the Indenture except for the purposes of payment from moneys or Government Obligations held by the Trustee or a Paying Agent for such purpose. When all Bonds which have been issued under the Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable under the Indenture by the Authority, including all necessary and proper fees, compensation and expenses of the Trustee, the Registrar and the Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Trustee in and to the pledge of Net Revenues and the other assets pledged to secure the Bonds under the Indenture shall thereupon cease, terminate and become void, and thereupon the Trustee shall cancel, discharge and release the Indenture, shall execute, acknowledge and deliver to the Authority such instruments as shall be requisite to evidence such cancellation, discharge and release and shall assign and deliver to the Authority any property and revenues at the time subject to the Indenture which may then be in the Trustee's possession, except funds or securities in which such funds are invested and are held by the Trustee or the Paying Agent for the payment of the principal of, premium, if any, and interest on the Bonds.

A Bond shall be deemed to be paid when payment of the principal, interest and premium, if any, either (a) shall have been made or caused to be made in accordance with the terms of the Bonds and the Indenture or (b) shall have been provided for by depositing with the Trustee or Paying Agent in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Government Obligations, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment. As a condition precedent to the determination that any Bonds shall be deemed paid as described under clause (a) or (b) of this paragraph, the Authority shall deliver to the Trustee (A) an approving opinion of nationally recognized Bond Counsel that such action will not adversely affect the tax-exemption of any Bond or Bonds then Outstanding and (B) an opinion of a nationally recognized accounting firm that there are sufficient moneys and/or Government Obligations to provide for the payment of such Bonds. At such times as Bonds shall be deemed to be paid under the Indenture, such Bonds shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of payment from such moneys or Government Obligations.

Any deposit under clause (b) of the foregoing paragraph shall be deemed a payment of such Bonds. Once such deposit shall have been made, the Trustee shall notify all holders of the affected Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section. No notice of redemption shall be required at the time of such defeasance or prior to such date except as may be required by the Supplemental Indenture under which such Bonds were issued. The Authority may at any time, prior to issuing such notice of redemption as may be required by the Supplemental Indenture under which such Bonds were issued, modify or otherwise change the scheduled date for the redemption or payment of any Bond deemed to be paid under the terms of the foregoing paragraph in accordance with the terms of the Bonds or this Indenture subject to (A) receipt of an approving opinion of nationally recognized Bond Counsel that such action will not adversely affect the tax-exemption of any Bond or Bonds then Outstanding and (B) receipt of an approving opinion of a nationally recognized accounting firm that there are sufficient moneys and/or Government Obligations to provide for the payment of such Bonds. Notwithstanding anything described in this section to the contrary, monies from the trust or escrow account established for the defeasance of Bonds may be withdrawn and delivered to the Authority so long as the requirements of subparagraphs (A) and (B) above are met prior to or concurrently with any such withdrawal.

In connection with the redemption or defeasance, or partial redemption or defeasance of Bonds, the Authority may permit, or cause to be assigned to Bonds of a single maturity, multiple CUSIP numbers.

Defaults and Remedies

Events of Default. Each of the following events shall constitute and is referred to in the Indenture as an "Event of Default":

(a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure to pay the purchase price of any Bond when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in a Supplemental Indenture;

(d) a failure by the Authority to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) above) that is to be observed or performed by the Authority and which is contained in the Indenture or a Supplemental Indenture, which failure, except for a violation under the provisions of the Indenture governing the rate covenant which shall be controlled by the provisions set forth therein, shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Authority by the Trustee, which notice may be given at the discretion of the Trustee and shall be given at the written request of holders of 25% or more of the Principal Amount of the Bonds then Outstanding, unless the Trustee, or the Trustee and the holders of Bonds in a Principal Amount not less than the Principal Amount of Bonds the holders of which requested such notice, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee or the Trustee and the holders of such principal amount of Bonds shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code, or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Authority and, if instituted against the Authority, said proceedings are consented to or are not dismissed within 60 days after such institution; or

(f) the occurrence of any other Event of Default as is provided in a Supplemental Indenture.

