NEW ISSUE (Book-Entry-Only) **RATINGS: See "RATINGS" herein.**

In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority ("Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2021 Bonds (as defined below) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2021A Bond, Series 2021B Bond or Series 2021C Bond for any period during which the Series 2021A Bond, Series 2021B Bond or Series 2021C Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with the proceeds of the Series 2021A Bonds, Series 2021B Bonds or Series 2021C Bonds or a "related person," (ii) interest on the Series 2021D Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, and (iii) interest on the Series 2021A Bonds, Series 2021B Bonds and Series 2021C Bonds is treated as a preference item in calculating the alternative minimum tax under the Code. Bond Counsel is further of the opinion that under existing statutes, the Series 2021 Bonds and the interest thereon are exempt from taxation by the State of Tennessee or any county or municipality thereof, except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee. See "TAX MATTERS" herein regarding certain other tax considerations.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

$118,705,000
AIRPORT REVENUE BONDS, SERIES 2021A (AMT)

$2,605,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2021B (AMT)

$16,275,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2021C (AMT)

$33,455,000
AIRPORT REVENUE REFUNDING BONDS, SERIES 2021D (NON-AMT)

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

The Memphis-Shelby County Airport Authority (the "Authority") is issuing (a) Airport Revenue Bonds, Series 2021A (AMT) (the "Series 2021A Bonds"), (b) Airport Revenue Refunding Bonds, Series 2021B (AMT) (the "Series 2021B Bonds"), (c) Airport Revenue Refunding Bonds, Series 2021C (AMT) (the "Series 2021C Bonds") and (d) Airport Revenue Refunding Bonds, Series 2021D (NON-AMT) (the "Series 2021DBonds", and together with the Series 2021A Bonds, Series 2021B Bonds, and Series 2021C Bonds are collectively referred to herein as the "Series 2021 Bonds"). The Series 2021 Bonds will be issued to: (i) fund a portion of the project costs and contingencies for the 2021 Project (defined herein), (ii) currently refund all or a portion of the Authority's Airport Revenue Bonds, Series 2011A-1 (AMT) (the "Series 2011A-1 Bonds"), (iii) currently refund all or a portion of the Authority's Airport Refunding Revenue Bonds, Series 2011B (AMT) (the "Series 2011B Bonds"), (iv) currently refund all or a portion of the Authority's Airport Refunding Revenue Bonds, Series 2011D (NON-AMT) (the "Series 2011D Bonds", and together with the Series 2011A-1 Bonds and Series 2011B Bonds, are collectively referred to herein as the "Refunded Bonds"), (v) fund a capitalized interest account for the Series 2021A Bonds; (vi) fund a debt service reserve account for the Series 2021A Bonds and Series 2021D Bonds; and (vii) pay certain costs of issuance related to the Series 2021 Bonds.

The Series 2021 Bonds are being issued under the Metropolitan Airport Authority Act, Tennessee Code Annotated §§ 42-4-101 *et seq*., as amended, and the Local Government Public Obligations Act of 1986, Tennessee Code Annotated §§ 9-21-101 *et seq*., and pursuant to the Authority's Resolution No. 88-3227 duly adopted by the Board of Commissioners of the Authority (the "Board") on January 29, 1988, as amended (the "Basic Resolution"), a Supplemental Resolution No. 21-4975 duly adopted by the Board on February 18, 2021, and Certificate(s) of Determination relating to and authorizing the issuance of the Series 2021 Bonds (together the "2021 Bond Resolution"). The Basic Resolution and the 2021 Bond Resolution are together referred to herein as (the "Resolution").

The Series 2021 Bonds are issuable as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof, and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). See "DESCRIPTION OF THE SERIES 2021 BONDS – Book-Entry Only System" herein. Interest on the Series 2021 Bonds will be payable on January 1 and July 1 of each year commencing on January 1, 2022. Payments of principal, premium, if any, and interest on the Series 2021 Bonds will be made by the Authority. The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, will serve as trustee for the Series 2021 Bonds (the "Trustee"). So long as the Series 2021 Bonds are held by DTC, the principal of, interest and premium, if any, on the Series 2021 Bonds will be payable by wire transfer to DTC which in turn is required to remit such principal, interest and premium, if any, to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Series 2021 Bonds, as more fully described herein.

The Series 2021A Bonds will be subject to optional redemption prior to maturity as more fully described herein.

The Series 2021 Bonds will be payable from and are secured solely by a pledge of and lien upon, the Revenues (as defined herein) of the Authority subject to the prior payment of Costs of Operation and Maintenance of the Airport (as defined herein) and on a parity with the Authority's outstanding bonds, as of April 1, 2021, in the amount of $398,210,000 (the "Outstanding Bonds"), and bonds hereafter issued on a parity therewith.

NEITHER THE OUTSTANDING BONDS NOR THE SERIES 2021 BONDS ARE AN INDEBTEDNESS OF THE STATE OF TENNESSEE, THE CITY OF MEMPHIS, TENNESSEE, THE COUNTY OF SHELBY, TENNESSEE OR ANY OTHER MUNICIPALITY OR POLITICAL SUBDIVISION OF THE STATE OF TENNESSEE, OR A GENERAL OBLIGATION OF THE AUTHORITY OR A CHARGE UPON ANY OTHER REVENUES OR ASSETS OF THE AUTHORITY NOT SPECIFICALLY PLEDGED UNDER THE RESOLUTION. THE AUTHORITY HAS NO TAXING POWER.

An investment in the Series 2021 Bonds involves certain risks. Prospective buyers are advised to read this entire Official Statement prior to making an investment in the Series 2021 Bonds. See "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

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

The Series 2021 Bonds are offered for delivery when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice and subject to the approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their Counsel, Carpenter Law, PLLC, Memphis, Tennessee and for the Authority by Janet L. Shipman, Esquire, Associate Airport Counsel to the Authority. PFM Financial Advisors LLC is serving as the Financial Advisor to the Authority. It is anticipated that delivery of the Series 2021 Bonds will be made on or about April 6, 2021 through the facilities of DTC in New York, New York.

RAYMOND JAMES

FHN Financial Capital Markets **Harvestons Securities, Inc.**

This Official Statement is dated March 18, 2021

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND INITIAL CUSIP NUMBERS

$118,705,000
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REVENUE BONDS,
SERIES 2021A (AMT)

SERIAL BONDS

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.†
2025	$16,000,000	5.00%	0.79%	117.503	586111NY8
2026	2,150,000	5.00	1.00	120.354	586111NZ5
2030	3,040,000	5.00	1.69	128.192	586111PA8
2031	3,195,000	5.00	1.81	129.681	586111PB6
2032	3,355,000	5.00	1.90	128.710 C	586111PC4
2033	3,520,000	5.00	2.00	127.641 C	586111PD2
2034	3,695,000	5.00	2.04	127.216 C	586111PE0
2035	3,880,000	5.00	2.08	126.793 C	586111PF7
2036	4,075,000	5.00	2.12	126.372 C	586111PG5
2037	4,280,000	5.00	2.16	125.952 C	586111PH3
2038	4,495,000	5.00	2.20	125.534 C	586111PJ9
2039	4,715,000	5.00	2.24	125.118 C	586111PK6
2040	4,955,000	5.00	2.28	124.703 C	586111PL4

$28,735,000 5.00% Term Bond due July 1, 2045, Yield 2.46%
Price 122.857C Initial CUSIP: 586111PM2†

$28,615,000 5.00% Term Bond due July 1, 2049, Yield 2.50%
Price 122.451C Initial CUSIP: 586111PN0†

C Priced to July 1, 2031 par call.

†CUSIP is a registered trademark of the American Bankers Association (“ABA”). Initial CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Intelligence, a division of S&P Global, Inc. The CUSIP numbers listed above are being provided solely for the convenience of purchasers of the Series 2021 Bonds only at the time of issuance of the Series 2021 Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2021 Bonds.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND INITIAL CUSIP NUMBERS

$2,605,000
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REVENUE REFUNDING BONDS,
SERIES 2021B (AMT)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.†
2022	$2,605,000	5.00%	0.40%	105.665	586111PP5

$16,275,000
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REVENUE REFUNDING BONDS,
SERIES 2021C (AMT)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.†
2022	$ 985,000	5.000%	0.40%	105.665	586111PQ3
2023	4,645,000	5.000	0.47	110.064	586111PR1
2024	5,100,000	5.000	0.64	113.941	586111PS9
2025	5,545,000	1.875	0.79	104.510	586111PT7

$33,455,000
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REVENUE REFUNDING BONDS,
SERIES 2021D (NON-AMT)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.†
2022	$6,340,000	5.00%	0.22%	105.897	586111PU4
2023	7,050,000	5.00	0.32	110.418	586111PV2
2024	7,405,000	5.00	0.49	114.461	586111PW0
2025	7,775,000	5.00	0.61	118.329	586111PX8
2026	4,885,000	5.00	0.75	121.780	586111PY6

†CUSIP is a registered trademark of the American Bankers Association ("ABA"). Initial CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Intelligence, a division of S&P Global, Inc. The CUSIP numbers listed above are being provided solely for the convenience of purchasers of the Series 2021 Bonds only at the time of issuance of the Series 2021 Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2021 Bonds.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

2491 Winchester Road, Suite 113
Memphis, Tennessee 38116-3856

BOARD OF COMMISSIONERS

Members	Year of Initial Appointment	Occupation
Pace Cooper, Chair	2013	Businessperson
Greg Fletcher, Vice-Chair	2019	Attorney
Pamela Z. Clary, Secretary	2015	Businessperson
Michael Keeney	2017	Attorney
James (Jim) Keras	2007	Businessperson
Jack Sammons	2010	Businessperson
Darrell Thomas	2015	Businessperson

AIRPORT AUTHORITY OFFICERS AND STAFF

Members	Year of Initial Employment	Position
Scott A. Brockman, A.A.E.	2003	President and Chief Executive Officer
Forrest B. Artz, C.P.A., C.M.	2008	Vice-President, Chief Financial Officer and Authority Treasurer
Terry Blue, A.A.E.	2015	Vice-President of Operations
Janet L. Shipman, Esquire	2017	Associate Airport Counsel and Assistant Secretary
Jeff Hanley	1991	Director of Finance and Assistant Authority Treasurer
Julie Stewart	1996	Director of Human Resources
Nathan Luce, M.C.E.	2009	Director of Procurement
Phil Florey	2013	Director of Maintenance
James A. Hay, II, P.E.	1995	Director of Development
Jarrett Morgan	2008	Director of Information Technology and Chief Information Officer
Glen Thomas	2013	Director of Strategic Marketing and Communications/PIO
Thomas Wallace, III, A.A.E & A.S.C.	1995	Director of Operations and Public Safety
Jason McBride	2008	Director of Properties

AIRPORT AUTHORITY CONSULTANTS

Hawkins Delafield & Wood LLP	Bond Counsel
Glankler Brown, PLLC	Special Counsel to the Authority
PFM Financial Advisors LLC	Financial Advisor
DKMG Consulting LLC	Airport Consultant
Banks, Finley, White & Co.	Verification Agent

No dealer, salesman, or any other person has been authorized by the Authority or the Underwriters to give any information or to make any representation other than those contained herein in connection with the offering of the Series 2021 Bonds, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

In its role as Underwriter, and as representative of the Underwriters listed on the cover of this Official Statement, Raymond James is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings. The information contained herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances create any implication that there has been no change in the affairs of the parties referred to above since the date hereof or the earlier date set forth herein as of which certain information contained herein is given.

THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2021 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2021 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THE STATE OF TENNESSEE NOR ANY OF ITS AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2021 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AUTHORITY AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No quotations from or summaries or explanations of provisions of laws and documents herein purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Authority and the Purchasers or Owners of any of the Series 2021 Bonds. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, inside cover page, and the appendices attached hereto are part of this Official Statement.

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. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Trustee has neither participated in the preparation of, nor reviewed, this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE.

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$118,705,000
AIRPORT REVENUE BONDS,
SERIES 2021A (AMT)

$2,605,000
AIRPORT REVENUE REFUNDING
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$16,275,000
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BONDS, SERIES 2021C (AMT)

$33,455,000
AIRPORT REVENUE REFUNDING
BONDS, SERIES 2021D (NON-AMT)

INTRODUCTION

This introduction contains a summary of the offering and certain documents. Investors must read this Official Statement, including the appendices attached hereto, in its entirety.

General

The purpose of this Official Statement, which includes the cover page, inside cover page and the appendices attached hereto, is to set forth information concerning the issuance by the Memphis-Shelby County Airport Authority (the "Authority") of the Authority's (a) Airport Revenue Bonds, Series 2021A (AMT) (the "Series 2021A Bonds"), (b) Airport Revenue Refunding Bonds, Series 2021B (AMT) (the "Series 2021B Bonds"), (c) Airport Revenue Refunding Bonds, Series 2021C (AMT) (the "Series 2021C Bonds") and (d) Airport Revenue Refunding Bonds, Series 2021D (NON-AMT) (the "Series 2021D Bonds", and together with the Series 2021A Bonds, Series 2021B Bonds, and Series 2021C Bonds are collectively referred to herein as the "Series 2021 Bonds"). The Series 2021 Bonds will be issued to (i) fund a portion of the project costs and contingencies for the 2021 Project (defined herein); (ii) currently refund all or a portion of the Authority's Airport Revenue Bonds, Series 2011A-1 (AMT) (the "Series 2011A-1 Bonds"), (iii) currently refund all or a portion of the Authority's Airport Refunding Revenue Bonds, Series 2011B (AMT) (the "Series 2011B Bonds"), (iv) currently refund all or a portion of the Authority's Airport Refunding Revenue Bonds, Series 2011D (NON-AMT) (the "Series 2011D Bonds", and together with the Series 2011A-1 Bonds and Series 2011B Bonds, are collectively referred to herein as the "Refunded Bonds"), (v) fund a capitalized interest account for the Series 2021A Bonds, (vi) fund a debt service reserve account for the Series 2021A Bonds and Series 2021D Bonds, and (vii) pay certain costs of issuance related to the Series 2021 Bonds.

The Series 2021 Bonds are being issued under the Metropolitan Airport Authority Act, Tennessee Code Annotated §§ 42-4-101 *et seq*., as amended (the "Act"), and the Local Government Public Obligations Act of 1986, Tennessee Code Annotated §§ 9-21-101 *et seq*., and pursuant to the Authority's Resolution No. 88-3227 duly adopted by the Board of Commissioners of the Authority (the "Board") on January 29, 1988, as amended (the "Basic Resolution"), a Supplemental Resolution No. 21-4975 duly adopted by the Board on February 18, 2021, and Certificate(s) of Determination relating to and authorizing the issuance of the Series 2021 Bonds (together the "2021 Bond Resolution"). The Basic Resolution and the 2021 Bond Resolution are together referred to herein as (the "Resolution"). Unless otherwise defined, all capitalized terms herein shall have the same meanings as set forth in the Resolution.

Memphis-Shelby County Airport Authority

The Authority is a body politic and corporate of the State of Tennessee, created in 1969 pursuant to the Act. The Authority is governed by a seven-member board of commissioners, five of whom are recommended by the Mayor of the City of Memphis, Tennessee (the "City") and two of whom are recommended by the Mayor of Shelby County, Tennessee ("Shelby County"). The Council of the City confirms the Board's appointments for seven-year staggered terms. The Authority owns and operates the Memphis International Airport ("MEM") and two general aviation reliever airports - Charles W. Baker Airport and General DeWitt Spain Airport (collectively referred to herein as the "Airport"). See "MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY" and "THE AIRPORT" herein.

Memphis International Airport

MEM is located in Shelby County, Tennessee approximately ten miles southeast of the City's downtown area and 3.5 miles north of the Tennessee-Mississippi state line and occupies approximately 5,100 acres of land. MEM has four 150-foot wide runways, all of which are equipped with precision instrument landing systems and are suitable for use by large air carrier aircraft. MEM's passenger terminal complex consists of a terminal building and three separate concourses, two of which are operational (Concourse A and Concourse C) and one that is currently closed for construction (Concourse B). MEM's other existing facilities include a 3.8 million square foot sorting and handling facility operated by Federal Express Corporation; a Ground Transportation Center, which includes its rental car operations, and contains 4,541 economy public parking spaces; a three-level 2,657 space parking garage; fueling facilities; an industrial park; and various airport and aircraft support services. See "THE AIRPORT" and "MEMPHIS INTERNATIONAL AIRPORT'S FACILITIES AND OPERATIONS" herein.

The 2021 Project

The Authority's Capital Improvement Plan ("CIP") includes projects that are underway or complete, the 2021 Project (defined below), and future projects through Fiscal Year 2025. The Authority's CIP totals approximately $772.1 million and includes approximately $311.4 million for the Consolidated Deicing Facility (the "2021 Project"), approximately $241.0 million for the Concourse B Modernization Project (defined herein), and the remaining CIP funds will be expended on other various CIP projects. Since approximately eighty-four percent (84%) of the Authority's CIP is either complete or underway and the remaining CIP projects are necessary to maintain and rehabilitate the existing facilities at MEM, the Authority did not reduce or delay any of its CIP projects due to the Coronavirus Disease 2019 ("COVID-19") pandemic.

The Authority has been working with the Tennessee Department of Environment and Conservation ("TDEC") to monitor its storm water activities, especially its deicing/anti-icing program. The Authority's current National Pollutant Discharge Elimination System ("NPDES") storm water permit, issued in December 2019, required the Authority to construct the 2021 Project on a mandatory compliance schedule. The 2021 Project is also being undertaken to consolidate the existing deicing process, which is currently being performed at various locations at MEM. The 2021 Project, to be completed in three phases, is estimated to cost approximately $311.4 million and is estimated to be funded with $131.8 million in Federal Aviation Administration ("FAA") Airport Improvement Program grants, $53.5 million in Series 2016A Bond proceeds and $126.0 million in Series 2021A Bond proceeds. The Authority received Majority-in-Interest ("MII") approval for the 2021 Project from the Signatory Airlines (defined herein) in March 2020. The 2021 Project is estimated to be completed by November 2022. See "CAPITAL IMPROVEMENT PROGRAM – The 2021 Project" herein. Also, see "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

Forward-Looking Statements

The statements contained in this Official Statement, including the appendices attached hereto that are not purely historical, are forward-looking statements, including statements regarding the Authority's or the Board's expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "forecast," "will likely result," "are expected to," "will continue," "is anticipated," "intend" or other similar words. Prospective investors 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 Authority and the Board as of the date hereof, and the Authority and the Board assume no obligation to update any such forward-looking statements with new forward-looking statements. It is important to note that the Authority's actual results will likely differ and could vary materially from those in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third-parties, including airlines, customers, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials. Assumptions related 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 to accurately predict and many of which are beyond the control of the Authority and the Board. Therefore, there can be no assurance that the forward-looking statements included within this Official Statement, including the appendices attached hereto, will prove to be accurate.

Additional Information

All references in this Official Statement to the Report of the Airport Consultant are qualified by reference to the definitive form of the Report of the Airport Consultant attached hereto as **APPENDIX A**. The forms of the approving opinions of Bond Counsel that will be delivered in connection with the issuance of the Series 2021 Bonds are attached hereto as **APPENDIX B**. Financial statements of the Authority as of and for the Fiscal Years ended June 30, 2020 and June 30, 2019, are attached hereto as **APPENDIX C**. A summary of certain provisions of the Airline Agreements is attached hereto as **APPENDIX D**. A summary of certain provisions of the Basic Resolution is attached hereto as **APPENDIX E**. The form of the Continuing Disclosure Undertaking is attached hereto as **APPENDIX F**.

NEITHER THE OUTSTANDING BONDS NOR THE SERIES 2021 BONDS CONSTITUTE AN INDEBTEDNESS OF THE STATE OF TENNESSEE, THE CITY OF MEMPHIS, TENNESSEE, THE COUNTY OF SHELBY, TENNESSEE OR ANY OTHER MUNICIPALITY OR POLITICAL SUBDIVISION OF THE STATE OF TENNESSEE, OR A GENERAL OBLIGATION OF THE AUTHORITY OR A CHARGE UPON ANY OTHER REVENUES OR ASSETS OF THE AUTHORITY NOT SPECIFICALLY PLEDGED UNDER THE RESOLUTION. THE AUTHORITY HAS NO TAXING POWER.

PLAN OF FINANCE

General

On February 18, 2021, the Board authorized the issuance of the Series 2021 Bonds in a par amount not to exceed $265 million. The Authority anticipates issuing the Series 2021 Bonds in a par amount of approximately $171 million. The Authority anticipates paying the debt service on the Series 2021 Bonds with its Revenues (defined herein). The proceeds of the Series 2021 Bonds, plus the original issue premium and released funds from the Authority's debt service funds and debt service reserve funds will be used as further described below:

Series 2021A Bonds (AMT)

The Series 2021A Bonds are being issued to (i) fund approximately $126.0 million of the project costs and contingencies for the 2021 Project, (ii) fund a capitalized interest account for the Series 2021A Bonds, (iii) fund a debt service reserve account for the Series 2021A Bonds and (iv) pay certain costs of issuance related to the Series 2021A Bonds.

Series 2021B Bonds (AMT)

The Series 2021B Bonds are being issued to (i) currently refund approximately $2.7 million of the Authority's Series 2011A-1 Bonds for debt service savings and (ii) pay certain costs of issuance related to the Series 2021B Bonds.

The refunded Series 2011A-1 Bonds are as follows:

Maturity (July 1)	Principal Amount	Interest Rate	Maturity or Redemption Date	Redemption Price
2021	$4,195,000*	6.00%	July 1, 2021	-
2022	2,725,000	6.00	July 1, 2021	100%

* Cash defeased.

Series 2021C Bonds (AMT)

The Series 2021C Bonds are being issued to (i) currently refund approximately $17.6 million of the Authority's Series 2011B Bonds for debt service savings and (ii) pay certain costs of issuance related to the Series 2021C Bonds.

The refunded Series 2011B Bonds are as follows:

Maturity (July 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price
2022	$1,985,000	4.50%	July 1, 2021	100%
2023	1,400,000	5.25	July 1, 2021	100
2023	3,565,000	4.75	July 1, 2021	100
2024	5,200,000	4.75	July 1, 2021	100
2025	5,450,000	5.00	July 1, 2021	100

Series 2021D Bonds (NON-AMT)

The Series 2021D Bonds are being issued to (i) currently refund approximately $38.7 million of the Authority's Series 2011D Bonds for debt service savings, (ii) fund a debt service reserve account for the Series 2021D Bonds and (iii) pay certain costs of issuance related to the Series 2021D Bonds.

The refunded Series 2011D Bonds are as follows:

Maturity (July 1)	Principal Amount	Interest Rate	Maturity or Redemption Date	Redemption Price
2021	$2,420,000*	5.00%	July 1, 2021	-
2022	7,645,000	5.00	July 1, 2021	100%
2023	1,050,000	5.00	July 1, 2021	100
2023	6,975,000	4.00	July 1, 2021	100
2024	8,360,000	5.00	July 1, 2021	100
2025	8,780,000	5.00	July 1, 2021	100
2026	5,940,000	4.50	July 1, 2021	100

* Cash defeased.

Upon delivery of the Series 2021 Bonds and pursuant to a Refunding Escrow Agreement by and between the Authority and Regions Bank, Nashville, Tennessee (the "Refunding Escrow Agreement"), the Authority shall transfer to Regions Bank, Nashville, Tennessee, in its capacity as escrow agent (the "Escrow Agent") proceeds of the Series 2021B Bonds, the Series 2021C Bonds and of the Series 2021D Bonds, together with interest earned on such proceeds and funds on hand, sufficient to pay the full redemption price of the Refunded Bonds on July 1, 2021 (the "Redemption Date"). Upon deposit of funds with the Escrow Agent pursuant to the Refunding Escrow Agreement, the Refunded Bonds will no longer be deemed Outstanding under the Resolution and, therefore, will not be entitled to the pledge under the Resolution. The Refunded Bonds will be payable solely from proceeds of the Series 2021B Bonds, the Series 2021C Bonds and the Series 2021D Bonds, together with interest earned on the proceeds, and moneys held by the Escrow Agent therefore and all other Outstanding Bonds will not be payable from or entitled to such moneys.

Prior to the issuance of the Series 2021 Bonds, and as of April 1, 2021, there was $398,210,000 of Airport Revenue Bonds Outstanding under the Resolution (the "Outstanding Bonds"). The Series 2021 Bonds, the Outstanding Bonds and any additional bonds hereafter issued under the Resolution on a parity therewith are collectively referred to herein as (the "Airport Revenue Bonds"). The principal of and interest on the Airport Revenue Bonds are payable from and secured by a pledge of and lien upon the Revenues (defined herein) of the Authority, subject to the prior payment of Costs of Operation and Maintenance (as defined in the Resolution) of the Airport. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2021 BONDS" herein.

FUTURE ANTICIPATED BORROWINGS

The Authority does not anticipate borrowing additional capital nor issuing new long-term debt during Fiscal Year 2022.

SOURCES AND USES OF FUNDS

The table below illustrates the sources and uses of funds in connection with the issuance of the Authority's Series 2021 Bonds:

SOURCES	SERIES 2021A BONDS	SERIES 2021B BONDS	SERIES 2021C BONDS	SERIES 2021D BONDS	TOTALS
Par Amount	$118,705,000.00	$2,605,000.00	$16,275,000.00	$33,455,000.00	$171,040,000.00
Original Issue Premium	27,758,636.90	147,573.25	1,484,343.55	4,668,208.60	34,058,762.30
Transfers from Debt Service and Debt Service Reserve Funds		4,402,600.00	425,831.25	7,674,979.90	12,503,411.15
TOTALS	**$146,463,636.90**	**$7,155,173.25**	**$18,185,174.80**	**$45,798,188.50**	**$217,602,173.45**

USES	SERIES 2021A BONDS	SERIES 2021B BONDS	SERIES 2021C BONDS	SERIES 2021D BONDS	TOTALS
Construction Fund	$126,029,000.00				$126,029,000.00
Refunding Escrow Deposits		$7,127,600.00	$18,025,831.25	$42,149,525.00	67,302,956.25
Capitalized Interest	9,315,045.14				9,315,045.14
Debt Service Reserve Fund	9,955,630.38			3,345,500.00	13,301,130.38
Costs of Issuance*	1,163,961.38	27,573.25	159,343.55	303,163.50	1,654,041.68
TOTALS	**$146,463,636.90**	**$7,155,173.25**	**$18,185,174.80**	**$45,798,188.50**	**$217,602,173.45**

* Includes Underwriters' discount, legal counsel fees, financial advisor fees, rating agencies fees, printing and mailing expenses and other costs of issuance of the Series 2021 Bonds.

Source: PFM Financial Advisors LLC.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
DEBT SERVICE SCHEDULE

The following schedule illustrates a summary of the Authority's Debt Service for the Series 2021 Bonds and the outstanding Airport Revenue Bonds:

FISCAL YEAR ENDED	TOTAL OUTSTANDING AIRPORT REVENUE BONDS DEBT SERVICE			SERIES 2021 BONDS DEBT SERVICE (1)			TOTAL DEBT SERVICE		
June 30	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	$ 24,530,000	$ 14,786,558	$ 39,316,558				$ 24,530,000	$ 14,786,558	$ 39,316,558
2022	15,860,000	12,990,800	28,850,800	$ 9,930,000	$ 3,020,399	$ 12,950,399	25,790,000	16,011,199	41,801,199
2023	16,655,000	12,197,800	28,852,800	11,695,000	5,903,802	17,598,802	28,350,000	18,101,602	46,451,602
2024	17,485,000	11,365,050	28,850,050	12,505,000	7,297,469	19,802,469	29,990,000	18,662,519	48,652,519
2025	20,435,000	10,490,800	30,925,800	29,320,000	6,672,219	35,992,219	49,755,000	17,163,019	66,918,019
2026	25,790,000	9,638,979	35,428,979	7,035,000	5,379,500	12,414,500	32,825,000	15,018,479	47,843,479
2027	30,415,000	8,893,563	39,308,563	0	5,027,750	5,027,750	30,415,000	13,921,313	44,336,313
2028	31,300,000	8,011,062	39,311,062	0	5,027,750	5,027,750	31,300,000	13,038,812	44,338,812
2029	30,105,000	7,101,042	37,206,042	0	5,027,750	5,027,750	30,105,000	12,128,792	42,233,792
2030	4,295,000	6,217,550	10,512,550	3,040,000	5,027,750	8,067,750	7,335,000	11,245,300	18,580,300
2031	4,510,000	6,002,800	10,512,800	3,195,000	4,875,750	8,070,750	7,705,000	10,878,550	18,583,550
2032	4,735,000	5,777,300	10,512,300	3,355,000	4,716,000	8,071,000	8,090,000	10,493,300	18,583,300
2033	4,975,000	5,540,550	10,515,550	3,520,000	4,548,250	8,068,250	8,495,000	10,088,800	18,583,800
2034	5,220,000	5,291,800	10,511,800	3,695,000	4,372,250	8,067,250	8,915,000	9,664,050	18,579,050
2035	5,480,000	5,030,800	10,510,800	3,880,000	4,187,500	8,067,500	9,360,000	9,218,300	18,578,300
2036	5,740,000	4,777,200	10,517,200	4,075,000	3,993,500	8,068,500	9,815,000	8,770,700	18,585,700
2037	6,000,000	4,511,450	10,511,450	4,280,000	3,789,750	8,069,750	10,280,000	8,301,200	18,581,200
2038	6,280,000	4,233,500	10,513,500	4,495,000	3,575,750	8,070,750	10,775,000	7,809,250	18,584,250
2039	6,570,000	3,942,400	10,512,400	4,715,000	3,351,000	8,066,000	11,285,000	7,293,400	18,578,400
2040	7,620,000	3,637,750	11,257,750	4,955,000	3,115,250	8,070,250	12,575,000	6,753,000	19,328,000
2041	8,000,000	3,256,750	11,256,750	5,200,000	2,867,500	8,067,500	13,200,000	6,124,250	19,324,250
2042	8,400,000	2,856,750	11,256,750	5,460,000	2,607,500	8,067,500	13,860,000	5,464,250	19,324,250
2043	8,820,000	2,436,750	11,256,750	5,735,000	2,334,500	8,069,500	14,555,000	4,771,250	19,326,250
2044	9,260,000	1,995,750	11,255,750	6,020,000	2,047,750	8,067,750	15,280,000	4,043,500	19,323,500
2045	9,725,000	1,532,750	11,257,750	6,320,000	1,746,750	8,066,750	16,045,000	3,279,500	19,324,500
2046	10,210,000	1,046,500	11,256,500	6,640,000	1,430,750	8,070,750	16,850,000	2,477,250	19,327,250
2047	10,720,000	536,000	11,256,000	6,970,000	1,098,750	8,068,750	17,690,000	1,634,750	19,324,750
2048	0	0	0	7,320,000	750,250	8,070,250	7,320,000	750,250	8,070,250
2049	0	0	0	7,685,000	384,250	8,069,250	7,685,000	384,250	8,069,250
TOTALS	$339,135,000	$164,100,003	$503,235,003	$171,040,000	$104,177,388	$275,217,388	$510,175,000	$268,277,391	$778,452,391

(1) Net of capitalized interest.
(1) A portion of the debt service due for the fiscal year ended June 30, 2025 will be offset by a $23,840,000 release from the debt service reserve fund.

Source: PFM Financial Advisors LLC.

SCHEDULE OF THE AIRPORT REVENUE BONDS OUTSTANDING

The following table illustrates a summary of the Airport's Outstanding Bonds as of April 1, 2021, prior to the issuance of the Series 2021 Bonds:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REVENUE BONDS OUTSTANDING

OUTSTANDING BONDS	AMOUNTS
Series 2011A-1 Bonds	$ 6,920,000
Series 2011B Bonds	17,600,000
Series 2011C Bonds	6,765,000
Series 2011D Bonds	41,170,000
Series 2016A Bonds*	110,000,000
Series 2018 Bonds	119,275,000
Series 2020A Bonds	24,230,000
Series 2020B Bonds	72,250,000
TOTAL	**$398,210,000**

* Directly placed and secured solely by a pledge of and lien upon the Revenues of the Authority, similar to the security for the other Outstanding Bonds.

Source: PFM Financial Advisors LLC.

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REPORT OF THE AIRPORT CONSULTANT

The report of DKMG Consulting LLC (the "Airport Consultant") dated March 11, 2021 (the "Report of the Airport Consultant") is attached to this Official Statement as **APPENDIX A**. The Report of the Airport Consultant evaluates the ability of the Authority to produce Net Revenues sufficient to meet the requirements of the rate covenant during the forecast period (Fiscal Year 2022 through Fiscal Year 2027), taking into account estimated Annual Debt Service Requirements and based on the assumptions set forth in the Report of the Airport Consultant. Certain information in this Official Statement has been excerpted from the Report of the Airport Consultant.

