

OFFICIAL STATEMENT DATED SEPTEMBER 16, 2014

REFUNDING ISSUE

RATINGS: Moody's: A1

S&P: A

Fitch: A

See "Ratings" herein

Book-Entry-Only

In the opinion of Ice Miller LLP, Indianapolis, Indiana ("Bond Counsel"), under federal statutes, decisions, regulations, and rulings, interest on the 2014 Bond Bank Bonds (hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the 2014 Bond Bank Bonds (the "Code"), except for interest on any 2014 Bond Bank Bonds for any period during which such 2014 Bond Bank Bond is owned by a person who is a "substantial user" of the Airport System (hereinafter defined) or a "related person" as defined in Section 147(a) of the Code. Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). The interest on the 2014 Bond Bank Bonds is a specific preference item for purposes of federal individual and corporate alternative minimum taxes. In addition, in the opinion of Bond Counsel, under existing statutes, decisions, regulations and rulings, interest on the 2014 Bond Bank Bonds is exempt from income taxation in the State of Indiana.



Indianapolis Airport Authority

\$165,340,000

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK REFUNDING BONDS, SERIES 2014D (Indianapolis Airport Authority Project) (AMT)

Dated: Date of Delivery

Due: January 1, As Shown on the Inside Cover

The Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2014D (Indianapolis Airport Authority Project) (the "2014 Bond Bank Bonds") will be dated the date of delivery, and will bear interest from that date to their respective maturities in the amounts and at the rates set forth on the inside cover hereof. The 2014 Bond Bank Bonds are issuable only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The 2014 Bond Bank Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the 2014 Bond Bank Bonds. Purchases of beneficial interests in the 2014 Bond Bank Bonds are to be made in book-entry-only form. Purchasers will not receive certificates representing their beneficial ownership interests in the 2014 Bond Bank Bonds. See "APPENDIX D—BOOK-ENTRY-ONLY SYSTEM." Interest on the 2014 Bond Bank Bonds will accrue from the date of their delivery, and will be payable on January 1 and July 1 of each year, commencing July 1, 2015. Interest, together with the principal of and premium, if any, on the 2014 Bond Bank Bonds will be paid directly to DTC by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Bond Bank Trustee") under the Indenture, as defined and described herein, so long as DTC or its nominee is the registered owner of the 2014 Bond Bank Bonds. See "THE 2014 BOND BANK BONDS."

The 2014 Bond Bank Bonds will be issued by The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") pursuant to a Trust Indenture dated as of October 1, 2014, as it may be supplemented and amended from time to time by and between the Bond Bank and the Bond Bank Trustee (collectively, the "Indenture") for the principal purpose of providing funds, together with certain other funds of the Authority, to: (a) refund all of the Bond Bank's Bonds, Series 2004I (Indianapolis Airport Authority Project) (the "Refunded Bond Bank Bonds"); and (b) pay the costs of issuance of the 2014 Bond Bank Bonds and the Indianapolis Airport Authority Refunding Revenue Bonds, Series 2014A (the "2014 Authority Bonds"), and certain other related costs. The Bond Bank will accept the 2014 Authority Bonds in exchange for the corresponding Indianapolis Airport Authority Revenue Bonds, Series 2004A (the "Refunded Authority Bonds") currently held by the Bond Bank to secure the Refunded Bond Bank Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2014 BOND BANK BONDS."

THE 2014 BOND BANK BONDS ARE LIMITED OBLIGATIONS OF THE BOND BANK PAYABLE SOLELY OUT OF THE REVENUES AND FUNDS OF THE BOND BANK PLEDGED THEREFOR UNDER THE INDENTURE (AS MORE FULLY DESCRIBED HEREIN). THE 2014 BOND BANK BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE STATE OF INDIANA OR ANY POLITICAL SUBDIVISION THEREOF, THE CITY OF INDIANAPOLIS, INDIANA (THE "CITY"), MARION COUNTY (THE "COUNTY") THE AUTHORITY OR ANY OTHER QUALIFIED ENTITY (AS DEFINED HEREIN), UNDER THE CONSTITUTION AND THE LAWS OF THE STATE OF INDIANA OR A PLEDGE OF THE FAITH, CREDIT AND TAXING POWER OF THE STATE OF INDIANA OR ANY POLITICAL SUBDIVISION THEREOF, THE CITY, THE COUNTY OR ANY QUALIFIED ENTITY, INCLUDING THE AUTHORITY. THE SOURCES OF PAYMENT OF, AND SECURITY FOR, THE 2014 BOND BANK BONDS ARE MORE FULLY DESCRIBED HEREIN. THE BOND BANK HAS NO TAXING POWER. SEE "REFINANCING PLAN" AND "SECURITY AND SOURCES OF PAYMENT OF THE 2014 BOND BANK BONDS." Detailed maturity schedules for the 2014 Bond Bank Bonds are set forth on the inside cover of this Official Statement.

This cover page contains information for quick reference only and is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2014 Bond Bank Bonds are offered when, as and if issued by the Bond Bank and received by the Underwriters and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Ice Miller LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on by Gregory Clark, as General Counsel of the Bond Bank; by Joseph Heerens, General Counsel of the Authority; by Frost Brown Todd LLC, as disclosure counsel to the Authority; and by Krieg DeVault LLP, as counsel to the Underwriters. Jefferies LLC has acted as the financial advisor to the Bond Bank and the Authority. It is expected that the 2014 Bond Bank Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about October 8, 2014.

**BofA Merrill Lynch
BMO Capital Markets
J.P. Morgan**

**PNC Capital Markets LLC
Drexel Hamilton, LLC
Ramirez & Co., Inc.**

\$165,340,000
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT
BOND BANK REFUNDING BONDS, SERIES 2014D
(INDIANAPOLIS AIRPORT AUTHORITY PROJECT) (AMT)

MATURITY SCHEDULE

SERIAL BONDS

<u>Maturity</u> (January 1)	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Price or Yield (%)</u>	<u>CUSIP¹*</u>
2017	1,490,000	3.000	0.580	45528ULP4
2020	6,205,000	5.000	1.870	45528ULQ2
2021	6,515,000	5.000	2.200	45528ULR0
2022	6,840,000	5.000	2.520	45528ULS8
2023	7,185,000	5.000	2.800	45528ULT6
2024	11,070,000	5.000	2.910	45528ULU3
2025	8,130,000	5.000	3.050 ^c	45528ULV1
2026	8,535,000	5.000	3.210 ^c	45528ULW9
2027	8,965,000	5.000	3.310 ^c	45528ULX7
2028	9,415,000	5.000	3.410 ^c	45528ULY5
2029	13,375,000	5.000	3.460 ^c	45528ULZ2
2030	14,045,000	5.000	3.500 ^c	45528UMA6
2031	14,750,000	5.000	3.550 ^c	45528UMB4
2032	15,485,000	5.000	3.600 ^c	45528UMC2
2033	16,260,000	5.000	3.630 ^c	45528UMD0
2034	17,075,000	4.000	100.000	45528UME8

¹ The CUSIP number listed above is being provided solely for the convenience of the holders of the 2014 Bond Bank Bonds only, and neither the Bond Bank nor the Underwriters make any representations with respect to such number or undertake any responsibility for its accuracy. The CUSIP number is subject to being changed after the issuance of the 2014 Bond Bank Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2014 Bond Bank Bonds.

*Copyright 2011 American Bankers Association. CUSIP data herein provided by Standard & Poor's, CUSIP Service Bureau, a division of McGraw-Hill Companies, Inc. The CUSIP numbers are provided by convenience and reference only. Neither the Bond Bank nor the Underwriters are responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness as to the 2014 Bond Bank Bonds as indicated above.

^c Priced to the par call date of January 1, 2024.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

No dealer, salesperson, or other person has been authorized by the Bond Bank, the City of Indianapolis (the “*City*”), the Authority nor the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2014 Bond Bank Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Bond Bank, the City, the Authority or the Underwriters (as defined herein). This Official Statement, which includes the cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2014 Bond Bank Bonds by any person, in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation, or sale.

The information set forth in this Official Statement has been obtained from the Bond Bank, the City, the Authority and from the sources referenced throughout this Official Statement, which the Bond Bank, the City, and the Authority believe to be reliable. No guarantee is made by the Bond Bank, the City and the Authority, however, as to the accuracy of information provided from sources other than the Bond Bank, the City and the Authority. The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any statement nor any sale of the 2014 Bond Bank Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Bond Bank, the City or the Authority, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction and reasonably believe such information to be accurate and complete, but the Underwriters do not guarantee the accuracy or completeness of such information, and it is not to be construed as the promise or guarantee of the Underwriters.

THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE OF THE COVER PAGE TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2014 BOND BANK BONDS, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2014 BOND BANK BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2014 BOND BANK BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOND BANK, THE CITY, THE AUTHORITY, AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. 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 OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. SEE “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

The statements contained in this Official Statement and any other information provided by the Bond Bank, the City or the Authority, that are not purely historical, are forward-looking statements. The forward-looking statements herein are based on various assumptions and estimates, are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements contained in this Official Statement would prove to be accurate.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Bond Bank, the City or the Authority on the date hereof, and the Bond Bank, the City and the Authority assume no obligation to update any such forward-looking statements.

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THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

BOARD OF DIRECTORS

James S. Carr, Chairperson
E. Sahara Williams, P.E., Vice Chairperson
Melissa R. Bailey-Comstock
Fred Miller
John F. Williams, III

Gregory Clark, Executive Director and General Counsel

INDIANAPOLIS AIRPORT AUTHORITY

BOARD OF DIRECTORS*

Michael W. Wells, President
Kelly J. Flynn, Vice President
Alfred R. Bennett, Secretary
Dr. Philip C. Borst, Member
Karen Caswelch, Member
Steve Dillinger, Member
Jack Morton, Member
Jean Wojtowicz, Member
Lynn T. Gordon, Advisory Member

Mario Rodriguez, Executive Director
Robert Duncan, Deputy Director

BOND COUNSEL

Ice Miller LLP
Indianapolis, Indiana

DISCLOSURE COUNSEL TO AUTHORITY

Frost Brown Todd LLC
Indianapolis, Indiana

FINANCIAL ADVISOR

Jefferies LLC
Boston, Massachusetts

BOND BANK TRUSTEE AND AUTHORITY TRUSTEE

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

*There is currently one vacancy on the Authority Board.

\$165,340,000

**THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT
BOND BANK REFUNDING BONDS, SERIES 2014D
(Indianapolis Airport Authority Project) (AMT)**

INTRODUCTION

General

The purpose of this Official Statement, including the cover page, the inside cover page, other preliminary pages and the appendices, is to provide certain information in connection with the issuance and sale by The Indianapolis Local Public Improvement Bond Bank (the “*Bond Bank*”) of its \$165,340,000 aggregate principal amount of Refunding Bonds, Series 2014D (Indianapolis Airport Authority Project) (the “*2014 Bond Bank Bonds*”). The 2014 Bond Bank Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank on August 18, 2014 (the “*Bond Bank Resolution*”), and are issued and secured by the Trust Indenture, dated as of October 1, 2014, as supplemented and amended from time to time (the “*Indenture*”), between the Bond Bank and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Bond Bank Trustee*”), all pursuant to the laws of the State of Indiana (the “*State*”), particularly Indiana Code (“*IC*”) 5-1-4, as amended from time to time (the “*Bond Bank Act*”). Additionally, The Bank of New York Mellon Trust Company, N.A. will serve as registrar (“*Registrar*”) and paying agent (“*Paying Agent*”) for the 2014 Bond Bank Bonds, and will also serve as trustee (the “*Authority Trustee*”), registrar and paying agent under the Authority Bond Ordinance (as defined below) with respect to the 2014 Authority Bonds (as defined below). Unless otherwise defined herein, capitalized terms used in this Official Statement are defined in “APPENDIX C—SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS.”

The Bond Bank and the Bond Bank Program

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

The offering of the 2014 Bond Bank Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2014 Bond Bank Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement, including the appendices and the documents summarized or described herein, and particularly the section entitled “RISKS AND OTHER INVESTMENT CONSIDERATIONS.” Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, inside cover page, other preliminary pages and appendices, is unauthorized.

Refinancing Plan

The 2014 Bond Bank Bonds will be issued by the Bond Bank pursuant to the Indenture for the principal purpose of providing funds, together with certain other funds of the Authority, to: (a) refund all of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2004I (Indianapolis Airport Authority Project) (the “*Refunded Bond Bank Bonds*”); and (b) pay the costs of issuance of the 2014 Bond Bank Bonds and the 2014 Authority Bonds (as defined herein), including certain other related costs. The Bond Bank will accept the 2014 Authority Bonds in exchange for the corresponding Indianapolis Airport Authority Airport Revenue Bonds, Series 2004A (the “*Refunded Authority Bonds*”) currently held by the Bond Bank to secure the Refunded Bond Bank Bonds. The

Authority will use funds on deposit in the 2004 Account of the Revenue Bond Reserve Fund (as defined herein) to satisfy the Authority's required deposit to the 2014 Authority Reserve Account (as defined herein) held for the 2014 Authority Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Revenue Bond Reserve Fund."

The Bond Bank issued the Refunded Bond Bank Bonds for the purpose of providing funds to: (a) purchase the Refunded Authority Bonds; and (b) pay costs of issuance incurred on account of the issuance of the Refunded Bond Bank Bonds and the Refunded Authority Bonds. Contemporaneously with the issuance of the Refunded Bond Bank Bonds, the Authority issued the Refunded Authority Bonds for the purpose of (a) paying a portion of the cost of the Authority's 2001-2010 Capital Improvement Program (as defined in the supplemental ordinance authorizing such bonds) for the Airport System (as defined herein), including capitalized interest, and (b) funding a deposit to the Authority's 2004 Account of the Revenue Bond Reserve Fund.

The Refunded Authority Bonds currently held by the Bond Bank are secured by and payable from a pledge of the Net Revenues of the Airport System. The Bond Bank will accept the 2014 Authority Bonds in exchange for the Refunding Authority Bonds upon the defeasance of the Refunded Bond Bank Bonds.

The Bond Bank intends to use a portion of the proceeds of the 2014 Bond Bank Bonds, together with certain other funds of the Authority, to refund the Refunded Bond Bank Bonds in accordance with the terms of the Trust Indenture, dated as of January 1, 2003, as supplemented by a First Supplemental Trust Indenture dated as of November 1, 2004 (collectively, the "*Prior Indenture*") each between the Bond Bank and The Bank of New York Mellon Trust Company, N.A., at which time the Refunded Authority Bonds will be cancelled and returned to the Authority and will no longer be outstanding under the Authority Bond Ordinance. See "REFINANCING PLAN" herein.

The 2014 Bond Bank Bonds

The 2014 Bond Bank Bonds are issued solely as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The 2014 Bond Bank Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the 2014 Bond Bank Bonds. Purchases of the 2014 Bond Bank Bonds are to be made in book-entry-only form. Purchasers will not receive certificates representing their beneficial ownership interest in the 2014 Bond Bank Bonds. See "APPENDIX D—BOOK-ENTRY-ONLY SYSTEM."

The 2014 Bond Bank Bonds mature and bear interest calculated based on a 360-day year consisting of twelve 30-day months as set forth on the inside cover page hereof. The payment of principal of and interest on the 2014 Bond Bank Bonds is described under the caption "THE 2014 BOND BANK BONDS —General Description." The 2014 Bond Bank Bonds are subject to redemption prior to maturity as more fully described herein under the caption "THE 2014 BOND BANK BONDS—Redemption" and "- Mandatory Sinking Fund Redemption."

Security and Sources of Payment for the 2014 Bond Bank Bonds

The 2014 Bond Bank Bonds will be issued under and secured by the Indenture. The 2014 Bond Bank Bonds are issued and secured separately from any other obligations issued by the Bond Bank, including other bonds issued by the Bond Bank on behalf of the Authority. The principal of and interest on any and all of the 2014 Bond Bank Bonds and any Additional Bond Bank Bonds (as defined herein) that may be authorized and issued by the Bond Bank on a parity with the 2014 Bond Bank Bonds, are payable from the Trust Estate (as defined in Appendix C – Summary of the Indenture) which is pledged pursuant to the Indenture for the benefit of the owners of the 2014 Bond Bank Bonds without priority. Additional Bond Bank Bonds may be issued on a parity with the 2014 Bond Bank Bonds only to refund (in whole or in part) any 2014 Bond Bank Bonds or to purchase or exchange Additional Authority Bonds (as defined herein) of the Authority issued for the purpose of refunding (in whole or in part) the 2014 Authority Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Additional Bonds."

Neither the faith, credit nor taxing power of the State or any political subdivision thereof, the City, the County (the “*County*”), the Authority, or any other Qualified Entity (as defined in the Bond Bank Act) are pledged to the payment of the principal of, premium, if any, and interest on any of the 2014 Bond Bank Bonds. The 2014 Bond Bank Bonds are not a debt, liability, loan of the credit, pledge of the faith and credit of the State or of any political subdivision thereof, including the City, the County, or the Authority. **The Bond Bank has no taxing power.**

The Indenture does not establish a debt service reserve fund for the 2014 Bond Bank Bonds; however, the Authority Bond Ordinance, and specifically the 2014 Supplemental Ordinance (as defined below), establishes the 2014 Authority Reserve Account of the Revenue Bond Reserve Fund (the “*2014 Authority Reserve Account*”) to support the payment of the 2014 Authority Bonds, and therefore to support the payment of the 2014 Bond Bank Bonds. The 2014 Supplemental Ordinance requires that there be on deposit in the 2014 Authority Reserve Account an amount at least equal to the 2014 Debt Service Reserve Requirement (as defined herein and in “APPENDIX C – PROVISIONS OF CERTAIN LEGAL DOCUMENTS - Summary of the Authority Bond Ordinance”).

The Authority and the 2014 Authority Bonds

The Authority is a municipal corporation, separate from the City and the County, organized and existing under I.C. 8-22-3, as amended and in effect on the issue date of the 2014 Authority Bonds (the “*Authority Act*”), with the power to own and operate public airports. The Authority owns and operates the Indianapolis International Airport (the “*Airport*”), as well as the Downtown Heliport, Eagle Creek Airpark, Metropolitan Airport, Indianapolis Regional Airport, and Hendricks County Airport-Gordon Graham Field (collectively with the Airport, the “*Airport System*”). See “THE INDIANAPOLIS AIRPORT AUTHORITY” and “THE AIRPORT AND THE AIRPORT SYSTEM” for information concerning the Authority and its assets and operations.

Prior to the issuance of the 2014 Authority Bonds, the Authority adopted General Ordinance 5-2014, on August 15, 2014 (the “*Authority Bond Ordinance*”), which consolidates and restates, without further amendment, the Authority’s General Ordinance No. 4-2002, adopted on December 20, 2002 (the “*Original Authority Ordinance*”), as amended by General Ordinance No. 7-2005, adopted on September 23, 2005, and General Ordinance No. 1-2008, adopted on June 6, 2008. The adoption of the Authority Bond Ordinance served the purpose of consolidating all of the prior amendments made to General Ordinance 4-2002 into a single ordinance without additional changes. The 2014 Authority Bonds are being issued under the Authority Act and pursuant to the Authority Bond Ordinance, as supplemented by General Ordinance No. 6-2014 adopted on August 15, 2014, relating to the 2014 Authority Bonds (the “*2014 Supplemental Ordinance*”).

Security and Sources of Payment for the 2014 Authority Bonds

The 2014 Authority Bonds are to be secured by a pledge of the Net Revenues of the Airport System on parity with other series of Authority Revenue Bonds (as defined herein) currently outstanding in the aggregate principal amount of \$1,054,515,000 (\$189,400,000 of which are the Refunded Authority Bonds that will be refunded, in whole, in connection with the issuance of the 2014 Bond Bank Bonds) (such bonds, less the Refunded Authority Bonds, are referred to herein collectively as the “*Outstanding Authority Bonds*”). The Outstanding Authority Bonds are more particularly described in “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Outstanding Authority Bonds and 2014 Authority Bonds.” The 2014 Authority Bonds, any Additional Authority Bonds (as defined herein) and the Outstanding Authority Bonds are collectively referred to herein as the “Authority Revenue Bonds.”

In connection with the issuance of the 2014 Authority Bonds, the Authority will establish the 2014 Authority Reserve Account as additional security for the 2014 Authority Bonds, and therefore, the 2014 Bond Bank Bonds. The Authority will transfer all of the moneys currently on deposit in the reserve account held for the Refunded Authority Bonds to the 2014 Authority Reserve Account to satisfy the 2014 Reserve Requirement and the 2004 Account (as defined herein) will be cancelled, and the balance will be transferred into the escrow for the defeasance of the Refunded Bond Bank Bonds. See “REFINANCING PLAN – The Bonds to be Refunded and Exchanged” and “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Revenue Bond Reserve Fund.”

The Authority Revenue Bonds are special limited obligations of the Authority payable on a parity basis solely from and secured exclusively by a lien upon the Net Revenues of the Airport System and monies in certain funds established under the Authority Bond Ordinance, except with respect to the Revenue Bond Reserve Fund, and neither the Authority, the Authority Board, nor any of its officers, agents or employees, is under any obligation to pay the Authority Revenue Bonds from any other source. The Authority Revenue Bonds are not a general obligation of the Authority, the Bond Bank, the County, the City or the State, nor a charge, a lien or an encumbrance, legal or equitable, upon property of the Authority or upon income, receipts, or revenues of the Authority, other than those revenues and monies that have been specifically pledged to the payment of the Authority Revenue Bonds. The Authority Revenue Bonds are not payable from funds raised or to be raised by taxation. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS.”

Authority Qualified Derivative Agreements

The Authority has also entered in various Qualified Derivative Agreements (as defined in the Authority Bond Ordinance). Certain payments due under these Qualified Derivative Agreements also will be payable from Net Revenues on parity with Authority Revenue Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Qualified Derivative Agreements” and “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

Bondholder Risks

The 2014 Bond Bank Bonds may not be suitable for all investors. Prospective purchasers of the 2014 Bond Bank Bonds should read this entire Official Statement including information under the section “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

The Official Statement; Additional Information

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

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

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

REFINANCING PLAN

The Bond Bank Program

The 2014 Bond Bank Bonds will be issued by the Bond Bank pursuant to the Indenture for the principal purpose of providing funds, together with certain other funds of the Authority, to: (a) refund the Refunded Bond Bank Bonds; and (b) pay the costs of issuance of the 2014 Bond Bank Bonds and the 2014 Authority Bonds, including paying certain other related costs. The Bond Bank will accept the 2014 Authority Bonds in exchange for the Refunded Authority Bonds currently held by the Bond Bank to secure the Refunded Bond Bank Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 BOND BANK BONDS.”

The Bonds to Be Refunded and Exchanged

The Refunded Bond Bank Bonds will be paid or called for optional redemption on January 1, 2015 (the “*Refunding Date*”), at 100% of the principal amount thereof.

Table 1, set forth below, shows the principal and coupons on the Refunded Bond Bank Bonds as well as their corresponding CUSIP:

Table 1

REFUNDED BOND BANK BONDS MATURITY SCHEDULE

<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>CUSIP</u>
2015	4,580,000	5.250	45528SFJ0
2016	4,820,000	5.250	45528SFK7
2017	5,325,000	5.250	45528SFL5
2018	5,610,000	5.250	45528SFM3
2019	5,895,000	5.250	45528SFN1
2020	6,210,000	5.000	45528SFP6
2021	6,520,000	5.000	45528SFQ4
2022	6,845,000	5.000	45528SFR2
2023	7,190,000	5.000	45528SFS0
2024	11,075,000	5.000	45528SFT8

\$16,665,000 4.850% Term Bonds due January 1, 2026, CUSIP 45528SFU5
\$18,335,000 4.950% Term Bonds due January 1, 2028, CUSIP 45528SFV3
\$41,970,000 4.750% Term Bonds due January 1, 2031, CUSIP 45528SFW1
\$48,360,000 5.000% Term Bonds due January 1, 2034, CUSIP 45528SFX9

The refunding of the Refunded Bond Bank Bonds will be accomplished by depositing, concurrently with the issuance of the 2014 Bond Bank Bonds, a portion of the proceeds thereof, together with certain other Authority funds legally available therefor, into an irrevocable escrow account (the “*2004 Escrow Account*”), which will be held by The Bank of New York Mellon Trust Company, N.A. as escrow agent for the Refunded Bond Bank Bonds (the “*Escrow Agent*”). Moneys on deposit in the 2004 Escrow Account will be invested while on deposit therein and will be in an amount sufficient to provide for the payment of the principal of and interest on the Refunded Bond Bank Bonds called for optional redemption on the Redemption Date. Upon such deposits, the Refunded Bond Bank Bonds will no longer be outstanding under the Prior Indenture (as defined in “APPENDIX B – PROVISIONS OF CERTAIN LEGAL DOCUMENTS - Summary of Authority Bond Ordinance” hereto), and the indebtedness with respect thereto will be discharged.

The Arbitrage Group, Brenham, Texas, will deliver to the Bond Bank and the Authority its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Accountants, the information and assertions provided by the Bond Bank, the Authority and others. Included in the scope of its examination will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the funds and investments deposited into the 2004 Escrow Account to pay the principal of and interest on the Refunded Bond Bank Bonds when due and the redemption price of the Refunded Bond Bank Bonds on the Redemption Date. See “**VERIFICATION OF MATHEMATICAL COMPUTATIONS**” herein.

Simultaneously with the issuance of the 2014 Bond Bank Bonds, the Bond Bank will accept the 2014 Authority Bonds in exchange for the Refunded Authority Bonds and will return such Refunded Authority Bonds to the Authority for cancellation.

Estimated Sources and Uses of Funds

The proceeds of the 2014 Bond Bank Bonds, together with other funds of the Authority available for such purpose, are to be applied on the issue date to refund the Refunded Bond Bank Bonds and to permit the Bond Bank to accept the 2014 Authority Bonds in exchange for the Refunded Authority Bonds currently held to secure the Refunded Bond Bank Bonds, as well as to pay costs of issuing the 2014 Bond Bank Bonds and the 2014 Authority Bonds.

The following table sets forth the estimated sources and uses of the proceeds of the 2014 Bond Bank Bonds and 2014 Authority Bonds.

Sources:

Original Principal Amount of 2014 Bond Bank Bonds	\$165,340,000.00
Plus Net Original Issue Premium	19,435,412.35
Transfer from 2004A Authority Reserve Account	17,760,750.00
Transfer from the Authority Interest and Principal Fund	9,278,242.50
Total	<u>\$211,814,404.85</u>

Uses:

Deposit to 2004 Escrow Account for Refunded Bond Bank Bonds	\$194,098,242.50
Deposit to 2014 Authority Reserve Account	16,534,000.00
Cost of Issuance ⁽¹⁾	1,182,162.35
Total	<u>\$211,814,404.85</u>

⁽¹⁾This amount represents the underwriter's discount of \$376,535.38 and other costs of issuance, such as legal fees, printing, financial advisor, escrow fees, rating agency fees and related expenses.

THE 2014 BOND BANK BONDS

General Description

The 2014 Bond Bank Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof (the "Authorized Denominations"). The 2014 Bond Bank Bonds will be dated the date of their delivery. The 2014 Bond Bank Bonds are initially to be registered in the name of "Cede & Co.," as nominee for DTC, the securities depository for the 2014 Bond Bank Bonds. See "APPENDIX D—BOOK-ENTRY-ONLY SYSTEM."

Interest on the 2014 Bond Bank Bonds will be payable on January 1 and July 1 of each year, commencing July 1, 2015 (each an "Interest Payment Date"). The 2014 Bond Bank Bonds will bear interest (calculated on the basis of a 360-day year consisting of twelve 30 day months) at the rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Each 2014 Bond Bank Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated prior to the close of business on December 15, 2014, in which event it will bear interest from the date of delivery, or (b) authenticated after the fifteenth day of the calendar month immediately preceding an Interest Payment Date (a "Record Date"), in which event it will bear interest from such Interest Payment Date; provided, however, that if, at the time of authentication of any 2014 Bond Bank Bond, interest is in default, such 2014 Bond Bank Bond will bear interest from the date to which interest has been paid.

When issued, all 2014 Bond Bank Bonds will be registered in the name of and held by Cede & Co., as nominee for DTC. Purchase of beneficial interests from DTC in the 2014 Bond Bank Bonds will be made in book-entry-only form (without certificates) in Authorized Denominations. So long as DTC or its nominee is the registered owner of the 2014 Bond Bank Bonds, payments of the principal of and interest on the 2014 Bond Bank Bonds will be made directly by the Paying Agent by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the “*DTC Participants*”) will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners of the 2014 Bond Bank Bonds will be the responsibility of the DTC Participants and the Indirect Participants, as defined herein. See “APPENDIX D—BOOK-ENTRY-ONLY SYSTEM.”

If DTC or its nominee is not the registered owner of the 2014 Bond Bank Bonds, principal of and premium, if any, on all of the 2014 Bond Bank Bonds will be payable at maturity upon the surrender thereof at the delivery office of the Paying Agent. Interest on the 2014 Bond Bank Bonds, when due and payable, will be paid by check dated the due date mailed by the Paying Agent one business day before the due date (or, in the case of an owner of 2014 Bond Bank Bonds in an aggregate principal amount of at least \$1,000,000, by wire transfer on such due date, upon written direction of such registered owner to the Paying Agent not less than five business days before the Record Date immediately prior to such Interest Payment Date, which direction shall remain in effect until revoked in writing by such owner). Interest payments shall be mailed to the persons in whose names such 2014 Bond Bank Bonds are registered, at their addresses as they appear on the bond registration books maintained by the Registrar on the Record Date, irrespective of any transfer or exchange of such 2014 Bond Bank Bonds subsequent to such Record Date and prior to such Interest Payment Date, unless the Bond Bank shall default in payment of interest due on such Interest Payment Due.

Except as provided in “APPENDIX D—BOOK-ENTRY-ONLY SYSTEM,” in all cases in which the privilege of exchanging or transferring 2014 Bond Bank Bonds is exercised, the Bond Bank will execute and the Registrar will deliver 2014 Bond Bank Bonds in accordance with the provisions of the Indenture. The 2014 Bond Bank Bonds will be exchanged or transferred at the designated corporate trust office of the Registrar only for 2014 Bond Bank Bonds of the same tenor and maturity. In connection with any transfer or exchange of 2014 Bond Bank Bonds, the Bond Bank, the Registrar and Paying Agent or the Bond Bank Trustee may impose a charge for any applicable tax, fee, or other governmental charge incurred in connection with such transfer or exchange, which sums are payable by the person requesting such transfer or exchange.

The person in whose name a 2014 Bond Bank Bond is registered will be deemed and regarded as its absolute owner for all purposes, and payment of principal and interest thereon will be made only to or upon the order of the registered owner or its legal representative, but such registration may be changed as provided above. All such payments shall be valid to satisfy and discharge the liability upon such 2014 Bond Bank Bond to the extent of the sum or sums so paid.

Redemption

Optional Redemption. The 2014 Bond Bank Bonds maturing on or after January 1, 2025 are subject to redemption prior to maturity, in whole or in part, in order of maturity determined by the Bond Bank, at the direction of the Authority, and by lot within a maturity, commencing January 1, 2024, at the redemption price of 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption, and without premium.

Selection of Bonds to be Redeemed. If fewer than all of the 2014 Bond Bank Bonds shall be called for redemption, the principal amount and maturity of the particular 2014 Bond Bank Bonds to be redeemed shall be selected by the Bond Bank, at the direction of the Authority, or, if no such selection is made, pro rata by maturity and by lot within such maturity by the Bond Bank Trustee from among all outstanding 2014 Bond Bank Bonds eligible for redemption. If it is determined that one or more, but not all, of the Authorized Denomination increments of principal amount represented by any 2014 Bond Bank Bond are to be called for redemption, then, upon notice of intention to redeem such Authorized Denomination increments of principal amount of such 2014 Bond Bank Bond, the owner of such 2014 Bond Bank Bond, upon surrender of such 2014 Bond Bank Bond to the Bond Bank Trustee for payment to such owner of the redemption price or the principal amount of such 2014 Bond Bank Bond called for redemption, shall be entitled to receive a new 2014 Bond Bank Bond or 2014 Bond Bank Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such 2014 Bond Bank Bond. New 2014

Bond Bank Bonds representing the unredeemed balance of the principal amount of such 2014 Bond Bank Bond shall be issued to the owner thereof without charge therefor.

Notice of Redemption. In the case of redemption of the 2014 Bond Bank Bonds, notice of the call for any such redemption identifying the 2014 Bond Bank Bonds, or portions of 2014 Bond Bank Bonds to be redeemed shall be given by the Bond Bank Trustee by mailing a copy of the redemption notice by first class mail at least 30 days but not more than 45 days prior to the date fixed for redemption to the registered owner of each 2014 Bond Bank Bond to be redeemed at the address shown on the registration books. Failure to give such notice by mailing to any bondholder, or any defect in the notice, shall not affect the validity of any proceeding for the redemption of any other 2014 Bond Bank Bonds. On the date fixed for redemption of any 2014 Bond Bank Bond, funds for the payment thereof shall be on deposit in the Redemption Account (as defined in “APPENDIX C – SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of the Indenture”) representing monies deposited by the Authority with the Bond Bank Trustee and the Bond Bank Trustee shall be directed to apply such funds to the payment of each 2014 Bond Bank Bond or portion thereof called for redemption, together with accrued interest thereon to the redemption date and any required premium. On the date so designated for redemption, notice having been given in the manner and under the conditions provided above, and any conditions precedent to such redemption having been satisfied, any 2014 Bond Bank Bond or portion thereof so called for redemption shall become due and payable at the redemption price provided for in the Indenture.

SECURITY AND SOURCES OF PAYMENT FOR THE 2014 BOND BANK BONDS

The 2014 Bond Bank Bonds Are Limited Obligations

The 2014 Bond Bank Bonds will be limited obligations of the Bond Bank, issued under the Indenture, payable solely from and secured exclusively by the Trust Estate, which consists of the following:

- i. the 2014 Authority Bonds, and the earnings thereon and all proceeds thereof, including all amounts paid or required to be paid for principal and interest by the Authority to the Bond Bank on the 2014 Authority Bonds (“Qualified Obligation Payments”);
- ii. the Funds and Accounts established under the Indenture and all moneys and investments therein; and
- iii. the income, revenues and profits of the Funds and Accounts, including the Qualified Obligation Payments, and earnings and profits (after consideration of any accrued interest paid and/or amortization of premiums or discount on the investment) on the moneys in the Funds and Accounts.

The 2014 Bond Bank Bonds, together with interest thereon, are limited obligations of the Bond Bank payable solely from the Trust Estate and will be a valid claim of the respective owners thereof only against the Trust Estate. The 2014 Bond Bank Bonds do not constitute a debt, liability or loan of the credit of the State, any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority, under the constitution and laws of the State or a charge against or a pledge of the faith, credit and taxing power of the State, any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority, but will be payable solely from the Trust Estate. The issuance of the 2014 Bond Bank Bonds under the provisions of the Bond Bank Act does not directly, indirectly or contingently, obligate the State, any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority, to levy any form of taxation for the payment thereof or to make any appropriation for their payment. Neither the State or any political subdivision thereof, the City, the County, any Qualified Entity, including the Authority, nor any agent, attorney, member, officer, director or employee of the State or any political subdivision thereof, the City, the County, any Qualified Entity, including the Authority, or of the Bond Bank will in any event be liable for the payment of the principal of or interest on the 2014 Bond Bank Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Bond Bank. No breach by the Bond Bank of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority, or upon any agents, members, attorneys, employees,

officers or directors of the State, any political subdivision, the City, the County, any Qualified Entity, including the Authority, or the Bond Bank or any charge upon the general credit of the State or any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority, or a charge against the taxing power of the State, any political subdivision thereof, the City, the County or any Qualified Entity, including the Authority. **The Bond Bank has no taxing power.**

Pledge of 2014 Authority Bonds and Payments Thereon

To secure the payment of the principal of, premium, if any, and interest on the 2014 Bond Bank Bonds, the Indenture creates the continuing pledge of, and lien on, the 2014 Authority Bonds and all payments and earnings thereon, as well as all Funds and Accounts established by the Indenture and proceeds thereof, for the benefit of the owners of the 2014 Bond Bank Bonds. The principal, premium, if any, and interest payments to be made by the Authority on the 2014 Authority Bonds, together with other available revenues, are identical to the principal of, premium, if any, and interest due on the 2014 Bond Bank Bonds. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS” and “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

Under the Bond Bank Act and IC 5-1-14-4, such pledge will be valid and binding from and after the date of delivery of the 2014 Bond Bank Bonds under the Indenture, and the 2014 Authority Bonds and the payments thereon shall be immediately subject to the lien of such pledge without any physical delivery of the payments or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, irrespective of whether such parties have notice thereof.

As purchaser and owner of the 2014 Authority Bonds, the Bond Bank has available to it all remedies available to owners or holders of securities issued by qualified entities. The Bond Bank Act provides that upon the sale and the delivery of any qualified obligation (such as the 2014 Authority Bonds) to the Bond Bank, a qualified entity (such as the Authority) will be deemed to have agreed that all statutory defenses to nonpayment are waived if such qualified entity fails to pay principal of or interest on such qualified obligation when due. In such instance, the Bond Bank will be considered a holder or owner of securities that are in default. The Bond Bank is obligated under the Indenture to avail itself of all remedies and provisions of law applicable in the circumstances and the failure to exercise any right or remedy within a time or period provided by law may not, according to the Bond Bank Act, be raised as a defense by the defaulting Authority. The Bond Bank will monitor the compliance and consult regularly with the Authority with respect to its requirements under the 2014 Authority Bonds, including the making of payments on the 2014 Authority Bonds to the Bond Bank.

As owner of the 2014 Authority Bonds, the Bond Bank may consent to amendments to the Authority Bond Ordinance and other modifications of the 2014 Authority Bonds. However, the Bond Bank has agreed in the Indenture that it will not permit or agree to any material change in the 2014 Authority Bonds unless the Bond Bank supplies the Bond Bank Trustee with a cash flow certificate to the effect that, following such change, revenues expected to be received by the Bond Bank in each Fiscal Year, together with monies expected to be held in the funds and accounts established under the Indenture, will at least equal the debt service on all outstanding 2014 Bond Bank Bonds in each such Fiscal Year.

There is no debt service reserve fund for 2014 Bond Bank Bonds created under the Indenture. However, the Bond Bank holds the 2014 Authority Bonds as security for the 2014 Bond Bank Bonds and the Authority has established the 2014 Authority Reserve Account in accordance with the 2014 Supplemental Ordinance to provide additional security for the payments to be made to the Bond Bank on the 2014 Authority Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Revenue Bond Reserve Fund” below.

The Bond Bank has also determined to consult with the Authority, as necessary from time to time, with regard to the action needed to be taken by the Authority to preserve the exclusion of the interest on the 2014 Bond Bank Bonds from the gross income of the holders of the 2014 Bond Bank Bonds. See “TAX MATTERS.”

SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS

Outstanding Authority Bonds and 2014 Authority Bonds

The Authority's General Ordinance No. 4-2002, adopted on December 20, 2002 (the "Original Authority Ordinance," which amended and restated General Ordinance No. 6-1985 adopted on November 4, 1985) has subsequently been supplemented and amended from time to time. The Authority has consolidated and restated the Original Authority Ordinance and its subsequent amendments in the Authority's General Ordinance No. 5-2014, adopted August 15, 2014 (the "Authority Bond Ordinance").

The 2014 Authority Bonds are special obligations of the Authority which have been authorized by the Authority Board and are designated "Indianapolis Airport Authority Refunding Revenue Bonds, Series 2014A." The 2014 Authority Bonds are issued under and secured by the Authority Bond Ordinance. The 2014 Authority Bonds are secured by a pledge of Net Revenues on parity with the following Authority Revenue Bonds and any other Additional Authority Bonds (as defined herein) issued by the Authority in the future under the Authority Act and the Authority Bond Ordinance, except differences as described below with respect to the Authority's Revenue Bond Reserve Fund. As of the date hereof, the Authority has \$1,054,515,000 of Outstanding Airport Revenue Bonds, all of which are payable on a parity basis from Net Revenues of the Airport System:

- The Refunded Authority Bonds, outstanding in the aggregate principal amount of \$189,400,000 (corresponding to the Refunded Bond Bank Bonds), which the Authority anticipates will be deemed paid or cancelled in whole, upon the delivery of the 2014 Authority Bonds to the Bond Bank;
- Airport Revenue Bonds, Series 2005A (the "2005 Authority Bonds"), outstanding in the aggregate principal amount of \$197,385,000 (corresponding to the Bond Bank Bonds, Series 2005B);
- Airport Revenue Bonds, Series 2006A (the "2006A Authority Bonds"), outstanding in the aggregate principal amount of \$234,405,000 (corresponding to the Bond Bank Bonds, Series 2006F);
- Airport Revenue Bonds, Series 2010A (the "2010A Authority Bonds"), outstanding in the aggregate principal amount of \$23,495,000;
- Multi-Mode Airport Revenue Bonds, Series 2010C (the "2010C Authority Bonds"), outstanding in the aggregate principal amount of \$337,280,000 (corresponding to the Bond Bank Bonds, Series 2010L)¹;
- Refunding Revenue Bonds, Series 2012A (the "2012 Authority Bonds"), outstanding in the aggregate principal amount of \$37,285,000 (corresponding to the Bond Bank Bonds, Series 2012H)¹;
- Refunding Revenue Bonds, Series 2013A (the "2013A Authority Bonds"), outstanding in the aggregate principal amount of \$12,570,000 (corresponding to the Bond Bank Bonds, Series 2013I)¹; and,
- Refunding Revenue Bonds, Series 2013B (the "2013B Authority Bonds"), outstanding in the aggregate principal amount of \$22,695,000 (corresponding to the Bond Bank Bonds, Series 2013J)¹. (The 2005 Authority Bonds, the 2006A Authority Bonds, the 2010A Authority Bonds, the 2010C Authority Bonds, the 2012 Authority Bonds, the 2013A Authority Bonds and the 2013B Authority Bonds are collectively referred to herein as the "Outstanding Authority Bonds").

¹Privately placed bonds.

The 2014 Authority Bonds are secured by the 2014 Authority Reserve Account of the Authority's Revenue Bond Reserve Fund created pursuant to the Authority Bond Ordinance. The 2014 Authority Reserve Account shall be funded in an amount equal to the 2014 Reserve Requirement (as defined herein). The Authority may elect, in the future, to have the 2014 Authority Reserve Account secure additional Authority Revenue Bonds. However, the 2014 Authority Reserve Account currently supports only the 2014 Authority Bonds and not any other Authority Revenue Bonds. In addition, the Authority has other accounts of the Revenue Bond Reserve Fund that secure other Authority Revenue Bonds, but such other accounts do not currently secure the 2014 Authority Bonds.

The 2014 Authority Bonds will be issued in a principal amount equal to the aggregate principal amount of the 2014 Bond Bank Bonds, and will be dated their date of delivery. The 2014 Authority Bonds will mature in the same amounts and on the same maturity dates as the 2014 Bond Bank Bonds, and will bear interest payable on each January 1 and July 1 beginning July 1, 2015, at the same per annum interest rates as the 2014 Bond Bank Bonds. Principal of, premium, if any, and interest on the 2014 Authority Bonds will be paid directly to the Bond Bank Trustee (for the account of the Bond Bank). The 2014 Authority Bonds are subject to redemption prior to maturity upon terms identical to the terms of redemption of the 2014 Bond Bank Bonds. See "THE 2014 BOND BANK BONDS."

The 2014 Authority Bonds and interest on the 2014 Authority Bonds are not a general obligation of the Authority, the Authority Board, the Bond Bank, the County or the City nor a charge, a lien or an encumbrance, legal or equitable, upon property of the Authority or the Authority Board or upon income, receipts or revenues of the Authority or the Authority Board, other than those revenues that have been specifically pledged to the payment of the 2014 Authority Bonds. The 2014 Authority Bonds are not payable from funds raised or to be raised by taxation.

Qualified Derivative Agreements

To provide a synthetic fixed rate for the variable rate 2010C Authority Bonds, the Authority and the Bond Bank entered into interest rate swap agreements with various counterparties (each a "*Counterparty*"), including J.P. Morgan Chase Bank, N.A. ("JP Morgan Chase"), UBS AG ("UBS"), and Merrill Lynch Capital Services, Inc. ("Merrill"). Such agreements are "Qualified Derivative Agreements" under the Authority Bond Ordinance, as defined in "APPENDIX C – PROVISIONS OF CERTAIN LEGAL DOCUMENTS - Summary of Authority Bond Ordinance," and certain of the Authority's payment obligations under such agreements are on parity with the 2014 Authority Bonds and other Authority Revenue Bonds. For additional information, see Footnote 8 to the Authority Audited Financial Statements attached as Appendix A.

The terms of these swap agreements, other than the fixed-rate payer portion, are substantially similar and provide for payments to or from the applicable Counterparty equal to the difference between the fixed rate payable by the Authority to the applicable Counterparty and 75% of one-month LIBOR payable by such Counterparty to the Authority, based on the outstanding notional principal amount shown in the table below, which amounts amortize with the corresponding 2010C Authority Bonds. The Counterparties, notional amounts, fixed rates of interest payable by the Authority to the Counterparties under such agreements, termination dates and credit ratings of the Counterparties are shown on Table 2 below.

Table 2

QUALIFIED DERIVATIVE AGREEMENTS Indianapolis International Airport As of June 30, 2014				
Counterparty	<u>JP Morgan Chase</u>	<u>JP Morgan Chase</u>	<u>UBS</u>	<u>Merrill</u>
Outstanding Notional Amount	\$116.845 million	\$70.435 million	\$100.0 million	\$50.0 million
Fixed Rate	4.0325%	4.1500%	3.775%	3.7860%
Termination Date	January 1, 2036	January 1, 2037	January 1, 2033	January 1, 2033
Moody's	Aa3	Aa3	A2	Aa3
S&P	A+	A+	A	A+
Fitch	A+	A+	A	A+

Sources: Indianapolis Airport Authority; credit rating agencies

In addition to the four Qualified Derivative Agreements described above, the Authority is also a party to an additional interest rate swap agreement with DeutscheBank A.G. (“DeutscheBank”), the net effect of which is that beginning after July 1, 2019, the Authority will receive 75% of the 10-year LIBOR, less 43.7 basis points, and pay 75% of one-month LIBOR on a notional amount of \$100.0 million, amortizing with the UBS swap described above. DeutscheBank is currently rated A2 by Moody's, A by S&P and A+ by Fitch.

All the swap agreements referred to under “-Qualified Derivative Agreements” above are collectively referred to as the “Hedge Agreements” and will each be treated by the Authority as a Qualified Derivative Agreement (defined herein) under the Authority Bond Ordinance. As a result, payments other than termination payments, if any, under the Hedge Agreements will be made by the Authority from the Net Revenues in the Revenue Bond Interest and Principal Fund on parity with payments on the Revenue Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Pledge of Authority Net Revenues” and “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Authority Qualified Derivative Agreements.”

Pursuant to the Authority Bond Ordinance, a “Qualified Derivative Agreement” means a derivative agreement entered into by the Authority with a counterparty that is rated, at the time of execution, (i) at least as high as the then current rating on the Authority Revenue Bonds (without regard to credit enhancement), or (ii) in a category not lower than the A category now used by each rating agency. The Authority must file a certificate with the Authority Trustee indicating that such derivative agreement is to be treated as a Qualified Derivative Agreement under the Authority Bond Ordinance. A derivative agreement is an agreement between the Authority and a counterparty with respect to Authority Revenue Bonds or Subordinate Securities (as defined herein) pursuant to which the parties agree to exchange payments in the future including, without limitation, swap agreements, option agreements in which the counterparty can require the Authority to issue refunding revenue bonds, cap and floor agreements and interest rate swap agreements.

Swap Insurance

Prior to the issuance of the Authority's Airport Revenue Bonds, Series 2008A (the “Related Bonds”) and the effective date of the Authority's four fixed-payer interest rate swaps in 2008, the Authority secured a bond insurance policy for the Related Bonds and swap insurance policies for those swaps from Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) (“AGM”). Under the swap insurance policies, AGM

guarantees the payment of the Authority's regularly scheduled net payments under each swap agreement and, under certain of the swap agreements, the termination amount, if any, up to a \$10 million aggregate policy limit for payments owed by the Authority. Upon the refunding of the Related Bonds in 2010 and pursuant to a Swap Insurance Management Agreement, dated December 21, 2010, the Authority terminated the bond insurance policy but left the swap insurance policies in effect. In consideration of its obligations under the swap insurance policies, AGM is entitled to certain rights against the Authority and the counterparties with respect to the insured swap transactions.

The Authority is not obligated to post collateral for any potential termination payment so long as the insurance is effective.

Variable Rate Direct Purchase Bonds

The Authority has approximately \$337.28 million principal amount of index floater variable rate 2010C Authority Bonds outstanding that were purchased by various banks. All such bonds are subject to mandatory tender on certain dates in 2015 or 2017, as shown in Table 3 below, whereupon the Authority plans to remarket such bonds to an existing holder or place such bonds with another bank or similar investor. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Liquidity Risks Surrounding Direct Purchase Bonds." Table 3 below provides summary information with respect to the 2010C Authority Bonds:

Table 3

Authority Variable Rate Direct Purchase Bonds					
	<u>Series 2010C-1 Bonds</u>	<u>Series 2010C-2 Bonds</u>	<u>Series 2010C-3 Bonds</u>	<u>Series 2010C-4 Bonds</u>	<u>Series 2010C-5 Bonds</u>
Outstanding Principal Amount	\$100,000,000	\$50,000,000	\$46,740,000	\$70,105,000	\$70,435,000
Mandatory Purchase Date	12/29/2017	12/29/2017	12/31/2015	12/31/2015	12/29/2017
Purchaser	Wells Fargo	J.P. Morgan	Union Bank	US Bank	J.P. Morgan

Pledge of Authority Net Revenues

The 2014 Authority Bonds are special obligations of the Authority and are payable solely from and secured exclusively by a lien upon the Net Revenues of the Airport System and monies in the Revenue Bond Interest and Principal Fund, on parity with other Outstanding Authority Bonds, as well as a lien on the 2014 Authority Reserve Account. Neither the Authority nor the Authority Board is under any obligation to pay the 2014 Authority Bonds except from such revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Revenue Bond Reserve Fund" herein concerning the debt service reserve for 2014 Authority Bonds.

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

"Gross Revenues" consist of all revenues, income, accounts and general intangibles derived from the Airport System, including but not limited to rents, charges, landing fees, user charges, revenues from concessionaires, ground rents from Special Purpose Facilities (as defined herein) and similar revenues, but excluding revenue ad valorem taxes or payments in lieu of taxes, payments received on any investment swap or derivative agreement (other than a Qualified Derivative), Federal Payments (as defined herein), PFCs and similar charges, grants-in-aid, gifts, investment income, bond or loan proceeds, proceeds from the sale of Airport System capital assets, revenues derived from the reversion of an interest in property following the expiration of a lease, Released Revenues (as defined in the Authority Bond Ordinance) and rental payments made for Special Purpose Facilities to provide for debt service and for an allocable portion of administrative costs for such facilities. "Special Purpose Facilities" are

facilities which are leased from the Authority pursuant to which the lessee agrees to pay to the Authority rentals or fees sufficient to pay the principal and interest on bonds issued to pay the cost of construction of the Special Purpose Facility plus such further rentals or fees necessary to maintain all reserves or pay necessary administrative expenses required for Special Purpose Facilities. “Federal Payments” are those funds received by the Airport System from the federal government or any agency thereof as payments for the use of any facilities or services of the Airport System, but excluding grants-in-aid and all mandated payments, including payments from the Transportation Security Administration. Federal Payments do not include PFCs or similar charges. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Qualified Derivative Agreements.” APPENDIX C—SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of Authority Bond Ordinance.” See a detailed discussion of “Dedicated Revenues” in “APPENDIX C – SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of the Authority Bond Ordinance.” Pursuant to the Ordinance the Authority may designate certain revenues as “Released Revenues” as described in “APPENDIX C – SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of the Authority Bond Ordinance.”