If, on any date on which payment of principal of or interest on the Bonds is due and sufficient moneys are not on deposit with the Trustee or Paying Agent to make such payment, the Trustee shall give telephone notice of such insufficiency to the Authority.

Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee shall, in accordance with the provisions of the Indenture, receive and dispose of all Revenues, and in its discretion may, and upon the written direction of the holders of 50% or more of the Principal Amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, shall, in its own name and as the Trustee of an express trust:

> (i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Authority to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act or any other law to which it is subject and the Indenture;

(ii) bring suit upon the Bonds;

(iii) commence an action or suit in equity to require the Authority to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has actual knowledge of the occurrence of such Event of Default.

(c) The Trustee shall mail to (a) the Local Government Commission, (b) all Owners of the Bonds with respect to which an Event of Default has occurred at their addresses as they appear on the registration books and (c) all Owners of any Bonds who shall have filed their name with the Trustee for such purpose, written notice of the occurrence of any Event of Default within thirty (30) days after the Trustee has notice of the same pursuant to the provisions of the Indenture that any such Event of Default shall have occurred; provided, however, that except upon the happening of an Event of Default specified in (a) and (b) under "Events of Default" above, the Trustee may withhold such notice to the Owners if in its opinion such withholding is in the interest of the Owners. The Trustee shall not be subject to any liability to any Owner by reason of its failure to mail any such notice.

(d) In no event, upon the occurrence and continuation of an Event of Default shall the Trustee, the Bondholders, a Credit Provider or any other party have the right to accelerate the payment of principal of and interest on the Bonds Outstanding.

Bondholders' Right To Direct Proceedings. Anything in the Indenture to the contrary notwithstanding, holders of a majority in Principal Amount of the Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Indenture to be taken in connection with the enforcement of the terms of the Indenture or exercising any trust or power conferred on the Trustee by the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of the law and the Indenture and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee.

Limitation on Right To Institute Proceedings. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power under the Indenture, or any other remedy under the Indenture or on such Bonds, unless such Bondholder or Bondholders previously shall have given to the Trustee written notice of an Event of Default as provided in the Indenture and unless also holders of a majority of the Principal Amount of the Bonds then Outstanding shall have made written request of the Trustee to do so, after the right to institute such suit, action or proceeding under the Indenture shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Bondholders shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or under the Bonds, except in the manner provided in the Indenture, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner in the Indenture provided and for the equal benefit of all Bondholders.

The Trustee

Duties of Trustee. Prior to the occurrence of an Event of Default of which it has or is deemed to have notice hereunder, and after the curing or waiver of any Event of Default which may have occurred, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. The permissive right of the Trustee to take actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

In the case of an Event of Default of which the Trustee has or is deemed to have notice hereunder has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of case and skill in their exercise as a prudent person would exercise or use in the conduct of such person's own affairs.

Except during the continuance of an Event of Default, in the absence of any negligence on its part or any knowledge to the contrary, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the requirements of the Indenture.

The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts; and the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Bondholders or the Authority in the manner provided in the Indenture.

The Trustee shall not, by any provision of the Indenture, be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the holders of the Bonds, unless such holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Notice of Defaults. If (a) an Event of Default has occurred or (b) an event has occurred which with the giving of notice and/or the lapse of time would be an Event of Default and, with respect to such events for which notice to the Authority is required before such events will become Events of Default, such notice has been given, then the Trustee shall promptly, after obtaining such notice, give notice thereof to each Bondholder. Except in the case of a default in payment or purchase on any Bonds, the

Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Eligibility of Trustee. The Indenture shall always have a Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority, is of good standing and has (together with its corporate parent) a combined capital, surplus and undivided profits aggregating not less than $100 million as set forth in its most recent published annual report of condition.