Any forecast is subject to uncertainties. In particular, the continuing impacts of the COVID-19 pandemic are difficult to predict. See "CORONAVIRUS DISEASE 2019" herein. Therefore, there may be differences between forecast and actual results, and those differences may be material. Furthermore, the findings and projections in the Report of the Airport Consultant are subject to a number of other assumptions that should be reviewed and considered by prospective investors. The aviation activity forecast presented in the Report of the Airport Consultant forecasts that the Authority's enplanements will return to its Fiscal Year 2019 levels, at 2,260,642 enplanements, by Fiscal Year 2024; however, no assurance can be given that the findings and projections discussed in the Report of the Airport Consultant will be achieved, particularly given the unprecedented nature of, and continuing uncertainty regarding the COVID-19 pandemic and its impact on the aviation industry and global economies. The Report of the Airport Consultant has not been and will not be updated to reflect the final pricing terms of the Series 2021 Bonds or other changes that may have occurred after the date of the Report of the Airport Consultant. Actual results may be materially different from those described in the Report of the Airport Consultant. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions, limiting conditions and rationale underlying the financial projections. See "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto. Forecast Net Revenues are projected to exceed one hundred twenty-five percent (125%) of the Debt Service Requirement. The following table below illustrates the debt service coverage ratio for the forecast period:

DEBT SERVICE COVERAGE RATIO TABLE

	NET REVENUES (In 000s)	DEBT SERVICE REQUIREMENT (In 000s)	DEBT SERVICE COVERAGE
Historical			
2018	$60,889	$34,752	1.75x
2019	$51,043	$35,711	1.43x
2020	$51,127	$38,394	1.33x
Budget			
2021	$40,977	$26,884	1.52x
Forecast			
2022	$53,147	$42,004	1.27x
2023	$57,829	$45,750	1.26x
2024	$62,146	$49,203	1.26x
2025	$55,045	$43,523	1.26x
2026	$55,577	$43,948	1.26x
2027	$56,367	$44,580	1.26x

Source: Report of the Airport Consultant.

DESCRIPTION OF THE SERIES 2021 BONDS

General

The Series 2021 Bonds will be dated the date of their delivery and will bear interest from the dated date thereof, at the rates set forth on the inside cover of this Official Statement. Interest on the Series 2021 Bonds is payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing on January 1, 2022. The Series 2021 Bonds will be issued in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2021 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal on the Series 2021 Bonds is payable on July 1 of each year, commencing January 1, 2022.

The Series 2021 Bonds will be issued in fully registered form in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2021 Bonds. So long as the Series 2021 Bonds are held in book-entry only form, principal of, premium, if any, and interest on the Series 2021 Bonds will be paid directly to DTC for distribution to the Beneficial Owners (as defined herein) of the Series 2021 Bonds in accordance with the procedures adopted by DTC. Payments of principal, premium, if any, and interest on the Series 2021 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Series 2021 Bonds. See "DESCRIPTION OF THE SERIES 2021 BONDS – Book-Entry Only System" below.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry only system has been obtained from DTC, and the Authority does not make any representation or warranty nor take any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Series 2021 Bonds. The Series 2021 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 2021 Bond certificate will be issued for each maturity of each series of the Series 2021 Bonds as set forth on the inside front cover page of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments 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 accounts of Direct Participants. 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" and, together with the Direct Participants, the "DTC Participants"). The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond (a "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 confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 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 Series 2021 Bonds, except in the event that use of the book-entry only system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 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 the Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds within a series and maturity of the Series 2021 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Bonds are credited on the record date, as identified in a listing attached to the Omnibus Proxy.

Principal, premium, if any, and interest payments on the Series 2021 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 Authority or the Trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants or Indirect 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 Direct Participant or Indirect Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Series 2021 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority and/or the Trustee, 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 Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2021 Bonds certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2021 Bonds certificates will be printed and delivered to the Holders of the Series 2021 Bonds.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT THE AUTHORITY AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (B) DISTRIBUTION OF CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2021 BONDS; (C) THE PAYMENT BY DTC OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT TO THE PRINCIPAL AMOUNT OR REDEMPTION OR PURCHASE PRICE OF, OR INTEREST ON, ANY SERIES 2021 BONDS; (D) THE DELIVERY OF ANY NOTICE BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (E) THE ELECTION OF THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2021 BONDS; OR (F) ANY CONSENT GIVEN OR ANY OTHER ACTION TAKEN BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT.

So long as Cede & Co. is the registered owner of the Series 2021 Bonds, as nominee for DTC, references herein to the registered owners of the Series 2021 Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2021 Bonds.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Series 2021 Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Series 2021 Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry Only System, and (ii) except as described above, notices that are to be given to registered owners pursuant to the Resolution will be given only to DTC.

The information herein concerning DTC and the Book-Entry Only System has been obtained from DTC, and the Authority, the Financial Advisor or the Underwriters do not make any representation or warranty nor take any responsibility for the accuracy or completeness of such information.

Effect of Discontinuance of Book-Entry Only System

In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the Authority, printed Series 2021 Bonds will be issued to the holders and the Series 2021 Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution.

REDEMPTION PROVISIONS FOR THE SERIES 2021 BONDS

Redemption Provisions for the Series 2021A Bonds (AMT)

Optional Redemption. The Series 2021A Bonds maturing on or before July 1, 2031, shall not be subject to redemption prior to maturity. The Series 2021A Bonds maturing on or after July 1, 2032 (or portions thereof in authorized denominations of $5,000 and integral multiples thereof) are subject to optional redemption by the Authority on and after July 1, 2031, in whole or in part, at any time in such order as determined by the Authority at a redemption price equal to the principal amount of the Series 2021A Bonds or portion thereof to be redeemed together with interest accrued thereon to the date fixed for redemption.

Mandatory Redemption. The Series 2021A Term Bonds maturing July 1, 2045 and July 1, 2049 are subject to scheduled mandatory redemption prior to maturity in part (as selected by DTC or a successor depository using its general procedures or, if DTC or a successor depository is no longer serving as securities depository, by lot or in such other manner as may be designated by the Authority) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, as follows:

Year	Principal Amount
2041	$5,200,000
2042	5,460,000
2043	5,735,000
2044	6,020,000
2045*	6,320,000
2046	6,640,000
2047	6,970,000
2048	7,320,000
2049*	7,685,000

* Final Maturity

The Authority, without further authorization or direction, may also apply the moneys credited to the Sinking Fund Account for the retirement of the Series 2021A Bonds maturing on the due date or dates of the term bonds to the purchase of the Series 2021A Bonds of such maturities, such maturity or purchases to be made in accordance with the provisions of the Resolution applicable to the purchase of Bonds from moneys on credit to the Sinking Fund Account in the Airport Improvement Bond Fund.

Redemption Provisions for the Series 2021B Bonds (AMT)

Optional Redemption. The Series 2021B Bonds are not subject to redemption prior to maturity.

Redemption Provisions for the Series 2021C Bonds (AMT)

Optional Redemption. The Series 2021C Bonds are not subject to redemption prior to maturity.

Redemption Provisions for the Series 2021D Bonds (NON-AMT)

Optional Redemption. The Series 2021D Bonds are not subject to redemption prior to maturity.

Selection of Bonds for Redemption

If less than all of a series of Series 2021 Bonds are to be redeemed, the Trustee, upon written instruction from the Authority, shall select the Series 2021 Bonds for redemption from such maturity dates and in such amounts as are selected by the Authority, and if less than all the Series 2021 Bonds within a single maturity are to be redeemed, shall be selected as follows:

(i) if the Series 2021 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2021 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series 2021 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Trustee by lot or such other random manner as the Trustee in its discretion shall determine.

Notice of Redemption

Notice of any redemption of the Series 2021A Bonds shall specify the Series 2021A Bonds to be redeemed, the redemption date and the place where the amount due will be payable. Such notice shall also state that upon the date fixed for redemption (the "Redemption Date") the principal amount thereof plus the premium, if any, due on the Redemption Date together with the accrued interest thereon shall become due and payable. The Authority shall cause the Trustee for the Series 2021A Bonds to mail a copy of such notice at least thirty (30) days before the Redemption Date to the registered owners of the Series 2021A Bonds at their addresses appearing on the registration books as of the 45th day preceding the redemption date. As long as a book-entry only system is used to determine ownership of the Series 2021A Bonds, the Authority shall send notice of redemption to DTC. Any failure of DTC to mail such notice to any DTC Participant will not affect the sufficiency or the validity of the redemption of the Series 2021A Bonds.

If at the time of the giving of any notice of redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Series 2021A Bonds called for redemption, the notice of redemption shall state that the redemption of such Series 2021A Bonds is conditional and subject to deposit of moneys with the Trustee sufficient to redeem all such Series 2021A Bonds not later than the opening of business on the redemption date, and that such notice shall be of no effect with respect to any of such Series 2021A Bonds for which moneys are not on deposit. If the amount on deposit with the Trustee, or otherwise available, is insufficient to pay the redemption price and accrued interest on the Series 2021A Bonds called for redemption on such date, the Trustee shall redeem and pay on such date an amount of such Series 2021A Bonds for which such moneys or other available funds are sufficient, selecting the maturities of Series 2021A Bonds to be redeemed and Series 2021A Bonds within a maturity to be redeemed by lot.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2021 BONDS

General

The Authority covenants in the Resolution that it will impose and prescribe and collect rates, rentals, fees and charges for the use of the Airport and will revise the same when necessary to produce Revenues (defined herein), sufficient to pay, when due, all principal of, interest, and premium, if any, on the Airport Revenue Bonds and to pay the Costs of Operation and Maintenance of the Airport, and any other claims payable from the Revenues. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2021 BONDS – Rate Covenant" below.

Pledge of Revenues

The Series 2021 Bonds are payable from and are secured solely by a pledge of and lien upon, the Revenues of the Authority subject to the prior payment of the Costs of Operation and Maintenance of the Airport and on a parity with the Authority's Outstanding Bonds and Airport Revenue Bonds hereafter issued on a parity therewith. The Revenues of the Authority are defined in the Resolution to include the total of all income and revenues from all sources, collected or accrued, under generally accepted accounting principles, by the Authority, including all rates, charges, rentals, fees, and any other compensation regardless of form, and investment income, except as otherwise provided in the Resolution (the "Revenues"). The Revenues generally exclude, among other things, rental income earned by the Authority pursuant to its Special Facilities Leases. Further, Passenger Facility Charges ("PFCs") and Customer Facility Charges ("CFCs") are not considered Revenues under the Resolution. See "MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES" herein. Also see "**<u>APPENDIX E</u> – SUMMARY OF CERTAIN PROVISIONS OF THE BASIC RESOLUTION**" attached hereto.

Pursuant to the Resolution, federal grants in aid, such as the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act" or "CARES") funds, and the Airport Coronavirus Response Grant Program ("ACRGP") funds are all excluded from Revenues. CARES and ACRGP funds used to pay the Costs of Operation and Maintenance at MEM and debt service on Airport Revenue Bonds will be treated as an offset to such amounts for the purposes of the Rate Covenant and the Additional Bonds Test. See "CORONAVIRUS DISEASE 2019 – COVID-19 Legislation" herein.

NEITHER THE OUTSTANDING BONDS NOR THE SERIES 2021 BONDS CONSTITUTE AN INDEBTEDNESS OF THE STATE OF TENNESSEE, THE CITY OF MEMPHIS, TENNESSEE, THE COUNTY OF SHELBY, TENNESSEE OR ANY OTHER MUNICIPALITY OR POLITICAL SUBDIVISION OF THE STATE OF TENNESSEE, OR A GENERAL OBLIGATION OF THE AUTHORITY OR A CHARGE UPON ANY OTHER REVENUES OR ASSETS OF THE AUTHORITY NOT SPECIFICALLY PLEDGED UNDER THE RESOLUTION. THE AUTHORITY HAS NO TAXING POWER.

Flow of Funds

The Revenue Fund created and established by the Resolution into which all Revenues are deposited, to be held and administered by the Authority is continued so long as any Airport Revenue Bonds are Outstanding. Moneys in the Revenue Fund shall be used and applied in the following order of priority:

First, there shall be applied each month the amount which the Authority determines to be required to pay the Costs of Operation and Maintenance;

Second, there shall be deposited each month into the Airport Improvement Bond Fund and the accounts therein the amounts required by the Resolution to be used for the purposes specified therein;

Third, so long as the Authority shall be required to make payments to the City or Shelby County or other municipality for the payment by such city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport, there shall be set aside, in each month, in the separate account of the Authority continued under the Resolution that amount which, together with other moneys credited to such account, if the same amount were set aside in such account in each month thereafter prior to the next date on which the Authority is required to make payments to the City or Shelby County or other municipality, as the case may be, for the payment by the City, Shelby County or other municipality of principal of and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City or Shelby County or such other municipality, as the case may be; and

Fourth, any moneys remaining may be used by the Authority for any lawful purpose of the Authority.

Moneys in the Revenue Fund shall be invested and reinvested by the Authority. All earnings on and income from investments of moneys in the Revenue Fund shall be deposited into the Revenue Fund.

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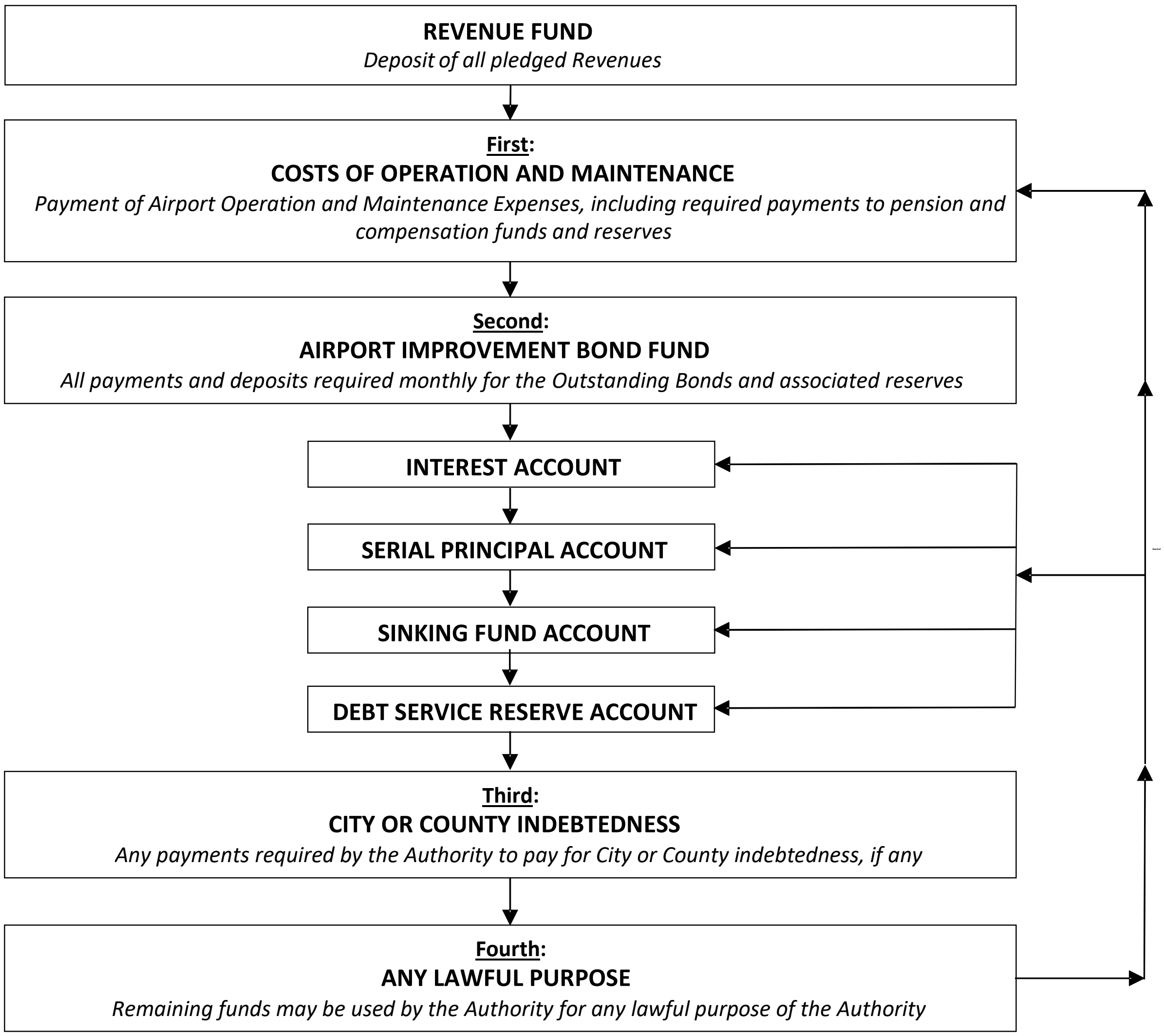
Flow of Funds Chart

The chart below is an illustration of the flow of funds for the Revenues of the Authority:



Source: Memphis-Shelby County Airport Authority.

Costs of Operation and Maintenance at the Airport

The Costs of Operation and Maintenance at the Airport means the reasonable, necessary current expenses of the Authority paid or accrued in operating, maintaining and repairing the Airport, including, without limitation, costs of collecting Revenues and making refunds; engineering, financial management, audit reports, legal and administrative expenses; salaries, wages and other compensation; costs of routine repairs, replacements and renewals; taxes, assessments and other governmental charges and payments in lieu thereof; costs of utility services; and general administrative overhead of the Authority allocable to the Airport. See "**APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE BASIC RESOLUTION – Certain Definitions – Costs of Operation and Maintenance**" attached hereto.

Airport Improvement Bond Fund

The Airport Improvement Bond Fund is created as a special fund to provide for the punctual payment of the principal, interest, and premium, if any, on any Airport Revenue Bonds when due.

Interest Account

A separate account in the Airport Improvement Bond Fund is established for each Series of Airport Revenue Bonds to provide for the payment of any installment of interest due on such Series of Airport Revenue Bonds Outstanding, unless otherwise provided for by the Construction Interest Account. In each month, commencing with the last business day of the month which follows the month for which interest on such Series of Airport Revenue Bonds, if any, is provided from moneys credited to the Construction Interest Account for such Series of Airport Revenue Bonds, or, if no interest on such Series of Airport Revenue Bonds is provided from moneys credited to a Construction Interest Account, commencing with the last business day of the month which follows the month in which the Series of Airport Revenue Bonds is delivered and paid for, there shall be deposited in each Interest Account (a) with respect to each Series of Airport Revenue Bonds other than Variable Rate Bonds which have interest payment dates occurring at intervals of one month or less, commencing with the last business day of the month which follows the month in which such Series of Airport Revenue Bonds is delivered and paid for, and continuing on the last business day of each month thereafter so long as any of the Airport Revenue Bonds of each such Series are Outstanding, an amount such that, if the same amount were so credited to each such Interest Account on the last business day of each succeeding month thereafter, the aggregate of such amounts on credit to each such Interest Account on the last business day of the month preceding an interest payment date would be equal to the amount required to pay, or to reimburse a draw on the Support Facility made to provide funds for the payment, of the installment of interest falling due on each Series of Airport Revenue Bonds on the Interest Payment Date therefor, and (b) with respect to Variable Rate Bonds which have interest payment dates occurring at intervals of one month or less, on the last business day prior to each interest payment date to and including the last business day prior to a date on which the interest rate may be fixed, if any, the amount required to be credited to the Interest Account established for such Variable Rate Bonds together with other funds available therefor in the Interest Account, to pay; or to reimburse a draw on the Support Facility made to provide funds for the payment of the interest payable on the Outstanding Variable Rate Bonds on each interest payment date.

Serial Principal Account

A separate account in the Airport Improvement Bond Fund is established for the purpose of paying the principal of or to reimburse a financial institution for a draw on the Support Facility made to provide funds for the payment of such Airport Revenue Bonds issued and maturing serially. Commencing with the last business day of the month which is twelve (12) months prior to the first principal payment date of any Airport Revenue Bonds maturing serially and in each month thereafter so long as any Airport Revenue Bonds so maturing are Outstanding, the Authority shall credit to the Serial Principal Account an amount such that, if the same amount were so credited to the Serial Principal Account on the last business day of each succeeding month thereafter, the aggregate of such amounts on credit to the Serial Principal Account on each such principal payment date would be equal to the principal amount of all such Airport Revenue Bonds becoming due on such principal payment date.

Sinking Fund Account

A separate account in the Airport Improvement Bond Fund is established to provide for the retirement of any Airport Revenue Bonds issued as term bonds. Commencing with the last business day of the month which is twelve (12) months prior to the first mandatory retirement of any term bonds and on the last business day of each month thereafter, so long as any term bonds are Outstanding, the Authority shall transfer to the Sinking Fund Account an amount such that, if the same amount were so credited to the Sinking Fund Account on the last business day of each succeeding month thereafter, the aggregate of the amounts on credit to the Sinking Fund Account on the last business day of the month next preceding a mandatory retirement date would be sufficient to retire such term bonds in the principal amounts and at the times specified in the Supplemental Resolution providing for the issuance thereof.

Unless and except as otherwise provided in the Supplemental Resolution, the Authority may apply moneys credited to the Sinking Fund Account to the purchase of Airport Revenue Bonds of a particular series issued in term form, in which case the principal amount required to be redeemed on the next ensuing installment date shall be reduced by the principal amount of the Airport Revenue Bonds so purchased; provided that no Airport Revenue Bonds shall be purchased during the interval between the date on which notice of redemption is given and the date of redemption set forth in such notice unless the Airport Revenue Bonds purchased are called for redemption in the notice or are purchased from moneys other than those credited to the Sinking Fund Account. No purchase of Airport Revenue Bonds shall be made if the purchase would require the sale at a loss of securities credited to the Sinking Fund Account unless the difference between the actual purchase price paid and the then maximum purchase price permitted to be paid is greater than the loss upon sale of such securities. The purchase price shall not exceed the then applicable redemption price of such Airport Revenue Bonds plus accrued interest.

Debt Service Reserve Account

A separate account in the Airport Improvement Bond Fund may be established for each Series of Airport Revenue Bonds to provide moneys which constitute a reserve for the payment of the principal, interest and premium, if any, on such Series of Airport Revenue Bonds.

The Debt Service Reserve Account Requirement for each Series of Airport Revenue Bonds shall be that amount provided for in the Resolution providing for the issuance of such Series of Airport Revenue Bonds. No Airport Revenue Bonds other than the Airport Revenue Bonds of the series for which such account has been created shall have any right to be paid from such account. In the event Revenues are insufficient to make all the deposits required to be made to the Airport Improvement Bond Fund, such Revenues shall be deposited therein without regard to the existence of the Debt Service Reserve Account for the respective Series of Airport Revenue Bonds.

Moneys on credit to a Debt Service Reserve Account shall be used and applied whenever there are insufficient moneys with respect to the Series of Airport Revenue Bonds for which the Account was created on credit to the Interest Account, Serial Principal Account and Sinking Fund Account. Investment of moneys credited to the Debt Service Reserve Accounts shall be in Investment Securities maturing within the earlier of eight years or the final maturity date of the Series of Airport Revenue Bonds then Outstanding for which the Account was created.

The Debt Service Reserve Account Requirement for the Series 2021A Bonds is an amount equal to the lesser of (i) an amount equal to the maximum principal and interest payments for any future fiscal year for all Series 2021A Bonds at the time then Outstanding, (ii) an amount at least equal to but not in excess of ten percent (10%) of the proceeds of the Series 2021A Bonds, or (iii) one hundred twenty-five percent (125%) of the average annual principal and interest payments on the Series 2021A Bonds. The Debt Service Reserve Account Requirement for the Series 2021A Bonds may be satisfied with the purchase of a surety bond.

The Series 2021B Bonds and Series 2021C Bonds issued to refund all or a portion of the Series 2011A-1 Bonds and Series 2011B Bonds, respectively, which refunded a portion of the Series 1999D Bonds will be deemed Series 1999D Bonds solely for the purpose of the provisions of the Resolution pertaining to the Debt Service Reserve Account for the Series 2021B Bonds and the Series 2021C Bonds. The Debt Service Reserve Account Requirement for the Series 1999D Bonds, which is applicable to the Series 2021B Bonds and the Series 2021C Bonds by operation of the Resolution, is an amount equal to the lesser of (i) an amount equal to the maximum principal and interest payments for any future fiscal year for all Series 1999D Bonds at the time then Outstanding, (ii) an amount at least equal to but not in excess of ten percent (10%) of the proceeds of the Series 1999D Bonds, or (iii) one hundred twenty-five percent (125%) of the average annual principal and interest payments on the Series 1999D Bonds determined as of the issue date of the Series 1999D Bonds. The Debt Service Reserve Account Requirement for the Series 1999D Bonds may be satisfied with the purchase of a surety bond.

The Debt Service Reserve Account Requirement for the Series 2021D Bonds is an amount equal to the lesser of (i) an amount equal to the maximum principal and interest payments for any future fiscal year for all Series 2021D Bonds at the time then Outstanding, (ii) an amount at least equal to but not in excess of ten percent (10%) of the par amount of the Series 2021D Bonds, or (iii) one hundred twenty-five percent (125%) of the average annual principal and interest payments on the Series 2021D Bonds. The Debt Service Reserve Requirement for the Series 2021D Bonds may be satisfied with the purchase of a surety bond.

Other Funds and Accounts of the Memphis-Shelby County Airport Authority

The Authority has established a Discretionary Fund pursuant to the Airline Agreements consisting of a Landing Field Discretionary Account and a Terminal Discretionary Account, which must be maintained in an amount of $4,000,000 for each account. The application of the amounts in such accounts is subject to the provisions of Airline Agreements. Replenishment of the Discretionary Fund will be made from amounts available in the Revenue Fund that may be used for any lawful purpose of the Authority. In addition, the Authority has established or may establish additional funds and accounts for moneys of the Authority that do not constitute Revenues. The Discretionary Fund and other funds and accounts established to hold moneys of the Authority that do not constitute Revenues are not subject to any lien or pledge for the benefit of the holders of Airport Revenue Bonds and such holders shall have no claim thereon. See "**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENTS – Discretionary Fund**" attached hereto.

Rate Covenant

The Authority covenants in the Resolution that it will impose and prescribe such schedule of rates, rentals, fees and charges for the use and services of the facilities and commodities furnished by its Airport and will revise the same from time to time whenever necessary; and will collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which will be sufficient (i) to pay all the Costs of Operation and Maintenance; (ii) to pay the principal of and interest and premium, if any, on any Airport Revenue Bonds issued under the Resolution when due; (iii) to pay the City and Shelby County or any other municipality all amounts required to be paid to them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness (including the general obligation bonds) issued by them to finance all or any portion of the Airport; (iv) to pay all other claims, charges or obligations payable from Revenues; and (v) to carry out all provisions and covenants of the Resolution. Without limiting the provisions of the next preceding sentence, at all times and in any and all events, such rates, rentals, fees and charges shall be imposed, prescribed, adjusted, enforced and collected which will yield Net Revenues in an amount at least equal to one hundred twenty-five percent (125%) of the Debt Service Requirement on all Airport Revenue Bonds.

In the event there are outstanding any Variable Rate Bonds, in determining the rates, rentals, fees and charges, the payment of the principal of and interest on the Variable Rate Bonds shall be calculated at the maximum rate borne by the Variable Rate Bonds for the twelve-month period then ended at the time of calculation. The Authority does not currently have any variable rate debt outstanding. See "**APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE BASIC RESOLUTION – Covenant as to Rates, Fees and Charges**" attached hereto.

Implementation of an increase in the schedule of rentals, rates, fees and charges for use of the Airport could have a detrimental impact on the operations of the Airport by making the cost of operating therein unattractive to airlines, concessionaires and others, and/or by reducing the operating efficiency of the Airport.

AS OF THE DATE OF THIS OFFICIAL STATEMENT, THE AUTHORITY DOES NOT HAVE ANY OUTSTANDING OBLIGATIONS TO A CITY, COUNTY OR OTHER MUNICIPALITY OF PRINCIPAL, INTEREST OR PREMIUM ON BONDS, NOTES OR OTHER EVIDENCE OF INDEBTEDNESS ISSUED BY IT FOR THE AIRPORT.

Additional Bonds

One or more Series of Airport Revenue Bonds may be issued by the Authority from time to time in order to accomplish any lawful purpose of the Authority, the costs of which are to be financed by the issuance of Additional Bonds, but only upon compliance with the following conditions, among others:

(1) Revenues, certified by the Treasurer of the Board for the twelve consecutive months immediately preceding the month in which the Additional Bonds are delivered and paid for, shall have at least equaled the amounts required: (i) to pay the principal, interest and premium, if any on the Airport Revenue Bonds when due; (ii) to reimburse the City and Shelby County or other municipality for principal, interest and premium, if any on the bonds, issued by them for the Airport; (iii) to pay all Costs of Operation and Maintenance; and (iv) to pay all claims, charges or obligations payable from Revenues for such twelve-month period. Revenues derived in any interval prior to such twelve-month period which are in excess of all charges paid or accrued, or required to be paid or accrued, during such interval and which excess Revenues are carried forward in the Revenue Fund into such twelve-month period and are available for use and application during such twelve-month period as are all other Revenues derived during such period may be deemed to be and treated as Revenues derived during such twelve-month period. Amounts received during such twelve-month period arising out of and attributable to the payment of interest and principal on temporary or short-term borrowings incurred to pay Costs of Operation and Maintenance shall not be considered to be Revenues. See "**APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE BASIC RESOLUTION**" attached hereto.

(2) Revenues estimated by an Airport Consultant to be derived in each Fiscal Year from the date the proposed Additional Bonds are delivered and paid for to the estimated date that a substantial portion of the project(s) is placed in continuous service or commercial operation, are sufficient (i) to pay during each such Fiscal Year the principal, interest and premium, if any on the Airport Revenue Bonds when due; (ii) to reimburse the City and Shelby County or other municipality for principal, interest and premium, if any, on the bonds issued by them for the Airport; (iii) to pay all Costs of Operation and Maintenance; and (iv) to pay all claims, charges or obligations payable from the Revenues. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2021 BONDS – Rate Covenant" above.

(3) An Airport Consultant estimates that the Net Revenues to be derived in each of the three Fiscal Years following the estimated date that a substantial portion of the project(s) being financed is

placed in continuous service or commercial operation shall be equal to not less than one hundred twenty-five percent (125%) of the Debt Service Requirement for such Fiscal Year on all Airport Revenue Bonds Outstanding including such Additional Bonds.

Refunding Bonds

The Authority, without complying with the provisions of the Resolution for the issuance of Additional Bonds, may at any time and from time to time issue one or more Series of Additional Bonds for the purpose of refunding at any time any Outstanding Airport Revenue Bond.

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CAPITAL IMPROVEMENT PROGRAM

General

The Authority's CIP includes projects that are underway or complete, the 2021 Project, and future projects through Fiscal Year 2025, which total approximately $772.1 million. Approximately $552.4 million, or 71.5%, of the total costs of the Authority's CIP are associated with the ongoing Concourse B Modernization Project (defined below), which has a total estimated cost of approximately $241.0 million, and the ongoing 2021 Project, which has a total estimated cost of approximately $311.4 million. The Authority anticipates expending the remaining CIP funds on other various CIP projects. As of December 31, 2020, the Authority has expended approximately $302.8 million of its $772.1 million CIP budget.

Since approximately eighty-four percent (84%) of the Authority's CIP is either complete or underway and the remaining projects are necessary to maintain and rehabilitate the existing facilities at MEM, the Authority did not reduce or delay any of its projects due to the COVID-19 pandemic. The remainder of the Authority's CIP is comprised primarily of ongoing maintenance and rehabilitation of existing Airport facilities, construction of certain new maintenance and support facilities, and various planning studies. The Authority's sources of funding for its remaining CIP costs include: (i) federal and state grants and other third-party funding sources; (ii) PFCs on a pay-as-you-go basis; (iii) Authority funds; (iv) prior bond proceeds; and (v) anticipated Series 2021A bond proceeds. See both "CAPITAL IMPROVEMENT PROGRAM – Capital Improvement Program Funding Sources" below and "MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES" herein.