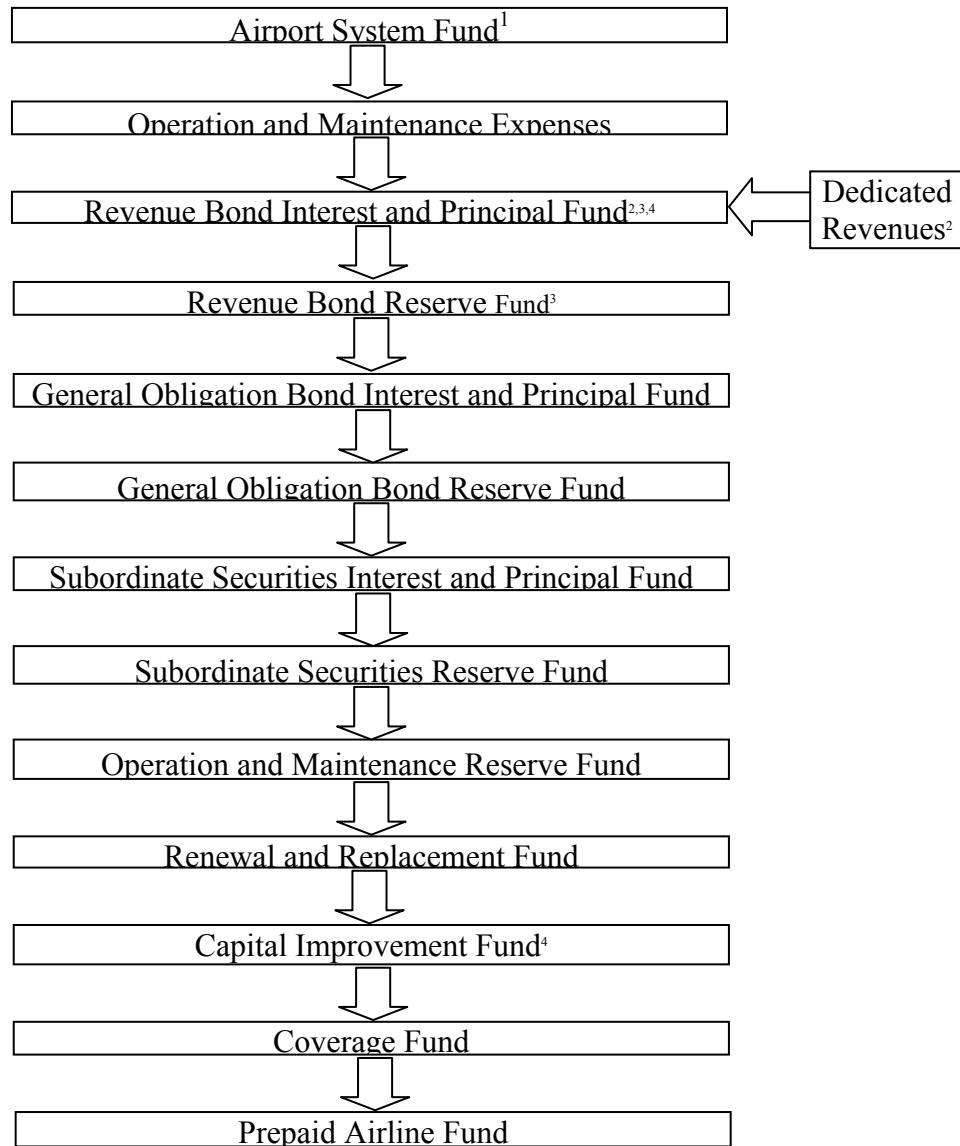
“Operation and Maintenance Expenses” consist of the reasonable and necessary current expenses of the Authority paid or accrued in operating and maintaining the Airport System, including, but not limited to: (i) costs of collecting Gross Revenues and making refunds; (ii) engineering, audit reports, legal and administrative expenses; (iii) salaries, wages, and other compensation; (iv) costs of routine repairs, replacements and renewals; (v) costs of utility services; (vi) general administrative overhead of the Authority; (vii) material and supplies used in the ordinary course of business; (viii) contractual and professional services; (ix) costs of insurance and fidelity bonds; (x) costs of carrying out provisions of the Authority Bond Ordinance; (xi) costs of any single item of \$100,000 or less, as adjusted for inflation (or such other amount, if any, specified in the Airline Agreement) or which has a useful life of less than two years; and (xii) all other routine costs and expenses or costs and expenses required by law to be paid by the Authority. However, “Operation and Maintenance Expenses” do not include any allowance for depreciation, any debt service, any payment due on a derivative agreement, and do not include any operation and maintenance expenses incurred in connection with Special Purpose Facilities which are reimbursed by the lessee thereof, nor any expenses paid (or the portion) by assets, grants or other moneys received by the Authority, but only to the extent such assets, grants or other moneys are not included in Gross Revenues. See “APPENDIX C – SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of the Authority Bond Ordinance.”

Authority Funds and Accounts

The application of Gross Revenues is governed by the provisions of the Authority Bond Ordinance. The Authority Bond Ordinance creates a special fund designated as the Airport System Fund which is held by the Authority, in which the Authority is required to deposit all Gross Revenues upon receipt by the Authority. Monies held in the Airport System Fund are then applied and deposited into the funds and accounts established pursuant to the Authority Bond Ordinance, as illustrated in the chart below. Gross Revenues in the Airport System Fund are to be applied first to the payment of all current Operation and Maintenance Expenses and then to the Revenue Bond Interest and Principal Fund and Revenue Bond Reserve Fund in the amounts required by the Authority Bond Ordinance. Although certain PFCs, CFCs and other monies of the Authority may be irrevocably designated as Dedicated Revenues pursuant to the Authority Bond Ordinance, such monies will not be pledged to secure Authority Revenue Bonds pursuant to such designations. The Authority may agree to hold such PFCs and other monies of the Authority exclusively to pay a portion of the debt service on Authority Revenue Bonds, to the extent allowed by law. Gross Revenues and Federal Payments remaining after the payment of Operation and Maintenance Expenses, debt service on all outstanding Authority Revenue Bonds, General Obligation Bonds (if any) and Subordinate Securities (if any) (as each is defined herein) and other fund deposit requirements (including the Coverage Fund) are transferred to the Prepaid Airline Fund. See “APPENDIX C—SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of the Authority Bond Ordinance.”

TABLE 4

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



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

² Dedicated Revenues are transferred to the Revenue Bond Interest and Principal Fund at such time as is needed to pay debt service on the Authority Bonds to which such Dedicated Revenues are dedicated. Amounts in the Revenue Bond Interest and Principal Fund are also pledged to payments due under Qualified Derivative Agreements and Repayment Obligations and are paid on the same basis as payments of debt service on Revenue Bonds.

³ Funds or Accounts held by the Authority Trustee.

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

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

As permitted by the Authority Bond Ordinance, the Authority may modify the flow of funds set forth above (except for the requirement to first pay Operation and Maintenance Expenses and then to fund the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund) at any time without the consent of any other party, including the Bond Bank (as the owner of the 2014 Authority Bonds), the Authority Trustee, the owners of the 2014 Bond Bank Bonds or the Bond Bank Trustee.

Pursuant to the Authority Bond Ordinance, the Authority has created a Coverage Fund. Gross Revenues deposited to the Airport System Fund and not needed for payment of Operation and Maintenance Expenses, or for deposit to the Revenue Bond Interest and Principal Fund, Revenue Bond Reserve Fund, General Obligation Bond Interest and Principal Fund, General Obligation Bond Reserve Fund, Subordinate Securities Interest and Principal Fund, Subordinate Securities Reserve Fund, Operation and Maintenance Reserve Fund, Renewal and Replacement Fund and Capital Improvement Fund, may be deposited in the Coverage Fund. Although there is no obligation to fund the Coverage Fund, the Authority currently maintains an amount equal to 25% of the Debt Service Requirements on all outstanding Authority Revenue Bonds for the subsequent year in the Coverage Fund. Amounts in the Coverage Fund will be used for the purposes of establishing historic and future coverage on Outstanding Authority Revenue Bonds, and will be considered in meeting the additional bonds test for the issuance of new Authority Revenue Bonds. In particular, for purposes of determining compliance with the Rate Covenant (as defined herein), amounts in the Coverage Fund, together with amounts in the Prepaid Airline Fund, will be added to Net Revenues received in a Fiscal Year for purposes of determining whether Net Revenues received in such Fiscal Year are equal to the greater of (a) amounts required to be deposited in such Fiscal Year to the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund, or (b) an amount not less than 125% of the annual principal and interest due for all Authority Revenue Bonds in such Fiscal Year. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS —Rate Covenant” and “APPENDIX C—SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of Authority Bond Ordinance.” Accordingly, to the extent that the Authority has amounts on deposit in the Coverage Fund, the Authority may establish rentals, rates, fees and other charges for the use of the Airport System that in any particular Fiscal Year do not provide sufficient Net Revenues (without regard to amounts on deposit in the Coverage Fund or in the Prepaid Airline Fund) to satisfy the coverage requirements set forth in the Rate Covenant.

Revenue Bond Reserve Fund

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

Upon the issuance of the 2014 Authority Bonds, and pursuant to the Authority Bond Ordinance and the 2014 Supplemental Ordinance, the Authority shall establish an account in the Revenue Bond Reserve Fund securing, on a pro rata basis, the 2014 Authority Bonds and any Additional Authority Bonds the Authority shall determine, now and in the future, to secure by the 2014 Authority Reserve Account. The 2014 Authority Reserve Account shall contain funds in an amount equal to the least of the following: (1) the maximum annual principal and interest due on the 2014 Authority Bonds in any future calendar year; (2) 125% of the average annual principal and interest payments due on the 2014 Authority Bonds; and (3) 10% of the principal amount of the 2014 Authority Bonds, which amounts shall be calculated by an Authorized Airport representative and communicated to the Authority Trustee. In the event the Authority elects to secure other Authority Revenue Bonds with the 2014 Authority Reserve Account, all Authority Revenue Bonds secured thereby, including the 2014 Authority Bonds, shall be Secured Bonds (as defined below), and the 2014 Debt Service Requirement shall be defined by the Authority to measure parts 1-3 above based upon all of the Secured Bonds (the “*2014 Debt Service Reserve Requirement*”). As used above, “Secured Bonds” shall mean the 2014 Authority Bonds and any other Additional Authority Bonds the Authority elects to secure with the 2014 Authority Reserve Account. Each Secured Bond, including the 2014 Authority Bonds, is secured on a pro rata basis with respect to all bonds secured by the 2014 Authority Reserve Account. The Authority has previously established separate accounts within the Revenue Bond Reserve Fund securing the certain Outstanding Authority Bonds (collectively, the “*Prior Authority Bond Reserve Accounts*”), including the account securing the Refunded Authority Bonds, (the “*2004 Account*”) and the account securing the 2005 Authority Bonds, the 2006 Authority Bonds and the 2010A Authority Bonds (the “*05/06/10 Account*”), all of which are fully funded on the date hereof. On the issue date of the 2014 Bond Bank Bonds, the funds on deposit in the 2004 Account will be used to fund the 2014 Authority Reserve Account and the 2004 Escrow Account and the 2004 Account will be dissolved. The 2014 Authority Reserve Account will not secure the Outstanding Authority Bonds; the 05/06/10 Account currently does not secure the 2014 Authority Bonds; and amounts in the 05/06/10 Account are not currently available to pay debt service on the 2014 Authority Bonds. There is no Authority reserve account for the 2010C Authority Bonds, the 2012 Authority Bonds, the 2013A Authority Bonds or the 2013B Authority Bonds.

Upon the issuance of future Authority Revenue Bonds under the Authority Bond Ordinance, the Authority may establish a separate reserve fund account securing such future Authority Revenue Bonds, may secure such future Authority Revenue Bonds with an existing reserve fund account, including the Prior Authority Bond Reserve Accounts or the 2014 Authority Reserve Account, or may hold no reserve fund account to secure such Authority Revenue Bonds, all as provided in the supplemental bond ordinance authorizing such future Authority Revenue Bonds. If Additional Authority Bonds are issued and a reserve account is established for such bonds, the Authority will establish a new Debt Service Reserve Requirement applicable to such Additional Authority Bonds. The Authority may satisfy the Debt Service Reserve Requirement for any or all reserve fund accounts, in whole or in part, by the delivery to the Authority Trustee of a surety bond, an insurance policy or a letter of credit. See “APPENDIX C—SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of Authority Bond Ordinance.”

In any month, if any account in the Revenue Bond Reserve Fund contains less than the respective Debt Service Reserve Requirement for the applicable Authority Revenue Bonds, then on or before the last business day of such month, after making all required payments and provisions for payment of Operation and Maintenance Expenses and after making all required transfers to the Revenue Bond Interest and Principal Fund, the Authority will transfer to such accounts on a pro rata basis an amount sufficient to reestablish the Debt Service Reserve Requirement for such Authority Revenue Bonds. After each Debt Service Reserve Requirement has been accumulated and for so long thereafter as each account of the Revenue Bond Reserve Fund contains such amount, no transfers will be required to

be made to the Revenue Bond Reserve Fund. In the event and to the extent that moneys in the Revenue Bond Reserve Fund exceed the total of the combined Debt Service Reserve Requirements, such excess moneys may be transferred to the Capital Improvement Fund. Moneys in a particular account will be used to pay the principal of and interest only on the applicable Authority Revenue Bonds in the event and to the extent that available funds in the Revenue Bond Interest and Principal Fund are insufficient for such purpose, and such moneys may also be used to make the final payments for the retirement or defeasance of such Authority Revenue Bonds then outstanding.

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

The Authority expects to transfer funds currently on deposit in the 2004 Account of the Revenue Bond Reserve Fund to the 2014 Authority Reserve Account so that the amount of deposit in the 2014 Authority Reserve Account is equal to the 2014 Debt Service Reserve Requirement.

PFCs and CFCs

PFCs. The Authority is authorized by the Federal Aviation Administration (“*FAA*”) to collect a passenger facility charge (“*PFC*”) of \$4.50 per eligible enplaned passenger, of which the airlines retain an administrative fee, netting \$4.39 per eligible enplaned passenger to the Authority. The Authority received “use approval” from the FAA for \$524.9 million of PFC revenue for eligible project costs or to pay debt service on Authority Revenue Bonds issued to finance and refinance certain capital improvements at the Airport. As of June 30, 2014, the Authority had \$251.4 million of PFC use authority remaining to pay debt service on Authority Revenue Bonds, a portion of which is, or is expected to be, designated as Dedicated Revenues.

CFCs. On March 17, 2006, the Authority adopted an ordinance establishing a customer facility charge (“*CFC*”) to be collected by rental car companies serving the Airport. Effective May 1, 2006, the rental car companies began to collect a \$3.00 CFC per contract day (up to a maximum of 14 contract days) to be remitted to the Authority for use to pay debt service, and capital and operating costs related to the rental car facilities. Under the Authority’s current rate ordinance, the Authority may modify the CFC rate upon 60 days’ notice to the rental car companies to a maximum of \$4.00 per contract day (up to a maximum of 14 contract days). To date, the Authority has used its CFC revenues only for payment of debt service on Authority Revenue Bonds. Differences in CFCs collected versus dedicated as shown in Table 5 are a result of timing differences created by cash dedication versus accrual accounting for revenue recognition. From January 1 through June 30, 2014, the Authority collected CFC revenue (excluding interest income) of approximately \$3.0 million.

See “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Rate Covenant” and “– Additional Bonds – *Authority Revenue Bonds*.”

Dedicated Revenues

Pursuant to the Authority Bond Ordinance, the Authority may adopt an ordinance or resolution irrevocably designating certain PFCs, CFCs, state and/or federal grants or other moneys not otherwise treated as Gross Revenues, to the extent collected, as Dedicated Revenues (including, without limitation, PFCs and CFCs, as each are defined in “APPENDIX C – SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of the Authority Bond Ordinance” herein) to be used exclusively to pay debt service on certain Authority Revenue Bonds. Although such Dedicated Revenues will not be pledged to secure the Authority Revenue Bonds, by such

designation, the Authority will agree to hold and use such Dedicated Revenues exclusively for the payment of debt service on such Authority Revenue Bonds to the extent allowed by law. In such ordinance or resolution, the Authority will elect to exclude the debt service on certain Authority Revenue Bonds in an amount equal to such Dedicated Revenues for purposes of determining compliance with the Rate Covenant and the requirements for issuance of Additional Authority Bonds. See "—Additional Bonds." In the event that the Authority adopts an ordinance or resolution irrevocably designating certain Dedicated Revenues as described above, the Authority will transfer such Dedicated Revenues into the Revenue Bond Interest and Principal Fund at such time as is necessary to pay debt service when due on such Authority Revenue Bonds.

The Authority has adopted resolutions irrevocably designating \$13,247,243 and \$13,200,000 of PFC revenue in 2014 and 2015, respectively, and \$6,410,000 and \$6,200,000 million of CFC revenue in 2014 and 2015, respectively, as Dedicated Revenues under the Authority Bond Ordinance, to the extent either are collected, to be used exclusively to pay debt service on certain Authority Revenue Bonds. However, as described above, any Dedicated Revenues are not pledged to secure the Authority Revenue Bonds and the application of PFCs to pay debt service on Authority Revenue Bonds will be subject to applicable PFC regulations. Accordingly, the Authority intends to exclude principal of and interest on certain Authority Revenue Bonds equal to such Dedicated Revenues for purposes of demonstrating debt service coverage under the Rate Covenant and the requirements for issuance of Additional Authority Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Authority Qualified Derivative Agreements."

To the extent the Authority collects less PFC revenue or CFC revenue than dedicated, the Authority must use other revenues to pay debt service on Revenue Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR 2014 AUTHORITY BONDS – Rate Covenant" and "— Additional Bonds – *Authority Revenue Bonds*." At the same time, the Authority could choose to use additional PFC and CFC revenue to make the debt service payments on Authority Revenue Bonds in any given year, even if the Authority has not designated such PFC and CFC Revenues as Dedicated Revenues.

From 2004 through 2013, the Authority collected PFC and CFC revenue (excluding interest income) in the following amounts and designated certain of those revenues as Dedicated Revenues as indicated in Table 5 below:

Table 5

PFC and CFC Collections and Dedication Indianapolis International Airport \$ (000s)				
Year	CFC Revenue (excludes interest income)	Dedicated CFCs	PFC Revenue (excludes interest income)	Dedicated PFCs
2004	\$ --	\$ (a)	\$ 16,723	\$ 2,239
2005	--	(a)	17,460	13,248
2006	3,527	1,249	17,480	13,242
2007	5,137	6,029	16,774	13,245
2008	5,115	6,019	16,853	13,244
2009	4,208	4,432	15,430	13,244
2010	5,365	5,278	15,654	13,246
2011	6,065	5,946	15,418	13,242
2012	6,316	6,065	14,606	13,246
2013	6,098	6,229	14,474	13,248

^(a)CFCs were not implemented until 2006, therefore, there was no dedication of CFC revenue prior to 2006.
Source: Indianapolis Airport Authority

Rate Covenant

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

The following table summarizes Historical Net Revenues, Gross Debt Service Requirements, Dedicated Revenues and debt service coverage over the period 2009 through 2013. This information is compiled from information reported in the Authority's Comprehensive Annual Financial Report ("CAFR") for the year ended December 31, 2013.

Table 6

Historical Revenues and Debt Service Coverage (\$000s except for coverage)				
<u>Fiscal Year</u>	<u>Historical Net Revenues (including amounts in the Prepaid Airline Fund and Coverage Fund)[A]</u>	<u>Gross Debt Service Requirements⁽¹⁾[B]</u>	<u>Dedicated Revenues⁽²⁾[C]</u>	<u>Debt Service Coverage Ratio {A/[B-C]}</u>
2009	\$ 79,357	\$ 69,923	\$ 17,676	1.52
2010	96,665	79,230	18,524	1.59
2011	93,800	81,495	19,188	1.51
2012	93,056	79,665	19,311	1.54
2013	92,678	78,278	19,477	1.58

⁽¹⁾ Amounts may vary from CAFR due to rounding.
⁽²⁾ See "SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS" and "REFINANCING PLAN."

Source: Indianapolis Airport Authority

The Airline Agreements (as defined herein) provide a mechanism for setting rates and charges for use of the Airport System based on an annual budget approved by the Authority which estimates sufficient amounts for, among other things, Operation and Maintenance Expenses, the Debt Service Requirement and debt service coverage. The Airline Agreements include a residual rate-making feature that is designed to ensure that the Authority's debt service and related coverage obligations will be met. The Airline Agreements authorize the Authority to make adjustments to the rates and charges during a Fiscal Year in the event of a projected revenue shortfall. The current Airline Agreements expire on December 31, 2015. The Authority and the airlines are beginning negotiations regarding a new Airline Agreement. The rate-making mechanisms contained in any new Airline Agreement may be materially different than that in the current Airline Agreements. If no agreement is reached, the rates may be set by ordinance of the Authority. See "THE AIRPORT AND THE AIRPORT SYSTEM –Authority Agreements – *Airline Agreements*," "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Risk of Airline Bankruptcies" and "APPENDIX C – SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of Airline Agreements."

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

Airport Liquidity

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

Such cash and cash equivalent balances available for operating expenses as of December 31, 2013 were approximately \$103.3 million and included monies in the Airport System Fund, Operation and Maintenance Reserve Fund, Prepaid Airline Fund, Coverage Fund and Capital Improvement Fund as shown in Table 7 below. In addition, the Authority has certain balances in the Authority's Revenue Bond Reserve Fund, PFC funds and CFC funds that may be available to pay debt service if needed.

Table 7

<i>Balances as of December 31, 2013 (in \$millions)</i>	
Airport System Fund	\$ 45.3
Operation & Maintenance Reserve Fund	11.0
Prepaid Airline Fund	0.5
Coverage Fund	17.2
Capital Improvement Fund	29.3
Cash Available for Operations and Debt Service	\$ 103.3

Source: Indianapolis Airport Authority

Additional Bonds

Bond Bank. Additional bonds of the Bond Bank may be issued on a parity with the 2014 Bond Bank Bonds, pursuant to the Indenture only for the purpose of (a) refunding (in whole or in part) bonds issued by the Bond Bank pursuant to the Indenture and exchanging new Authority Revenue Bonds for the 2014 Authority Bonds or (b) the purchase of Authority Revenue Bonds issued to refund the 2014 Authority Bonds ("Additional Bond Bank Bonds").

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

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

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

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

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

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

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

See "APPENDIX C—SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of the Authority Bond Ordinance."

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

The Debt Service Requirement for the 2014 Authority Bonds does not exceed the Debt Service Requirement for the Refunded Authority Bonds, therefore the certifications in paragraphs (c) and (d) above are not required for the 2014 Authority Bonds.

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

Subordinate Securities

Under the Authority Bond Ordinance, the Authority may issue, for any lawful Airport System purpose, one or more series of revenue bonds, notes or other obligations secured in whole or in part by a lien on Net Revenues junior and subordinate to the lien on Net Revenues securing payment of the 2014 Authority Bonds and other outstanding Authority Revenue Bonds (“*Subordinate Securities*”). Subordinate Securities may be further secured by any other lawfully available source of payment and need not be issued on parity with one another. The agreements with respect to the issuance of the Subordinate Securities cannot require that a default or an event of default thereunder will create an event of default under the Authority Bond Ordinance. The Authority does not currently have any Subordinate Securities outstanding and has no current plans to issue Subordinate Securities. The Authority may nevertheless issue Subordinate Securities in the future.

Other Obligations

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

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

Special Purpose Facilities Bonds. Under the Authority Bond Ordinance, the Authority reserves the right to issue one or more series of bonds to finance and refinance the cost of any Special Purpose Facilities (“*Special Purpose Facilities Bonds*”), including all reserves required therefor, all related costs of issuance and other amounts

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

Events of Defaults and Remedies; No Acceleration

The “Events of Default” under the Authority Bond Ordinance and related remedies are described in “APPENDIX C—SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of Authority Bond Ordinance,” in particular, in the section “—Defaults and Remedies.” The occurrence of an Event of Default does not grant any right to accelerate payment of the Authority Revenue Bonds to either the Authority Trustee, the Bond Bank, as owner of the Authority Revenue Bonds, or to the Bond Bank Trustee or the holders of the Bond Bank Bonds. The Authority Trustee and the Bond Bank are authorized to take certain actions upon the occurrence of an Event of Default, including initiating proceedings to enforce the obligations of the Authority under the Authority Bond Ordinance. However, because (a) Net Revenues constitute Gross Revenues after payment of all Operation and Maintenance Expenses, and (b) under current law, the Authority is not subject to involuntary bankruptcy proceedings, the Authority may be able to continue indefinitely collecting revenues and applying them to the operation of the Airport System even if an Event of Default has occurred and no payments are being made on the Authority Revenue Bonds. In the event that no payments or insufficient payments are being made on the Authority Revenue Bonds, there will be insufficient amounts available for payment of the Bond Bank Bonds.

Bond-Related Risks

Limited Liability of the Authority; No Additional Security. The 2014 Authority Bonds are payable solely from Net Revenues of the Airport System as described in the Authority Bond Ordinance and funds on deposit in the 2014 Authority Reserve Account.

AUTHORITY REVENUE BOND DEBT SERVICE REQUIREMENTS

The following table shows the annual Debt Service Requirements due on all Outstanding Authority Revenue Bonds, including the 2014 Authority Bonds (assumes the Refunded Authority Bonds are refunded, in whole, by the 2014 Authority Bonds):

Table 8

Fiscal Year Ended December 31	Debt Service Requirements of Outstanding Authority Revenue Bonds ⁽¹⁾⁽²⁾⁽⁴⁾	2014 Authority Bonds ⁽¹⁾⁽²⁾			Total Authority Revenue Bond Debt Service Requirements ⁽³⁾
		Principal or Sinking Fund Installment	Interest		
2014	\$ 83,131,858				\$ 83,131,858
2015	69,171,619		9,926,215		79,097,834
2016	69,670,251	1,490,000	8,066,450		79,226,701
2017	78,695,448	0	8,021,750		86,717,198
2018	88,674,915	0	8,021,750		96,696,665
2019	61,422,800	6,205,000	8,021,750		75,649,550
2020	60,158,794	6,515,000	7,711,500		74,385,294
2021	60,163,403	6,840,000	7,385,750		74,389,153
2022	60,614,862	7,185,000	7,043,750		74,843,612
2023	63,762,691	11,070,000	6,684,500		81,517,191
2024	67,307,640	8,130,000	6,131,000		81,568,640
2025	67,357,951	8,535,000	5,724,500		81,617,451
2026	67,422,358	8,965,000	5,297,750		81,685,108
2027	66,015,505	9,415,000	4,849,500		80,280,005
2028	62,598,639	13,375,000	4,378,750		80,352,389
2029	62,668,958	14,045,000	3,710,000		80,423,958
2030	62,746,442	14,750,000	3,007,750		80,504,192
2031	62,821,916	15,485,000	2,270,250		80,577,166
2032	62,906,039	16,260,000	1,496,000		80,662,039
2033	19,827,040	17,075,000	683,000		37,585,040
2034	56,115,016				56,115,016
2035	58,692,451				58,692,451
2036	6,977,282				6,977,282
Total	\$ 1,418,923,875	\$ 165,340,000	\$108,431,915		\$ 1,692,695,790

⁽¹⁾ Reflects all principal and interest due on the outstanding Authority Revenue Bonds on July 1 of the current year and January 1 of the following year. For instance, the number listed for Debt Service Requirements in the row for 2014 is due on or before January 1, 2015.

⁽²⁾ A portion of principal and interest due on the Outstanding Authority Revenue Bonds and the 2014 Authority Bonds, may be paid with PFCs and CFCs. In addition to those that may be dedicated revenues. Totals may not add due to rounding.

⁽³⁾ The interest on the 2010C Authority Bonds included in the Outstanding Authority Revenue Bonds column reflects the sum of (i) the fixed rates payable by the Authority under the Qualified Derivative Agreements (as defined in the Ordinance), plus (ii) the applicable spreads currently in effect under the current bank terms; and a rate of 5.217% thereafter.

⁽⁴⁾ Debt Service Requirements of Outstanding Authority Revenue Bonds in this Table 8 exclude Debt Service Requirements for the Refunded Authority Bonds.

Source: Indianapolis Airport Authority

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Powers and Purposes

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

Board of Directors of the Bond Bank

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

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Occupation</u>
James S. Carr	Chairperson	May 30, 2015	Vice President, FORUM Commercial Group
E. Sahara Williams	Vice Chairperson	May 30, 2015	Engineer, Business Proprietor Ingenuity Management
Melissa R. Bailey-Comstock	Member	May 30, 2015	Simon Group, Risk Management
Fred Miller	Member	May 30, 2015	Attorney, Private Practice
John F. Williams, III	Member	May 30, 2015	Attorney, Private Practice

Management of the Bond Bank

Gregory Clark serves as Executive Director and General Counsel to the Bond Bank, where he has previously served as Deputy Director/General Counsel. Before joining the Bond Bank, Mr. Clark served as Special Counsel to the Indianapolis Department of Public Safety. Mr. Clark also previously served as Assistant Corporation Counsel for the City of Indianapolis where he handled pending litigation in state and federal court on behalf of the City. Prior to working in Indianapolis, Mr. Clark practiced law in Jeffersonville, Indiana, where he represented several municipal entities, including the Jeffersonville City Council. Mr. Clark earned his B.S. degree from Indiana University – Bloomington and his law degree from the Indiana University School of Law – Bloomington.

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

Isaiah Kuch joined the Bond Bank in 2010 and serves as a Project Manager. He received his Bachelor's degree in Economics from La Salle University in Philadelphia, Pennsylvania in 2007, shortly after he entered the United States through *The Lost Boys of Sudan Program*. While at La Salle, he also minored in Business Administration. After his undergraduate studies, Mr. Kuch won a full scholarship to Indiana University, School of Public and Environmental Affairs (SPEA) where he received his Master's degree in Public Financial Administration, Economic Development, and Policy Analysis. During his tenure at SPEA, as the Eads Fellow and the City of Indianapolis Urban Fellow, he worked at the Mayor's Office of Enterprise Development. In the summer of 2009, he interned with the Bond Bank.

Other Programs; Outstanding Indebtedness

Under the Bond Bank Act, the Bond Bank is authorized to issue other series of notes or bonds to finance different programs to accomplish its purposes. Under separate Indentures and other instruments authorized under the Bond Bank Act, the Bond Bank has previously issued and had outstanding as of August 1, 2014, an aggregate long-term principal amount of approximately \$4.2 billion in separate program obligations. All such obligations are and will be secured separately and independently and do not and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

Further, as of the date of this Official Statement, the Bond Bank is considering undertaking other types of financings for qualified entities other than the Authority for purposes authorized by and in accordance with the procedures set forth in the Bond Bank Act. The obligations issued by the Bond Bank in connection with any and all such financings, if any, will be secured separately from the 2014 Bond Bank Bonds and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

THE INDIANAPOLIS AIRPORT AUTHORITY

Powers and Purposes

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

Authority Board

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

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

The Authority Board also includes an advisory member appointed by the Morgan County Board of Commissioners. The Advisory member has no right to vote on any matters brought before the Authority Board.

The members of the Authority Board are:

Michael W. Wells, as President of the Authority, was appointed by the Mayor of the City. He is President/CEO of REI Real Estate Services, LLC, a real estate development company headquartered in Indianapolis. Over the past 30 years, Mr. Wells has been involved in a number of significant real estate projects, included the J.W. Marriott Hotel/Marriott Place, Circle Center Mall, Wellpoint Operations Center, Emmis Communications Headquarters, and the Indianapolis Marriott Hotel, all in downtown Indianapolis. Prior to his career with REI, he was a practicing attorney in Indianapolis, specializing in the real estate and tax-exempt financing area. Mr. Wells previously served on the Authority Board for 16 years, serving as President for 8 of those years, prior to his reappointment to the Authority Board in January 2012.

Kelly J. Flynn, as Vice President of the Authority, was appointed by the Mayor of the City in 2004. He is a senior partner of the commercial real estate investment firm Flynn & Zinkan Realty Company. Mr. Flynn specializes in construction, financing, and management of real estate for clients including The Kroger Co., Walgreen Co., and Sears. A licensed pilot, he holds ratings for instrument flying and single and multi-engine aircraft, including seaplanes and hot air balloons. Mr. Flynn serves on the boards of the Greater Indianapolis Foreign Trade

Zone (GIFTZ) and Visiting Nurse Service. Mr. Flynn earned a B.A. degree in Economics from the University of Notre Dame.

Alfred R. Bennett, as Secretary of the Authority, was appointed by the Hendricks County Board of Commissioners in 2005. Mr. Bennett also serves as chair of the Authority's Reliever Airports Committee. He is a retired superintendent of the Indiana Boys' School and a retired Deputy Commissioner of the Indiana Department of Correction. Mr. Bennett founded Bennett Associates, a criminal justice consulting firm specializing in quality assurance operations of jails and prisons. Mr. Bennett chairs the board of the Greater Indianapolis Foreign Trade Zone (GIFTZ), the Authority participant in the federal Foreign-Trade Zone program and non-profit entity that promotes Hoosier goods abroad, helping foster key Indiana economic development efforts. Mr. Bennett earned an undergraduate degree from Anderson University and a master's degree from Indiana State University.

Dr. Philip C. Borst, as a member of the Authority, was appointed by the Mayor of the City in January 2013. Dr. Borst's career-long commitment to public service includes membership on the Indianapolis City-County Council from 1980 to 2007. During his tenure, he held the positions of minority leader, majority leader, vice president, and president. Dr. Borst is the owner of the Shelby Street Animal Clinic where he has practiced since 1975. Dr. Borst is a graduate of the Purdue University School of Veterinary Medicine and also holds a B.S. in Agriculture from the university.

Karen Caswelch, as a member of the Authority, was appointed by the Mayor of the City in April 2012. She is the CEO of Akoya, Inc., a supply-chain management solution provider. Ms. Caswelch has an MBA from Harvard Graduate School of Business Administration and a B.S. in mechanical engineering from MIT. She holds the Managerial Excellence Award from National Women of Color, the Quarterly Diversity Champion Award from Allison Transmission, and the Distinguished Achievement Award from the Center for Leadership Development. She also served as Chief Marketing Officer for the International School of Indiana in 2009.

Steven Dillinger, as a member of the Authority, was appointed by the Hamilton County Board of Commissioners in November 2011. Mr. Dillinger is a member of such Board of Commissioners. He is owner of S.C. Dillinger & Associates Insurance Agency and has provided insurance and financial planning services to a variety of clients. He has served as Hamilton County Commissioner since 1989, and is a member of the county's solid waste, drainage, and finance boards. A past member of the Noblesville City Council and the Hamilton County Council, he is a member of M&I Bank's Advisory Board of Directors.

Jack Morton, as a member of the Authority, was appointed by the Hancock County Board of Commissioners in 2004. He has an extensive professional background in information technologies, primarily in the banking industry. Mr. Morton earned a B.S. degree in Mathematics from Ball State University and an M.B.A. degree in Information Systems Management from Indiana University.

Jean Wojtowicz, as a member of the Authority, was appointed by the Mayor of the City in 2009. In 1983, she founded and is currently President of Cambridge Capital Management Corp., a manager of non-traditional sources of capital for businesses. Since that time, Cambridge has provided more than \$444 million to more than 1,205 Indiana businesses in the manufacturing, service, and retail sectors for growth and expansion purposes. Ms. Wojtowicz is also a co-general partner for Cambridge Ventures, LP and utilizes her fund management expertise for consulting across the U.S. She earned a B.A. degree in Real Estate and Urban Land Economics and a B.B.A degree in Finance, Investment and Banking from the University of Wisconsin-Madison. Ms. Wojtowicz serves as Chair of the Authority's Finance and Audit Committee.

The advisory member of the Authority Board is *Lynn T. Gordon*. Mr. Gordon was appointed by the Morgan County Board of Commissioners in 2004 and has been President of Citizens Bank in Mooresville since 2001. He has served on the board of the Indiana Banking Association from 1987 to 1989. Mr. Gordon earned a B.A. degree from Indiana University.

There is also one vacancy on the Authority Board.

Management of Authority

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

Mario Rodriguez is the Authority's Executive Director. Mr. Rodriguez was appointed as the Executive Director of the Indianapolis Airport Authority on June 1, 2014. He is an aviation expert with over 26 years of experience in the private and public sectors. Prior to his position at the Authority, Mr. Rodriguez led the Long Beach Airport, successfully transforming it into an award-winning organization with world-class facilities and exceptional financial performance. Mr. Rodriguez was also the president of the California Airports Council, and he sits on the board of Airports Council International (ACI). Mr. Rodriguez also served as the deputy director at Louis Armstrong New Orleans International Airport. His leadership there enabled the rapid recovery of the airport after Hurricane Katrina in 2005. Two years later, he was recognized for his expertise in environmental management and awarded the prestigious Environmental Achievement Award from ACI. Prior to his position at Armstrong International, Mr. Rodriguez oversaw and served at airports from Hong Kong to Palm Beach. Mr. Rodriguez is an engineering graduate of the University of Miami in 1987. He is an accomplished author and speaker on issues affecting the aviation industry, including Business Recovery and Disaster Management, and is currently authoring a textbook on airport financial management.

Robert A. Duncan is the Authority's Deputy Executive Director and has been involved with the airport in various capacities since 1973. Mr. Duncan received his B.A. from Hanover College and his Doctor of Jurisprudence from Indiana University Robert H. McKinney Indianapolis Law School. His responsibilities while with the Authority included Staff Attorney, Managing Director, Vice President, General Counsel, Airport Director and Special Advisor to the CEO. In addition, Mr. Duncan is an Adjunct Professor of Law at the Robert H. McKinney Indianapolis Law School teaching Aviation Law. He currently holds an Airline Transport Pilot certificate, Flight Instructor certificates and serves as a Federal Aviation Administration Designated Pilot Examiner. Mr. Duncan is a member of the Indiana State, Indianapolis and Hendricks County Bar Associations. He has served on the Indianapolis Air Show Committee in various capacities since 2005 and for the last three years has served as Chairman. He also served as a member of the Brownsburg Public Library Board for the period of 1996-2012.

Robert B. Thomson is the Authority's Senior Director of Finance and Treasurer. After earning his B.A. in Accounting from Cedarville University, Mr. Thomson began his career in Indianapolis with Geo. S. Olive & Co. (now BKD, LLP), where he was an audit and tax specialist with focus on manufacturing, dealerships, and employee benefits. Subsequently he served as controller of Indianapolis Newspapers Inc. and developed a flair for systems implementation and profit driven financial management. From 2001 to 2004, he served as chief financial officer for a local family owned manufacturer, rounding out his financial management and experience portfolio and adding direct management of IT systems, risk management, and human resources management while exposing him to quality process systems and continuous improvement methodologies. Mr. Thomson was Accounting Director for BAA Indianapolis ("BAAI"), the UK based airport operator that held the management contract for the Authority, from 2004 to 2007 and was responsible for operating budgets, reporting and financial systems. When the BAAI contract was terminated by the Authority in 2007, Mr. Thomson accepted a position in private business. He returned to the Authority in May 2009 to serve as Finance Director, in 2013 was promoted to Senior Director of Finance and in 2014 was appointed as Treasurer of the Authority.

Heidi Babkowski is the Authority's Financial Planning Manager and Assistant Treasurer with responsibilities for all treasury functions, airline rates and charges, grant funding, and capital budgeting. Ms. Babkowski joined the Authority as Senior Accountant under BAAI in August 2003 and transitioned into the Financial Planning Manager role in 2006, and was appointed Assistant Treasurer in September 2013. Ms. Babkowski began her career in public accounting with Harding Shymanski, Inc. in 2000 and moved into an audit role working mostly with nonprofit organizations and benefit plans. Ms. Babkowski earned her B.S. degree from University of Evansville and became a Certified Treasury Professional (CTP) in July 2013.

Marsha A. Stone is the Authority's Senior Director of Commercial Enterprise. Ms. Stone joined the Authority as Director of Internal Audit in 1994, after passing the CPA exam and spending five years in public accounting. She spent 12 years in various financial roles working for BAAI. After the Airport returned to Authority management in 2007, Ms. Stone held the top financial role at the Airport through October 2013, when she moved into her current

role overseeing all revenue producing areas and business development for the Authority, Air Service Development, Customer Service, Marketing, Public Affairs and Strategy. Ms. Stone earned her B.S. Degree from Indiana State University. Ms. Stone currently serves on the board of Airports Council International-North America (ACI) and chairs their audit committee. Ms. Stone is Vice-Chair and Finance/Audit Committee Chair of IU Health West – Hospital Board and also serves on the boards of the Cabaret and The International Center.

Mike Medvescek is the Authority's Senior Director of Operations, with responsibilities for all operation, safety, security, compliance, and physical assets of the Authority and its five Reliever Airports. Mr. Medvescek's career started with the Authority in 1989 serving in Airport Operations. Mr. Medvescek has a B.S. degree in Business Management from the University of Phoenix and is an accredited airport executive (AAE) by the American Association of Airport Executives.

Joseph R. Heerens is the Authority's General Counsel, with responsibility for legal matters, ethics, insurance, risk management, government affairs, real estate acquisitions, and other administrative functions. Mr. Heerens joined the Authority in April 2010. Prior to joining the Authority, Mr. Heerens served as legal counsel and policy director to former Indiana Governor Mitch Daniels. He has also served as a law clerk for an appellate judge, engaged in the private practice of law, and served as a senior vice president with a publicly held company. Mr. Heerens studied at DePauw University and Georgetown University, receiving his B.A. degree in 1984. He earned his law degree from Indiana University (Bloomington) School of Law in 1987. Mr. Heerens currently serves on the board of the Indiana Legal Foundation; as a commissioner (and immediate past chairman) of the State Employees' Appeals Commission; as the legislative director for the Aviation Association of Indiana; as a member of the Indianapolis General Counsel Forum; and as a panel member at the National Academy of Sciences (Transportation Research Board, ACRP).

Shannetta Griffin is the Authority's Senior Director of Planning and Development. Ms. Griffin is responsible for engineering, environmental and conservation management for the Authority. She oversees the implementation of all projects associated with the capital improvement and operating budgets. In her 30 year aviation career, Ms. Griffin has developed experience in many areas of transportation engineering, planning and design and business development, which include aviation applications such as runways, taxiways, aprons, roadways, terminal parking, and environmental engineering. Projects in which she has managed and been involved include program management, master planning, construction administration, airside design, storm and sanitary sewer design, deicing, storm water management and permitting. Ms. Griffin earned a B.S. degree in Civil Engineering from the University of Toledo.

THE AIRPORT AND AIRPORT SYSTEM

Overview

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

The Airport, the largest part of the Airport System, is the principal air carrier airport serving Indianapolis and central Indiana. According to Airports Council International—North America, the Airport was the 50th largest airport in the United States in 2013, in terms of total passengers, and the 8th overall in North America in terms of total air cargo tonnage. The Airport is located seven miles west of downtown Indianapolis in Marion and Hendricks counties, Indiana, and encompasses approximately 7,700 acres. The Airport proper, the area inside and outside the perimeter fence, is approximately 4,700 acres of the total 7,700 airport property acreage. The Airport first opened in 1931 as Indianapolis Municipal Airport. In 1976, the Authority changed the name of the Airport to Indianapolis International Airport. In 2014, the Airport was named the best airport in North America by Airports Council

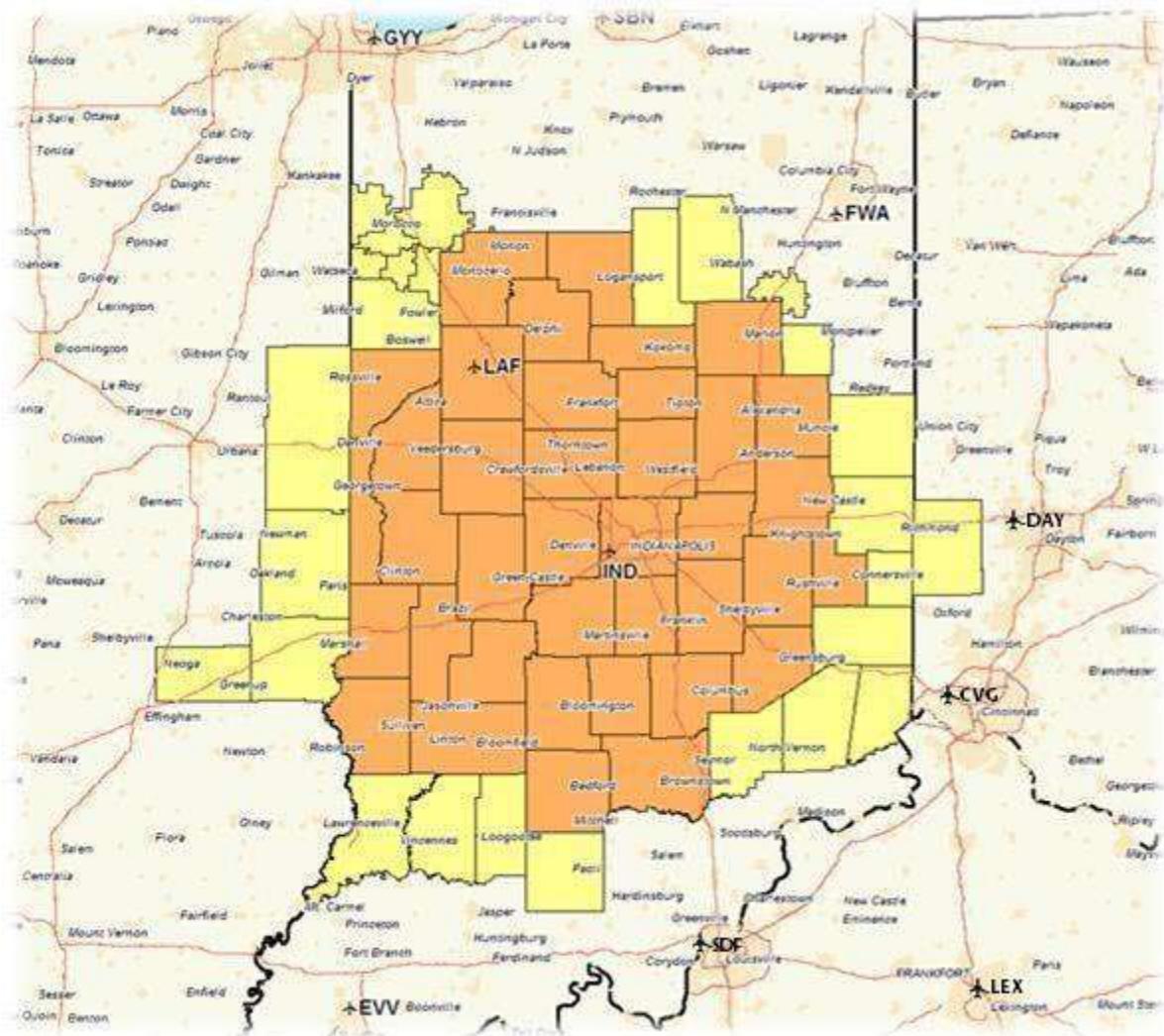
International (“*ACI*”) as part of ACI’s annual Airport Service Quality Awards for performance excellence for 2013. This is the second consecutive year the Airport has received this honor and the third time in the previous four years.

Additionally, the City has become a notable destination and has received several recognitions, which include, but are not limited to: named the 2014 #1 Convention city in the United States by a USA Today Reader’s Choice Poll; ranked as one of the best downtown areas in the United States by both Forbes and Livability.com; named as one of the “52 Places to Go in 2014” by The New York Times; named to Forbes’ 2013 list of “Best Places for Businesses and Careers”; and named in 2013 by Forbes as the fourth best city in the United States for high-tech industry job growth. The State has also received the recognition as the #1 state for rail and highway connectivity by AreaDevelopment.com.

The Airport Service Region

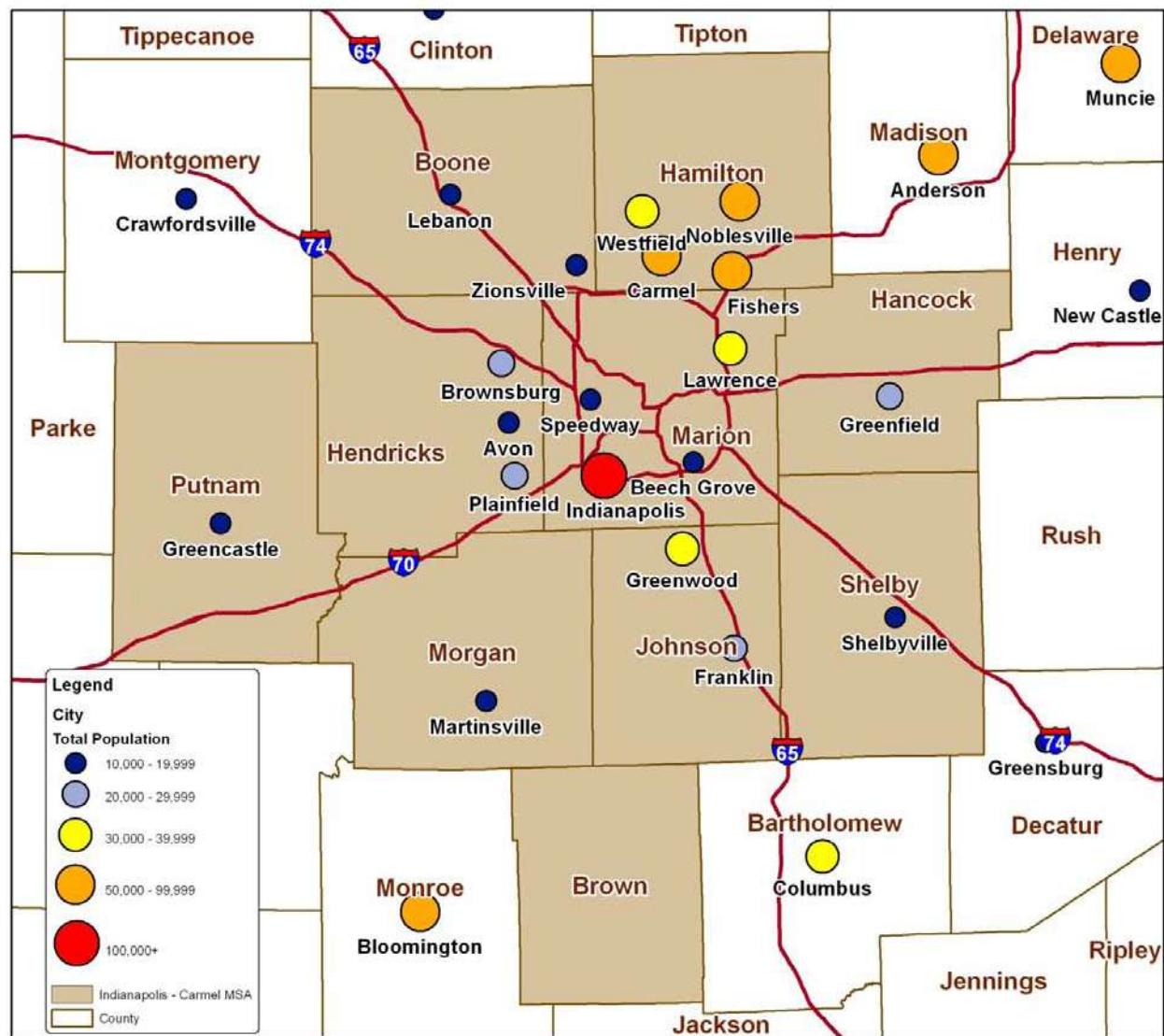
The Airport’s primary service region is defined as the primary area in which the Airport draws its customer base (the “*Airport Service Region*” or the “*Catchment Area*”). A map of the Airport Service Region of the Airport is shown below. The majority of potential passengers are concentrated near to the Airport and the interconnected highway system in the area allows the Catchment Area to extend even further. At least 75% of flight bookings in the orange area shown below are booked out of the Airport and approximately 50-70% of flights bookings in the yellow area of the map below are booked out of the Airport.

Table 9



The primary part of the Airport Service Region is the Indianapolis-Carmel MSA (the “*Indianapolis-Carmel MSA*”). The counties that form the Indianapolis-Carmel MSA include: Marion, Boone, Brown, Hamilton, Hancock, Hendricks, Johnson, Morgan, Putnam and Shelby. The Airport Service Region also includes a secondary part surrounding the Indianapolis-Carmel MSA, the limits of which are defined by the distance to other airports (including Cincinnati/Northern Kentucky International Airport, Dayton International Airport, Louisville International Airport, Chicago O’Hare International Airport and Chicago Midway Airport) as well as the availability, price and quality of airline service at those other airports. A map of the Indianapolis-Carmel MSA is included as Table 10.