Co-Trustee. At any time, but subject to compliance with all applicable regulations, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the trust estate may at the time be located, the Authority and the Trustee shall have power to appoint an additional institution or individual as a co-trustee or separate trustee, and upon the request of the Trustee or of 10% in aggregate principal amount of Bonds then Outstanding the Authority shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint such institution or individual to act as co-trustee jointly with the Trustee or as a separate trustee of all or any part of the trust estate, and to vest in such person or institution, in such capacity, such title to the trust estate, or any part thereof, and such rights, powers, duties, trusts or obligations as the Authority and the Trustee may consider necessary or desirable, subject to the remaining provisions of this section.

If the Authority shall not have made such appointment within 30 days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have the power to make such appointment.

The Trustee and the Authority shall execute, acknowledge and deliver all such instruments as may be reasonably required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by the Indenture conferred upon the Trustee in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Trustee;

(b) all rights, powers, trusts, duties and obligations conferred or imposed upon the Trustee by the Indenture shall be conferred or imposed upon or exercised or performed by the Trustee, or by the Trustee and such co-trustee, or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or separate trustee;

(c) any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action under the Indenture shall be sufficient warrant for the taking or the refraining from taking of such action by such co-trustee or separate trustee;

(d) any co-trustee or separate trustee to the extent permitted by law may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(e) the Trustee at any time by an instrument in writing with the concurrence of the Authority may accept the resignation of or remove any co-trustee or separate trustee appointed under this section and in case an event of default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of or remove any such co-trustee or separate trustee without the concurrence of the Authority, and upon the request of the Trustee, the Authority shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in the Indenture;

(f) no Trustee under the Indenture shall be personally liable by reason of any act or omission of any other trustee under the Indenture;

(g) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Owners and Holders of Bonds and delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee; and

(h) any money, papers, securities or other items of personal property received by any such co-trustee or separate trustee under the Indenture shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment, any such co-trustee or separate trustee shall be vested with such title to the trust estate or any part thereof, and with such rights, powers, duties, trusts or obligations as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of the Indenture. Every such acceptance shall be filed with the Trustee and the Authority.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the trust estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner in the Indenture provided.

Replacement of Trustee. The Trustee may resign by notifying the Authority in writing prior to the proposed effective date of the resignation. The holders of a majority in Principal Amount of the Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the Authority's consent. So long as no Event of Default has occurred and is continuing, and with the prior written consent of the Local Government Commission, the Authority may remove the Trustee, by notice in writing delivered to the Trustee at least 60 days prior to the proposed removal date; provided, however, that the Authority shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be an Event of Default.

No resignation or removal of the Trustee shall be effective until a new Trustee has taken office and delivered a written acceptance of its appointment to the retiring Trustee and to the Authority. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under the

Indenture. If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Indenture, the Authority shall promptly appoint a successor Trustee.

If a Trustee is not performing its duties under the Indenture and a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the Authority delivers notice of removal, the retiring Trustee, the Authority or the holders of a majority in Principal Amount of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, any Paying Agent or Registrar consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to, another corporation and meets the qualifications set forth in the Indenture, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee, Paying Agent or Registrar, provided any successor Trustee meets the eligibility requirements of the Indenture.

Modification of Trust Indenture

Supplemental Indenture Not Requiring Consent of Bondholders. The Authority may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver Supplemental Indentures supplementing and/or amending the Indenture or any Supplemental Indenture as follows:

(a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of the Indenture regarding Issuance of a Series of Bonds and Supplemental Indentures and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Indenture or any Supplemental Indenture, provided such supplement or amendment is not, in the opinion of the Trustee, materially adverse to the Bondholders;

(c) to add to the covenants and agreements of the Authority in the Indenture or any Supplemental Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Authority, provided such supplement or amendment is not, in the opinion of the Trustee, materially adverse to the Bondholders;

(d) to confirm, as further assurance, any interest of the Trustee in and to the pledge of Net Revenues or in and to the funds and accounts held by the Trustee or in and to any other moneys, securities or funds of the Authority provided pursuant to the Indenture or to otherwise add additional security for the Bondholders;