The following sections contain a brief description of the Authority's current CIP projects. For a full discussion of the Authority's CIP, see "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

Concourse B Modernization Project

The Concourse B Modernization Project completely redesigns, reconstructs, and expands the spine and southeast leg of Concourse B to provide a more efficient facility with additional passenger amenities such as higher ceilings, increased natural lighting, wider corridors, larger gate areas, new concessions, moving walkways, additional seating, children's play area, military lounge, and charging stations. Another significant portion of the Concourse B Modernization Project involves bringing Concourse B up to modern seismic standards, because the Airport is located near the New Madrid Seismic Zone which is a major seismic zone in the United States (the "Concourse B Modernization Project"). The objective of the Concourse B Modernization Project is to enhance competition among air carriers, enhance customer service and mitigate excess terminal Costs of Operation and Maintenance.

Construction Status

Construction began on the Concourse B Modernization Project on October 1, 2018, and project expenditures through December 31, 2020 total approximately $173.4 million, or seventy-two percent (72%), of the total estimated project costs. As of October 2020, demolition, structural steel, and roofing structure has been completed for the Concourse B Modernization Project. Some new jet bridges have been installed while structural foundations and electrical infrastructure to support new jet bridges are underway. Interior framing and terrazzo floor installation are underway, and the exterior curtain wall glazing is nearly complete. Ceiling tile installation and lighting are underway. Restroom finishes are underway at two of the restroom blocks. The Concourse B Modernization Project is anticipated to be completed by August 2021 and is fully funded. See "MEMPHIS INTERNATIONAL AIRPORT'S FACILITIES AND OPERATIONS – Terminal Facilities" herein.

The 2021 Project

The Authority has been working with TDEC to monitor its storm water activities, especially its deicing/anti-icing program. The Authority's current NPDES storm water permit, issued in December 2019, required the Authority to construct the 2021 Project on a mandatory compliance schedule. The 2021 Project will consist of 11 pads sized for Group V aircrafts and one pad that can accommodate one Group VI or two Group IV aircrafts. This facility will be located within the southern portion of the airfield midfield. The 2021 Project is also being undertaken to consolidate the existing deicing process, which is currently being performed at various locations at MEM.

The 2021 Project is estimated to cost approximately $311.4 million and is estimated to be funded with $131.8 million in FAA Airport Improvement Program grants, $53.5 million in Series 2016A Bond proceeds and $126.0 million in Series 2021A Bond proceeds. The construction contract for the 2021 Project allows the Authority to temporarily stop the project at key points during the construction without penalty, but subject to additional mobilization costs.

The 2021 Project is estimated to be completed by November 2022 and will be constructed in the following three phases:

Phase I – consists of the relocation of Louis Carruthers Road; site grading for two taxiway bridges and one vehicle bridge; relocation of utilities for future in-field developments including electrical, communications, water, storm and sanitary; foundations and structures for two cross field taxiways and one vehicle bridge; and all required site and retention requirements. Phase I is substantially complete.

Phase II – consists of full depth concrete pavement in excess of 300,000 square yards with 35-foot wide asphalt shoulder; 45-foot in-field areas (vehicle safety zones) for vehicle and equipment staging; area lighting, in-pavement lighting system, signage and pad control system; glycol conveyance and storage system; glycol mixer and pump system; underground glycol-impacted collection and storage system and non-glycol impacted (storm water) collection system; and vehicle service road bridge pavement as well as the pavement of the cross field taxiways. Glycol impacted water is anticipated to be meter released into the City-owned sanitary treatment facility within permitted limits. No glycol processing and/or treatment/recycling is included within this program.

In March 2020, the Authority received MII approval from the Signatory Airlines (defined herein) for Phase II and Phase III of the 2021 Project, and the Construction Notice to Proceed was given in May 2020. On February 13, 2020, the Authority received bids for the construction of Phase II, and construction commenced in May 2020 with an estimated completion date of November 2022. The facility will be operational upon the completion of Phase II.

Phase III – consists of the construction of a building in the infield area between the east and west set of pads. This building will include an elevated operations control space to direct the deice operation of each ramp, electronics equipment space, restrooms, airline breakroom space, airline operations offices, and airline deice truck maintenance bays. The site around this building will include parking on the non-secure and secure side of the property, secure vehicle access gates, and secure employee access points. Phase III is estimated to be bid in July 2021 with an estimated completion date of November 2022.

Capital Improvement Program Funding Sources

The Authority's remaining CIP costs, totaling approximately $469.3 million, are expected to be funded from a variety of sources including: (i) federal and state grants and other third-party funding sources, which total approximately $244.6 million; (ii) PFCs on a pay-as-you-go basis, which total approximately $12.0 million; (iii) Authority funds, which total approximately $23.2 million; (iv) prior bond proceeds, which total approximately $63.5 million; and (v) anticipated Series 2021A bond proceeds, which total approximately $126.0 million. For a full discussion of the Authority's CIP funding sources, see "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

Federal Grants

AIP Grants

The Authority receives federal grants for Airport capital development under the FAA Airport Improvement Program ("AIP"). The United States Department of Transportation classifies MEM as a small-hub primary airport. Therefore, the AIP formula stipulates that MEM is entitled to receive ninety percent (90%) in federal funding for AIP-eligible projects. AIP funds can be used for many improvement needs, but not operating costs. AIP funds are typically not available for revenue-generating projects. The Authority anticipates that AIP grants will fund approximately $213.2 million of the remaining costs of the Authority's CIP.

AIP grant amounts are distributed based on historical passenger enplanements and cargo landed weights. As it relates to passenger enplanements, MEM is classified by the FAA as a small-hub primary airport; however, MEM is the largest small-hub primary airport and the 67th busiest airport in the United States based on 2019 Airports Council International's ("ACI") 2019 North American Traffic Report. In Fiscal Year 2019 and Fiscal Year 2020, MEM was apportioned approximately $5.1 million and $5.2 million, respectively, in passenger entitlements. As it relates to cargo landed weights, MEM has the largest air cargo traffic in the United States measured by metric tons of cargo based on 2019 data. In Fiscal Year 2019 and Fiscal Year 2020, MEM was apportioned approximately $16.1 million and $15.6 million, respectively, in cargo entitlements.

Due to existing law and regulation, the Authority is monitoring annual enplanement activity and evaluating potential changes to MEM's current classification as a small-hub primary airport. Continued airport enplanement growth that out paces the national growth rate could change MEM's classification to a medium-hub airport. As discussed above, based on the existing AIP formula for small-hub primary airports, MEM receives AIP entitlement funds for ninety percent (90%) of its AIP-eligible projects. If MEM shifts to a medium-hub classification, then its AIP funding percentage will be impacted and decrease to seventy-five percent (75%).

The AIP expires periodically, and federal reauthorization is required to continue. In October 2018, Congress passed a five-year reauthorization bill for the FAA – the Federal Administration Reauthorization Act of 2018. In Fiscal Year 2020, the FAA apportioned total entitlements of $3.2 billion, of which approximately $111 million, or 3.5%, was allocated for cargo entitlements. The FAA grants are subject to annual Congressional authorization and appropriation, and it is assumed that the AIP will continue to be appropriated consistent with historic levels.

Despite the multi-year reauthorization, the FAA must receive annual appropriation approval from the United States Congress. This appropriation of funding occurred on December 27, 2020 when the Consolidated Appropriations Act ("CAA") was signed into law, which fully funded the AIP at $3.35 billion for federal Fiscal Year 2021 and provided an additional $400 million in general-fund revenue, specifically for additional AIP discretionary grants that was made available to all size airports. The CAA requires the FAA to use the highest enplanement numbers of Calendar Year 2018, Calendar Year 2019, or the prior calendar year when calculating federal Fiscal Year 2022 and federal Fiscal Year 2023 AIP entitlements, to ensure that airports do not see a significant drop in entitlements from the decrease in enplaned passengers due to the COVID-19 pandemic. See "CORONAVIRUS DISEASE 2019 – COVID-19 Relief Legislation" herein.

On February 12, 2021, the FAA established the ACRGP to distribute the CAA funds, of which $14,880,645 was allocated to MEM. The Authority has not yet determined the use of these funds but is considering using approximately $8.2 million, which is the portion allocated based on cargo entitlements, to fund an airfield project in its CIP and approximately $6.1 million, which is the portion of the ACRGP allocated based on enplaned passengers minus the amount allocated for concession relief of $496,550, to reduce the Net Airline Requirement in Fiscal Year 2022. See "CORONAVIRUS DISEASE 2019 – COVID-19 Relief Legislation" herein.

The table below illustrates the entitlement and discretionary funds awarded to the Authority for federal Fiscal Year 2015 through federal Fiscal Year 2019:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIP FUNDS AWARDED BY FEDERAL FISCAL YEAR
(Amounts in Thousands) [(1)]

	2015	2016	2017	2018	2019
<u>Entitlement Funds</u>:					
Passenger	$0[(1)]	$4,728	$5,331	$14,780	$5,133
Cargo	0[(1)]	7,667	32,805	28,587	16,779
Total Entitlement	**$0[(1)]**	**$12,395**	**$38,136**	**$43,367**	**$21,912**
Discretionary Funds	1,383	2,447	0	2,400	9,060
Total AIP Funds	**$1,383**	**$14,842**	**$38,136**	**$45,767**	**$30,972**

(1) Eligible entitlement amounts can be carried forward for a two-year period. The $0 figure denotes no current project awarded in 2015.

(2) Denotes VALE Grant funds, described in greater detail under "CAPITAL IMPROVEMENT PROGRAM – Capital Improvement Program Funding Sources" herein.

Source: Memphis-Shelby County Airport Authority.

Future entitlement funds will vary with the actual number of passenger enplanements and cargo landed weights, with total appropriations for the AIP and with any revision of the existing statutory formula for calculating such funds. No assurance can be given that federal grants-in-aid will be received in the amounts or at the times contemplated by the Authority.

VALE Grants

In December 2003, the Vision 100—Century of Aviation Reauthorization Act ("Vision 100") established a voluntary program to reduce airport ground emissions at commercial service airports in air quality nonattainment and maintenance areas. To administer the Vision 100 airport emission provisions, the FAA created the Voluntary Airport Low Emissions ("VALE") program in 2005. Funding for the VALE program is provided through the AIP and/or the PFC program(s). The eligibility guidelines, requirements and procedures for the VALE program are based on the Vision 100 enabling legislation, the Clean Air Act and established AIP and PFC program regulations. The Authority anticipates that VALE grants will fund approximately $2.6 million of the remaining costs of its CIP.

State Grants

The Tennessee Department of Transportation's Aeronautics Division administers federal and state funding to assist in the location, design, construction, and maintenance of Tennessee's public aviation system. In 1986, the Tennessee General Assembly adopted legislation that created the State Transportation Equity Fund ("TEF"). The TEF allocates receipts from taxes collected from transportation fuels for distribution to airports, railroads, and waterways based upon their contribution to the TEF. For aviation, these funds are used for statewide grants to Tennessee air carrier and general aviation airports. Certain items are covered up to ninety-five percent (95%) of the total cost of airport projects, depending on the type of project.

The table below illustrates the state grant funds that was allocated to the Authority for federal Fiscal Year 2016 through federal Fiscal Year 2020:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATE GRANT FUNDS AWARDED BY FEDERAL FISCAL YEAR
(Amounts in Thousands)

	2016	2017	2018	2019	2020
State Grants (1)	$4,154	$3,383	$3,078	$3,638	$2,313

(1) The decline in the funding of the State Transportation Equity Fund is attributable to legislation enacted in 2014 that placed a cap on the maximum amount one air carrier could be charged.

Source: Memphis-Shelby County Airport Authority.

The Authority anticipates that state grants will fund approximately $17.3 million of the remaining costs of its CIP.

Other Third-Party Funding Sources

The third-party funding sources utilized by the Authority could include (i) the funding of certain leased facilities; (ii) Tennessee Economic Development Grants; and (iii) certain federal grants to reimburse eligible expenditures. The Authority anticipates that other third-party funding sources will fund approximately $11.5 million of the remaining costs of its CIP.

Passenger Facility Charges

PFCs are fees authorized by the Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the FAA pursuant to published regulations issued with respect to the PFC Act. The PFC Act allows a public agency such as the Authority, which controls a commercial service airport, to charge each paying passenger enplaning at the Airport (subject to certain limited exceptions) a PFC of up to $4.50. See "MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES – Passenger Facility Charges."

The Authority anticipates that PFCs will fund approximately $12.0 million, on a pay-as-you-go basis, of the remaining costs of its CIP.

Authority Funds

Grant draws are done on a reimbursement basis, and in some cases the Authority anticipates using funds currently available in the Capital Projects Fund to provide funding for its CIP projects on an interim basis until future grant funds may be received. The Authority anticipates that the Capital Projects Fund will fund approximately $23.2 million of the remaining costs of its CIP.

Prior Bonds Proceeds

The Authority anticipates using proceeds from its Airport Revenue Bonds, Series 2016A, issued in March 2017 (the Series 2016A Bonds"), to fund approximately $49.8 million of the remaining costs of the 2021 Project. The Authority anticipates using proceeds from its Airport Revenue Bonds, Series 2018, issued in August 2018, (the "Series 2018 Bonds") to provide funding for approximately $13.6 million of the remaining costs of the Concourse B Modernization Project.

Series 2021A Bond Proceeds

The Authority anticipates using $126.0 million in Series 2021A bond proceeds to fund the project costs and contingencies for the 2021 Project. See "CAPITAL IMPROVEMENT PROGRAM – The 2021 Project" above.

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MEMPHIS INTERNATIONAL AIRPORT'S AIR TRADE AREA
DEMOGRAPHIC AND ECONOMIC BASIS FOR AIRLINE TRAFFIC

Although the demographic and economic information provided below has been collected from sources that the Authority considers to be reliable, the Authority has made no independent verification of the information provided by non-Authority sources and the Authority takes no responsibility for the completeness or accuracy thereof. The information below is provided as general background and the information is generally in relation to dates and periods prior to the economic impact of the COVID-19 pandemic, and the ongoing resulting measures instituted to mitigate it. A material deterioration in domestic or global economic conditions, including the ongoing COVID-19 pandemic, is having a significant negative effect on the economy of the Authority, the City, Shelby County, the State of Tennessee, and the United States of America.

Air Trade Area

The demand for air transportation is largely dependent upon the demographic and economic characteristics of the geographical area served by an airport. The primary Airport service region is a 4,600-square-mile area defined as the Air Trade Area ("ATA"), comprised of Fayette, Shelby, and Tipton counties in Tennessee; Desoto, Marshall, Tate, and Tunica counties in Mississippi; and Crittenden County in Arkansas. MEM is the principal air carrier airport serving west Tennessee, north Mississippi, and east Arkansas.

MEM is located in Shelby County, which is the largest county within the ATA. Based on 2019 population estimates, Shelby County accounts for nearly seventy percent (70%) of the ATA's resident population. The City, which is also located in Shelby County, is the 28th largest city in the United States based on 2019 population estimates. The City has a central geographical location, highly developed infrastructure, growing economy and depth of logistics and transportation services, which underlies MEM's status as the world's second busiest cargo airport.

Origin and Destination ("O&D") passenger traffic represented approximately ninety-nine percent (99%) of the passenger traffic at MEM in Fiscal Year 2020. As an O&D airport, airline traffic at MEM is largely a function of the population and economy of the region served by MEM and the type and variety of airline operations serving MEM. The O&D nature of MEM indicates that its passenger traffic is influenced more by local characteristics of the area served rather than by individual airline network decisions in support of connecting activity. Clearly understanding the population and economic characteristics of the Airport's service region is important in assessing the potential for future airline passenger traffic growth. Prior to the COVID-19 pandemic, the economic base of MEM's ATA was strong and diverse; however, the ATA is expected to continue to generate sustained growth in the demand for air transportation services despite the impacts of COVID-19.

The following three sections discuss the demographic and economic statistics of the ATA pertaining to its: (i) population, (ii) per capita personal income ("PCPI") and (iii) unemployment rates. For a full discussion of the demographic and economic statistics within the ATA, see "**<u>APPENDIX A</u> – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

Population

The ATA's population increased at a compound annual growth rate ("CAGR") of approximately 0.6% from 2000 to 2018. This increase was slightly lower than the growth realized in Tennessee, Arkansas, Mississippi ("Tri-State Area"), and in the United States during this same period. In 2019, according to the United States Census Bureau, it was estimated that 937,000 was the resident population in Shelby County, 1,346,000 in the ATA and 328,240,000 in the United States, respectively. Shelby County and the ATA have maintained stable population levels since 2015. The following chart illustrates the resident population data for Shelby County, the ATA, and the United States for Calendar Years 2015-2019:

POPULATION DATA [1]
For the Calendar Years 2015-2019 [2]
(Amounts in Thousands)

Geographical Area	2015	2016	2017	2018	2019
Shelby County	938	936	935	936	937
Air Trade Area	1,336	1,336	1,339	1,342	1,346
United States	320,745	322,941	324,986	327,168	328,240

(1) From time to time, the United States Census Bureau revises its population estimates.

(2) Calendar Year 2019 population numbers are estimated.

Source: Woods & Poole Economics, Inc. The 2020 Complete Economic and Demographic Data Source.

Per Capita Personal Income

The ATA's PCPI increased at a CAGR of approximately 1.4% from 2000 to 2018. The PCPI for the Tri-State Area and the United States increased at a CAGR of approximately 1.8% and 2.2%, respectively for the same period. In 2018, the ATA's PCPI increased to $43,110, from being $39,992 in 2014. The ATA is slightly below the change in the United States national PCPI of increasing to $50,346 in 2018 from being $45,763 in 2014. The economic base of the ATA is anticipated to generate sustained growth in the demand for air transportation services. The following chart illustrates the PCPI for the ATA and the United States for Calendar Years 2014-2018:

PER CAPITA PERSONAL INCOME
For the Calendar Years 2014-2018

Geographical Area	2014	2015	2016	2017	2018
Air Trade Area	$39,992	$41,217	$41,815	$42,156	$43,110
United States	45,763	47,530	47,910	48,980	50,346

Source: Woods & Poole Economics, Inc. The 2020 Complete Economic and Demographic Data Source.

Unemployment Rates

Recorded unemployment levels in the ATA declined from 7.4% in 2014 to 4.2% in 2019 converging to the national average. The following chart illustrates the recorded unemployment rates for the ATA and the United States for Calendar Years 2014-2019:

UNEMPLOYMENT RATES
For the Calendar Years 2014-2019

Geographical Area	2014	2015	2016	2017	2018	2019
Air Trade Area	7.4%	6.3%	5.2%	4.3%	4.1%	4.2%
United States	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%

Source: United States Bureau of Labor Statistics.

The COVID-19 pandemic has increased the unemployment rates to significant levels throughout the United States and global economies; however, the unemployment rates are starting to show signs of improvement. The unemployment rate in the ATA remained stable during the first quarter of 2020 at 4.2%. Primarily due to COVID-19, the unemployment rate at the end of the second quarter of 2020 increased to 11.8%, and slightly declined to 11.4% by the end of the third quarter of 2020. However, the unemployment rate showed greater recovery by the end of 2020 when the rate declined to 7.9%, which was higher than the recorded rates of 5.9% for the Tri-State Area and 6.5% for the United States.

Gross Domestic Product and Gross Regional Product

During the period 2000-2018, the ATA's gross regional product ("GRP") increased at a CAGR of approximately 1.7%, while the Tri-State Area's GRP and the real gross domestic product ("GDP") of the United States increased at a CAGR of approximately 2.2% and 2.5%, respectively.

According to the United States Bureau of Economic Analysis, GDP increased at an annual rate of 4.1% in the fourth quarter of 2020 after an increase in the third quarter of 33.4% percent. These increases in GDP reflect the continued economic recovery from the sharp decline in the second quarter of 2020 and the ongoing impact of the COVID-19 pandemic. In December 2020, unemployment in the United States fell to 6.5%, while the unemployment in Shelby County was 8.4%. With COVID-19 cases trending lower and the possibility for additional fiscal stimulus relief, most economists expect unemployment rates to gradually decrease in 2021. See "CORONAVIRUS DISEASE 2019" herein.

Transportation and Distribution

The ATA's largest industry is trade, transportation, and utilities, which increased at a CAGR of approximately 1.7% from 2000 to 2018. According to the Memphis Chamber of Commerce, the City has the second largest concentration of transportation, distribution, and logistics in the United States. The City's central geographical position within the United States, combined with its unique infrastructure through its transportation and distribution opportunities with air, rail, and water, serve as an attractive destination for various advantageous economic development opportunities. Due to MEM's unique geographical position, its transportation and distribution services allow customer orders to be placed late in the day for next morning delivery. The following is a short summary discussing the primary components of the City's unique geographical infrastructure. For more information, see "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

Federal Express Corporation – the world's largest airline in terms of cargo and tonnage, primarily operates at MEM. The FedEx SuperHub (defined herein), occupying approximately 945 acres and employing approximately 30,000 workers in the ATA, is the primary sorting facility for Federal Express Corporation and serves as the center of its global hub-and-spoke system. The FedEx SuperHub operates 24 hours a day, 365 days per year, and includes 3.8 million square-feet of sorting and handling facilities that are capable of processing 484,000 packages per hour. The FedEx SuperHub also includes aircraft hangars, aircraft ramp areas, vehicle parking areas, flight training and fuel facilities, administrative offices, and warehouse space. See "MEMPHIS INTERNATIONAL AIRPORT'S FACILITIES AND OPERATIONS – Federal Express Corporation" herein.

Highway – The City is served by four interstate highway systems along with regional interstate by-passes. These highway systems are combined with a circumferential expressway and two highway bridges that cross the Mississippi River, making all parts of the City readily accessible to its surrounding communities. Due to the City being located less than 500 miles from the mean center of the United States population, 40% of the United States population can be reached within an 11-hour drive from the City and 75% of its population can be reached within a 22-hour drive from the City.

International Port of Memphis – is ranked 48th in the United States based on total tonnage shipped in 2018 where it handled more than 11 million tons of goods. The International Port of Memphis is located along the Mississippi River and offers an alternative for shipping goods through its barge operations.

Rail – The City is one of four cities within the United States that is served by five Class I railroads. The railroads serving the City include BNSF Railway, the Norfolk Southern Railroad, Canadian National, CSX, and the Union Pacific System. These Class I railroads operate with a competitive direct on-line freight service to Mexico which can be reached by rail within 48 hours from the City, Canada and to 45 of the 50 states within the nation. The rail lines offer a variety of modern, specialized equipment and services, including piggy-back and containerized freight.

Healthcare Facilities

Shelby County has one of the most comprehensive collections of health care centers in the nation with 21 hospitals providing over 4,000 beds and numerous other health care facilities. These health facilities are both a regional destination for patients living in the ATA and a national/international destination for patients treated by St Jude. The health care industry contributes over $10.4 billion to the economy annually.

Regional One Health Hospital – Regional One Health Hospital ("Regional One") is a private hospital owned by a not-for-profit corporation, which receives annual appropriations from Shelby County. Regional One's Centers of Excellence include the Elvis Presley Memorial Trauma Center, which is the only Level 1 trauma center in the region and the third busiest in the nation; the Firefighters Regional Burn Center, the only full-service center in a 150-mile radius; the Sheldon B. Korones Newborn Center (an intensive care unit for premature and distressed newborns), the only Level IV center in West Tennessee; the Wound Care Center, which specializes in the treatment of chronic non-healing wounds; and High Risk Obstetrics.

Baptist Memorial HealthCare Corporation – Baptist Memorial Healthcare Corporation ("Baptist") is a multi-facility health care system serving the regional communities of the Mid-South. Facilities owned and operated by Baptist in Shelby County include Baptist Memphis, Baptist Collierville, and Baptist Women's and Children's Hospital.

Methodist LeBonheur Healthcare – Methodist LeBonheur Healthcare ("Methodist"), one of Tennessee's largest healthcare providers, is an integrated delivery system providing a broad spectrum of inpatient and outpatient care services to patients from over 60 counties in Tennessee, Mississippi, Arkansas, and Missouri. Methodist dedicated a new $275 million tower in late 2018 which included a state-of-the-art transplant institute which consolidated patient services into a single location.

St. Jude Children's Research Hospital – St. Jude Children's Research Hospital ("St. Jude") is the world's leading childhood cancer research center and one of the only institutions devoted solely to the study of catastrophic childhood illnesses, with its primary focus on leukemia and solid tumors. American Lebanese Syrian Associated Charities (ALSAC) is the fundraising and awareness organization for St. Jude and is responsible for raising seventy-five percent (75%) of the funds necessary to operate St. Jude. In 2017, St. Jude announced their plans for their $1 billion capital expansion of the Downtown campus, which will be one of the largest capital projects in the City's history.

Top 25 Largest Memphis Area Employers

The following table illustrates the top 25 largest Memphis area employers in the ATA (ranked by local full-time employees).

MEMPHIS AREA TOP 25 EMPLOYERS (1)

	Employer Names	Local Employees	Type of Business
1	Federal Express Corporation	30,000	Transportation, e-commerce & business services
2	Shelby County Schools	15,500	Primary & secondary education
2	Tennessee State Government	15,500	State government
4	United States Government	13,600	Federal government
5	Methodist Le Bonheur Healthcare	13,235	Integrated healthcare delivery system
6	City of Memphis	8,400	City government
7	Baptist Memorial Health Care Corp.	7,436	Integrated healthcare system
8	The Kroger Co.	6,708	Retail groceries
9	Wal-Mart Stores, Inc.	6,700	Discount general merchandise
10	Naval Support Activity Mid-South	6,500	Military installation
11	Shelby County Government	5,371	County government
12	St. Jude Children's Research Hospital	5,074	Medical research hospital
13	Desoto County School District	4,302	Primary & secondary education
14	University of Tennessee Health Science Center	3,558	Health science university
15	Technicolor	3,500	Fulfilment & distribution of software
16	Nike Inc.	3,300	Sports & fitness footwear & apparel
17	Smith & Nephew Inc.	2,755	Orthopedic medical devices
18	Regional One Health	2,727	Health system
19	Memphis Light, Gas & Water	2,700	Utilities
20	The University of Memphis	2,583	Post-secondary, graduate & legal education
21	Saint Francis Healthcare	2,430	Healthcare
22	AutoZone, Inc.	2,500	Retail & distribution of auto parts & accessories
23	International Paper Co.	2,400	Packaging, pulp & paper
24	Veterans Affairs Medical Center	2,360	Medical center
25	DHL Supply Chain	2,294	Supply chain services

(1) Estimated.

Source: *Memphis Business Journal*: Book of Lists 2020-2021.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

General

The Authority is a body politic and corporate of the State of Tennessee, created in 1969 pursuant to the Act. The Authority is governed by a seven-member board of commissioners, five of whom are appointed by the Mayor of the City and two by the Mayor of Shelby County. The City Council confirms the Board's appointments for seven-year staggered terms. A member of the Board may be removed from office by a two-thirds vote of the City Council, but only after notice of cause for the removal has been served, and the member has been granted an opportunity for a public hearing on the matter.

Management of the Memphis-Shelby County Airport Authority

Scott A. Brockman, A.A.E., has been employed by the Authority since 2003. He became the Authority's 4th President and CEO in 2014. He has over 35 years of service in the aviation industry at four major airports. He is a past Chair of the American Association of Airport Executives (AAAE) and a past President of the Southeast Chapter of the American Association of Airport Executives. Additionally, he has served on and Chaired the AAAE Board of Examiners, the AAAE Audit Committee and the AAAE National Airports Conference committees. He has previously served as Chair of the ACI-NA Economic Affairs Committee and as a member of the ACI-NA World Economic Committee and participated in numerous Transportation Research Board – Airport Cooperative Research Program (TRB-ACRP) Panels. Locally, Mr. Brockman is on the Board of the Greater Memphis Chamber and Memphis Tourism and serves as Treasurer on the Memphis Tourism Board.

Forrest B. Artz, C.P.A., C.M., joined the Authority in 2008, currently serving as the Vice President of Finance and Administration and Chief Financial Officer. He has over 25 years of public sector financial management experience of which 20 years were in the aviation industry at three major airports. Mr. Artz is a general aviation pilot and holds a commercial pilot's license.

Terry Blue A.A.E., joined the Authority in 2015 as the Vice-President of Operations and Public Safety. He has over 21 years of service in the aviation industry and has worked at three major airports. He is a licensed private pilot, a past President of the Wisconsin Airport Management Association, and currently serves as a Vice-Chair of the American Association of Airport Executives (AAAE) Transportation Security Services Committee and President of the Southeast Chapter of the American Association of Airport Executives.

Janet L. Shipman, Esquire, joined the Authority in 2017 and currently serves as the Associate Airport Counsel. Prior to joining the Authority, Ms. Shipman served 35 years in Shelby County Government as an Assistant District Attorney, Human Resources Administrator and Assistant County Attorney with the Shelby County Health Department. She is a member of both the Memphis and Tennessee Bar Associations and the Memphis Association of Women Attorneys.

THE AIRPORT

Memphis International Airport

MEM is located in Shelby County, approximately ten miles southeast of the City's downtown area and 3.5 miles north of the Tennessee-Mississippi state line and occupies approximately 5,100 acres of land. Access to MEM is provided predominately via Interstate 240 (I-240), Plough Boulevard, and Tchulahoma Road. I-240 is the southern half of the City's beltway connecting Interstate 40 and Interstate 55.

General Aviation Reliever Airports

The Authority owns and operates two general aviation reliever airports: the General DeWitt Spain Airport and the Charles W. Baker Airport, each located on approximately 400 acres of land in Shelby County. There are approximately 220 based general aviation aircrafts at the Charles W. Baker Airport and the General DeWitt Spain Airport. Both airports have automated fueling systems, aircraft maintenance services, hangars and tie downs, aircraft rentals and charter services for general aviation. Runway 18-36 at Charles W. Baker Airport is 3,500 feet in length, and Runway 16-34 at the General DeWitt Spain Airport is 3,800 feet in length. Both runways are 75 feet wide with asphalt surfaces.

MEMPHIS INTERNATIONAL AIRPORT'S FACILITIES AND OPERATIONS

Airfield

MEM has four runways including an east-west runway and three north-south runways as follows:

- Runway 9-27, 8,946 feet in length (east-west)
- Runway 18L-36R, 9,000 feet in length (north-south)
- Runway 18C-36C, 11,120 feet in length (north-south)
- Runway 18R-36L, 9,320 feet in length (north-south)

All of the runways are 150 feet wide and are equipped with precision instrument landing systems, which are suitable for use by large air carrier aircraft. A Surface Movement Guidance System has been installed on the airfield to aid aircrafts in navigating the various taxiways under low visibility. Also, located at MEM are fixed base operator facilities serving general aviation, a unit of the Tennessee Air National Guard, an FAA air route traffic control center, and various aviation support facilities. An industrial park on MEM property accommodates various aviation and non-aviation facilities.

Terminal Facilities

The passenger terminal is located between Runways 18C-36C and 18R-36L and consists of a terminal building and three separate concourses, two of which are operational (Concourse A and Concourse C) and one that is currently closed for construction (Concourse B). The central portion of the terminal was constructed in 1967; and in 1974, Concourse A and Concourse C and their portions of the terminal were added. The first lower level of the terminal complex contains baggage handling and other support facilities. The second upper level contains the passenger ticketing lobbies, airline ticketing and baggage check-in counters, concessions, waiting areas and security screening facilities. The third mezzanine level contains tenant and Authority offices. Concourse A and Concourse C are two-level structures containing passenger hold rooms, circulation corridors, restrooms and concessions in the upper level and airline operations in the lower (apron) level. The international arrivals area, including the Federal Inspection Service (FIS) facilities is located in Concourse B.

Due to construction, Concourse B is currently closed (except for FIS facilities and two international gates operating in the southwest leg), and the airlines and other tenants are operating from Concourse A and Concourse C. In anticipation of the Concourse B Modernization Project, the south end of Concourse A was removed to allow uninhibited aircraft access to Concourse B across what was the footprint of the south end of Concourse A. Prior to the Concourse B Modernization Project, the terminal facility consisted of approximately 1.25 million square feet with 68 active passenger gates, of which 17 were leased under the Airline Agreements (defined herein), eight domestic and two international gates are used on a per turn basis, and 41 gates are unleased.

The Concourse B Modernization Project will consolidate MEM passenger operations into Concourse B and rationalize the use of MEM's passenger terminals. During construction of the Concourse B Modernization Project, Concourse C will remain intact until the airlines are relocated back to Concourse B at which time nine gates at the south end of Concourse C will be demolished, and the southeast leg of Concourse B will be reconfigured resulting in one less gate, decreasing the total gate count at MEM from 68 to 58.