Table 10
Indianapolis-Carmel MSA



Source: 2010 U.S. Census

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

Table 11

HISTORICAL POPULATION

<u>Year</u>	<u>Population (thousands)</u>			<u>Average Annual Increase</u>		
	<u>Indianapolis-Carmel MSA^(a)</u>	<u>Indiana</u>	<u>United States</u>	<u>Indianapolis-Carmel MSA^(a)</u>	<u>Indiana</u>	<u>United States</u>
Historical						
2010	1,760,720	6,483,797	308,745,538	0.98%	0.40%	0.60%
2011	1,778,964	6,515,336	311,587,816	1.04%	0.49%	0.92%
2012	1,798,634	6,437,782	313,914,040	1.11%	(1.19)%	0.75%
2013	1,823,479	6,570,902	316,128,839	1.38%	2.07%	0.71%

^(a)The Indianapolis-Carmel MSA consists of Boone, Brown, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Putnam, and Shelby counties. Historical data has been adjusted to reflect the current MSA

Source: 2013 U.S. Census Bureau

Table 12

POPULATION DISTRIBUTION IN INDIANAPOLIS-CARMEL MSA

<u>County</u>	<u>Estimated Population</u>	<u>% of Indianapolis-Carmel MSA</u>
Marion	928,281	50.9
Hamilton	296,693	16.3
Johnson	145,535	8.0
Hendricks	153,879	8.4
Morgan	69,782	3.8
Hancock	71,575	3.9
Boone	60,477	3.3
Shelby	44,729	2.5
Putnam	37,505	2.1
Brown	<u>15,023</u>	<u>0.8</u>
Total	1,823,479	100%

Source: 2013 US Census Bureau

The median household incomes of the residents in the Indianapolis-Carmel MSA are shown in Table 13 as prepared by the Department of Metropolitan Development of the City from 2010 U.S. Census data. Table 14 shows the unemployment rates for the Indianapolis-Carmel MSA, as compared to the state of Indiana and the United States as a whole.

Table 13

2006-2010 MEDIAN HOUSEHOLD INCOME

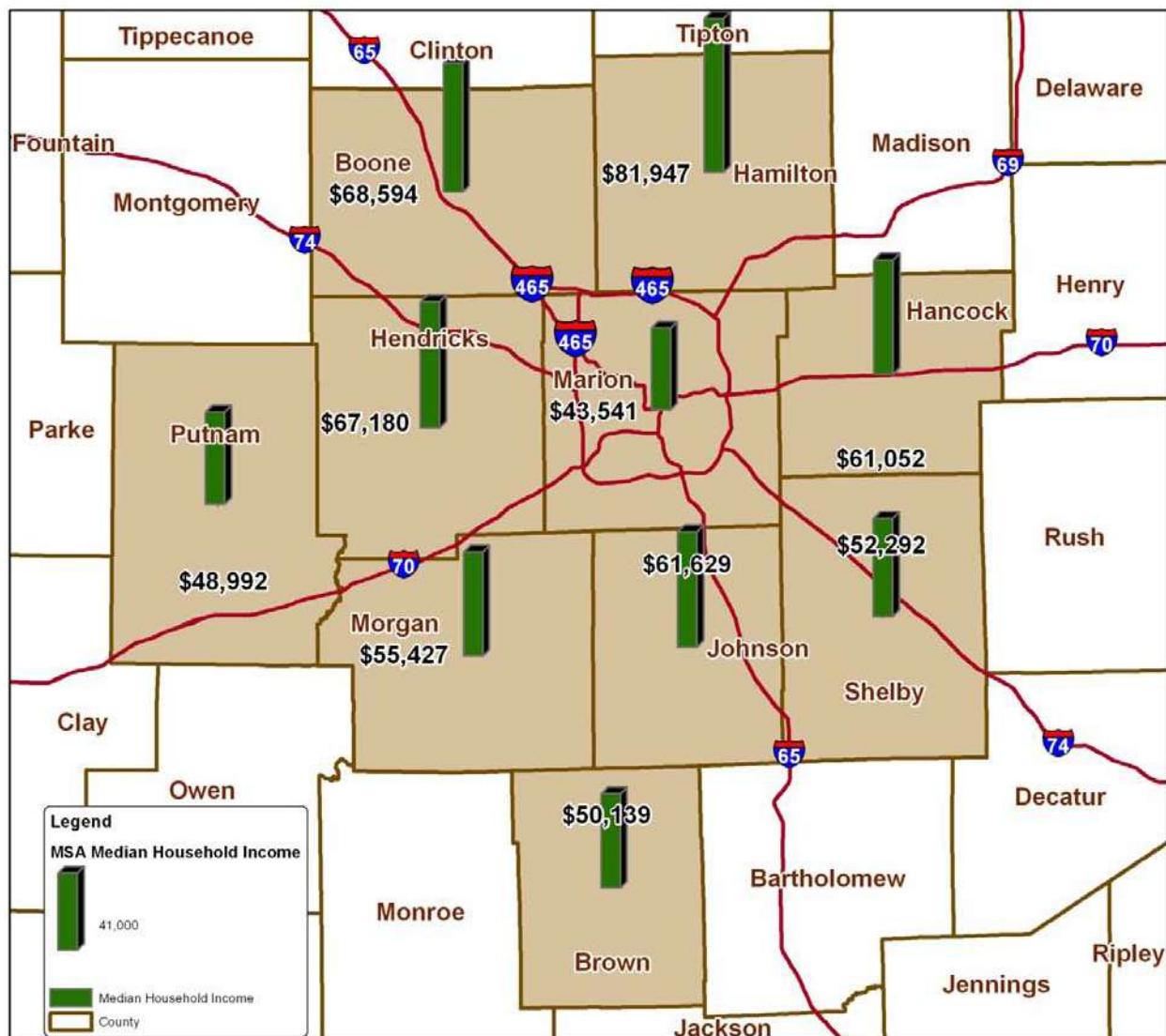


Table 14

UNEMPLOYMENT RATES
Percentage Unemployed

Year	Indianapolis Carmel MSA	State of Indiana	United States
2010	9.0%	10.0%	9.6%
2011	8.3%	8.8%	8.9%
2012	7.6%	8.1%	8.1%
2013	6.9%	7.5%	7.4%
June 30, 2014	5.6%	5.9%	6.3%

Source: U.S. Department of Labor, Bureau of Labor Statistics (annual average).

The Indianapolis-Carmel MSA has a number of large employers. The principal employers in the Indianapolis-Carmel MSA (excluding local, state and federal employers) as of December 31, 2013 are shown in Table 15 below.

Table 15

PRINCIPAL EMPLOYERS IN INDIANAPOLIS-CARMEL MSA
As of December 31, 2013

Employer Name	% of Total Employed in MSA	Number of Employees
Indiana University Health	2.11	20,292
Eli Lilly and Company	1.15	11,075
St. Vincent Hospital and Health Services	1.09	10,500
Wal-Mart	0.94	9,000
Marsh Supermarkets	0.93	8,890
Community Health Network	0.84	8,100
Federal Express	0.63	6,000
Wishard Health Services* ^(a)	0.58	5,576
Wellpoint, Inc. ^(b)	0.50	4,825
Franciscan St. Francis Health	0.44	4,200
Total Employed by Principal Employers	<u>9.22</u>	<u>88,458</u>
Total Employed in Indianapolis – Carmel MSA	100.00%	959,840

* Local government employer.
**Local, state and federal employers are excluded unless otherwise noted.
(a) The health system name changed from Wishard Health Services to Eskenazi Health effective January 2014.
(b) In August 2014, Wellpoint announced plans to change its name to Anthem, Inc., pending a shareholder vote.

Sources: Principal employers – The Indy Partnership (www.indypartnership.com) Total employed in the Indianapolis-Carmel MSA from Indiana Department of Workforce Development, as of December 31, 2013.

Facilities

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

Terminal Facilities. The Authority opened its new terminal on November 11, 2008, and closed all of the then-existing terminal facilities. The terminal is situated between the two parallel runways. The terminal building is approximately 1.2 million square feet in total size, is a four-story structure consisting of two concourses (A and B)

with 40 aircraft gates. Two dedicated international gates are located within Concourse A, with a direct connection to the federal inspection service area. The federal inspection service area is situated so that customers can reclaim their baggage and conveniently walk to ticket counters to connect with another flight.

Public Parking Facilities. The Authority owns and operates substantially all the parking facilities at the Airport, including a garage at the terminal, two surface parking lots and an employee parking lot. In June 2013, the Authority unveiled new customer-focused parking options at the Airport. The new parkIND program offers several new parking options to help improve Airport visitor experience. Hourly parking is available in the garage to make short trips to the Airport more convenient. A new premium parking section with valet and self-park options is available in the garage along with an array of premium services including car washing, detailing, oil changes, and other benefits. Additionally, the parkIND Plus program was launched to offer corporate or frequent travelers rewards for utilizing the parkIND options. These new programs provide convenient, customer-focused parking options for all Airport visitors.

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

Parking revenue of approximately \$39.5 million represented 28.6% of the Authority's total operating revenue in 2013. For the first six months of 2014, parking revenue was \$21.9 million representing 30.6% of total operating revenue.

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

FedEx. FedEx began operations at the Airport in June 1988, and has expanded its facility to become the second largest hub worldwide for all of FedEx operations. The largest facility at the Airport is the FedEx package-sorting complex located on the south side of the Airport, which includes a sortation facility, a fuel storage facility and aircraft parking apron capable of accommodating up to 75 aircraft. After FedEx's most recent expansion, the total size of their leasehold is 13,771,860 square feet. In December 2011, FedEx completed Phase IV of the apron expansion project. Phases I through IV now encompass a total of 39.53 acres. All four phases of the apron expansion were partially financed with proceeds of Special Purpose Facilities Bonds and Airport Revenue Bonds issued by the Authority.

Cargo/Warehouse Buildings North. On the north side of the Airport, there are two cargo/warehouse buildings with approximately 69,093 square feet of interior space. These facilities also include 864,000 square feet of aircraft parking apron. The facilities are leased by Integrated Airline Service (aircraft and cargo handler), Jet Pro Line Maintenance, Hawker Beechcraft and FedEx, which utilizes the building for aircraft parts storage. The Authority currently has 21,625 square feet of vacant space that is utilized on a regular basis by various tenants.

Former Eagle Air Hub. The Eagle Air Hub facility, also located on the north side of the Airport, served as the national hub for the U.S. Postal Service ("USPS") Express Mail operations until the end of August 2001, after which it has since been utilized as a ground transportation hub for the USPS in where bulk mail and packages are distributed across the Midwest. The facility consists of two buildings totaling 356,043 square feet of space on 107 acres of real estate leased from the Authority and includes more than 46 acres of aircraft parking apron. The lease with the USPS expired on November 30, 2012 and the Authority released a large portion of the facility to the contractor processing mail on behalf of the USPS.

Cargo/Warehouse Buildings East. On the east side of the Airport, there are three cargo/warehouse buildings with approximately 48,532 square feet of interior space. These facilities are leased by Greater Indianapolis Foreign Trade Zone, PK IND, LLC, and Metro Air Service.

Airline Cargo Building. A new cargo and ground equipment maintenance facility was constructed in connection with the construction of the terminal and opened in September 2010. The building consists of approximately 40,000 square feet and is located on the south side of Col. H. Weir Cook Memorial Drive near the

new terminal. Current tenants included Quantem Aviation (cargo handler), FirstFlight Ground Services Global Aviation, ASIG (ground equipment maintenance provider), and Southwest Airlines Co.

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

IMC. Since February 13, 2004, the Authority has operated the Indianapolis Maintenance Center (“*IMC*”), the former United Airlines maintenance and overhaul facility, pursuant to a settlement agreement (the “*Settlement Agreement*”) with the trustee of special purpose facility bonds that were issued to construct and equip a portion of the IMC. Under the Settlement Agreement, the Authority is entitled to be reimbursed from IMC revenues, including lease revenues, for all operating expenses and certain other costs incurred by the Authority in operating and maintaining the IMC. In 2013, the Authority incurred \$7.9 million of operating expenses and certain other costs and recognized reimbursement revenue of \$9.4 million from IMC revenues to offset those expenses as well as expenses incurred in previous years for which there had not been funds available to reimburse immediately. From January 1 through June 30, 2014, the Authority incurred \$4.0 million of operating expenses and recognized reimbursement revenue of \$4.6 million from IMC, a portion of which is reimbursing expenses incurred in previous years.

To the extent the Authority is not fully reimbursed for IMC operating expenses in any given year, the Settlement Agreement provides for reimbursement from future IMC revenues of prior unreimbursed IMC operating expenses. All current and prior operating expenses are payable prior to payment of principal and interest on the special facility bonds that were issued to construct and equip a portion of the IMC. To date, through June 30, 2014, the Authority has incurred approximately \$21.0 million in unreimbursed operating expenses which may be reimbursed from IMC revenues in the future, to the extent such revenues are available. After payment or reimbursement of payment of such expenses, IMC revenues must be used to pay such special facility bonds.

AAR Aircraft Services, Inc. (“*AAR*”) leases approximately 970,000 square feet of the approximately 1.6 million square foot IMC, including ten of twelve hangar bays. As of July 14, 2014, AAR occupied nine of ten hangar bays, plus some office space, machine shop space and space in the supply building. In addition, AAR occupies the other bay from time to time on an “as needed” basis. The AAR lease expires December 1, 2014, however, IAA and AAR are currently in discussions regarding a new lease.

Chautauqua Airlines, Inc. leases the remaining two IMC hangar bays under a lease that expires April 14, 2015. Other IMC tenants include Acredo (Express Scripts), Schenker Logistics and Cargolux International.

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

Comlux America, LLC. Comlux completed construction (under the name Comlux Realty, LLC) on a 134,140 square foot hangar and support facility located on the east side of the Airport in August 2012. The hangar facility is capable of housing multiple narrow-body commercial aircraft under one roof, for the fitting of executive interiors. Included in the facility is 69,680 square feet of office and support space which houses engineering, accounting, aircraft mechanics, designers and other support staff to support Comlux’s business.

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

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

1. General aviation hangars and related facilities are situated in several Airport locations, including:
 - a. Hawker Beechcraft Global Customer Support, LLC, (“Hawker”). Hawker occupies 80,340 square foot, executive terminal, maintenance hangar and support shop facilities, partially financed with special purpose facility bonds issued by the Authority, but payable by Hawker. The facilities opened in July 2009. Hawker continues to occupy four buildings/hangars, comprising approximately 58,986 square feet.
 - b. Signature Flight Support, Inc., (“Signature”). Signature occupies nine buildings/hangars comprised of approximately 195,400 square feet. These facilities include a new executive terminal which opened in March 2006.
 - c. Vacant Hangars. The Authority currently has one vacant hangar facility consisting of 9,203 square feet.
2. North Campus Facilities. In November 2008, ATA Airlines vacated its corporate facilities at the Airport and returned the premises to the Authority. The facilities consist of three buildings. The Authority has since leased one of the buildings to Ivy Tech Community College. The Authority’s engineering and accounting staff occupy approximately 40% of the second building. The third building is currently vacant and being marketed for lease by a commercial real estate firm.
3. Corporate Hangars. A number of hangars housing corporate aircraft are located on the north and east sides of the Airport. They house such tenants as the Indianapolis Colts, Bindley Aviation, Simon and Eli Lilly.
4. FedEx Trade Networks. FedEx Trade Networks leases a 27,165 square foot building from the Authority located on the north side of the Airport. FedEx Trade Networks tracks all international package shipments for FedEx and ensures packages clear customs at various points around the world.
5. Aviation Technology Center. The “ATC” is operated by Vincennes and Purdue universities for educating and training those seeking employment in aviation technology and other fields related to aircraft, aircraft maintenance and airport operations. ATC operates out of a 69,085 square foot hangar and office space facility.
6. ProTrans International. ProTrans leases 6.5 acres of land from the Authority under a long-term lease which contains a 44,128 square foot building utilized as their corporate headquarters.
7. Support Facilities. The Airport includes a range of support facilities, including navigational aids, a safety facility and a fuel storage/distribution system.
8. Hush House. This three-sided aircraft ground enclosure is comprised of noise resistant panels and designed to absorb engine noise during testing. The Authority’s hush house will accommodate most types of aircraft, including the Boeing 777.

Authority Agreements

Airline Agreements. As of the date of this Official Statement, seven passenger carriers and two cargo air carriers (the “*Signatory Airlines*”) operate at the Airport under an Agreement and Lease of Premises (individually, an “*Airline Agreement*” and, collectively, the “*Airline Agreements*”), between each Signatory Airline and the Authority. The term of each Airline Agreement is for the period from the date of execution through December 31, 2015. As of the date hereof, the Authority has begun discussions with the Signatory Airlines regarding a new airline agreement. While the Authority does not currently anticipate that any new airline agreement negotiated between the parties will contain a materially different methodology for determining airline rates and charges, there can be no assurance on the form or terms of any final agreement, or even whether an agreement will be consummated. In the

event the Airline Agreements are not replaced or extended prior to the termination of the existing agreements, airline rates will be determined by ordinance of the Authority in accordance with FAA regulations.

Under the Authority Bond Ordinance, the Authority is obligated to fix rentals, fees and charges sufficient, together with other Net Revenues, to meet the Rate Covenant in each Fiscal Year. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS—Rate Covenant.” The Airline Agreements represent residual cost agreements, obligating the Signatory Airlines to make payments (the “*Signatory Airline Revenue Requirement*”) to the Authority, in proportion to the use of Airport System facilities by each Signatory Airline, sufficient in the aggregate to pay in each Fiscal Year, together with other available Net Revenues, Federal Payments and any amounts in the Prepaid Airline Fund available to be applied to the Signatory Airline Revenue Requirement for such Fiscal Year in amount equal to (i) Operation and Maintenance Expenses of the Airport System for such Fiscal Year; (ii) the debt service for the Authority Revenue Bonds for such Fiscal Year, plus debt service coverage; (iii) any deposits required to be made in such Fiscal Year to the Revenue Bond Reserve Fund; (iv) net amounts of any assessments, judgments, settlements or charges payable by the Authority and allocated to the Airport System for such Fiscal Year; (v) 12.5% of the amount of Gross Revenues, plus Federal Payments derived during each Fiscal Year from Airport System concessions, plus rentals, charges and fees from non-Signatory Airlines and other Airport System tenants and users; up to \$90 million, and 62.5% for those revenues greater than \$90 million and (vi) adjustments for deficiencies in any of the above payments for the preceding Fiscal Year. See “APPENDIX C – SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of Airline Agreements.”

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

The Airline Agreements' residual rate-making features are designed to ensure that the Authority's debt service and related coverage obligations, including the Rate Covenant, will be met. The Airline Agreements authorize the Authority to adopt an amended budget any time during the Fiscal Year and to implement new fees and charges based on such amended annual budget. Further, if at any time the revenues and balances available in any fund and account are not sufficient to pay when due all items included in the annual budget or to pay any other expense or cost incidental or necessary to, or arising out of, the operation of the Airport System, then the Authority may upon notice to and consultation with the airlines increase landing fees to such amount as is sufficient to assure that all such items, expenses and costs can be paid in full solely from revenues of the Airport System. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Risk of Airline Bankruptcies.”

The Airline Agreements provide for rental of terminal complex space, use of apron areas and other facilities and services by such Signatory Airline and the periodic and non-discretionary adjustment of the amounts and ratios of the rentals, charges and landing fees to be paid by such Signatory Airline to reflect changing requirements of the Authority's operating and capital budgets. The Authority must submit certain capital improvements for approval by the Signatory Airlines if they are funded by Revenue Bonds. For capital improvements less than \$5 million that are funded by Revenue Bonds (subject to inflation adjustment from 2010), the Signatory Airlines may vote to defer such improvements for a year. The Authority may not construct capital improvements in excess of \$5 million if funded by Revenue Bonds if concurrence is specifically withheld by a majority of the Signatory Airlines paying more than 50% of the Signatory Airlines' fees and rentals, subject to certain other exceptions. See “APPENDIX C – SUMMARY OF PROVISIONS OF CERTAIN LEGAL DOCUMENTS – Summary of Airline Agreements,” – Annual Recalculation of Lease Rentals and Fees” and “– Capital Improvements.”

Each Airline Agreement provides that the Authority may not enact any bond resolution or ordinance or subsequently amend a bond resolution or ordinance so as to require a material change in the method of calculation of rentals and fees payable under such Airline Agreement or so as to materially affect the rights of the Signatory Airlines subject to such Airline Agreements without the prior written consent of such Signatory Airline. If the

Authority adopts a bond resolution or ordinance or a subsequent amendment to a bond resolution or ordinance, either of which materially affects the method of calculation of such rentals and fees or materially affects the rights of the Signatory Airline under such Airline Agreement, such Signatory Airline may, in writing, cancel such Airline Agreement within 15 days after the adoption date of the bond resolution or ordinance or amendment by the Authority. The Authority has determined that the Authority Bond Ordinance does not materially change the method of calculation of rentals and fees payable under the Airline Agreements or materially affect their rights under the Airline Agreements and, accordingly, is not required to seek prior written consent of the Signatory Airlines.

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

Use Permits. Other airlines operate at the Airport under an Airport Use Permit (“*Use Permit*”), which generally has a term of three to five years (after which the Authority may allow a holdover period under the terms of the Use Permit on a month-to-month basis). Both Allegiant Airlines and Miami Air hold Use Permits and pay landing fees and terminal complex fees based upon the Authority's annual Schedule of Rates, Fees and Charges for Use of the Airport Facilities. In addition, the many carriers hold Use Permits and pay signatory rates as affiliate carriers to their respective major/national passenger airlines. See Table 20 herein.

Concession Agreements. The principal concession revenues at the Airport are from rental car and terminal retail operations, including food and beverage, specialty retail and news and gifts. The Authority also derives revenues from telephones, advertising, ground transportation services and other concessions. The discussion below relates to concession revenues related to rental car and concession operations at the new terminal.

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

Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National and Thrifty operate under concession agreements providing for payment to the Authority of the greater of (1) a guaranteed minimum fee and (2) 10% of gross concession revenues. The Authority also receives 10% of reported sales from Ace Rent A Car under an ordinance governing off-airport operations. In addition, the rental car operators lease counters, office areas, a “quick turn-around” facility, telephone banks and a “ready return” area on the first floor of the parking garage at the Airport at prevailing rental rates. Rental car commission revenues of approximately \$9.1 million represented 6.5% of total operating revenue in 2013. For the first six months of 2014, rental car commission revenues were approximately \$4.6 million representing 6.5% of total operating revenue.

Terminal Concession Agreements. The Authority has agreements to lease space to concessionaires who provide food and beverage, news and gifts, specialty retail and other sundry items in the new terminal complex at the Airport. Concession agreements generally obligate the concessionaires to pay to the Authority a common use fee *plus* the greater of (1) a minimum annual guarantee and (2) a percentage of gross revenues. The minimum annual guarantee varies based on the offering location, size, exposure to passengers and sales performance. A total of 59,802 square feet of concession and related space is occupied, as follows:

Civic Plaza (Pre-Security Area)	24,375 square feet
Concourse A (Post-Security Area)	17,135 square feet
Concourse B (Post-Security Area)	16,808 square feet
Ticketing and Baggage Claim Areas (Pre-Security Area)	1,484 square feet

There are 23 food and beverage offerings, eight news and gift stores and 21 specialty retail concepts at the Airport. The agreements provide for payment to the Authority of the greater of (1) a

minimum annual guarantee and (2) a percentage of gross revenues, with the percentages ranging from 8% to 16% of gross revenues.

The five largest concession operators are Areas USA IND, LLC with eight units, Paradies-Muse, LLC with eight units, Host International, Inc. with seven units, Relay at IND, LLC with six units, and SSP America, Inc. with four units.

In addition to the in-line concession stores, the Authority has concession agreements for advertising, retail merchandising units, pay telephones, ATMs and other.

In 2013, terminal concession revenue totaled \$7.5 million, representing 5.4% of total operating revenue in each year. Through June 30, 2014, concession revenues were approximately \$3.8 million, representing 5.3% of total operating revenue.

HISTORICAL AIRPORT ACTIVITY

Aircraft Operations

As of June 30, 2014, seven major and national passenger airlines and 14 regional and commuter passenger airlines provided scheduled service at the Airport, as shown on Table 20 “AIRLINES PROVIDING SCHEDULED SERVICE AT THE AIRPORT.” The major and national airlines provided an average of 57 daily nonstop departures from the Airport to 29 cities, and the regional and commuter airlines provided an average of 78 daily scheduled departures from the Airport to 24 cities. The Airport serves primarily origin and destination (“O&D”) passengers, as compared with connecting passengers. During 2013, approximately 96.1% of enplaned passengers at the Airport were O&D passengers. In addition, FedEx and Cargolux International provide regularly scheduled air cargo service at the Airport.

Table 16 shows the number of historical aircraft operations (landings and takeoffs) at the Airport from 1990 through June 30, 2014 for air carrier, air taxi and commuter, general aviation, and military operations. Generally there have been fluctuations in the operating trends of air carrier and air taxi/commuter operations due to varying passenger enplanements, aircraft fleet mix, and the hubbing activities of passenger and cargo airlines. The declining trend in air taxi/commuter operations is driven by two factors. The first factor is from airline mergers and de-hubbing causing a decline in regional jet activity and secondly the reduction in demand for chartered corporate jet travel. Historically, the number of general aviation operations has been tied directly to the current economic conditions. The current decline in general aviation operations is a result of increasing jet fuel costs and fewer active general aviation pilots able to operate their own aircraft. The military charter activity is tied strongly to the needs of nearby Indiana National Guard training base Camp Atterbury. The fluctuations in military operations are a result of the changing demands of the military.

In 2013, 153,382 aircraft operations (takeoffs and landings) were performed at the Airport. These operations consisted of 99,691 air carrier operations, 34,850 air taxi/commuter operations, 15,182 general aviation operations, and 3,659 military operations. For the first six months of 2014, 73,721 aircraft operations (takeoffs and landings) were performed at the Airport. These operations consisted of 49,228 air carrier operations, 17,299 air taxi/commuter operations, 6,825 general aviation operations, and 369 military operations.

Table 16

HISTORICAL AIRCRAFT OPERATIONS Indianapolis International Airport 1990-June 30, 2014					
<u>Year</u>	<u>Air carrier</u>	<u>Air taxi / commuter</u>	<u>General aviation</u>	<u>Military</u>	<u>Total</u>
1990	114,187	55,779	56,103	2,271	228,340
2000	133,257	72,519	53,104	1,897	260,777
2005	76,896	112,795	31,224	1,360	222,275
2006	96,968	86,984	28,742	1,046	213,740
2007	108,458	67,501	26,391	786	203,136
2008	110,878	63,486	21,948	890	197,202
2009	98,192	54,599	17,660	867	171,318
2010	97,732	49,795	17,582	1,249	166,358
2011	99,532	41,577	17,309	1,279	159,697
2012	100,697	39,016	16,774	1,713	158,200
2013	99,691	34,850	15,182	3,659	153,382
Six Months Ended June 30,					
2013	48,666	19,140	7,746	509	76,061
2014	49,228	17,299	6,825	369	73,721
<u>Average annual percent increase (decrease)</u>					
1990-2000	1.6%	2.7%	(0.5%)	(1.8%)	1.3%
1990-2010	(0.8%)	(0.6%)	(5.6%)	(2.9%)	(1.6%)
2000-2010	(3.1%)	(3.7%)	(10.5%)	(4.1%)	(4.4%)
2000-2013	(2.2%)	(5.5%)	(9.2%)	5.2%	(4.0%)
2005-2013	3.3%	(13.7%)	(8.6%)	13.2%	(4.5%)
2010-2013	0.7%	(11.2%)	(4.8%)	43.1%	(2.7%)

^(a) % change is calculated using the first six months of 2014 comparable to the first six months of 2013.

Source: Indianapolis Airport Authority

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

Table 17

HISTORICAL AIRPORT ACTIVITY Indianapolis International Airport 2009-June 30, 2014						
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Six Months Ended June 30, 2013</u>
Enplaned Passengers (thousands)	3,741	3,770	3,770	3,687	3,599	1,788
Air Cargo Enplaned (tons):						
Air Freight/Express	516,227	547,238	529,289	530,744	567,640	276,697
Air Mail	1,078	805	842	1,021	1,903	680
Total Air Cargo	517,305	548,043	530,131	531,765	569,543	277,377
Landed Weight in 1000-pound units:						
Passenger Airlines	4,644,777	4,448,508	4,444,206	4,433,783	4,258,982	2,113,650
Cargo Airlines	4,595,377	4,738,013	4,834,014	4,962,628	5,291,446	2,567,334
Total Landed Weight	9,240,154	9,186,521	9,278,220	9,396,411	9,550,428	4,680,984

Source: Indianapolis Airport Authority

As shown in Table 18 below, the number of enplaned passengers at the Airport has hovered just above three and a half million annually since 2009. The cost per enplaned passenger for the passenger carriers from 2009 to 2013 is shown in Table 19 below.

Table 18

HISTORICAL ENPLANED PASSENGERS Indianapolis International Airport 1990-June 30, 2014				
<u>Year</u>	<u>Major / National Airlines^(a)</u>	<u>Regional / Commuter Airlines</u>	<u>Total enplaned passengers</u>	<u>Average Annual % increase (decrease)</u>
1990	2,631,135	220,680	2,851,815	6.1%
2000	3,470,067	404,555	3,874,622	6.1%
2005	3,470,873	787,181	4,258,054	15.8%
2006	3,089,708	955,296	4,045,004	(5.0%)
2007	3,396,979	745,678	4,142,657	2.4%
2008	3,352,591	735,935	4,088,526	(1.3%)
2009	2,810,653	930,220	3,740,873	(8.5%)
2010	2,339,363	1,431,020	3,770,383	0.8%
2011	2,496,460	1,274,009	3,770,469	0.0%
2012	2,145,428	1,542,314	3,687,742	(2.2%)
2013	2,132,902	1,465,816	3,598,718	(2.4%)
Six Months Ended June 30,				
2013			1,787,761	
2014	(b)	(b)	1,834,294	2.6% (c)
<u>Average annual percent increase</u>				
1990-2000	2.8%	6.2%	3.1%	
1990-2010	(0.6%)	9.8%	1.4%	
2000-2010	(3.9%)	13.5%	(0.3%)	
2000-2013	(3.7%)	10.4%	(0.6%)	
2005-2013	(5.9%)	8.1%	(2.1%)	
2010-2013	(3.0%)	0.8%	(1.5%)	

^(a) Includes some commuter activity reported with major airline activity.^(b) Data not available.^(c) % change is calculated using the first six months of 2014 comparable to the first six months of 2013.

Source: Indianapolis Airport Authority

Table 19

HISTORICAL TOTAL COSTS PER ENPLANED PASSENGER AT THE AIRPORT	
(inclusive of both Signatory and Non-Signatory Carriers)	
<u>Year</u>	<u>Cost</u>
2009	\$11.33
2010	\$11.35
2011	\$10.44
2012	\$10.23
2013	\$10.41

Source: Indianapolis Airport Authority

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

Table 20

AIRLINES PROVIDING SCHEDULED SERVICE AT THE AIRPORT JUNE 2014	
PASSENGER AIRLINES	
<u>Major / National</u>	<u>Regional / Commuter</u>
Air Tran* ⁽¹⁾	Air Wisconsin (US Airways Express)
American Airlines* ⁽²⁾	Chautauqua Airlines (US Airways Express, American Connection, United Express, and Delta Connection)*
Delta Air Lines*	Compass Airlines (Delta Connection)
Frontier Airlines*	Copa Airlines (United Express)
Southwest Airlines* ⁽¹⁾	Envoy Air (American Eagle)
United Airlines*	Endeavor Airlines (Delta Connection)
US Airways* ⁽²⁾	ExpressJet (Delta Connection, United Express)
	GoJet Airlines (Delta Connection)
	Jazz Air (Air Canada Express)
	Mesa Airlines (United Express, US Airways Express)
	Midwest Airlines (Frontier)
	Republic Airlines (US Airways Express)
	Shuttle America (Delta Connection, United Express)
	Skywest (Delta Connection, and United Express)
ALL-CARGO AIRLINES	
Cargolux Airlines International*	
FedEx*	

* Signatory Carriers
⁽¹⁾ AirTran and Southwest Airlines have merged, but continue to operate separately at the Airport.
⁽²⁾ American Airlines and US Airways have merged, but continue to operate separately at the Airport.

Source: Indianapolis Airport Authority

Airline Service

As shown in Table 20 above, the Airport is served by most major airlines operating to their midcontinental and East Coast hubs. In addition, point-to-point service is provided to many major business destinations across the nation, including New York (LaGuardia and JFK), Washington, D.C. (Reagan National and Dulles), Boston (Logan International), Chicago (O'Hare), Dallas and Fort Worth, Houston, San Francisco and Los Angeles (Los Angeles International). A significant amount of nonstop service is also provided to leisure destinations in Florida and the desert Southwest. The Airport also has international service to Toronto, Cancun and Montego Bay on a seasonal basis. See Table 21 showing the top 10 destinations of flights from the Airport.

Table 21

TOP 10 DESTINATIONS FROM THE AIRPORT IN 2013	
<u>No.</u>	<u>Destination</u>
1	New York City (LGA, JFK, EWR)
2	Washington DC (DCA, IAD, BWI)
3	Orlando (MCO)
4	Los Angeles (LAX, SNA, LGB, ONT, BUR)
5	Denver (DEN)
6	Atlanta (ATL)
7	Tampa (TPA)
8	Las Vegas (LAS)
9	Ft. Myers (RSW)
10	Phoenix (PHX)

Source: Indianapolis Airport Authority

In the past year, the Airport has started to experience an increase in airline service as the global economy has stabilized to the point that commercial passenger carriers have started to add competitive air service. This increase in airline competition and market activity has stimulated passenger activities at the Airport. There were 136 average daily departures scheduled from the Airport in June 2014, down from 140 in December 2013, however the average aircraft size has grown, causing seat capacity for the same time period to increase 1.74%.

Recent Trends in Airline Traffic

As shown in Table 18, the long-term annual average growth rate in enplaned passengers declined between 2000 and 2013. The number of enplaned passengers had been on the rise from 1990 to 2005 but began to experience a decline in 2006. The subsequent decline between 2006 and 2013 was the product of the slowing global economy, which caused airlines to reduce capacity and flights within their respective networks. Toward the end of 2013, the number of enplaned passengers again began to grow and has continued to increase for the first six months of 2014. The main drivers of the increase in enplaned passengers were United Airlines' launch of new nonstop service to San Francisco, California, Delta's expansion of service to Los Angeles, California, American Airlines' addition of direct service to Los Angeles, California, Frontier's addition of a nonstop flight to Trenton Mercer, New Jersey (which is approximately 50 miles from New York City and 30 miles from Philadelphia) and increased airline capacity (outbound seats) during peak spring break weeks in 2014. The added flights opened up new travel opportunities to both the west and east coast markets from the Airport.

In 2013, the number of enplaned passengers decreased 2.4% compared to 2012 due to a lack of market activity and minimal airline competition. For the first six months of 2014, the number of enplanements was 1,834,294, an increase of 2.6% compared to the same period in 2013.

Airline Market Shares of Enplaned Passengers

Table 22 shows airline market shares of enplaned passengers at the Airport from 1990 through June 30, 2014. Market shares have changed since 1990, as US Airways reduced its presence at the Airport, while Delta and Southwest have significantly increased their presence and the overall Indianapolis market has evolved.

Southwest Airlines merged with AirTran Airways in 2011, however, to date, Southwest has maintained the AirTran Airways brand separately. The AirTran Airways brand is expected to be retired at the end of 2014 and completely transitioned into Southwest Airlines. Combined, the two airlines accounted for a 28.6% market share of enplanements at the Airport in 2013. For the first six months of 2014, their combined enplanements increased to 29.3%. Delta and United are the airlines with the next largest shares of the Airport's enplanements at 26.5% and 15.3%, respectively in 2013. For the first six months of 2014, their shares were 26.1% and 14.9%, respectively. American Airlines increased their market share presence from 10.2% in 2013, to 11.5% for the first six months in 2014. In December 2013 American Airlines and US Airways merged. Currently, the airlines operate under separate certificates at the Airport. American Airlines and U.S. Airways together represented a 24.9% market share in 2013 and 25.5% market share for the first six months of 2014.

The diversity of the airline market shares at the Airport helps to ensure that competitive service is available and that the Airport traffic base is not dependent on the financial success or service provided by any one airline. Low cost airlines such as AirTran, Frontier and Southwest collectively represented approximately 32.5% of the service provided at the Airport in the first six months of 2014.

Table 22 shows the airlines that provide scheduled service at the Airport as of June 30, 2014, as well as their market share of enplanements at the Airport.

TABLE 22

AIRLINE MARKET SHARES OF ENPLANED PASSENGERS Indianapolis International Airport 1990-June 30, 2014										
Airline ^(a)	Market Share (%)								Six Months	
	1990	2000	2005	2009	2010	2011	2012	2013	Ended June 30, 2013	Ended June 30, 2014
Delta Air Lines	7.7	11.5	8.8	26.4	25.5	25.1	25.4	26.5	25.8	26.1
Southwest Airlines ^(f)	5.1	11.6	11.9	17.3	17.4	18.0	19.2	17.5	17.7	23.5
United Airlines	7.3	11.3	8.9	7.3	7.3	8.1	13.7	15.3	15.1	14.9
US Airways ^{(b)(e)}	38.7	15.2	10.9	14.0	13.4	13.8	13.6	14.7	14.5	14.0
American Airlines ^(e)	14.0	12.4	10.9	10.2	9.2	10.9	10.0	10.2	10.0	11.5
AirTran Airways ^(f)	-	-	3.5	13.5	15.2	12.7	11.2	11.1	12.4	5.8
Frontier Airlines	-	-	2.5	3.5	4.1	4.2	3.7	3.7	3.4	3.2
Continental Airlines ^(d)	5.2	6.7	5.7	6.0	6.2	6.3	2.1	-	-	-
Northwest Airlines ^(c)	11.8	13.0	22.6	-	-	-	-	-	-	-
ATA Airlines	4.5	12.9	10.5	-	-	-	-	-	-	-
America West Airlines ^(b)	-	3.2	1.9	-	-	-	-	-	-	-
Other	5.7	2.2	1.9	1.8	1.7	0.9	1.1	1.0	1.0	1.0
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

^(a) Includes regional partners.
^(b) Due to merger, America West is included in US Airways from 2006 forward.
^(c) Due to merger, Northwest is included in Delta from 2009 forward.
^(d) Due to merger, Continental is included in United from 2013 forward.
^(e) American Airlines and US Airways have merged, but continue to operate separately at the Airport.
^(f) AirTran and Southwest Airlines have merged, but continue to operate separately at the Airport.

Source: Indianapolis Airport Authority

O&D Markets

The Airport is primarily an O&D Airport and over the past 19 years O&D traffic has become an increasing percentage of the Airport's enplanements. In 2013, less than 4% of the Airport's enplanements represented connecting traffic, as shown in Table 23.

Table 23

SHARES OF O&D VERSUS CONNECTING PASSENGERS									
Enplaned Passengers	Year Ended December 31,								Average Annual increase 1990-2013
	1990	2000	2005	2009	2010	2011	2012	2013	
O&D	2,042,216	3,534,536	3,689,989	3,523,667	3,563,360	3,630,961	3,517,131	3,456,848	2.3%
Connecting	<u>809,599</u>	<u>340,086</u>	<u>568,065</u>	<u>217,206</u>	<u>207,023</u>	<u>139,508</u>	<u>170,611</u>	<u>141,870</u>	(7.3%)
Total	2,851,815	3,874,622	4,258,054	3,740,873	3,770,383	3,770,469	3,687,742	3,598,718	
Percent of Total									
O&D	71.6%	91.2%	86.7%	94.2%	94.5%	96.3%	95.4%	96.1%	
Connecting	<u>28.4%</u>	<u>8.8%</u>	<u>13.3%</u>	<u>5.8%</u>	<u>5.5%</u>	<u>3.7%</u>	<u>4.6%</u>	<u>3.9%</u>	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Sources: Indianapolis Airport Authority; U.S. Department of Transportation, Airline Passenger Origin and Destination Survey and T-100 Onboard Database.

Air Cargo Activity

Table 24 shows cargo enplaned at the Airport from 1990 through June 30, 2014. For the first six months of 2014, the amount of air cargo enplaned at the Airport decreased by 2.8% compared to the same period in 2013 principally as a result of companies substituting lower cost options for air cargo, the most expensive shipping method. Approximately 99.7% of total enplaned cargo was freight and express, and the remaining 0.3% was air mail. In the first six months of 2014, approximately 99.5% of total enplaned cargo was freight and express, and the remaining 0.5% was air mail.

International freight service expanded at the Airport beginning in January 2006, with scheduled Cargolux service into the European Union, which complimented existing FedEx departures into the same region. Tonnage of international inbound freight has continued to grow. In 2013, inbound international freight was up 12.3% from 9,324 tons in 2012 to 10,472 tons. For the first six months of 2014, inbound international freight was up 87.5% from 5,075 tons in June 2013 to 9,516 tons.

Table 24

ENPLANED CARGO Indianapolis International Airport 1990-June 30, 2014				
<u>Year</u>	<u>Air mail</u>	<u>Freight and Express</u>	<u>Total</u>	<u>Annual Percent increase (decrease)</u>
1990	60,449	107,763	168,212	23.6%
2000	226,607	421,236	647,843	1.9%
2005	4,584	574,976	579,560	11.3% ^(a)
2006	2,458	591,574	594,032	2.5%
2007	1,534	595,030	596,564	0.4%
2008	1,570	573,041	574,611	(3.7%)
2009	1,078	516,227	517,305	(10.0%)
2010	805	547,238	548,043	5.9%
2011	842	529,289	530,131	(3.3%)
2012	1,021	530,744	531,765	0.3%
2013	1,903	567,640	569,543	7.1%
Six Months Ended June 30,				
2013	680	276,697	277,377	
2014	1,224	268,331	269,555	(2.8%) ^(b)
<u>Average annual percent increase</u>				
1990-2000	14.1%	14.6%	14.4%	
1990-2010	(19.4%)	8.5%	6.1%	
2000-2010	(43.1%)	2.7%	(1.7%)	
2000-2013	(30.8%)	2.3%	(1.0%)	
2005-2013	(10.4%)	(0.2%)	(0.2%)	
2010-2013	33.2%	1.2%	1.3%	

^(a) Reflects the cessation of airmail activities at the U.S. Postal Service hub at the Airport on August 31, 2001.
^(b) % change is calculated using the first six months of 2014 compared to the first six months of 2013.

Source: Indianapolis Airport Authority

Landed Weight

In 2013, total aircraft landed weight was 9,550,428 thousand pound units, a 1.6% increase from 2012. Passenger airlines accounted for approximately 44.8% of total landed weight at the Airport in 2013 compared to the prior year of 47.2%. The cargo airlines accounted for the remaining 55.2% of the total aircraft landed weight at the Airport in 2013, compared to the prior year of 52.8%. Passenger airline landed weight decreased 3.9% in 2013 from prior year, and the cargo airline landed weight increased 6.6% from the prior year. The growth in cargo landed weight was the result of an increase in aircraft gauge from the previous year as FedEx scheduled more product flow through the Airport, their second largest hub. Table 25 shows the historical landed weight at the Airport followed by Table 26 showing the various airline shares of such landed weight.

Table 25

LANDED WEIGHT Indianapolis International Airport 1990-June 30, 2014				
Year	1,000-pound units			Annual percent increase (decrease)
	Passenger Airlines	Cargo Airlines	Total	
1990	5,555,566	2,020,626	7,576,192	8.5%
2000	5,865,754	6,037,796	11,903,550	1.3%
2005	5,964,045	5,080,482	11,044,527	4.7%
2006	5,341,912	5,271,325	10,613,237	(3.9%)
2007	5,244,913	5,325,616	10,570,529	(0.4%)
2008	5,192,566	5,250,166	10,442,732	(1.2%)
2009	4,644,777	4,595,377	9,240,154	(11.5%)
2010	4,448,508	4,738,013	9,186,521	(0.6%)
2011	4,444,206	4,834,014	9,278,220	1.0%
2012	4,433,783	4,962,628	9,396,411	1.3%
2013	4,258,982	5,291,446	9,550,428	1.6%
Six Months Ended June 30,				
2013	2,113,650	2,567,334	4,680,984	
2014	2,143,210	2,511,641	4,654,851	(0.6%) ^(a)
<u>Average annual percent increase (decrease)</u>				
1990-2000	0.5%	11.6%	4.6%	
1990-2010	(1.1%)	4.4%	1.0%	
2000-2010	(2.7%)	(2.4%)	(2.6%)	
2000-2013	(2.4%)	(1.0%)	(1.7%)	
2005-2013	(4.1%)	0.5%	(1.8%)	
2010-2013	(1.4%)	3.8%	1.3%	

^(a) % change is calculated using the first six months of 2014 compared to the first six months of 2013.

Source: Indianapolis Airport Authority

Table 26

AIRLINE SHARES OF LANDED WEIGHT Indianapolis International Airport 1990-June 30, 2014 (%)										Six Months Ended June 30, 2013	Six Months Ended June 30, 2014
<u>Airline^(a)</u>	<u>1990</u>	<u>2000</u>	<u>2005</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>			
Passenger Airlines											
Delta Air Lines ^(d)	6.7	5.0	4.5	13.8	12.3	12.7	13.1	12.5	12.3	12.3	12.3
Southwest Airlines ^(g)	5.0	6.2	6.6	8.7	8.3	8.8	8.7	7.6	7.7	7.7	10.6
US Airways ^{(b)(f)}	28.1	7.9	5.9	7.0	6.4	6.2	6.4	6.7	6.7	6.7	6.7
United Airlines	4.9	5.5	4.4	3.8	3.8	4.0	6.2	6.7	6.7	6.7	6.8
AirTran Airways ^(g)	-	-	1.8	6.2	7.4	5.9	4.7	4.5	4.9	4.9	2.4
American Airlines ^(f)	10.4	5.4	5.6	4.8	4.2	4.3	4.2	4.3	4.2	4.2	5.1
Frontier Airlines	-	-	1.2	1.6	2.1%	1.8	1.5	1.3	1.2	1.2	1.2
Continental Airlines ^(e)	6.4	2.9	2.6	2.6%	2.6	3.0	1.0	-	-	-	-
Northwest Airlines ^(d)	8.0	6.4	12.4	-	-	-	-	-	-	-	-
ATA Airlines	3.9	6.6	6.6	-	-	-	-	-	-	-	-
America West Airlines ^(b)	-	1.7	0.8	-	-	-	-	-	-	-	-
Other	3.8	1.5	1.3	1.7	1.3	1.2	1.4	1.2	1.3	1.1	
Subtotal	77.2	49.1	53.7	50.2	48.4	47.9	47.2	44.8	45.2	46.1	
Cargo and charter airlines											
FedEx	13.9	29.6	44.9	48.1	50.3	50.8	51.1	53.8	53.4	52.5	
Cargolux	-	-	-	0.7	0.7	0.7	1.1	1.1	1.1	1.1	
Other ^(c)	9.9	21.3	1.4	0.9	0.6	0.6	0.6	0.3	0.3	0.4	
Subtotal	23.8	50.9	46.3	49.8	51.6	52.1	52.8	55.2	54.8	53.9	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

^(a) Includes regional partners
^(b) Due to merger, America West is included in US Airways from 2006 forward.
^(c) Includes Emery Worldwide (USPS hub). As of September 2001, the U.S. Postal Service contract was acquired by FedEx.
^(d) Due to merger, Northwest is included in Delta Air Lines from 2009 forward.
^(e) Due to merger, Continental is included in United from 2013 forward.
^(f) American Airlines and US Airways have merged, but continue to operate separately at the Airport.
^(g) AirTran and Southwest Airlines have merged, but continue to operate separately at the Airport.

Source: Indianapolis Airport Authority

CAPITAL IMPROVEMENT PROGRAM

In November 2008, the Authority opened the new terminal at the Airport and ceased operations at the previous terminal. The opening of the new terminal marked the substantial completion of the seven-year \$1.07 billion capital program for the new terminal, which also included construction of aircraft aprons, the parking garage for the new terminal, surface parking lots serving visitors and workers at the new terminal, an air traffic control tower, an on-airport roadway system and Interstate 70 access. The Authority's current Five Year Capital Program (2015-2019) is intended to meet the Airport System's capital needs through 2019. The program is designed to ensure the continued availability of existing facilities and to develop improvements necessary to meet the ongoing air travel demands of the airport service region. Funding for capital projects primarily comes from accumulated airport revenues and federal grants while utilizing other funding sources when available and applicable to the current needs of the Authority.

The Five Year Capital Program (2015-2019) contemplates approximately \$173.0 million (in actual and inflated dollars) in capital improvements to the Airport System. The Airport's significant projects over the five years include: taxiway rehabilitation, parking garage improvements, construction of a new airfield maintenance facility, noise and general airport system land acquisition, and stormwater and deicing controls and capacity enhancements. Many of these projects are eligible for federal and/or state grant funding. In addition to the availability of funding, completion of the Five Year Capital Program is dependent upon a number of other factors, including national, regional and local economic conditions; financial condition of the airlines using the Airport System; receipt of required approvals and permits, including environmental approvals and permits; site conditions; coordination of contracts and work; design and construction scheduling; availability of specialty contractors, supplies and equipment; and the effect of one or more factors on the Authority's operations. Although the capital improvement program has a five-year horizon, projects are budgeted and approved on a calendar year basis. Capital improvement projects funded by grants require funding approval by the appropriate granting authorities and due to the timing of such decisions funding for the program is determined on an annual basis as projects are approved to move forward.

The Authority will review and update the Five Year Capital Program each year. Pursuant to the Airline Agreements, capital projects included in the Five Year Capital Program may require consent of the Signatory Airlines if they are funded by Revenue Bonds, which the Authority does not anticipate. See "THE AIRPORT AND AIRPORT SYSTEM – Authority Agreements – *Airline Agreements*."

Plan of Funding for Five Year Capital Program (2015-2019)

The Authority plans to fund the cost of the Five Year Capital Program (2015-2019) with Authority funds (including PFCs and CFCs) and federal and state grants. The Authority does not intend to fund the program with Additional Revenue Bonds, but may determine to do so in the future.