(e) to evidence any change made in the terms of any Series of Bonds if such changes are authorized by the Supplemental Indenture at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;

(g) to modify, alter, amend or supplement the Indenture or any Supplemental Indenture in any other respect which is not, in the opinion of the Trustee, materially adverse to the Bondholders;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(i) to qualify the Bonds or a Series of Bonds for a rating or ratings from a Rating Agency;

(j) to accommodate the technical, operational and structural features of Bonds which are issued or are proposed to be issued or of a Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate Commercial Paper, auction bonds, Swaps, variable rate or adjustable rate Bonds, discounted or compound interest bonds or other forms of indebtedness which the Authority from time to time deems appropriate to incur;

(k) to accommodate the use of a Credit Facility for specific Bonds or a specific Series of Bonds; and

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Bonds, including, without limitation, the segregation of Revenues into different funds.

Before the Authority shall execute any Supplemental Indenture, there shall have been delivered to the Authority, the Local Government Commission and Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture is authorized or permitted by the Indenture, the Act and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and will not cause interest on any of the Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes.

Supplemental Indenture Requiring Consent of Bondholders. Except for any Supplemental Indenture described above and any amendments described in the following paragraph, the holders of not less than a majority in aggregate Principal Amount of the Bonds then Outstanding shall have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in a Supplemental Indenture; provided, however, that, unless approved in writing by the holders of all the Bonds then Outstanding or unless such change affects less than all Series of Bonds and the following paragraph is applicable, nothing in the Indenture contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on or Accreted Value of any Outstanding Bonds or (ii) a reduction in the Principal Amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing in the Indenture contained, including the provisions of the following paragraph, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Indenture) upon or pledge of the Net Revenues created by the Indenture, ranking prior to or on a parity with the claim created by the Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to the security granted therefor under the Granting Clauses of the Indenture, or (v) a reduction in the aggregate Principal Amount of Bonds the consent of the Bondholders of which is required for any such Supplemental Indenture. Nothing in the Indenture contained, however, shall be construed as making necessary the approval by Bondholders of the execution of any Supplemental Indenture as authorized in the Indenture, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Revenues.

The Authority may, from time to time and at any time, execute a Supplemental Indenture which amends the provisions of an earlier Supplemental Indenture under which a Series or multiple Series of Bonds were issued. If such Supplemental Indenture is executed for one of the purposes set forth in the above section regarding amendments without consent of bondholders, no notice to or consent of the Bondholders shall be required. If such Supplemental Indenture contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and the above section regarding amendments without consent of bondholders is not applicable, then this paragraph rather than the paragraph above shall control and, subject to the terms and provisions contained in this paragraph and not otherwise, the holders of not less than a majority in aggregate Principal Amount of the Bonds of all Series which are affected by such changes shall have the right from time to time to consent to any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Indenture and affecting only the Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Bonds of all the affected Series then Outstanding, nothing in the Indenture contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Bonds of such Series or (ii) a reduction in the Principal Amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon. Nothing contained in the Indenture, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Indenture as authorized in the Indenture, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Revenues.

THE FOURTEENTH SUPPLEMENTAL TRUST INDENTURE

In addition to certain information contained under the captions "THE 2020 BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS" in the front part of the Official Statement, the following is a summary of certain provisions of the Fourteenth Supplemental Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Fourteenth Supplemental Indenture.

Terms of the Series 2020 Bonds

The Fourteenth Supplemental Indenture sets forth the terms of the Series 2020 Bonds, most of which terms are described earlier in this Official Statement under "THE 2020 BONDS."

Establishment of Funds and Accounts

The Fourteenth Supplemental Indenture establishes the following funds and accounts:

- Raleigh-Durham Airport Authority Airport Revenue Bond Series 2020 Debt Service Fund and therein an Interest Account, a Principal Account and a Redemption Account; and

- Raleigh-Durham Airport Authority 2020 Costs of Issuance Account.