In August 2021, upon completion of the Concourse B Modernization Project, 25 of the 58 gates will be active, along with all of Concourse A. The remaining portion of Concourse C, and 15 gates on the southwest leg of Concourse B, will be decommissioned until demand dictates additional passenger capacity requirements. See "CAPITAL IMPROVEMENT PROGRAM – Concourse B Modernization Project" herein. Also see, "**<u>APPENDIX A</u> – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

Parking Facilities

MEM has a three-level parking garage immediately adjacent to the terminal containing 2,657 public parking spaces, including 459 short-term and 2,198 long-term spaces. In addition, the Ground Transportation Center, completed in 2012, contains 4,541 economy public parking spaces and is connected to the terminal by a pedestrian plaza and moving sidewalks. The employee parking lot is located to the east of the terminal and contains 1,015 spaces. Also, the oversize vehicle and public parking overflow lot is located west of the terminal and contains 661 public spaces ("Blue Lot"). Finally, there is a 213-space auxiliary parking lot located north of the Blue Lot, which is primarily used for rental car fleet storage, but is available as necessary for public parking overflow at MEM. See, "MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES – Public Parking Revenues" herein.

Rental Car Facilities

The Ground Transportation Center contains support facilities, including a parking office and two toll plazas, rental car customer service facilities, and a quick turnaround surface lot. In April 2019, the

Authority completed construction of a consolidated rental car maintenance facility on 25 acres of its property that is located west of Airways Boulevard in the City. This facility includes maintenance bays, fueling islands, vehicle wash bays, fleet storage, and administrative offices for each of the rental car operators. See, "MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES – Rental Car Facility Lease and Concession Revenues" herein.

Federal Express Corporation

Federal Express Corporation ("FedEx"), the world's largest airline in terms of cargo and tonnage, was founded in 1971 in Little Rock, Arkansas and relocated its world headquarters to the City in 1973. Due to increasing operations, in 1981, FedEx substantially expanded its air cargo facility at MEM, which became known as the ("FedEx SuperHub"). The FedEx SuperHub, occupying approximately 945 acres and employing approximately 30,000 workers in the ATA, is the primary sorting facility for FedEx and serves as the center of its global hub-and-spoke system. The FedEx SuperHub operates 24 hours a day, 365 days per year, and includes 3.8 million square-feet of sorting and handling facilities that are capable of processing 484,000 packages per hour. The FedEx SuperHub also includes aircraft hangars, aircraft ramp areas, vehicle parking areas, flight training and fuel facilities, administrative offices, and warehouse space. The FedEx SuperHub has the capacity to park more than 165 aircrafts at a time, which equates to one aircraft landing every 40 seconds during peak operations.

FedEx aircrafts serve various destinations throughout the United States and around the world. FedEx accounts for approximately 150 arrivals at MEM during its night sort operations and 100 arrivals during its day sort operations. During Fiscal Year 2020, FedEx enplaned and deplaned approximately 4.7 million tons of cargo at MEM and accounted for an average of eighty-nine percent (89%) of total landed weight at MEM during a five-year period. FedEx executed a public-private sole source contract with the United States Postal Service ("USPS") in 2001 that extends through 2024. This contract accounts for around $1.5 billion in annual revenue to FedEx, making USPS the largest customer of FedEx.

The Authority entered into the Composite Lease Agreement with FedEx effective January 1, 2007 (the "FedEx Lease"). The initial term of the FedEx Lease extends through December 31, 2036 and contains additional terms for two extension periods of ten (10) years each. The FedEx Lease represents 34 separate lease agreements between the Authority and FedEx, which in Fiscal Year 2020 equated to approximately $11.5 million in Revenues to the Authority. The FedEx Lease includes leases for aircraft hangars, aircraft ramp areas, vehicle parking area, flight training and fuel facilities, administrative offices, warehouse space and a cold chain center for processing temperature-sensitive shipments, such as vaccines. Due to FedEx serving a critical role in the distribution of the COVID-19 vaccines, the corporation has upgraded its cold chain center at MEM.

According to FedEx's 2020 Annual Report, FedEx will modernize and expand the City's and Indianapolis hubs to accommodate future growth over the next six years. FedEx will invest $1.5 billion in its facilities at MEM, including demolishing 24 outdated structures and replacing those structures with facilities specifically designed to accommodate modernized, more efficient equipment that is compatible with its current aircraft fleet. These FedEx SuperHub improvements are anticipated to be completed in 2027. For more information about MEM's role within the FedEx network, see "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

Other Air Cargo Facilities

The Authority has also entered into composite lease agreements with other air cargo operators including (i) United Parcel Service ("UPS"), (ii) ABX Air, (iii) Air Transport International, (iv) Baron Aviation and (v) Mountain Air. The Authority entered into a lease agreement with UPS for its parcel distribution and air cargo operation facility on March 1, 1997 (the "UPS Lease"). The initial term of the UPS Lease is 30 years or until April 15, 2029. The UPS Lease has four five-year renewal options, which if executed would extend the term of the UPS Lease to 50 years at the request of UPS.

UPS operates the Oakhaven Distribution Center, an over 400,000 square-foot sorting hub occupying 134 acres on the east side of the airfield. An adjacent aircraft parking apron provides approximately nine acres for the loading, unloading, and parking of aircrafts as large as the Boeing 777. In 2006, the Authority constructed a 70-acre multi-user air cargo complex. This complex provides users with 30 acres of aircraft parking apron, which is sized to simultaneously accommodate six aircrafts as large as the Airbus A380, and 36,000 square feet of specialty office and warehouse space.

Airline Support Facilities

MEM's airline support facilities include aircraft maintenance facilities, airline catering, ground service equipment storage and maintenance, fuel storage and dispensing systems, deicing fluid containment, and ground run-up enclosures. MEM's primary fuel farm is only used for short-term fuel storage and is supplied directly from a local refinery. In the event of a pipeline shutdown, the tanks can be supplied from standard tanker trunks. A hydrant system, which transports jet fuel directly from the fuel farm to individual hydrant locations on the passenger terminal ramp adjacent to aircraft parking positions, serves the majority of MEM's passenger terminal parking positions. The hydrant system is owned by MEM but maintained by an airline consortium. In addition to the fuel farm supporting air carrier operations, there are other aviation fuel facilities located at Signature Flight Support, Wilson Air Center, Tennessee Air National Guard, and the FedEx SuperHub.

Other Support Facilities

In addition to the airline support facilities discussed above, there are also fixed base operator facilities for general aviation, a unit of the Tennessee Air National Guard, a FAA air traffic control tower, and other various aviation support facilities located at MEM. Further, there is an industrial park located at MEM that can accommodate various aviation and non-aviation facilities.

In October 2020, the Authority completed construction of a new airfield maintenance facility at MEM. This facility includes approximately ten mechanics bays, snow removal equipment, and ground maintenance and support equipment. This facility also includes the MEM Police Department, communications center, emergency operations center, operations duty department and snow command center, which was relocated from the terminal facility. For a full discussion of MEM's facilities and its operations, see "**<u>APPENDIX A</u> – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

CORONAVIRUS DISEASE 2019

General

The worldwide spread of COVID-19, a respiratory illness caused by a novel strain of coronavirus, is widespread globally, and is considered by both the World Health Organization and the United States Department of Health and Human Services to be a public health emergency of international concern. On March 11, 2020, the World Health Organization officially declared COVID-19 as a pandemic. According to Johns Hopkins University, as of March 11, 2021, there were over 118.1 million cases of COVID-19 across the globe, with over 2.6 million confirmed deaths. The United States is now reporting over 29.1 million cases of COVID-19 with over 529,267 confirmed deaths. To view daily updated COVID-19 information and statistics in Shelby County, see http://www.shelbytnhealth.com; and for national updates, see the COVID-19 Resource Center at https://coronavirus.jhu.edu.

In January 2021, the White House released its 200-page "National Strategy for the COVID-19 Response and Pandemic Preparedness." The White House's national strategy is outlined through seven goals: (1) Restore trust with the American people; (2) Mount a safe, effective and comprehensive vaccination campaign; (3) Mitigate spread through expanding masking, testing, data, treatments, healthcare workforce, and clear public health standards; (4) Immediately expand emergency relief and exercise the Defense Production Act; (5) Safely reopen schools, businesses and travel while protecting workers; (6) Protect those most at risk and advance equity, including across racial, ethnic and rural/urban lines; and (7) Restore United States leadership globally and build better preparedness for future threats. To review the White House's national COVID-19 strategy, see https://www.whitehouse.gov/wp-content/uploads/2021/01/National-Strategy-for-the-COVID-19-Response-and-Pandemic-Preparedness.pdf.

COVID-19 Outbreak

The spread of COVID-19 has led to national quarantine and other "social distancing" measures in affected regions. These measures have included recommendations and formal requirements limiting nonessential travel, promoting telecommuting, limiting the operations and capacity of restaurants, bars, and other places of public gathering. To help reduce the spread of COVID-19 in Tennessee, the Office of the Governor issued executive orders that gave local governments the authority to implement mask requirements and to preserve health care capacity through limiting public gatherings and spectator events and urging residents to work from home.

COVID-19 Vaccination

According to the Centers for Disease Control and Prevention ("CDC"), three COVID-19 vaccines are now available in the United States and large-scale clinical trials are in progress or planned for two additional vaccines; however, there will not initially be sufficient doses available for all individuals who are eligible for the vaccination. The CDC and other expert advisory groups have made recommendations to federal, state, and local governments about who should be the first to receive the COVID-19 vaccines, where healthcare personnel and residents of long-term care facilities have been prioritized, followed by frontline workers such as teachers and firefighters, and people aged 75 years old and older. Continued expansion of vaccine manufacturing capacity, as well as the availability of other COVID-19 vaccines, are needed to ensure that all people globally and in the United States have access to the lifesaving COVID-19 vaccines. According to the CDC, as of March 11, 2021 there were 127,869,155 total doses of the

COVID-19 vaccine distributed and 95,721,290 of those doses have been administered. For more information regarding the developments and dissemination of the COVID-19 vaccination, see https://covid.cdc.gov/covid-data-tracker/#vaccinations.

COVID-19 Relief Legislation

The United States government, the Federal Reserve Board, and foreign governments are continuing to take statutory and regulatory actions and implementing other measures to mitigate the broad disruptive effects and impact of COVID-19 on the United States and global economies. The CARES Act, approved by the United States Congress and signed into law on March 27, 2020, is one of the federal actions to address the crisis created by the COVID-19 pandemic. The CARES Act includes among its relief measures direct aid for airports as well as direct aid, loans, and loan guarantees for passenger and cargo airlines. The CARES Act provides $10 billion of assistance to United States commercial airports, which is apportioned among such airports based on formulas dependent on enplanements, liquidity, and debt outstanding. The FAA announced that the Authority is eligible to receive $24,738,000 of CARES Act funds, which excludes an estimated $4.6 million of additional CARES Act funding to pay the local share of capital projects.

On December 27, 2020, the CAA was signed into law providing airports an additional $2 billion in general fund revenues as further economic relief to assist eligible airports continue to respond to the impacts of COVID-19. Approximately $1.75 billion in CAA funds were set aside for primary airports, which includes MEM, and certain cargo airports, for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at airports, and debt service payments. The FAA will first distribute the CAA funds using AIP passenger and cargo entitlement formulas, and then distribute the remaining CAA funds based on Calendar Year 2019 enplanements. An additional $200 million in CAA funds are available to airports to provide rent or minimum annual guarantee (MAG) relief to its on-airport concessionaires. On February 12, 2021, the FAA established the Airport Coronavirus Response Grant Program (ACRGP) to distribute the CAA funds, of which $14,880,645 was allocated to MEM. See "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

The CAA also includes $15 billion of additional funding for air carriers, essentially covering payroll expenses from Dec 1, 2020 to March 31, 2021. The airlines must recall employees furloughed starting October 1, 2020 and the CAA extension includes other requirements such as a prohibition on involuntary furloughs through March 31, 2021. Additionally, minimum air service authority has been reinstated through March 1, 2021.

Summary of Actions Taken by the Memphis-Shelby County Airport Authority

COVID-19 is having a material impact on the MEM's take-offs and landings, passenger levels and revenues during Fiscal Year 2020 and Fiscal Year 2021. In response to these impacts, the Authority has taken a range of actions to reduce operating expenses and defer certain capital outlays.

On February 1, 2013, the Authority entered into Airline Agreements (defined herein) with the Signatory Airlines (defined herein). The current Airline Agreements expired on June 30, 2020; however, through approval from the Signatory Airlines, the Authority executed an amendment to the current Airline Agreements to extend the agreements until June 30, 2021. In addition, the Authority is in the process of negotiating a new multi-year residual cost airline use and lease agreement that will be effective on the date of beneficial occupancy of Concourse B, which is anticipated to be August 2021. Since the

Airline Agreements expire on June 30, 2021 and the new agreements will not be effective until August 2021, the Signatory Airlines will remain as tenants and pay the Signatory Airline rates in the interim pursuant to the "holding over" provision of the Airline Agreements. For clarity, notwithstanding the status of the Airline Agreements, the Rate Covenant contained in the Resolution will continue to be effective. See, “MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES – Airport Use and Lease Agreements” herein.

To-date, no tenant payments due to the Authority have been waived or deferred, but the Authority has taken a range of actions including reducing operating expenses and deferring certain capital outlays. For instance, while initial Costs of Operation and Maintenance were incurred due to additional cleaning and sanitizing requirements, these were quickly offset by significant cost cuts and deferment of non-essential outlays. The Authority reduced the Costs of Operation and Maintenance budget for the last four months of Fiscal Year 2020 by approximately $3.9 million – making for an annual reduction of $7.9 million. The Capital Outlay budget was similarly reduced by $1.8 million. All principal and interest payments due on July 1, 2020 were made in-whole and on a timely basis. As a result of a strong Fiscal Year 2020 through March 2020 and the adjustments made to its Fiscal Year 2020 operating budget, the Authority did not need to implement a mid-year rate adjustment to meet its Fiscal Year 2020 obligations – in fact, the Authority generated a slight surplus at year-end 2020 to be used in the Fiscal Year 2021 Budget.

Authority management conservatively assumed in the Fiscal Year 2021 Budget that enplanements would be 35% of Fiscal Year 2019 enplanements and this assumption primarily affects budgeted non-airline revenues, such as parking and concession revenue that were budgeted to decrease 33%, as compared to the Fiscal Year 2020 Budget. Fiscal Year 2021 budgeted cargo and passenger landed weight were assumed to be reduced by approximately 4% and 50%, respectively, as compared to Fiscal Year 2019. The Board approved the Fiscal Year 2021 Budget at its May 2020 meeting. When the Fiscal Year 2021 Budget was approved, the full impact of COVID-19 on aviation activity was difficult to determine and the surge in online buying which has increased the amount of cargo activity occurring at MEM was not anticipated nor reflected in the budgeted activity levels.

Impact of COVID-19 on the Airport

General

Since its impacts became widespread in the United States, COVID-19 is having a material impact on activity at MEM as well as on the operating revenues and operating expenses of the Authority. Corresponding to the decrease in passenger traffic, certain airline revenues and non-airline revenues have seen significant decreases. In response to decreased activity levels and the reductions to certain operating revenues, the Authority implemented several cost-cutting measures.

The Authority is proactively taking steps to mitigate the spread of COVID-19 at the Airport and to preserve effective staffing for all essential Airport operations. The Transportation Security Administration (“TSA”) has implemented nationwide changes to security screening at airports that reduce the potential for cross-contamination and help to prevent the spread of COVID-19. The airlines have implemented different procedures in response to COVID-19, such as plexiglass shields at ticketing counters and certain airlines are spacing their passengers’ onboard airplanes. All major United States airlines have been requiring their passengers to wear face masks.

Given the evolving nature of the spread of the virus and the behavior of governments, businesses, and individuals in response thereto, the Authority cannot accurately predict the magnitude of the impact of COVID-19 on the Authority, the Airport, and its financial condition. In particular, the Authority is unable to predict: (i) the extent or continued duration of the COVID-19 outbreak or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, or whether any such disruption may adversely affect the operations of the Authority at the Airport.

Airlines and airports in the United States have been substantially impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 pandemic. The outbreak has adversely affected domestic and international travel and travel-related industries. Airlines have reported unprecedented reductions in passenger volumes, and they have reduced flights to match capacity to the modified demand for air travel and have reduced service to many markets. The Associated Press reported that the top six United States airlines lost a total of $34 billion in 2020.

Due to COVID-19, the numbers of flights and passengers on the passenger airlines serving MEM have been and continue to be substantially lower than they were during the same months in the previous year. According to TSA, beginning in March 2020 due to the COVID-19 pandemic causing declines in passenger activity, people screened at all United States airports decreased relative to the same months in 2019, with the largest decrease of 95.3% occurring in April 2020. MEM's largest decrease to date of 93.4% also occurred in April 2020. MEM's total number of people screened from March 2020 through January 2021 decreased 64.0% as compared to the period from March 2019 through January 2020. Nonetheless, MEM's recovery during this period was better than the overall United States aviation system, which decreased 71.4%. See "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

Terminal concessionaires at MEM have temporarily closed or reduced operations which has resulted in declines in sales. The concession arrangements include gross sales payment mechanisms and, accordingly, such reductions in sales can be expected to reduce Authority revenues from these concessionaires. A portion of the ACRGP funds, has been earmarked for concessionaires. In addition, the reduction in air travel has had an adverse impact on parking, transportation network companies, ground transportation and rental car revenues. See, "MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES" herein.

Impact on Aviation Activity

The COVID-19 pandemic has significantly affected the passenger and cargo activity at MEM, as well as the Authority's operating revenues and expenses, capital outlays and other finances. The following section discusses how the COVID-19 pandemic has affected aviation activity at MEM and the finances of the Authority:

Peak Daily Scheduled Departures

Through March 2020, peak daily scheduled departures in each month in Fiscal Year 2020 were generally on par with the same month in Fiscal Year 2019. Beginning in April 2020, as passenger carriers significantly reduced schedules in response to the drop in passenger demand, peak daily departures at MEM decreased to 47 in April, and then to 25 in May 2020, as compared to 90 or more peak daily departures in the same months of Fiscal Year 2019. As of December 2020, peak daily departures at MEM had increased to 52 daily departures.

Passenger Enplanements

For the first eight months of Fiscal Year 2020 (July 2019 through February 2020), passenger enplanements increased by approximately 5.3%, as compared to the same period in Fiscal Year 2019. In March 2020, enplanement levels decreased by over 50%, as compared to March 2019. In April 2020, enplanement levels decreased by approximately 94.5%, as compared to April 2019. However, passenger enplanements levels at MEM experienced a modest recovery beginning in May 2020 and continued through January 2021, as passenger enplanement levels decreased to 56.0%, as compared to the same period in Fiscal Year 2020.

Monthly passenger enplanement data for Fiscal Year 2019, Fiscal Year 2020, and year-to-date Fiscal Year 2021 is illustrated in the table below:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
MONTHLY ENPLANED PASSENGERS

	FISCAL YEAR 2020	FISCAL YEAR 2021	
Calendar Year Month	**Percentage Change from Fiscal Year 2019**	**Percentage Change from Fiscal Year 2020**	**Percentage Change from Fiscal Year 2019**
July	7.5%	-65.5%	-62.9%
August	2.3%	-59.3%	-58.4%
September	2.3%	-56.1%	-55.1%
October	3.6%	-54.6%	-52.9%
November	1.3%	-54.8%	-54.3%
December	11.5%	-56.5%	-51.5%
January	7.9%	-56.0%	-52.6%
February	7.0%	n/a	n/a
March	-51.5%	n/a	n/a
April	-94.5%	n/a	n/a
May	-87.5%	n/a	n/a
June	-75.9%	n/a	n/a
TOTALS	**-24.6%**		
July-February	**5.3%**		
March-June	**-77.4%**		
July-January	**5.1%**	**-57.7%**	**-55.5%**

Source: Report of the Airport Consultant.

For the first seven months of Fiscal Year 2021 (July 2020 – January 2021), total passenger enplanements are approximately 57.7% below total enplanements for the same period in Fiscal Year 2020.

Passenger Carrier Total Landed Weight

For the first eight months of Fiscal Year 2020 (July 2019 through February 2020), passenger carrier total landed weight at MEM increased by approximately 6.0%, as compared to the same months for Fiscal Year 2019. In March 2020, landed weight decreased by over 18%, as compared to March 2019. In April 2020 and May 2020, landed weight decreased by approximately 72% and 78%, respectively, as compared to the same period in Fiscal Year 2019. However, passenger carrier total landed weight at MEM experienced a modest recovery beginning in June 2020 and as continued through January 2021 as the total landed weight decreased to 37.9%, as compared to the same period in Fiscal Year 2020.

Monthly passenger carrier landed weight data for Fiscal Year 2019, Fiscal Year 2020, and year-to-date Fiscal Year 2021 is illustrated in the table below:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
MONTHLY LANDED WEIGHTS – PASSENGER

	FISCAL YEAR 2020	FISCAL YEAR 2021	
Calendar Year Month	**Percentage Change from Fiscal Year 2019**	**Percentage Change from Fiscal Year 2020**	**Percentage Change from Fiscal Year 2019**
July	8.7%	-52.0%	-47.9%
August	5.6%	-40.8%	-37.5%
September	1.1%	-46.9%	-46.3%
October	4.6%	-45.5%	-43.0%
November	6.0%	-43.7%	-40.4%
December	10.7%	-42.4%	-36.2%
January	6.8%	-37.9%	-33.6%
February	4.4%	n/a	n/a
March	-18.2%	n/a	n/a
April	-72.4%	n/a	n/a
May	-78.2%	n/a	n/a
June	-69.5%	n/a	n/a
TOTALS	**-17.2%**		
July-February	**6.0%**		
March-June	**-60.0%**		
July-January	**6.2%**	**-44.3%**	**-40.8%**

Source: Report of the Airport Consultant.

For the first seven months of Fiscal Year 2021 (July 2020 – January 2021), total passenger carrier landed weight is approximately 44.3% below total passenger carrier landed weight for the same period in Fiscal Year 2020.

Total Cargo Handled

Through March 2020, total cargo handled at MEM decreased approximately by 6.2% as compared to the same period during Fiscal Year 2019. Total cargo handled in each month beginning April 2020 through January 2021 compared favorably to the same period during the prior fiscal year, with January 2021 increasing approximately by 15.3%, as compared to January 2020.

Monthly data for total cargo handled for Fiscal Year 2019, Fiscal Year 2020, and year-to-date Fiscal Year 2021 is illustrated in the table below:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
TOTAL CARGO HANDLED

	Fiscal Year 2020	Fiscal Year 2021	
Calendar Year Month	**Percentage Change from Fiscal Year 2019**	**Percentage Change from Fiscal Year 2020**	**Percentage Change from Fiscal Year 2019**
July	-1.8%	18.5%	16.3%
August	-7.0%	4.6%	-2.7%
September	-11.5%	17.5%	3.9%
October	-4.9%	8.9%	3.5%
November	-6.4%	6.6%	-0.2%
December	-3.5%	21.6%	17.4%
January	-10.6%	15.3%	3.1%
February	-2.4%	n/a	n/a
March	-7.0%	n/a	n/a
April	4.8%	n/a	n/a
May	7.9%	n/a	n/a
June	13.3%	n/a	n/a
TOTALS	**-2.6%**		
July-February	**-6.1%**		
March-June	**4.5%**		
July-January	**-6.6%**	**13.1%**	**5.7%**

Source: Memphis-Shelby County Airport Authority.

For the first seven months of Fiscal Year 2021 (July 2020 – January 2021), total cargo handled is approximately 13.1% above total cargo handled over the same period in Fiscal Year 2020. Unlike other activity-related metrics presented in this section, the amount of cargo handled at MEM does not directly impact the amount of revenues generated by the Authority. However, it is an important measure of the total amount of cargo activity occurring at MEM and an indication of how the COVID-19 pandemic has impacted the overall demand for air cargo.

Cargo Carrier Total Landed Weight

Through February 2020, cargo carrier total landed weight decreased approximately by 2.2%, as compared to the same period in Fiscal Year 2019. In March 2020, cargo landed weight decreased by 3.9% as compared to March 2019. Beginning in April 2020, cargo landed weight increased, as compared to the same month in the prior fiscal year. Cargo landed weight at MEM increased in January 2021 by 3.9%, as compared to the same period in Fiscal Year 2020.

Monthly all-cargo landed weight data for Fiscal Year 2019, Fiscal Year 2020, and year-to-date Fiscal Year 2021 is illustrated in the table below:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
MONTHLY LANDED WEIGHTS – ALL-CARGO

	FISCAL YEAR 2020	FISCAL YEAR 2021	
Calendar Year Month	**Percentage Change from Fiscal Year 2019**	**Percentage Change from Fiscal Year 2020**	**Percentage Change from Fiscal Year 2019**
July	2.6%	8.9%	11.7%
August	-2.9%	-0.5%	-3.4%
September	-3.7%	10.2%	6.2%
October	-1.2%	2.6%	1.3%
November	-7.0%	3.7%	-3.6%
December	0.2%	10.6%	10.8%
January	-4.3%	3.9%	-0.6%
February	-1.5%	n/a	n/a
March	-3.9%	n/a	n/a
April	4.4%	n/a	n/a
May	2.2%	n/a	n/a
June	7.8%	n/a	n/a
TOTALS	**-0.7%**		
July-February	**-2.2%**		
March-June	**2.5%**		
July-January	**-2.3%**	**5.6%**	**3.2%**

Source: Report of the Airport Consultant.

For the first seven months of Fiscal Year 2021 (July 2020 – January 2021), total all-cargo landed weight is approximately 5.6% above total all-cargo landed weight for the same period in Fiscal Year 2020.

As illustrated in the previous tables, cargo-related activity at MEM experienced modest decreases in the first nine months of Fiscal Year 2020 (July 2019 through March 2020), as compared to Fiscal Year 2019. The Authority believes these decreases in cargo-related activity during the first nine months of Fiscal Year 2020 are attributable to FedEx ending its air-shipping contract with Amazon in the United States in June 2019, the expiration of the FedEx Ground contract with Amazon in August 2019, and the increased tariffs on international cargo traffic implemented by the federal government.

However, the cargo activity at MEM in the final quarter of Fiscal Year 2020 compared favorably to such activity for the same period in Fiscal Year 2019. Such favorable comparisons have continued through the first seven months of Fiscal Year 2021.

Impact on Authority Finances

Material financial impacts on the Authority's finances associated with the COVID-19 pandemic began in March 2020. A partial year of such impacts is incorporated in the Authority's audited financial statements for Fiscal Year 2020. See "**APPENDIX C – FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**" attached hereto.

The table below summarizes unaudited Fiscal Year 2021 year-to-date revenues and expenses through December (the first six months of Fiscal Year 2021) as compared to the Authority's approved Fiscal Year 2021 Budget for the period:

	Fiscal Year-To-Date through December 2020		
Authority Finances	**Budget**	**Actual**	**Variance**
Operating revenues and other amounts (1)	$53,800	$59,600	10.7%
Operating expenses and other requirements (2)	$51,800	$47,200	-8.9%

(1) Includes operating revenues, certain non-operating revenues, prior year surplus allocation and CARES Act allocations.

(2) Includes operating expenses, required debt service deposits and capital outlay costs.

Source: Memphis-Shelby County Airport Authority.

The favorable budget comparison for operating revenues and other amounts is primarily attributable to the following:

- Year-to-date enplanement levels are tracking above budget assumptions. Whereas the Fiscal Year 2021 Budget assumed enplanement levels would be down by approximately 65% as compared to Fiscal Year 2019, actual enplanements for the period captured in the table above are down by approximately 56%, as compared to the same period in Fiscal Year 2019.

- Airfield Area Revenues of $25.2 million exceed the budgeted amount by $1.5 million. This increase is primarily due to increased landed weight activity as compared to the assumptions used in the budgeting process. The Authority's assumptions were that cargo landed weight and passenger carrier landed weight would decrease by 4% and 50%, respectively. Actual activity shows that cargo landed weight increased by 5.9% and passenger carrier landed weight only reduced by 45% for the first six months of Fiscal Year 2021. As a result, landing fee revenues are greater than budgeted projections mainly driven by increased cargo activity.

- Terminal Area Revenues of $9.5 million exceed the budgeted amounts by $1.5 million. This increase is primarily due to increased terminal gate per Turn Fee (TURN) and terminal gate Remain Over Night Fee (RON) revenues driven by increased airline activity from both Signatory and Non-Signatory airlines above budgeted activity levels.

- Ground Transportation Revenues of $8.6 million exceed the budgeted amounts by $2.6 million. This increase is primarily due to increased rental car concession revenues. The budgeted decrease in rental car concession revenues was approximately proportionate to the decrease in passenger activity at MEM assumed in the budget. However, year-to-date, rental car activity at MEM has out-performed passenger activity. This additional rental car activity is due to the significant local non-flying market in the City's area that utilizes the rental car facilities at MEM.

The favorable budget comparison for operating expenses and other requirements is primarily attributable to the following:

- Terminal Area expenses of $5.6 million are less than the budgeted amount by $1.1 million. This is primarily due to a reduction in salaries, wages and benefits due to vacant positions, maintenance costs and utility costs as well as across-the-board expense control measures that do not impact safety and security.

- Airfield Area expenses of $4.9 million are $0.6 million less than the budgeted amount primarily due to a reduction in salaries, wages and benefits due to vacant positions and across-the-board expense control measures that do not impact safety and security.

- General Administration expenses of $7.4 million are less than the budgeted amount by $1.4 million. This is primarily due to reductions to salaries, wages and benefits due to vacant positions, professional services contracts, marketing and public relation fees, travel costs, various training registration fees as well as across-the-board expense control measures that do not impact safety and security.

- Ground Transportation Area expenses of $1.5 million are less than the budgeted amount by $0.5 million primarily due to the temporary closing of certain public parking facilities and operations due to the anticipated reduction in public parking activity. These facilities and operations can restart with little to no lead time required.

- Public Safety Area expenses of $4.5 million are $0.6 million less than the budgeted amount primarily due to a reduction in salaries, wages and benefits due to vacant positions and across-the-board expense control measures that do not impact safety and security.

- The refunding of the Series 2010A Bonds and Series 2010B Bonds in September 2020 which resulted in debt service savings for Fiscal Year 2021. For the purpose of conservatism at the time of budget adoption, estimates of such savings were not incorporated in the Fiscal Year 2021 Budget.

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AVIATION ACTIVITY AT THE MEMPHIS INTERNATIONAL AIRPORT

Passenger Airlines Operating at the Memphis International Airport

The following is a list of all passenger airlines and all-cargo carriers that operated at MEM as of February 2021:

PASSENGER AIRLINES		ALL-CARGO CARRIERS
Major/National	**Regional/Commuter** [(a)]	ABX Air
Allegiant Air	American Eagle [(b)]	Air Transport International
American Airlines	Delta Connection [(c)]	Baron Aviation
Delta Air Lines	United Express [(d)]	Federal Express Corporation
Frontier Airlines		Kalitta Airlines
Southwest Airlines	**Charters/Other**	Mountain Air
	Southern Airway Express	United Parcel Service

[(a)] The Regional/Commuter Airlines operate under their code share partner for Signatory Airlines status under the Airline Agreements.

[(b)] Includes services provided by Envoy Air, Mesa, PSA and Republic.

[(c)] Includes services provided by CommutAir, ExpressJet, GoJet, Mesa, Republic and Skywest.

[(d)] Includes services provided by Endeavor Air, Republic and Skywest.

Sources: Memphis-Shelby County Airport Authority records and Official Airline Guide via PlaneStats.com.

As of February 2021, MEM had scheduled passenger service provided by eight United States passenger carriers. Additionally, seven all-cargo carriers serve MEM, including FedEx, the world's busiest airline in terms of freight volume according to the World Air Transport Statistics 2019 Report. As of February 2021, MEM's daily average number of nonstop flights was 52 with the number of markets served decreasing to 20. The primary O&D markets that served at MEM as of February 2021 include the major airlines' hubs of Atlanta, Dallas, Denver, Chicago, and Charlotte.

Air Traffic

As an O&D airport, the passenger traffic at MEM is primarily impacted by the demographic and economic characteristics exhibited within its ATA. Passenger activity at MEM has shown signs of recovery in recent years, increasing from 1.8 million enplaned passengers in Fiscal Year 2015 to 2.3 million enplaned passengers in Fiscal Year 2019, reflecting a 6.0% CAGR. Due to the COVID-19 pandemic, in Fiscal Year 2020, all United States passenger airlines reduced their service at MEM. In Fiscal Year 2020, enplaned passengers at MEM decreased to approximately 1.7 million, or 24.6%, as compared to Fiscal Year 2019 levels. See "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto and "CORONAVIRUS DISEASE 2019" herein for further a discussion of recent air traffic trends at the Airport.