To fund the Five Year Capital Program, the Authority expects to use the following sources:

<u>Source of Funds</u>	<u>Amount</u> <u>\$ (000s)</u>
Authority Funds	\$100,389
Federal and State Grants	<u>72,642</u>
Total	\$173,031

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

HISTORICAL OPERATING RESULTS

Table 27

Historical Operating Results – Indianapolis Airport Authority							
	Year Ended December 31,					Six Months Ended June 30,	Six Months Ended June 30,
	2009(a) (Restated)	2010	2011	2012(b) (Restated)	2013		
Operating Revenue:							
Airfield	\$ 22,741,896	\$ 23,379,348	\$ 22,190,682	\$ 21,102,019	\$ 21,468,743	\$ 10,641,521	\$ 10,663,818
Terminal Complex	49,960,322	51,178,167	50,256,888	50,312,025	49,926,147	24,670,987	24,908,973
Parking	34,660,205	38,283,857	38,764,432	38,435,341	39,546,766	20,285,050	21,924,411
Rented Buildings and Other	13,098,996	12,972,274	13,435,764	16,611,219	16,362,917	8,134,299	8,150,096
Indianapolis Maintenance Center (IMC)	6,851,697	8,802,929	9,199,848	8,779,056	9,395,175	4,488,123	4,563,170
Reliever Airports	2,413,624	2,474,023	2,649,290	3,019,185	2,960,507	1,428,611	1,508,094
Total Operating Revenues	<u>\$ 129,726,740</u>	<u>\$ 137,090,598</u>	<u>\$ 136,496,904</u>	<u>\$ 138,258,845</u>	<u>\$ 139,660,255</u>	<u>\$ 69,648,591</u>	<u>\$ 71,718,562</u>
Operating Expense:							
Airfield	7,970,976	7,045,935	7,531,422	7,503,982	7,833,509	4,160,048	\$ 5,066,822
Terminal Complex	16,591,936	14,385,059	13,862,595	14,336,213	14,234,009	7,241,365	7,174,124
Parking	8,422,491	6,570,769	6,262,245	6,342,014	6,988,184	3,238,100	3,998,874
Rented Buildings and Other	878,539	750,556	851,727	(254,242)	1,134,410	524,072	622,660
Indianapolis Maintenance Center (IMC)	9,226,177	8,148,323	8,440,686	8,125,697	7,934,563	3,996,612	3,972,375
Reliever Airports	1,297,897	1,186,274	1,444,755	1,663,623	1,433,012	720,665	883,700
Public Safety	10,730,234	9,940,627	10,182,051	10,221,888	9,701,378	4,907,395	4,886,775
Administration	11,258,917	11,218,401	12,966,245	12,746,633	10,943,057	5,252,474	5,441,040
Subtotal	66,377,167	59,245,944	61,541,726	60,685,808	60,202,122	30,040,731	32,046,370
Depreciation	<u>100,953,498</u>	<u>102,588,784</u>	<u>106,271,451</u>	<u>95,335,879</u>	<u>95,820,684</u>	<u>47,754,567</u>	<u>40,375,994</u>
Total Operating Expenses	<u>167,330,665</u>	<u>161,834,728</u>	<u>167,813,177</u>	<u>156,021,687</u>	<u>156,022,806</u>	<u>77,795,298</u>	<u>72,422,364</u>
Loss from Operations	<u>(37,603,925)</u>	<u>(24,744,130)</u>	<u>(31,316,273)</u>	<u>(17,762,842)</u>	<u>(16,362,551)</u>	<u>(8,146,707)</u>	<u>(703,802)</u>
Nonoperating Revenues (Expenses)							
State and Local Appropriations	27,130,236	26,770,584	26,825,737	26,856,087	26,818,065	13,409,387	13,392,534
Federal Operating Grants	1,032,396	1,008,288	1,209,990	711,043	868,966	263,686	601,786
Passenger Facility Charges	15,429,599	15,654,293	15,417,615	14,605,931	14,473,637	7,958,481	7,838,595
Customer Facility Charges (Rental Cars)	4,207,666	5,364,660	6,064,795	6,315,656	6,097,820	2,884,860	3,035,048
Investment Income	9,531,422	6,210,897	7,815,561	5,677,546	5,237,096	2,715,419	1,175,804
Interest Expense	(73,563,805)	(70,151,361)	(69,326,884)	(64,532,092)	(58,191,633)	(29,458,207)	(27,619,763)
Loss on Disposals of Capital Assets and Other	1,919,654	4,721,068	1,162,575	3,778,863	(2,448,881)	385,573	224,124
Subtotal	<u>(14,312,832)</u>	<u>(10,421,571)</u>	<u>(10,830,611)</u>	<u>(6,586,966)</u>	<u>(7,144,930)</u>	<u>(1,840,801)</u>	<u>(1,351,872)</u>
Increase (Decrease) in Net Position Before Capital Contributions, Grants and Charges	<u>(51,916,757)</u>	<u>(35,165,701)</u>	<u>(42,146,884)</u>	<u>24,349,808</u>	<u>(23,507,481)</u>	<u>(9,987,508)</u>	<u>(2,055,674)</u>
Capital Contributions, Grants and Charges							
Federal and State grants	18,096,508	11,013,888	11,457,436	5,550,581	10,321,815	1,298,786	-
Contributions from Lessees	25,329,290	146,271,102	3,509,752	28,020,423	11,171,313	-	(85,688)
Increase in Net Position	<u>43,425,798</u>	<u>157,284,990</u>	<u>14,967,188</u>	<u>33,571,004</u>	<u>21,493,128</u>	<u>1,298,786</u>	<u>(85,688)</u>
Net Position, Beginning of Year	<u>970,580,558</u>	<u>959,210,139</u>	<u>1,081,329,428</u>	<u>1,054,149,732</u>	<u>1,051,453,306</u>	<u>1,051,453,306</u>	<u>1,049,438,953</u>
Cumulative Effect of Change in Accounting Principle	<u>(2,879,460)</u>	<u>-</u>	<u>-</u>	<u>(11,917,622)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, End of Period	<u><u>\$ 959,210,139</u></u>	<u><u>\$ 1,081,329,428</u></u>	<u><u>\$ 1,054,149,732</u></u>	<u><u>\$ 1,051,453,306</u></u>	<u><u>\$ 1,049,438,953</u></u>	<u><u>\$ 1,042,764,584</u></u>	<u><u>\$ 1,047,297,591</u></u>

^(a) During the year ended December 31, 2010, the Authority adopted GASB 53 which required the Authority to recognize, measure and disclosure information regarding derivative instruments entered into by the Authority. Financials for the year ended December 31, 2009 have been restated to reflect this change in accounting principle.

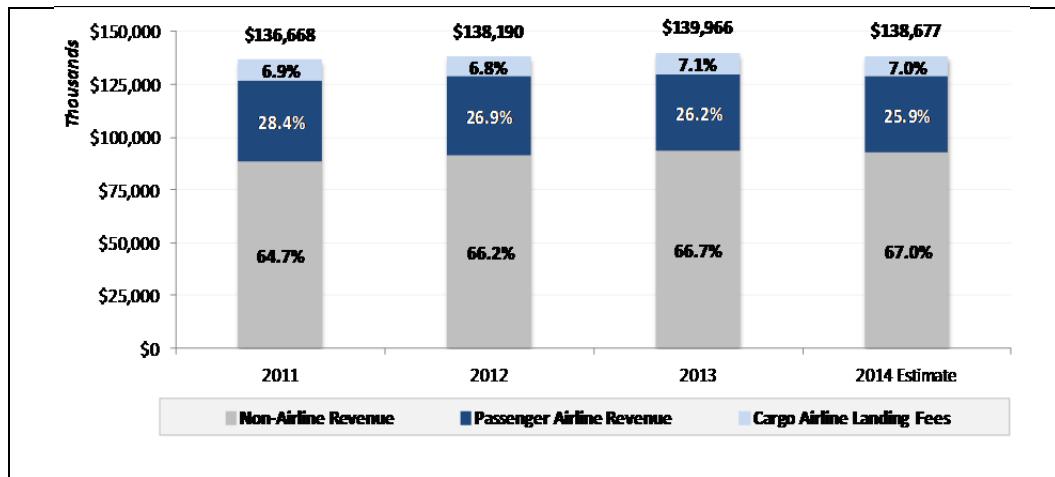
^(b) During the year ended December 31, 2013, the Authority implemented GASB 65 which required the Authority to reclassify certain items previously reported as assets and liability to deferred outflows of resources or deferred inflows of resources and recognizes as expenses and revenues certain items that were previously reported as assets and liabilities. For the Authority, this fully expensed bond issue costs that were previously capitalized and then amortized. Financials for the year ended December 31, 2012 have been restated to reflect this change in accounting principle.

Source: Indianapolis Airport Authority

Dependence on Airline Revenues

The Authority is focused on decreasing its reliance on passenger airline revenue. Non-airline revenue at the Airport has grown from approximately 64.7% of total operating revenues in 2011 to 66.7% in 2013, as shown in Table 28. Passenger airline revenues accounted for 28.4% of total operating revenue in 2011 and 26.2% of total operating revenue in 2013.

Table 28



Management's Discussion and Analysis of Results of Operations

The Authority's audited financial statements, attached as "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY," include a discussion and analysis of the financial performance and activity of the Authority as of December 31, 2013 and 2012. The Authority's financial report includes comparative balance sheets, statements of revenues, expenses and changes in net position and statements of cash flows. Also included are notes to the financial statements that provide more detailed data.

The annual financial statements of the Authority have been audited each year, beginning with Fiscal Year 1962. The Authority has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for its comprehensive annual financial report for each Fiscal Year from 1982 through 2012, and is awaiting a decision on the 2013 financial report.

The following is a discussion of the Authority's results of operations for the six months ended June 30, 2014. This discussion, which has been prepared by management of the Authority, is derived from the Authority's unaudited financial statements. Certain transactions and adjustments are calculated and recorded annually at year-end and, therefore, are not reflected in the year-to-date June 2014 results. Such adjustments include recording the effect of reversions of lessee-financed improvements, grant revenue accruals, certain expense accruals, gain or loss on disposal of asset transactions and similar items.

The Authority operates a deferred contribution employee retirement system; therefore, there are no outstanding pension-related costs for the Airport.

Six Months Ended June 30, 2014 Unaudited Results

For the six months ended June 2014, operating income of \$71.7 million exceeded budget by \$3.5 million, or 5.2%. Contributing to the revenue variance, airfield income exceeded budget by \$0.6 million, or 6.4%. This variance is attributable to passenger and cargo carrier landed weights exceeding budget in total by 3.6%, increased gate use and remote overnight parking fees, greater ground handling fees, offset by airline incentive credits. Terminal complex revenue of \$24.9 million exceeded budget by \$0.2 million, or 1.0%, attributable to changes in

terminal leased space offset by airline incentive credits. Parking revenue was \$21.9 million through June 2014, which was \$2.4 million or 12.4% above budget, primarily attributable to passenger enplanements being 1.0% above budget and the budget conservatively anticipated lower market share due to off airport parking operator changes. Income from Rented Buildings and Other of \$8.2 million was below budget by \$0.1 million, or 1.6%, due to a ground lease contract not negotiated and in place by June as anticipated. Revenues due to the Authority as reimbursement of eligible expenditures under the terms of a Settlement Agreement, as related to the Indianapolis Maintenance Center, exceeded budget by \$0.3 million as a result of higher percentage rental revenue earned than budgeted and more hangar bays activated.

For the six months ended June 2014, operating expense before depreciation was \$32.0 million, outperforming budget by \$0.3 million, or 0.9%. Personal service operating expenses of \$13.3 million was below budget by \$0.8 million, or 5.6% related to lower full time staff equivalents than budgeted and lower health insurance claims associated with the self-funded plan. Contractual service expenses of \$8.5 million were below budget by \$0.4 million, or 4.5%, related to lower professional fees for Communication/Marketing initiatives, lower repair and maintenance costs through June than planned, offset by an increase in outsourced snow removal services due to the extensive winter weather. Utility expenses of \$5.6 million exceeded budget by \$0.3 million, or 6.0% attributable to greater natural gas usage at the Terminal and Central Energy Plant due to the extreme winter weather. Supplies and Materials total expense of \$3.4 million exceeded budget by \$0.4 million, or 14.7% primarily due to the extreme winter and increased costs for fuel, snow and ice chemicals and repair parts for snow equipment. General expenses of \$1.3 million exceeded budget by \$0.1 million, or 11%, relating primarily again to extreme winter weather and uninsured loss costs for pipe freeze and flooding events.

For the six months ended June 2014, net non-operating revenue (expense) of (\$1.4) million was unfavorable to budget by \$0.2 million resulting from the mid-year GASB 53 adjustment of the basis swap market valuation. As of June 30, 2014, additional federal and state grants in support of various capital projects have been awarded and will be available to be drawn by the Authority during the last quarter of the year and will be recognized as revenue in accordance with generally accepted accounting principles as the Authority prepares its year-end audited financial statements.

AUTHORITY ENVIRONMENTAL MATTERS

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

To address noise and environmental matters, the Authority initiated a number of programs. Pursuant to an Airport Noise and Land Use Compatibility Study (the "Study") adopted by the Authority in 1987, the Authority began a program of land acquisition for noise mitigation. In 1992, the Authority updated and revised the Study (the "1992 Study") and expanded the land acquisition program to include approximately 750 additional homes at an estimated cost of \$101.0 million. As of December 31, 2013, the Authority had spent approximately \$102.57 million (which includes relocation costs) under this program. Land acquisition approved in the 1992 Study is essentially complete, with an estimated 30 homes remaining eligible for purchase, assuming 100 percent participation.

In September 1996, the Authority initiated a second update of the noise compatibility plan developed in accordance with Federal Aviation Regulation Part 150 (the "Noise Compatibility Plan") to validate noise impacts with respect to the opening of the new runway 5R-23L and to maximize runway capacity during late night cargo

operations. The updated Noise Compatibility Plan recommended a continuation of the 1992 Guaranteed Purchase Program to include an additional 132 homes, of which 127 have been acquired by the Authority and the addition of a Sound Insulation Program with the option of purchase assurance for 368 homes. The updated Noise Compatibility Plan also recommended that a Sales Assistance Program be implemented for 963 homes that experience noise impact but which do not meet the requirements for the other federally assisted programs. The FAA approved the 1996 update of the Noise Compatibility Plan in October 1998. The Sound Insulation Program effectively ended in 2010; however, 317 homes were sound insulated under this program. Under the Purchase Assurance Program, the Authority would purchase the property, sound insulate the home and then resell the property on the open market. The Purchase Assurance Program also effectively ended in 2010; however, 118 homes were sold to the Authority under this program, were sound insulated and then re-sold on the open market. Participation in the Sound Insulation Program required the homeowners to grant an Air Easement & Non-Suit Covenant to the Authority for its benefit and protection. With respect to homes acquired and then re-sold under the Purchase Assurance Program, they would have a similar air easement placed of record on the title that would run with the land. A third program, Sales Assistance, is still in effect and is available to approximately 487 homes, of which 382 requests have been completed. The Sales Assistance Program is available for single-family homes located in certain denoted areas near the Airport; and, through this program, the Authority provides the homeowner with a sum of money equal to ten percent (10%) of the contract sale price of their home (tenant-occupied homes are not eligible) in exchange for the placement of specified noise disclosure language in the sale agreement and the deed conveying the property. The above-referenced programs, excluding Sales Assistance, have been eligible for reimbursement from PFCs and FAA noise grants (at 80% reimbursement).

In September 2002, the Authority initiated an update of its noise exposure maps with respect to the Airport. The update of the noise exposure maps was completed during the summer of 2003. The Airport's noise contours, as determined by the map update, are somewhat smaller, thereby reducing the number of persons exposed to 65 DNL (yearly day/night average sound levels, or DNL) noise levels primarily due to the United States Postal Service's (USPS) Agreement with FedEx that relocated the USPS daytime and nighttime aircraft operations to Memphis, Tennessee. The 65 DNL noise level is the federal standard for noise mitigation programs. In October 2007, the Authority initiated the Federal Aviation Regulation Part 150 process to update the 2003 Noise Exposure Maps. This update was completed in November 2008, submitted to the FAA in December 2008, and was accepted by the FAA in August 2009. The update in the Airport's Noise Exposure Maps did not result in a material change in the Airport's noise contours, nor was any change made to the Airport's Noise Compatibility Plan. The Authority is again going through a noise update, a process typically done on five-year intervals.

The Authority was issued a renewal of its authorization to discharge storm water from the Airport under a National Pollutant Discharge Elimination System ("NPDES") permit, effective December 1, 2012, by the Indiana Department of Environmental Management ("IDEM"). The NPDES permit expires November 30, 2017. This permit establishes discharge limitations for various elements with particular emphasis on ammonia, COD and propylene glycol resulting from aircraft and airfield deicing activities. The Authority meets all requirements as specified in the 2012 NPDES permit. The Authority's authorization to discharge storm water to the CWA Authority, Inc. sewer system for proper treatment was renewed effective August 1, 2014. This Industrial Pretreatment Program permit expires July 31, 2019.

The Authority was issued authorization for emissions from the Airport under a Part 70 Operating Air Permit by IDEM. This permit was renewed on July 7, 2010 and expires in July, 2015. The Authority is in compliance with the applicable Part 70 Operating Air Permit.

In order to comply with certain environmental laws, the Authority has implemented a natural resource mitigation program to create, monitor and maintain wetlands along with habitats for the endangered Indiana bat. As of June 31, 2014, the Authority had acquired approximately 1,940 acres in order to replace wetland and bat habitat areas that were removed during the construction of the Indianapolis Maintenance Center and runway 5L-23R. The Authority will continue to maintain and monitor bat habitats under this program: 1) through the year 2016 and approximately 2,000 acres of wetlands and certain associated summer bat habitats in perpetuity; or, 2) until control over such areas is transferred to an appropriate third party (e.g., conservation organization). Approximately \$22.9 million has been spent under this program, of which approximately 28% was eligible for reimbursement from the FAA in the form of grant funding for land acquisition. To date, the cost for implementing the federally approved

Habitat Conservation Plan, (primarily for required habitat monitoring for the federally endangered Indiana Bat), has been approximately \$2.7 million.

RISKS AND OTHER INVESTMENT CONSIDERATIONS

The purchase and ownership of the 2014 Bond Bank Bonds involve investment risks and considerations. Prospective investors should read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the 2014 Bond Bank Bonds.

In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement and should specifically consider risks associated with the 2014 Bond Bank Bonds. The Authority's ability to derive Net Revenues from operation of the Airport System in amounts sufficient to pay debt service on the 2014 Authority Bonds, and therefore to pay the 2014 Bond Bank Bonds, depends upon many factors, many of which are beyond the control of the Authority. These factors include the financial strength of the air transportation industry in general and the financial strength of the airlines and other businesses that operate at the Airport.

Dependence on Levels of Airline Traffic and Activity

The 2014 Bond Bank Bonds are payable solely from and secured by payments received from the Authority on the 2014 Authority Bonds and by certain funds and accounts held under the Indenture. The 2014 Authority Bonds are payable from and secured by a pledge of Net Revenues of the Airport System. The overall level of Gross Revenues for the Airport System is dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. Several factors, including (1) the challenging global and national economic environment that began in late 2007, (2) weakened demand for air travel, (3) reduced airline passenger capacity, and (4) increased airline pricing have adversely impacted levels of passenger traffic and associated revenues at the Airport. Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent upon many local, regional, national and international factors, including the national and local unemployment rate, the prolonged weak global and national economic conditions, political conditions, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, the sale or merger of airlines, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry and capacity of the national air traffic control system and of the Airport, some of which are discussed in further detail hereafter in this section. See "THE AIRPORT AND AIRPORT SYSTEM – The Airport Service Region."

Current Economic Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Previous recessions and periods of stagnant economic conditions in the U.S., Indiana and Indianapolis contributed to reduced passenger traffic at the Airport during such periods. Further, the 2008-2009 recession and associated high unemployment and reduced discretionary income contributed to reduced or stagnant airline travel demand at the Airport in recent years.

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

Financial Condition of the Airlines; Industry Consolidation

The recent global recession, sluggish recovery from the 2008-2009 recession and high fuel prices, among other things, resulted in airlines raising fares, adding new fees and surcharges while reducing capacity and the size of their fleets, as well as personnel. In addition, several airlines merged or consolidated, while others either reorganized

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

Cost, Availability and Price Volatility of Aviation Fuel

The level of prices, the availability and the price volatility of aviation fuel are some of the most significant and uncertain factors impacting the airline industry. In 2008, according to the Air Transport Association, fuel overtook labor as the industry’s largest operating expense. In recent years, fuel prices increased as a result of rising global demand and political instability in oil producing countries in the Middle East and North Africa. In recent years, some airlines have passed the higher fuel costs to consumers by imposing fuel surcharges, increasing the price of airfares and associated services, or reducing capacity, fleet and personnel.

Despite these types of efforts, aviation fuel costs had, and are likely to continue to have, an adverse impact on the air transportation industry by increasing airline operating costs, hampering airline financial recovery plans and reducing airline profitability. The Bond Bank and the Authority are not able to predict how continued uncertainty with respect to the cost, availability and volatility of prices of aviation fuel will impact the Airport or the airlines operating at the Airport. See “Dependence on Levels of Airline Traffic and Activity,” and “Current Economic Conditions,” “Financial Condition of the Airlines; Industry Consolidation” in this section.

Air Travel Security, Public Health and Natural Disasters Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and are currently occurring in the Middle East and North Africa) and terrorist attacks, as well as public health and natural disaster concerns, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying, the inconveniences and delays associated with more stringent security screening procedures, the potential exposure to severe illnesses and natural disasters (such as volcano eruptions, earthquakes and tsunamis), all of which could lead to the avoidance of airline travel or the use of alternate modes of transportation.

Regulations and Restrictions Affecting the Airport

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

Authority Qualified Derivative Agreements

The Authority has entered into various Qualified Derivative Agreements as discussed herein under “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Qualified Derivative Agreements.” These Qualified Derivative Agreements are intended to provide a hedge against future interest rate risk with regard to the 2010C Bonds. The ability of the Authority to realize the benefit of the Qualified Derivative Agreements will be dependent, in part, on the continuing creditworthiness of the Authority or the Counterparties and the ongoing relationship between the variable rate payable on the 2010C Bonds and the variable rate received from the Counterparty under each Hedge Agreement. In the event that any Counterparty, due to the financial difficulties or otherwise, is unable or unwilling to honor its obligations under its Hedge Agreement, or the variable rate payable on the 2010C Bonds exceeds the variable rate received from the Counterparty by a material amount over time, the Authority could lose the benefit of its hedging strategy. There can be no assurance that the Counterparties will be

able to honor their obligations under the Hedge Agreements. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Qualified Derivative Agreements.”

Liquidity Risks Surrounding Direct Purchase Bonds

The Authority currently has more than \$337 million in Authority Revenue Bonds purchased and held by banks. The agreements with these banks entered into in relation to the purchase of such Authority Revenue Bonds, as shown in Table 3, have termination dates in 2015 and 2017. The ability of the Authority to remarket or place such bonds on the termination dates with an existing holder or another holder and the interest rate that will apply to such bonds thereafter, is dependent upon the Authority’s financial position at the time of the termination, as well as general economic factors present at such time. If the Authority is unable to remarket or place the bonds at the termination date, the agreements provide a term-out provision at a penalty rate. The Authority is unable to predict the impact on the Authority’s financials position due to the termination of such agreements.

Impact of Federal Sequestration

Federal funding received by the Airport could be adversely affected by implementation of certain provisions of the Budget Control Act of 2011 (Pub. L. 112-25) (the “*Budget Control Act*”), which was signed into law by President Obama on August 2, 2011. As a result of the failure of the Joint Select Committee on Deficit Reduction to reach an agreement on the deficit reduction actions as required by the Budget Control Act, sequestration has been triggered in recent years. Sequestration could adversely affect FAA operations and the availability of certain federal grant funds typically received annually by the Airport. These federal spending cuts would likely be spread over a number of years. In addition to adversely affecting the United States economy, commercial aviation operations throughout the United States could also be adversely affected, due to layoffs or furloughs of federal employees responsible for certain critical federal airport functions, however, on May 1, 2013, President Obama signed into law the Reducing Flight Delays Act of 2013 (H.R. 1765), which ended FAA air traffic controller furloughs, that had caused air traffic delays across the nation, but which reduced the amount of available AIP funds in the federal fiscal year of 2013 by \$253 million to pay for such controller costs. The full impact of such sequestration measures, or any such future actions, on the Airport, however, cannot be predicted.

Airline Agreements

Pursuant to the Airline Agreements between the Authority and each of the Signatory Airlines, each Signatory Airline agrees to pay rentals, fees, and charges for its use of the Airport System in an amount that is sufficient to generate total Gross Revenues sufficient to satisfy the Rate Covenant and is based upon a model that includes other amounts as well. See “THE AIRPORT AND AIRPORT SYSTEM – Authority Agreements – *Airline Agreements*”. All the Airline Agreements are scheduled to expire on December 31, 2015. At this time, the Authority and the Signatory Airlines are commencing discussions regarding new airline agreements. Although the Authority desires to enter into new agreements with the Signatory Airlines, no assurances can be made concerning the outcome of any such discussions or the terms and conditions, including the rate-setting mechanism, of any new airline agreements. Any new Airline Agreements or, in the absence of such agreements, an ordinance of the Authority, may include rate-setting and other provisions that differ from the Authority’s practice under the current Airline Agreements. These differences may be material. However, the Authority is obligated under the Authority Bond Ordinance to charge rates that are sufficient to generate Gross Revenues sufficient to pay Operating and Maintenance Expenses as well as debt service and coverage on the Authority Revenue Bonds, including the 2014 Authority Bonds, taking into account other available revenues and funds. See “SECURITY AND SOURCES OF PAYMENTS FOR 2014 AUTHORITY BONDS—Rate Covenant” and “THE AIRPORT AND AIRPORT SYSTEM—Authority Agreements—*Airline Agreements*.”

Risk of Airline Bankruptcies

Since 2001, several airlines with operations at the Airport have filed for bankruptcy protection. However, with limited exceptions, these airlines have successfully reorganized and emerged from bankruptcy protection. Furthermore, additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future. The Bond Bank and the Authority cannot predict the extent to which any such events

would impact the ability of the Airport to pay the outstanding Airport Revenue Bonds, including the 2014 Authority Bonds.

Loss of PFCs

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

Limitations on Bondholders' Remedies

The occurrence of an Event of Default under the Authority Bond Ordinance does not grant a right to accelerate payment of the 2014 Authority Bonds. As a result, the Authority may be able to continue indefinitely collecting revenues and applying them to the operation of the Airport, even if an Event of Default has occurred and no payments or insufficient payments are being made on the 2014 Authority Bonds. See, "SECURITY AND SOURCES OF PAYMENT FOR 2014 AUTHORITY BONDS—Events of Default and Remedies; No Acceleration."

Forward Looking Statements

This Official Statement contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements.

Future Tax Developments

Future or pending federal legislative proposals (if enacted), regulations, rulings or court decisions may cause all or a portion of the interest on the 2014 Bond Bank Bonds to be subject, directly or indirectly, to federal income taxation or cause interest on the 2014 Bond Bank Bonds to be subject, directly or indirectly, to State or local income taxation, or may otherwise prevent beneficial owners of the 2014 Bond Bank Bonds from realizing the full current benefit of the tax status of such interest. Legislation or regulation actions and future or pending proposals may also affect the economic value of the federal or state tax exemption or the market value of the 2014 Bond Bank Bonds. Prospective purchasers of the 2014 Bond Bank Bonds should consult their tax advisors regarding any future, pending or proposed federal tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion. See "TAX MATTERS."

LITIGATION

Absence of Litigation Relating to the 2014 Bond Bank Bonds and the 2014 Authority Bonds

There is not now pending or, to the Bond Bank's or Authority's respective knowledge, threatened any litigation restraining or enjoining the issuance, sale, execution or delivery of the 2014 Bond Bank Bonds or the 2014 Authority Bonds; or in any way contesting or affecting the validity of the 2014 Bond Bank Bonds or the 2014 Authority Bonds or any proceedings of the Bond Bank or the Authority taken with respect to the issuance or sale thereof, or application of any moneys or security provided for payment of the 2014 Bond Bank Bonds or the 2014 Authority Bonds. Neither the creation, organization, nor existence of the Bond Bank or the Authority nor the title of any of the present directors or other officers of the Bond Bank Board or Authority Board to their respective offices is being contested.

Other Litigation

Several claims for alleged personal injury or property damage are pending against the Authority, which are fully insured and being defended by the Authority's insurer. A counterclaim is also pending against the Authority in connection with a lawsuit filed by the Authority in 2013 to collect on overdue rental due from a tenant, which involves a small building at the Airport that was formerly used as a gasoline station. The nature of the Authority's business generates a certain amount of these kinds of claims or litigation; however, the Authority believes that the ultimate outcome of the foregoing matters, in the aggregate or individually, should not have a material adverse effect on its financial position.

TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana ("Bond Counsel"), under existing federal statutes, decisions, regulations and rulings, interest on the 2014 Bond Bank Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the 2014 Bond Bank Bonds (the "Code") except for interest on any 2014 Bond Bank Bond for any period during which such 2014 Bond Bank Bond is held by a person who is a "substantial user" or a "related person," as defined in Section 147 of the Code. The opinion of Bond Counsel is based on certain certifications, covenants and representations of the Bond Bank, the Authority, and the City and is conditioned on continuing compliance therewith. In the opinion of Bond Counsel, under existing statutes, decisions, regulations and rulings, interest on the 2014 Bond Bank Bonds is exempt from income taxation in the State. See "APPENDIX B—FORM OF BOND COUNSEL OPINION".

The Code imposes certain requirements which must be met subsequent to the issuance of the 2014 Bond Bank Bonds as a condition to the excludability of interest on the 2014 Bond Bank Bonds from gross income for federal income tax purposes. Noncompliance with such requirements may cause interest on the 2014 Bond Bank Bonds to be included in gross income for federal income tax purposes retroactively to the date of issue, regardless of the date on which noncompliance occurs. Should the 2014 Bond Bank Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the 2014 Bond Bank Bonds would be materially and adversely affected. It is not an event of default under the Indenture if interest on the 2014 Bond Bank Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the date of issuance of the 2014 Bond Bank Bonds.

The interest on the 2014 Bond Bank Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

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

Although Bond Counsel will render an opinion that interest on the 2014 Bond Bank Bonds is excludable from gross income for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the 2014 Bond Bank Bonds may otherwise affect a bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the 2014 Bond Bank Bonds should consult their own tax advisors with regard to the other tax consequences of owning the 2014 Bond Bank Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the 2014 Bond Bank Bonds. Prospective purchasers of the 2014 Bond Bank Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the 2014 Bond Bank Bonds.

Legislation affecting municipal bonds is considered from time to time by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the 2014 Bond Bank Bonds will not have an adverse effect on the tax-exempt status or market price of the 2014 Bond Bank Bonds.

AMORTIZABLE BOND PREMIUM

The initial public offering price of the 2014 Bond Bank Bonds maturing on January 1, 2017 through and including January 1, 2033 (collectively, the "*Premium Bonds*"), is greater than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "*Bond Premium*"). An owner who acquires a Premium Bond in the initial public offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds, including sale, redemption or payment at maturity. The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (1) the amount of amortizable Bond Premium and (2) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of the Premium Bonds.

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

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The remedies available to the Bond Bank Trustee or the Bondholders for the 2014 Bond Bank Bonds upon a default under the Indenture, and to the Authority Trustee or the Bond Bank under the Authority Bond Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and the Authority Bond Ordinance, may not be readily available or may be limited.

The various legal opinions to be delivered concurrently with the delivery of the 2014 Bond Bank Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Those exceptions encompass any exercise of the federal, State or local police powers (including the police powers of the City and the Authority) in a manner consistent with the public health and welfare. Enforceability of the Indenture and the Authority Bond Ordinance in a situation where such enforcement may adversely affect public health and welfare may be subject to those police powers.

The various legal opinions to be delivered concurrently with the delivery of the 2014 Bond Bank Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FORWARD LOOKING STATEMENTS

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

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, sale and delivery of the 2014 Bond Bank Bonds are subject to the approval of Ice Miller, Indianapolis, Indiana, Bond Counsel, whose approving legal opinion will be delivered with the 2014 Bond Bank Bonds, substantially in the form found in “APPENDIX B – FORM OPINION OF BOND COUNSEL.” Certain legal matters will be passed on by Joseph Heerens, General Counsel for the Authority, by Gregory Clark, as general counsel to the Bond Bank, by Frost Brown Todd LLC, as disclosure counsel to the Authority and by Krieg DeVault LLP, Indianapolis, Indiana, as counsel for the Underwriters.

RATINGS

Moody’s Investors Services (“Moody’s”), Standard & Poor’s Rating Services (“S&P”), and Fitch Ratings (“Fitch”) have assigned the 2014 Bond Bank Bonds ratings of “A1,” “A” and “A”, respectively, all with a stable outlook. An explanation of the significance of the ratings should be obtained from Moody’s, S&P and Fitch, respectively. Such ratings reflect only the views of such rating agencies, and there is no assurance that any rating will continue for any given period of time or that any rating will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse on the market price of the 2014 Bond Bank Bonds.

The Underwriters have undertaken no responsibility either to bring to the attention of the owners of the 2014 Bond Bank Bonds any proposed revision or withdrawal of the rating of the 2014 Bond Bank Bonds or to oppose any such proposed revision or withdrawal. Other than the reporting obligation of the Authority pursuant to the Undertaking (as defined herein), the Bond Bank, the Authority and the City have not undertaken any responsibility to bring to the attention of the owners of the 2014 Bond Bank Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

UNDERWRITING

A group of underwriters, represented by Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the "*Underwriters*"), has agreed, jointly and severally to purchase the 2014 Bond Bank Bonds subject to certain conditions set forth in the Bond Purchase Agreement with the Bond Bank. The Bond Purchase Agreement provides that the obligations of the Underwriters to accept delivery of the 2014 Bond Bank Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all the 2014 Bond Bank Bonds, if any are purchased. The Underwriters have agreed to purchase the 2014 Bond Bank Bonds at an aggregate price of \$184,398,876.97 (representing the principal amount of the 2014 Bond Bank Bonds, plus original issue premium of \$19,435,412.35, less an underwriting discount of \$376,535.38).

The 2014 Bond Bank Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such 2014 Bond Bank Bonds into investment accounts.

The Underwriters reserve the right to join with dealers and other underwriters in offering the 2014 Bond Bank Bonds to the public.

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

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

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or other instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BMO Capital Markets is the trade name for certain capital markets an investment banking services of Bank of Montreal and its subsidiaries, including BMO Capital Markets GKST, Inc. which is a directly, wholly-owned subsidiary of BMO Financial Corp. which itself is a wholly-owned subsidiary of Bank of Montreal.

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

The Underwriters retained Underwriters' counsel based, in part, on the recommendation of the Bond Bank.

2014 BOND BANK BONDS AS LEGAL INVESTMENTS

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

AGREEMENT WITH STATE

The Bond Bank Act provides that the State will not limit or restrict the rights vested in the Bond Bank to fulfill the terms of any agreement made with the owners of the 2014 Bond Bank Bonds or in any way impair the rights or remedies of the owners of the 2014 Bond Bank Bonds for so long as the 2014 Bond Bank Bonds are outstanding.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of certain mathematical computations showing that payments on the 2014 Authority Bonds have been structured to be sufficient to pay principal of and interest on the 2014 Bond Bank Bonds when due will be verified by The Arbitrage Group, Brenham, Texas, independent certified public accountants. Such verification shall be based upon certain information and assumptions supplied by the Bond Bank and the Underwriters.

The accuracy of certain mathematical computations showing that amounts deposited into the 2004 Escrow Account pursuant to the terms of the escrow agreement pertaining to the Refunded Bond Bank Bonds will be sufficient to pay principal of, interest on and the redemption price for the Refunded Bond Bank Bonds when due will be verified by The Arbitrage Group, Brenham, Texas, independent certified public accountants, as set forth in "REFINANCING PLAN – The Bonds to Be Refunded and Exchanged."

FINANCIAL ADVISOR

Jefferies LLC, Boston, Massachusetts ("Jefferies") is a registered municipal advisor and served as financial advisor to the Bond Bank and the Authority with respect to the sale of the 2014 Bond Bank Bonds. As the Bond Bank and the Authority's financial advisor, Jefferies has assisted in the preparation of portions of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the 2014 Bond Bank Bonds. In its role of financial advisor to the Bond Bank and the Authority, Jefferies has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement.

INDEPENDENT AUDITORS

The basic financial statements of the Authority as of December 31, 2013 and for the year then ended, included in this Official Statement in Appendix A, have been audited by BKD, LLP, independent auditors, as stated in their report appearing therein. The Authority did not request that BKD, LLP, perform any updating procedures subsequent to the date of its audit report on the December 31, 2013 financial statements.

AVAILABILITY AND INCORPORATION BY REFERENCE OF DOCUMENTS AND FINANCIAL INFORMATION

On July 8, 2014 the Bond Bank filed and on July 25, 2014 the Authority filed with the Municipal Securities Rulemaking Board (“MSRB”), the Comprehensive Annual Financial Reports of the Authority for the year ended December 31, 2013, which was subsequently amended on August 22, 2014 and September 8, 2014 to correct certain information (the “*Authority CAFR*”). There is hereby included in this Official Statement by this reference the information contained in the Authority CAFR, which information should be read in its entirety in conjunction with this Official Statement.

Copies of the Authority CAFR may be obtained from the MSRB pursuant to its usual procedures and at its prescribed rates. There can be no assurance that there have not been material changes in the financial position of the Authority since the date of the most recent available Authority CAFR. Upon request and receipt of payment for reasonable copying, mailing and handling charges, the Bond Bank will make available copies of the most recent Authority CAFR, any interim financial information that it receives, any authorizing or governing instruments defining the rights of owners of the 2014 Bond Bank Bonds or the owners of the 2014 Authority Bonds and available financial and statistical information regarding the Bond Bank and the Authority. Requests for documents and payments therefor should be directed and payable to Gregory Clark, Executive Director, The Indianapolis Local Public Improvement Bond Bank, Suite 2342, 200 East Washington Street, Indianapolis, Indiana 46204.

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

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the “*SEC Rule*”), the Authority and the Bond Bank are parties to a Continuing Disclosure Undertaking Agreement (the “*Undertaking*”), to be dated the date of delivery of the 2014 Bond Bank Bonds. The Authority is the only Obligated Person under the SEC Rule, and the Bond Bank is not an Obligated Person under the Undertaking. Pursuant to the terms of the Undertaking, the Authority will agree to provide the following information while any of the 2014 Bond Bank Bonds are outstanding:

- **Audited Financial Statements.** To the Bond Bank and to the MSRB, through its EMMA system, when and if available, the final CAFR of the Authority for each twelve (12) month period ending December 31st, beginning with the twelve (12) month period ending December 31, 2014, including the audited financial statements of the Authority for such period and all notes thereto within sixty (60) days of delivery of the CAFR by the Authority to the Authority Board or no later than July 31 of each year; and
- **Financial Information in this Official Statement.** To the Bond Bank and to the MSRB, through its EMMA system, within 210 days of each December 31st, beginning with the calendar year ending December 31, 2014, annual information for the Authority for such calendar year, other than the CAFR described above, including (a) unaudited annual financial information of the Authority for such calendar year if audited financial statements are not then available and (b) operating data (excluding demographic and forecast information) of the type included in the following tables of this Official Statement (collectively the “Annual Information”):

Table 5 – PFC and CFC Collections and Dedication
Table 16 – Historical Aircraft Operations
Table 17 – Historical Airport Activity
Table 18 – Historical Enplaned Passengers
Table 22 – Airline Market Shares of Enplaned Passengers
Table 23 – Shares of O&D Versus Connecting Passengers

Table 24 – Enplaned Cargo
Table 25 – Landed Weight
Table 26 – Airline Shares of Landed Weight; and
Table 27 – Historical Operating Results; and,

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

(A) Events Disclosed if Material.

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

(B) Events Disclosed Without Regard to Materiality.

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;
- (5) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2014 Bond Bank Bonds, or other material events affecting the tax status of the 2014 Bond Bank Bonds;
- (6) defeasances;
- (7) rating changes;
- (8) tender offers; and
- (9) bankruptcy, insolvency, receivership or similar event of any Obligated Person.

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

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

The Authority may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the 2014 Bond Bank Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or, change in the identity, nature or status of the obligated persons, or type of business conducted; (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the SEC Rule on the date of execution of the Undertaking, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances; and (iii) such amendment or modification does not materially impair the interests of the holders of the 2014 Bond Bank Bonds, as determined either by (A) any person selected by the Authority that is unaffiliated with the Bond Bank or the Authority (such as the Bond Bank Trustee and Authority Trustee) or (B) an approving

vote of the holders of the 2014 Bond Bank Bonds pursuant to the terms of the Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the SEC Rule, as then in effect.

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

The purpose of the Undertaking is to enable the Underwriters to purchase the 2014 Bond Bank Bonds by providing for an undertaking by the Bond Bank and the Authority in satisfaction of the SEC Rule. The Undertaking is solely for the benefit of the owners of the 2014 Bond Bank Bonds and creates no new contractual or other rights for, nor can it be relied upon by the SEC, Underwriters, brokers, dealers, municipal securities dealers, potential customers, other obligated persons, or any other third party. The sole remedy against the Authority for any failure to carry out any provision of the Undertaking shall be for specific performance of the Authority's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or any other remedy. The Authority's failure to honor its covenants under the Undertaking shall not constitute a breach or default of the 2014 Bond Bank Bonds, the Indenture, the 2014 Authority Bonds, the Authority Bond Ordinance or any other agreement to which the Bond Bank or the Authority is a party.

Compliance with Previous Undertakings

No discussion of the Bond Bank's compliance with previous undertakings is included herein because, even though the Bond Bank is a party to the Undertaking, it is not an Obligated Person with respect to the 2014 Bond Bank Bonds and therefore is not obligated to provide such disclosure.

Aside from the Undertaking relating to the 2014 Authority Bonds, the Authority has entered into prior continuing disclosure undertakings (the "Prior Undertakings"), all of which were entered into prior to amendments made to the SEC Rule that went into effect on December 1, 2010. Each Prior Undertaking required the Authority to provide notices of certain enumerated events only if material in accordance with the SEC Rule in effect at the time.

To assist the Underwriter in complying with its obligations under the SEC Rule, as now in effect, the Authority represents that in the previous five years the Authority has not failed to comply, in any material respect, with any of its Prior Undertakings; however, see discussion below regarding certain notices provided by the Authority.

The Authority notes that in the previous five years it has voluntarily provided to the MSRB's EMMA system some, but not all, notices of changes in the rating of insurers that provide bond insurance for some of the Outstanding Authority Bonds, as well as voluntarily providing EMMA some, but not all, redemption notices with respect to particular prior bonds of the Authority. These redemption notices, however, were all sent to the applicable bondholders in accordance with the provisions of the bond documentation. To ensure that all of the information relating to such events is now available on EMMA, the Authority has provided notice of all of these insurer rating changes and Authority redemptions through the EMMA System, including with respect to prior Authority bonds that are no longer outstanding.

MISCELLANEOUS

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the 2014 Bond Bank Bonds, the security for the payment of the 2014 Bond Bank Bonds and the rights of the owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the offices of the Underwriters; following delivery of the 2014 Bond Bank Bonds, copies of such documents may be examined at the offices of the Bond Bank.

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

Any statements made in this Official Statement involving matters of opinions or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is submitted in connection with the issuance and sale of the 2014 Bond Bank Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement between the Bond Bank, the City, the County, the Authority, the Bond Bank Trustee, the Authority Trustee, the Escrow Agent or the Underwriters and the purchasers or owners of any 2014 Bond Bank Bonds.

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

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT
BOND BANK

By: /s/James S. Carr
James S. Carr, Chairman

INDIANAPOLIS AIRPORT AUTHORITY

By: /s/ Michael W. Wells
Michael W. Wells, President

Dated: September 16, 2014

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY

Indianapolis Airport Authority

Auditor's Report and Financial Statements

December 31, 2013 and 2012

Indianapolis Airport Authority

December 31, 2013 and 2012

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Independent Auditor's Report on Financial Statements and Supplementary Information

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

We have audited the accompanying basic financial statements of Indianapolis Airport Authority (Authority), which are comprised of a balance sheets as of December 31, 2013 and 2012, and statements of revenues, expenses and changes in net position and of cash flows for the years then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indianapolis Airport Authority as of December 31, 2013 and 2012, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2013, the Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, by retroactively restating the 2012 financial statements. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Indianapolis, Indiana
April 4, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013
(Unaudited)

The following discussion and analysis of the financial performance and activity of the Indianapolis Airport Authority (Authority) is to provide an introduction and overview that users need to interpret the financial statements of the Authority as of and for the years ended December 31, 2013 and 2012. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Authority Powers and Purposes

In 1962, the City Council of the City of Indianapolis (City), the Mayor of the City and the County Council of Marion County (County) created the Authority pursuant to the Authority Act as a municipal corporation, separate from the City and the County. The Authority Act authorizes the Authority to own and operate public airports. The Authority is empowered to do all things necessary or reasonably incident to carrying out the purposes of the Authority Act, including the power to:

- (i) acquire, establish, construct, improve, equip, maintain, control, lease and regulate municipal airports, landing fields and other air navigation facilities, either inside or outside the County;
- (ii) manage and operate airports, landing fields and other air navigation facilities acquired or maintained by the Authority;
- (iii) adopt a schedule of reasonable charges and collect them from all users of facilities and services within the County;
- (iv) lease all or any part of an airport, landing field or any buildings or other structures, and fix, charge and collect rentals, tolls, fees and charges to be paid for the use of the whole or a part of the airports, landing fields or other air navigation facilities by aircraft landing there and for the servicing of the aircraft;
- (v) make rules and regulations, consistent with laws regarding air commerce, for management and control of its airports, landing fields, air navigation facilities and other property under its control;
- (vi) incur indebtedness in accordance with the Authority Act.

The operations of the Authority depend heavily on revenues received from airlines serving Indianapolis International Airport. Airlines are given the option to sign an Agreement and Lease of Premises (Airline Agreement), which sets forth rates and charges for use of Authority assets and which utilizes a residual rate-making methodology. The residual nature of the Airline Agreement essentially requires the airlines to assume certain financial risks to guarantee the Airport has sufficient revenue to cover all operating and capital borrowing costs. In return, the Authority has less autonomy over capital asset development decisions in that the airlines have the ability to delay and, in certain instances, veto certain proposed capital improvement projects at the Airport. As of December 31, 2013, seven passenger carriers and two cargo carriers represent the Signatory Airlines.

The Authority and the Signatory Airlines negotiated a new Airline Agreement in 2010. This new Airline Agreement was approved by the Authority Board on October 15, 2010 and is effective from January 1, 2011 through December 31, 2015. Airlines that sign the Airline Agreement are subject to favorable Signatory rates, as opposed to the Authority's Non-Signatory rates.

Airport Operations Activity and Financial Highlights

	2013	2012	Variance
Enplaned passengers ⁽¹⁾	3,598,718	3,687,742	-2.4%
Landed weight (1,000 lb. units)			
Passenger airlines	4,274,786	4,433,783	-3.6%
Cargo airlines	5,275,642	4,962,628	6.3%
Total landed weights	<u>9,550,428</u>	<u>9,396,411</u>	<u>1.6%</u>
Aircraft operations	153,382	158,200	-3.0%

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

Airport Operations Activity

- In 2013, the number of enplaned passengers was 2.4% lower than 2012. The decrease from 2012 is primarily attributed to rising fare prices driven by reduced competition through airline mergers and increased demand caused by airline capacity cutbacks. Average fares began to level off in the second half of 2013, helping enplanement activity outperform the first half of the year.
- Passenger airlines accounted for approximately 45% of total landed weight at the Airport in 2013, 47% in prior year; cargo airlines accounted for the other 55% during 2013 and 53% in 2012. Passenger airline landed weight decreased by 3.6% in 2013 from prior year; cargo airline landed weight increased 6.3% from prior year. FedEx impacted the growth in 2013 cargo landed weights with a shift in operating a higher mix of wide-body cargo aircraft at the Indianapolis International Airport (IND).
- Aircraft operations represent landings and takeoffs for air carrier, air taxi and commuter, general aviation and military operations. This activity decreased 3.0% over the prior year. The largest decreases came from drops in air taxi and general aviation aircraft activity.

Authority Financial Highlights

- The Authority experienced a decrease in total assets of approximately \$107.8 million during 2013. This decrease can be attributed to a number of changes in the balance sheet including the normal decrease in capital assets due to depreciation, a decrease in unrestricted investment securities, and a decrease in the value of the IAA's derivative instruments.
- Total liabilities decreased \$105.8 million in 2013. This change is primarily attributable to a decrease fair value of derivative instruments, specifically interest rate swaps, and the reduction of bond debt.
- The 2013 decrease in net position was \$2.0 million compared to an increase of \$9.2 million for 2012. 2013 resulted in a loss from operations of \$16.4 million, which is a \$1.4 million decrease in the loss from operations of \$17.8 million in 2012. Net nonoperating revenues (expenses) reflected a decrease in net revenue of \$0.6 million, driven by the decreases in passenger facility charge, customer facility charge and investment income. Capital contributions, grants and charges decreased by \$12.1 million, primarily due to a decrease in contributions from lessees of \$16.8 million, and an increase in federal and state grants of \$4.7 million from 2012.

Overview of Financial Statements

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

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

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

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

Balance Sheets

The Balance Sheets present the financial position of the Authority at the end of the fiscal year and include all assets and liabilities of the Authority. The net position of the Authority represents the difference between total assets and total liabilities and is an indicator of the current fiscal health of the Authority. A summarized comparison of the Authority's assets, liabilities and net position at December 31, 2013, 2012 and 2011 follows:

	2013	2012 Restated	2011 Restated
(Table Amounts in Thousands)			
Current assets - unrestricted	\$ 31,260	\$ 30,562	\$ 32,238
Current assets - restricted	63,511	51,009	67,476
Noncurrent assets			
Capital assets, net	2,024,932	2,077,729	2,122,516
Other noncurrent assets	173,187	208,089	223,793
Total assets	<u>2,292,890</u>	<u>2,367,389</u>	<u>2,446,023</u>
Deferred outflows of resources	47,476	80,796	87,039
Total assets and deferred outflows of resources	<u>\$ 2,340,366</u>	<u>\$ 2,448,185</u>	<u>\$ 2,533,062</u>
Current liabilities - payable from unrestricted	\$ 7,956	\$ 8,130	\$ 8,042
Current liabilities - payable from restricted	86,434	78,986	77,688
Noncurrent liabilities - payable from restricted	1,196,537	1,309,616	1,405,099
Total liabilities	<u>1,290,927</u>	<u>1,396,732</u>	<u>1,490,829</u>
Net position			
Net investment in capital assets	883,951	884,123	857,701
Restricted	107,822	97,267	122,822
Unrestricted	57,666	70,063	61,710
Total net position	<u>1,049,439</u>	<u>1,051,453</u>	<u>1,042,233</u>
Total liabilities and net position	<u>\$ 2,340,366</u>	<u>\$ 2,448,185</u>	<u>\$ 2,533,062</u>

2013 to 2012 Comparative Balance Sheets

Unrestricted current assets increased \$0.7 million, which is attributable to an increase of \$1.0 million in grants receivable and a decrease of \$0.3 million in various other receivables and deferred revenue. The increase in restricted current assets of \$12.5 million primarily reflects a \$13.3 million increase in restricted cash and cash equivalents.

Total noncurrent assets decreased by \$87.7 million. This change is primarily attributable to a \$12.6 million decrease in unrestricted investments and a \$52.4 million decrease in depreciable capital assets. In addition, there was a \$14.5 million decrease in the value of the forward delivery purchase agreements.

Total deferred outflows of resources decreased by \$33.3 million, the result of a decrease in the accumulated changes in fair values of hedging derivative instruments of \$29.9 million and the amortization of deferred losses on the refunding of bonds of \$3.4 million.

Total current liabilities increased by \$7.3 million. The current portion of debt and accrued interest on debt increased by \$8.8 million, accrued interest on debt decreased by \$1.1 million, and accounts payable from restricted assets decreased \$0.4 million. Total noncurrent liabilities decreased \$113.1 million, attributable to a decrease in the value of the interest rate swap agreements of \$44.5 million and a decrease in bonds payable and other debt in the amount of \$68.6 million.

2012 to 2011 Comparative Balance Sheets

Unrestricted current assets decreased \$1.6 million, which is attributable to moving \$8.3 million in funds from cash to long-term investments (noncurrent assets), an increase in accounts receivable of \$1.5 million, and an increase of \$5.1 million in grants receivable.

The decrease in restricted current assets of \$16.5 million primarily reflects a decrease in restricted cash and cash equivalents of \$15.5 million that, in part, paid down existing principal on debt.

Total noncurrent assets decreased by \$62.2 million. This change is primarily attributable to a \$51.0 million decrease in depreciable capital assets, a \$49.1 million decrease in restricted cash and cash equivalents, a \$10.6 million increase in unrestricted investments, and a \$22.1 million increase in restricted investments.

Total deferred outflows of resources decreased by \$6.2 million, the result of a decrease in the accumulated changes in fair values of hedging derivative instruments of \$2.3 million and the amortization of deferred losses on the refunding of bonds of \$3.9 million.

Total current liabilities increased by \$1.4 million. The current portion of debt and accrued interest on debt decreased by \$2.6 million, and accounts payable from restricted assets increased \$3.5 million. Total noncurrent liabilities decreased \$95.5 million, attributable to a decrease in the value of the interest rate swap agreements of \$2.3 million and a decrease in bonds payable and other debt in the amount of \$93.2 million.

2013 to 2012 Comparative Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position reflect the operating activity of the Authority for the year using the accrual basis of accounting, similar to private sector companies. The change in net position is an indicator of whether the overall fiscal condition of the Authority has improved or worsened during the year. The change in net position for the years ended December 31, 2013 and 2012 was (\$2.0) million and \$9.2 million, respectively. The comparative analysis below is a summary of the Statements of Revenues, Expenses and Changes in Net Position for 2013 and 2012.

	2013	2012 Restated	\$ Variance	% Variance
(Table Amounts in Thousands)				
Total operating revenues	\$ 139,660	\$ 138,259	\$ 1,401	1.0%
Total nonoperating revenues	53,496	54,166	(670)	-1.2%
Total revenues	<u>193,156</u>	<u>192,425</u>	<u>731</u>	<u>0.4%</u>
Total operating expenses	156,023	156,022	1	0.0%
Net nonoperating expenses	60,639	60,754	(115)	-0.2%
Total expenses	<u>216,662</u>	<u>216,776</u>	<u>(114)</u>	<u>-0.1%</u>
Loss Before Capital Contributions and Grants	(23,506)	(24,351)	845	3.5%
Capital Contributions and Grants	<u>21,493</u>	<u>33,571</u>	<u>(12,078)</u>	<u>-36.0%</u>
Increase (Decrease) in Net Position	(2,013)	9,220	(11,233)	121.8%
Net Position, Beginning of Year	<u>1,051,452</u>	<u>1,042,233</u>	<u>9,219</u>	<u>0.9%</u>
Net Position, End of Year	<u>\$ 1,049,439</u>	<u>\$ 1,051,453</u>	<u>\$ (2,014)</u>	<u>-0.2%</u>

Operating revenue in 2013 increased \$1.4 million, or 1.0% from prior year. This represents increases in activity-based revenues consisting primarily of airfield and parking revenues as well as increased operating expense reimbursement revenue related to the Indianapolis Maintenance Center. This is offset by a decrease in terminal complex revenues and rented buildings and other revenues.