Series 2020 Debt Service Fund. The Trustee shall make deposits into the Series 2020 Debt Service Fund as follows:

Interest Account. On the third (3rd) Business Day prior to each Interest Payment Date, the Authority shall transfer to the Trustee from the Revenue Fund the amount necessary to pay interest on the Series 2020 Bonds on such Interest Payment Date, after taking into account any amounts already on deposit with the Trustee for such purpose and amounts derived from Passenger Facility Charges that are to be applied to pay interest on the Series 2020 Bonds on such Interest Payment Date. The Trustee shall deposit the amount transferred to the credit of the Interest Account of the Series 2020 Debt Service Fund. The Trustee shall also deposit into the Interest Account of the Series 2020 Debt Service Fund any other amounts deposited with the Trustee for deposit in an Interest Account of the Series 2020 Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2020 Bonds in accordance with their terms. Amounts in the Interest Account of the Series 2020 Debt Service Fund shall be applied to pay interest on the Series 2020 Bonds on the Interest Payment Date in accordance with the Indenture.

Earnings on the Interest Account shall be transferred as received to the Revenue Fund.

Principal Account. On the third (3rd) Business Day prior to each date on which principal of the Series 2020 Bonds shall be due and payable, the Authority shall transfer to the Trustee from the Revenue Fund the amount necessary to pay the maturing principal of the Series 2020 Bonds on such date, after taking into account any amounts already on deposit with the Trustee for such purpose and amounts derived from Passenger Facility Charges that are to be applied to pay maturing principal on the Series 2020 Bonds on such date. The Trustee shall deposit the amount so transferred to the credit of the Principal Account of the Series 2020 Debt Service Fund. The Trustee shall also deposit into the Principal Account of the Series 2020 Debt Service Fund any other amounts deposited with the Trustee for deposit into the Principal Account of the Series 2020 Debt Service Fund or transferred from other funds and accounts for deposit therein. Amounts in the Principal Account of the Series 2020 Debt Service Fund shall be applied to pay principal on the Series 2020 Bonds on the date such principal is due and payable, in accordance the Indenture.

Earnings on the Principal Account shall be transferred to the Revenue Fund.

Redemption Account. The Authority may at any time deliver to the Trustee for deposit into the Redemption Account of the Series 2020 Debt Service Fund any amounts received from the Authority or from other sources to be used to pay the principal of and premium, if any, on Series 2020 Bonds that are to be redeemed in advance of their maturity. The Trustee shall deposit the amount so transferred to pay such redemption price to the credit of the Redemption Account of the Series 2020 Debt Service Fund. If less than all of the Series 2020 Bonds are to be redeemed on the date specified by the Authority in connection with the transfer, the Authority may designate to the Trustee the Series 2020 Bonds to be redeemed in the instructions given to the Trustee in connection with the transfer. Earnings on amounts from time to time deposited into the Redemption Account of the Series 2020 Debt Service Fund shall be retained in such account or paid to the Authority for deposit into the Revenue Fund in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit. The Series 2020 Debt Service Fund shall be invested and reinvested in Permitted Investments as directed in writing by the Authority. So long as the Trustee provides periodic statements with regard to the Series 2020 Debt Service Fund, it shall not be required to send brokerage statements in connection with any investment made hereunder.

Parity Reserve Fund. Following the issuance of the Series 2020 Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2017A Bonds and the Series 2020 Bonds will be secured by the Parity Reserve Fund. Moneys held in the Parity Reserve Fund shall be used for the purpose of paying principal of and interest on the Bonds secured by the Parity Reserve Fund if on any date on which principal is due and payable or any Interest Payment Date the amounts in the respective Debt Service Fund for any such Series of Bonds are insufficient to pay in full the amount then due on such Series of Bonds.