Enplaned Passengers

Delta Air Lines ("Delta") scheduled operations at MEM decreased each fiscal year beginning in Fiscal Year 2010 through Fiscal Year 2015. As a result, Delta's enplaned passenger levels at MEM decreased from 5.0 million in Fiscal Year 2010 to 1.8 million by Fiscal Year 2015. In Fiscal Year 2014, Delta officially de-hubbed MEM and shifted connecting passengers to its remaining hubs, which decreased Delta's scheduled operations at MEM to 34.6%.

Following Delta's decision to de-hub MEM and decrease its scheduled operations, MEM began the transition of becoming an O&D airport, and as a result experienced four years of consecutive growth with its enplaned passenger levels. During this time, other airlines serving MEM also increased their service. For example, Southwest Airlines after acquiring AirTran Holdings, Inc. ("AirTran") substantially grew its scheduled operations at MEM from being 2,777 in Fiscal Year 2011 to being 6,976 in Fiscal Year 2020. See, "RISK FACTORS AND INVESTMENT CONSIDERATIONS – Airline Mergers, Acquisitions, and Alliance" herein. Also, Frontier Airlines began nonstop service to Denver, Las Vegas, Orlando, and Philadelphia. Allegiant Air began nonstop service to Fort Lauderdale, Las Vegas, Los Angeles, Orlando, Punta Gorda and St. Pete-Clearwater. Also, Air Canada began nonstop regional jet service to Toronto.

As a result of these actions, MEM's enplaned passenger levels increased at a CAGR of approximately 6.0% beginning in Fiscal Year 2015 through Fiscal Year 2019. When combined with Delta Connection, Delta's share of enplaned passengers decreased from 33.7% in Fiscal Year 2016 to 29.3% in Fiscal Year 2020, while the share of enplanements for the remaining airlines serving MEM increased from 66.3% in Fiscal Year 2016 to 70.7% in Fiscal Year 2020.

According to the ACI's 2019 North American Traffic Report, MEM ranked as the 67th busiest airport nationwide based on total enplaned and deplaned passengers. Enplaned passengers at MEM increased from approximately 2,150,535 in Fiscal Year 2018 to approximately 2,260,642 enplaned passengers in Fiscal Year 2019. This amounted to a 5.1% increase and the enplaned passenger levels continued to increase through the first eight months of Fiscal Year 2020. Through February 2020, MEM's Fiscal Year 2020 enplanement levels were 5.3% greater than enplanement levels for the same period in Fiscal Year 2019. In Fiscal Year 2020, American Airlines combined with its code-share partner American Eagle, which had an enplanement market share of 32.8%, making American Airlines the largest airline, in terms of enplanements, operating at MEM.

As the impacts of COVID-19 became more wide-spread in the United States, travel demand was significantly impacted. Each month between March 2020 through December 2020, passenger enplanement levels at the MEM decreased as compared to the same month in the prior year, with the maximum decrease amounting to 94.5% in April 2020. Notwithstanding this decrease in passenger enplanements at MEM, Delta began nonstop service to Salt Lake City in August 2020 and plans to begin service to Boston in Fiscal Year 2021. Additionally, Southwest Airlines plans to begin service to Phoenix in March 2021. See "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto and "CORONAVIRUS DISEASE 2019" herein for further a discussion of recent passenger enplanement trends at the Airport.

Landed Weight

Total landed weight at MEM increased at a CAGR of 0.9% beginning in Fiscal Year 2016 through Fiscal Year 2020. This increase was primarily attributed to growth in all-cargo landed weight. While passenger airline landed weight decreased at a 0.5% compound annual rate, all-cargo landed weight at MEM increased at a 1.0% CAGR from Fiscal Year 2016 through Fiscal Year 2020. FedEx accounted for approximately 90.0% of total landed weight at MEM in Fiscal Year 2020.

In Fiscal Year 2020, total landed weight decreased 2.4% as compared to Fiscal Year 2019. Passenger carrier and cargo carrier landed weight trends began to diverge in April 2020. In each month from April 2020 through June 2020, passenger carrier landed weights decreased, as compared to the same months in 2019. Conversely, over this same period, cargo carrier landed weights experienced year-over-year increases, as compared to the same months in 2019. Similar increases were experienced in total cargo aircraft movements and total cargo handled during the final three months of Fiscal Year 2020.

Due to the COVID-19 pandemic, the Authority's total landed weight in Fiscal Year 2021 is budgeted to be 24,929,500, which is approximately 1.8 million lower than the total landed weight Fiscal Year 2020. However, this forecast does not reflect the unpredicted growth in all-cargo landed weight levels due to increased on-line ordering because of COVID-19 pandemic. See "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto and "CORONAVIRUS DISEASE 2019" herein for further a discussion of recent landed weight trends at the Airport.

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Memphis International Airport Operating Statistics

The following table illustrates MEM's operating statistics regarding total passenger enplanements market share for Fiscal Year 2016 through Fiscal Year 2020:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
PASSENGER ENPLANEMENTS MARKET SHARE
(Amounts in Thousands)

PASSENGER AIRLINES	Fiscal Year 2020		Fiscal Year 2019		Fiscal Year 2018		Fiscal Year 2017		Fiscal Year 2016	
	Enplaned Passengers	Share of total	Enplaned Passengers	Share of total	Enplaned Passengers	Share of total	Enplaned Passengers	Share of total	Enplaned Passengers	Share of total
DOMESTIC										
Delta Air Lines [1]	408,563	24.0%	555,355	24.6%	548,396	25.5%	537,944	26.4%	540,063	27.3%
Southwest Airlines	292,967	17.2%	387,577	17.1%	352,394	16.4%	347,818	17.1%	335,902	17.1%
American Airlines	338,747	19.9%	360,666	16.0%	305,109	14.2%	295,060	14.5%	170,508	8.7%
American Eagle [2]	220,768	13.0%	330,224	14.5%	339,161	15.8%	327,054	16.1%	394,878	20.1%
United Express [3]	39,301	2.3%	215,203	9.5%	222,562	10.3%	194,073	9.5%	218,437	11.1%
Delta Connection [4]	90,945	5.3%	117,193	5.2%	106,739	5.0%	109,171	5.4%	121,664	6.2%
Allegiant Air	93,910	5.5%	117,113	5.2%	108,131	5.0%	87,428	4.3%	79,584	4.0%
United Airlines	167,701	9.8%	87,461	3.9%	57,064	2.7%	67,021	3.3%	-	-
Frontier Airlines	39,039	2.3%	70,108	3.1%	89,588	4.2%	56,116	2.8%	55,451	2.8%
Other [5]	3,199	0.2%	1,872	0.1%	743	0.0%	4,761	0.2%	48,882	2.5%
Compass Airlines	-	-%	-	0.0%	1,969	0.1%	4,777	0.2%	1,911	0.1%
TOTAL DOMESTIC	**1,695,140**	**99.45%**	**2,242,772**	**99.2%**	**2,131,856**	**99.1%**	**2,031,223**	**99.8%**	**1,967,280**	**99.9%**
INTERNATIONAL										
Other [5]	9,408	0.5%	17,870	0.8%	18,679	0.9%	4,147	0.2%	1,332	0.1%
Delta Air Lines	-	-%	-	0.0%	-	0.0%	43	0.0%	249	0.0%
TOTAL INTERNATIONAL	**9,408**	**0.5%**	**17,870**	**0.8%**	**18,679**	**0.9%**	**4,190**	**0.2%**	**1,581**	**0.1%**
TOTAL ENPLANEMENTS	**1,704,548**	**100.0%**	**2,260,642**	**100.0%**	**2,150,535**	**100.0%**	**2,035,413**	**100.0%**	**1,968,861**	**100.0%**

(1) In Fiscal Year 2009 Delta Air Lines and Northwest Airlines merged effective October 29, 2008. The FAA issued a joint operation certificate on January 1, 2010. Beginning Fiscal Year 2010 and going forward, information is combined.

(2) For Fiscal Year 2019 Envoy Air, Mesa Airlines, Piedmont Airlines, PSA Airlines, Republic Airlines and SkyWest Airlines operated for American Eagle. Previous years totals include America West and Virgin Atlantic.

(3) For Fiscal Year 2019 Air Wisconsin, CommutAir, ExpressJet, GoJet, Mesa Airlines, Republic Airlines, SkyWest Airlines and Trans States Airlines operated for United Express.

(4) For Fiscal Year 2019 Endeavor Air, GoJet, Republic Airlines and SkyWest Airlines operated for Delta Connection.

(5) May include activity by airlines no longer serving Memphis.

Source: Memphis-Shelby County Airport Authority, Finance Division.

The following table illustrates MEM's operating statistics regarding its total landed weights for Fiscal Year 2016 through Fiscal Year 2020:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
TOTAL LANDED WEIGHTS
(Amounts in Thousands)

PASSENGER AIRLINES	Fiscal Year 2020		Fiscal Year 2019		Fiscal Year 2018		Fiscal Year 2017		Fiscal Year 2016	
	Landed Weight	Share of total	Landed Weight	Share of total	Landed Weight	Share of total	Landed Weight	Share of total	Landed Weight	Share of total
MAJOR/NATIONAL										
Southwest Airlines	424,672	1.6%	475,914	1.7%	423,464	1.6%	424,892	1.6%	411,192	1.6%
American Airlines	492,641	1.8%	470,894	1.7%	371,502	1.4%	383,156	1.5%	209,198	0.8%
Other [(2)]	98,312	0.4%	193,753	0.7%	166,565	0.6%	146,693	0.6%	120,757	0.5%
Allegiant Air	101,555	0.4%	113,135	0.4%	104,253	0.4%	84,697	0.3%	81,267	0.3%
TOTAL MAJOR/NATIONAL	**1,638,687**	**6.1%**	**1,913,190**	**7.0%**	**1,696,539**	**6.4%**	**1,686,150**	**6.5%**	**1,441,904**	**5.6%**
REGIONAL										
American Eagle	302,270	1.1%	443,602	1.6%	431,527	1.6%	426,986	1.6%	484,805	1.9%
United Express	211,824	0.8%	242,845	0.9%	250,489	0.9%	222,923	0.8%	239,863	0.9%
Delta Connection	124,346	0.5%	151,136	0.6%	138,280	0.5%	142,200	0.5%	155,877	0.6%
Other [(2)]	23,597	0.1%	27,888	0.1%	24,340	0.1%	16,927	0.1%	13,028	0.1%
Compass	-	-%	-	0.0%	2,255	0.0%	5,946	0.0%	2,553	0.0%
SeaPort Airlines	-	-%	-	0.0%	-	0.0%	2,310	0.0%	12,539	0.0%
TOTAL REGIONAL	**662,037**	**2.5%**	**865,471**	**3.2%**	**846,891**	**3.1%**	**817,292**	**3.0%**	**908,665**	**3.5%**
ALL-CARGO										
FedEx Express Corporation	24,044,929	90.0%	24,250,375	88.6%	23,858,455	89.3%	23,477,449	89.3%	23,141,889	89.9%
United Parcel Service	152,422	0.6%	137,167	0.5%	123,931	0.5%	180,131	0.7%	159,731	0.6%
Kalitta Air	60,636	0.2%	82,494	0.3%	90,302	0.4%	75,928	0.3%	64,380	0.2%
Air Transport Int'l	49,500	0.2%	79,880	0.3%	53,347	0.2%	52,470	0.2%	51,534	0.2%
Mountain Air Cargo	30,265	0.1%	24,238	0.1%	26,090	0.1%	10,160	0.0%	2,132	0.0%
Other [(2)]	7,879	0.0%	9,018	0.0%	8,704	0.0%	7,293	0.0%	7,293	0.0%
Atlas Air	80,014	0.3%	7,802	0.0%	7,714	0.0%	-	0.0%	-	0.0%
ABX	1,121	0.0%	2,301	0.0%	555	0.0%	1,937	0.0%	272	0.0%
TOTAL ALL-CARGO	**24,426,766**	**91.4%**	**24,593,275**	**89.8%**	**24,169,098**	**90.5%**	**23,805,368**	**90.5%**	**23,427,231**	**90.9%**
TOTAL LANDED WEIGHTS	**26,727,490**	**100.0%**	**27,371,936**	**100.0%**	**26,712,528**	**100.0%**	**26,308,810**	**100.0%**	**25,777,800**	**100.0%**

[(1)] In Fiscal Year 2009 Delta Air Lines and Northwest Airlines merged effective October 29, 2008. The FAA issued a joint operating certificate on January 1, 2010. Beginning Fiscal Year 2010 and going forward information is combined.

[(2)] May include activity by airlines no longer serving Memphis.

Source: Memphis-Shelby County Airport Authority, Finance Division.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES

General

The operating Revenues of the Authority are derived primarily from landing fees, terminal area use charges, cargo building space rental and parking and concessions revenues. Revenues are defined in the Resolution to include the total of all income and revenues from all sources, collected or accrued, under generally accepted accounting principles, by the Authority, including all rates, charges, rentals, fees, and any other compensation regardless of form, and investment income, except as otherwise provided in the Resolution. Revenues generally exclude, among other things, rental income earned by the Authority pursuant to its Special Facilities Leases. Further, PFCs and CFCs are not considered Revenues under the Resolution. See "**APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE BASIC RESOLUTION**" attached hereto.

The Terminal Complex Area includes non-airline revenues primarily generated from the ground transportation and concession activities at MEM. Payments to the Authority are typically based on negotiated agreements with these parties to remit amounts based on gross receipts. The following is a discussion of the majority of the Revenues received at MEM. For a full discussion of the Authority's Revenues, see "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

Airport Use and Lease Agreements

On February 1, 2013, the Authority entered into individual lease agreements (the "Airline Agreements") with each of the following air carriers serving MEM: (i) American Airlines, (ii) Delta, (iii) FedEx, (iv) Southwest Airlines, (v) United Airlines and (vi) UPS (collectively the "Signatory Airlines"). The Airline Agreements provide for the rental of space and the use of certain facilities by the Signatory Airlines, the establishment of cost accounting centers and the periodic adjustment of the rentals, charges and landing fees to be paid by the Signatory Airlines as determined by the costs and expenses associated with the Terminal Complex Area, Terminal Aircraft Apron Area, and Landing Field Area (each defined in the Airline Agreements), and certain other areas at MEM.

The rentals and fees from the Signatory Airlines are calculated to ensure that the Authority generates sufficient Revenues to operate the Airport on a break-even basis after paying debt service on all Outstanding Bonds issued for the Airport; paying the Costs of Operation and Maintenance (including making provisions for certain required capital outlays); making agreed-upon contributions to the capital reserve account; and providing for one hundred twenty-five percent (125%) coverage under the Rate Covenant.

Under the "residual cost" formula established in the Airline Agreements, revenues from sources other than the rentals and fees from the Signatory Airlines are credited against the Airport's total operating and maintenance, and capital outlay requirements to determine the amount of rentals and fees due from the Signatory Airlines. The accumulated surplus (or deficit) in the Revenue Fund, after all other requirements have been met, is normally included as a deduction (or addition) in the calculation of the net requirement to be met from the rentals and fees of the Signatory Airlines.

The current Airline Agreements expired on June 30, 2020; however, through approval from the Signatory Airlines, the Authority executed an amendment to the current Airline Agreements to extend the agreements until June 30, 2021. In addition, the Authority is in the process of negotiating a new multi-year residual cost airline use and lease agreement that will be effective on the date of beneficial occupancy of Concourse B, which is anticipated to be August 2021. Since the Airline Agreements expire on June 30, 2021 and the new agreements will not be effective until August 2021, the Signatory Airlines will remain as tenants and pay the Signatory Airline rates in the interim pursuant to the "holding over" provision of the Airline Agreements. For clarity, notwithstanding the status of the Airline Agreements, the Rate Covenant contained in the Resolution will continue to be effective.

The Authority has covenanted in the Resolution that it will not consent to any amendment to the Airline Agreements or, said agreements having expired or otherwise terminated, enter into new leases, or consent to any amendments to its agreements with its creating or participating municipalities, which would impair or diminish the security and payment of the Airport Revenue Bonds, including the Series 2021 Bonds. See "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto, and "**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENTS**" attached hereto for a further discussion of the Authority's Airline Agreements.

Public Parking Revenues

MEM's three-level parking garage, immediately adjacent to the terminal, contains 2,657 public parking spaces, and includes 459 short-term and 2,198 long-term spaces. In addition, the Ground Transportation Center contains 4,541 economy public parking spaces. In November 2018, the Authority entered into an agreement with ABM Aviation, Inc. ("ABM") for ABM to provide parking and ground transportation management services at MEM in all its parking lots, including the employee parking lots and to oversee the Ground Transportation Center. Pursuant to this agreement, ABM's scope of services include: (i) operating MEM's parking facilities, (ii) cash handling, (iii) revenue controls and (iv) financial reporting. The term of this agreement is five years with two additional one-year extension options.

MEM's last parking rate change occurred on February 1, 2017, where rates increased to $24.00 per day for short-term parking and to $15.00 per day for long-term parking. The daily parking rate in the Ground Transportation Center's economy lot is $6.00 per day.

Public parking revenues, the Authority's largest non-airline revenue source at MEM, represented approximately 32.9% and 28.3% of the total non-airline revenues in Fiscal Year 2019 and Fiscal Year 2020, respectively. The Authority's public parking revenues at MEM were approximately $19.1 million in Fiscal Year 2019 and decreased to $14.8 million in Fiscal Year 2020. Due to the COVID-19 pandemic, the Authority budgeted public parking revenues at MEM to be approximately $6.6 million in Fiscal Year 2021. See "CORONAVIRUS DISEASE 2019" herein, and "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" for a further discussion of the Authority's public parking revenues.

Rental Car Facility Lease and Concession Revenues

The Authority entered into Rental Car Facility Lease and Concession Agreements with Avis, Budget, Hertz Global Holdings Inc. ("Hertz"), DTG (Dollar/Thrifty), Alamo/National, and Enterprise, which expire on September 1, 2027 ("RAC Agreements"). Each RAC Agreement has an extension option for an additional five-year term. Pursuant to the RAC Agreements, each rental car company pays: (i) an annual base rent plus contingent rent if there is a shortfall in CFC collections, which has never occurred; (ii) facility Costs of Operation and Maintenance for the Ground Transportation Center; (iii) customer service building, and quick turnaround area fees; (iv) and a concession fee equal to ten percent (10%) of its gross revenues.

In Fiscal Year 2020, rental car revenues were approximately 14.0% of the Authority's total non-airline revenues at MEM. Rental car revenues were approximately $9.0 million in Fiscal Year 2019 and decreased to $7.3 million in Fiscal Year 2020. Due to the COVID-19 pandemic, rental car revenues are budgeted to be approximately $4.2 million in Fiscal Year 2021. See "CORONAVIRUS DISEASE 2019" herein, and "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" for a further discussion of the Authority's rental car facility lease and concession revenues. On May 23, 2020, Hertz filed for bankruptcy protection in the United States Bankruptcy Court. Prior to filing for bankruptcy, Hertz was current on all pre-petition financial obligations to the Authority. Hertz continues to operate at MEM and is current with its ongoing financial obligations to the Authority.

Food and Beverage Lease and Concession Revenues

In April 2004, the Authority entered into a Lease and Concession Agreement for the development and operation of food and beverage concessions ("F&B Agreement") with HMS Host ("Host"), which was last amended in May 2015 and expired on September 30, 2020. In September 2020, the Authority executed an amendment to the F&B Agreement to extend the agreement through the date of beneficial occupancy of Concourse B, which is August 2021. In addition, the Authority is currently negotiating new food and beverage agreements to be effective upon the date of beneficial occupancy in Concourse B.

Pursuant to the F&B Agreement, Host pays a concession fee equal to 11% of the gross revenues attributable to the sale of food and non-alcoholic beverages, and 14% of the gross revenues attributable to the sale of alcoholic beverages. Host also pays an annual capital recovery fee and annual facility rents, of $2.00 per square foot, which is suspended during construction of the Concourse B Modernization Project.

The Authority's food and beverage revenues were approximately $1.2 million in Fiscal Year 2019 and decreased to $898,000 in Fiscal Year 2020. Due to the COVID-19 pandemic, the Authority budgeted food and beverage revenues at MEM to be approximately to $416,000 in Fiscal Year 2021. See "CORONAVIRUS DISEASE 2019" herein, and "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" for a further discussion of the Authority's food and beverage lease and concession revenues.

News and Gift Lease and Concession Revenues

In April 2004, the Authority entered into a Lease and Concession Agreement for the development and operation of the news and gift concessions ("Retail Agreement") with Paradies-Memphis, LLC ("Paradies"), which was last amended in April 2015 and expired on September 30, 2020. In September 2020, the Authority executed an amendment to the Retail Agreement to extend the agreement through the date of beneficial occupancy of Concourse B, which is August 2021. In addition, the Authority is currently negotiating new news and gift agreements to be effective upon the date of beneficial occupancy in Concourse B.

Pursuant to the Retail Agreement, Paradies pays a concession fee equal to 12% of its gross revenues and an annual capital recovery fee of $2.00 per square foot, which is suspended during construction of the Concourse B Modernization Project.

The Authority's news and gift revenues were approximately $1.0 million in Fiscal Year 2019 and decreased to $814,000 in Fiscal Year 2020. Due to the COVID-19 pandemic, the Authority budgeted news and gift revenues at MEM to be approximately $351,000 in Fiscal Year 2021. See "CORONAVIRUS DISEASE 2019" herein, and "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" for a further discussion of the Authority's news and gift lease and concession revenues.

Transportation Network Companies

The Authority generates an additional source of revenue from MEM's ground transportation activity through taxis, limousines, courtesy vehicles, and through certain transportation network companies ("TNCs") such as, Uber Technologies, Inc. ("Uber") and Lyft, Inc. ("Lyft"). These TNCs dispatch their hired drivers, who use their own commercial and non-commercial vehicles, to provide transportation services for paying passengers. The popularity of TNCs has increased due to: (i) the increasing number of cities where TNCs operate, (ii) other technological innovations in ground transportation, (iii) convenience of requesting a ride through a mobile application, (iv) the ability to pay for this service without providing cash or other payment directly to the hired driver, (v) and competitive pricing. The Authority charges Uber/Lyft $2.00 per each pick up and each drop off.

In Fiscal Year 2020, ground transportation revenues were approximately 2.3% of the Authority's total non-airline revenues at MEM. Ground transportation revenues were approximately $1.2 million in Fiscal Year 2020. Due to the COVID-19 pandemic, the Authority budgeted ground transportation revenues at MEM to be approximately $891,000 in Fiscal Year 2021. See "CORONAVIRUS DISEASE 2019" herein and "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" for a further discussion of TNCs and the Authority's ground transportation revenues.

Passenger Facility Charges

Since 1992, the Authority has received approval for six PFC applications. Five applications totaling $53.7 million in collection authority were approved in the early 1990s of which all collections were completed in 1996. On July 16, 2018, the Authority received approval from the FAA for its sixth PFC application. The Authority's sixth PFC application allows collection of approximately $99.1 million in PFC revenue at the $4.50 per enplaned passenger level with a charge effective date of September 1, 2018, and an estimated expiration date of April 12, 2029.

Of the $99.1 million in approved PFC collection, approximately $25.4 million is estimated to directly fund the Concourse B Modernization Project on a pay-go basis with the remaining $73.7 million being used to reimburse the Authority for the Concourse B Modernization Project costs initially funded from other sources. PFCs are not a part of Revenues as defined in the Resolution. From the effective PFC charge date of September 1, 2018 through June 2019, the last ten months of the Fiscal Year 2019, the Authority's PFC revenues were $7.3 million. For Fiscal Year 2020, the Authority projected PFC revenues of approximately $9 million. Actual PFC revenues from July 2019 through March 2020 (pre COVID-19 impacted periods) totaled approximately $6.8 million and $0.4 million for the period April 2020 through June 2020 (COVID-19 impacted period) for a total of $7.2 million PFC revenues for Fiscal Year 2020. See "CORONAVIRUS DISEASE 2019" herein for a further discussion of recent activity and financial trends of the Authority.

Customer Facility Charges

Beginning in 2007, the Authority imposed a CFC by resolution at a rate of $4.00 per transaction day per vehicle from all customers of rental car companies operating at or serving the Airport. The RAC Agreements provided for the application of CFCs, including the semiannual reimbursement to the Authority for a portion of the rental car companies' share of the costs of the Ground Transportation Center for the period ending July 1, 2039. CFCs are not a part of Revenues as defined in the Resolution. CFC collections for Fiscal Year 2019 were approximately $6.6 million and decreased to approximately $5.3 million in Fiscal Year 2020, primarily due to the COVID-19 pandemic. See "CORONAVIRUS DISEASE 2019", "MEMPHIS INTERNATIONAL AIRPORT'S FACILITIES AND OPERATIONS – Rental Car Facilities", and "MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES – Rental Car Facility Lease and Concession Revenues" herein for a further discussion of recent activity and financial trends of the Authority.

Airport Financial Information

The following table illustrates a summary of the Authority's financial results for Fiscal Year 2016 through Fiscal Year 2020:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUMMARY OF HISTORICAL REVENUES, COSTS OF OPERATION AND MAINTENANCE, AND DEBT SERVICE COVERAGE (NON-GAAP BASIS)
For the Fiscal Years Ended June 30, 2016 through June 30, 2020 (1)
(Amounts in Thousands)

Operating Revenues	**2016**	**2017 (3)**	**2018 (4)**	**2019**	**2020**
Terminal	$ 24,958	$ 23,020	$ 23,170	$ 18,052	$ 22,213
Airfield	44,107	45,757	47,995	46,591	50,701
Ground Transportation	27,183	28,830	29,316	31,085	25,432
Other Aviation	4,713	4,671	4,631	4,745	5,542
Non-Aviation	3,859	1,898	2,054	1,730	1,272
Total Operating Revenues	**$104,820**	**$104,176**	**$107,166**	**$102,203**	**$105,160**
Operation and Maintenance Expenses					
Terminal Building	$12,804	$12,895	$13,217	$11,901	$11,690
Airfield	10,006	10,131	11,569	11,664	10,616
Ground Transportation	4,167	4,364	4,374	4,629	4,537
General Administration	17,808	10,310	15,952	18,872	29,767
Police	8,770	8,727	9,397	9,585	9,518
Field Shop	1,509	1,504	1,642	1,630	1,559
Other Aviation	238	263	325	336	283
Non-Aviation	1,008	990	1,095	1,096	1,101
Total Operation and Maintenance Expenses Before Depreciation and Amortization	**$56,310**	**$49,184**	**$57,571**	**$59,713**	**$69,071**
Net Operating Income Before Depreciation and Amortization (2)	**$48,510**	**$54,992**	**$49,595**	**$42,490**	**$36,089**
Debt Service Coverage on Bonds (3)	**160%**	**175%**	**173%**	**141%**	**131%**

(1) Fiscal Year 2017 and Fiscal Year 2018 are restated.

(2) Operating results may be reconciled to the Audited Financial Statements by deducting depreciation expenses.

(3) The Authority's Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2018 has restated the comparative Fiscal Year 2017 financial information to include a change in Accounting Principal for the effects of GASB 75 implementation.

(4) The Authority's Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2018 debt service coverage amount has been restated to exclude the CFC Note.

Source: Memphis-Shelby County Airport Authority.

MANAGEMENT'S DISCUSSION OF FINANCIAL RESULTS

Audited Financial Statements

The financial statements of the Authority for the Fiscal Years ended June 30, 2020 and June 30, 2019 are attached as **APPENDIX C** to this Official Statement have been audited by Dixon Hughes Goodman LLP, independent auditors, as stated in their report appearing in **APPENDIX C**.

Operating Results

The following is a summary of the Authority's operating revenues and Costs of Operation and Maintenance for the five-year period of Fiscal Year 2016 through Fiscal Year 2020. See "**APPENDIX C – FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**."

Discussion of Financial Operations

Financial Information for Fiscal Year 2016 through Fiscal Year 2020. The table located under "MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES – Airport Financial Information" entitled "Summary of Historical Revenues, Costs of Operation and Maintenance and Debt Service Coverage" summarizes the Authority's audited financial results for the Fiscal Year ended June 30, 2016 through Fiscal Year ended June 30, 2020. Operating revenues in the table are comprised of landing fees, terminal area rent/use charges, other rentals and concessions. Costs of Operation and Maintenance are comprised of salaries and wages, repairs and maintenance, utility costs, materials and supplies, professional services and other operating costs.

Because of the "residual" nature of the Airline Agreements, the Authority charges the airline parties based on a projection of the net airline requirement (equal to Costs of Operation and Maintenance, debt service requirements and discretionary fund deposit requirements less non-airline revenues). Accordingly, operating revenues of $105.2 million for Fiscal Year 2020 increased by $2.9 million as compared to Fiscal Year 2019 operating revenues of $102.2 million. This increase in the Authority's operating revenues was primarily due to increased airline terminal rentals of $4.6 million, cargo landing fees of $3.3 million, passenger landing fees of $1 million, other cargo rentals of $0.5 million offset by decreases in public parking of $4.4 million, rental car concessions of $1.5 million and terminal concessions of $0.5 million.

In Fiscal Year 2020, the Authority's operating expenses of $69.1 million increased as compared to Fiscal Year 2019 operating expenses of $59.7 million. The increase in operating expenses was mainly due to increased general administration costs of $10.9 million and offset by the decrease in airfield costs of $1 million, terminal building costs of $0.2 million, ground transportation costs of $0.1 million, field shop costs of $0.1 million and $0.1 million in police and operations costs.

The increase in general administration costs was mainly due to the increase in salaries and benefits, repairs and maintenance, increased insurance fees, dues and membership fees and office supplies, offset partially by programs and events, legal fees, marketing and public relations costs and travel related expenses. The increase in non-aviation costs was due to increase in environmental compliance, stormwater fees and regulatory compliance, offset partially by decreased contract services for Democrat Square and lawn maintenance costs.

The decrease in airfield costs was mainly due to the decrease in runway rubber and paint removal, gas and fuel for resale, lime and cement supplies, salaries and benefits, deicing chemicals and utilities, offset partially by an increase in fire protection contract services and joint sealant repairs and maintenance. The decrease in terminal building costs was mainly due to the decrease in utilities and elevator/escalator maintenance, offset partially by an increase in salaries and benefits, janitorial contract services, cleaning and sanitary supplies and telephone equipment local and long-distance costs. The decrease in ground transportation costs is mainly due to a decrease in taxi, parking management fees, utilities and landscaping expenses, offset by an increase in equipment repairs. The decrease in field shop costs was mainly due to a decrease in supplies, gas and fuel usage, pest control and garbage collection fees, offset by an increase in salaries and benefits and janitorial contract services. The decrease in police and operations costs is mainly due to a decrease in fingerprinting, security guard services and dues and uniforms and clothing, offset by a reduction in salaries and benefits.

Although not illustrated in the above-mentioned table "Summary of Historical Revenues, Costs of Operation and Maintenance and Debt Service Coverage," as of Fiscal Year ended June 30, 2020, the Authority reported balances of $46.1 million of unrestricted cash and investments and $301.3 million of restricted cash and investments, as compared to Fiscal Year ended June 30, 2019 with reported balances of $48.5 million and $363.5 million, respectively. The decrease of $2.4 million in unrestricted cash and investments were primarily due to changes in accounts receivable, accounts payable and other operating accounts and transfers of certain unrestricted cash to restricted cash accounts. The decrease in restricted cash and investments of $62.2 million is mainly due to the payment of approximately $99 million for construction costs offset by grant receipts of $36 million.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

General

The following section describes certain risk factors and investment considerations affecting the payment of the Series 2021 Bonds. This section is not meant to be a comprehensive or definitive discussion of all risks associated with an investment in the Series 2021 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of such various risks. The Series 2021 Bonds may not be suitable investments for all persons, and prospective purchasers should evaluate the risks and merits of an investment in the Series 2021 Bonds and confer with their own legal and financial advisors before considering a purchase of the Series 2021 Bonds. Potential investors in the Series 2021 Bonds are advised to consider the following factors, among others, and to review this entire Official Statement, including the appendices attached hereto, to obtain information essential to the making of an informed investment decision. In considering the matters set forth in this Official Statement and the appendices attached hereto, prospective investors should carefully review all investment considerations and bondholders' risks set forth throughout this Official Statement and should specifically consider certain risks associated with the Series 2021 Bonds. Any one of more of the factors discussed below, among others, could affect the market value and/or the marketability of the Series 2021 Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

COVID-19 and other Public Health Concerns

The worldwide spread of COVID-19, a respiratory illness caused by a novel strain of coronavirus, is widespread globally, and is considered by both the World Health Organization and the United States Department of Health and Human Services to be a public health emergency of international concern. On March 11, 2020, the World Health Organization officially declared COVID-19 as a pandemic. According to Johns Hopkins University, as of March 11, 2021, there were over 118.1 million cases of COVID-19 across the globe, with over 2.6 million confirmed deaths. The United States is now reporting over 29.1 million cases of COVID-19 with over 529,267 confirmed deaths. To view daily updated COVID-19 information and statistics in Shelby County, see http://www.shelbytnhealth.com; and for national updates, see the COVID-19 Resource Center at https://coronavirus.jhu.edu.