Airfield revenue in 2013 of \$21.5 million increased from prior year by \$0.4 million or 1.7%. Total landed weights increased a net 1.6% from prior year as passenger carriers decreased 3.9% and cargo carriers increased 6.6%. The 2013 Signatory landing fee rate decreased 1.1% to \$1.88 from \$1.90 in 2012. The 2013 Non-Signatory landing fee rate decreased to \$2.82, as compared to the 2012 rate of \$2.85. Apron rental revenue was lower than prior year by \$0.2 million, or 19.0%, as the 2013 rental rate was \$0.34 per square foot as compared to \$0.57 in 2012.

Terminal complex revenues of \$49.9 million were essentially flat with prior year with a slight decrease of 0.8%. Airline terminal rental rates decreased in 2013 to \$91.68 per square foot compared to the prior year rate of \$92.80 per square foot. Concessionaire revenues were greater than prior year by \$0.1 million, offsetting the decrease in airline terminal rental. This was primarily related to an increase in performance from Granite City, Champps, Starbucks and Harry & Izzy's.

Parking revenues increased from prior year by \$1.1 million or 2.9%, resulting in \$39.5 million in 2013 parking revenue. Year-to-date enplaned passengers were below prior year by 2.4% contributing to the decrease, offset significantly by a higher yield per passenger attributed to an increase in the average duration of stay and use of higher priced offerings.

Rented buildings and other revenues decreased by \$0.2 million or 1.5% attributable to the prior year including an initial contract payment of \$0.8 million for the solar farm lease. This was offset by new 2013 leases for the Airport Plaza, M&M Transport and Maxim Crane Works. In addition, the variance was due to promotional revenues which related to the 2012 Super Bowl that were not earned in 2013.

Revenues from Indianapolis Maintenance Center (IMC) increased by \$0.6 million or 7.0%. This represents revenues due to the Authority for reimbursement of eligible expenditures under the terms of the Settlement Agreement reached between the Authority and the trustee for the special facility revenue bonds the Authority had previously issued on behalf of United Airlines. Additional hanger bay activation days have attributed to the increase over the prior year.

Reliever airports revenues decreased by \$0.06 million or 1.9%, attributable to decreased fuel sales and lower farm revenues.

Passenger facility charges (PFC) income decreased \$0.1 million. This decrease is due to lower passenger numbers and ticket sales as PFC revenues are earned when tickets are sold, and an increase in military charter activity which is not subject to the PFC.

Investment income decreased \$0.4 million or 7.8%. This was attributable to the year-end GASB 53 adjustment of the basis swap market valuation, as well as interest received and discounts on purchased investments being lower.

Operating expenses for the years ended December 31, 2013 and 2012 totaled \$60.2 million and \$60.7 million, respectively. The following analysis explores material operating expense changes by both operating expense class and operating expense business area.

Operating expenses before depreciation decreased \$0.5 million and totaled \$60.2 million. Total *personal services* expense decreased 9.1% or \$2.7 million to \$26.5 million primarily due to the one-time costs associated with the 2012 Super Bowl in the prior year. Total *contractual services* expense increased 7.3% or \$1.2 million to \$17.2 million due to the \$1.4 million reduction in expected future GASB 49 environmental remediation expenses. Total *utilities* expense increased by \$0.5 million. Total *general* expense increased by \$0.3 million to \$2.1 million reflecting higher insurance and bad debt costs.

Terminal complex expenses (before depreciation) decreased \$0.1 million, or 0.7% from the prior year. The variance primarily relates to an increase in employee insurance and salaries of approximately \$0.3 million.

Rented buildings and other expenses (before depreciation) increased \$1.4 million, or 546.5% from prior year. This primarily represents an increase of \$1.5 million in other contractual services due to upgrades of several environmental and maintenance systems.

Indianapolis Maintenance Center (IMC) expenses (before depreciation) decreased \$0.2 million, or 2.4%, primarily due to lower maintenance and security expenses. Electricity volumes were also lower than the prior year at the Central Energy Plant as a result of seasonally shutting down the air handlers.

Reliever airports expenses (before depreciation) decreased \$0.2 million, or 13.9% from prior year. Variance attributable to decreased fuel costs along with decreased costs related to pavement and grounds materials.

Administration costs (before depreciation) decreased \$1.8 million, or 13.8% from prior year. In 2013, there was a significant decrease in personal services of approximately 20.3%. In addition, contractual services were also lower by approximately 13.3% as compared to prior year.

Depreciation expense increased \$1.9 million, or 0.5%, primarily attributable to the addition of several new assets in 2013.

Interest expense decreased \$6.3 million compared to prior year, which is primarily attributable to the implementation of GASB 65, which requires entities to expense issuance costs related to bonds as incurred instead of amortized over the life of the bond as well as the payoff of the 2003 Revenue Bonds and partial paydown of the 2006 Revenue Bonds.

Gain (loss) on disposals of capital assets and other decreased \$6.2 million or 164.8% over the prior year. Prior year included lease settlement proceeds of \$1.8 million and insurance claim reimbursements of \$2.1 million related to the 2011 parking garage canopy collapse event and the 2010 Comlux hangar fire. There were no impairments during 2013.

Capital contribution and grants of \$21.5 million decreased \$12.1 million compared to prior year. This is associated with contributions from lessees lower than prior year for leased property tenant improvements including Building #53 for \$15.0 million and the Comlux hangar for \$10.0 million.

2012 to 2011 Comparative Statements of Revenues, Expenses and Changes in Net Position

The change in net position for the years ended December 31, 2012 and 2011 was \$9.2 million and (\$26.3) million, respectively. The comparative analysis below is a summary of the Statements of Revenues, Expenses and Changes in Net Position for 2012 and 2011.

	2012 Restated	2011 Restated	\$ Variance	% Variance
(Table Amounts in Thousands)				
Total operating revenues	\$ 138,259	\$ 136,497	\$ 1,762	1.3%
Total nonoperating revenues	54,166	57,334	(3,168)	-5.5%
Total revenues	192,425	193,831	(1,406)	-0.7%
Total operating expenses	156,022	167,813	(11,791)	-7.0%
Net nonoperating expenses	60,754	67,238	(6,484)	-9.6%
Total expenses	216,776	235,051	(18,275)	-7.8%
Loss Before Capital Contributions and Grants	(24,351)	(41,220)	16,869	0
Capital Contributions and Grants	33,571	14,967	18,604	124.3%
Increase (Decrease) in Net Position	9,220	(26,253)	35,473	-135.1%
Net Position, Beginning of Year	1,042,233	1,068,486	(26,253)	-2.5%
Net Position, End of Year	\$ 1,051,453	\$ 1,042,233	\$ 9,220	0.9%

Operating revenue in 2012 increased \$1.8 million, or 1.3% from prior year. This represents increases in activity-based revenues consisting primarily of terminal complex revenues, along with applicable rental rate adjustments, increased rented buildings and other revenues, and increased revenues from reliever airports. This is offset by a decrease in airfield and parking revenues, and lower operating expense reimbursements related to the Indianapolis Maintenance Center.

Airfield revenue in 2012 of \$21.1 million decreased from prior year by \$1.1 million or 4.9%. Total landed weights increased a net 1.3% from prior year as passenger carriers decreased 0.1% and cargo carriers increased 2.5%. The 2012 Signatory landing fee rate decreased 2.6% to \$1.90 from \$1.95 in 2011. The 2013 Non-Signatory landing fee rate decreased to \$2.82, as compared to the 2012 rate of \$2.85. Apron rental revenue was lower than prior year by \$0.9 million, or 24.3%, as the 2012 rental rate was \$0.57 per square foot as compared to \$1.86 in 2011.

Terminal complex revenues of \$50.3 million were essentially flat with prior year with a slight increase of 0.1%. Airline terminal rental rates decreased in 2012 to \$92.80 per square foot compared to the prior year rate of \$95.00 per square foot. Concessionaire revenues were greater than prior year by \$0.4 million offsetting the decrease in airline terminal rental. This was primarily related to an increase in advertising/promotional revenue with additional displays and a new sponsorship deal with a beverage company.

Parking revenues decreased from prior year by \$0.3 million or 0.8%, resulting in \$38.4 million in 2012 parking revenue. Year-to-date enplaned passengers were below prior year by 2.2% contributing to the decrease, offset significantly by a higher yield per passenger attributed to an increase in the average duration of stay and use of higher priced offerings.

Rented buildings and other revenues increased by \$3.2 million or 23.6% attributable to various new and renegotiated lease agreements including the new solar farm agreement of \$0.8 million. 2012 also includes a full year of special facility rental revenues received following substantial completion of the Phase 4 cargo apron expansion in November 2011, and Super Bowl promotional related revenues totaling \$0.4 million.

Revenues from Indianapolis Maintenance Center (IMC) decreased by \$0.4 million or 4.6%. This represents revenues due the Authority for reimbursement of eligible expenditures under the terms of the Settlement Agreement reached between the Authority and the trustee for the special facility revenue bonds the Authority had previously issued on behalf of United Airlines. Fewer hanger bay activation days in one hanger bay caused the decrease from prior year.

Reliever airports revenues increased by \$0.4 million or 14.0% attributable to increased fuel sales and higher farm revenues.

Passenger facility charges (PFC) income decreased \$0.8 million. This decrease is due to lower passenger numbers and ticket sales as PFC revenues are earned when tickets are sold, and an increase in military charter activity which are not subject to the PFC.

Investment income decreased \$2.1 million. This was attributable to the year-end GASB 53 adjustment of the basis swap market valuation, as well as interest received and discounts on purchased investments were lower.

Operating expenses for the years ended December 31, 2012 and 2011 totaled \$156.0 million and \$167.8 million, respectively. The following analysis explores material operating expense change by both operating expense classes and operating expenses business area.

Operating expenses before depreciation decreased \$0.9 million and totaled \$60.7 million. Total *personal services* expense increased 4.4% or \$1.2 million to \$29.2 million primarily due to one-time cost associated with the 2012 Super Bowl and normal merit increases and market rate adjustments. Total *contractual services* expense decreased 8.2% or \$1.4 million to \$16.0 most directly by the \$1.4 million reduction of expected future GASB 49 environmental remediation expenses. Total *utilities* expense decreased by \$0.8 million and was offset by an increase in *supplies* and *materials* expense of \$0.1 million and \$0.5 million, respectively. Total *general* expense decreased by \$0.5 million to \$1.8 million reflecting lower insurance and bad debt costs.

Terminal complex expenses (before depreciation) increased \$0.4 million, or 3.4% from the prior year. Variance primarily relates to an increase in personal services related to merit increases and market rate adjustments from prior year. Current year expenditures also included plumbing repairs, terminal roof cleaning, and fall protection installation for the concourses not incurred in 2011.

Rented buildings and other expenses (before depreciation) decreased \$1.1 million, or 129.8% from prior year. This primarily represents a current year accrual reduction of \$1.4 million for anticipated GASB 49 environmental remediation expenses as several projects closed requiring no further action. This is offset by various repairs for outlying properties including water line repairs and replacement of parking lot fixtures.

Indianapolis Maintenance Center (IMC) expenses (before depreciation) decreased \$0.3 million, or 3.7%, primarily due to lower utilities. Electricity volumes were lower than prior year at the Central Energy Plant as a result of shutting down air handlers and the deactivation of two hangars. Natural gas was also lower than prior year as a result of lower rates and usage due to the overall unseasonably mild weather in 2012.

Reliever airports expenses (before depreciation) increased \$0.2 million, or 15.1% from prior year. Variance attributable to increased fuel rates and greater demand of Av-Gas at Hendricks County Reliever and Jet Fuel at the Heliport (offset by greater fuel flowage revenue increases).

Administration costs (before depreciation) decreased \$0.2 million, or 1.7% from prior year. 2011 professional fees included various initiatives not incurred in the current year including customer service training in preparation of the 2012 Super Bowl, and fees associated with a safety management system project. Current year bad debt expense was also lower than prior year as a result of payments received that were previously accrued as bad debt. These savings were offset by an increase in personal services related to merit increases, and 2012 Super Bowl related expenses totaling \$0.7 million.

Depreciation expense decreased \$10.9 million, or 10.3%, primarily attributable to assets fully depreciated in 2011 including a loading dock structure and Midfield information technology equipment that had a three year life.

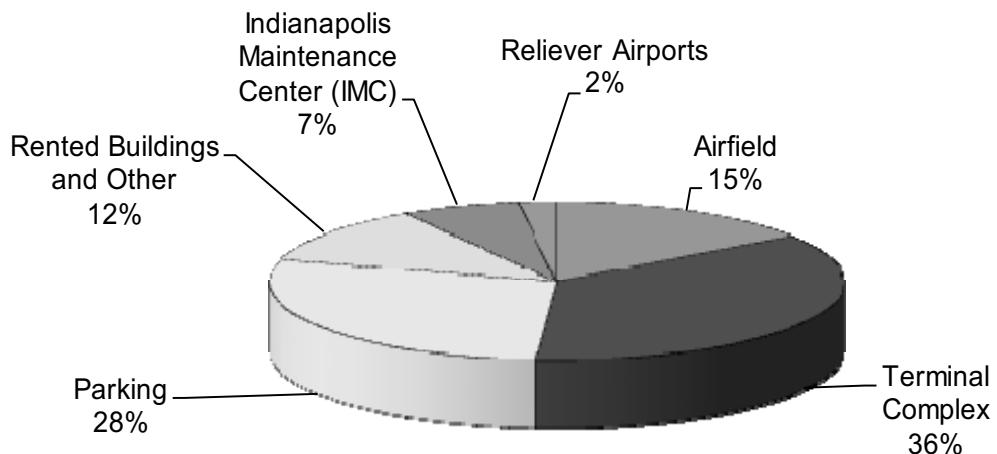
Interest expense decreased \$5.7 million over the prior year, which is primarily attributable to savings related to the payoff of the 2003 bonds, and lower interest expense on the 2010C bonds.

Gain on disposals of capital assets and other increased \$2.6 million over the prior year. Prior year included an asset impairment loss related to the garage canopy collapse of \$1.3 million. Current year includes lease settlement proceeds of \$1.8 million and insurance claim reimbursements of \$2.1 million related to the 2011 parking garage canopy collapse event and the 2010 Comlux hangar fire.

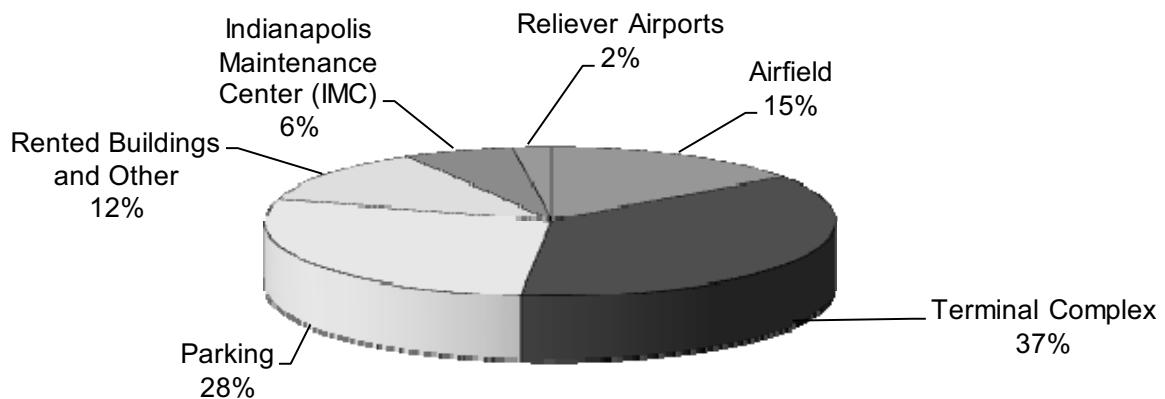
Capital contribution and grants of \$33.6 million increased \$18.6 million compared to prior year. This is associated with contributions from lessees higher than prior year for leased property tenant improvements including Building #53 for \$15.0 million and the Comlux hangar for \$10.0 million. This increase was offset by lower federal and state grant revenues due to timing of completion of projects and related funding received.

The following is a graphic illustration of operating revenues by source for the years ended December 31, 2013 and 2012:

Operating Revenues - 2013

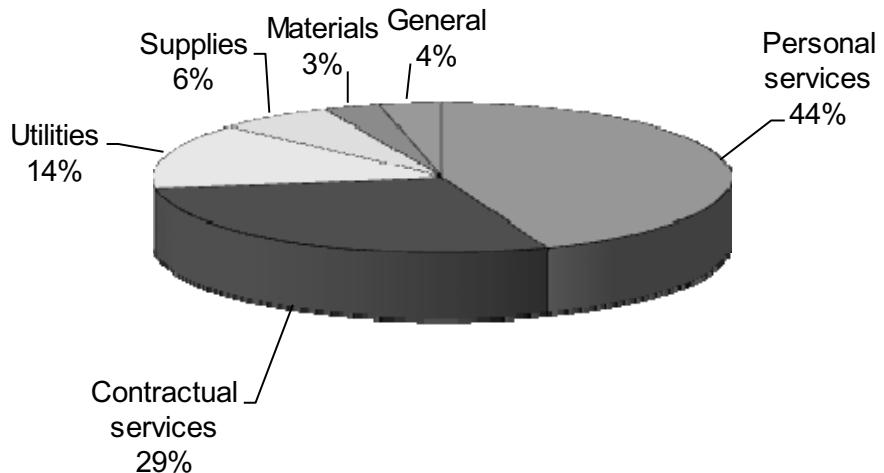


Operating Revenues - 2012

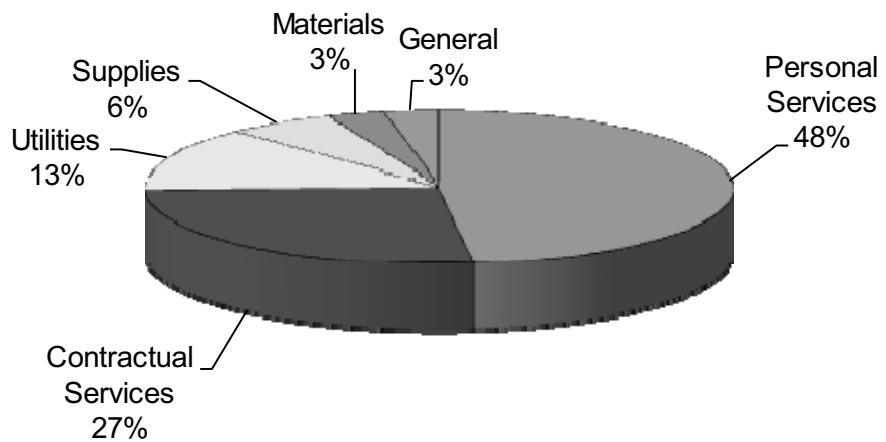


The following is a graphic illustration of the total operating expenses by source for the years ended December 31, 2013 and 2012 (excluding depreciation):

Operating Expenses (Excluding Depreciation) - 2013



Operating Expenses (Excluding Depreciation) - 2012



Capital Asset and Debt Administration

Capital Assets

During 2013, the Authority expended approximately \$36.2 million on capital activities. This included \$2.6 million for land acquisition and sound insulation costs in conjunction with the Authority's approved Part 150 Noise Compatibility Program. The balance of capital expenditures related to multiple construction and equipment acquisition projects, including demolition of the old airport terminal, purchase of multi-purpose snow equipment, rehabilitation of Runway 5R-23L, expansion of the airport's stormwater system and parking facility enhancements.

During 2013, completed projects totaling \$31.1 million were closed from construction-in-progress to their respective capital asset accounts. The more significant of these completed projects are as follows:

Snow Equipment Replacement Program	\$5.5 million
Reconstruct Building #122 (Hangar #5)	\$5.4 million
Rehabilitate Runway 5R-23L & Taxiway	\$3.6 million
Stormwater and Deicing Controls and Capacity Phase 1A	\$2.5 million
Parking Facility Enhancements	\$2.5 million

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

Long-Term Debt

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

The Authority's Master Bond Ordinance enables it to adopt an ordinance or resolution irrevocably designating certain revenues as Dedicated Revenues (which may include, without limitation, PFC & CFC revenues, state and/or federal grants, or other identified revenues) to be used to pay debt service on Authority revenue bonds. Note 6 of the financial statements explains the details of resolutions adopted in 2003, 2004, 2006 and 2009.

As of December 31, 2013, the Authority had \$1.09 billion in outstanding senior lien bonds and no outstanding subordinate securities. The Authority, through its Master Bond Ordinance, has a covenant to maintain a debt service coverage ratio of not less than 1.25 for senior lien debt. Debt service coverage is calculated based on a formula included in the Master Ordinance and the Airline Agreements. Historically, the Authority has maintained a coverage ratio higher than its requirement. During 2013 and 2012, respectively, the Authority's debt service coverage was 1.58 and 1.54 for senior lien debt.

Notes 5, 6, 7, 8 and 9 to the financial statements provide additional information regarding the Authority's debt activities.

Economic Factors and Next Year's Rates and Charges

IND experienced a 2.4% decrease in the number of passenger enplanements over last year, resulting in total 2013 enplanements of 3,598,718. The first half of 2013 experienced a comparative disadvantage against the previous year's Super Bowl activity. IND faced fewer non-stop frequencies and higher average fares to popular leisure destinations for summer and spring break, reflecting in negative passenger enplanement growth. The second half of 2013 saw average fares begin to level off and airlines becoming more aggressive with announcements to new destinations adding capacity from IND. This resulted in a slight second half recovery of passenger numbers, including an 8.1% increase in performance in December 2013 versus 2012. Passenger airline capacity at IND was down 1.3% in 2013 from 2012. There was a strong increase in capacity during the last two months of 2013, but not enough to overcome the deficits of the months previous. Accordingly, the airlines 2013 passenger landed weights decreased at a similar level, (3.6%) compared to 2012.

IND is served by most major and several national airlines operating at the majority of the domestic hubs. In addition, point-to-point service is provided to major business and leisure destinations primarily in the Eastern and Central U.S., and improving limited coverage on the West coast. The Authority remains significantly an Origination and Destination (O&D) airport, with approximately 96.4% of its traffic being generated by the population and economy of the region, rather than the schedule of service or hub operations of an airline.

In addition to passenger activity, the Authority continues to benefit from the sustained activity of cargo operations, which are significantly dominated by FedEx. IND's position as one of FedEx's main hubs has helped the airport maintain cargo passenger landed weight levels despite the challenged economy. Cargo landed weight levels were up significantly, 6.3% from last year, due to an increased scheduling of larger cargo aircraft, MD11's, and better utilization of their sort facility which was expanded in 2008.

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

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

Fuel costs and economic conditions can have a significant effect on air travel and transportation industries. The Authority cannot predict how future air travel may be impacted by various economic or other factors or the extent of any adverse impact on net revenues (gross operating revenues less operating and maintenance expenses), passenger facility charge collections, passenger enplanements, operations or the financial condition of the Authority.

The anticipated passenger traffic in 2014 is based on those trends seen during early 2013 and takes into account load factors by carrier, average daily departures and seat capacity, average nonstop fares, average fares by market, airline communication, aircraft orders/retirements and posted 2014 schedules via Innovata. The restructuring or liquidation of one or more of the large network airlines could drastically affect airline service at many connecting hub airports, present business opportunities for the remaining airlines, and change travel patterns throughout the U.S. aviation system.

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

Indianapolis Airport Authority
Balance Sheets
December 31, 2013 and 2012

	2013	2012 Restated
Assets and Deferred Outflows of Resources		
Current Assets		
Unrestricted Assets		
Cash and cash equivalents	\$ 14,817,334	\$ 12,201,701
Accounts receivable, net of allowance of \$98,000 and \$22,000, respectively	3,141,814	5,837,268
Unbilled revenues	2,966,738	3,037,465
Grants receivable	7,261,642	6,238,553
Supplies and materials inventories	1,456,145	1,458,777
Other	1,615,888	1,787,949
Total unrestricted current assets	<u>31,259,561</u>	<u>30,561,713</u>
Restricted Assets		
Cash and cash equivalents	55,876,996	42,535,910
Cash and cash equivalents - customer deposits	784,428	768,588
Receivable - passenger facility charges	1,228,476	1,249,335
Receivable - governments and other	3,854,635	3,815,144
Receivable - reimbursable IMC expenses	1,767,048	2,639,744
Total restricted current assets	<u>63,511,583</u>	<u>51,008,721</u>
Total current assets	<u>94,771,144</u>	<u>81,570,434</u>
Noncurrent Assets		
Cash and cash equivalents, restricted	92,224,783	101,806,496
Investment securities, unrestricted	32,256,989	44,901,196
Investment securities, restricted	37,755,022	35,957,860
Investment derivatives - basis swap agreements	4,073,223	3,401,541
Rent receivable	1,988,198	2,333,941
Unamortized lease costs	116,603	396,450
Derivative instruments - forward delivery purchase agreements	4,771,947	19,291,592
Nondepreciable capital assets	304,679,637	305,091,143
Depreciable capital assets, net	1,720,252,407	1,772,637,924
Total noncurrent assets	<u>2,198,118,809</u>	<u>2,285,818,143</u>
Total assets	<u>2,292,889,953</u>	<u>2,367,388,577</u>
Deferred Outflows of Resources		
Deferred loss on refunding of debt	45,565,014	48,940,430
Accumulated decrease in fair value of hedging derivatives	1,911,064	31,855,361
Total deferred outflows of resources	<u>47,476,078</u>	<u>80,795,791</u>
Total assets and deferred outflows of resources	<u>\$ 2,340,366,031</u>	<u>\$ 2,448,184,368</u>

	2012	2013	Restated
Liabilities and Net Position			
Current Liabilities			
Payable From Unrestricted Assets			
Accounts payable	\$ 3,685,708	\$ 3,153,336	
Accrued and withheld items (including compensated absences)	<u>4,270,013</u>	<u>4,976,651</u>	
Total current liabilities payable from unrestricted assets	<u>7,955,721</u>	<u>8,129,987</u>	
Payable From Restricted Assets			
Accounts payable	10,277,650	10,659,145	
Customer deposits payable	785,428	768,588	
Current portion of debt	56,302,096	47,428,390	
Accrued interest on debt	19,069,096	20,129,589	
Total current liabilities payable from restricted assets	<u>86,434,270</u>	<u>78,985,712</u>	
Total current liabilities	<u>94,389,991</u>	<u>87,115,699</u>	
Noncurrent Liabilities			
Derivative instruments - interest rate swap agreements	54,326,759	98,790,701	
Bonds payable and other debt, payable from restricted assets	<u>1,142,210,328</u>	<u>1,210,824,662</u>	
Total noncurrent liabilities	<u>1,196,537,087</u>	<u>1,309,615,363</u>	
Total liabilities	<u>1,290,927,078</u>	<u>1,396,731,062</u>	
Net Position			
Net investment in capital assets	<u>883,951,100</u>	<u>884,123,062</u>	
Restricted for			
Capital projects	34,944,858	39,525,149	
Debt service	69,382,285	53,574,283	
Other	3,495,080	4,167,499	
Total restricted net position	<u>107,822,223</u>	<u>97,266,931</u>	
Unrestricted			
Total net position	<u>57,665,630</u>	<u>70,063,313</u>	
Total liabilities and net position	<u><u>\$ 2,340,366,031</u></u>	<u><u>\$ 2,448,184,368</u></u>	

Indianapolis Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2013 and 2012

	2013	2012 Restated
Operating Revenues		
Airfield	\$ 21,468,743	\$ 21,102,019
Terminal complex	49,926,147	50,312,025
Parking	39,546,766	38,435,341
Rented buildings and other	16,362,917	16,611,219
Indianapolis Maintenance Center (IMC)	9,395,175	8,779,056
Reliever airports	2,960,507	3,019,185
Total operating revenues	<u>139,660,255</u>	<u>138,258,845</u>
Operating Expenses		
Personal services	26,533,176	29,217,578
Contractual services	17,228,486	16,034,905
Utilities	8,479,881	7,977,155
Supplies	3,903,816	3,677,523
Materials	1,932,201	1,943,594
General	2,124,562	1,835,053
Total operating expenses	<u>60,202,122</u>	<u>60,685,808</u>
Income From Operations Before Depreciation	79,458,133	77,573,037
Depreciation expense	<u>95,820,684</u>	<u>95,335,879</u>
Loss From Operations	<u>(16,362,551)</u>	<u>(17,762,842)</u>
Nonoperating Revenues (Expenses)		
State and local appropriations	26,818,065	26,856,087
Federal operating grants	868,966	711,043
Passenger facility charges	14,473,637	14,605,931
Customer facility charges (rental cars)	6,097,820	6,315,656
Investment income	5,237,096	5,677,546
Interest expense, net of \$267,153 and \$22,648 interest capitalized in 2013 and 2012, respectively	(58,191,633)	(64,532,092)
Gain (loss) on disposals of capital assets and other	<u>(2,448,881)</u>	<u>3,778,863</u>
	<u>(7,144,930)</u>	<u>(6,586,966)</u>
Decrease in Net Position Before Capital Contributions and Grants	<u>(23,507,481)</u>	<u>(24,349,808)</u>
Capital Contributions and Grants		
Federal, state and local grants	10,321,815	5,550,581
Contributions from lessees and other	<u>11,171,313</u>	<u>28,020,423</u>
	<u>21,493,128</u>	<u>33,571,004</u>
Increase (Decrease) in Net Position	<u>(2,014,353)</u>	<u>9,221,196</u>
Net Position, Beginning of Year, As Previously Reported	1,051,453,306	1,054,149,732
Change in Accounting Principle	-	<u>(11,917,622)</u>
Net Position, Beginning of Year, As Restated	<u>1,051,453,306</u>	<u>1,042,232,110</u>
Net Position, End of Year	<u>\$ 1,049,438,953</u>	<u>\$ 1,051,453,306</u>

Indianapolis Airport Authority
Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows From Operating Activities		
Cash receipts from customers and users	\$ 143,536,858	\$ 137,982,069
Cash payments to vendors for goods and services	(32,907,533)	(29,613,945)
Cash payments for employees services	(27,096,929)	(29,961,834)
Net cash provided by operating activities	<u>83,532,396</u>	<u>78,406,290</u>
Cash Flows From Noncapital Financing Activities		
Operating grants received	964,172	998,113
Customer facility charges received	6,097,820	6,315,656
Insurance recoveries	2,668,128	3,973,130
Net cash provided by noncapital financing activities	<u>9,730,120</u>	<u>11,286,899</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from issuance of revenue bonds	37,845,000	46,650,421
Principal paid on bonds and commercial paper	(73,410,000)	(115,130,000)
Bond issue and commercial paper costs paid	(419,650)	(666,455)
Interest paid	(52,728,659)	(60,152,873)
Acquisition and construction of capital assets	(31,944,835)	(20,357,851)
Demolition costs related to capital assets	(5,314,735)	-
Proceeds from sale of capital assets	41,433	178,079
Passenger facility charges received	14,494,496	14,937,217
Capital grants received	9,203,520	321,254
Net cash used in capital and related financing activities	<u>(102,233,430)</u>	<u>(134,220,208)</u>
Cash Flows From Investing Activities		
Purchase of investment securities	(118,087,017)	(121,837,424)
Proceeds from sales and maturities of investment securities	129,377,080	89,570,000
Interest received on investments and cash equivalents	4,071,697	3,895,570
Net cash provided by (used in) investing activities	<u>15,361,760</u>	<u>(28,371,854)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,390,846	(72,898,873)
Cash and Cash Equivalents, Beginning of Year	<u>157,312,695</u>	<u>230,211,568</u>
Cash and Cash Equivalents, End of Year	<u>\$ 163,703,541</u>	<u>\$ 157,312,695</u>

Indianapolis Airport Authority
Statements of Cash Flows (Continued)
Years Ended December 31, 2013 and 2012

	2013	2012
Reconciliation of Loss From Operations to Net Cash		
Provided by Operating Activities		
Loss from operations	\$ (16,362,551)	\$ (17,762,842)
Item not requiring cash		
Depreciation of capital assets	95,820,684	95,335,879
Change in assets and liabilities		
Accounts receivable and unbilled revenues	3,876,603	(276,776)
Supplies and materials inventories	2,632	39,021
Other assets	451,908	217,171
Accounts payable	306,873	1,598,093
Accrued and withheld items	<u>(563,753)</u>	<u>(744,256)</u>
Net cash provided by operating activities	<u><u>\$ 83,532,396</u></u>	<u><u>\$ 78,406,290</u></u>
Noncash Capital and Related Financing Activities		
Capital assets included in accounts payable at end of year	\$ 6,009,674	\$ 6,256,912
Capital assets contributed by lessees and other governments	11,171,313	28,020,423
State and local appropriations used to fund capital lease obligations and interest	26,812,442	26,856,264

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Reporting Entity

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

Basis of Accounting and Financial Reporting

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

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

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Change in Accounting Principle

During 2013, the Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources and recognizes as expenses and revenues certain items that were previously reported as assets and liabilities. With the implementation of GASB Statement No. 65, the Authority adjusted the previously reported balances for 2012 as follows:

	As Previously Reported	Change in Accounting Principle	As Restated
Bond issue and loan administration costs, net	\$ 10,211,868	\$ (10,211,868)	\$ -
Deferred outflows of resources - deferred loss on refunding of debt	-	48,940,430	48,940,430
Bonds payable and other debt, payable from restricted assets	1,161,884,232	48,940,430	1,210,824,662
Net position, beginning of year	1,054,149,732	(11,917,622)	1,042,232,110
Interest expense, net	66,237,846	(1,705,754)	64,532,092

Cash Equivalents

For purposes of the statements of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investment Securities

Investment securities are stated at fair value.

Unbilled Revenues

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

Inventories

Inventories of supplies and materials are valued at average cost and consist primarily of building, vehicle and airfield maintenance parts and supplies.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Lessee-Financed Improvements

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

Capital Assets

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

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

Interest incurred during construction periods is capitalized and included in the cost of property and equipment. Maintenance and repairs are expensed as incurred. Environmental mitigation costs incurred to establish wetlands and habitats are capitalized, while costs related to maintaining wetlands and habitats are generally charged to expense as incurred. Gains and losses on disposition of capital assets are included in nonoperating revenues and expenses.

Original Issue Discount

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

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Employee Health Benefits

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

Compensated Absences

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

Federal and State Grants

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

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

Revenue and Expense and Net Position Recognition

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

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

Passenger Facility Charges

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

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

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

PFC's, which are recognized as earned, are included in nonoperating revenues and amounted to \$14,473,637 and \$14,605,931 for 2013 and 2012, respectively.

Customer Facility Charges (Rental Cars)

The Authority collects a customer facility charge (CFC) from all rental car concessionaires that operate facilities on the airport. The CFC, which started in 2007, was \$3.00 per rental car transaction per day, up to 14 days. The Authority increased this charge to \$4.00 per transaction in May 2010. Under the adopting ordinance, CFC's may be pledged or dedicated for the payment of airport bonds or other obligations, as defined by applicable bond documents, or other costs as agreed to by the Authority. CFC revenue totaled \$6,097,820 and \$6,315,656 for 2013 and 2012, respectively.

Rental Income

All leases wherein the Authority is the lessor are accounted for as operating leases. Rental income is generally recognized as it becomes receivable over the respective lease terms. The Authority has some leases which provide for waived rent during the initial period of the lease term and/or rental escalations throughout the lease term. In accordance with GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, the related rental income for leases in which the rental income stream is not systematic, if significant, is reported using the straight-line method rather than using the terms of the lease agreements. Accordingly, the Authority has recorded a receivable of \$1,948,809 and \$2,255,163 at December 31, 2013 and 2012, respectively. The current receivable will be recognized in full in 2034.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on the change in net position.

Note 2: Cash, Cash Equivalents and Investment Securities

Deposits

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

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2013 and 2012

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

Investments

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

At December 31, 2013 and 2012, the Authority had the following investment securities and maturities:

	Rating	Total	December 31, 2013		
			Less Than 1 Year	1 - 5 Years	
U.S. Government-sponsored enterprise securities					
Federal National Mortgage Association	AAA/Aaa	\$ 26,915,867	\$ 23,415,867	\$ 3,500,000	
Federal Home Loan Mortgage Corporation	AAA/Aaa	1,000,000	-	1,000,000	
Total U.S. Government- sponsored enterprise securities		27,915,867	23,415,867	4,500,000	
Indiana municipal securities					
AAA/Aaa	102,925		-	102,925	
AA+/Aa1	39,995,207		7,192,624	32,802,583	
AA/Aa2	2,849,430		787,399	2,062,031	
AA-/Aa3	2,346,016		10,289	2,335,727	
A+/A1	9,465,714		652,274	8,813,440	
A/A2	1,444,500		986,063	458,437	
A-/A3	1,124,546		105,000	1,019,546	
BBB	5,170,972		1,480,010	3,690,962	
Not Rated	3,012,702		845,811	2,166,891	
Total Indiana municipal securities		65,512,012	12,059,470	53,452,542	
Money market mutual funds	AAA/Aaa	103,971,967	103,971,967	-	
External investment pools	Not Rated	4,826,738	4,826,738	-	
		\$ 202,226,584	\$ 144,274,042	\$ 57,952,542	

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

	Rating	Total	December 31, 2012	Less Than 1 Year	1 - 5 Years
U.S. Government-sponsored enterprise securities					
Federal National Mortgage Association	AAA/Aaa	\$ 29,616,711	\$ 27,616,711	\$ 2,000,000	
Federal Home Loan Mortgage Corporation	AAA/Aaa	1,000,000	-	1,000,000	
Federal Farm Credit Bank	AAA/Aaa	3,000,000	-	3,000,000	
Total U.S. Government- sponsored enterprise securities		<u>33,616,711</u>	<u>27,616,711</u>	<u>6,000,000</u>	
Indiana municipal securities					
AAA/Aaa		129,931	129,931	-	
AA+/Aa1		34,927,007	18,055,433	16,871,574	
AA/Aa2		5,063,821	4,445,136	618,685	
AA-/Aa3		6,252,662	3,719,741	2,532,921	
A+/A1		8,063,539	1,897,248	6,166,291	
A/A2		1,127,330	581,593	545,737	
A-/A3		561,913	230,231	331,682	
BBB		252,982	252,982	-	
Not Rated		<u>22,645,134</u>	<u>13,604,664</u>	<u>9,040,470</u>	
Total Indiana municipal securities		<u>79,024,319</u>	<u>42,916,959</u>	<u>36,107,360</u>	
Money market mutual funds	AAA/Aaa	2,599,082	2,599,082	-	
External investment pools	Not Rated	<u>15,630,267</u>	<u>15,630,267</u>	<u>-</u>	
		<u>\$ 130,870,379</u>	<u>\$ 88,763,019</u>	<u>\$ 42,107,360</u>	

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

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

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2013 and 2012, the Authority's investments were not exposed to custodial credit risk. The Authority's investments in Indiana municipal securities and U.S. agency obligations are held by the pledging financial institution's trust department or agent in the Authority's name. Likewise, investments in repurchase agreements (which are secured by U.S. Government and U.S. Government agency obligations) are not subject to custodial credit risk as the underlying collateral was held in the Authority's name. The existence of the Authority's investment in money market mutual funds and external investment pools is not evidenced by securities that exist in physical or book entry form. The Authority's investment policy does not address how investment securities and securities underlying repurchase agreements are to be held.

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

	2013	2012
Federal National Mortgage Association	\$ 26,915,867	\$ 29,616,711
Federal Home Loan Mortgage Corporation	1,000,000	1,000,000
Federal Farm Credit Bank	-	3,000,000
	<hr/> <u>\$ 27,915,867</u>	<hr/> <u>\$ 33,616,711</u>

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

Indianapolis Airport Authority
Notes to Financial Statements
December 31, 2013 and 2012

Summary of Carrying Values

Cash, cash equivalents, and investment securities included in the balance sheets are classified as follows:

	2013	2012
Cash and cash equivalents		
Current - unrestricted	\$ 14,817,334	\$ 12,201,701
Current - restricted	56,661,424	43,304,498
Noncurrent - restricted	92,224,783	101,806,496
Total cash and cash equivalents	<u>163,703,541</u>	<u>157,312,695</u>
Investment securities		
Noncurrent - unrestricted	32,256,989	44,901,196
Noncurrent - restricted	37,755,022	35,957,860
Total investment securities	<u>70,012,011</u>	<u>80,859,056</u>
	<u>\$ 233,715,552</u>	<u>\$ 238,171,751</u>

Investment Income

Investment income for the years ended December 31, 2013 and 2012 consisted of:

	2013	2012
Interest and dividend income	<u>\$ 5,237,096</u>	<u>\$ 5,677,546</u>

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

	2013	2012
Revenue Bond Interest and Principal Fund	\$ 53,829,503	\$ 40,728,408
Revenue Bond Reserve Fund	65,264,642	70,097,916
Operation and Maintenance Reserve Fund	11,005,118	11,481,168
Renewal and Replacement Fund	2,589,386	2,549,081
Capital Improvement Fund	26,033,420	29,896,513
Passenger Facility Charge Fund	7,682,962	8,379,301
Debt Service Coverage Fund	17,172,739	15,130,071
Escrow for owner controlled insurance program	1,810,215	1,807,502
Customer deposits	784,428	768,588
Air Service Task Force and other	<u>468,816</u>	<u>230,306</u>
	<u>\$ 186,641,229</u>	<u>\$ 181,068,854</u>

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

The above funds and accounts have been established in accordance with the Authority's General Ordinance No. 6-1985, the Master Bond Ordinance, as amended and restated by a Revised Master Bond Ordinance No. 4-2002, and further amended by various supplemental ordinances (collectively, the Ordinance). The Ordinance provides, among other things, that certain accounting procedures be followed and certain funds be established to provide bond holders a degree of security against certain contingencies. Brief descriptions of these funds follow.

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

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

Funds not used for these purposes are transferred into a Prepaid Airline Revenue Fund and used as a credit against the rentals and fees to be paid by Signatory Airlines (as defined later in these notes) in subsequent years. Balances included in the Airport System Fund and Prepaid Airline Revenue Fund are classified in current unrestricted assets in the accompanying balance sheets.

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

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

During 2011, the Authority established an escrow account in relation to its owner controlled insurance program (OCIP). These funds were set aside from the Authority's airport system fund and are held in lieu of maintaining a separate letter of credit for that insurance program.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Note 3: Grants Receivable

Grants receivable from government agencies represent reimbursements due from the federal government and/or the State of Indiana for allowable costs incurred on federal and state award programs. Grants receivable at December 31, 2013 and 2012 consist of:

	2013	2012
State of Indiana	\$ 149,092	\$ 78,638
Federal Aviation Administration	7,110,742	6,076,959
U.S. Department of Homeland Security	1,808	82,956
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	\$ 7,261,642	\$ 6,238,553

The maximum amount of federal and state participation available for eligible continuing projects during 2013 totaled \$26,572,439. At December 31, 2013, a cumulative total of \$18,503,422 has been earned against these grant commitments.

Note 4: Capital Assets

A summary of changes in capital assets for the years ended December 31, 2013 and 2012 is as follows:

	2013		
	Beginning Balance, January 1, 2013	Transfers and Additions	Transfers and Disposals
Capital assets, not being depreciated:			
Land	\$ 295,741,712	\$ 2,631,373	\$ (62,162)
Construction in progress	9,349,431	33,525,074	(36,505,791)
Total capital assets, not being depreciated	<hr/> <hr/> <hr/> 305,091,143	<hr/> <hr/> <hr/> 36,156,447	<hr/> <hr/> <hr/> (36,567,953)
Capital assets, being depreciated:			
Buildings	1,714,242,071	19,869,314	-
Runways and other airport infrastructure	945,900,045	14,394,987	-
Equipment, furniture and fixtures and other	242,948,079	9,188,552	(1,280,899)
Total capital assets, being depreciated	<hr/> <hr/> <hr/> 2,903,090,195	<hr/> <hr/> <hr/> 43,452,853	<hr/> <hr/> <hr/> (1,280,899)
Less accumulated depreciation for:			
Buildings	(516,779,765)	(49,708,731)	-
Runways and other airport infrastructure	(443,145,423)	(32,941,112)	-
Equipment, furniture and fixtures and other	(170,527,083)	(13,170,841)	1,263,213
Total accumulated depreciation	<hr/> <hr/> <hr/> (1,130,452,271)	<hr/> <hr/> <hr/> (95,820,684)	<hr/> <hr/> <hr/> 1,263,213
Total capital assets, being depreciated, net	<hr/> <hr/> <hr/> 1,772,637,924	<hr/> <hr/> <hr/> (52,367,831)	<hr/> <hr/> <hr/> (17,686)
Capital assets, net	<hr/> <hr/> <hr/> \$ 2,077,729,067	<hr/> <hr/> <hr/> \$ (16,211,384)	<hr/> <hr/> <hr/> \$ (36,585,639)

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

	2012			
	Beginning Balance, January 1, 2012	Transfers and Additions	Transfers and Disposals	Ending Balance, December 31, 2012
Capital assets, not being depreciated:				
Land	\$ 293,889,021	\$ 1,906,793	\$ (54,102)	\$ 295,741,712
Construction in progress	5,028,792	20,305,794	(15,985,155)	9,349,431
Total capital assets, not being depreciated	<u>298,917,813</u>	<u>22,212,587</u>	<u>(16,039,257)</u>	<u>305,091,143</u>
Capital assets, being depreciated:				
Buildings	1,691,920,604	32,357,792	(10,036,325)	1,714,242,071
Runways and other airport infrastructure	935,651,051	11,658,093	(1,409,099)	945,900,045
Equipment, furniture and fixtures and other	244,211,568	2,910,552	(4,174,041)	242,948,079
Total capital assets, being depreciated	<u>2,871,783,223</u>	<u>46,926,437</u>	<u>(15,619,465)</u>	<u>2,903,090,195</u>
Less accumulated depreciation for:				
Buildings	(477,537,547)	(48,365,937)	9,123,719	(516,779,765)
Runways and other airport infrastructure	(410,412,336)	(32,796,496)	63,409	(443,145,423)
Equipment, furniture and fixtures and other	(160,236,472)	(14,173,446)	3,882,835	(170,527,083)
Total accumulated depreciation	<u>(1,048,186,355)</u>	<u>(95,335,879)</u>	<u>13,069,963</u>	<u>(1,130,452,271)</u>
Total capital assets, being depreciated, net	<u>1,823,596,868</u>	<u>(48,409,442)</u>	<u>(2,549,502)</u>	<u>1,772,637,924</u>
Capital assets, net	<u>\$ 2,122,514,681</u>	<u>\$ (26,196,855)</u>	<u>\$ (18,588,759)</u>	<u>\$ 2,077,729,067</u>

Note 5: Short-Term Debt - Commercial Paper

From time to time, the Authority has utilized a commercial paper program to finance various capital projects included in the Authority's Capital Improvement Program and to serve in lieu of an escrow for the Authority's OCIP. The commercial paper is a short-term promissory note that is sold in tranches with maturities ranging from 1 to 180 days. At maturity, interest is paid to the investor and the commercial paper is resold. The commercial paper is payable from and secured by a lien on net revenues of the airport system. This lien is junior and subordinate to the lien of the Revenue Bonds, and therefore, the commercial paper is considered to be a Subordinate Security as defined in the Master Bond Ordinance. At December 31, 2013 and 2012, the Authority had no borrowings of commercial paper outstanding as all commercial paper was paid off in January 2010 with funds from the 2010A Revenue Bonds. The credit facility that supported the commercial paper program was terminated in January 2012. In December 2011, the Authority established an escrow account for the OCIP in the amount of \$1,805,000 to replace the letter of credit associated with the commercial paper program that was utilized to serve in lieu of an escrow for the OCIP.

Indianapolis Airport Authority
Notes to Financial Statements
December 31, 2013 and 2012

Note 6: Bonds Payable and Other Debt

Bonds and other debt outstanding at December 31, 2013 and 2012 consist of:

	2013	2012
Revenue Bonds, Series 2013A		
Term bonds, maturing July 1, 2018. Interest is fixed at 1.800%, due semiannually on January 1 and July 1	\$ 13,000,000	\$ -
Revenue Bonds, Series 2013B		
Term bonds, maturing July 1, 2018. Interest is fixed at 1.610%, due semiannually on January 1 and July 1	24,845,000	-
Revenue Bonds, Series 2012A		
Term bonds, maturing July 1, 2019. Interest is fixed at 1.253%, due semiannually on January 1 and July 1	44,025,000	46,850,000
Unamortized discount	(142,747)	(199,581)
	<u>43,882,253</u>	<u>46,650,419</u>
Revenue Bonds, Series 2010C		
Term bonds, maturing January 1, 2033, 2036 and 2037. Interest is variable (75% of the one-month LIBOR plus 0.814% (0.940%) at December 31, 2013), due semiannually on January 1 and July 1	341,735,000	345,970,000
Revenue Bonds, Series 2010A		
Serial bonds, maturing January 1, 2014 to January 1, 2027 in payments from \$570,000 to \$1,005,000. Interest at 3.00% to 4.50%, due semiannually on January 1 and July 1	10,940,000	11,525,000
Term bonds, maturing January 1, 2030 and 2037. Interest at 4.75% and 5.00%, respectively, due semiannually on January 1 and July 1	13,155,000	13,155,000
Unamortized discount	24,095,000	24,680,000
	<u>(194,376)</u>	<u>(208,041)</u>
	<u>23,900,624</u>	<u>24,471,959</u>
Revenue Bonds, Series 2006		
Serial bonds, maturing January 1, 2014 to January 1, 2037 in payments from \$1,220,000 to \$48,785,000. Interest at 4.00% to 5.59%, due semiannually on January 1 and July 1	165,845,000	227,475,000
Term bonds, maturing January 1, 2027 and 2036. Interest at 4.75% and 5.00%, respectively, due semiannually on January 1 and July 1	82,235,000	82,235,000
Unamortized premium	248,080,000	309,710,000
	<u>3,517,212</u>	<u>4,598,294</u>
	<u>251,597,212</u>	<u>314,308,294</u>

Indianapolis Airport Authority
Notes to Financial Statements
December 31, 2013 and 2012

(Continued)

	2013	2012
Revenue Bonds, Series 2005A		
Serial bonds, maturing January 1, 2023 to January 1, 2030		
in payments from \$7,735,000 to \$19,080,000. Interest at 5.125%		
to 5.25%, due semiannually on January 1 and July 1	\$ 133,970,000	\$ 133,970,000
Term bonds, maturing January 1, 2033. Interest at 4.75%,		
due semiannually on January 1 and July 1	63,415,000	63,415,000
Unamortized premium	197,385,000	197,385,000
	2,247,947	2,403,383
	<u>199,632,947</u>	<u>199,788,383</u>
Revenue Bonds, Series 2004A		
Serial bonds, maturing January 1, 2014 to January 1, 2024		
in payments from \$3,925,000 to \$11,075,000. Interest at 5.00%		
to 5.25%, due semiannually on January 1 and July 1	68,420,000	72,555,000
Term bonds, maturing January 1, 2026 to January 1, 2034.		
Interest at 4.75% to 5.00%, due semiannually on January 1		
and July 1	125,330,000	125,330,000
Unamortized premium	193,750,000	197,885,000
	2,324,970	2,531,188
	<u>196,074,970</u>	<u>200,416,188</u>
Total revenue bonds	<u>1,094,668,006</u>	<u>1,131,605,243</u>
Other Debt		
Obligations under capital lease		
	103,844,418	126,647,809
	<u>103,844,418</u>	<u>126,647,809</u>
Total bonds payable and other debt		
Current portion	1,198,512,424	1,258,253,052
	<u>(56,302,096)</u>	<u>(47,428,390)</u>
Long-term portion	<u>\$ 1,142,210,328</u>	<u>\$ 1,210,824,662</u>

Indianapolis Airport Authority

Notes to Financial Statements

December 31, 2013 and 2012

Revenue Bonds

In June 2013, the Authority issued the 2013A and 2013B Refunding Revenue Bonds in the amounts of \$13,000,000 and \$24,845,000, respectively, which refunded \$37,485,000 of the Authority's then outstanding 2006 Revenue Bonds. The Authority retired an additional \$10,940,000 of the 2006 Revenue Bonds using other unencumbered funds.

In December 2012, the Authority issued the 2012A Refunding Revenue Bonds in the amount of \$46,850,000, which refunded all of the Authority's then outstanding 2003A Revenue Bonds.

The Authority's Series 2004A, 2005A, 2006, and 2010A Revenue Bonds are subject to optional redemption by the Authority at various dates in the future. The 2010C Revenue Bonds are subject to optional redemption by the Authority upon notification of the bondholders.

The Series 2004A Revenue Bonds, maturing January 1, 2026 (the 2026 Term Bonds), January 1, 2028 (the 2028 Term Bonds), January 1, 2031 (the 2031 Term Bonds), and January 2034 (the 2034 Term Bonds) are subject to redemption from mandatory sinking fund payments during 2025 to 2026, 2027 to 2028, 2029 to 2031, and 2032 to 2034, respectively.