Sources of Payment of Series 2020 Bonds; Application of PFC Revenues. The Series 2020 Bonds shall be secured by and payable from the Net Revenues as provided in the Indenture. The Series 2020 Bonds shall additionally be secured by and payable from moneys and other interests held by the Trustee in the Parity Reserve Fund. To the extent permitted by law, the Authority may, but is not obligated to, provide for payment of principal of and interest on the Series 2020 Bonds from any other source or from any other funds of the Authority, including, without limitation, Passenger Facility Charges to the extent permitted by applicable law.

Tax Covenant. The Authority covenants to do and perform all acts and things permitted by law in order to assure that interest paid on the Series 2020 Bonds which was excludable from the gross income of their owners thereof for purposes of federal income taxation on the date of issuance of the Series 2020 Bonds shall continue to be so excludable, and to assure that that interest paid on the Series 2020B Bonds will not be a specific preference item for purposes of the alternative minimum tax imposed by federal tax laws.

Interested Parties. Nothing in this Fourteenth Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, the Registrar, the Paying Agent and the registered owners of the Series 2020 Bonds, any right, remedy or claim under or by reason of this Fourteenth Supplemental Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Fourteenth Supplemental Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Registrar, the Paying Agent and the registered owners of the Series 2020 Bonds.

APPENDIX E

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

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APPENDIX E

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

The Local Government Commission (the "Commission") is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue and five others by appointment (three by the Governor, one by the General Assembly upon recommendation of the President Pro Tempore of the Senate and one by the General Assembly upon recommendation of the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who heads the administrative staff serving the Commission.

A major function of the Commission is the approval, sale and delivery of substantially all North Carolina local government bonds and notes. A second key function is monitoring certain fiscal and accounting standards prescribed for units of local government by The Local Government Budget and Fiscal Control Act. In addition, the Commission furnishes, upon request, on-site assistance to units of the local government concerning existing financial and accounting systems as well as aid in establishing new systems. Further, educational programs and materials are provided for local officials concerning finance and cash management.

Before any unit of local government can incur bonded indebtedness, the proposed bond issue must be approved by the Commission. In determining whether to give such approval the Commission may consider, among other things, the unit's debt management procedures and policies, its compliance with The Local Government Budget and Fiscal Control Act and its ability to service the proposed debt. All general obligation issues are customarily sold on the basis of formal sealed bids submitted at the Commission's offices in Raleigh and are subsequently delivered to the successful bidder by the Commission. The Commission maintains records for all units of local government of principal and interest payments coming due on bonded indebtedness in the current and future years and monitors the payment by the units of local government of debt service through a system of monthly reports.

As a part of its role in assisting and monitoring the fiscal programs of units of local government, the Commission attempts to ensure that the units of local government follow generally accepted accounting principles, systems and practices. The Commission's staff also counsels the units of local government in treasury and cash management, budget preparation and investment policies and procedures. Educational programs, in the form of seminars or classes, are also provided by the Commission in order to accomplish these tasks. The monitoring of the financial systems of units of local government is accomplished through the examination and analysis of the annual audited financial statements and other required reports. The Local Government Budget and Fiscal Control Act requires each unit of local government to have its accounts audited annually by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts. A written contract must be submitted to the Secretary of the Commission for his approval prior to the commencement of the audit.

The Commission has the statutory authority to impound the books and records of any unit of local government and assume full control of all its financial affairs (a) when the unit defaults on any debt service payment or, in the opinion of the Commission, will default on a future debt service payment if the financial policies and practices of the unit are not improved or (b) when the unit persists, after notice and warning from the Commission, in willfully or negligently failing or refusing to comply with the provisions of The Local Government Finance Act. When the Commission takes action under this authority, the Commission is vested with all of the powers of the governing board of the unit of local government as to the levy of taxes, expenditure of money, adoption of budgets and all other financial powers conferred upon such governing board by law.