According to the CDC, three COVID-19 vaccines are now available in the United States; however, there will not initially be sufficient doses available for all individuals who are eligible for the vaccination. The CDC and other expert advisory groups have made recommendations to federal, state, and local governments about who should be the first to receive the COVID-19 vaccines, where healthcare personnel and residents of long-term care facilities have been prioritized. Continued expansion of vaccine manufacturing capacity, as well as the availability of other COVID-19 vaccines, are needed to ensure that all people globally and in the United States have access to the lifesaving COVID-19 vaccines. According to the CDC, as of March 11, 2021 there were 127,869,155 total doses of the COVID-19 vaccine distributed and 95,721,290 of those doses have been administered. For more information regarding the developments and dissemination of the COVID-19 vaccination, see https://covid.cdc.gov/covid-data-tracker/#vaccinations.

The spread of COVID-19 has led to quarantine and other "social distancing" measures in affected regions. These measures have included recommendations and formal requirements limiting nonessential travel, promoting telecommuting, limiting the operations and capacity of restaurants, bars and other places of public gathering. The Authority is proactively taking steps to mitigate the spread of COVID-19 at the Airport and to preserve effective staffing for all essential Authority operations. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the Authority cannot accurately predict the magnitude of the impact of COVID-19 on the Authority, the Airport and its financial condition. In particular, the Authority is unable to predict: (i) the extent or continued duration of the COVID-19 outbreak or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, or whether any such disruption may adversely affect the operations of the Authority at the Airport. For more information detailing how COVID-19 has affected the Authority and its operations at the Airport, see "CORONAVIRUS DISEASE 2019" herein.

General Factors Affecting the Airline Industry

Historically, the financial performance of the airline industry generally has correlated with the strength of the national and global economy. Certain factors that may materially affect MEM and the airlines include, but are not limited to: (i) growth of population and the economic health of the region and the nation, (ii) airline service and route networks, (iii) national and international economic and political conditions, (iv) changes in demand for air travel, (v) service and cost competition, (vi) mergers and bankruptcy of any airlines, (vii) the availability and cost of aviation fuel and other necessary supplies, (viii) levels of air fares, fixed costs and capital requirements, (ix) the cost and availability of financing, (x) the capacity of the national air traffic control system, (xi) national and international disasters and hostilities, (xii) public health concerns, such as the spread of COVID-19, influenza and other severe acute respiratory syndromes, (xiii) the cost and availability of employees and labor relations within the airline industry, (xiv) regulation by the federal government, (xv) environmental risks, noise abatement concerns and regulation (xvi) acts of war or terrorism, (xvii) aviation accidents, and (xviii) other risks. As a result of these risks and other factors, many airlines have operated at a loss in the past, and many (including some that served MEM) have filed for bankruptcy, ceased operations and/or merged with other airlines. In addition, the so-called "legacy carriers" have taken many actions to restructure and decrease costs including reducing their workforce, renegotiating their labor agreements, reducing routes served, consolidating connecting activity and replacing mainline jets with regional jets.

General Factors Affecting the Level of Airline Traffic

The Authority's ability to collect Revenues and PFC revenues are dependent primarily on the level of aviation activity and enplaned passenger traffic at MEM. Key factors affecting airline traffic at MEM include, among others, population growth and the economic and political conditions of the ATA and the nation, national and international disasters and hostilities, safety concerns arising from international conflicts, the possibilities of terrorist or other attacks, the financial health of the airline industry and of individual airlines, airline service, and routes, airline competition and airfares, airline consolidation and alliances, availability and price of aviation and other fuel, capacity of the national air traffic control system and various other local, regional, national and international factors. Many of these factors, most of which are outside of the Authority's control, are discussed in detail in "CORONAVIRUS DISEASE 2019" and "AVIATION ACTIVITY AT THE MEMPHIS INTERNATIONAL AIRPORT" herein. If aviation activity at MEM does not meet forecast levels, a corresponding reduction is likely to occur both in forecast Revenues (absent an increase in MEM rentals, rates, fees, and charges) and in forecast PFC revenues.

Airline Mergers, Acquisitions, and Alliance

In response to competitive pressures and increased cost, airlines have merged and acquired competitors to combine operations to increase cost synergies and become more competitive. In 2009, Delta merged with Northwest Airlines. In 2009, Republic Airways Holdings, a regional airline, acquired Frontier Airlines ("Frontier") and Midwest Airlines; however, in 2013, sold Frontier to Indigo Partners LLC, a private equity firm. In 2010, United Airlines and Continental Airlines completed the merger of two airlines, now operating as United Airlines. In 2011, Southwest Airlines ("Southwest") announced the closing of its acquisition of AirTran, the former parent company of AirTran Airways, Inc. This acquisition extended Southwest's route network and added new markets, such as Atlanta (the largest domestic market Southwest did not previously serve) and Reagan National Airport in Washington, D.C. This acquisition also provided Southwest with access to international leisure markets throughout the Caribbean and Mexico. The FAA granted Southwest a single operating certificate on March 1, 2012, allowing Southwest to complete full integration of AirTran in 2014. In April 2015, American Airlines and US Airways completed their merger which created the largest airline in the world in terms of operating revenue and revenue passenger miles. In 2016, Alaska Air Group acquired Virgin America and became the fifth largest airline in the United States. See, "AVIATION ACTIVITY AT THE MEMPHIS INTERNATIONAL AIRPORT – Air Traffic" herein.

In addition, all the large United States passenger airlines are members of alliances with foreign-flag airlines. These alliances and other marketing arrangements provide airlines with many of the advantages of mergers. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between airlines. Any further airline consolidation could change airline service patterns. Currently, it is not possible to predict the effect of any future airline consolidation at MEM.

Boeing 737 Max and 777

Due to the fatal crashes of two Boeing 737 Max aircrafts caused by the malfunction of the aircrafts automated flight control system, on March 13, 2019 the FAA ordered that the Boeing 737 Max remain temporarily grounded until further notice. On November 18, 2020, the FAA declared the 737 Max safe to fly, and Boeing reported a return of 27 of its Max aircrafts back into service in December 2020. Among the Signatory Airlines at MEM, Southwest was the only airline operating the Boeing 737 Max. In February 2019, Southwest accounted for 20.5% of the seat capacity at MEM, of which approximately 2.4% was on the Boeing 737 Max. Southwest only operated the Boeing 737 Max at MEM in February and March 2019.

Due to an incident involving a Boeing 777 equipped with a Pratt & Whiney engine in February 2021, Boeing has recommended grounding all of the 777-model aircraft that have the same type of engine that suffered this failure.

Expiration and Possible Termination of Airline Agreements

The current Airline Agreements expired on June 30, 2020; however, through approval from the Signatory Airlines, the Authority executed an amendment to the current Airline Agreements to extend the agreements until June 30, 2021. In addition, the Authority is in the process of negotiating a new multi-year residual cost airline use and lease agreement that will be effective on the date of beneficial occupancy of Concourse B, which is anticipated to be August 2021. Since the Airline Agreements expire on June 30, 2021, and the new agreements will not be effective until August 2021, the Signatory Airlines will remain as tenants and pay the Signatory Airline rates in the interim pursuant to the "holding over" provision of the Airline Agreements. For clarity, notwithstanding the status of the Airline Agreements, the Rate Covenant contained in the Resolution will continue to be effective.

If the Authority and the Signatory Airlines are unable to reach a new agreement, then the Authority will set MEM's airline rentals, fees, and charges in accordance with a regulation of the Board that must be consistent with the United States Department of Transportation's requirements. Under certain limited conditions, Signatory Airlines may terminate the Airline Agreements. See, "MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES – Airport Use and Lease Agreements" herein.

Aviation Security and Safety Concerns

Due to concerns surrounding international hostilities and domestic and foreign attacks, passenger travel behavior and air travel demand may be negatively influenced because of concerns with the safety of air travel and the effectiveness of security precautions. Since the aftermath of the September 11, 2001 terrorist attack, government agencies, airlines and airline operators have enhanced their security measures to guard against possible terrorist incidents and maintain public confidence in the safety of airline travel. With enactment of the Aviation and Transportation Security Act ("ATSA") in November 2001, the TSA was created and established different and improved security processes and procedures at United States airports. ATSA mandates certain individual, cargo and baggage screening requirements, security awareness programs for airport personnel and deployment of explosive detection devices. ATSA also permits the deployment of air marshals on all flights and requires air marshals on all "high-risk" flights. The federal government controls aviation industry security requirements, which can significantly impact the economics of the industry. Additional security requirements due to unexpected events could increase costs directly and indirectly to the industry and could have an adverse effect on passenger demand.

Cybersecurity

The Authority and other airlines, like other large organizations, rely on electronic systems and technologies to conduct their operations. Computer networks and data transmission and collection are vital to the safe and efficient operations of the Airport, the airlines that serve the Airport and other tenants of the Airport. Despite security measures, information technology and infrastructure of the Airport, any of the airlines serving the Airport or any other tenants at the Airport may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence, or malfeasance. Any such breach or attack could compromise the Airport's systems and the information stored thereon. Any such disruption or other loss of information could result in a disruption in the efficiency of the operation of the Airport and/or the airlines serving the Airport and the services provided at the Airport, thereby adversely affecting the ability of the Airport to generate revenue. The Authority maintains a security posture designed to deter cyber-attacks and is committed to deterring attacks on its electronic systems and responding to such attacks to minimize their impact on operations. However, no assurances can be given that the Authority's security measures will prevent cyber-attacks, and no assurances can be given that any cyber-attacks, if successful, will not have a material adverse effect on the operations of the Airport or financial condition of the Authority.

Effect of Bankruptcy of Air Carriers

Treatment of Airline Agreements in Airline Bankruptcies. If a bankruptcy case is filed with respect to an airline operating at the Airport, pursuant to the Airline Agreements to which the debtor airline is a party will be treated as an executory contract or unexpired lease pursuant to Section 365 of the United States Bankruptcy Code (the "Bankruptcy Code"). Under Section 365, a trustee in bankruptcy or the airline as debtor-in-possession might reject the Airline Agreements to which such airline is a party, in which case, among other things, the rights of that airline to continue possession of the facilities subject to the Airline Agreements (including gates and boarding areas) would terminate. Such facilities could ultimately be leased by the Authority to other airlines. The Authority's ability to lease such facilities to other airlines may depend on the state of the airline industry in general, on the nature and extent of the increased capacity at the Airport, if any, resulting from the airline's bankruptcy, and on the need for use of such facilities by other airlines. The rejection of the Airline Agreements in connection with the bankruptcy of an airline operating at the Airport may result in the loss of Revenues to the Authority and a resulting increase in the costs per enplaned passenger for the other airlines operating at the Airport. In addition, in any airline bankruptcy, the Authority may be required to repay landing fees, terminal rentals and other amounts paid by the airline to the Authority during the 90-day period prior to the date of the bankruptcy filing. Such payments are considered "preferential" and are avoidable in a bankruptcy case pursuant to Section 547 of the Bankruptcy Code. The Authority would, however, likely have defenses to any claim brought under Section 547 of the Bankruptcy Code, including that the subject payments were made in the ordinary course of business or that the Authority provided subsequent new value to such airline. Also, under the Bankruptcy Code, any rejection of the Airline Agreements could result in the Authority holding a claim for rents and other items that would have accrued in the future, which claim would rank as that of a general unsecured creditor of an airline, in addition to pre-bankruptcy amounts owed.

Treatment of PFCs in Airline Bankruptcies. The PFC Act provides that PFCs collected by the Collecting Carriers constitute a trust fund held for the beneficial interest of the eligible public agency (i.e., the Authority) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the Collecting Carriers are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. ln the event of a bankruptcy, the PFC Act, as amended in December 2003 by Vision 100, provides certain statutory protections to eligible public agencies imposing PFCs, including the Authority, with respect to PFC collections. It is unclear, however, whether the Authority would be able to recover the full amount of PFC trust funds collected or accrued with respect to a Collecting Carrier in the event of its liquidation or cessation of business. Vision 100 requires an airline that files for bankruptcy protection, or that has an involuntary bankruptcy proceeding commenced against it, to segregate PFC revenue in a separate account for the benefit of the eligible public agencies entitled to such revenue. Prior to the amendments made by Vision 100 allowing PFCs collected by airlines to constitute a trust fund, at least one bankruptcy court indicated that PFC revenues held by an airline in bankruptcy would not be treated as a trust fund and would instead be subject to the general claims of the unsecured creditors of such airline. In connection with another bankruptcy proceeding prior to Vision 100, a different bankruptcy court entered a stipulated order establishing a PFC trust fund for the benefit of various airports to which the bankrupt airline was not current on PFC payments. Although Vision 100 should provide some protection for eligible public agencies in connection with PFC revenues collected by an airline in bankruptcy, no assurances can be given as to the approach bankruptcy courts will follow in the future.

The Authority also cannot predict whether a Collecting Carrier operating at MEM that files for bankruptcy would have properly accounted for PFCs owed to the Authority or whether the bankruptcy estate would have sufficient moneys to pay the Authority in full for PFCs owed by such Collecting Carrier. Based on Vision 100, it is expected, although no assurance is given, that the Authority would be treated as a secured creditor with respect to PFCs held by a Collecting Carrier that becomes involved in a bankruptcy proceeding. The cessation of operations by a Signatory Airline with significant operations at MEM would have a material adverse effect on operations, Revenues (with the resultant effect on repayment of the Series 2021 Bonds), PFC revenues and the cost to the other airlines of operating at MEM. Currently, 10 domestic gates and related facilities at MEM are preferentially leased by the Authority to the Signatory Airlines pursuant to the Airline Agreements, and 29 active gates are controlled by the Authority. In the event of a Signatory Airline default, the Authority has the power to terminate the Airline Agreement and exclude such Signatory Airline from its leased premises and assigned aircraft parking positions. See "**APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENTS**" attached hereto.

Aviation Fuel Prices

The profitability of the airline industry has significantly been affected by the costs of aviation fuel. The costs of aviation fuel have fluctuated in the past due to changes in supply of and demand for oil worldwide. These fluctuations have had an adverse impact on the airline industry's profitability, causing airlines to reduce capacity, fleet, and personnel as well as to increase airfares and institute fuel. According to Airlines for America, fuel is the second largest single cost component for most airline operations, and therefore is an uncertain determinant of an air carrier's operating economics. Fuel prices continue to be susceptible to political unrest in various parts of the world, increased demand for fuel due to rapidly growing economies, the amounts of reserves maintained by governments, currency fluctuations, disruption to production and refining facilities and weather.

Environmental Regulations

The FAA has jurisdiction over flying operations generally, including personnel, aircraft, ground facilities and other technical matters, as well as certain environmental matters. Environmental regulations of general applicability enforced by the Federal Environmental Protection Agency and TDEC (such as hazardous waste handling and disposition requirements, underground storage tank rules, stormwater permitting requirements, etc.) apply to MEM. As such, compliance with these environmental regulations and requirements may impose additional costs to the Authority from time to time.

Enforceability of Remedies

The rights of the owners of the Series 2021 Bonds and the enforceability of the Authority's obligation to make payments on the Series 2021 Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights under existing law or under laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinion of Bond Counsel delivered at the time of the initial issuance of the Series 2021 Bonds will provide that the rights of the holders of the Series 2021 Bonds under the Resolution and the enforceability of such rights may be subject to the valid exercise of judicial discretion, the sovereign police powers of the State of Tennessee, and to valid bankruptcy, insolvency, reorganization, moratorium, and other laws for the relief of debtors. See “TAX MATTERS” herein and “**APPENDIX B – FORMS OF OPINIONS OF BOND COUNSEL**" attached hereto.

Global Climate Change Issues and Possible New Regulations

Numerous scientific studies on global climate change conclude that, among other effects on the ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more frequent due to increasing global temperatures attributable to atmospheric pollution. These extreme events are, and conditions are expected to increasingly disrupt and damage critical infrastructure and property, regional economies and industries that depend on natural resources and favorable climate conditions in the next 25-100 years.

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

The New Madrid Seismic Zone and Other Risks

The Airport is located adjacent the New Madrid Seismic Zone, which is the most seismically active and well-studied region in the Central and Eastern United States. The last major earthquakes located within this seismic zone, believed to have ranged between 7.0 and 7.7 in magnitude levels, occurred in 1811 and 1812, respectively. According to the United States Geological Survey, there is a 7-10% chance that a repeat of earthquakes of similar scale to the 1811 and 1812 earthquakes will occur within the next 50 years, and a 25-40% risk of an earthquake occurring ranging in the low-6 magnitude levels. During the past 25 years, building codes in the City and Shelby County have been gradually upgrading through requiring more strict seismic construction standards. However, many older buildings, particularly in the City’s downtown area, are masonry structures that were built decades before these new seismic construction requirements were implemented and such structures are believed to be highly vulnerable to shaking from an earthquake.

A portion of the Concourse B Modernization Project involves making upgrades to the seismic stability of some of its facilities to bring Concourse B up to modern seismic standards. Nevertheless, in the event of a major earthquake, the Airport could sustain extensive damage to its facilities, which could, in a worst case, necessitate the closing of all or a portion of Airport operations for an extended period. In addition, a major earthquake in the City could adversely affect the economy of the Memphis MSA, which could have a negative impact on passenger traffic at the Airport and on the Authority’s Revenues. Further, the Airport could sustain damage because of other events, such as terrorist attacks, extreme weather events and other natural occurrences, fires and explosions, spills of hazardous substances, strikes, lockouts, sabotage, wars, blockades, riots, etc. While the Authority has attempted to address the risk of loss through the purchase of insurance, certain of these events may not be covered.

Current Legislation

In times of financial crisis, the United States Congress has used its authority to provide additional tax relief. One such measure that has been passed by the House of Representatives and introduced in the Senate is a bill to eliminate the advance refunding restriction of tax-exempt bonds that is currently in place. If enacted, this would allow for an advance refunding of tax-exempt obligations before the call date. As discussed earlier, the CARES Act provided $10 billion of grants for airports, of which $24,738,000 was granted to the Authority, and the CARES Act extension is expected to provide another $2 billion of grants for airports to be distributed based on enplanement activity. See both "CORONAVIRUS DISEASE 2019 – COVID-19 Relief Legislation" herein and "**APPENDIX A – REPORT OF THE AIRPORT CONSULTANT**" attached hereto.

Risk of Future Legislative and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Tennessee legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2021 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2021 Bonds will not have an adverse effect on the tax status of the interest on the Series 2021 Bonds or the market value or marketability of the Series 2021 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2021 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, investors in the Series 2021 Bonds should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2021 Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2021 Bonds may be affected and the ability of holders to sell their Series 2021 Bonds in the secondary market may be reduced. The Series 2021 Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2021 Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series 2021 Bonds.

Growth of Transportation Network Companies

The Authority generates an additional source of revenue from MEM's ground transportation activity through TNCs such as, Uber and Lyft. These TNCs dispatch their hired drivers, who use their own commercial and non-commercial vehicles, to provide transportation services for paying passengers. The popularity of TNCs has increased due to: (i) the increasing number of cities where TNCs operate, (ii) other technological innovations in ground transportation, (iii) convenience of requesting a ride through a mobile application, (iv) the ability to pay for this service without providing cash or other payment directly to the hired driver, (v) and competitive pricing. See "MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FINANCES – Transportation Network Companies" herein.

Federal Aviation Administration Reauthorization

In October 2018, Congress passed a five-year reauthorization bill for the FAA – the Federal Administration Reauthorization Act of 2018. This act authorizes the FAA's programs and allows funding of the AIP. Despite the multi-year reauthorization, the FAA must receive annual appropriation approval from the United States Congress. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants and discretionary grants. There can be no assurance that future FAA reauthorization acts or additional extensions will be enacted by the United States Congress or signed into law before the current authorization expires. Failure to adopt such legislation may have a material adverse impact on the AIP grant program and the Airport. See, "CAPITAL IMPROVEMENT PROGRAM – Capital Improvement Program Funding Sources" herein.

Rate Covenant Implications

The Authority has covenanted in the Resolution that it will impose and prescribe such schedule of rates, rentals, fees and charges for the use and services of its facilities and commodities furnished by the Airport and will revise the same from time to time whenever necessary; and will collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which will be sufficient to pay: (i) all Costs of Operation and Maintenance; (ii) the principal of and interest and premium, if any, on any Airport Revenue Bonds when due; (iii) the City and Shelby County or any other municipality all amounts required to be paid to them by reason of the payment by them of the principal of and interest on bonds, notes or other evidences of indebtedness (including general obligation bonds) issued by them to finance all or any portion of the Airport; (iv) all claims, charges or obligations payable from Revenues; and (v) to carry out all provisions and covenants of the Resolution. At all times when Airport Revenue Bonds are Outstanding and, in all events, such rates, rentals, fees and charges shall be imposed, prescribed, adjusted, enforced and collected which will yield Net Revenues in an amount at least equal to one hundred twenty-five percent (125%) of the Debt Service Requirement on all Airport Revenue Bonds. Implementation of an increase in the schedule of rates, rentals, fees and charges for the use of the Airport could have a detrimental impact on the operations of the Airport by making the cost of operating therein unattractive to airlines, concessionaires and others, and/or by reducing the operating efficiency of the Airport. See, "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2021 BONDS – Rate Covenant" herein and "**APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE BASIC RESOLUTION**" attached hereto.

Ratings on the Series 2021 Bonds

The ratings of the Series 2021 Bonds may be lowered or withdrawn depending on various factors, including the ratings agencies' assessment of the Authority's financial strength. Three credit rating agencies have assigned preliminary credit ratings to the Series 2021 Bonds. The ratings of the Series 2021 Bonds are not a recommendation to purchase, hold or sell the Series 2021 Bonds, and the ratings do not comment on the market price or suitability of the Series 2021 Bonds for a particular investor. The ratings of the Series 2021 Bonds may not remain for a given period of time and may be lowered or withdrawn depending on, among other things, each ratings agency's assessment of the Authority's financial strength and changes in each rating agency's methodology in assigning a credit rating to the Series 2021 Bonds. The Authority is not required to maintain a specified rating in respect to the Series 2021 Bonds. See "RATINGS" herein.

Impact of Regional and National Economic Conditions on the Airport

The demographic and economic characteristics of the ATA comprise the underlying components of air transportation demand for passengers and commercial goods. This relationship is particularly true for the O&D passenger traffic, which is an important component of demand at the Airport. Although the economic base of the ATA is considered capable of supporting increased demand for air travel at the Airport, employment and other economic indices of the ATA may negatively impact forecasted results. While the ATA projects a positive GRP annual growth rate during the forecast period, it remains lower than the Tri-State and United States annual growth rate projections. Most of these factors are beyond the control of the Authority. Accordingly, no assurance can be given as to the impact of regional and national economic conditions at the Airport. See "MEMPHIS INTERNATIONAL AIRPORT'S AIR TRADE AREA DEMOGRAPHIC AND ECONOMIC BASIS FOR AIRLINE TRAFFIC" herein.

Low-Cost Carriers and Ultra Low-Cost Carriers

A low-cost carrier ("LCC") or ultra-low-cost carrier ("ULCC") is an airline carrier that generally has lower fares for customers and can take advantage of an operating cost structure that is significantly lower than the cost structures of the network carriers. These lower costs typically encompass lower labor costs, a streamlined aircraft fleet and more efficient operations. Due to the lower cost structures, both LCCs and ULCCs can conceivably remain profitable while offering lower fares to the traveling public.

Over the last decade, as larger United States airline carriers consolidated and became more focused on capacity discipline, the ticket prices for their flights began to increase. Due to increasing ticket prices, LCCs and ULCCs emerged in markets where passenger enplanement levels were significant enough that the LCCs and ULCCs could overcome certain barriers to entry. The low-cost structure of the LCCs and ULCCs stimulated traffic and budget conscious travelers to emerge as an underserved segment of the traveling public, which has assisted in expanding the LCC and ULCC market. Success from the LCCs and ULCCs have forced larger airline carriers to implement remedial measures such as: (i) reducing schedules and simplifying fleet; (ii) implementing pay/benefit cuts and route rationalization with the reduction or elimination of service to unprofitable markets; and (iii) reducing workforces and seeking bankruptcy protection.

There can be no assurance that the LCCs and ULCCs will continue to maintain such levels in the future. The continued presence of the LCCs and ULCCs serving at MEM, and the levels at which such airlines might provide service at MEM, are a function of a variety of factors, including: (i) airline fares and competition; (ii) airline industry economics, including labor costs and the price of aviation fuel; (iii) capacity of MEM and competition from other airports; and (iv) the strength of the O&D market at MEM. Most of these factors are beyond the control of the Authority. Accordingly, no assurance can be given as to the levels of aviation activity that the LCCs and ULCCs will provide at MEM.

Capital Improvement Program Costs and Schedule; Additional Bonds

The estimated costs of, and the projected schedule for, the projects under the Authority's CIP depend on various sources of funding and are subject to several uncertainties. The ability of the Authority to complete its CIP within the current budget and on the current schedule may be adversely affected by various factors including, but not limited to: (i) estimating errors; (ii) design and engineering errors; (iii) changes to the scope of CIP projects; (iv) delays in contract awards; (v) material and/or labor shortages; (vi) delays due to airline operational needs; (vii) unforeseen site conditions; (viii) adverse weather conditions; (ix) contractor defaults; (x) labor disputes; (xi) unanticipated levels of inflation; (xii) litigation; and (xiii) environmental issues. No assurance can be given that the costs of the Authority's CIP will not exceed the current budget or that the completion of CIP projects will not be delayed beyond the currently projected completion date(s). Any schedule delays or cost increases could result in the need to issue Additional Bonds, which would require approval from the Signatory Airlines for the CIP project(s) with increased costs. The issuance of Additional Bonds may result in increased costs per enplanement to the airlines operating at the Airport. No assurance can be given that the Authority would receive the required approvals of the Signatory Airlines, or that, absent such approvals, an alternative source of funding would be available. Currently, the Authority is unable to estimate the costs associated with each of the risks identified above, and the total impact of these risks if such events were to occur. In addition, the Authority may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, resulting in different results. See "CAPITAL IMPROVEMENT PROGRAM" herein.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2021 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2021A Bond, Series 2021B Bond or Series 2021C Bond for any period during which the Series 2021A Bond, Series 2021B Bond or Series 2021C Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with the proceeds of the Series 2021A Bonds, Series 2021B Bonds or Series 2021C Bonds or a "related person," (ii) interest on the Series 2021D Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, and (iii) interest on the Series 2021A Bonds, Series 2021B Bonds and Series 2021C Bonds is treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series 2021 Bonds, and Bond Counsel has assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2021 Bonds from gross income under Section 103 of the Code.

In addition, Bond Counsel is further of the opinion that under existing statutes, the Series 2021 Bonds and the interest thereon are exempt from taxation by the State of Tennessee or any county or municipality thereof, except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2021 Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2021 Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2021 Bonds in order that interest on the Series 2021 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2021 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2021 Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2021 Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2021 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2021 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2021 Bonds.

Prospective owners of the Series 2021 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2021 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2021 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2021 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2021 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2021 Bonds under federal or state law or otherwise prevent beneficial owners of the 2021 Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2021 Bonds. Prospective purchasers of the Series 2021 Bonds should consult their own tax advisors regarding the foregoing matters.

LITIGATION

To the best of the knowledge of the Authority and its Associate Airport Counsel and Special Counsel, there is no pending or threatened litigation in any court questioning the corporate existence of the Authority or which would restrain or enjoin the issuance or delivery of the Series 2021 Bonds, or which concerns the proceedings of the Authority taken in connection with the authorization or issuance of the Series 2021 Bonds or the pledge or application of any Revenues provided for their payment, or which contest the powers of the Authority with respect to the foregoing.

Further, it is the opinion of the Authority's Associate Airport Counsel and Special Counsel that the other pending litigation will not have a material adverse effect upon the finances of the Authority or the revenues of the Airport.

APPROVAL OF LEGAL MATTERS

The authorization, issuance and sale of the Series 2021 Bonds are subject to the approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their Counsel, Carpenter Law, PLLC, Memphis, Tennessee. Certain legal matters will be passed upon for the Authority by Janet L. Shipman, Esquire, Associate Airport Counsel and Glankler Brown, PLLC, Memphis, Tennessee, Special Counsel to the Authority.

FINANCIAL ADVISOR

PFM Financial Advisors LLC (the "Financial Advisor") serves as the independent financial advisor to the Authority on matters relating to debt management. The Financial Advisor has provided advice as to the plan of finance and the structuring of the Series 2021 Bonds and has reviewed and commented on certain legal documentation, including this Official Statement. The advice on the plan of finance and structuring of the Series 2021 Bonds was based on materials provided by the Authority and other sources of information believed to be reliable. The Financial Advisor has not audited, authenticated or otherwise verified the information provided by the Authority or the information set forth in this Official Statement or any other information available to the Authority with respect to the appropriateness, accuracy or completeness of disclosure of such information or other information and no guarantee, warranty or other representation is made by the Financial Advisor respecting the accuracy and completeness of any other matter related to such information contained in this Official Statement.

INDEPENDENT AUDITOR

The financial statements of the Authority for the Fiscal Years ended June 30, 2020 and June 30, 2019 included in **APPENDIX C** attached to this Official Statement have been audited by Dixon Hughes Goodman LLP, independent auditors, as stated in their report also attached hereto as **APPENDIX C**.

VERIFICATION OF DEFEASANCE

Banks, Finley, White & Co., Memphis, Tennessee ("Verification Agent") will deliver to the Authority, on or before the settlement date of the Series 2021 Bonds, its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Authority and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Escrowed Securities in the Escrow Fund to pay, when due, the redemption prices of the Series 2021 Bonds on their respective redemption dates; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Series 2021 Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

The examination performed by the Verification Agent be solely based upon data, information and documents provided to the Verification Agent by the Authority and its representatives. The Verification Agent's report of its examination will state that the Verification Agent has no obligation to update such report because of events occurring, or data or information coming to the attention of the Verification Agent subsequent to the date of the report.

RATINGS

The Series 2021 Bonds have been rated "A+" (with stable outlook) by Kroll Bond Rating Agency, Inc., "A2" (with stable outlook) by Moody's Investors Service and "A" (with stable outlook) by Fitch Ratings, Inc. These ratings reflect only the respective views of such organizations and the Authority makes no representation as to the appropriateness of the ratings. Any explanation of the significance of the ratings may be obtained only from the respective rating agency furnishing the same at the following addresses: Kroll Bond Rating Agency, Inc., 845 Third Avenue Fourth Floor New York, New York 10022; Moody's Investor Service, 7 World Trade Center at 250 Greenwich Street New York, New York 10007; Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004. The Authority furnished to each rating agency certain information and materials, some of which may not have been included in this Official Statement, relating to the Authority and its outstanding debt. Generally, rating agencies base their ratings upon such information and materials and upon investigations, studies and assumptions by the ratings agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Series 2021 Bonds.

UNDERWRITING

The Series 2021A Bonds are being purchased by Raymond James & Associates Inc., as representative (the "Representative") of the underwriters listed on the cover of this Official Statement (the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase the Series 2021A Bonds at a price of $146,010,339.33 (representing the principal amount of the Series 2021A Bonds of $118,705,000.00, plus an original issue premium of $27,758,636.90, less an underwriters' discount of $453,297.57). The Underwriters will be obligated to accept delivery and pay for all of the Series 2021A Bonds if any are delivered.

The Series 2021B Bonds are being purchased by the Representative of the Underwriters. The Underwriters have agreed, subject to certain conditions, to purchase the Series 2021B Bonds at a price of $2,742,940.20 (representing the principal amount of the Series 2021B Bonds of $2,605,000.00, plus an original issue premium of $147,573.25, less an underwriters' discount of $9,633.05). The Underwriters will be obligated to accept delivery and pay for all of the Series 2021B Bonds if any are delivered.

The Series 2021C Bonds are being purchased by the Representative of the Underwriters. The Underwriters have agreed, subject to certain conditions, to purchase the Series 2021C Bonds at a price of $17,699,160.11 (representing the principal amount of the Series 2021C Bonds of $16,275,000.00, plus an original issue premium of $1,484,343.55, less an underwriters' discount of $60,183.44). The Underwriters will be obligated to accept delivery and pay for all of the Series 2021C Bonds if any are delivered.