The Series 2005A Revenue Bonds, maturing January 1, 2033 (the 2033 Term Bonds), are subject to redemption from mandatory sinking fund payments during 2031 to 2033.

The Series 2006 Revenue Bonds, maturing January 1, 2027 (the 2027 Term Bonds) and January 1, 2036 (the 2036 Term Bonds) are subject to redemption from mandatory sinking fund payments during 2024 to 2027 and 2034 to 2036, respectively. On December 23, 2010, the Authority repurchased and retired \$39,295,000 of the 2036 Term Bonds through a secondary market purchase.

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

The Series 2010C Revenue Bonds, maturing January 1, 2033, 2036 and 2037 are subject to redemption from mandatory sinking fund payments during 2013 to 2037.

The Series 2012A Refunding Revenue Bonds, maturing July 1, 2019, are subject to redemption from mandatory sinking fund payments during 2013 to 2019.

The Series 2013A and Series 2013B Refunding Revenue Bonds, maturing July 1, 2018, are subject to redemption from mandatory sinking fund payments during 2013 to 2018.

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

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Pursuant to its Master Bond Ordinance, the Authority adopted a resolution in 2003 irrevocably dedicating \$1.1 million per year, from 2003 through 2010, of passenger facility charges (the Dedicated Revenues) to be used exclusively to pay debt service on the Authority's Revenue Bonds. The Authority adopted a similar resolution in 2004 irrevocably dedicating approximately \$1.15 million in 2004 and \$12.16 million per year, from 2005 through 2010, in additional passenger facility charges. In 2006, another resolution was adopted, which dedicates substantially all customer facility charges to be received in the years 2006 through 2010, for the purpose of paying debt service on the Authority's Revenue Bonds. In 2009, the Authority adopted a resolution that extended the dedication of passenger facility charges in the annual amount of approximately \$13.25 million for the period including 2011 through 2014 and also extended the dedication of customer facility charges in the aggregate amount of \$24.65 million for the period including 2011 through 2014.

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

Debt Service Requirements

Debt service requirements to maturity for all debt of the Authority, excluding any unamortized discount or premium and its capital lease agreements, are as follows at December 31, 2013:

Years Ending December 31	Revenue Bonds			Total
	Principal	Interest		
2014	\$ 32,400,000	\$ 37,044,485		\$ 69,444,485
2015	33,825,000	35,859,699		69,684,699
2016	35,185,000	34,677,646		69,862,646
2017	45,870,000	33,433,435		79,303,435
2018	57,660,000	31,978,367		89,638,367
2019 - 2023	171,275,000	137,897,363		309,172,363
2024 - 2028	249,680,000	99,405,926		349,085,926
2029 - 2033	314,255,000	53,117,363		367,372,363
2034 - 2037	146,765,000	9,557,507		156,322,507
	\$ 1,086,915,000	\$ 472,971,791		\$ 1,559,886,791

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

The following is a summary of long-term obligation transactions for the Authority for the years ended December 31, 2013 and 2012:

	2013				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term obligations					
Revenue bonds payable	\$ 1,122,480,000	\$ 37,845,000	\$ (73,410,000)	\$ 1,086,915,000	\$ 32,400,000
Bond (discounts)/premium	9,125,243	-	(1,372,237)	7,753,006	-
Total revenue bonds payable	1,131,605,243	37,845,000	(74,782,237)	1,094,668,006	32,400,000
Obligations under capital lease	126,647,809	-	(22,803,391)	103,844,418	23,902,096
Total long-term obligations	\$ 1,258,253,052	\$ 37,845,000	\$ (97,585,628)	\$ 1,198,512,424	\$ 56,302,096
 2012					
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term obligations					
Revenue bonds payable	\$ 1,190,760,000	\$ 46,850,000	\$ (115,130,000)	\$ 1,122,480,000	\$ 24,625,000
Bond (discounts)/premium	11,740,512	(199,579)	(2,415,690)	9,125,243	-
Total revenue bonds payable	1,202,500,512	46,650,421	(117,545,690)	1,131,605,243	24,625,000
Obligations under capital lease	148,415,051	-	(21,767,242)	126,647,809	22,803,390
Total long-term obligations	\$ 1,350,915,563	\$ 46,650,421	\$ (139,312,932)	\$ 1,258,253,052	\$ 47,428,390

Note 7: Special Facility Revenue Bonds

To provide for the construction of the Hawker Beechcraft Services, Inc. Project, FedEx Corporation Sort Facility, Indianapolis Maintenance Center (IMC) (formerly leased to United Air Lines, Inc.) and the FedEx Corporation Hangar Facility at the airport, the Authority issued separate series of Special Facility Revenue Bonds (conduit debt obligations). These bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of lease rentals to be received by the Authority. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, the County, the City or the State and are, therefore, not reported in the accompanying financial statements.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

At December 31, 2013, the Special Facility Revenue Bonds outstanding were as follows:

Special Facility Revenue Bonds, Series 2009 (Hawker Beechcraft Services, Inc. Project)	\$ 8,537,085
Special Facility Revenue Bonds, Series 2004 (FedEx Corporation Sort Facility)	237,755,000
Special Facility Revenue Bonds, Series 1995 (Indianapolis Maintenance Center)	<u>170,763,804</u>
	<u>\$ 417,055,889</u>

Note 8: Derivative Financial Instruments

Forward Delivery Purchase Agreements - Hedging Derivative Instruments

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

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

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

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

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

	Date of Agreement	Termination Date	Scheduled Reserve Amount	Guaranteed Rate	Fair Value at December 31, 2013	Fair Value at December 31, 2012
Series 2004A Debt Service Fund	December 1, 2004	December 30, 2033	\$ 17,760,750	4.962%	\$ 1,259,328	\$ 5,027,484
Series 2005A Debt Service Fund	December 28, 2005	December 31, 2032	19,532,425	4.820%	1,048,437	4,920,585
Series 2006 Debt Service Fund	August 1, 2006	January 1, 2036	21,090,099	5.311%	<u>2,464,182</u>	<u>9,343,523</u>
					\$ 4,771,947	\$ 19,291,592

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

The Series 2003A Debt Service Fund Agreement was terminated in December 2012 by the agreement provider under terms of the original agreement. There was no settlement or termination costs/proceeds associated with this termination.

The notional amount associated with the Series 2006 Debt Service Fund Agreement was reduced by \$810,000 during 2013, the result of refunding a portion of the related Series 2006 Bonds.

Fair Value - The fair values of the Forward Delivery Agreements are based on the value of the future discounted cash flows expected to be received over the life of the agreement relative to an estimate of discounted cash flows that could be received over the same term based on current market conditions. The fair values of the Forward Delivery Agreements are classified as a noncurrent asset on the balance sheets as of December 31, 2013 and 2012. As the Forward Delivery Agreements are effective hedging instruments, the offsetting balance is reflected as a deferred outflow of resources on the Authority's balance sheets. The changes in fair value of the Forward Delivery Agreements of (\$14,519,645) and (\$17,844) for the years ended December 31, 2013 and 2012, respectively, are shown as an adjustment to the carrying amount of the related deferred outflows of resources on the balance sheets.

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

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

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

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Interest Rate Swap Agreements - Hedging Derivative Instruments

The Authority is a party to four interest rate swap agreements (the Swap Agreements) that became effective on July 1, 2008, concurrent with the issuance of the 2008 Revenue Bonds. The Swap Agreements continued to hedge the 2008 Revenue Bonds until December 21, 2010, at which time the 2008 Revenue Bonds were refunded by the issuance of the 2010C Revenue Bonds. This refunding resulted in a terminating event and accordingly, the Authority included the balance of the deferred outflows associated with this hedge in its calculation of the deferred loss on refunding, which was \$47,643,748. At that same time, the Swap Agreements became a hedge of the 2010C Revenue Bonds with terms and conditions that are identical to the previous hedge of the refunded 2008 Revenue Bonds.

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

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

Notional Amount	Trade Date	Effective Date of Swap Agreement	Termination Date	Rate Authority Pays	Variable Rate Authority Receives	Fair Value at December 31, 2013	Fair Value at December 31, 2012
\$ 122,415,000	October 14, 2004	July 1, 2008	January 1, 2036	4.033%	75% One Month LIBOR	\$ (19,279,931)	\$ (34,228,513)
73,555,000	October 14, 2004	July 1, 2008	January 1, 2037	4.150%	75% One Month LIBOR	(12,705,178)	(22,162,947)
50,000,000	October 7, 2005	July 1, 2008	January 1, 2033	3.786%	75% One Month LIBOR	(7,512,425)	(13,943,131)
100,000,000	October 11, 2005	July 1, 2008	January 1, 2033	3.778%	75% One Month LIBOR	(14,829,225)	(28,456,110)
<hr/> \$ 345,970,000						\$ (54,326,759)	\$ (98,790,701)

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

Fair Value - The fair values of the Swap Agreements are based on estimated discounted future cash flows determined using the counterparties' proprietary models based upon financial principles and estimates about relevant future market conditions. The fair values of the Swap Agreements are classified as a noncurrent liability on the balance sheets as of December 31, 2013 and 2012. As the Swap Agreements are effective hedging instruments, the offsetting balance is reflected as a deferred outflow of resources on the Authority's balance sheets. The changes in fair value of the Swap Agreements of \$44,463,942 and \$2,270,424 for the years ended December 31, 2013 and 2012, respectively, are shown as an adjustment to the carrying amount of the related deferred outflows of resources on the balance sheets.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Credit Risk - The fair value of each of the Swap Agreements represents the Authority's credit exposure to the counterparties as of December 31, 2013. Should the counterparties to these transactions fail to perform according to the terms of the Swap Agreements, the Authority has a maximum possible loss equivalent to the fair value at that date. As of December 31, 2013, the Authority was not exposed to credit risk because each of the swaps had a negative fair value. In order to mitigate the potential for credit risk, if any of the counterparties' credit quality rating falls below a rating threshold of Aa3 by Moody's Investors Service or AA- by Standard & Poors, the fair value of that counterparty's swap or swaps is to be fully collateralized by the counterparty with eligible securities (as defined in the Schedule to the Master Agreement) to be held by a third-party custodian on behalf of the Authority.

The ratings of the various counterparties at December 31, 2013 are as follows:

	Ratings of the Counterparty	
	Moody's Investors Service	Standard & Poor's
JPMorgan Chase Bank, N.A., counterparty of the interest rate swaps with notional amounts of \$125,000,000 and \$75,000,000	Aa3	A+
Merrill Lynch Capital Services, Inc., counterparty of the interest rate swap with the notional amount of \$50,000,000	Aa3	A+
UBS AG, counterparty of the interest rate swap with the notional amount of \$100,000,000 and both basis swap agreements	A2	A

Basis Risk - The Authority is not exposed to basis risk because the variable-rate payments received by the Authority under the Swap Agreements are based on an index that coincides with the interest rates the Authority pays on its 2010C Revenue Bonds. As of December 31, 2013, the interest rate on the Authority's 2010C Revenue Bonds is 0.941%, (calculated at 75% of the one-month LIBOR plus 0.815%), while the Authority receives payments under the Swap Agreements equal to 75% of the one-month LIBOR, or 0.126%

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

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Swap Payments and Associated Debt - The variable rate bond interest payments and net swap payments will vary with changes in interest rates. Using rates as of December 31, 2013, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are set forth in the table below.

	Variable Rate Bonds		Interest Rate		Total
	Principal	Interest	Swaps, Net		
2014	\$ 4,455,000	\$ 3,194,560	\$ 12,969,576	\$ 16,164,136	
2015	4,680,000	3,152,918	12,789,209	15,942,127	
2016	4,915,000	3,109,180	12,599,760	15,708,940	
2017	5,170,000	3,063,210	12,400,636	15,463,846	
2018	5,430,000	3,014,891	12,191,345	15,206,236	
2019 - 2023	31,610,000	14,258,854	57,424,020	71,682,874	
2024 - 2028	105,540,000	11,104,880	44,652,062	55,756,942	
2029 - 2033	136,940,000	5,368,999	21,938,633	27,307,632	
2034 - 2037	<u>42,995,000</u>	<u>702,132</u>	<u>3,005,789</u>	<u>3,707,921</u>	
	<u>\$ 341,735,000</u>	<u>\$ 46,969,624</u>	<u>\$ 189,971,030</u>	<u>\$ 236,940,654</u>	

Basis Swaps - Investment Derivative Instruments

The Authority also entered into basis swap agreements that are associated with the \$100 million interest rate swap with a trade date of October 11, 2005. These basis swaps are considered investment derivative instruments. The general terms of these basis swaps are set forth in the table below:

Notional Amount	Trade Date	Effective Date of Swap Agreement	Termination Date	Rate Authority Pays	Variable Rate Authority Receives	Fair Value at December 31, 2013	Fair Value at December 31, 2012
\$ 100,000,000	March 15, 2011	July 1, 2015	January 1, 2033	75% One Month LIBOR	75% ISDA Ten Year Swap Rate	\$ 4,073,223	\$ 3,401,541

The fair value of the basis swaps is classified as a noncurrent asset on the balance sheets. Changes in the fair value of the basis swaps are classified as nonoperating revenues (investment income) on the statements of revenues, expenses, and changes in net position.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Authority's financial instruments or cash flows. The fair value of the basis swaps are expected to fluctuate over the term of the agreements. The Authority does not have a policy related to interest rate risk on these basis swap agreements.

Credit Risk - Credit risk is the risk that the counterparty to an investment derivative will not fulfill its obligations. Should the counterparties to these transactions fail to perform according to the terms of the basis swap agreements, the Authority has a maximum possible loss equivalent to the fair value at that date.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Note 9: Obligations Under Capital Leases

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

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

Concurrently with the execution of the MOC-II Agreement in 1991, the Authority entered into a tenancy in common agreement and various lease agreements, which created certain leasehold interests in the IMC site and facilities and provided the framework for financing the costs of its construction. Accordingly, the Authority's leases with the State and the City for the IMC and its lease with the State for a building and related equipment ancillary to IMC, the Aviation Technology Center (ATC), have been reflected as capital lease obligations in these financial statements. The leases expire at various dates between 2016 and 2018. The gross amounts of capital assets and related accumulated depreciation recorded under these capital leases at December 31, 2013 and 2012 follow:

	2013	2012
Capital assets	\$ 352,111,077	\$ 352,111,077
Accumulated depreciation	<u>(169,329,618)</u>	<u>(160,579,334)</u>
	<u>\$ 182,781,459</u>	<u>\$ 191,531,743</u>

The present value of future minimum capital lease payments at December 31, 2013 follows:

2014	\$ 28,233,010
2015	28,308,327
2016	28,271,916
2017	16,643,240
2018	16,115,198
Total minimum lease payments	<u>117,571,691</u>
Amounts representing interest	<u>(13,727,273)</u>
Present value of future minimum capital lease payments	<u>\$ 103,844,418</u>

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

The Authority's capital lease payments to the State are payable solely from monies to be appropriated by the Indiana General Assembly, the governing body for the State. There is no requirement that these amounts be appropriated. However, the Authority cannot be held liable, should an appropriation not be made, for the State's debt obligations relative to the IMC and ATC facilities. Assuming appropriations from the General Assembly continue, the Authority expects to receive the following future amounts to fund its capital lease obligations with the State:

2014	\$ 21,583,474
2015	21,612,275
2016	21,623,920
2017	22,616,806
2018	<u>20,801,713</u>
	 <u>\$ 108,238,188</u>

The Authority's capital lease payments to the City are secured by an irrevocable pledge of a distributive share of Marion County Option Income Taxes (the Pledged Revenues). The City-County Council has covenanted not to repeal or rescind this tax as long as such rentals remain due. The Authority is not obligated for the debt incurred by the City with regard to the IMC facilities. Future pledged revenues to be received by the Authority to fund its capital lease obligation with the City follow:

2014	\$ 14,219,913
2015	14,219,750
2016	<u>14,211,750</u>
	 <u>\$ 42,651,413</u>

Note 10: Indianapolis Maintenance Center

As discussed previously in these footnotes, the Authority, the State of Indiana, the City of Indianapolis and United financed the construction and equipping of the IMC. As a part of the financing of these facilities, the Authority issued \$220,705,000 in special facility revenue bonds of which \$170,763,804 remains outstanding at December 31, 2013. The Authority had, and continues to have, no obligation to make interest and principal payments on these special facility bonds. Revenues from the IMC are reserved for expense reimbursement to the Authority for operational expenses incurred. Revenue in excess of expenses are provided back to the Bondholders and the Authority on a percentage basis bound by the Settlement Agreement, but not until all of the Authority expenses have been reimbursed. Previously, the interest and principal payments for the Series 1995 Special Facility Revenue Bonds were funded by rentals paid by United under its lease agreement with the Authority. On December 9, 2002, United filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. On May 9, 2003, the Bankruptcy Court made effective United's rejection of its lease of the IMC and United abandoned the IMC facilities, whereby all of the IMC assets reverted to the Authority's control.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

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

Since 2004, the Authority has entered into various leases for certain portions of the IMC. These leases include hangar space, office areas and the backshops (which are being used primarily for the maintenance, repair and overhaul of commercial aircraft) and certain warehouse space for non-aviation related use. As a part of the Settlement Agreement, rentals collected for the IMC are not considered revenue to the Authority, but instead are required to be deposited into a trust held on behalf of the United bondholders. The monies held in trust are to be used to pay ongoing operating and maintenance costs of the IMC and must be applied in a manner prescribed by the terms of the Settlement Agreement.

For the years ended December 31, 2013 and 2012, the Authority incurred approximately \$7.9 million and \$8.1 million of costs for the IMC, respectively. The Authority has received reimbursements for these costs under the Settlement Agreement aggregating approximately \$6.9 million and \$6.3 million for 2013 and 2012, respectively. In addition, as of December 31, 2013 and 2012, the Authority has accrued approximately \$1.8 million and \$2.6 million, respectively, in reimbursements from the Trustee for allowable costs incurred.

The aforementioned lease agreements contain a number of incentives to be provided by the Authority in the form of grants and rent credits over the terms of these leases, which currently range from six months to ten years. These grants and rent credits are designed to assist the tenants with start-up costs and the acquisition of certain capital assets, including leasehold improvements, and to encourage them to expand their operations and/or increase the amount of space they lease. Grants for start-up costs are recorded as unamortized lease costs by the Authority and amortized over the respective lease term, while grants for capital improvements result in new depreciable assets of the Authority. Success payments (for expanding operations) and other similar grants are expensed as they are earned by the tenants. All existing IMC capital assets, as well as those acquired by the tenants through Authority grants or otherwise, remain the property of the Authority, subject only to the tenants' rights to use such assets during their respective lease terms. As of December 31, 2013, the Authority has provided \$7.5 million in grants and \$7.4 million in rental credits to the lessees of the IMC.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Note 11: Risk Management

Risk management is the responsibility of the Authority. Operationally, the Authority is exposed to various risks of loss related to the theft of, damage to and destruction of assets, natural disasters as well as certain tort liabilities for which commercial insurance is carried. The commercial insurance policies carry deductibles ranging from \$0 to \$100,000. Insurance policies procured, including commercial general liability and commercial property damage, are inclusive of coverage for certain war casualty and acts of terrorism. Coverage terms, limits, and deductibles have each been benchmarked in comparison with those maintained at other mid-size airports and found to be within the range of our peers. Although coverage limits are significant, no assurance can be given that such coverage will continue to be available at such amounts and/or at a reasonable cost.

The Authority has a self-insured arrangement for health care benefits provided to Authority employees and has established a self-insured liability for employee medical claims. The Authority utilizes a third-party company to provide individual stop loss coverage of \$100,000 on each covered individual's health claims and \$4,205,500 on overall health care program aggregate claims. The estimated self-insurance liability is based on claim trend and consultation with an actuary. There is no significant incremental claim adjustment expense, salvage or subrogation attributable to this liability.

Note 12: Benefit Plan

The Authority provides a 401(a) defined-contribution employee retirement plan for employer contributions and a 457(b) deferred compensation plan for employee contributions. The Authority is the administrator of these plans, which are available to substantially all of its employees. Employer contributions to the 401(a) plan can range from zero up to seven percent of eligible compensation. Contributions to the plan were \$619,530 for 2013 and \$591,633 for 2012.

Note 13: Rental Income From Operating Leases

The Authority leases space in the Indianapolis International Airport terminal along with other land and buildings on a fixed fee as well as a contingent rental basis. Many of the leases provide for a periodic review and adjustment of the rental amounts. Substantially all capital assets are held by the Authority for the purpose of rental or related use.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

Minimum future rentals on noncancelable operating leases to be received in each of the next five years and thereafter as of December 31, 2013 are as follows:

2014	\$ 61,459,045
2015	59,816,370
2016	32,640,606
2017	32,109,113
2018	29,056,838
Thereafter	<u>128,540,072</u>
	<u>\$ 343,622,044</u>

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

Contingent rentals and fees aggregated approximately \$42.1 million in 2013 and \$42.4 million in 2012, and are accrued in arrears.

Note 14: Commitments and Contingencies

Land Acquisition

In 1991, the Authority updated its FAA Part 150 Noise and Land Use Compatibility Study and final recommendations were adopted by the Authority Board in April 1992. The recommendations included expanding the Guaranteed Purchase Program to add approximately 750 more homes. As of December 31, 2013, the Authority has spent approximately \$102.5 million (including relocation costs) under this program (Phase II), substantially all of which was eligible for 80% reimbursement from the FAA. There are an estimated 30 homes remaining eligible for purchase under Phase II.

A second update and five-year review of the Authority's noise compatibility program (Phase III) began in 1996. Final recommendations were adopted by the Authority Board in February 1998, followed by FAA approval in October 1998. The recommendations include continuation of the Guaranteed Purchase Program with respect to approximately 132 additional homes, of which 127 have been acquired by the Authority. In addition, approximately 361 homes are eligible for the Sound Insulation and Purchase Assurance Programs.

Indianapolis Airport Authority

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The Sound Insulation Program pays for a home within the impacted noise area to be sound insulated with respect to doors, window treatments, etc., with no further cash outlay required by the Authority. At December 31, 2013, 316 homes have been sound insulated under this program. Under the Purchase Assurance Program, the Authority will purchase the property, sound insulate the home and then resell the property on the open market. At December 31, 2013, 118 homeowners have expressed an interest and successfully completed their participation in the Purchase Assurance Program. Participation in either the Sound Insulation or Purchase Assurance programs requires the homeowner to grant an aviation easement in favor of the Authority.

A third program, Sales Assistance, is available to approximately 963 homes, of which 346 requests have been completed. Sales Assistance consists of a benefit payment to homeowners adjacent to the 65DNL noise contour. The benefit payment is equal to 10% of the contract sales price between the homeowner and third-party buyer, in exchange for the inclusion of a Noise Disclosure Statement in the deed of conveyance. The estimated cost of the Phase III programs approximate \$98.4 million. These programs, excluding Sales Assistance, are eligible for reimbursement from passenger facility charges and FAA noise grants (at 80% reimbursement).

The noise mitigation land use programs described above are voluntary on the part of the homeowner as there is no legal requirement that homeowners participate in any of these programs, therefore, the foregoing comments regarding the number of homeowners eligible for participation in the various programs assumes 100% participation, which is unlikely.

In 2001, the Authority began development south of Interstate 70 (I-70). With the exception of one small parcel of land, all remaining parcels have been acquired for the future development of a third parallel runway. As of December 31, 2013, the Authority has expended approximately \$13.7 million for this project.

Environmental Mitigation and Remediation

In order to comply with environmental laws, the Authority has implemented a natural resource mitigation program to create, monitor and maintain wetlands along with habitats for the endangered Indiana bat. As of December 31, 2013, the Authority had acquired approximately 1,940 acres in order to replace wetland and bat habitat areas that were removed by construction of the Indianapolis Maintenance Center and runway 5L-23R. The Authority will continue to maintain and monitor interim bat habitats under this program through the year 2016 and approximately 2,000 acres of wetlands and certain associated summer bat habitats in perpetuity, or until control over such areas can be transferred to an appropriate conservation organization. Approximately \$22.9 million has been spent under this program, of which approximately 28.0% was eligible for reimbursement from the FAA. The Authority's share of the costs for this conservation plan was originally estimated to be \$2.4 million, and as of December 31, 2013, the Authority has incurred \$2.6 million in costs.

Indianapolis Airport Authority

Notes to Financial Statements December 31, 2013 and 2012

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

The amount of the estimated liability as of December 31, 2013 and 2012 was \$329,000 and \$200,000, respectively, which represents the approximate present value of the amounts the Authority expects to pay for future remediation activities. This estimate was generated using input and guidance from internal management and professional consultants, and represents a wide array of remediation activities ranging from one-time events to longer term sustained monitoring activity.

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

Capital Improvements

As of December 31, 2013, the Authority had outstanding commitments for certain airport improvements aggregating approximately \$16.6 million.

Litigation and Claims

The nature of the business of the airport generates certain litigation against the Authority arising in the ordinary course of business. However, the Authority believes that the ultimate outcome of these matters, in the aggregate or individually, should not have a materially adverse effect on its financial position or changes in financial position.

As of December 31, 2013, there were ten claims in litigation for alleged personal injury, property or other damages pending against the Authority. Eight of these claims are for personal injury, and two of the claims are for property damage from the hangar fire. With respect to the hangar fire claims, the Authority invoked the indemnification and hold harmless clauses contained within its lease for the hangar and demanded that the tenant comply with the requirements thereof.

In addition to the foregoing, as of December 31, 2013, there were three claims in litigation filed by the Authority against third parties for various reasons, including breach of lease, breach of contract, violation of an airport ordinance, declaratory judgment, and injunctive relief. The Authority, in these matters, is seeking the enforcement of an airport ordinance, as well as certain provisions of a lease and a contract, as well as judgment and damages, for the Authority's benefit, in connection therewith.

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Supplementary Information

Indianapolis Airport Authority
Schedule of Balance Sheet Information
December 31, 2013

	2013		
	Authority	IMC	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Unrestricted Assets			
Cash and cash equivalents	\$ 14,817,334	\$ -	\$ 14,817,334
Accounts receivable, net	3,141,814	-	3,141,814
Unbilled revenues	2,966,738	-	2,966,738
Grants receivable	7,261,642	-	7,261,642
Supplies and materials inventories	1,456,145	-	1,456,145
Other	1,615,888	-	1,615,888
Total unrestricted current assets	<u>31,259,561</u>	<u>-</u>	<u>31,259,561</u>
Restricted Assets			
Cash and cash equivalents	55,876,996	-	55,876,996
Cash and cash equivalents - customer deposits	784,428	-	784,428
Receivable - passenger facility charges	1,228,476	-	1,228,476
Receivable - other governments	529,654	3,324,981	3,854,635
Receivable - reimbursable IMC expenses	-	1,767,048	1,767,048
Total restricted current assets	<u>58,419,554</u>	<u>5,092,029</u>	<u>63,511,583</u>
Total current assets	<u>89,679,115</u>	<u>5,092,029</u>	<u>94,771,144</u>
Noncurrent Assets			
Cash and cash equivalents, restricted	92,224,783	-	92,224,783
Investment securities, unrestricted	32,256,989	-	32,256,989
Investment securities, restricted	37,755,022	-	37,755,022
Investment derivatives - basis swap agreements	4,073,223	-	4,073,223
Rent receivable	1,988,198	-	1,988,198
Unamortized lease costs	-	116,603	116,603
Derivative instruments - forward delivery purchase agreements	4,771,947	-	4,771,947
Capital assets, net	1,729,637,754	295,294,290	2,024,932,044
Total noncurrent assets	<u>1,902,707,916</u>	<u>295,410,893</u>	<u>2,198,118,809</u>
Total assets	<u>1,992,387,031</u>	<u>300,502,922</u>	<u>2,292,889,953</u>
Deferred Outflows of Resources			
Deferred loss on refunding of debt	45,565,014	-	45,565,014
Accumulated decrease in fair value of hedging derivatives	1,911,064	-	1,911,064
Total deferred outflows of resources	<u>47,476,078</u>	<u>-</u>	<u>47,476,078</u>
Total assets and deferred outflows of resources	<u>\$ 2,039,863,109</u>	<u>\$ 300,502,922</u>	<u>\$ 2,340,366,031</u>

	2013		
	Authority	IMC	Total
Liabilities and Net Position			
Current Liabilities			
Payable From Unrestricted Assets			
Accounts payable	\$ 3,685,708	\$ -	\$ 3,685,708
Accrued and withheld items	4,270,013	-	4,270,013
Total current liabilities payable from unrestricted assets	<u>7,955,721</u>	<u>-</u>	<u>7,955,721</u>
Payable From Restricted Assets			
Accounts payable	6,808,637	3,469,013	10,277,650
Customer deposits payable	785,428		785,428
Current portion of debt	33,059,005	23,243,091	56,302,096
Accrued interest on debt	18,663,129	405,967	19,069,096
Total current liabilities payable from restricted assets	<u>59,316,199</u>	<u>27,118,071</u>	<u>86,434,270</u>
Total current liabilities	<u>67,271,920</u>	<u>27,118,071</u>	<u>94,389,991</u>
Noncurrent Liabilities			
Derivative instruments - interest rate swap agreements	54,326,759	-	54,326,759
Bonds payable and other debt, payable from restricted assets	1,064,721,550	77,488,778	1,142,210,328
Total noncurrent liabilities	<u>1,119,048,309</u>	<u>77,488,778</u>	<u>1,196,537,087</u>
Total liabilities	<u>1,186,320,229</u>	<u>104,606,849</u>	<u>1,290,927,078</u>
Net Position			
Net investment in capital assets	<u>692,307,693</u>	<u>191,643,407</u>	<u>883,951,100</u>
Restricted for			
Capital projects	34,944,858	-	34,944,858
Debt service	66,463,271	2,919,014	69,382,285
Other	2,278,031	1,217,049	3,495,080
Total restricted net position	<u>103,686,160</u>	<u>4,136,063</u>	<u>107,822,223</u>
Unrestricted			
Total net position	<u>57,549,027</u>	<u>116,603</u>	<u>57,665,630</u>
Total liabilities and net position	<u><u>\$ 2,039,863,109</u></u>	<u><u>\$ 300,502,922</u></u>	<u><u>\$ 2,340,366,031</u></u>

Indianapolis Airport Authority
Schedule of Balance Sheet Information
December 31, 2012

	2012 - Restated		
	Authority	IMC	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Unrestricted Assets			
Cash and cash equivalents	\$ 12,201,201	\$ 500	\$ 12,201,701
Accounts receivable, net	5,837,268	-	5,837,268
Unbilled revenues	3,037,465	-	3,037,465
Grants receivable	6,238,553	-	6,238,553
Supplies and materials inventories	1,458,777	-	1,458,777
Other	1,787,949	-	1,787,949
Total unrestricted current assets	<u>30,561,213</u>	<u>500</u>	<u>30,561,713</u>
Restricted Assets			
Cash and cash equivalents	42,535,910	-	42,535,910
Cash and cash equivalents - customer deposits	768,588	-	768,588
Receivable - passenger facility charges	1,249,335	-	1,249,335
Receivable - other governments	494,978	3,320,166	3,815,144
Receivable - reimbursable IMC expenses	-	2,639,744	2,639,744
Total restricted current assets	<u>45,048,811</u>	<u>5,959,910</u>	<u>51,008,721</u>
Total current assets	<u>75,610,024</u>	<u>5,960,410</u>	<u>81,570,434</u>
Noncurrent Assets			
Cash and cash equivalents, restricted	101,806,496	-	101,806,496
Investment securities, unrestricted	44,901,196	-	44,901,196
Investment securities, restricted	35,957,860	-	35,957,860
Investment derivatives - basis swap agreements	3,401,541	-	3,401,541
Rent receivable	2,333,941	-	2,333,941
Unamortized lease costs	-	396,450	396,450
Derivative instruments - forward delivery purchase agreements	19,291,592	-	19,291,592
Capital assets, net	1,766,824,808	310,904,259	2,077,729,067
Total noncurrent assets	<u>1,974,517,434</u>	<u>311,300,709</u>	<u>2,285,818,143</u>
Total assets	<u>2,050,127,458</u>	<u>317,261,119</u>	<u>2,367,388,577</u>
Deferred Outflows of Resources			
Deferred loss on refunding of debt	48,940,430	-	48,940,430
Accumulated decrease in fair value of hedging derivatives	31,855,361	-	31,855,361
Total deferred outflows of resources	<u>80,795,791</u>	<u>-</u>	<u>80,795,791</u>
Total assets and deferred outflows of resources	<u>\$ 2,130,923,249</u>	<u>\$ 317,261,119</u>	<u>\$ 2,448,184,368</u>

Liabilities and Net Position

Current Liabilities

Payable From Unrestricted Assets

	Authority	IMC	Total
Accounts payable	\$ 3,153,336	\$ -	\$ 3,153,336
Accrued and withheld items	4,976,651	-	4,976,651
Total current liabilities payable from unrestricted assets	<u>8,129,987</u>	<u>-</u>	<u>8,129,987</u>

Payable From Restricted Assets

	Authority	IMC	Total
Accounts payable	7,308,244	3,350,901	10,659,145
Customer deposits payable	768,588	-	768,588
Short-term debt - commercial paper	-	-	-
Current portion of debt	25,243,932	22,184,458	47,428,390
Accrued interest on debt	19,650,270	479,319	20,129,589
Total current liabilities payable from restricted assets	<u>52,971,034</u>	<u>26,014,678</u>	<u>78,985,712</u>
Total current liabilities	<u>61,101,021</u>	<u>26,014,678</u>	<u>87,115,699</u>

Noncurrent Liabilities

	Authority	IMC	Total
Derivative instruments - interest rate swap agreements	98,790,701	-	98,790,701
Bonds payable and other debt, payable from restricted assets	1,110,092,792	100,731,870	1,210,824,662
Total noncurrent liabilities	<u>1,208,883,493</u>	<u>100,731,870</u>	<u>1,309,615,363</u>
Total liabilities	<u>1,269,984,514</u>	<u>126,746,548</u>	<u>1,396,731,062</u>

Net Position

	Authority	IMC	Total
Net investment in capital assets	698,975,979	185,147,083	884,123,062
Restricted for			
Capital projects	39,525,149	-	39,525,149
Debt service	50,733,436	2,840,847	53,574,283
Other	2,037,808	2,129,691	4,167,499
Total restricted net position	<u>92,296,393</u>	<u>4,970,538</u>	<u>97,266,931</u>
Unrestricted			
Total net position	<u>69,666,363</u>	<u>396,950</u>	<u>70,063,313</u>

Total liabilities and net position	<u>\$ 2,130,923,249</u>	<u>\$ 317,261,119</u>	<u>\$ 2,448,184,368</u>
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Indianapolis Airport Authority
Schedules of Revenues, Expenses and
Changes in Net Position Information
Years Ended December 31, 2013 and 2012

	2013		
	Authority	IMC	Total
Operating Revenues			
Airfield	\$ 21,468,743	\$ -	\$ 21,468,743
Terminal complex	49,926,147	-	49,926,147
Parking	39,546,766	-	39,546,766
Rented buildings and other	16,362,917	-	16,362,917
Indianapolis Maintenance Center (IMC)	-	9,395,175	9,395,175
Reliever airports	2,960,507	-	2,960,507
Total operating revenues	130,265,080	9,395,175	139,660,255
Operating Expenses			
Personal services	26,058,409	474,767	26,533,176
Contractual services	13,114,514	4,113,972	17,228,486
Utilities	5,744,305	2,735,576	8,479,881
Supplies	3,662,431	241,385	3,903,816
Materials	2,019,341	(87,140)	1,932,201
General	1,668,559	456,003	2,124,562
Total operating expenses before depreciation	52,267,559	7,934,563	60,202,122
Income From Operations Before Depreciation Expense	77,997,521	1,460,612	79,458,133
Depreciation expense	79,552,973	16,267,711	95,820,684
Loss From Operations	(1,555,452)	(14,807,099)	(16,362,551)
Nonoperating Revenues (Expenses)			
State and local appropriations	825,542	25,992,523	26,818,065
Federal operating grants	868,966	-	868,966
Passenger facility charges	14,473,637	-	14,473,637
Customer facility charge (rental cars)	6,097,820	-	6,097,820
Investment income	5,237,096	-	5,237,096
Interest expense, net of capitalized interest	(54,383,568)	(3,808,065)	(58,191,633)
Gain on disposals of capital assets and other	(2,448,881)	-	(2,448,881)
	(29,329,388)	22,184,458	(7,144,930)
Increase (Decrease) in Net Position Before Capital Contributions and Grants	(30,884,840)	7,377,359	(23,507,481)
Capital Contributions and Grants			
Federal, state and local grants	10,321,815	-	10,321,815
Contributions from lessees and other	11,171,313	-	11,171,313
	21,493,128	-	21,493,128
Increase (Decrease) in Net Position	(9,391,712)	7,377,359	(2,014,353)
Transfers	1,995,857	(1,995,857)	-
Net Position, Beginning of Year, As Previously Reported	860,938,735	190,514,571	1,051,453,306
Change in Accounting Principle	-	-	-
Net Position, Beginning of Year, as Restated	860,938,735	190,514,571	1,051,453,306
Net Position, End of Year	\$ 853,542,880	\$ 195,896,073	\$ 1,049,438,953

2012 - Restated

Authority	IMC	Total
\$ 21,102,019	\$ -	\$ 21,102,019
50,312,025	-	50,312,025
38,435,341	-	38,435,341
16,611,219	-	16,611,219
-	8,779,056	8,779,056
3,019,185	-	3,019,185
129,479,789	8,779,056	138,258,845
28,769,609	447,969	29,217,578
11,659,801	4,375,104	16,034,905
5,272,681	2,704,474	7,977,155
3,483,530	193,993	3,677,523
1,978,289	(34,695)	1,943,594
1,396,201	438,852	1,835,053
52,560,111	8,125,697	60,685,808
76,919,678	653,359	77,573,037
78,747,818	16,588,061	95,335,879
(1,828,140)	(15,934,702)	(17,762,842)
825,542	26,030,545	26,856,087
711,043	-	711,043
14,605,931	-	14,605,931
6,315,656	-	6,315,656
5,677,546	-	5,677,546
(58,705,455)	(5,826,637)	(64,532,092)
3,778,863	-	3,778,863
(26,790,874)	20,203,908	(6,586,966)
(28,619,014)	4,269,206	(24,349,808)
5,550,581	-	5,550,581
28,020,423	-	28,020,423
33,571,004	-	33,571,004
4,951,990	4,269,206	9,221,196
92,880	(92,880)	-
867,811,487	186,338,245	1,054,149,732
(11,917,622)	-	(11,917,622)
855,893,865	186,338,245	1,042,232,110
\$ 860,938,735	\$ 190,514,571	\$ 1,051,453,306

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Indianapolis Airport Authority
Schedules of Operating Revenues
Years Ended December 31, 2013 and 2012

	2013	2012	Increase (Decrease)
Airfield			
Landing fees - scheduled airlines	\$ 7,876,130	\$ 8,282,730	\$ (406,600)
Landing fees - freight and other	10,172,021	9,722,167	449,854
Apron fees	3,168,886	2,796,111	372,775
Commissions - aviation fuel sales	243,244	293,890	(50,646)
Other	8,462	7,121	1,341
	<u>21,468,743</u>	<u>21,102,019</u>	<u>366,724</u>
Terminal Complex			
Space rental			
Airlines	26,428,972	26,634,747	(205,775)
Concessionaires	7,480,441	7,491,150	(10,709)
Other space rental	1,320,779	1,280,684	40,095
Automobile rental commissions	9,146,137	9,334,960	(188,823)
Other commissions, fees, etc.	5,549,818	5,570,484	(20,666)
	<u>49,926,147</u>	<u>50,312,025</u>	<u>(385,878)</u>
Parking - parking operations	<u>39,546,766</u>	<u>38,435,341</u>	<u>1,111,425</u>
Rented Buildings and Other			
Space rental - freight buildings	929,573	771,040	158,533
Space rental - hangars	662,586	659,740	2,846
Space rental - other buildings	7,641,364	6,945,263	696,101
Ground leases	5,790,366	6,511,961	(721,595)
Farm income	161,759	70,852	90,907
International building	24,750	64,700	(39,950)
Other	1,152,519	1,587,663	(435,144)
	<u>16,362,917</u>	<u>16,611,219</u>	<u>(248,302)</u>
Indianapolis Maintenance Center (IMC)	<u>9,395,175</u>	<u>8,779,056</u>	<u>616,119</u>
Reliever Airports	<u>2,960,507</u>	<u>3,019,185</u>	<u>(58,678)</u>
	<u><u>\$ 139,660,255</u></u>	<u><u>\$ 138,258,845</u></u>	<u><u>\$ 1,401,410</u></u>

Indianapolis Airport Authority
Schedule of Operating Expenses
Year Ended December 31, 2013
(With Comparative Totals for 2012)

	Airfield	Terminal Complex	Parking	Rented Buildings and Other	Indianapolis Maintenance Center (IMC)
Personal Services					
Salaries and wages	\$ 2,077,083	\$ 3,901,095	\$ 2,531,574	\$ 413,163	\$ 364,965
Employee insurance	481,815	941,796	439,766	43,559	69,651
Retirement and social security	213,820	387,341	219,730	28,291	40,151
	<u>2,772,718</u>	<u>5,230,232</u>	<u>3,191,070</u>	<u>485,013</u>	<u>474,767</u>
Contractual Services					
Transportation and communication	70,804	27,675	13,546	4,876	22,298
Professional fees	492,998	60,833	279,553	78,672	148,088
Printing and advertising	937	2,399	145,678	13,276	328
Repairs and maintenance	213,563	2,155,508	246,258	97,606	503,352
Facilities maintenance and security	119,429	1,822,567	33,597	12,902	3,072,513
Other contractual services	72,127	659,207	992,987	293,638	367,393
	<u>969,858</u>	<u>4,728,189</u>	<u>1,711,619</u>	<u>500,970</u>	<u>4,113,972</u>
Utilities	<u>1,576,617</u>	<u>3,100,278</u>	<u>449,370</u>	<u>146,105</u>	<u>2,735,576</u>
Supplies					
Fuel	432,762	-	431,626	-	45,261
Garage and motor	119,433	5,352	39,363	-	1,883
Institutional and medical	15,995	390,464	71,533	391	74,922
Office supplies	3,913	4,591	4,466	1,713	767
Snow and ice chemicals	588,101	3,809	195,069	-	17,105
Other	63,836	134,472	86,330	335	101,447
	<u>1,224,040</u>	<u>538,688</u>	<u>828,387</u>	<u>2,439</u>	<u>241,385</u>
Materials					
Building	2,818	75,432	7,508	2,273	(116,416)
Pavement and grounds	317,198	(5,243)	595	-	-
Repair parts	670,441	108,947	419,893	229	11,364
Small equipment and tools	12,616	14,754	167	-	728
Other	56,325	6,275	11,507	1,961	17,184
	<u>1,059,398</u>	<u>200,165</u>	<u>439,670</u>	<u>4,463</u>	<u>(87,140)</u>
General					
Insurance	226,454	435,212	184,447	(6,609)	154,833
Equipment rental	-	-	182,480	716	20,941
Other (including bad debts)	4,424	1,245	1,141	1,313	280,229
	<u>230,878</u>	<u>436,457</u>	<u>368,068</u>	<u>(4,580)</u>	<u>456,003</u>
Subtotal	7,833,509	14,234,009	6,988,184	1,134,410	7,934,563
Depreciation	<u>27,862,738</u>	<u>22,114,356</u>	<u>4,213,273</u>	<u>19,681,712</u>	<u>16,267,711</u>
	<u>\$ 35,696,247</u>	<u>\$ 36,348,365</u>	<u>\$ 11,201,457</u>	<u>\$ 20,816,122</u>	<u>\$ 24,202,274</u>

2013

Reliever Airports	Public Safety	Administration	Total	Year Ended December 31, 2012	Increase (Decrease)
\$ 252,440	\$ 5,739,457	\$ 4,935,884	\$ 20,215,661	\$ 22,239,135	\$ (2,023,474)
54,451	1,265,371	822,094	4,118,503	4,702,091	(583,588)
26,802	769,395	513,482	2,199,012	2,276,352	(77,340)
<u>333,693</u>	<u>7,774,223</u>	<u>6,271,460</u>	<u>26,533,176</u>	<u>29,217,578</u>	<u>(2,684,402)</u>
24,749	98,027	650,492	912,467	939,487	(27,020)
-	89,634	1,775,687	2,925,465	2,942,210	(16,745)
-	944	92,017	255,579	251,530	4,049
17,832	66,078	1,061,506	4,361,703	4,588,823	(227,120)
4,318	-	4,896	5,070,222	5,606,253	(536,031)
<u>115,412</u>	<u>879,937</u>	<u>322,349</u>	<u>3,703,050</u>	<u>1,706,602</u>	<u>1,996,448</u>
<u>162,311</u>	<u>1,134,620</u>	<u>3,906,947</u>	<u>17,228,486</u>	<u>16,034,905</u>	<u>1,193,581</u>
240,673	166,433	64,829	8,479,881	7,977,155	502,726
482,315	-	-	1,391,964	1,459,849	(67,885)
5,039	22,765	5,172	199,007	202,724	(3,717)
9,567	31,239	1,243	595,354	564,439	30,915
612	70,137	24,998	111,197	122,170	(10,973)
7,521	42	-	811,647	718,596	93,051
<u>10,523</u>	<u>146,994</u>	<u>250,710</u>	<u>794,647</u>	<u>609,745</u>	<u>184,902</u>
<u>515,577</u>	<u>271,177</u>	<u>282,123</u>	<u>3,903,816</u>	<u>3,677,523</u>	<u>226,293</u>
3,609	904	225	(23,647)	67,947	(91,594)
34,545	577	480	348,152	394,265	(46,113)
54,679	139,317	27,563	1,432,433	1,181,787	250,646
7,410	6,106	4,247	46,028	82,460	(36,432)
5,004	22,301	8,678	129,235	217,135	(87,900)
<u>105,247</u>	<u>169,205</u>	<u>41,193</u>	<u>1,932,201</u>	<u>1,943,594</u>	<u>(11,393)</u>
75,465	176,220	22,750	1,268,772	1,337,143	(68,371)
-	134	59,151	263,422	212,676	50,746
46	9,366	294,604	592,368	285,234	307,134
<u>75,511</u>	<u>185,720</u>	<u>376,505</u>	<u>2,124,562</u>	<u>1,835,053</u>	<u>289,509</u>
1,433,012	9,701,378	10,943,057	60,202,122	60,685,808	(483,686)
2,848,080	213,712	2,619,102	95,820,684	95,335,879	484,805
<u>\$ 4,281,092</u>	<u>\$ 9,915,090</u>	<u>\$ 13,562,159</u>	<u>\$ 156,022,806</u>	<u>\$ 156,021,687</u>	<u>\$ 1,119</u>

Indianapolis Airport Authority
Schedule of Operating Expenses
Year Ended December 31, 2012
(With Comparative Totals for 2011)

	Airfield	Terminal Complex	Parking	Rented Buildings and Other	Indianapolis Maintenance Center (IMC)
Personal Services					
Salaries and wages	\$ 2,018,285	\$ 4,073,832	\$ 2,243,157	\$ 244,992	\$ 338,874
Employee insurance	515,309	1,089,793	425,021	58,080	69,179
Retirement and social security	205,702	380,016	218,772	26,857	39,916
	<u>2,739,296</u>	<u>5,543,641</u>	<u>2,886,950</u>	<u>329,929</u>	<u>447,969</u>
Contractual Services					
Transportation and communication	68,691	30,483	20,705	16,746	23,664
Professional fees	496,037	50,089	138,305	46,848	259,113
Printing and advertising	1,670	1,920	(47)	10,287	585
Repairs and maintenance	383,591	2,099,004	319,789	208,028	350,894
Facilities maintenance and security	232,960	1,830,958	123,379	5,975	3,373,819
Other contractual services	47,131	650,361	1,028,071	(1,211,609)	367,029
	<u>1,230,080</u>	<u>4,662,815</u>	<u>1,630,202</u>	<u>(923,725)</u>	<u>4,375,104</u>
Utilities					
	<u>1,230,441</u>	<u>2,878,690</u>	<u>436,108</u>	<u>286,736</u>	<u>2,704,474</u>
Supplies					
Fuel	409,813	-	395,252	-	43,410
Garage and motor	96,925	3,773	58,113	6	3,591
Institutional and medical	17,860	407,685	73,809	1,650	20,782
Office supplies	4,466	4,515	6,849	2,108	621
Snow and ice chemicals	471,183	9,485	200,773	-	13,742
Other	54,153	174,697	45,004	15,672	111,847
	<u>1,054,400</u>	<u>600,155</u>	<u>779,800</u>	<u>19,436</u>	<u>193,993</u>
Materials					
Building	14,158	45,367	7,522	6,664	(49,176)
Pavement and grounds	295,530	1,754	364	-	-
Repair parts	544,544	95,608	321,461	1,056	-
Small equipment and tools	12,754	42,803	3,485	798	1,428
Other	163,699	7,876	5,796	291	13,053
	<u>1,030,685</u>	<u>193,408</u>	<u>338,628</u>	<u>8,809</u>	<u>(34,695)</u>
General					
Insurance	210,667	455,458	188,411	23,383	138,132
Equipment rental	4,616	750	81,224	-	20,556
Other (including bad debts)	3,797	1,296	691	1,190	280,164
	<u>219,080</u>	<u>457,504</u>	<u>270,326</u>	<u>24,573</u>	<u>438,852</u>
Subtotal					
	<u>7,503,982</u>	<u>14,336,213</u>	<u>6,342,014</u>	<u>(254,242)</u>	<u>8,125,697</u>
Depreciation					
	<u>28,005,737</u>	<u>22,145,476</u>	<u>4,298,517</u>	<u>18,030,057</u>	<u>16,588,061</u>
	<u>\$ 35,509,719</u>	<u>\$ 36,481,689</u>	<u>\$ 10,640,531</u>	<u>\$ 17,775,815</u>	<u>\$ 24,713,758</u>

2012

Reliever Airports	Public Safety	Administration	Total	Year Ended December 31, 2011	Increase (Decrease)
\$ 278,065	\$ 6,633,348	\$ 6,408,582	\$ 22,239,135	\$ 21,242,085	\$ 997,050
59,169	1,590,448	895,092	4,702,091	4,717,038	(14,947)
28,880	775,347	600,862	2,276,352	2,025,922	250,430
<u>366,114</u>	<u>8,999,143</u>	<u>7,904,536</u>	<u>29,217,578</u>	<u>27,985,045</u>	<u>1,232,533</u>
21,657	55,996	701,545	939,487	1,051,434	(111,947)
6,160	50,800	1,894,858	2,942,210	3,674,874	(732,664)
92	1,583	235,440	251,530	208,581	42,949
30,100	19,767	1,177,650	4,588,823	4,183,221	405,602
5,340	29	33,793	5,606,253	5,328,194	278,059
71,011	291,929	462,679	1,706,602	3,016,116	(1,309,514)
<u>134,360</u>	<u>420,104</u>	<u>4,505,965</u>	<u>16,034,905</u>	<u>17,462,420</u>	<u>(1,427,515)</u>
229,094	159,863	51,749	7,977,155	8,775,912	(798,757)
611,374	-	-	1,459,849	1,301,368	158,481
9,476	25,904	4,936	202,724	197,821	4,903
15,954	24,973	1,726	564,439	545,891	18,548
1,235	69,453	32,923	122,170	121,957	213
23,413	-	-	718,596	825,488	(106,892)
12,173	141,794	54,405	609,745	574,818	34,927
<u>673,625</u>	<u>262,124</u>	<u>93,990</u>	<u>3,677,523</u>	<u>3,567,343</u>	<u>110,180</u>
4,384	3,035	35,993	67,947	(45,689)	113,636
95,358	1,212	47	394,265	262,761	131,504
72,368	122,565	24,185	1,181,787	1,082,438	99,349
6,165	13,304	1,723	82,460	43,716	38,744
4,697	10,003	11,720	217,135	96,986	120,149
<u>182,972</u>	<u>150,119</u>	<u>73,668</u>	<u>1,943,594</u>	<u>1,440,212</u>	<u>503,382</u>
77,458	217,747	25,887	1,337,143	1,334,921	2,222
-	-	105,530	212,676	255,156	(42,480)
-	12,788	(14,692)	285,234	720,717	(435,483)
<u>77,458</u>	<u>230,535</u>	<u>116,725</u>	<u>1,835,053</u>	<u>2,310,794</u>	<u>(475,741)</u>
1,663,623	10,221,888	12,746,633	60,685,808	61,541,726	(855,918)
2,909,033	202,143	3,156,855	95,335,879	106,271,451	(10,935,572)
<u>\$ 4,572,656</u>	<u>\$ 10,424,031</u>	<u>\$ 15,903,488</u>	<u>\$ 156,021,687</u>	<u>\$ 167,813,177</u>	<u>\$ (11,791,490)</u>

Indianapolis Airport Authority
Schedule of Bond Debt Service Requirements to Maturity
December 31, 2013

	2013A Revenue Bonds		2013B Revenue Bonds		2012 Revenue Bonds		2010C Revenue Bonds ¹	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 430,000	\$ 245,065	\$ 2,150,000	\$ 409,823	\$ 6,740,000	\$ 491,489	\$ 4,455,000	\$ 3,194,560
2015	435,000	224,325	1,270,000	360,278	7,830,000	393,661	4,680,000	3,152,918
2016	445,000	216,450	1,290,000	339,750	7,925,000	294,674	4,915,000	3,109,180
2017	450,000	208,395	10,310,000	318,941	8,030,000	194,403	5,170,000	3,063,210
2018	11,240,000	200,250	9,825,000	152,393	8,130,000	92,816	5,430,000	3,014,891
2019	-	-	-	-	5,370,000	7,957	5,710,000	2,964,110
2020	-	-	-	-	-	-	6,000,000	2,910,730
2021	-	-	-	-	-	-	6,305,000	2,854,637
2022	-	-	-	-	-	-	6,630,000	2,795,674
2023	-	-	-	-	-	-	6,965,000	2,733,703
2024	-	-	-	-	-	-	18,965,000	2,611,770
2025	-	-	-	-	-	-	19,980,000	2,426,572
2026	-	-	-	-	-	-	21,050,000	2,231,451
2027	-	-	-	-	-	-	22,180,000	2,025,854
2028	-	-	-	-	-	-	23,365,000	1,809,233
2029	-	-	-	-	-	-	24,610,000	1,581,040
2030	-	-	-	-	-	-	25,930,000	1,340,631
2031	-	-	-	-	-	-	27,310,000	1,087,364
2032	-	-	-	-	-	-	28,775,000	820,547
2033	-	-	-	-	-	-	30,315,000	539,417
2034	-	-	-	-	-	-	12,035,000	340,324
2035	-	-	-	-	-	-	12,650,000	227,802
2036	-	-	-	-	-	-	13,295,000	109,538
2037	-	-	-	-	-	-	5,015,000	24,468
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	\$ 13,000,000	\$ 1,094,485	\$ 24,845,000	\$ 1,581,185	\$ 44,025,000	\$ 1,475,000	\$ 341,735,000	\$ 46,969,624

¹ - The 2010C Revenue Bonds bear interest at a variable rate. See Note 6 to the financial statements.