In addition, if a unit of local government fails to pay any installment of principal or interest on its outstanding debt on or before its due date and remains in default for 90 days, the Commission may take such action as it deems advisable to investigate the unit's fiscal affairs, consult with its governing board and negotiate with its creditors in order to assist the unit in working out a plan for refinancing, adjusting or compromising such debt. When a plan is developed that the Commission finds to be fair and equitable and reasonably within the ability of the unit of local government to meet, the Commission will enter an order finding that the plan is fair, equitable and within the ability of the unit to meet and will advise the unit to take the necessary steps to implement such plan. If the governing board of the unit declines or refuses to do so within 90 days after receiving the Commission's advice, the Commission may enter an order directing the unit to implement such plan and may apply for a court order to enforce such order. When a refinancing plan has been put in effect, the Commission has the authority (a) to require any periodic financial reports on the unit's financial affairs that the Secretary deems necessary and (b) to approve or reject the unit's annual budget ordinance. The governing board of the unit of local government must also obtain the approval of the Secretary of the Commission before adopting any annual budget ordinance. The power and authority granted to the Commission as described in this paragraph will continue with respect to a defaulting unit of local government until the Commission is satisfied that the unit has performed or will perform the duties required of it in the refinancing plan and until agreements made with the unit's creditors have been performed in accordance with such plan.

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX F

[Proposed Form of Opinion of Bond Counsel]

March __, 2020

Raleigh-Durham Airport Authority
Wake County, North Carolina

We have examined, as bond counsel to the Raleigh-Durham Airport Authority (the "Authority"), (a) the Constitution and laws of the State of North Carolina, including The State and Local Government Revenue Bond Act, as amended (the "Act"), (b) certified copies of proceedings of the Authority evidencing the adoption of a bond order authorizing the issuance by the Authority of its $141,005,000 Airport Revenue Refunding Bonds, Series 2020A (AMT) (the "Series 2020A Bonds") and its $69,610,000 Airport Revenue Refunding Bonds, Series 2020B (Non-AMT) (the "Series 2020B Bonds" and, collectively with the Series 2020A Bonds, the "Series 2020A and Series 2020B Bonds") (c) other proofs submitted relative to the issuance and sale of the Series 2020A and Series 2020B Bonds. The Series 2020A and Series 2020B Bonds are being issued under and pursuant to a Master Trust Indenture, dated as of February 1, 2001, as amended (the "Trust Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") and a Fourteenth Supplemental Trust Indenture, dated as of March 1, 2020 (the "Fourteenth Supplemental Indenture") between the Authority and the Trustee.

The Series 2020A and Series 2020B Bonds are dated the date hereof, bear interest from their date and mature, subject to redemption prior to their stated maturity, as provided in the Fourteenth Supplemental Indenture. The Series 2020A and Series 2020B Bonds are subject to optional redemption at such times, under such circumstances and upon the terms and conditions set forth in the Fourteenth Supplemental Indenture.

The Series 2020A Bonds are being issued to provide funds, together with other available funds, to refund the Authority's outstanding Airport Revenue Bonds, Series 2010A (Non-AMT) maturing May 1, 2021 and thereafter and (ii) pay the costs of issuance relating to the Series 2020A Bonds. The Series 2020B Bonds are being issued to provide funds, together with other available funds, to refund the Authority's outstanding Airport Revenue Bonds, Series 2010B (Non-AMT) maturing November 1, 2020 and the Authority's outstanding Airport Revenue Bonds, Series 2010B-1 (Non-AMT) maturing November 1, 2028 and thereafter and (ii) pay the costs of issuance relating to the Series 2020B Bonds. The Bonds being refunded were issued by the Authority to provide funds, together with other available funds, to refund certain prior Bonds issued to finance certain improvements to the Raleigh-Durham International Airport.

The Authority has heretofore issued Bonds (as defined in the Trust Indenture) pursuant to the Trust Indenture. The Trust Indenture provides for the issuance, under the conditions, limitations and restrictions therein set forth, of additional Bonds. The Bonds previously issued, the Series 2020A and Series 2020B Bonds and any additional Bonds are secured on a parity as to the pledge of Net Revenues (as defined in the Trust Indenture) with the outstanding Bonds. The Trust Indenture also permits the incurrence of Subordinated Obligations (as defined in the Trust Indenture) under the conditions, restrictions and limitations therein set forth.