The Series 2021D Bonds are being purchased by the Representative of the Underwriters. The Underwriters have agreed, subject to certain conditions, to purchase the Series 2021D Bonds at a price of $37,999,495.12 (representing the principal amount of the Series 2021D Bonds of $33,455,000.00, plus an original issue premium of $4,668,208.60, less an underwriters' discount of $123,713.48). The Underwriters will be obligated to accept delivery and pay for all of the Series 2021D Bonds if any are delivered.

The prices and other terms with respect to the offering and sale of the Series 2021 Bonds may be changed from time to time by the Underwriters after such Series 2021 Bonds are released for sale, and the Series 2021 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Series 2021 Bonds into investment accounts.

FHN Financial Capital Markets is a division of First Horizon Bank and First Horizon Advisors, Inc., is a wholly owned subsidiary of First Horizon Bank. FHN Financial Capital Markets has entered into a distribution agreement with First Horizon Advisors, Inc., for the distribution of the offered Series 2021 Bonds at the original issue prices. Such arrangement generally provides that FHN Financial Capital Markets will share a portion of its underwriting compensation or selling concession with First Horizon Advisors, Inc.

CONTINUING DISCLOSURE UNDERTAKING

Pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"), the Authority has undertaken for the benefit of the holders and Beneficial Owners of the Series 2021 Bonds to provide certain financial information and operating data (the "Annual Information") relating to the Authority and to provide notices of the occurrence of certain enumerated events with respect to the Series 2021 Bonds, if material. The Annual Information relating to the Authority's Fiscal Year ended June 30 is to be provided not later than six (6) months after the end of the respective fiscal year.

The Authority has entered into a number of continuing disclosure undertakings in connection with various Series of its Airport Revenue Bonds. The Authority has undertaken steps to ensure compliance with all of its continuing disclosure undertakings and has hired Digital Assurance Corporation, LLC ("DAC") to assist the Authority in this regard.

The Annual Information will be filed by or on behalf of the Authority through DAC with the Municipal Securities Rulemaking Board (the "MSRB"), as the sole nationally recognized municipal securities repository, and its Electronic Municipal Market Access ("EMMA") System for municipal disclosure. Notices of the aforesaid material events will be filed on EMMA by or on behalf of the Authority with the MSRB. See "**APPENDIX F – FORM OF CONTINUING DISCLOSURE UNDERTAKING**" attached hereto for the detailed provisions of the Authority's obligation to provide such continuing disclosure.

MISCELLANEOUS

The foregoing summaries or descriptions of provisions in the Resolution and Airline Agreements and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions and reference is hereby made to the complete documents relating to such matters for further information, copies of which may be obtained from the office of the Authority.

[*Signature on Following Page*]

The execution and delivery of this Official Statement has been duly authorized by the Authority.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

/s/ Scott A. Brockman
Designated Financial Officer

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APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

Appendix A
Report of the Airport Consultant

Memphis-Shelby County Airport Authority

Airport Revenue Bonds
Series 2021A, Alternative Minimum Tax

Airport Revenue Refunding Bonds
Series 2021B and Series 2021C, Alternative Minimum Tax
Series 2021D, Non-Alternative Minimum Tax

March 11, 2021

Prepared by:

DKMG Consulting LLC

March 11, 2021

Mr. Pace Cooper
Chair

Mr. Scott A. Brockman, A.A.E.
President and Chief Executive Officer

Memphis-Shelby County Airport Authority
2491 Winchester Road, Suite 113
Memphis, TN 38116

RE: Appendix A: Report of the Airport Consultant
Memphis-Shelby County Airport Authority
Series 2021 Bonds

Dear Mr. Cooper and Mr. Brockman:

DKMG Consulting LLC (DKMG) is pleased to submit this Report of the Airport Consultant in connection with the proposed issuance by the Memphis-Shelby County Airport Authority (the Authority) of its Airport Revenue Bonds Series 2021A (AMT) (the Series 2021A Bonds) and Airport Revenue Refunding Bonds Series 2021B (AMT) and Series 2021C (AMT) and Airport Revenue Refunding Bonds Series 2021D (Non-AMT) (collectively, the Series 2021 Bonds). This report is intended for inclusion in the Official Statement for the Series 2021 Bonds as Appendix A: Report of the Airport Consultant (the Report).

Memphis-Shelby County Airport Authority

The Authority is a body politic and corporate of the State of Tennessee, created in 1969 pursuant to the Metropolitan Airport Authority Act. The Authority is governed by a seven-member Board of Commissioners (the Board), five of whom are appointed by the Mayor of the City of Memphis (the City) and two by the Mayor of Shelby County (the County). The City Council confirms these appointments for seven-year staggered terms. The Authority owns and operates the Memphis International Airport (MEM) and two general aviation reliever airports - Charles W. Baker Airport (Baker Airport) and General DeWitt Spain Airport (DeWitt Spain Airport).

Memphis International Airport

MEM is located in Shelby County, approximately 10 miles southeast of the City's downtown area and 3.5 miles north of the Tennessee-Mississippi state line and occupies approximately

5,100 acres of land. MEM is classified as a small hub airport and according to Airports Council International's (ACI) 2019 North American Traffic Report, ranked as the 67th busiest airport nationwide based on total passengers (enplaned and deplaned) and according to ACI's 2019 World Airport Traffic Report, MEM ranked as the second busiest airport worldwide in terms of cargo volume.

COVID-19

The worldwide outbreak of novel coronavirus SARS-CoV-2 (COVID-19) starting in late 2019 caused significant disruptions to domestic and international passenger travel as well as the conduct of day-to-day business of the Authority, the rest of the United States (U.S.), and the world. The numbers of flights and passengers on the passenger airlines serving MEM have been and continue to be substantially lower than they were during the same months in the previous year as a result of COVID-19.

As an indicator of the declines in airline passenger activity in the U.S. resulting from COVID-19, the Transportation Security Administration (TSA) reported that, beginning in March 2020, the number of people screened at all U.S. airports decreased relative to the same months in 2019, with the largest decrease to date of 95.3% occurring in April 2020. MEM's largest decrease to date of 93.4% also occurred in April 2020. MEM's total number of people screened from March 2020 through January 2021 decreased 64.0% over March 2019 through January 2020. MEM's recovery was better than the overall U.S. aviation system, which decreased 71.4%.

As the negative effects on airline travel at MEM, in the U.S., and internationally caused by COVID-19 became more apparent, the Authority took a series of operational, commercial, and financial actions to prioritize strong cash liquidity and debt service coverage. The Authority has received requests from a number of its tenants negatively impacted by COVID-19 for fee waivers and other approaches to rent relief. To-date, no such actions have been taken and no rents, fees, or other charges have been waived, suspended, or deferred.

Despite the reductions in non-airline revenues, the Authority has not used nor does it currently expect to use any of its restricted cash reserves to pay Operation and Maintenance (O&M) Expenses or debt service (Debt Service Requirements) in response to COVID-19.

COVID-19 Relief Legislation

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law, which included, among other things, the award of certain grants to the operators of all U.S. airports, including MEM. Airport operators can use their awarded CARES Act grants for any purpose for which airport revenues can lawfully be used, including, but not limited to, the payment of O&M Expenses on or after January 20, 2020, and the payment of Debt Service Requirements on or after March 27, 2020. CARES Act grants must be used within four years from the date on which the grant agreement between the airport operator and the FAA was executed, and airport operators using CARES Act grants must comply with certain other obligations, including, but not limited to, employing at least 90.0% of their staff as of March 27, 2020 through December 31, 2020.

On April 14, 2020, the FAA provided the CARES Act grant amounts by airport and MEM was allocated $24,687,552 plus an amount for general aviation, of which approximately $16.9 million has been reimbursed to the Authority by the FAA as of December 31, 2020. While the Authority budgeted the use of all of the CARES Act grant to reduce the Net Airline Requirement in fiscal year ending June 30 (FY) 2021, year-to-date FY 2021 enplaned passengers have outperformed budget resulting in higher revenues. As a result, the Authority may apply the remaining $7.8 million of the CARES Act grant to reduce the Net Airline Requirement in FY 2022.

On December 27, 2020, the Consolidated Appropriations Act 2021 (CAA) was signed into law providing airports with an additional $2 billion in general fund revenues as further economic relief to assist eligible airports as they continue to respond to COVID-19. A total of $1.75 billion is set aside for primary airports, which includes MEM, and certain cargo airports, for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The FAA will distribute the funds first using AIP passenger and cargo entitlement formulas and then based on CY 2019 enplanements. An additional $200 million is available to airports to provide rent or minimum annual guarantee (MAG) relief to its on-airport concessionaires. As a condition of accepting these funds under the CAA, airports would be required to continue to retain at least 90% of the number of individuals employed as of March 27, 2020 through September 30, 2021. On February 12, 2021, the FAA established the Airport Coronavirus Response Grant Program (ACRGP) to distribute the CAA funds, of which $14,880,645 was allocated to MEM. The Authority has not yet determined the use of these funds but is considering using approximately $8.2 million, which is the portion allocated based on cargo entitlements, to fund an airfield project in the capital improvement plan (CIP) and approximately $6.1 million, which is the portion of the ACRGP allocated based on enplaned passengers minus the amount allocated for concession relief of $496,550, to reduce the terminal's Net Airline Requirement in FY 2022.

2021 Project

The Authority's CIP for MEM includes projects that are underway or complete, the 2021 Project, and future projects through FY 2025. Since approximately 84% of the CIP is either complete or underway and the remaining projects are necessary to maintain and rehabilitate the existing facilities at MEM, the Authority did not reduce or delay any projects as a result of COVID-19. The CIP totals approximately $772.1 million of which approximately $302.8 million has been spent as of December 31, 2020. The CIP includes approximately $311.4 million for the Consolidated Deice Facility (2021 Project), approximately $241.0 million for the Concourse B

Modernization Project, and various other airfield projects (see Chapter 3). The Authority received Majority-in-Interest (MII) approval (as defined in Chapter 4) for the 2021 Project from the Signatory Airlines in March 2020.

The Authority has been working with the Tennessee Department of Environment and Conservation to monitor its storm water activities, especially the deicing/anti-icing program. The Authority's current National Pollutant Discharge Elimination System (NPDES) storm water permit was issued in December 2019 requiring the Authority to construct the 2021 Project on a mandatory compliance schedule. The 2021 Project is also being undertaken to consolidate the existing deicing process, which is currently being performed at various locations at MEM. The 2021 Project is estimated to cost approximately $311.4 million and is estimated to be funded with $131.8 million in Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants, $53.5 million in Series 2016A bond funds, and $126.0 million in Series 2021 Bond funds. The 2021 Project is estimated to be completed by November 2022. This analysis assumes no Additional Bonds are required to fund the remaining portions of the CIP.

The Series 2021 Bonds

On February 18, 2021, the Board authorized the issuance of the Series 2021 Bonds in a par amount not to exceed $265,000,000. The Authority proposes to issue the Series 2021 Bonds in a par amount of approximately $176.1 million. The proceeds of the Series 2021 Bonds, plus the original issue premium and released funds in Debt Service Funds and Debt Service Reserve Funds, will be used to fund approximately $126.0 million in project costs and contingencies for the 2021 Project; refund approximately $7.1 million of the Series 2011A-1 (AMT), approximately $18.0 million of the Series 2011B (AMT), and approximately $42.1 million of the Series 2011D (Non-AMT) bonds; capitalized interest; a debt service reserve account; and costs of issuance. The debt service on the Series 2021 Bonds is expected to be paid with Revenues, as defined in the Basic Resolution.

Basic Resolution

The Series 2021 Bonds are being issued under the Metropolitan Airport Authority Act, Tennessee Code Annotated §§42-4-101 et seq., as amended; the Local Government Public Obligations Act of 1986, Tennessee Code Annotated §§9-21-101 et seq., as amended; the Authority's Resolution No. 88-3227 duly adopted by the Board on January 29, 1988, as amended (the Basic Resolution); and a Supplemental Resolution No. 21-4975 duly adopted by the Board on February 18, 2021 and Certificate(s) of Determination relating to the Series 2021 Bonds. The Series 2021 Bonds are payable from and are secured solely by a pledge of, and lien upon, the Revenues of the Authority subject to the prior payment of O&M Expenses of MEM (Net Revenues) and on a parity with all Bonds. Revenues are defined in the Basic Resolution to include all rentals, fees, charges, receipts and other moneys and income derived by the Authority from its ownership and operation of MEM.

Passenger facility charge (PFC) and customer facility charge (CFC) revenues are not included in the Revenues under the Basic Resolution, unless specifically designated, and are not pledged to secure Bonds. Pursuant to the Resolution, federal grants in aid, such as the CARES Act and ACRGP funds, are excluded from Revenues. CARES Act and ACRGP funds used to pay O&M Expenses at MEM and debt service on Airport Revenue Bonds will be treated as an offset to such amounts for the purposes of the Rate Covenant and the Additional Bonds Test. The term Bonds is used in this Report to mean all Outstanding Bonds, Series 2021 Bonds, and any Additional Bonds hereafter issued under the Basic Resolution. Net Revenues are available for the equal and proportionate benefit of all Bonds.

Under Section 5.2 of the Basic Resolution, Covenant as to Rates, Fees and Charges, the Authority covenants that it will impose and prescribe such schedule of rates, rentals, fees and charges for the use and services of the facilities and commodities furnished by its Airport and will revise the same from time to time whenever necessary; and will collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which will be sufficient to pay all O&M Expenses; to pay the principal of and interest and premium, if any, on any Bonds when due; to pay the City and the County or any other municipality all amounts required to be paid to them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness (including the General Obligation Bonds) issued by them to finance all or any portion of the Airport; to pay all other claims, charges or obligations payable from Revenues; and to carry out all provisions and covenants of the Basic Resolution. At all times when Bonds are outstanding and in any and all events, such rates, rentals, fees and charges shall be imposed, prescribed, adjusted, enforced and collected which will yield Net Revenues in an amount at least equal to 125% of the Debt Service Requirement on all Bonds.

The Additional Bonds Test included in the Basic Resolution requires that the estimated Net Revenues, to be derived in each of the three Fiscal Years following the estimated date that a substantial portion of the project(s) being financed is placed in continuous service or commercial, shall equal not less than 125% of Debt Service Requirement. The first three complete Fiscal Years immediately following the last substantial completion date of the 2021 Project would be FY 2024, FY 2025, and FY 2026. However, after fluctuating somewhat during those years, the aggregate Debt Service Requirement is approximately level or decreasing beginning in FY 2027 and thereafter. As a result, the forecast period for this Report is defined as FY 2022 through FY 2027.

Summary of Report Findings

On the basis of the assumptions and analyses described in this Report, DKMG is of the opinion that Net Revenues during the forecast period comply with the Authority's rate covenant requirements set forth in Section 5.2 of the Basic Resolution. Additional findings of these analyses include the following:

Economic Base

- The economic base of MEM's Air Trade Area (as defined in Chapter 1) was strong and diversified prior to COVID-19 and should continue to generate sustained growth in the demand for air transportation services. However, the economic and demographic information presented in this chapter was prepared by Woods & Poole Economics, Inc. prior to the spread of COVID-19; therefore, the impacts of COVID-19 on the forecast of the economic and demographic data for the Air Trade Area, Tri-State Area (as defined below), and U.S. are unknown at this time.

- Population in the Air Trade Area increased at a compound annual growth rate (CAGR) of approximately 0.6% from 2000 to 2018, which was slightly lower than the growth experienced in the combined states of Arkansas, Mississippi, and Tennessee (the Tri-State Area) and the U.S. during this same period.

- The Air Trade Area's per capita personal income (PCPI) increased at a CAGR of 1.4% from 2000 through 2018, while the CAGRs of the Tri-State Area and the U.S. were 1.8% and 2.2%, respectively.

- From 2010 to 2018, the Gross Regional Product (GRP) in the Air Trade Area increased at a 1.7% CAGR, while the Tri-State Area's GRP and the U.S. Gross Domestic Project (GDP) grew at 2.2% and 2.5%, respectively.

- In 2019, the unemployment rate for the Air Trade Area was 4.2%, compared to 3.9% for the Tri-State Area and 3.7% for the U.S. Primarily due to COVID-19, the unemployment rate at the end of the second quarter of 2020 increased to 11.8% and only declined modestly to 11.4% by the end of the third quarter of 2020. However, the unemployment rate showed greater recovery by the end of 2020 when the rate declined to 7.9%, which was higher than 5.9% for the Tri-State Area and 6.5% for the U.S.

- The Air Trade Area's largest industry is trade, transportation, and utilities, which grew at a CAGR of 1.7% between 2010 and 2018. Included in this sector are industries providing transportation of passengers and cargo, warehousing, and storage for goods. This sector has benefitted during COVID-19 from a consumer shift to increased online spending.

Air Traffic

- Origin and destination (O&D) passenger traffic represented 99% of the traffic at MEM in FY 2020. The O&D nature of MEM indicates that its traffic is generally influenced more by local characteristics of the area served than by individual airline network decisions in support of connecting activity.

- As of February 2021, MEM had scheduled passenger service provided by eight U.S. passenger carriers. In addition, seven all-cargo carriers serve MEM, including FedEx, the world's busiest airline in terms of freight volume according to the World Air Transport Statistics 2019 report.

- As of February 2020, which is prior to the travel restrictions due to COVID-19, MEM served 27 markets and a daily average of 82 nonstop flights. The daily average number of nonstop flights decreased to a low of 45 in April 2020, with the number of markets served decreasing to 23. As of February 2021, MEM's daily average number of nonstop flights was 57 with the number of markets served decreasing to 22. The primary O&D markets served at MEM as of February 2021 include the major airlines' hubs of Atlanta, Dallas, Denver, Chicago, Charlotte, and Houston.

- Enplaned passengers at MEM decreased from 5.0 million in FY 2010 to 1.8 million in FY 2015 as Delta shifted connecting passengers to its remaining hubs and officially de-hubbed MEM in September 2013 (FY 2014). Beginning in FY 2016, MEM experienced four consecutive years of growth and a 6.0% CAGR from FY 2015 to FY 2019.

- When combined with Delta Connection, Delta's share of enplaned passengers has decreased from 33.7% in FY 2016 to 29.3% in FY 2020, while the share of enplaned passengers for the remaining airlines serving MEM increased from 66.3% in FY 2016 to 70.7% in FY 2020. In FY 2019, American, combined with its code-share partner American Eagle, became the largest airline at MEM in terms of enplaned passengers with a 30.6% market share, which increased to a 32.8% market share in FY 2020 and remains the largest airline at MEM for FY to date 2021.

- In FY 2020, all airlines reduced service at MEM due to COVID-19, which is evidenced by a 24.6% decrease in enplaned passengers at MEM over FY 2019 levels. In addition, July 2020 through January 2021 (which is FY 2021) enplaned passengers decreased 57.7% from 2020 levels for the same time period.

- For the purposes of this Report, a hypothetical scenario was developed for enplaned passenger recovery that is generally consistent with the range of estimates made recently by various airline industry and bond credit analysts, wherein enplaned passengers are forecast to return to FY 2019 levels over a four-year period. As a result, enplaned passengers are assumed to return to FY 2019 pre-COVID-19 levels by FY 2024, resulting in a 26.0% CAGR from FY 2021 through FY 2024, and then grow at the FAA's Terminal Area Forecast growth rate prepared for MEM in January 2020 of approximately 2.0% thereafter. This results in an enplaned passengers forecast of approximately 2.4 million in FY 2027, representing a CAGR of 13.4% from FY 2021 through FY 2027.

- Total landed weight increased at a CAGR of 0.9% from FY 2016 to FY 2020. FedEx accounted for an average of 89% of total landed weight during this five-year period. In FY 2020, MEM's largest passenger carrier in terms of landed weight was American when combined with its code-sharing partner, American Eagle.

- Primarily as a result of COVID-19, total landed weight decreased 2.4% from FY 2019 to FY 2020, which is composed of a 17.2% decrease in passenger landed weight and a 0.7% decrease in all-cargo carrier landed weight. However, from July 2020 through January 2021 (which is FY 2021) total landed weight increased 0.3% from 2020 levels for the same time period, representing a 44.3% decrease in passenger carrier landed weight and a 5.6% increase in all-cargo carrier landed weight.

- The passenger landed weight is forecast to recover to FY 2019 levels by FY 2024. To achieve this, FY 2022 through FY 2024 passenger landed weight is forecast to grow approximately 25.1% annually, which equates to the CAGR required to recover to FY 2019 levels by FY 2024. FY 2025 through FY 2027 passenger landed weight is forecast to grow in line with the growth in passenger operations. As a result, passenger airline landed weight is forecast to increase from 1,429,500 in FY 2021 to 2,898,500 in FY 2027, reflecting a CAGR of 12.5%.

- FY to date 2021 all-cargo landed weight is 5.6% higher than 2020 levels for the same time period primarily as a result of the surge in online buying due to COVID-19. Since it is difficult to determine if these buying habits will continue, FY 2022 all-cargo landed weight is forecast to return to FY 2020 actuals and then increase thereafter in line with the growth in all-cargo operations. As a result, all-cargo carrier landed weight is forecast to increase from 23,500,000 in FY 2021 to 25,646,400 in FY 2027, a CAGR of 1.5%.

- Due to the uncertainty in the enplaned passenger recovery period resulting from, but not limited to, the slow recovery of business travel and the ability of the airlines to return to 2019 levels by 2024 due to airline employee furloughs and the temporary and permanent retirement of aircraft sooner than expected, a sensitivity test has been prepared where enplaned passengers do not recover to FY 2019 levels during the forecast period. A detailed discussion of this sensitivity test can be found in Chapter 4 of this Report.

Financial Analyses

- The Airport Use and Lease Agreements between the Authority and the Signatory Airlines became effective February 1, 2013 and expired on June 30, 2020 (the Airline Agreements). In June 2020, the Signatory Airlines approved an amendment to the Airline Agreements containing substantially the same terms and conditions but extending the expiration date to June 30, 2021. The Authority is in the process of negotiating a new multi-year residual cost airline use and lease agreement that will be effective on the date of beneficial occupancy of Concourse B, which is anticipated to be August 2021. Since the Airline Agreements expire on June 30, 2021 and the new agreements will not be effective until August 2021, the Signatory Airlines will remain as tenants and pay the Signatory Airline rates in the interim pursuant to the "holding over" provision of the Airline Agreements. The Signatory Airlines at MEM include American, Delta, FedEx, Southwest Airlines (Southwest), United Airlines (United), and UPS Airlines (UPS). Article 10 of the Airline Agreements describes the method for the calculation of the rents, fees and charges of the Signatory Airlines for the use of facilities, rights, licenses, and privileges to operate at MEM, which is a residual rate-setting methodology. While the Airline Agreements expire during the forecast period, the rate-setting methodologies outlined in the current Airline Agreements are assumed to be extended throughout the forecast period.

- O&M Expenses are forecast to increase from approximately $61.7 million in FY 2021 to approximately $75.2 million in FY 2027, reflecting a 3.4% CAGR.

- Total operating revenues were approximately $105.2 million in FY 2020 and are budgeted to decrease to approximately $83.3 million in FY 2021 primarily as a result of the continued impacts of COVID-19. Total operating revenues are forecast to increase to approximately $125.0 million in FY 2027, reflecting a CAGR of 7.0% from FY 2021 to FY 2027.

  The following table presents the Signatory Airline cost per enplanement (CPE), which is $11.88 per enplaned passenger in FY 2021 and forecast to increase to a high of $26.16 per enplaned passenger in FY 2022, which reflects enplaned passengers that are lower than pre-COVID-19 levels and no federal relief grants. As previously described, the Authority may apply the remaining amount of the CARES Act grant (or $7.8 million) and approximately $6.1 million of the ACRGP to reduce the terminal's Net Airline Requirement in FY 2022. The combination of the remainder of the CARES Act grant and the ACRGP funds could potentially reduce the FY 2022 forecasted CPE by $9.00 per enplaned passenger. The forecasted CPE could also be lower due to the administering of the COVID-19 vaccinations increasing the propensity to travel by air and future federal relief both of which are not known at this time.

FY	CPE	FY	CPE
Historical		Forecast	
2018	$8.68	2021 (a)	$11.88
2019 (b)	$5.52	2022	$26.16
2020	$11.32	2023	$18.71
		2024	$11.67
		2025	$8.43
		2026	$10.63
		2027	$10.82

(a) The Authority budgeted the FY 2021 CPE to be $18.25 based on an enplaned passenger number of 770,000. Based on FY year-to-date 2021 actual results, FY 2021 enplaned passengers are forecast at 1.1 million, which lowers the budgeted CPE.
(b) The FY 2019 CPE is lower than FY 2018 primarily as a result of the FY 2018 airline year end settlement being included in the FY 2019 airline revenues.

Sources:
Authority records
Table 4-9, FY 2021 - FY 2027

The Signatory Airline CPE decreases in FY 2025 primarily as a result of the release of the Debt Service Offset (as defined in Chapter 4 of this Report) related to the Bonds that mature in that year. The Signatory Airline CPE increases thereafter to $10.82 per enplaned passenger by FY 2027.

- The following table presents the historical and forecast debt service coverage ratio, which, in every year, exceeds the requirement of Net Revenues being equal to at least 125% of the Debt Service Requirement. Since the Authority has a residual rate-setting methodology, the decrease in non-airline revenues due to COVID-19 are mitigated by an increase in airline revenues. Therefore, the reductions in non-airline revenues resulting from COVID-19 have no effect on the debt service coverage ratio.

	Net revenues (in 000s)	Debt Service Requirement (in 000s)	Debt Service Coverage
Historical			
2018	$60,889	$34,752	1.75x
2019	$51,043	$35,711	1.43x
2020	$51,127	$38,394	1.33x
Budget			
2021 (a)	$40,977	$26,884	1.52x
Forecast			
2022	$53,147	$42,004	1.27x
2023	$57,829	$45,750	1.26x
2024	$62,146	$49,203	1.26x
2025	$55,045	$43,523	1.26x
2026	$55,577	$43,948	1.26x
2027	$56,367	$44,580	1.26x

(a) FY 2021 is reduced by the amount reimbursed with the CARES Act grant.

Source: Table 4-10

The forecasts are based on information and assumptions reflecting expected conditions and the course of action that management expects to take during the forecast period. DKMG has relied upon the Authority and other Authority consultants for representations about its plans and expectations, and for disclosure of significant information that might affect the realization of projected results. Representatives of the Authority have reviewed the forecasts and assumptions and concur that they provide a reasonable and appropriate basis for the projections.

While this Report makes certain assumptions on the impacts of COVID-19 on the aviation activity and financial forecasts, the impacts of this on MEM are unknown at this time due to the uncertainty of future restrictions on the travel industry. Therefore, the assumptions and estimates underlying the forecasts are inherently subject to change and, though considered reasonable when taken as a whole as of the date of this Report, are subject to a wide variety of business, economic, and competitive risks and uncertainties that could cause actual results to vary materially from projected results. Accordingly, there can be no assurance that assumptions will be realized, that unanticipated events and circumstances will not occur, and that actual results will not be materially higher or lower than projected results.

The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions, limiting conditions, and rationale underlying the financial projections. DKMG has no responsibility to update this Report for events and circumstances occurring after the date of the Report.

Sincerely,

DKMG Consulting, LLC

DKMG Consulting LLC

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1. Economic Base for Air Transportation

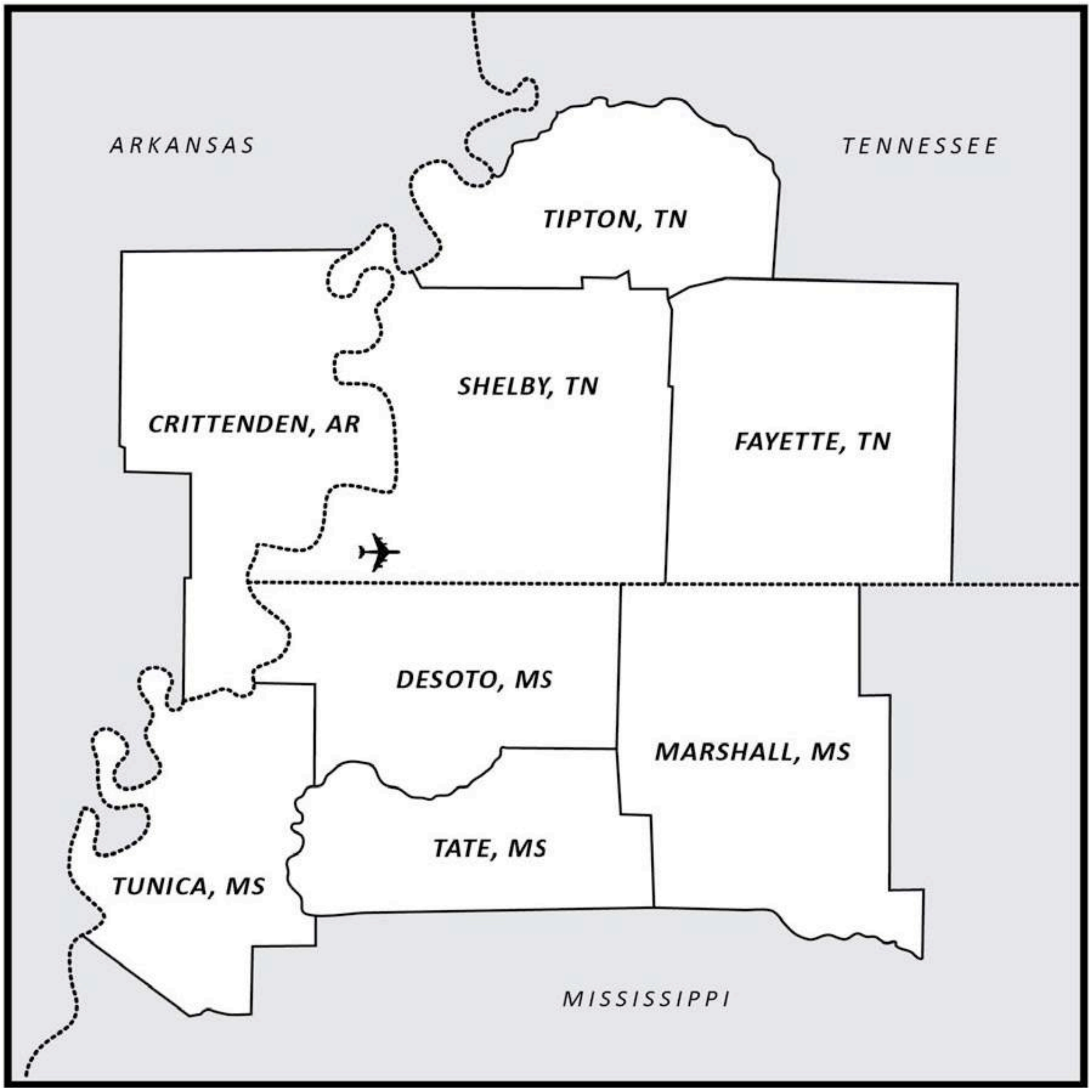
The demand for air transportation is, to a large degree, dependent upon the demographic and economic characteristics of the geographical area served by an airport (i.e., the airport's air trade area). This relationship is particularly true for the O&D portion of an airport's passenger traffic, which represented 99% of the passenger traffic at MEM in FY 2020. This high O&D percentage indicates that the demand for air travel at MEM is influenced more by local characteristics of the area served than by individual airline network decisions in support of connecting activity. This chapter presents a discussion of key economic and demographic elements, which demonstrates that MEM's air trade area had a strong and diversified economic base capable of providing growth in the demand for air transportation prior to COVID-19.

Certain data provided in this chapter was provided by Woods & Poole Economics, Inc. (Woods & Poole) which takes into account specific local as well as national conditions based on historical data from 1970 to 2018. Woods & Poole did not include a 2020 estimate incorporating COVID-19 into its most recent data because a long-term impact could not be made reliably at the time the forecast was prepared. In addition, Woods & Poole did not adjust its forecast to reflect COVID-19, therefore no forecast data is provided in this chapter. Since socioeconomic forecasts were not available, they are not used as the base for the activity forecasts included in Chapter 2 of this Report.

1.1 Air Trade Area

The borders of an air trade area are influenced by the relative location of other metropolitan areas and their associated commercial airport facilities, as discussed in greater detail in Chapter 2 of this Report. For purposes of these analyses, MEM's primary air trade area (Air Trade Area) is defined as the Memphis Metropolitan Statistical Area (MSA), which encompasses approximately 4,600 square-miles and is comprised of eight counties within the Tri-State Area. The Air Trade Area includes Fayette, Shelby, and Tipton counties, Tennessee; Crittenden County, Arkansas; and DeSoto, Marshall, Tate, and Tunica counties, Mississippi. The population and economic strength of the Air Trade Area provides the primary base for supporting air transportation demand at MEM. Socioeconomic data for these counties were analyzed in conjunction with data for the Tri-State Area and the United States. **Figure 1-1** graphically presents the Air Trade Area.