	2010A Revenue Bonds		2006 Revenue Bonds		2005A Revenue Bonds		2004A Revenue Bonds		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$	600,000	\$ 1,090,763	\$ 13,675,000	\$ 12,066,144	\$ -	\$ 10,035,969	\$ 4,350,000	\$ 9,510,672	\$ 69,444,485	
	620,000	1,069,363	14,410,000	11,346,925	-	10,035,969	4,580,000	9,276,260	69,684,699	
	645,000	1,044,063	15,145,000	10,608,050	-	10,035,969	4,820,000	9,029,510	69,862,646	
	670,000	1,017,763	15,915,000	9,831,550	-	10,035,969	5,325,000	8,763,204	79,303,435	
	695,000	990,463	16,730,000	9,015,425	-	10,035,969	5,610,000	8,476,160	89,638,367	
	725,000	962,063	17,570,000	8,157,925	-	10,035,969	5,895,000	8,174,154	65,572,178	
	755,000	932,463	18,465,000	7,257,050	-	10,035,969	6,210,000	7,864,160	60,430,372	
	785,000	901,663	19,410,000	6,310,175	-	10,035,969	6,520,000	7,545,910	60,668,354	
	815,000	869,153	20,390,000	5,315,175	-	10,035,969	6,845,000	7,211,785	60,907,756	
	850,000	834,281	14,135,000	4,452,050	7,735,000	9,837,759	7,190,000	6,860,910	61,593,703	
	885,000	797,413	1,220,000	4,069,700	13,265,000	9,291,344	11,075,000	6,404,285	68,584,512	
	925,000	758,372	1,275,000	4,010,444	17,480,000	8,484,288	8,135,000	5,930,136	69,404,812	
	965,000	716,425	1,335,000	3,948,456	18,420,000	7,541,913	8,530,000	5,526,010	70,264,255	
1,005,000	672,100	1,400,000	3,883,500	19,420,000	6,548,613	8,945,000	5,097,769	71,177,836		
-	624,550	-	3,850,250	20,470,000	5,501,500	9,390,000	4,643,978	69,654,511		
-	573,488	-	3,850,250	18,100,000	4,489,038	13,345,000	4,094,631	70,643,447		
3,305,000	519,931	-	3,850,250	19,080,000	3,513,063	13,980,000	3,445,662	74,964,537		
-	462,250	-	3,850,250	20,130,000	2,534,125	14,645,000	2,765,819	72,784,808		
-	400,250	-	3,850,250	21,120,000	1,554,438	15,340,000	2,034,500	73,894,985		
-	335,125	-	3,850,250	22,165,000	526,419	16,105,000	1,248,375	75,084,586		
-	266,750	-	3,850,250	-	-	16,915,000	422,875	33,830,199		
-	195,000	36,300,000	2,942,750	-	-	-	-	52,315,552		
-	119,625	40,705,000	1,017,625	-	-	-	-	55,246,788		
9,850,000	40,500	-	-	-	-	-	-	14,929,968		
\$	24,095,000	\$ 16,193,817	\$ 248,080,000	\$ 131,184,694	\$ 197,385,000	\$ 150,146,221	\$ 193,750,000	\$ 124,326,765	\$ 1,559,886,791	

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APPENDIX B
FORM OF BOND COUNSEL OPINION

October 8, 2014

The Indianapolis Local Public Improvement Bond Bank
Indianapolis, Indiana

Re: The Indianapolis Local Public Improvement Bond Bank
Refunding Bonds, Series 2014D (Indianapolis Airport Authority Project)
Total Issue: \$165,340,000
Dated: October 8, 2014

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The Indianapolis Local Public Improvement Bond Bank (the "Issuer") of \$165,340,000 of its Refunding Bonds, Series 2014D, dated October 8, 2014 (the "Bonds"), pursuant to a Trust Indenture, dated as of October 1, 2014 (the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee. We have examined the law and the certified transcript of proceedings that the Issuer had relative to the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion. We have relied upon the certified transcript of proceedings and certificates of public officials and have not undertaken to verify any facts by independent investigation.

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

1. The Bonds are the valid and binding limited obligations of the Issuer enforceable in accordance with the terms and provisions thereof, and together with any additional bonds on a parity therewith hereafter issued, will be secured by a pledge of and payable solely from the Trust Estate (as defined in the Indenture), which includes payments received on the Indianapolis Airport Authority Refunding Revenue Bonds, Series 2014A of the Indianapolis Airport Authority (the "Authority").

2. The Indenture constitutes the valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. Under statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is exempt from income taxation in the State of Indiana ("State"). This opinion relates only to the exemption of interest on the Bonds from State income taxes.

4. Under federal statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). Under Section 147(a) of the Code, the interest on any Bond will not be exempt from taxation during the time such Bond is held by a person who is a "substantial user" of the facilities financed by the Bonds or a "related person" thereto within the meaning of Section 147(a) of the Code and the regulations promulgated pursuant thereto. The interest on the Series 2014D Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. The opinions in this paragraph 4 relate only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and are conditioned on continuing compliance with tax representations and covenants made in the Indenture, in the General Ordinance No. 6-2014 adopted on August 15, 2014, by the Authority, and in certificates of the Issuer and the Authority (collectively, "Tax Representations"). Failure to comply with the Tax Representations could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issue.

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

Very truly yours,

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF CERTAIN LEGAL DOCUMENTS

The following is a summary of certain provisions of the Indenture and the Authority Bond Ordinance relating to the 2014 Bond Bank Bonds and the 2014 Authority Bonds, respectively, not otherwise discussed in this Official Statement. This summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Indenture and the Authority Bond Ordinance. Capitalized terms in this summary not defined in this Official Statement will have the meanings set forth in the Indenture or the Authority Bond Ordinance, as applicable.

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Trust Indenture (the “Indenture”) between The Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) and The Bank of New York Trust Company, N.A., as trustee (the “Bond Bank Trustee” or “Trustee”), dated as of October 1, 2014, not otherwise discussed in this Official Statement. This summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Indenture.

Certain capitalized terms used in this summary are defined as follows:

“Accounts” means the accounts created pursuant to Article VI of the Indenture.

“Additional Bonds” means any Bond Bank Bonds issued pursuant to Section 2.06 of the Indenture and any Supplemental Indenture.

“Additional Qualified Obligations” means any Qualified Obligations which are revenue bonds issued by the Airport and purchased by the Bond Bank with all or a portion of the proceeds of a Series of Bond Bank Bonds.

“Airport” means the Indianapolis Airport Authority, or any successor to its functions.

“Airport Bond Ordinance” or “Ordinance” means General Ordinance No. 5-2014 adopted by the Board of Directors of the Airport on August 15, 2014, as supplemented and amended from time to time, including as supplemented by General Ordinance No. 6-2014 adopted by the Board of Directors of the Airport on August 15, 2014.

“Bond Bank” means The Indianapolis Local Public Improvement Bond Bank, an entity created pursuant to the Act by, but separate from, the City in its corporate capacity or any successor to its functions.

“Bond Bank Act” or “Act” means the provisions of Indiana Code 5-1.4.

“Bond Bank Bonds” or “Bonds” means any of the \$165,340,000 in aggregate principal amount of The Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2014D (Indianapolis Airport Authority Project) issued pursuant to the Indenture and any Supplemental Indenture.

“Bond Bank Trustee” or “Trustee” means initially The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, or any successor Bond Bank Trustee.

“Bond Counsel” means Counsel that is nationally recognized in the area of municipal law and matters relating to the exclusion of interest on municipal bonds from gross income under federal tax law.

“Bond Issuance Expense Account” means the account by that name created under the Indenture.

“Bondholder” or “holder of Bond Bank Bonds” or “owner of Bond Bank Bonds” or “Registered Owner” or any similar term means the registered owner of any Bond Bank Bond, including the Bond Bank, and any purchaser of Bonds being held for resale, including the Bond Bank.

“City” means the City of Indianapolis, Indiana.

“Code” means the Internal Revenue Code of 1986, as in effect on the date of issuance of any Series of Bond Bank Bonds, and the applicable judicial decisions or published rulings, or any applicable regulations promulgated or proposed thereunder or under the Internal Revenue Code of 1954 as in effect immediately prior to the enactment of the Tax Reform Act of 1986.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Bond Bank or the Qualified Entity and related to the authorization, sale and issuance of Bond Bank Bonds and the Qualified Obligations, which items of expense shall include, but not be limited to, bond insurance premiums, credit enhancement or liquidity facility fees, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Bond Bank Trustee and Registrar, underwriters’ discounts, legal fees and charges, professional consultants’ fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Bond Bank Bonds, costs and expenses of refunding and other costs, charges and fees in connection with the foregoing and any other costs of a similar nature authorized by the Act.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and approved by the Bond Bank.

“Event of Default” means any occurrence or event specified in Section 10.01 of the Indenture.

“Fees and Charges” means fees and charges established by the Bond Bank from time to time pursuant to the Act which are payable by the Airport.

“Fiscal Year” means the twelve month period from January 1 through the following December 31.

“Funds” means the funds created pursuant to Article VI of the Indenture.

“General Account” means the account by that name created by Section 6.02 of the Indenture.

“General Fund” means the fund by that name created by Section 6.02 of the Indenture.

“Governmental Obligations” means (a) direct obligations of the United States of America or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, including but not limited to securities evidencing ownership interests in such obligations or in specified portions thereof (which may consist of specific portions of the principal of or interest on such obligations), and (b) obligations of any state of the United States of America or any political subdivision thereof, the full payment of principal of, premium, if any, and interest on which (i) are unconditionally guaranteed or insured by the United States of America, or (ii) are provided for by an irrevocable deposit of securities described in clause (a) and are not subject to call or redemption by the issuer thereof prior to maturity or for which irrevocable instructions to redeem have been given.

“Indenture” means this Trust Indenture, and all supplements and amendments entered into pursuant to Article XII.

“Investment Earnings” means earnings and profits (after consideration of any accrued interest paid and amortization of premium or discount on the investment) on the moneys in the Funds and Accounts established under this Indenture.

“Investment Securities” means (i) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (ii) obligations fully

and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (iii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (iv) evidence of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated, (v) demand deposits, including interest-bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Bond Bank Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FEIC-insured, or (vi) money market funds rated "AAm" or "AAm G" by Standard and Poor's Ratings Services, or better, including those for which the Bond Bank Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise.

"Issue Date" means, for the 2014 Bond Bank Bonds, the date of delivery to the purchaser thereof, and for the Series 2014 Bond Bank Bonds shall mean October 8, 2014.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel which opinion is acceptable to the Bond Bank and the Bond Bank Trustee.

"Opinion of Counsel" means a written opinion of Counsel addressed to the Bond Bank Trustee, for the benefit of the owners of the Bonds, who may (except as otherwise expressly provided in this Indenture) be Counsel to the Bond Bank or Counsel to the owners of the Bond Bank Bonds and who is acceptable to the Bond Bank Trustee.

"Outstanding" or "Bond Bank Bonds Outstanding" means all Bond Bank Bonds which have been authenticated and delivered by the Bond Bank Trustee under this Indenture or Bond Bank Bonds held for resale, including Bond Bank Bonds held by the Bond Bank, except:

- (i) Bond Bank Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (ii) Bond Bank Bonds deemed paid under Article IX; and
- (iii) Bond Bank Bonds in lieu of which other Bond Bank Bonds have been authenticated under the Indenture.

"Paying Agent" means initially The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America or any successor thereto.

"Program" means the program for the purchase or exchange of Qualified Obligations by the Bond Bank pursuant to the Act and this Indenture.

"Program Expenses" means all of the Bond Bank's expenses in carrying out and administering the Program pursuant to this Indenture and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, credit enhancement fees, liquidity facility fees, legal, accounting, management, consulting and banking services and expenses, fees and expenses of the Bond Bank Trustee, the Registrar and the Paying Agent, costs of verifications required under Section 6.13, Costs of Issuance, not paid from the proceeds of Bond Bank Bonds, travel, payments for pension, retirement, health and hospitalization, life and disability insurance benefits, any other costs permitted under the Act, and rebates, if any, which in the Opinion of Bond Counsel are required to be made under the Code in order to preserve or protect the exclusion from gross income for federal tax purposes of interest on the Bonds, all to the extent properly allocable to the Program.

“Qualified Entity” means the Airport, a qualified entity under IC 5-1.4-1-10.

“Qualified Obligation” means the 2014A Airport Bonds and any Additional Qualified Obligations acquired by the Bond Bank pursuant to this Indenture.

“Rating Agency” means any nationally recognized rating agency maintaining a rating on the Bond Bank Bonds at the request of the Bond Bank.

“Redemption Account” means the account by that name created by the Indenture.

“Refunding Bonds” means Bond Bank Bonds issued pursuant to Section 2.06 of the Indenture and any Supplemental Indenture.

“Refunding Qualified Obligation” means any Qualified Obligation issued to refund any of the Qualified Obligations or another Refunding Qualified Obligation.

“Registrar” means initially The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America or any successor thereto.

“Revenues” means the income, revenues and profits of the Funds and Accounts referred to in the granting clauses of the Indenture including, without limitation, all Qualified Obligation Payments and Investment Earnings.

“Series 2014 Bondholder” means a holder of a Series 2014 Bond Bank Bond.

“Series of Bond Bank Bonds” or “Bond Bank Bonds of a Series” or “Series of Bonds” or “Bonds of a Series” or “Series” or words of similar meaning means any Series of Bond Bank Bonds authorized by this Indenture or by a Supplemental Indenture.

“Supplemental Indenture” means an indenture supplemental to or amendatory of this Indenture, executed by the Bond Bank and the Bond Bank Trustee in accordance with Article XII of the Indenture.

“Trust Estate” means the property, rights, moneys and amounts pledged and assigned to the Bond Bank Trustee pursuant to the granting clauses of the Indenture.

“2014A Airport Bonds” means the Indianapolis Airport Authority Refunding Revenue Bonds, Series 2014A, dated the Issue Date, and issued in the same original aggregate principal amount, same maturities and same interest rates as the Series 2014 Bond Bank Bonds.

Security for Bonds

The Bond Bank will issue its Bonds pursuant to the Indenture. To secure the payment of the principal of, premium, if any, and interest on the outstanding Bonds and any Additional Bonds, the performance of the covenants contained in the Bonds and the Indenture, the Bond Bank, grants to the Bond Bank Trustee a security interest in the following property (“Trust Estate”):

1. All cash and securities now or hereafter held in the Funds and Accounts created or established under the Indenture, the Investment Earnings thereon and all proceeds thereof (except to the extent transferred from such Funds and Accounts from time to time in accordance with the Indenture); and
2. All Qualified Obligations acquired and held by the Trustee pursuant to the Indenture and the earnings thereon and all proceeds thereof, including all Qualified Obligation Payments; and
3. All Revenues and any moneys pledged as security by the Bond Bank.

Revenues and Funds

Creation of Funds and Accounts. Under the Indenture, the Bond Bank creates and establishes the General Fund. The following Accounts are established in the General Fund: a “General Account,” a “Bond Issuance Expense Account,” and a “Redemption Account.”

All such Funds and Accounts will be held and maintained by the Bond Bank Trustee. All moneys or securities held by the Bond Bank Trustee pursuant to the Indenture will be held in trust and applied only in accordance with the provisions of the Indenture. The Bond Bank and the Bond Bank Trustee may establish such additional Funds, Accounts or subaccounts as they may in their discretion determine to be appropriate to comply with the provisions of the Indenture.

General Account. There will be deposited in the General Account: (a) the proceeds of the sale of the Bonds, other than the amounts deposited in the Bond Issuance Expense Account as described below; and (b) any other amounts required to be deposited in the General Account pursuant to the Indenture. The Bond Bank Trustee will apply the moneys in the General Account (i) to pay principal and interest coming due on the Bonds; (ii) to pay, as necessary, Program Expenses; and (iii) with the approval of the Authority, to any other fund or account maintained by the Bond Bank.

Redemption Account. There will be deposited in the Redemption Account (a) all moneys received upon the sale or redemption prior to maturity of Qualified Obligations and (b) such other amounts as may be designated by the Indenture. Funds in the Redemption Account will be disbursed as follows by the Bond Bank Trustee: (i) on such dates as are specified in the Indenture, an amount equal to the principal which would have been payable during the following month for Qualified Obligations sold or redeemed prior to maturity; (ii) on such dates as are specified in the Indenture, to the extent moneys in the General Account are not sufficient, for the purpose of paying the principal of and interest on the Bonds as the same become due; (iii) after providing for the payments required under (i) and (ii) above, moneys may be used (1) on any redemption date, to redeem Bonds; (2) to purchase Qualified Obligations as permitted under the Indenture; (3) to transfer any excess moneys to the General Account; (4) to purchase Bonds at the most advantageous price obtainable with reasonable diligence; or (5) to invest such moneys until the maturity or maturities of Bonds in accordance with the Indenture; and (6) if the Bond Bank Trustee is unable to purchase Bonds as described above, then, subject to the Indenture, the Bond Bank Trustee will redeem Bonds to exhaust as nearly as possible the amounts remaining in the Redemption Account under the Indenture.

Bond Issuance Expense Account. There will be deposited in the Bond Issuance Expense Account: (i) a portion of the proceeds of the Bonds in an amount equal to the estimated costs of issuing the Bonds, and (ii) any other amounts required to be deposited therein pursuant to the Indenture. Funds in the Bond Issuance Expense Account will be disbursed to pay the costs of issuing the Bonds. Any funds remaining in the Bond Issuance Expense Account 90 days after the issuance of Bonds will be transferred to the General Account and the Bond Issuance Expense Account may, at the direction of the Bond Bank, be closed.

Investment of Money

Subject to the right of the Bond Bank to direct the investment or deposit of funds under the Indenture, moneys in any Fund or Account (except the Redemption Account) shall be continuously invested and reinvested or deposited or redeposited by the Bond Bank Trustee in Investment Securities.

Any moneys in the Redemption Account shall be invested only in Governmental Obligations as directed by the Bond Bank. Any moneys in the Rebate Fund shall be invested as directed by the Bond Bank from time to time. All such investments shall at all times be a part of the Fund or Account in which the moneys used to acquire such investments had been deposited and all Investment Earnings on such investments shall be deposited as received in the General Account, except for income and profits on investment of funds in the Rebate Fund which shall remain in the Rebate Fund.

Additional Bonds

Additional Bonds may be issued from time to time only for the purchase of Additional Qualified Obligations, including, but not limited to, Refunding Qualified Obligations, issued by a Qualified Entity or to refund all or a portion of the outstanding Bonds. Any Additional Bonds shall be authorized by a supplemental indenture, will be secured by the supplemental indenture and will be equally and ratably payable from the Trust Estate.

Accounts and Reports

The Bond Bank will keep proper and separate books of records and accounts in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Indenture. Such books, and all other books and papers of the Bond Bank, and all Funds and Accounts will at all reasonable times be subject to the inspection of the Bond Bank Trustee and the owners of an aggregate of at least five percent (5%) in principal amount of Bonds then outstanding, or their representatives duly authorized in writing.

Before the twentieth day of each month, the Bond Bank Trustee will provide the Bond Bank with a statement of the amounts on deposit in each Fund and Account as of the last day of the preceding month and the total deposits to and withdrawals from each Fund and Account during the preceding month. The Bond Bank may provide for less frequent statements so long as such statements are supplied no less frequently than quarterly.

Tax Covenants

In order to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes and as an inducement to purchasers of the Bonds, the Bond Bank represents, covenants, and agrees that the Bond Bank will take no action nor fail to take any action with respect to any of the Bonds that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the Bonds under Section 103 of the Code, nor will it act in any other manner which would adversely affect such exclusion. These tax covenants are based solely on current law in effect and in existence on the date of issuance of each series of Bonds. It shall not be an event of default under the Indenture if interest on any Bond is not excludable from gross income pursuant to any provision of the Code which is not in existence and in effect on the issue date of such Bonds.

Covenants of the Bond Bank

In order to provide for the payment of the principal of, premium, if any, and interest on the Bonds and of Program Expenses, the Bond Bank will from time to time, and in a sound and economical manner in accordance with the Act, the Indenture and sound banking practices and principles (i) undertake all necessary actions to receive and collect Revenues (including the enforcement of the prompt collection of any arrears on all Qualified Obligation Payments), and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Bond Bank to protect the rights of the Bond Bank with respect to or to maintain any insurance on the Qualified Obligations and to enforce all terms, covenants and conditions of the Qualified Obligations. Whenever necessary to provide for the payment of principal of and interest on the Bonds, the Bond Bank will also commence appropriate remedies with respect to any Qualified Obligations which is in default.

With respect to the Qualified Obligations, the Bond Bank covenants as follows:

- (a) To the extent that such action would not adversely affect the validity of the Qualified Obligation, the Bond Bank shall pursue the remedies set forth in Indiana Code 5-1.4-8-4.
- (b) Notwithstanding anything to the contrary in the Indenture, that the Qualified Obligations shall not be amended, sold, released or disposed of without receiving the prior written consent of the Bond Insurer, or any successors thereto.

Defeasance and Discharge of Indenture

If payment or provision for payment is made, to the Bond Bank Trustee, of the whole amount of principal of and interest due and to become due on all of the Bonds and if the Bond Bank Trustee receives all payments due and to become due under the Indenture, then the Indenture may be discharged in accordance with its provisions. In the event of any early redemption of Bonds in accordance with their terms, the Bond Bank Trustee must receive irrevocable instructions from the Bond Bank, satisfactory to the Bond Bank Trustee, to call such Bonds for redemption at a specified date and pursuant to the Indenture. Outstanding Bonds will continue to be a limited obligation of the Bond Bank payable only out of the moneys or securities held by the Bond Bank Trustee for the payment of the principal of and interest on the Bonds.

Any Bond will be deemed to be paid when payment of the principal of that Bond, plus interest to its due date, either (a) has been made or has been caused to be made in accordance with its terms, or (b) has been provided for by irrevocably depositing with the Bond Bank Trustee, in trust and exclusively for such payment, (i) moneys sufficient to make such payment, (ii) noncallable or nonrepayable Governmental Obligations maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will ensure the availability of sufficient moneys to make such payments, or (iii) a combination of such moneys and Governmental Obligations, and all other sums payable under the Indenture, including the necessary and proper fees and expenses of the Bond Bank Trustee pertaining to the Bonds, have been paid or deposited with the Bond Bank Trustee.

Events of Default and Remedies

Any of the following events constitutes an “Event of Default” under the Indenture:

- (a) The Bond Bank defaults in the due and punctual payment of the principal of or interest on any Bond; or
- (b) The Bond Bank defaults in the due and punctual payment of any Bond whether at the stated maturity thereof or on any date fixed for mandatory sinking fund redemption; or
- (c) The Bond Bank fails to make remittances required by the Indenture to the Bond Bank Trustee within the time limits prescribed in the Indenture; or
- (d) The Bond Bank defaults in the performance or observance of any other of the covenants, agreements or conditions on the part of the Bond Bank contained in the Indenture or in the Bond Bank Bonds and the failure to remedy the same within the time period provided in the Indenture; or
- (e) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture, or in any instrument furnished in compliance with or in reference to the Indenture, is materially false or misleading when made, and there has been a failure to remedy such Event of Default within thirty (30) days after receipt of notice, all in accordance with the Indenture; or
- (f) A petition is filed against the Bond Bank under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within ninety (90) days after such filing; or
- (g) The Bond Bank files a petition in voluntary bankruptcy or seeking relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(h) The Bond Bank is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a liquidator or trustee of the Bond Bank or any of its property is appointed by court order or takes possession and such order remains in effect or such possession continues for more than sixty (60) days; or

(i) The Bond Bank is rendered incapable of fulfilling its obligations under the Indenture for any reason; or

(j) a default or event of default occurs under the Ordinance.

Upon the occurrence and continuance of an Event of Default, the Bond Bank Trustee will notify the owners of outstanding Bonds of such Event of Default and will have the following rights and remedies:

(a) The Bond Bank Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on Bonds outstanding under the Indenture, including any and all such actions arising under, or by reason of, the Qualified Obligations;

(b) The Bond Bank Trustee may by action at law or in equity require the Bond Bank to account as if it were the trustee of an express trust for the holders of the Bonds, and may take such action with respect to the Qualified Obligations as the Bond Bank Trustee deems necessary, appropriate and in the best interest of the Bondholders, subject to the terms of the Qualified Obligations;

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Bond Bank Trustee and of the Bondholders under the Indenture, the Bond Bank Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate under the Indenture and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer; and

(d) By notice to the Bond Bank and the Corporation Counsel of the City, the Bond Bank Trustee may declare the principal of and accrued interest on all Bonds to be due and payable immediately in accordance with the provisions of the Indenture and the Act.

If an Event of Default has occurred, if requested to do so by the owners of twenty-five percent (25%) or more in aggregate principal amount of the Bonds outstanding under the Indenture, and if indemnified as provided in the Indenture, the Bond Bank Trustee will be obligated to exercise one or more of the rights, remedies and powers conferred by the Indenture as the Bond Bank Trustee, being advised by counsel, deemed most expedient in the interest of the Bondholders.

The owners of a majority in aggregate principal amount of the Bonds outstanding under the Indenture will have the right, at any time during the continuance of an Event of Default, by a written instrument or instruments executed and delivered to the Bond Bank Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture. However, such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Waivers of Events of Default

At its discretion, the Bond Bank Trustee may waive any Event of Default and its consequences, and must do so upon the written request of the owners of (a) more than 66-2/3% in aggregate principal amount of all Bonds then outstanding under the Indenture in the case of default in the payment of principal or interest on the Bonds or (b) more than 50% in aggregate principal amount of all Bonds then outstanding under the Indenture in the case of any other default. However, there may not be waived (i) any Event of Default in the payment of the principal of any Bond then outstanding under the Indenture at the specified date of maturity or (ii) any Event of Default in the payment when due of the interest on any Bond then outstanding under the Indenture unless, prior to the waiver, all arrears of interest or principal due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Bond Bank Trustee in connection with the Event of Default have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Bond Bank Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then the Bond Bank, the Bond Bank Trustee and the Bondholders will be restored to their former respective positions and right under the Indenture. No waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

Rights and Remedies of Owners of Bonds

No Owner of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for any other remedy under the Indenture, unless (a) an Event of Default has occurred and the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding under the Indenture have made written request to the Bond Bank Trustee and have offered the Bond Bank Trustee reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (b) such Owners of Bonds have offered to indemnify the Bond Bank Trustee, as provided in the Indenture, and (c) the Bond Bank Trustee has refused, or for sixty (60) days after receipt of such request and offer of indemnification has failed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity must be carried out as provided in the Indenture and for the equal benefit of the owners of all outstanding Bonds. However, nothing contained in the Indenture will affect or impair the right of any owner of Bonds to enforce the payment of the principal of and interest on any Bond at and after its maturity, or the limited obligation of the Bond Bank to pay the principal of and interest on each of the Bonds to the respective owners of the Bonds at the time and place, from the source and in the manner expressed in the Bonds.

Supplemental Indentures

The Bond Bank and the Bond Bank Trustee may, without the consent of or notice to any of the owners of Bonds, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity, formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Bond Bank Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Bond Bank Trustee or to make any change which, in the judgment of the Bond Bank Trustee, relying on an opinion of Bond Counsel, will not have a material adverse effect on the interests of any of the owners of the Bonds, provided that the Bond Bank and Bond Bank Trustee will not make any amendment permitting the purchase of obligations other than Additional Qualified Obligations;

(c) To make any modification or amendment of this Indenture which the Bond Bank Trustee, relying on an opinion of Bond Counsel, determines will not have a material adverse effect on the interests of the Bondholders, provided, however, that the Bond Bank and the Bond Bank Trustee will make no amendment which would permit the purchase of the obligations of any Qualified Entity other than Additional Qualified Obligations;

(d) To subject to the lien and pledge of the Indenture additional revenues, security, properties or collateral;

(e) To modify, amend or supplement the Indenture or any supplemental indenture in order to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if the Bond Bank and the Bond Bank Trustee so determine, to add to the Indenture or to any supplemental indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939 or any other federal or state statute; provided that any supplemental indenture will not have a material adverse effect on the interest of any of the owners of the Bonds;

(f) To give evidence of the appointment of a separate or co-trustee, or the succession of a new trustee, registrar or paying agent;

(g) To provide for the issuance of each series of Additional Bonds;

(h) To provide for the refunding of all or a portion of the Bonds;

(i) To amend the Indenture to permit the Bond Bank to comply with any covenants contained in any Supplemental Indenture with respect to compliance with future federal or state tax laws; and

(j) To obtain or maintain a rating on the Bonds.

With the exception of supplemental indentures for the purposes set forth in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority of the aggregate principal amount of the Bonds then outstanding under the Indenture which are affected (other than Bonds held by the Bond Bank) will have the right from time to time to consent to and approve the execution by the Bond Bank and the Bond Bank Trustee of any supplemental indenture or indentures deemed necessary and desirable by the Bond Bank Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture. However, no supplemental indenture may permit or be construed as permitting, without the consent of the owners of all Bonds then outstanding under the Indenture, (a) an extension of the stated date for maturity or redemption or a reduction in the principal amount of or redemption premium, or reduction in the rate or extension of the time of payment of the interest, on any Bonds, (b) the creation of any lien on the Trust Estate or any part thereof pledged under the Indenture prior to or on a parity with the lien of the Indenture other than a lien ratably securing all of the Bonds outstanding under the Indenture, (c) a reduction in the aggregate principal amount of the Bonds the owners of which are required to consent to such supplemental indenture, (d) the creation of privilege, priority or preference of any Bond or Bonds over any other Bond or Bonds, or (e) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Bond Bank Trustee without the written consent of the Bond Bank Trustee.

SUMMARY OF THE AUTHORITY BOND ORDINANCE

The following is a summary of certain provisions of the Authority Bond Ordinance (or “Ordinance”) not otherwise discussed in this Official Statement.

Definitions

Definitions of certain capitalized terms used in this summary of the Authority Bond Ordinance are as follows:

“Account” means an account established in any Fund created by the Ordinance.

“Accountant’s Certificate” means a certificate signed by a firm of independent certified public accountants.

“Accreted Value” means (a) with respect to any Capital Appreciation Revenue Bond, as of any date of calculation, the sum of the amount set forth in a Supplemental Ordinance as the amount representing the initial principal amount of such Capital Appreciation Revenue Bond plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (b) with respect to any Original Issue Discount Revenue Bond, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Revenue Bonds plus the amount of the discounted principal which has accrued since the date of issue; in each case the Accreted Value shall be determined in accordance with the provisions of the Supplemental Ordinance authorizing the issuance of such Capital Appreciation Revenue Bond or Original Issue Discount Revenue Bond.

“Act” means Indiana Code 8-22-3, as amended from time to time, and all laws supplemental thereto.

“Airline Agreement” means, collectively, the substantially similar agreements between the Authority and the various airlines and other substantial users of the Airport System, as in place from time to time, including the various Agreement and Lease of Premises executed with the Authority effective January 1, 2011, or if no agreement is in place, an ordinance of the Authority setting the rates for and providing the terms upon which the airlines may use the Airport.

“Airport Consultant” means an independent airport consultant or airport consulting firm:

(a) Who has a nationally recognized reputation for special skill and knowledge in methods of the development, operation, management and financing of airports and airport facilities; and

(b) Who is selected and retained by the Authority and is compensated thereby, but who is not in the regular employ or control of the Authority.

“Airport System” means all airport, heliport and aviation facilities, or any interest therein, now or from time to time hereafter owned, operated or controlled in whole or in part by the Authority, together with all properties, facilities and services thereof, and all additions, extensions, replacements and improvements thereto, and all services provided or to be provided by the Authority in connection therewith. The Airport System currently includes the present airports of the Authority, known as “Indianapolis International Airport,” “Eagle Creek Airpark,” “Mt. Comfort Airport,” “Downtown Heliport,” “Speedway Airport,” “Hendricks County Airport” and “Metropolitan Airport.”

“Airport System Fund” means the fund established by the Ordinance into which all Gross Revenues shall be deposited.

“Authority” means the Indianapolis Airport Authority, a municipal corporation created pursuant to the Act and any successor thereto.

“Authorized Airport Representative” means the President, the Vice President, the Secretary or the Treasurer or any other duly authorized representative of the Authority.

“Balloon Indebtedness” shall mean, with respect to any series of Revenue Bonds fifty percent (50%) or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness the amount of Revenue Bonds of a series maturing on a single date or within a Fiscal Year must equal or exceed 150% of the amount of such series which matures during any other Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Revenue Bonds, scheduled to be amortized by prepayment or redemption prior to their stated maturity date. A Commercial Paper Program and the Commercial Paper constituting part of such Program shall not be Balloon Indebtedness.

“Board” means the governing body of the Authority.

“Capital Appreciation Revenue Bond” shall mean Revenue Bonds, all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Ordinance and is payable only upon redemption or on the maturity date of such Revenue Bonds. Revenue Bonds which are issued as Capital Appreciation Revenue Bonds, but later convert to Revenue Bonds on which interest is paid periodically, shall be Capital Appreciation Revenue Bonds until the conversion date and from and after such conversion date shall no longer be Capital Appreciation Revenue Bonds, but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

“Capital Improvement” shall have the same meaning as “Capital Improvements” in the Airline Agreement, currently meaning any single item having a cost in excess of One Hundred Thousand Dollars (\$100,000), as adjusted by the Implicit Price Deflator Index, and a useful life in excess of two (2) years, acquired, purchased, or constructed in order to improve, maintain, or develop the Airport System, as well as any extraordinary or substantial expenditure whose object is to preserve, enhance, or protect the Airport System. Said term may include any expense for development studies, analysis, master planning efforts (including periodic reviews thereof), and economic or operational studies of the Airport System.

“Capital Improvement Fund” means the Capital Improvement Fund established by the Ordinance.

“Capitalized Interest Account” means the Capitalized Interest Account in the Revenue Bond Interest and Principal Fund established pursuant to the Ordinance.

“Commercial Paper” shall mean notes or other obligations of the Authority with a maturity of not more than two hundred seventy (270) days from the date of issuance and which are issued and reissued from time to time pursuant to a Program adopted by the Authority.

“Commercial Paper Program” shall mean a Program authorized by the Authority pursuant to which Commercial Paper shall be issued and reissued from time to time, up to the authorized amount of such Program.

“Completion Revenue Bonds” means the Completion Revenue Bonds authorized pursuant to the Ordinance.

“Construction Fund” means a Construction Fund established by a Supplemental Ordinance for any particular series of Revenue Bonds.

“Coverage Fund” means the Coverage Fund established by the Ordinance.

“Debt Service Requirement” means the annual amount required for payment of principal of and interest on, but excluding interest which has been funded by Revenue Bond proceeds, all Outstanding Revenue Bonds, whether at maturity or by reason of mandatory sinking fund redemption payment requirements; provided, however, that the following rules shall apply to the computation of Debt Service Requirements:

(i) in determining the principal due in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Revenue Bonds and Unissued Program

Obligations in accordance with any amortization schedule established by or pursuant to a Supplemental Bond Ordinance setting forth the terms of such Revenue Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Revenue Bonds or Original Issue Discount Revenue Bonds maturing or scheduled for redemption in such year; in determining the interest due in each year, interest payable at a fixed rate shall (except to the extent subsection (ii), (iii) or (iv) of this definition applies) be assumed to be made at such fixed rate and on the required payment dates; provided, however, that interest payable on the Revenue Bonds shall be excluded to the extent such payments are to be paid from a Capitalized Interest Account for such Fiscal Year;

(ii) if all or any portion or portions of an Outstanding series of Revenue Bonds or Program Obligations constitute Balloon Indebtedness, then, for purposes of determining the Debt Service Requirement, each maturity which constitutes Balloon Indebtedness shall, unless otherwise provided in the Supplemental Bond Ordinance pursuant to which such Balloon Indebtedness is issued or unless subsection (iii) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than thirty (30) years and with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Indebtedness was issued; the interest rate used for such computation shall be that rate quoted as The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by the Airport Consultant to be a reasonable market rate for fixed-rate Revenue Bonds of a corresponding term issued under this Ordinance on the date of such calculation, with no credit enhancement and taking into consideration whether such Revenue Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any series of Revenue Bonds or Program Obligations, only a portion of which constitutes Balloon Indebtedness, the remaining portion shall be treated as described in subsection (i) above or such other provision of this definition as shall be applicable;

(iii) any maturity of Revenue Bonds which constitutes Balloon Indebtedness as described in subsection (ii) of this definition and for which the stated maturity date occurs within twelve (12) months from the date such calculation of the Debt Service Requirement is made, shall be assumed to become due and payable on the stated maturity date and subsection (ii) above shall not apply thereto unless there is delivered to the entity making the calculation of the Debt Service Requirement a certificate of an Authorized Airport Representative stating that the Authority intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Authority is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating the Debt Service Requirement, provided that such assumption shall not result in an interest rate lower than that which would be assumed under subsection (ii) above and shall be amortized over a term of not more than thirty (30) years from the date of refinancing;

(iv) if any Outstanding Revenue Bonds (including Program Obligations) or any Revenue Bonds which are then proposed to be issued constitute Tender Indebtedness (but excluding Program Obligations or Revenue Bonds as to which a Qualified Derivative Agreement is in effect and to which subsection (viii) applies), then, for purposes of determining the Debt Service Requirement, Tender Indebtedness shall be treated as if the principal amount of such Revenue Bonds were to be amortized over a term of not more than thirty (30) years commencing in the year in which such Tender Indebtedness is first subject to tender and with substantially level debt service payments; the interest rate used for such computation shall be either (a) the average of the variable rates applicable to such Tender Indebtedness during any consecutive 12-month period during the immediately preceding twenty-four (24) months (or a shorter period, commencing on the date of issuance of such Tender Indebtedness) ending within thirty (30) days prior to the date of computation, or (b) with respect to any Tender Indebtedness for which such an average of the

variable rates cannot be determined, (i) at a rate equal to 110% of the most recent BMA Index theretofore published in The Bond Buyer, or (ii) if The Bond Buyer is no longer published or no longer publishes the BMA Index, at a rate certified by the Authority's financial advisor, underwriter or other agent, including a remarketing agent, to be the rate of interest such Tender Indebtedness would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security and bearing interest at a variable rate, taking into consideration whether interest on such Tender Indebtedness is or is not excluded from gross income for federal income tax purposes; and with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in subsection (i) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date shall be determined as provided in subsections (v) or (vi) below, as appropriate;

(v) if any Outstanding Revenue Bonds constitute Variable Rate Indebtedness, including obligations described in subsection (viii)(B) to the extent it applies (except to the extent subsection (ii) or (iii) relating to Balloon Indebtedness or subsection (iv) relating to Tender Indebtedness or subsection (viii)(A) relating to Synthetic Fixed Rate Debt applies), the interest rate used for such computation shall be either (a) the average of the variable rates applicable to such Variable Rate Indebtedness during any consecutive 12-month period during the immediately preceding twenty-four (24) months (or a shorter period, commencing on the date of issuance of such Variable Rate Indebtedness) ending within thirty (30) days prior to the date of computation, or (b) with respect to any Variable Rate Indebtedness for which such an average of the variable rates cannot be determined, (i) at a rate equal to 110% of the most recent BMA Index theretofore published in The Bond Buyer, or (ii) if The Bond Buyer is no longer published or no longer publishes the BMA Index, at a rate certified by the Authority's financial advisor, underwriter or other agent, including a remarketing agent, to be the rate of interest such Variable Rate Indebtedness would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security and bearing interest at a variable rate, taking into consideration whether interest on such Variable Rate Indebtedness is or is not excluded from gross income for federal income tax purposes;

(vi) with respect to any Program Obligations or Unissued Program Obligations (in each case other than Commercial Paper) (A) debt service on such Program Obligations then Outstanding shall be determined in accordance with such of the foregoing provisions of this definition as shall be applicable, and (B) with respect to Unissued Program Obligations, it shall be assumed that the full principal amount of such Unissued Program Obligations will be amortized over a term certified by an Authorized Airport Representative at the time the initial Program Obligations of such Program are issued to be the expected duration of such Program or, if such expectations have changed, over a term certified by an Authorized Airport Representative to be the expected duration of such Program at the time of such calculation, but not to exceed thirty (30) years from the date of the initial issuance of such Program Obligations and it shall be assumed that debt service shall be paid in substantially level annual debt service payments over such assumed term; the interest rate used for such computation shall be the average of the variable rates applicable to such Unissued Program Obligations during any consecutive 12-month period during the immediately preceding twenty-four (24) months (or a shorter period, commencing on the date of issuance of such Unissued Program Obligations) ending within thirty (30) days prior to the date of computation, or (b) with respect to any Unissued Program Obligations for which such an average of the variable rates cannot be determined, (i) at a rate equal to 110% of the most recent BMA Index theretofore published in The Bond Buyer, or (ii) if The Bond Buyer is no longer published or no longer publishes the BMA Index, at a rate certified by the Authority's financial advisor, underwriter or other agent, including a remarketing agent, to be the rate of interest such Unissued Program Obligations would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security and bearing interest at a variable rate, taking into consideration whether interest on such Program Obligations or Unissued Program Obligations is or is not excluded from gross income for federal income tax purposes;

(vii) debt service on Repayment Obligations shall be deemed to be the Debt Service Requirement for the Revenue Bonds associated with such Repayment Obligations;

(viii) (A) for purposes of computing the Debt Service Requirement of Revenue Bonds which constitute Synthetic Fixed Rate Debt, the interest payable thereon shall, if the Authority elects, be that rate as provided for by the terms of the Qualified Derivative Agreement or the net interest rate payable pursuant to offsetting indices, as applicable, or if the Authority fails to elect such rate, then it shall be deemed to be the fixed interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority;

(B) for purposes of computing the Debt Service Requirement of Revenue Bonds with respect to which a Qualified Derivative Agreement has been entered into whereby the Authority has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Revenue Bonds to which such Qualified Derivative Agreement pertains shall be included in the calculation of the Debt Service Requirement, and the interest rate with respect to such Revenue Bonds shall, if the Authority elects, be the sum of that rate as determined in accordance with subsection (v) relating to Variable Rate Indebtedness plus the difference between the interest rate on such Revenue Bonds and the rate received from the Qualified Derivative Agreement provider;

(ix) with respect to any Commercial Paper Program which has been implemented and not then terminated or with respect to any Commercial Paper Program then proposed to be implemented, with respect to Commercial Paper issued thereunder, the principal of and interest thereon shall be calculated as if the entire authorized amount of such Commercial Paper Program were to be amortized over a term of thirty (30) years commencing in the year in which such Commercial Paper Program is implemented and with substantially level annual debt service payments; the interest rate used for such computation shall be the average of the variable rates applicable to such Commercial Paper Program during any consecutive 12-month period during the immediately preceding twenty-four (24) months (or a shorter period, commencing on the date of issuance of such Commercial Paper Program) ending within thirty (30) days prior to the date of computation, or (b) with respect to any Commercial Paper Program for which such an average of the variable rates cannot be determined, (i) at a rate equal to 110% of the most recent BMA Index theretofore published in The Bond Buyer, or (ii) if The Bond Buyer is no longer published or no longer publishes the BMA Index, at a rate certified by the Authority's financial advisor, underwriter or other agent, including a remarketing agent, to be the rate of interest such Commercial Paper Program would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security and bearing interest at a variable rate, taking into consideration whether interest on such Commercial Paper is or is not excluded from gross income for federal income tax purposes;

(x) if moneys or Defeasance Obligations have been irrevocably deposited with and are held by the Trustee or another fiduciary or moneys in the Capitalized Interest Account have been set aside exclusively to be used to pay principal of and/or interest on specified Revenue Bonds, then the principal of and/or interest on to be paid from such moneys, Defeasance Obligations or from the earnings thereon shall be disregarded and not included in calculating the Debt Service Requirement;

(xi) the principal of and/or interest on Revenue Bonds to be paid from Dedicated Revenues or from earnings thereon shall be disregarded and not included in calculating the Debt Service Requirement as provided in Section 4.19 of the Ordinance;

(xii) to the extent not otherwise addressed herein, any payments made by the Authority on a Derivative Agreement shall be treated as part of the Debt Service Requirement on the Designated Debt with respect thereto and all payments received by the Authority on a

Derivative Agreement shall be applied to reduce the Debt Service Requirement on the Designated Debt with respect thereto; and

with respect to any Revenue Bond issued after June 30, 2008, that does not clearly fit within (i)-(xii) above, the Debt Service Requirement on such Revenue Bond shall be the amount or amounts certified by the Treasurer and another Authorized Airport Representative as reasonable in a certificate delivered to the Trustee.

“Dedicated Revenues” means passenger facility charges, state and/or federal grants or other moneys which the Authority has dedicated to pay principal of and/or interest on Revenue Bonds in the manner provided under the Ordinance.

“Defeasance Obligations” means with respect to any particular series of Revenue Bonds, any security specified by the Authority in the Supplemental Bond Ordinance as a Defeasance Obligation in connection with the sale of such Revenue Bonds by the Authority.

“Derivative Agreement” means an agreement or contract executed by the Authority in connection with a transaction, agreement or understanding entered into by the Authority in connection with Revenue Bonds or Subordinate Securities in which the Authority and a counterparty agree to exchange payments in the future, including, without limitation, transactions commonly called swap agreements, option agreements in which the counterparty can require the Authority to issue Refunding Revenue Bonds, cap and floor agreements and interest rate swap agreements.

“Designated Debt” shall mean a specific indebtedness designated by the Authority in which such debt shall be offset with a Derivative Agreement, such specific indebtedness to include all or any part of a series or multiple series of Revenue Bonds or Subordinate Securities.

“Event of Default” means an Event of Default as set forth in the Ordinance.

“Federal Payment” means those funds received by the Airport System from the federal government or any agency thereof as payments for the use of any facilities or services of the Airport System, but excluding grants-in-aid and all mandated payments, including payments from the United States Transportation Security Administration.

“Fiscal Year” means the fiscal year of the Authority being the period from January 1 in any year to the following December 31 or any other period specified by the Authority as its fiscal year for accounting purposes.

“Fund” means any Fund established by this Ordinance.

“General Obligation Bond Interest and Principal Fund” means the General Obligation Bond Interest and Principal Fund established by the Ordinance.

“General Obligation Bonds” means any General Obligation Bonds issued by the Authority pursuant to I.C. 8-22-3-16, or prior provisions of statutes governing the Authority.

“Gross Revenues” means all revenues, income, accounts and general intangibles from the Airport System, including but not limited to rents, charges, landing fees, user charges, revenues from concessionaires, ground rents from Special Purpose Facilities and similar revenues, but excluding revenue from ad valorem taxes or payments in lieu of taxes, payments received on any Investment Swap or Derivative Agreement (other than a Qualified Derivative Agreement), Federal Payments, passenger facility, customer facility and similar charges, grants-in-aid, gifts, investment income, bond or loan proceeds, proceeds from the sale of Airport System capital assets, revenues derived from the reversion of an interest in property following the expiration of a lease, Released Revenues or rental payments made for Special Purpose Facilities to provide for debt service and for an allocable portion of administrative costs for such facilities.

“Implicit Price Deflator Index” means the Implicit Price Deflator Index published by the United States Bureau of Labor Statistics, as amended and supplemented from time to time, or any successor index thereto.

“Investment Swap” means an agreement or contract executed by the Authority in connection with the investment of funds, in which the Authority and a counterparty agree to make payments in the future based upon interest rates, including, without limitation, swap agreements, cap and floor agreements, forward delivery agreements or investment contracts.

“Net Revenues” means Gross Revenues less Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means the reasonable, necessary current expenses of the Authority paid or accrued in operating and maintaining the Airport System, including but not limited to (a) costs of collecting Gross Revenues and making refunds; (b) engineering, audit reports, legal and administrative expenses; (c) salaries, wages and other compensation; (d) costs of routine repairs, replacements and renewals; (e) costs of utility services; (f) general administrative overhead of the Authority; (g) material and supplies used in the ordinary course of business; (h) contractual and professional services; (i) costs of insurance and fidelity bonds; (j) costs of carrying out provisions of the Ordinance; (k) the costs for any single item of \$100,000 or less, as adjusted by the Implicit Price Deflator Index, (or such other amount, if any, specified in the Airline Agreement) or which has a useful life of less than two (2) years; and (l) all other routine costs and expenses or costs and expenses required to be paid by the Authority by law. The term “Operation and Maintenance Expenses” shall not include any allowance for depreciation, any debt service, any payment due on a Derivative Agreement, any operation and maintenance expense incurred in connection with Special Purpose Facilities which are reimbursed by the Lessee thereof nor any expenses paid (or the portion) by assets, grants or other moneys received by the Authority, but only to the extent such assets, grants or other moneys are not included in Gross Revenues.

“Operation and Maintenance Reserve Fund” means the Operation and Maintenance Reserve Fund established by the Ordinance.

“Ordinance” means this Consolidated and Restated Master Bond Ordinance as enacted by the Authority on August 15, 2014, which consolidates and restates General Ordinance No. 4-2002, adopted on December 20, 2002, as subsequently amended by General Ordinances No. 7-2005 and No. 1-2008, including any and all Supplemental Ordinances hereafter adopted for the issuance of Revenue Bonds.

“Original Issue Discount Revenue Bond” shall mean Revenue Bonds which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Revenue Bonds by the Supplemental Ordinance under which such Revenue Bonds are issued.

“Outstanding” means, as of a particular date, all such Revenue Bonds theretofore and thereupon delivered except: (a) any such Revenue Bond canceled by or on behalf of the Authority at or before said date; (b) any such Revenue Bond defeased pursuant to the defeasance provisions of the ordinance authorizing its issuance, or otherwise defeased as permitted by applicable law; and (c) any such Revenue Bond in lieu of or in substitution for which another Revenue Bond shall have been delivered pursuant to the ordinance authorizing the issuance of such Revenue Bond.

“Owner,” “Bondowner” or “Owner of Revenue Bonds” means the registered owner of any Revenue Bond.

“Paying Agent” means any bank or trust company organized under the laws of any state of the United States or any national banking association designated as Paying Agent or Co-Paying Agent for the Revenue Bonds of any Series, and its successor or successors hereafter appointed in the manner provided in the Ordinance.