As to matters of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on such examination and other examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Series 2020A and Series 2020B Bonds have been duly authorized, executed and delivered.

2. The Trust Indenture and the Fourteenth Supplemental Indenture have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the Trustee, are valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Series 2020A and Series 2020B Bonds, together with the outstanding Bonds and any additional Bonds hereafter issued by the Authority under the Trust Indenture are, to the extent provided in the Trust Indenture, secured by a pledge, charge and lien upon the Net Revenues of the Airport System (as defined in the Fourteenth Supplemental Indenture).

4. The Series 2020A and Series 2020B Bonds are valid and binding special obligations of the Authority secured by a pledge, charge and lien upon, and the principal of, and the premium, if any, and interest on which are payable from, the funds and the income from the investment thereof in the Funds and Accounts created under the Trust Indenture to the extent provided therein. The Series 2020A and Series 2020B Bonds are also secured by the funds on deposit or otherwise available in the Parity Reserve Fund.

5. The Authority is not obligated to pay the principal of, premium, if any, or the interest on the Series 2020A and Series 2020B Bonds except as provided in the Trust Indenture and the Fourteenth Supplemental Indenture. The principal of and interest on the Series 2020A and Series 2020B Bonds are not payable from the general funds of the Authority, nor do the Series

2020A and Series 2020B Bonds constitute a legal or equitable pledge, charge, lien or encumbrance upon the income, receipts or revenues of the Authority except for the Net Revenues and the amounts referenced in paragraph 4 above, in each case to the extent provided in the Trust Indenture and the Fourteenth Supplemental Indenture. Neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof, including the Authority, is pledged to the payment of the principal of, premium, if any, or interest on the Series 2020A and Series 2020B Bonds, and no holder of the Series 2020A and Series 2020B Bonds has the right to compel the exercise of the taxing power by the State of North Carolina or any political subdivision thereof, or the forfeiture of their respective property, other than the Net Revenues, in connection with any default with respect to the Series 2020A and Series 2020B Bonds. The Authority has no taxing power.

6. Assuming continuing compliance by the Authority with certain covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), regarding, among other matters, use, expenditure and investment of proceeds of the Series 2020A and Series 2020B Bonds, and the timely payment of certain investment earnings to the United States Treasury, interest on the Series 2020A and Series 2020B Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation except for interest on any Series 2020A Bond for any period during which such Series 2020A Bond is held by a person who is a “substantial user” of the facilities refinanced with the proceeds of the Series 2020A Bonds or a “related person” of such a “substantial user,” as such terms are defined in the Code. Interest on the Series 2020A Bonds is a specific preference item for purposes of the alternative minimum tax imposed by the Code. Interest on the Series 2020B Bonds is not a specific preference item for purposes of the alternative minimum tax imposed by the Code.

7. Interest on the Series 2020A and Series 2020B Bonds is exempt from all State of North Carolina income taxes.

The Code and other laws of taxation, including the laws of taxation of the State of North Carolina, of other states and of local jurisdictions, may contain other provisions that could result in tax consequences, upon which we render no opinion, as a result of the ownership or transfer of the Series 2020A and Series 2020B Bonds or the inclusion in certain computations of interest that is excluded from gross income for purposes of federal and North Carolina income taxation.

The rights of the owners of the Series 2020A and Series 2020B Bonds and the enforceability thereof and of the Trust Indenture and the Fourteenth Supplemental Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore and hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2020A and Series 2020B Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

GTL
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RALEIGH-DURHAM AIRPORT AUTHORITY (NORTH CAROLINA) • AIRPORT REVENUE REFUNDING BONDS, SERIES 2020A (AMT) AND SERIES 2020B (NON-AMT)

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