“Prepaid Airline Fund” means the Prepaid Airline Fund established by the Ordinance.

“President” means the President elected by the Board pursuant to the provisions of I.C. 8-22-3-9(a).

“Principal Amount” or “principal amount” shall mean, as of any date of calculation, (a) with respect to any Capital Appreciation Revenue Bonds, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (b) with respect to any Original Issue Discount Revenue Bonds, the Accreted Value thereof, unless the Supplemental Bond Ordinance under which such Revenue Bonds were issued shall specify a different amount, in which case, the terms of the Supplemental Bond Ordinance shall control, and (c) with respect to any other Revenue Bonds, the principal amount of such Revenue Bond payable at maturity.

“Program” shall mean a financing program identified in a Supplemental Ordinance, including, but not limited to a Commercial Paper Program, (a) which is authorized and the terms thereof approved by a Supplemental Ordinance adopted by the Authority where the items described in Section 5.01 of the Ordinance have been filed with the Trustee, (b) wherein the Authority has authorized the issuance, from time to time, of notes, Commercial Paper or other indebtedness as Revenue Bonds, and (c) the authorized amount of which has met the additional bonds test set forth in Section 5.01 of the Ordinance and the Outstanding amount of which may vary from time to time, but not exceed the authorized amount set forth in such Supplemental Ordinance.

“Program Obligations” shall mean Revenue Bonds issued and Outstanding pursuant to a Program, other than Unissued Program Obligations.

“Project” means, as it pertains to any particular issue of Revenue Bonds, any use of Revenue Bond proceeds for a Capital Improvement as further described in any Supplemental Bond Ordinance.

“Project Costs” with respect to any Project means costs including the following:

- (i) obligations of the Authority and all contractors incurred for labor and materials in connection with the construction, installation and equipping of the Project;
- (ii) the cost of contract bonds and insurance of all kinds that may be required or necessary during the construction of the Project;
- (iii) all costs of architectural and engineering services, including the costs of the Authority for test borings, surveys, estimates, plans and specifications and preliminary investigation therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the Project;
- (iv) all expenses incurred in connection with the issuance of Revenue Bonds, including, without limitation, compensation and expenses of the Trustee, Registrar and Paying Agents, expenses of the Authority, legal and accounting expenses and fees, payments on a Derivative Agreement, costs of printing and engraving, recording and filing fees, compensation of underwriters, rating agency fees, costs of financial services, and interest;
- (v) all sums required to reimburse the Authority for advances made by it for any of the above items or for any other costs incurred and for work done, whether before or after the adoption of this Ordinance, which are properly chargeable to the Project; and
- (vi) all other components of cost of labor, materials, machinery and equipment and financing charges attributable to the Projects to the extent permitted by the Act.

“Qualified Derivative Agreement” means a Derivative Agreement with respect to which:

- (vii) the counterparty to such Derivative Agreement shall be rated or guaranteed by a party that is rated, at the time of execution of such Derivative Agreement in a category not lower than the A category now used by each Rating Agency (if such then exist); and

(viii) the Authority shall have determined by certificate filed with the Trustee to treat the Derivative Agreement as a Qualified Derivative Agreement under this Ordinance.

“Rating Agency” and “Rating Agencies” shall mean any nationally recognized rating agency of municipal obligations, but only if such Rating Agencies have been requested by the Authority to maintain a rating on the Revenue Bonds and such Rating Agencies are then maintaining a rating on any of the Revenue Bonds.

“Registrar” means any bank or trust company organized under the laws of any state of the United States or any national banking association designated as Registrar by the Authority to perform the duties set forth in Article VIII of the Ordinance.

“Released Revenues” means revenues (including any revenues, fees, income and receipts that would otherwise be considered to be Gross Revenues) which the Authority has determined to designate as Released Revenues in accordance with the provisions of the Ordinance.

“Repayment Obligations” shall mean an obligation arising under a written agreement between the Authority and a credit provider pursuant to which the Authority agrees to reimburse the credit provider for amounts paid through a credit facility and used to pay debt service on any Revenue Bonds and all other amounts due and owing to a credit provider under a credit facility, or an obligation arising under a written agreement of the Authority and a liquidity provider pursuant to which the Authority agrees to reimburse the liquidity provider for amounts paid through a liquidity facility to be used to purchase Revenue Bonds and all other amounts due and owing to a liquidity provider under a liquidity facility.

“Revenue Bond Interest and Principal Fund” means the Revenue Bond Interest and Principal Fund established by the Ordinance.

“Revenue Bond Reserve Fund” means the Revenue Bond Reserve Fund established by the Ordinance with separate accounts as established in a Supplemental Ordinance for any issue of Revenue Bonds.

“Revenue Bonds” means the bonds, notes or other obligations authorized to be issued pursuant to the Ordinance as Revenue Bonds or Completion Revenue Bonds secured in whole or in part by a first priority lien on the Net Revenues.

“Secretary” means the Secretary appointed by the Board pursuant to the provisions of I.C. 8-22-3-11(17).

“Special Purpose Facilities” means facilities which are leased from the Authority pursuant to which the lessee agrees to pay to the Authority rentals or fees sufficient to pay the principal and interest on bonds issued to pay the cost of construction of the Special Purpose Facility plus such further rentals or fees necessary to maintain all reserves or pay necessary administrative expenses required for Special Purpose Facilities.

“Subordinate Securities” means each series of bonds, notes or other obligations permitted to be issued by the Authority pursuant to Section 5.04 of the Ordinance as Subordinate Securities secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the lien on Net Revenues securing payment of Revenue Bonds.

“Subordinate Securities Interest and Principal Fund” means the Subordinate Securities Interest and Principal Fund established by the Ordinance.

“Subordinate Securities Reserve Fund” means the Subordinate Securities Reserve Fund established by the Ordinance.

“Supplemental Bond Ordinance” means, with respect to a series of Revenue Bonds, the Supplemental Ordinance pursuant to which such series was issued.

“Supplemental Ordinance” means each ordinance enacted by the Authority for the issuance of Revenue Bonds or Subordinate Securities or to amend or supplement this Ordinance.

“Synthetic Fixed Rate Debt” shall mean indebtedness issued by the Authority which: (a) is combined, as Designated Debt, with a Qualified Derivative Agreement and creates, in the opinion of an Underwriter, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (b) consisting of an arrangement in which two inversely related variable-rate securities are issued in equal notional amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

“Tax-Exempt Bonds” means any Revenue Bonds or Subordinate Securities the interest on which, when issued, the Authority expected to be excludable from gross income of the Owners thereof for federal income tax purposes.

“Tender Indebtedness” shall mean any Revenue Bonds or portions of Revenue Bonds a feature of which is an option or an obligation on the part of the holders, under the terms of such Revenue Bonds, to tender all or a portion of such Revenue Bonds to the Authority, the Trustee, the Paying Agent or other fiduciary or agent or credit provider for payment or purchase and requiring that such Revenue Bonds or portions of Revenue Bonds be purchased if properly presented.

“Treasurer” means the Treasurer appointed by the Board pursuant to the provisions of I.C. 8-22-3-11(17) and I.C. 8-22-3-20.

“Trustee” means any and all Trustees or successor Trustees designated in a Supplemental Bond Ordinance.

“Underwriters” means the underwriters, as designated in the Supplemental Bond Ordinance of each particular issue of Revenue Bonds for which the term refers.

“Unissued Program Obligations” shall mean the Revenue Bonds authorized to be issued pursuant to a Program, issuable in an amount up to the authorized amount relating to such Program, which have been approved for issuance by the Authority pursuant to a Supplemental Bond Ordinance adopted by the Authority and with respect to which Program the items described in Section 5.01 of the Ordinance have been filed with the Trustee but which have not yet been authenticated and delivered pursuant to the Program documents.

“Variable Rate Indebtedness” shall mean any Revenue Bond or Revenue Bonds the interest rate on which is not, at the time in question, fixed to maturity, excluding any Commercial Paper Program.

“Vice President” means the Vice President elected by the Board pursuant to the provisions of I.C. 8-22-3-9(a).

“2014 Authority Reserve Account” means the account of the Revenue Bond Reserve Fund created pursuant to Section 4.8 of the Ordinance.

“2014 Debt Service Reserve Requirement” means, if the 2014 Authority Reserve Account is created as provided in Section 4.8 of the Ordinance, the least of the following: (1) the maximum annual principal and interest due on the 2014 Authority Bonds in any future calendar year; (2) 125% of the average annual principal and interest payments due on the 2014 Authority Bonds; and (3) 10% of the principal amount of the 2014 Authority Bonds, which shall be calculated by an Authorized Airport Representative and communicated to the Trustee. In the event the 2014 Bond Bank Bonds are issued at an issue price with an original issue discount or premium of more than a “de minimis amount” (as defined in Section 1.148 of the Regulations), the issue price of the 2014 Bond Bank Bonds shall be used in part (3) instead of the principal amount of the 2014 Authority Bonds. In the event there are Secured Bonds elected by an Authorized Airport Representative, the 2014 Debt Service Requirement shall be redefined by the Authorized Airport Representative to measure parts (1)-(3) above based upon all of the Secured Bonds.

Creation of Funds and Accounts

(a) The Ordinance establishes special Funds and Accounts including the Airport System Fund, the Revenue Bond Interest and Principal Fund (including a Capitalized Interest Account) and the Revenue Bond Reserve Fund.

(b) In addition, the Authority may provide for additional funds from time to time for accounting and rate-setting purposes, the provisions of which the Authority may amend without the consent of the Trustee or any bondholder. At this time, the Authority has created the General Obligation Bond Interest and Principal Fund, the General Obligation Bond Reserve Fund, the Subordinate Securities Interest and Principal Fund, the Subordinate Securities Reserve Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund, the Capital Improvement Fund, the Coverage Fund and the Prepaid Airline Fund.

Under the Ordinance, the Airport System Fund and any fund described in (b) above must be maintained as separate funds or accounts on the books of the Authority, and all amounts credited to such funds will be maintained in an official depository bank of the Authority. Moreover, the Ordinance provides that the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund, which constitute trust funds for the owners of the Revenue Bonds, will be maintained with the Trustee subject to the terms and conditions of the Ordinance.

Airport System Fund

All Gross Revenues shall be deposited as received into the Airport System Fund. In addition, the Authority may deposit into the Airport System Fund any Federal Payments, provided that, so long as such Federal Payments are excluded from the definition of Gross Revenues, such Federal Payments shall not be required to be applied for any debt service or reserves therefor. Moneys from time to time credited to the Airport System Fund shall be applied as follows in the following order of priority:

- (i) First, to apply and use sufficient amounts to pay and to provide for the payment of all current Operation and Maintenance Expenses.
- (ii) Second, to transfer all amounts to the Revenue Bond Interest and Principal Fund.
- (iii) Third, to transfer all amounts to the Revenue Bond Reserve Fund required by the Ordinance or any Supplemental Bond Ordinance.

Moneys remaining in the Airport System Fund, after making the deposits provided above, shall be held by the Authority for application at a future time as provided above or for deposit to any other account or fund of the Authority or for any other purpose of the Authority.

After making the deposits mentioned above, the Authority also agrees, to the extent moneys are available, to make deposits from the Airport System Fund as follows:

- (i) First, to transfer all amounts to the General Obligation Bond Interest and Principal Fund required by any ordinance authorizing the issuance of General Obligation Bonds;
- (ii) Second, to transfer all amounts to the General Obligation Bond Reserve Fund required by any ordinance authorizing the issuance of General Obligation Bonds;
- (iii) Third, to transfer all amounts to the Subordinate Securities Interest and Principal Fund required by any Supplemental Ordinance authorizing the issuance of Subordinate Securities;
- (iv) Fourth, to transfer all amounts to the Subordinate Securities Reserve Fund required by any Supplemental Ordinance authorizing the issuance of Subordinate Securities;

- (v) Fifth, to transfer all amounts to the Operation and Maintenance Reserve Fund required by the Ordinance or any Supplemental Ordinance;
- (vi) Sixth, to transfer all amounts to the Renewal and Replacement Fund required by the Ordinance or any Supplemental Ordinance;
- (vii) Seventh, to transfer amounts to the Capital Improvement Fund as provided in the Ordinance;
- (viii) Eighth, to transfer amounts to the Coverage Fund as provided in the Ordinance; and
- (ix) Ninth, to transfer all amounts to the Prepaid Airline Fund as provided in the Ordinance.

Notwithstanding the Authority's agreement to deposit moneys as provided in (i)-(ix) above, the Authority may alter, amend or terminate any of these funds without Bondowner or Trustee consent.

Revenue Bond Interest and Principal Fund

Amounts in the Revenue Bond Interest and Principal Fund will be disbursed solely for the purpose of making timely payment of principal of, and interest and redemption premiums, if any, on, the Revenue Bonds, and to make all regularly scheduled payments on and pay all fees charged in connection with Qualified Derivative Agreements, bond insurance, letters of credit, lines of credit or other credit or liquidity facilities, tender agent agreements and any similar agreements pertaining to the Revenue Bonds. The Authority may create a Capitalized Interest Account of the Revenue Bond Interest and Principal Fund for any series of Revenue Bonds.

Moneys received by the Authority pursuant to any Qualified Derivative Agreement will be deposited into the Revenue Bond Interest and Principal Fund, and moneys paid by the Authority pursuant to any Qualified Derivative Agreement will be paid from the Revenue Bond Interest and Principal Fund. In the event that the moneys in the Revenue Bond Interest and Principal Fund shall be insufficient to pay the amounts described in the Supplemental Bond Ordinance adopted for each series of Revenue Bonds, the Trustee will apply the moneys in the Revenue Bond Interest and Principal on a pro rata basis (except that Dedicated Revenues shall only be applied to the extent allowed by law) to pay such amounts prior to taking into consideration the amounts on deposit in any account of the Revenue Bond Reserve Fund.

Revenue Bond Reserve Fund

The Authority is authorized to specify in the Supplemental Ordinance authorizing a series of Revenue Bonds that an account or accounts of the Revenue Bond Reserve Fund may be maintained for such Revenue Bonds and the provisions with respect thereto or that no account of the Revenue Bond Reserve Fund is being created for such Revenue Bonds. In addition, the Ordinance provides that the reserve requirement for any series of Revenue Bonds may be satisfied by a surety bond, insurance policy or letter of credit (each, a "Reserve Policy").

If the 2014 Authority Reserve Account is created, an amount necessary to make the funds on deposit in the 2014 Authority Reserve Account equal to the 2014 Debt Service Reserve Requirement shall be deposited in the 2014 Authority Reserve Account as described in Section 4.4 of the Ordinance. In any event, in any month in which the 2014 Authority Reserve Account shall contain less than the 2014 Debt Service Reserve Requirement, then, on or before the last business day of such month, after making all required payments and provisions for payment of Operation and Maintenance Expenses and after making all required transfers to the Revenue Bond Interest and Principal Fund, there shall be transferred into the 2014 Authority Reserve Account from the Airport System Fund an amount sufficient to reestablish in the 2014 Authority Reserve Account the 2014 Debt Service Reserve Requirement, as amended. After the 2014 Debt Service Reserve Requirement has been accumulated and for so long thereafter as such 2014 Authority Reserve Account contains such amount, no further transfers shall be required to be made to the 2014 Authority Reserve Account. In the event and to the extent that moneys in the 2014 Authority

Reserve Account exceed the 2014 Debt Service Reserve Requirement, such excess moneys may be transferred from such account at the direction of the Authority, to the Capital Improvement Fund. Moneys in the 2014 Authority Reserve Account shall be used to pay principal of, and interest on, the 2014 Authority Bonds on a pro rata basis in the event and to the extent that available funds in the Revenue Bond Interest and Principal Fund are insufficient for such purpose, and such moneys in the 2014 Authority Reserve Account may also be used to make the final payments for the retirement or defeasance of any of the 2014 Authority Bonds then Outstanding to the extent the amount remaining in the 2014 Authority Reserve Account exceeds the 2014 Debt Service Reserve Requirement for the remaining 2014 Authority Bonds.

General Obligation Bond Interest and Principal Fund

Amounts in the General Obligation Bond Interest and Principal Fund will be disbursed solely for the purpose of paying principal of, interest and redemption premiums, if any, on, the General Obligation Bonds, or to purchase General Obligation Bonds on the open market, and to pay all bank charges, costs of any credit and liquidity facilities and other costs pertaining to the General Obligation Bonds or such payments.

Subordinate Securities Interest and Principal Fund

The Authority will set forth in any Supplemental Ordinance authorizing a series of Subordinate Securities the provisions with respect to the Subordinate Securities Principal and Interest Fund.

Subordinate Securities Reserve Fund

Amounts in the Subordinate Securities Reserve Fund will be maintained and transferred in accordance with the Supplemental Ordinance of the Authority authorizing the issuance of Subordinate Securities.

Operation and Maintenance Reserve Fund

The Authority shall fund and maintain a balance of money and investments in the Operation and Maintenance Reserve Fund at least equal to two (2) months current Operation and Maintenance Expenses or such other amount as agreed to in any Airline Agreement. The amount required to be held in this Fund will be determined annually at the time of approval of the annual budget for the following Fiscal Year for the Airport System pursuant to the Ordinance. The balance in this fund will be evaluated monthly in light of current Operation and Maintenance Expense expectations, and on or before the last business day of each month, after making all required payments and provision for payment of Operation and Maintenance Expenses and all required transfers, the Authority may transfer from the Airport System Fund, to the extent amounts are available, to the Operation and Maintenance Reserve Fund the amount needed to establish or reestablish the balance in the Operation and Maintenance Reserve Fund to that level required in the Ordinance. Amounts credited to the Operation and Maintenance Reserve Fund may be used at any time: first, to pay for any Operation and Maintenance Expenses for which amounts are not otherwise available in the Airport System Fund; second, to the extent any amounts are remaining, to be transferred to the Revenue Bond Interest and Principal Fund, the Revenue Bond Reserve Fund, the General Obligation Bond Interest and Principal Fund, the General Obligation Bond Reserve Fund, the Subordinate Securities Interest and Principal Fund or the Subordinate Securities Reserve Fund to the extent of any deficiency; third, to pay any costs or expenses payable from the Renewal and Replacement Fund for which there are insufficient amounts in the Renewal and Replacement Fund; and fourth, to the extent any excess amounts remain, for transfer to the Capital Improvement Fund.

Renewal and Replacement Fund

The Authority may fund and maintain a balance in the Renewal and Replacement Fund equal to the greater of \$2,000,000, as adjusted for inflation, or 2% of all Airport System Operation and Maintenance Expense or such other amount agreed to in any Airline Agreement. Amounts in the Renewal and Replacement Fund may be used for the following purposes and in the following order of priority: (a) to pay the extraordinary costs of replacing depreciable property and equipment and making extraordinary repairs, replacements or renovations of the Airport System; (b) to pay any Operation and Maintenance Expenses for which insufficient amounts are available in the

Airport System Fund; (c) to satisfy any deficiencies in the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund; and (d) to the extent of any amounts remaining in excess of such minimum reserve requirement, to the Capital Improvement Fund.

Capital Improvement Fund

The Authority may disburse amounts in the Capital Improvement Fund for any lawful purpose of the Authority, including without limitation to pay for any Capital Improvements, to pay for any costs of replacing any depreciable property or equipment in the Airport System, to pay for any major or extraordinary repairs, replacements or renewals of the Airport System, to make any payments to be made by the Authority on an Investment Swap or a Derivative Agreement, to acquire land or any interest therein, to pay any lease or contractual obligations not otherwise paid as Operation and Maintenance Expenses for any lawful purpose of the Authority and to make any transfers required to cure any deficiencies in any Funds.

Coverage Fund

The Authority may, after making all required payments and transfers, deposit Gross Revenues to the Coverage Fund for the purpose of establishing future coverage on outstanding Revenue Bonds. Moneys in the Coverage Fund may be used for any lawful purpose of the Authority.

Prepaid Airline Fund

Any amount in the Prepaid Airline Fund at the end of any Fiscal Year shall be used as a credit in calculating the required rentals and fees under the Ordinance for the following Fiscal Year. After making such credit, however, such moneys may ultimately be used for any Airport System purpose deemed necessary by the Authority.

Investment of Funds

Moneys in all Funds will, at the option and direction of the Authority, be invested and secured in the manner required by law for public funds in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, in obligations of any agencies or instrumentalities of the United States of America or in any other investment authorized by Indiana law; provided that all such deposits and investments must be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. For purposes of maximizing investment returns, money in such Funds may be invested, together with money in other Funds or with other money of the Authority, in common investments of the kind described above, or in a common pool of such investments maintained by the Authority or the Trustee which will not be deemed to be a loss of the segregation of such money or Funds so long as safekeeping receipts or certificates of participation or other documents clearly evidencing the investment or investment pool in which such money is invested, and the share thereof purchased with such money or owned by such Fund, are held by or on behalf of each such Fund. If, and to the extent necessary, such investments or participations therein will be promptly sold to prevent any default.

Interest and income derived from the deposit and investment of amounts held in all Funds will be transferred or credited monthly to the Airport System Fund or such other Fund as the Authority shall direct, except as follows: (a) all interest and income derived from deposits and investments in any Fund will remain in such Fund to the extent necessary to accumulate the balance required to be maintained therein; and (b) all interest and income derived from deposits and investments held in any Construction Fund will remain in such Construction Fund for application on Project Costs until such Projects are complete, at which time all moneys in the Construction Fund will be transferred to: (i) any account or fund as provided in the Supplemental Ordinance pursuant to which such moneys were deposited into the Construction Fund; (ii) the Revenue Bond Interest and Principal Fund or the Revenue Bond Reserve Fund if needed to eliminate deficiencies therein; and (iii) then to the Capital Improvement Fund or such other Fund as the Authority shall direct.

Dedicated Revenues

From time to time the Authority may adopt an ordinance or resolution irrevocably designating certain passenger facilities charges, state and/or federal grants or other moneys received by the Authority (and not otherwise treated as Gross Revenues) as Dedicated Revenues to be used exclusively to pay debt service on Revenue Bonds. In such ordinance or resolution, the Authority shall elect to exclude from the Debt Service Requirement, an amount of principal of and/or interest on Revenue Bonds in an amount equal to such Dedicated Revenues. If the Authority adopts an ordinance or resolution as described in this paragraph, the Authority shall transfer such Dedicated Revenues into the Revenue Bond Interest and Principal Fund at such time as is needed to pay such debt service when due.

Released Revenues

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

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

In such event, the Released Revenues shall not be deposited in or shall be released from the Airport System Fund and shall not be pledged as security for the Revenue Bonds.

Additional Revenue Bonds

One or more series of additional Revenue Bonds payable from and secured by a lien on the Net Revenues on a parity with any Outstanding Revenue Bonds may be issued subject to the provisions of Section 5.01 of the Ordinance. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2014 AUTHORITY BONDS – Additional Bonds – *Authority Revenue Bonds*" contained in this Official Statement.

Operation and Maintenance of Airport System

So long as any Revenue Bonds remain outstanding, the Authority covenants that it will at all times maintain and operate the Airport System, or within the limits of its authority cause the same to be maintained and operated, in good and serviceable condition.

Sale or Encumbrance of Airport System

Except as permitted in the Ordinance, neither all nor a substantial part of the Airport System or any property necessary to the operation and use of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of.

The Authority may enter into a management contract or lease of all or substantially all of the Airport System or any lesser part thereof, on the condition that the manager or lessee agrees to comply with and perform all of the duties of the Authority under the provisions of the Ordinance (except those expressly retained by the Authority). Subject to such conditions, the Authority may delegate to such manager or lessee all or a portion of the Authority's rights and duties under the Ordinance. In such event, after providing for the deposits required by the Ordinance, the lessee may compensate the Authority for the lessee's use of such property from Gross Revenues in the Airport System Fund for deposit into the Capital Improvement Fund.

The Authority may also execute any leases, licenses, easements, or other agreements of any part of the Airport System in connection with the operation of the Airport System by the Authority, or in connection with any Special Purpose Facilities located at any airport within the Airport System.

The Authority may sell, exchange, lease or otherwise dispose of, or exclude from the Airport System, any property constituting a part of the Airport System which the Authorized Airport Representative certifies (i) to be no longer useful in the construction or operation of the Airport System, (ii) to be no longer necessary for the efficient operation of the Airport System, or (iii) to have been replaced by other property of at least equal value. The net proceeds of any such sale or disposition of any Airport System property (or the fair market value of any property so excluded) will be used for the purpose of replacing properties at the Airport System or will be paid into the Airport System Fund for the purposes thereof.

In addition, the Authority may transfer all or a substantial part of the Airport System to another body corporate and politic which assumes the Authority's obligations under the Ordinance and in any Supplemental Ordinance, if, in the written opinion of the Airport Consultant, the ability to meet the rate covenant and other covenants under the Ordinance and in any Supplemental Ordinance are not materially and adversely affected. In the event of any such transfer and assumption, the Authority may retain any facility of the Airport System, if, in the written opinion of the Airport Consultant, such retention will not materially and adversely affect nor unreasonably restrict such other entity's ability to comply with the requirements of the rate covenant and the other covenants of the Ordinance and in any Supplemental Ordinance.

Insurance

The Ordinance requires the Authority to keep the Airport System insured with insurers of good standing against risks, accidents or casualties against which and to the extent customarily insured against by, and with deductible and self-insurance provisions customarily utilized by, operators operating similar properties, to the extent that such insurance is reasonably available. To the extent the Authority self-insures its insurance risks in an amount greater than \$5,000,000, the Authority will provide to the Trustee a report of an independent insurance consultant satisfactory to the Trustee that its self-insurance program is funded in accordance with industry standards.

Accounts, Records and Audits

So long as any Revenue Bonds remain outstanding, the Authority covenants and agrees that it will maintain a proper and complete system of records and accounts pertaining to the Gross Revenues and the operation of the Airport System, in which full, true and proper entries will be made of all dealings, transactions, business and affairs which in any way affect or pertain to the Gross Revenues and the Airport System. The Authority will, within 120 days after the close of each Fiscal Year or as soon thereafter as practicable, cause an audit report of such records and accounts to be prepared by an independent certified public accountant or independent firm of certified public accountants, which will calculate the Gross Revenues, Net Revenues and Debt Service Requirement for such Fiscal Year and will set forth a calculation to demonstrate whether the Authority has satisfied the rate covenant contained in the Ordinance. In addition, the Authority will each year, either as a part of its annual audit or by separate

engagement, cause an independent certified public accountant or independent firm of certified public accountants to prepare an annual report. Each year promptly after such reports are prepared, the Authority will furnish copies thereof to any registered owners of Revenue Bonds who so request.

Tax-Exemption

So long as any Tax-Exempt Bonds remain outstanding, the Authority covenants that it will not take, or omit to take, any acts, including without limitation entering into any lease, operating agreement or other contract for the operation of all or any portion of the Airport System or pledge to the payment of the Tax-Exempt Bonds any revenues or fail to make any required payment or rebate of interest earnings, if to do so would cause interest on any Tax-Exempt Bonds to be includable within the gross income of the Owners thereof for federal income tax purposes. See "TAX MATTERS" contained in this Official Statement.

Notwithstanding the foregoing, the Authority may issue taxable Revenue Bonds in the manner and pursuant to the terms set forth in the Ordinance.

Events of Default and Remedies of Owners of Revenue Bonds

Each of the following constitutes an Event of Default under the Ordinance:

(a) Default in the punctual payment of principal or redemption premium, if any, due to be paid on any Revenue Bond, whether at maturity or by call or proceedings for redemption or otherwise; or

(b) Default in the punctual payment of any installment of (1) interest due to be paid on any Revenue Bond, (2) any regularly scheduled payment due on a Qualified Derivative Agreement, or (3) any payment due on a Repayment Obligation (after the lapse of any applicable grace period); or

(c) Default in the performance or observance of any other covenant, agreement or condition required to be performed or observed by the Authority under the Ordinance or in any of the Revenue Bonds, continuing for 90 days after written notice of such default is given to the Authority by the Trustee or to the Authority and the Trustee by the owners of not less than 25% of the aggregate principal amount of outstanding Revenue Bonds; provided that if such default is correctable, but cannot be corrected within 90 days, it will not constitute an Event of Default if the Authority institutes and diligently pursues corrective action, within such period, until the default is corrected or, if such action involves legal action, the default is determined to be not correctable as a matter of law by a court of competent jurisdiction; or

(d) Certain voluntary or involuntary proceedings in bankruptcy or reorganization.

So long as the Event of Default has not been remedied, either the Trustee, upon written notice to the Authority, or the owners of not less than 25% in aggregate principal amount of Outstanding Revenue Bonds, upon notice to the Authority and the Trustee, may declare that an Event of Default has occurred. Any such declaration may be waived if, prior to the maturity of all of the outstanding Revenue Bonds, all overdue installments of interest upon the Revenue Bonds, together with interest on such overdue installments to the extent permitted by law, and all other sums then payable by the Authority under the Ordinance are made good or are secured to the satisfaction of the Trustee, and if (i) the owners of not less than 50% of the aggregate principal amount of outstanding Revenue Bonds rescind such declaration by written notice to the Trustee and the Authority or (ii) the Trustee has acted on its own without written direction to the contrary by the owners of not less than 25% of the aggregate principal amount of outstanding Revenue Bonds.

If an Event of Default has occurred, and has not been remedied, the Trustee may proceed, and upon the written request of the owners of not less than 25% of the aggregate principal amount of the outstanding Revenue Bonds and the provision for indemnification required under the Ordinance, must proceed to protect the rights of the owners of the Revenue Bonds under the Act or the Ordinance by such actions at law or in equity as the Trustee, upon the advice of counsel, deems to be most effectual in protecting the interests of the owners of the Revenue Bonds.

During the continuance of an Event of Default, the Trustee or receiver appointed pursuant to the Ordinance will apply all moneys, securities, funds and revenues received by the Trustee pursuant to any right given or action taken under the provisions of the Ordinance as follows and in the following order:

(i) Expenses of Fiduciaries - to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee, Registrar or Paying Agent, or any successor thereof, appointed and serving in such capacity pursuant to the Ordinance;

(ii) Operation and Maintenance Expenses - to the payment of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the Trustee to prevent a loss of revenues;

(iii) Principal and redemption premium, if any, and interest - to the payment of the interest, principal and redemption premium, if any, then due on the Revenue Bonds and Repayment Obligations and regularly scheduled payments on a Qualified Derivative Agreement, as follows:

FIRST: Interest - to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Revenue Bonds and Qualified Derivative Agreements or the interest component of any Repayment Obligations theretofore called for redemption, and, if the amount available is not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND: Principal and redemption premium, if any - to the payment to the persons entitled thereto of the unpaid principal and redemption premium, if any, of any Revenue Bonds or the principal component of any Repayment Obligations which have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available is not sufficient to pay in full all the Revenue Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal and redemption premium, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

The owners of a majority in principal amount of outstanding Revenue Bonds may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee upon the continuance of an Event of Default, unless (a) the Trustee is advised by counsel that the action or proceeding so directed may not be lawfully taken, (b) the Trustee determines in good faith that the action or proceeding so directed would involve the Trustee in personal liability for which provision for indemnification has not been made, or (c) the Trustee determines that the action or proceeding so directed would be unjustly prejudicial to the owners of Revenue Bonds which are not parties to such direction.

Discharge by Deposit

The Ordinance provides that the Authority may discharge its obligations to the Owners of any or all of the Revenue Bonds to pay principal thereof, interest and redemption premium (if any) thereon, by depositing with the Trustee cash in an amount equal to the principal amount and redemption premium, if any, of Revenue Bonds plus interest thereon to the date of maturity or redemption, or by depositing either with the Trustee or with any national banking association with capital and surplus in excess of \$100,000,000, pursuant to an escrow or trust agreement to which the Trustee is a party, cash and/or Defeasance Obligations in principal amounts and maturities, and bearing interest at rates sufficient to provide for the timely payment of the principal amount and redemption premium, if any, of such Revenue Bonds plus interest thereon to the date of maturity or redemption. Upon such deposit, such Revenue Bonds will no longer be regarded to be Outstanding or unpaid. If any Revenue Bonds are to be redeemed on any date prior to their maturity, the Authority will give irrevocable instructions to the Trustee to mail notice of redemption to the Owners of such Revenue Bonds to be redeemed and to mail notice of such deposit to the holders

of all Revenue Bonds not to be redeemed or paid in full within 60 days. Any failure, error or delay in giving such notice shall not affect the defeasance of such Revenue Bonds.

Amendment of Ordinance

The Authority may, without the consent of, or notice to, any of the owners of the Revenue Bonds, amend or supplement the Ordinance for any one or more of the following purposes:

- (a) To cure any ambiguity, defect, omission or inconsistent provision in the Ordinance or in the Revenue Bonds or to comply with any applicable provision of federal law or regulations, so long as such action does not adversely affect the interests of the owners of the Revenue Bonds;
- (b) To change the terms or provisions of the Ordinance to the extent necessary to prevent the interest on the Tax-Exempt Bonds from being includable within the gross income of the owners thereof for purposes of federal income tax;
- (c) To grant to or confer upon the owners of the Revenue Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the owners of the Revenue Bonds;
- (d) To add other covenants or agreements of, or conditions or restrictions on the Authority to the covenants and agreements of the Authority contained in the Ordinance, or to surrender or eliminate any right or power reserved to or conferred upon the Authority in the Ordinance;
- (e) To subject to the lien and pledge of the Ordinance additional revenues, properties or collateral;
- (f) To authorize the issuance, and to specify the terms and conditions, of Revenue Bonds or Subordinate Securities, so long as all of the requirements under the Ordinance are met for the issuance of such Revenue Bonds or Subordinate Securities;
- (g) To authorize any change or amendment in the Ordinance, which, in the judgment of the Trustee, does not materially and adversely affect the rights or interests of the registered owners of outstanding Revenue Bonds and does not otherwise require unanimous consent of the owners of the Revenue Bonds then outstanding under the Ordinance; or
- (h) To authorize any change or amendment in the Ordinance relating to deposits or balances in the Airport System Fund or any Fund other than the Revenue Bond Interest and Principal Fund and the Revenue Bond Reserve Fund.

With the exception of amendments for the purposes set forth in the preceding paragraph, the Owners of not less than a majority of the aggregate principal amount of the Revenue Bonds then outstanding which are affected have the right to consent, in accordance with the Ordinance, to any ordinance adopted by the Authority, which would amend, modify, add to or eliminate any provision of the Ordinance; provided, however, that no such subsequent ordinance may permit: (i) an extension of the maturity of the principal of or interest on any Revenue Bond; (ii) a reduction in the principal amount of or the rate of interest on any Revenue Bond; (iii) a privilege or priority of any Revenue Bond over any other Revenue Bond; or (iv) a reduction in the aggregate principal amount of Revenue Bonds required for consent to any amendment to the Ordinance.

SUMMARY OF AIRLINE AGREEMENTS

As of the date of this Official Statement, the Authority has an Agreement and Lease of Premises (an “Airline Agreement”) with each of the following passenger, charter or cargo air carriers (the “Signatory Airlines”) serving the Airport: AirTran Airways, American Airlines, Cargolux Airlines, Delta Air Lines, Federal Express, Frontier Airlines, Southwest Airlines, United Airlines, and US Airways.

All of the Airline Agreements contain substantially identical terms and conditions. The term of each Airline Agreement is for the period from the date of execution through December 31, 2015.

The following is a summary of certain provisions of the Airline Agreements. The summary is qualified in its entirety by reference to the standard form of the Airline Agreement.

Definitions

Capitalized terms used in this summary shall have the meanings defined below.

“Air Transportation” shall mean the carriage of persons, property, cargo and mail by aircraft and all other activities reasonably related thereto.

“Aircraft Arrival” shall mean any aircraft arrival at the Airport (including, without limitation, scheduled flights, charters, sightseeing flights, test flights, ferry flights, courtesy flights, inspection flights or any other flights). Aircraft arrival shall not include any flight that returns to the Airport after departure because of mechanical, meteorological or other precautionary reason.

“Airline Agreement” means an Agreement and Lease of Premises between the Authority and a Signatory Airline.

“Airport” shall mean the Indianapolis International Airport as shown on the Airport Layout Plan in Exhibit A to the Airline Agreements.

“Airport System” shall mean Indianapolis International Airport, Eagle Creek Airpark, Mt. Comfort Airport, Downtown Heliport, Metropolitan Airport and the Hendricks County Airport (Gordon Graham Field).

“Annual Budget” shall mean the capital and operating budget prepared by the Airport Director and adopted by ordinance of the Authority.

“Apron Area” shall mean those areas of the Airport that provide for the parking, loading, unloading and servicing of aircraft.

“Authority” means the Indianapolis Airport Authority.

“Capital Improvement” shall mean any single item having a cost in excess of One Hundred Thousand Dollars (\$100,000), as adjusted in proportion to the changes in the Consumer Price Index published by the U.S. Department of Labor, Bureau of Labor Statistics, or any similar index mutually agreeable to the parties to the Airline Agreement, and a useful life in excess of two (2) years, acquired, purchased or constructed in order to improve, maintain or develop the Airport System, as well as any extraordinary or substantial expenditure whose object is to preserve, enhance or protect the Airport System. Said term shall include any expense for development studies, analyses, master planning efforts (including periodic reviews thereof) and economic or operational studies of the Airport System.

“Fiscal Year” shall mean the 12-month period beginning on January 1 of any year and ending on December 31 of that year or any other period adopted by the Authority for its financial affairs.

“Indemnified Parties” shall mean the Authority, BAA Indianapolis LLC, and BAA USA (Holdings), Inc., and any of their representatives or agents.

“Joint Use Space” shall mean the premises assigned by the Authority to a Signatory Airline and one or more other Airlines.

“Landing Fees” shall mean the amount equal to the product of a landing fee rate per thousand pounds of Maximum Gross FAA Certified Landing Weight multiplied by the Total Landed Weight for such Signatory Airline during such month.

“Majority-in-Interest” shall mean any combination of the Signatory Airlines who together, according to the Authority, have paid more than fifty percent (50%) of the combined Signatory Airlines’ fees and rentals imposed pursuant to the Airline Agreements during the most recent six (6) full month period for which statistics are available, and which represent more than fifty percent (50%) in number of the combined total of the Signatory Airlines.

“Maximum Gross FAA Certified Landing Weight” shall mean the maximum weight, in 1,000 pound units, at which each aircraft as operated by a Signatory Airline is certificated by the FAA.

“Passenger Facility Charge” shall mean the fee the Authority may assess airline passengers for the use of the Airport.

“Preferential Use Space” shall mean the nonexclusive preferential use space in the Terminal Building and Apron Areas as designated or allocated by the Authority to a Signatory Airline for which the Signatory Airline has primary use rights as determined by the Authority.

“Signatory Airlines” shall mean those airlines providing Air Transportation of passengers or property by air to and from the Airport that rent land or facilities at the Airport and have executed Airline Agreements with the Authority.

“Terminal” means the passenger terminal building at the Airport as presently existing or as hereafter modified, developed or relocated.

“Terminal Complex” shall mean those areas of the Terminal assigned to air carriers providing Air Transportation to the Airport.

Lease Rentals and Fees

In order to satisfy its Signatory Airline Revenue Requirement (see “THE AIRPORT AND THE AIRPORT SYSTEM - Certain Authority Agreements – *Airline Agreements*”), each Signatory Airline agrees to make the following monthly payments in accordance with the applicable provisions of and the schedules attached to its Airline Agreement with the Authority:

1. Rentals for the Terminal Complex area (collectively, the “Space Rentals”);
2. Rentals for use of the Apron Area (“Apron Fees”); and
3. Landing Fees.

Each Signatory Airline shall report to the Authority (i) a description of all Aircraft Arrivals of such Signatory Airline during the previous month, by type and model of aircraft, and the Maximum Gross FAA Certified Landing Weight of such aircraft, (ii) the total number of enplaning and deplaning passengers of such Signatory Airline at the Airport during the previous month, and (iii) the amount in tons of freight, mail and other cargo carried or transported by such Signatory Airline at the Airport during the previous month. In the event that a Signatory Airline fails to provide such report, the Landing Fees due to the Authority will be equal to the Landing Fees paid for

the most recent month during which such a report was filed, subject to appropriate adjustment upon delivery of the currently required report by such Signatory Airline.

Each Signatory Airline will also collect on behalf of and remit to the Authority any such Passenger Facility Charges in accordance with the requirements of Federal law. The proceeds of such Passenger Facility Charges will be applied in any lawful manner.

Annual Recalculation of Lease Rentals and Fees

Not later than April 1 of each year, each Signatory Airline will submit to the Authority an estimate of both the Maximum Gross FAA Certified Landing Weight and passenger forecast at the Airport for such Signatory Airline during the next Fiscal Year. Not later than August 1 of each year, the Authority will submit copies of the following reports to each Signatory Airline:

- (a) report of the proposed Annual Budget for the following Fiscal Year, reflecting, among other things, all estimated operation and maintenance expenses and all outlays for Capital Improvements;
- (b) report of debt service payable during the following Fiscal Year, together with an estimate of debt service coverage for such Fiscal Year;
- (c) report of preliminary estimates of fees and charges reasonably expected to be imposed by the Authority for the following Fiscal Year; and
- (d) report of the aggregate of the amounts required to be deposited to the various special Funds established under the Ordinance.

Within fourteen (14) days after the receipt of such reports by the Signatory Airlines, and upon the request of the Authority or any Signatory Airline, the Authority and the Signatory Airlines may meet to review the reports of the Authority. The Authority will have sole discretion to modify or amend its Annual Budget based upon the results of such meeting. Prior to the first day of each Fiscal Year, the Authority will furnish each Signatory Airline with a copy of the Authority's Annual Budget, together with a schedule of the fees and charges applicable to such Signatory Airline during such Fiscal Year. In the event that the Authority does not adopt an Annual Budget prior to the commencement of a Fiscal Year, the fees and charges applicable to each Signatory Airline for the preceding Fiscal Year will remain in effect until a new Annual Budget, together with applicable fees and charges, is promulgated by the Authority, effective as of January 1 of such Fiscal Year.

If at any time, the revenues and balances available in any fund under the bond resolution are not sufficient to pay, when due, all items included in the Annual Budget, or to pay any other expense or cost incidental or necessary to, or arising out of, the operation of the Airport System, including, without limitation, emergency repairs or expenses, the reasonably necessary cost of defending, settling or satisfying any litigation or threatened litigation that relates to the Airport System, or any aspect thereof, or to compensate for the loss of revenue by reason of any labor dispute, or a force majeure, or because of adoption of an amended Annual Budget, the Authority may, upon notice to and consultation with each Signatory Airline, increase the Landing Fee to such amount as is sufficient to assure the Authority that all such items, expenses and costs shall be paid in full, solely from revenues of the Airport System.

Capital Improvements

On or before August 1 of each Fiscal Year, the Authority will notify each Signatory Airline of the cost of proposed Capital Improvements to be undertaken at the Airport in the following Fiscal Year. All such proposed Capital Improvements will be included in the Signatory Airlines' rates and charges calculation upon completion. Such notification will describe the nature, estimated cost, necessity for, feasibility of and expected benefits from such Capital Improvement, together with an allocation of costs among the Airport System and a description of the Authority's preferred means of financing. Not earlier than 30 days after the distribution of such notice, the Authority will convene a meeting of all Signatory Airlines in order to discuss and to obtain concurrence of such

Capital Improvement. The Signatory Airlines will be deemed to have concurred in a Capital Improvement, unless, within 30 days after the date of such meeting, concurrence is specifically withheld in writing by two-thirds of the Signatory Airlines. In the event that such concurrence is specifically withheld, the Authority will have the option to convene a second meeting within 30 days of the Authority's receipt of the notice of nonconcurrence by the Signatory Airlines. After reconsideration, the Signatory Airlines will be deemed to have concurred in a Capital Improvement, unless, within 30 days after the date of such second meeting, concurrence is specifically withheld in writing by two-thirds of the Signatory Airlines. If concurrence is still withheld, the proposed Capital Improvement will be deferred until the next Fiscal Year. In addition to the foregoing, the Authority may not construct any Capital Improvement costing in excess of \$5,000,000 if concurrence in such Capital Improvement is specifically withheld by a Majority-In-Interest. See "Definitions" in the Airline Agreement.

However, notwithstanding any of the foregoing, the Authority may construct and include in the calculation of rentals, fees and charges under the Airline Agreements the cost of any Capital Improvement found to be necessary or prudent to: (i) assure or facilitate compliance with a rule, regulation or order of any Federal, state or other governmental agency having jurisdiction over the Airport; (ii) maintain, operate or create functional capability and capacity of the Airport System at a level required by public health, safety, access, security or welfare or by the Trustee for the security of the Bonds; (iii) satisfy a judgment or fines rendered against the Authority by a court of competent jurisdiction; (iv) repair casualty damage, net of insurance proceeds, to Airport System property; (v) develop a Special Purpose Facility; (vi) acquire land to preserve, protect or enhance the Airport System; or (vii) pay the costs of architectural, engineering and economic studies and other professional services of planned Airport System facilities.

Signatory Airline Responsibilities

Each Signatory Airline is required to maintain its portion of the Terminal Complex premises, the Terminal Complex Apron Area and the Joint Use Apron Area and to repair at its own expense any damages to the Terminal Complex premises caused by an action or omission of such Signatory Airline and any damages to its assigned premises not caused by an action or omission of the Authority. Title to any improvements on the premises leased by such Signatory Airline will be in the Authority, subject to the right of such Signatory Airline to use such improvement for the term of the applicable Airline Agreement. Each Signatory Airline will be responsible for paying any and all lawful taxes, assessments or charges, which become a lien or are levied upon any interest of such Signatory Airline in the Terminal Complex premises or any improvements thereof. Each Signatory Airline will also be responsible for paying for all licenses, permits, fees or authorizations required under federal, state or local laws for its use and operation of the Airport System facilities and will be responsible for paying for all allocable charges for utility services in excess of those specifically provided by the Authority.

Insurance and Indemnification

Each Signatory Airline is required to carry at all times, comprehensive airline public liability insurance insuring such Signatory Airline against liability for personal injury and bodily injuries and personal and property damage caused by such Signatory Airline's negligent actions or omissions on or about the Airport System facilities. The policy limit must be not less than \$100,000,000 of total liability for any one occurrence. The Indemnified Parties will be named as an additional insured on all policies, to the extent that the Signatory Airline is required to indemnify the Indemnified Parties under the applicable Airline Agreement, and each Signatory Airline will provide the Authority with acceptable evidence of such insurance. The coverage provided by any such policy may not be decreased or canceled without 30 days' written notice to the Authority, and the Authority, at the Signatory Airline's sole expense, may obtain and maintain in force any such policy not otherwise obtained or maintained by the Signatory Airline.

Each Signatory Airline agrees to indemnify the Authority and the Indemnified Parties from and against all liabilities, losses, claims, actions, judgments, administrative proceedings, fines, settlement demands, penalties, damages and related expenses arising out of personal injury or bodily injury to person or property attributable to the use, occupancy, activities or operations of such Signatory Airline at or on any Airport System facility.

Termination by the Signatory Airline

So long as it is not in default of its rental obligations under its Airline Agreement, any Signatory Airline may terminate such Airline Agreement after 60 days' written notice and the surrender of the premises upon the occurrence of one or more of the following:

- (a) The Terminal Complex premises assigned to such Signatory Airline become untenantable in whole or substantial part, and the Authority does not terminate the assignment of such premises and does not proceed reasonably promptly with necessary repairs and rebuilding;
- (b) The Authority fails to provide and maintain means for unobstructed ingress and egress to and from the Terminal Complex in accordance with such Airline Agreement;
- (c) The Authority closes the Airport to aircraft operations in general or to flights of such Signatory Airline for reasons other than weather, acts of God or other causes beyond the Authority's control, and fails to reopen the Airport to such operations or flights for a period in excess of 30 days; or
- (d) The Authority fails to comply with any of the material terms or provisions of such Airline Agreement or fails promptly to fulfill any of its obligations under such Airline Agreement.

In addition to any other right of termination which a Signatory Airline may have under its Airline Agreement, each Signatory Airline has a special limited right to terminate its Airline Agreement in the event that the Authority adopts a bond ordinance or an amendment to such ordinance, which either (i) materially affects the method of calculation of Signatory Airline rentals and fees under its Airline Agreement or (ii) materially affects the rights of such Signatory Airline under its Airline Agreement. This special right of termination expires 15 days after the date of adoption of such ordinance or ordinance amendment by the Authority.

Termination by the Authority

The Authority may terminate the Airline Agreement of any Signatory Airline upon 30 days' written notice and may re-enter the Airline's leased Terminal Complex premises 15 days after such termination, upon the occurrence and continuation of one or more of the following:

- (a) Such Signatory Airline fails to make required payments of rentals, fees and charges when due;
- (b) Such Signatory Airline files a voluntary petition in bankruptcy, makes a general assignment for the benefit of creditors or is adjudicated a bankrupt;
- (c) A court of competent jurisdiction takes jurisdiction of such Signatory Airline or such Signatory Airline's assets pursuant to proceedings brought under any federal reorganization act;
- (d) A receiver or trustee is appointed for such Signatory Airline's assets by a court of competent jurisdiction, or such Signatory Airline enters into a voluntary agreement with its creditors, and such receiver, trustee or agreement is not removed within 90 days;
- (e) Any act occurs which operates to deprive such Signatory Airline permanently of the rights, powers and privileges necessary for the proper operation and conduct of its business;
- (f) Such Signatory Airline abandons and fails to use the Terminal Complex for any period of 30 consecutive days for reason other than fire, earthquake, strike, governmental action, the default of the Authority or other cause beyond such Signatory Airline's control;

(g) Such Signatory Airline uses or permits the use of the leased Terminal Complex premises for any purpose not authorized by its Airline Agreement or for any purpose prohibited by applicable law, rule or regulation;

(h) Such Signatory Airline discontinues air service to the Airport System as a consequence of the filing by such Signatory Airline of a bankruptcy petition or the seeking by such Signatory Airline of a reorganization or an adjustment of its indebtedness or being adjudged bankrupt under any federal or state law; or

(i) Such Signatory Airline remains in violation of any material provision of its Airline Agreement for a period of 30 days after notice thereof.

Amendment to Bond Ordinance

Each Airline Agreement provides that the Authority must not enact any bond ordinance or subsequently amend a bond ordinance so as to require a change in the method of calculation of rentals and fees payable under such Airline Agreement or so as to materially affect the rights of the Signatory Airline subject to such Airline Agreement. If the Authority adopts a bond resolution or a subsequent amendment to a bond resolution, either of which materially affects the method of calculation of such rentals and fees or materially affects the rights of the Signatory Airline under such Airline Agreement, such Signatory Airline may, in writing, cancel such Airline Agreement within 15 days after the adoption date of the bond resolution or amendment thereto by the Authority.

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APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2014 Bond Bank Bonds. The 2014 Bond Bank Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2014 Bond will be issued for each maturity, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”), DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2014 Bond Bank Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Bond Bank Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014 Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2014 Bond Bank Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2014 Bond Bank Bonds, except in the event that use of the book-entry system for the 2014 Bond Bank Bonds is discontinued.

To facilitate subsequent transfers, all 2014 Bond Bank Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2014 Bond Bank Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014 Bond Bank Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014 Bond Bank Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2014 Bond Bank Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2014 Bond Bank Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date, The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2014 Bond Bank Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2014 Bond Bank Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2014 Bond Bank Bonds at any time by giving reasonable notice to the Bond Bank or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2014 Bond Bank Bonds are required to be printed and delivered.

The Bond Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2014 Bond Bank Bonds will be printed and delivered to DTC.

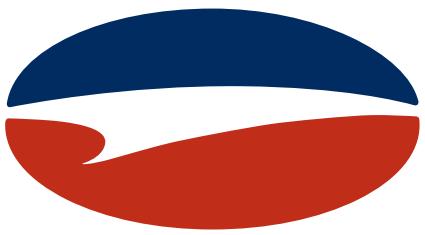
The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

For so long as the 2014 Bond Bank Bonds are registered in the name of DTC or its nominee or any successor securities depository or its nominee, the Bond Bank and the Bond Bank Trustee will recognize only DTC or its nominee or such successor securities depository or its nominee as the registered owner of the 2014 Bond Bank Bonds for all purposes, including payments, notices and voting.

In the event that either (1) the Bond Bank received notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the 2014 Bond Bank Bonds or (2) the Bond Bank elects to discontinue its use of DTC as a clearing agency for the 2014 Bond Bank Bonds, then the Bond Bank and the Bond Bank Trustee, Paying Agent or Registrar will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 2014 Bond Bank Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the 2014 Bond Bank Bonds and to transfer the ownership of each of the 2014 Bond Bank Bonds to such person or persons, including any to the clearing agency, as the holder of such 2014 Bond Bank Bonds may direct in accordance with the Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the 2014 Bond Bank Bonds will be paid by the Bond Bank.

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