Figure 1-1 – Air Trade Area



Source: Lauren Haddox Design

1.2 Demographic Analysis

This section presents an analysis of demographic data for the Air Trade Area and compares it to the Tri-State Area and the United States, including items such as population, per capita personal income, and household income distribution.

1.2.1 Population

The historical population of the Air Trade Area, the Tri-State Area, and the United States is presented in **Table 1-1**. As shown, population in the Air Trade Area increased at a CAGR of approximately 0.6% from 2000 to 2018, which was slightly lower than the growth experienced in the Tri-State Area and the U.S. during this same period.

Table 1-1 – Historical Population (in 000s)

	Historical					CAGR
	2000	2005	2010	2015	2018(a)	2000-2018
Tennessee						
Fayette	29	34	38	39	41	1.9%
Shelby	898	913	928	938	936	0.2%
Tipton	52	56	61	62	62	1.0%
Mississippi						
DeSoto	109	137	162	173	182	2.9%
Marshall	35	36	37	36	35	0.1%
Tate	25	27	29	28	29	0.7%
Tunica	9	10	11	10	10	0.4%
Arkansas						
Crittenden	51	50	51	49	48	-0.3%
Air Trade Area	**1,208**	**1,264**	**1,317**	**1,336**	**1,342**	**0.6%**
Tri-State Area	**11,231**	**11,678**	**12,248**	**12,558**	**12,770**	**0.7%**
United States	**282,162**	**295,517**	**309,326**	**320,745**	**327,168**	**0.8%**

(a) Last year of actual data in Woods & Poole database.

Source: Woods & Poole Economics, Inc., The 2020 Complete Economic and Demographic Data Source

Columns may not add to totals shown due to rounding.

Shelby County, the county in which MEM is located, is the largest county in the Air Trade Area with nearly 70% of the population in 2018. The City of Memphis, which is also located in Shelby County, is the 28th largest city in the U.S. based on 2019 population estimates. In addition, DeSoto County, which is located south of MEM, was the fastest growing county in the Air Trade Area during the historical period shown which indicates an increasing population base surrounding MEM, which will support growth in aviation activity and air service.

1.2.2 Per Capita Personal Income

The demand for air travel tends to increase as income increases since consumers with higher income levels tend to travel by air more frequently. The level of income in a particular area indicates the relative affluence of local residents, and changes in the level of income over time indicate changes in economic well-being and reflect local economic and employment trends. As a result, PCPI was analyzed and is presented in **Table 1-2**. As shown, PCPI for the Air Trade Area increased at a CAGR of 1.4% from 2000 through 2018, while the CAGRs of the Tri-State Area and the U.S. were 1.8% and 2.2%, respectively.

Table 1-2 – Per Capita Personal Income (in 2012 dollars)

Calendar Year	Air Trade Area	% Change	Tri-State Area	% Change	United States	% Change
2010	$38,565	--	$35,120	--	$42,366	--
2011	$39,374	2.1%	$36,081	2.7%	$43,549	2.8%
2012	$40,321	2.4%	$37,134	2.9%	$44,599	2.4%
2013	$39,685	-1.6%	$36,833	-0.8%	$44,255	-0.8%
2014	$39,992	0.8%	$37,636	2.2%	$45,763	3.4%
2015	$41,217	3.1%	$38,838	3.2%	$47,530	3.9%
2016	$41,815	1.5%	$39,348	1.3%	$47,910	0.8%
2017	$42,156	0.8%	$39,763	1.1%	$48,980	2.2%
2018(a)	$43,110	2.3%	$40,608	2.1%	$50,346	2.8%
CAGR 2010-2018	**1.4%**		**1.8%**		**2.2%**	

(a) Last year of actual data in Woods & Poole database.

Source: Woods & Poole Economics, Inc., The 2020 Complete Economic and Demographic Data Source

1.2.3 Household Income Distribution

An additional indicator of a market's potential for air transportation demand is the percentage of households in the higher income categories. An examination of this indicator is important since as personal income increases, the cost of air transportation becomes more affordable and, therefore, air travel is used more frequently. According to the 2019 Consumer Expenditure Survey prepared by the Bureau of Labor Statistics, the higher a household annual income, the more the household spends on travel. Households with an annual income of $100,000 or more spend up to five times as much on air travel than lower income levels. **Table 1-3** presents the distribution of households by income category for the Air Trade Area, the Tri-State Area, and the U.S. for 2010, 2015, and 2018. As shown, the distribution of households shifted from the lower income categories to the higher income categories from 2010 to 2018, indicating a greater ability to spend on air travel.

Table 1-3 – Distribution of Households by Income Category (in 2009 dollars)

Income Category	Air Trade Area			Tri-State Area			United States		
	2010	2015	2018(a)	2010	2015	2018(a)	2010	2015	2018(a)
Less than $20,000	22.7%	22.0%	20.9%	25.7%	24.9%	23.6%	19.3%	19.0%	18.1%
$20,000 - $44,999	27.6%	27.1%	25.9%	29.6%	29.2%	28.3%	26.0%	25.5%	24.3%
$45,000 - $74,999	22.1%	23.0%	23.8%	22.2%	22.5%	23.4%	22.7%	22.7%	23.1%
$75,000 - $99,999	10.9%	11.3%	11.9%	9.9%	10.5%	11.0%	12.0%	12.3%	12.9%
$100,000 or more	16.6%	16.7%	17.5%	12.5%	12.9%	13.6%	20.0%	20.4%	21.5%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(a) Last year of actual data in Woods & Poole database.
(b) The projections of households by income bracket are based only on data from the 2010 American Community Survey. As a resuit, the income brackets for all years are in 2009 and not 2012 dollars.

Source: Woods & Poole Economics, Inc., The 2020 Complete Economic and Demographic Data Source

Columns may not add to totals shown due to rounding.

1.3 Economic Analysis

This section presents an analysis of economic data for the Air Trade Area, the Tri-State Area, and the United States; including items such as GRP and GDP, employment data, and housing trends. The top employers in the Air Trade Area are also discussed in this section as well as tourism in the Air Trade Area.

1.3.1 State of the Economy

The GDP is a broad indicator of economic output, which measures the market value of all final goods and services produced in the United States in a given time period. GRP serves as a counterpart to GDP in smaller jurisdictions such as states or MSAs. **Table 1-4** presents a comparison of the Air Trade Area's GRP, the Tri-State Area's GRP, and the U.S. GDP, in 2012 dollars, for 2010 through 2018.

Table 1-4 – Historical GRP and GDP (in 2012 dollars)

Calendar Year	Air Trade Area (in millions)	% Change	Tri-State Area	% Change	United States	% Change
2010	$61,833	--	$473,156	--	$15,556,281	--
2011	$62,223	0.6%	$479,070	1.2%	$15,725,298	1.1%
2012	$64,243	3.2%	$492,082	2.7%	$16,083,776	2.3%
2013	$64,936	1.1%	$501,937	2.0%	$16,450,116	2.3%
2014	$64,756	-0.3%	$510,835	1.8%	$16,934,250	2.9%
2015	$67,509	4.3%	$531,135	4.0%	$17,577,651	3.8%
2016	$68,582	1.6%	$540,390	1.7%	$17,870,993	1.7%
2017	$69,187	0.9%	$547,118	1.2%	$18,319,763	2.5%
2018(a)	$70,970	2.6%	$561,625	2.7%	$18,922,590	3.3%
CAGR 2010-2018	**1.7%**		**2.2%**		**2.5%**	

(a) Last year of actual data in Woods & Poole database.

Source: Woods & Poole Economics, Inc., The 2020 Complete Economic and Demographic Data Source

From 2010 to 2018, the GRP in the Air Trade Area increased at a 1.7% CAGR, while the Tri-State Area's GRP and the U.S. GDP grew at 2.2% and 2.5%, respectively. As shown on the table, the Air Trade Area has recovered slower than the U.S. as a whole following the Great Recession (June 2007 through June 2009). Specifically in 2018, the Air Trade Area grew at a rate of 2.6% which was lower than both the Tri-State Area and the United States.

1.3.2 Civilian Labor Force and Unemployment Rates

Table 1-5 presents recent employment trends for the Air Trade Area, the Tri-State Area, and the U.S. As shown in the table, the Air Trade Area's civilian labor force increased by 0.2% during the period 2010 to 2019. This is lower than both the 0.4% for the Tri-State Area and the 0.7% for the U.S. Beginning in 2012 and ending in 2014, both the Air Trade Area and the Tri-State Area experienced decreases as people left the labor force. However, the labor force began increasing in 2015 and continued through 2019 in each of the areas examined.

Table 1-5 – Historical Civilian Labor Force (in 000s)

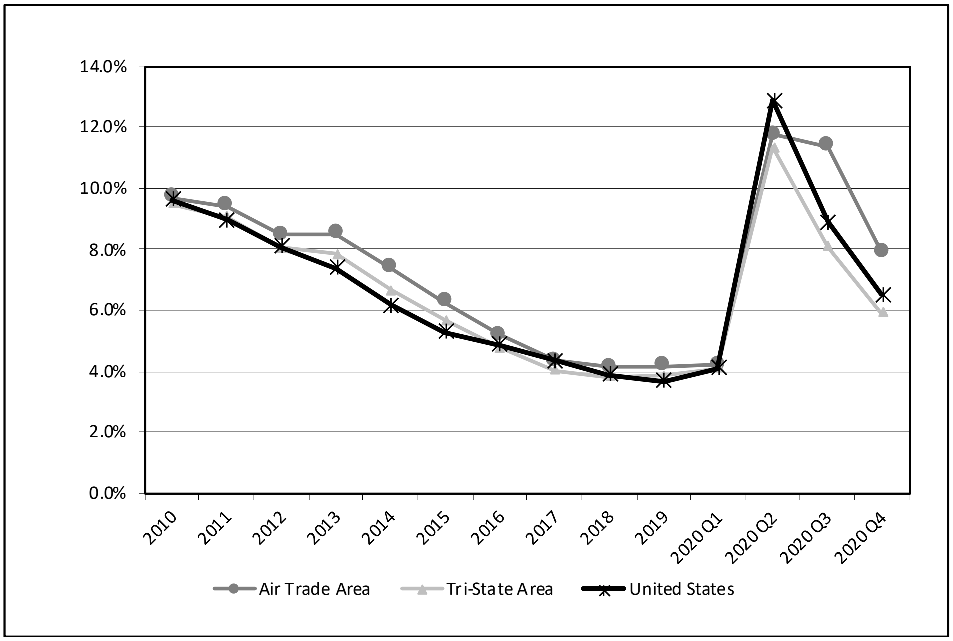
Calendar Year	Air Trade Area	% Change	Tri-State Area	% Change	United States	% Change
2010	636	--	5,751	--	153,889	--
2011	642	1.0%	5,831	1.4%	153,617	-0.2%
2012	634	-1.2%	5,760	-1.2%	154,975	0.9%
2013	622	-1.9%	5,662	-1.7%	155,389	0.3%
2014	610	-2.0%	5,591	-1.3%	155,922	0.3%
2015	614	0.7%	5,654	1.1%	157,130	0.8%
2016	622	1.2%	5,741	1.6%	159,187	1.3%
2017	626	0.8%	5,810	1.2%	160,320	0.7%
2018	634	1.3%	5,877	1.2%	162,075	1.1%
2019	645	1.7%	5,984	1.8%	163,539	0.9%
CAGR 2010-2019	**0.2%**		**0.4%**		**0.7%**	

Source: U.S. Department of Labor, Bureau of Labor Statistics

Figure 1-2 depicts the unemployment rates experienced in the Air Trade Area, the Tri-State Area, and the U.S. from 2010 through the fourth quarter of 2020. As shown, unemployment rates in the Air Trade Area and the Tri-State Area, while slightly higher in most of the years presented, follow the same trends as the U.S. In 2019, the unemployment rate for the Air Trade Area was 4.2%, compared to 3.9% for the Tri-State Area and 3.7% for the U.S.

The unemployment rate in the Air Trade Area remained stable during the first quarter of 2020 at 4.2%. Primarily due to COVID-19, the unemployment rate at the end of the second quarter of 2020 increased to 11.8% and only declined modestly to 11.4% by the end of the third quarter of 2020. However, the unemployment rate showed greater recovery by the end of 2020 when the rate declined to 7.9%, which was higher than 5.9% for the Tri-State Area and 6.5% for the U.S. The Air Trade Area continues to lag the Tri-State Area and the U.S. due to the impact of COVID-19 on all of its employment sectors.

Figure 1-2 – Annual Average Unemployment Rates



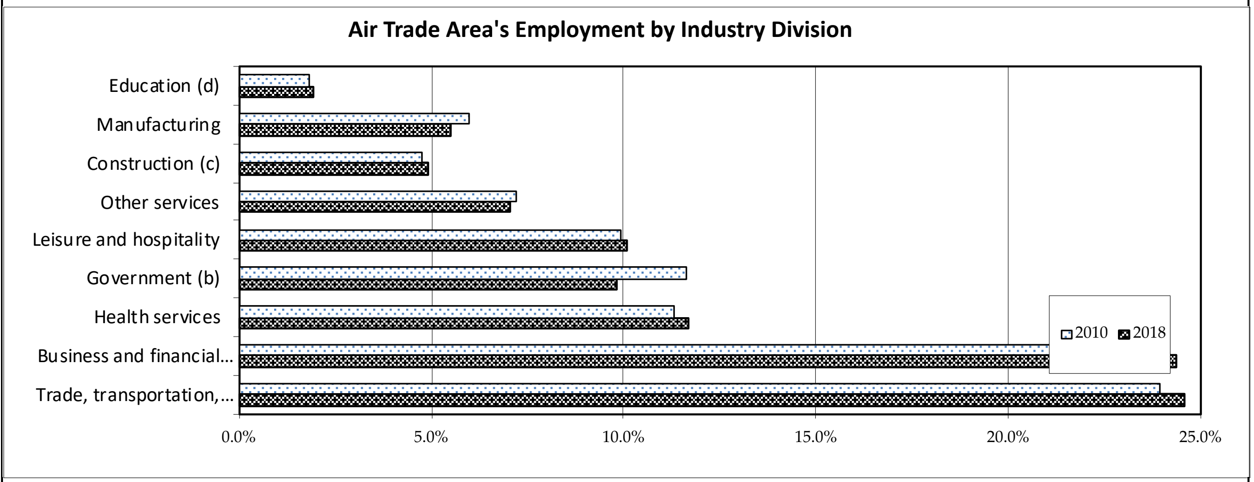
Source: U.S. Department of Labor, Bureau of Labor Statistics

1.3.3 Employment by Industry

Table 1-6 presents nonagricultural employment trends by major industry sector for the Air Trade Area, Tri-State Area and the U.S.

Table 1-6 – Nonagricultural Employment Trends by Industry (in 000s)

Industry	Air Trade Area 2010	Air Trade Area 2018	Air Trade Area CAGR	Tri-State Area 2010	Tri-State Area 2018	Tri-State Area CAGR	United States 2010	United States 2018	United States CAGR
Trade, transportation, and utilities	184	210	1.7%	1,211	1,392	1.8%	29,647	35,683	2.3%
Business and financial services (a)	179	208	1.9%	1,361	1,643	2.4%	44,286	52,711	2.2%
Health services	87	100	1.8%	693	786	1.6%	19,075	22,618	2.2%
Government (b)	89	84	-0.8%	904	887	-0.2%	22,572	22,621	0.0%
Leisure and hospitality	76	86	1.6%	575	722	2.9%	15,763	19,764	2.9%
Other services	55	60	1.1%	387	435	1.5%	9,746	11,259	1.8%
Construction (c)	36	42	1.8%	444	477	0.9%	10,888	13,290	2.5%
Manufacturing	46	47	0.3%	615	686	1.4%	12,094	13,504	1.4%
Education (d)	14	17	2.3%	112	131	1.9%	4,094	4,771	1.9%
Total	**767**	**854**	**1.4%**	**6,301**	**7,160**	**1.6%**	**168,166**	**196,220**	**1.9%**



(a) Includes information and administrative, waste, professional, technical, and financial services employment.
(b) Excludes military employment. Includes employment at public schools, including colleges and universities.
(c) Includes mining employment in cases where data is not confidential.
(d) Excludes employment at public schools, including colleges and universities.

Source: Woods & Poole Economics, Inc., The 2020 Complete Economic and Demographic Data Source

Columns may not add to totals shown due to rounding.

Table 1-7 illustrates the diversity of the local economy by listing the top 25 employers located in the Air Trade Area, as measured by the average number of employees as of July 2020. As shown, the largest private employer in the Air Trade Area is FedEx with approximately 30,000 employees. A diverse cross-section of industries in the trade, transportation and utilities sector make it the largest non-government sector in the Top 25. In addition, three of the largest employers in the Air Trade Area are Fortune 500 companies including FedEx, International Paper and AutoZone.

Table 1-7 – Top 25 Employers in the Air Trade Area

Employer	Approximate Employment	Industry Sector
FedEx Corporation	30,000	Trade, transportation, and utilities
Shelby County Schools	15,500	Government
Tennessee State Government	15,500	Government
United States Government	13,600	Government
Methodist Le Bonheur Healthcare	13,200	Health services
City of Memphis	8,400	Government
Baptist Memorial Healthcare Corporation	7,400	Health services
The Kroger Company	6,700	Trade, transportation, and utilities
Wal-Mart Stores Inc.	6,700	Trade, transportation, and utilities
Naval Support Activity Mid-South	6,500	Government
Shelby County Government	5,400	Government
St. Jude Children's Research Hospital	5,100	Health services
DeSoto County School District	4,400	Government
University of Tennessee Health Science Center	3,600	Government
Technicolor	3,500	Trade, transportation, and utilities
Nike, Inc.	3,300	Trade, transportation, and utilities
Smith & Nephew Inc.	2,800	Manufacturing
Regional One Health	2,700	Health services
Memphis Light, Gas & Water	2,700	Trade, transportation, and utilities
University of Memphis	2,600	Government
Saint Francis Healthcare	2,600	Health services
AutoZone Inc.	2,500	Trade, transportation, and utilities
International Paper Company	2,400	Manufacturing
Veterans Affairs Medical Center	2,400	Health services
DHL Supply Chain	2,300	Trade, transportation, and utilities

Source: Memphis Business Journal 2020 Book of Lists, July 2020

1.3.3.1 Trade, Transportation, and Utilities

As shown on **Table 1-6**, the Air Trade Area's largest industry is trade, transportation, and utilities, which grew at a CAGR of 1.7% between 2010 and 2018. Included in this sector are industries providing transportation of passengers and cargo, warehousing, and storage for goods. This sector has benefitted during COVID-19 from a consumer shift to increased online spending.

According to the Memphis Chamber of Commerce, Memphis has the second largest concentration of transportation, distribution and logistics works in the U.S. Memphis has become known as "America's Distribution Center" due to its skilled workforce, transportation resources, and favorable geographic location with access to:

- **MEM** – MEM is the busiest cargo airport in North America and the second busiest cargo airport in the world in terms of cargo volume handled in 2019.

- **Railroads** – Memphis is one of four U.S. cities that is served by five Class I railroads. These include BNSF Railway, Canadian National, CSX, Norfolk Southern, and Union Pacific. Goods can reach 45 states, Canada, and Mexico by rail within 48 hours from Memphis. The Air Trade Area has a total of nine intermodal rail yards that have a lift capacity of 2 million cargo containers annually.

- **Inland port** – The International Port of Memphis (Port), which is located along the Mississippi River offers an alternative for shipping goods via barge operations. The Port ranked 48th in the U.S. based on total tonnage shipped in 2018, handling more than 11 million tons of goods.

- **Four interstate highways** – Memphis is served by four interstate highways along with regional interstate by-passes. Memphis is located less than 500 miles from the mean center of the U.S. population; therefore, 40% of the U.S. population can be reached within an 11-hour drive from Memphis and 75% within a 22-hour drive.

FedEx, the world's largest airline in terms of cargo and tonnage, established its corporate headquarters in Memphis in 1973. FedEx operates its primary sorting facility at MEM (FedEx SuperHub) and employs approximately 30,000 workers in the Air Trade Area. A more detailed description of FedEx's role at MEM is included in Chapter 2 of this Report. In addition to FedEx, both UPS and Deutsche Post DHL Group (DHL) operate facilities in the Air Trade Area, each with approximately 2,000 employees.

There is approximately 35 million square feet of proprietary distribution centers in the Air Trade Area. Many corporations have invested in proprietary distribution centers in the Air Trade Area including Nike Inc. (5.3 million square feet), Technicolor (4.3 million square feet) and Williams-Sonoma Inc. (2.7 million square feet). In addition, third party distribution centers totaling 29.7 million square feet are also located in the Air Trade Area. These facilities are located in the Air Trade Area due to its strategic location with access to MEM, interstate highways, and rail.

To support the distribution centers, several trucking companies are also headquartered in the Air Trade Area including FedEx Freight, IMC Companies, JNJ Express, Ozark Motor Lines Inc., and Power Transport LLC. Almost 7,500 local employees were employed by trucking companies in the Air Trade Area in 2019.

An indicator of growth in the trade, transportation and utility sector is retail sales, defined as all net sales (gross sales minus refunds and allowances for returns) for establishments engaged primarily in retail trade. **Table 1-8** presents historical per capita retail sales for the Air Trade Area, the Tri-State Area, and the U.S. Since 2010, the Air

Trade Area has seen growth in this area. From 2010 through 2018, the Air Trade Area fared better than the Tri-State Area and the U.S. with a 3.6% CAGR while the Tri-State Area experienced a 2.3% CAGR and the U.S. a 2.0% CAGR. This higher growth is attributed to the growth experienced in the Air Trade Area's "nonstore retailers" subcategory of retail sales, which includes internet sellers, mail order and catalog sellers, television and infomercial sellers, and direct selling establishments. It is estimated that Amazon employs over 2,000 employees in the Air Trade Area. Amazon operates a receiving center, sort facility, and several fulfillment centers in the Air Trade Area.

Table 1-8 – Per Capita Retail Sales

Calendar Year	Air Trade Area	% Change	Tri-State Area	% Change	United States	% Change
2010	$17,580	--	$13,572	--	$14,183	--
2011	$19,502	10.9%	$14,252	5.0%	$14,733	3.9%
2012	$21,236	8.9%	$14,754	3.5%	$15,077	2.3%
2013	$21,536	1.4%	$14,981	1.5%	$15,308	1.5%
2014	$21,949	1.9%	$15,282	2.0%	$15,613	2.0%
2015	$22,265	1.4%	$15,519	1.6%	$15,854	1.5%
2016	$22,509	1.1%	$15,703	1.2%	$16,040	1.2%
2017	$22,882	1.7%	$15,975	1.7%	$16,315	1.7%
2018(a)	$23,347	2.0%	$16,312	2.1%	$16,657	2.1%
CAGR 2010-2018	**3.6%**		**2.3%**		**2.0%**	

(a) Last year of actual data in Woods & Poole database.

Source: Woods & Poole Economics, Inc., The 2020 Complete Economic and Demographic Data Source

1.3.3.2 Business and Financial Services

As also shown on **Table 1-6**, the Air Trade Area's business and financial services industry, is the second largest subsector with a CAGR of 1.9% between 2010 and 2018. This subsector includes information and administrative, waste, professional, technical, and financial services employment. The largest financial institution headquartered in Memphis is First Horizon National Corporation with $59.6 billion in total deposits. First Horizon recently completed its merger with Louisiana-based Iberia Bank and will continue to be headquartered in Memphis.

1.3.3.3 Health Services

As shown on **Table 1-6**, another growing industry in the Air Trade Area is health services. As shown on **Table 1-7**, the top 25 employers in the Air Trade Area employ

33,400 in this sector and grew at a CAGR of 1.8% between 2010 and 2018. The largest hospitals in the Air Trade Area ranked by total local full-time employees are Methodist Le Bonheur Healthcare, Baptist Memorial Healthcare, St. Jude Children's Research Hospital, Regional One Health, St. Francis Healthcare, and Veterans Affairs Medical Center which all employ more than 2,000 local full-time employees.

1.3.3.4 Government

In addition to the private employers discussed in the previous section, a number of government organizations are among the top employers in the Air Trade Area. As shown in **Table 1-7**, the largest government employers are the Shelby County Schools, Tennessee State Government and the U.S. Government employing nearly 45,000 total workers in the Air Trade Area. The Air Trade Area is also home to the Naval Support Activity Mid-South, which serves as the Navy's Human Resources Center of Excellence and employs approximately 6,500 workers.

1.3.3.5 Leisure and Hospitality

Tourism has historically played an important role in the Air Trade Area's leisure and hospitality industry. This sector grew at a CAGR of 1.6% between 2010 and 2018. According to the Memphis Convention and Visitors Bureau, tourism contributed approximately $3.65 billion in direct, indirect, and induced spending to the economy of Tennessee in 2018. The Air Trade Area saw demand for hotel rooms grow 5.5% from 2018 to 2019 with over 400 meetings, conventions and other events being held in 2019 generating an estimated economic impact of $141 million. The Air Trade Area has several large special event venues including the Renasant Convention Center. The Renasant Convention Center recently completed a $200 million makeover which improved the functionality of the facility by adding to the main exhibit hall, expanding breakout rooms and adding two new ballrooms.

The Air Trade Area offers a wide variety of attractions, which not only provides a catalyst for employment, but also provides a revenue stream derived from non-residents. Memphis Tourism, the area's official destination marketing organization, announced that a record 12.4 million visitors came to Memphis in 2019 which represented an increase of almost 5% over 2018. Music is one of the core reasons why visitors travel to Memphis to visit Beale Street Historic District and Graceland. Other tourist attractions ranked by attendance in 2019 include Bass Pro Shops at the Pyramid, Overton Square, Memphis Zoo, and the National Civil Rights Museum.

Tunica County, which is located approximately 40 miles from MEM, is home to six casinos. According to the 2019 Tourism Economic Contribution Report by Visit

Mississippi, travel and tourism expenditures by visitors in Tunica County were approximately $503 million which created 5,175 direct travel and tourism jobs.

Finally, the Air Trade Area is the home to several professional sports teams including the Memphis Grizzlies, Memphis Redbirds, Memphis Hustle, and Memphis 901 FC. The FedEx Forum arena, which opened in 2004, serves as the home of the Memphis Grizzlies and the Memphis Tigers, which is the University of Memphis men's basketball program. The arena is also used for various concerts and other events.

According to the Department of Labor, leisure and hospitality workers had the greatest job losses in the Air Trade Area due to COVID-19. However, as of October 2020, the Air Trade Area had recovered over 25,000 of its leisure and hospitality jobs or 93% of pre-COVID-19 jobs.

1.3.3.6 Construction

In an effort to encourage industrial and commercial real estate development and construction, a Payment-in-lieu-of-tax (PILOT) program was established approximately 30 years ago to provide financial incentives, which maintain property taxes at the predevelopment level for a certain amount of time, in return for creating new jobs, paying living wages, and other benefits. The PILOT program is administered through nine entities in Shelby County and can be used for industrial, commercial, and residential projects as well as certain privately-owned utilities. In 2019, PILOT program projects were estimated to create 1,355 jobs with a projected investment of $545 million. In addition to the PILOT program projects, recent and future major development projects in the Air Trade Area include the following:

- In 2018, FedEx announced a $1.5 billion investment in its facilities at MEM including demolishing 24 outdated structures and replacing the structures with facilities specifically designed to accommodate modernized, more efficient equipment that is compatible with its current aircraft fleet. Due to COVID-19, FedEx delayed certain spending associated with this project and adjusted the estimated completion date to 2027.

- In July 2020, DHL Supply Chain received permits to build an $87 million addition to its Memphis distribution campus that would house third-party logistics services.

- In July 2020, Amazon opened a 1 million square-foot fulfillment center in DeSoto County which is expected employ 500 workers. Amazon also broke ground on its first robotic fulfillment center in Tennessee that will create more than 1,000 full-time jobs.

1.3.3.7 Manufacturing

The manufacturing sector remains an important part of the Air Trade Area's economy. The Greater Memphis Chamber estimates that over 1,000 manufacturing firms employ more than 40,000 people in the Air Trade Area. Global manufacturers in the Air Trade Area include Cargill Cotton, Carrier (heating and cooling equipment), Cummins (fuel systems), DuPont (chemicals), Flex (electronics), Georgia Pacific (cotton), Medtronic (medical devices), NuCor (steel), Olympus (medical devices), Smith+Nephew (medical devices), Unilever (consumer products), and Wright (medical devices).

1.3.3.8 Education

The availability and quality of educational institutions are important in stimulating economic growth and development. Private educational institutions located in the Air Trade Area ranked based on fall 2019 enrollment are: Rhodes College, Christian Brothers University, Baptist College of Health Sciences, Lemoyne-Owen College, Rust College, Union University – Germantown Campus, and Southern College of Optometry. The Air Trade Area also has several public colleges and universities (included in government employment on **Table 1-6**) ranked based on fall 2019 enrollment are University of Memphis, Southwest Tennessee Community College, Northwest Mississippi Community College, University of Tennessee Health Science Center, Tennessee College of Applied Technology and Arkansas State University – Mid South. In an effort to increase the percentage of the population with a college degree, Tennessee began the Tennessee Promise program in 2015. This is a last-dollar scholarship, which covers costs not met from grant programs, and mentoring program focused on increasing the number of students that attend college in Tennessee by offering two years paid tuition at participating community college or a public or private university with an associate degree program. Approximately 88,000 students have benefited from this program to-date.

2. Air Traffic

As discussed in Chapter 1 of this Report, the economic base for MEM's Air Trade Area was strong and diversified prior to COVID-and should generate continued demand for local air transportation services. This chapter presents information regarding the impacts of COVID-19 on MEM, proximity of alternative airport facilities, historical trends in activity at MEM and factors affecting those trends, and the forecast of aviation activity at MEM through FY 2027.

2.1 COVID-19

Historical patterns of passenger and cargo traffic at MEM were drastically disrupted by the emergence of COVID-19 in early 2020. By February 2020, the virus that causes COVID-19 had spread from China and southeast Asia to Europe, and the United States. In March 2020, the coronavirus was declared a global pandemic by the World Health Organization. Work-at-home requirements, mandated closures of offices and businesses, and other restrictions imposed to contain the pandemic have caused serious economic contraction, unemployment, and financial hardship. This economic dislocation, combined with travel restrictions, public health concerns about the contagion, and social distancing requirements resulted in drastic and unprecedented reductions in airline travel at MEM and most other U.S. airports beginning in March 2020.

Table 2-1 presents the decline in the number of people screened through TSA that resulted from the travel restrictions related to COVID-19 from March 2020 through January 2021. As shown in the table, the TSA reported that, beginning in March 2020, the number of people screened at all U.S. airports decreased relative to the same months in 2019, with the largest decrease to date of 95.3% occurring in April 2020. MEM's largest decrease to date of 93.4% also occurred in April 2020. MEM's total number of people screened from March 2020 through January 2021 decreased 64.0% over March 2019 through January 2020. MEM's recovery was better than the overall U.S. aviation system, which decreased 71.4%.

Table 2-1 – Monthly Number of People Screened by TSA

Month	U.S. Number of People Screened	U.S. % change over prior period	MEM Number of People Screened	MEM % change over prior period
Mar-19	72,680,065		214,488	
Apr-19	70,124,591		205,042	
May-19	74,499,253		245,579	
Jun-19	76,619,900		240,645	
Jul-19	79,511,968		238,534	
Aug-19	74,776,010		210,637	
Sep-19	66,531,258		203,480	
Oct-19	72,096,495		236,892	
Nov-19	68,787,654		215,314	
Dec-19	70,219,363		226,112	
Jan-20	61,930,286		184,976	
Total pre-COVID-19	787,776,843		2,421,699	
Mar-20	35,139,502	-51.7%	108,724	-49.3%
Apr-20	3,287,008	-95.3%	13,504	-93.4%
May-20	7,165,829	-90.4%	33,178	-86.5%
Jun-20	14,481,802	-81.1%	59,867	-75.1%
Jul-20	20,740,781	-73.9%	83,389	-65.0%
Aug-20	21,708,071	-71.0%	87,774	-58.3%
Sep-20	21,488,263	-67.7%	90,951	-55.3%
Oct-20	25,636,496	-64.4%	108,752	-54.1%
Nov-20	25,512,987	-62.9%	102,208	-52.5%
Dec-20	26,391,765	-62.4%	100,058	-55.7%
Jan-21	23,598,230	-61.9%	82,249	-55.5%
Total post-COVID-19	225,150,734	-71.4%	870,654	-64.0%

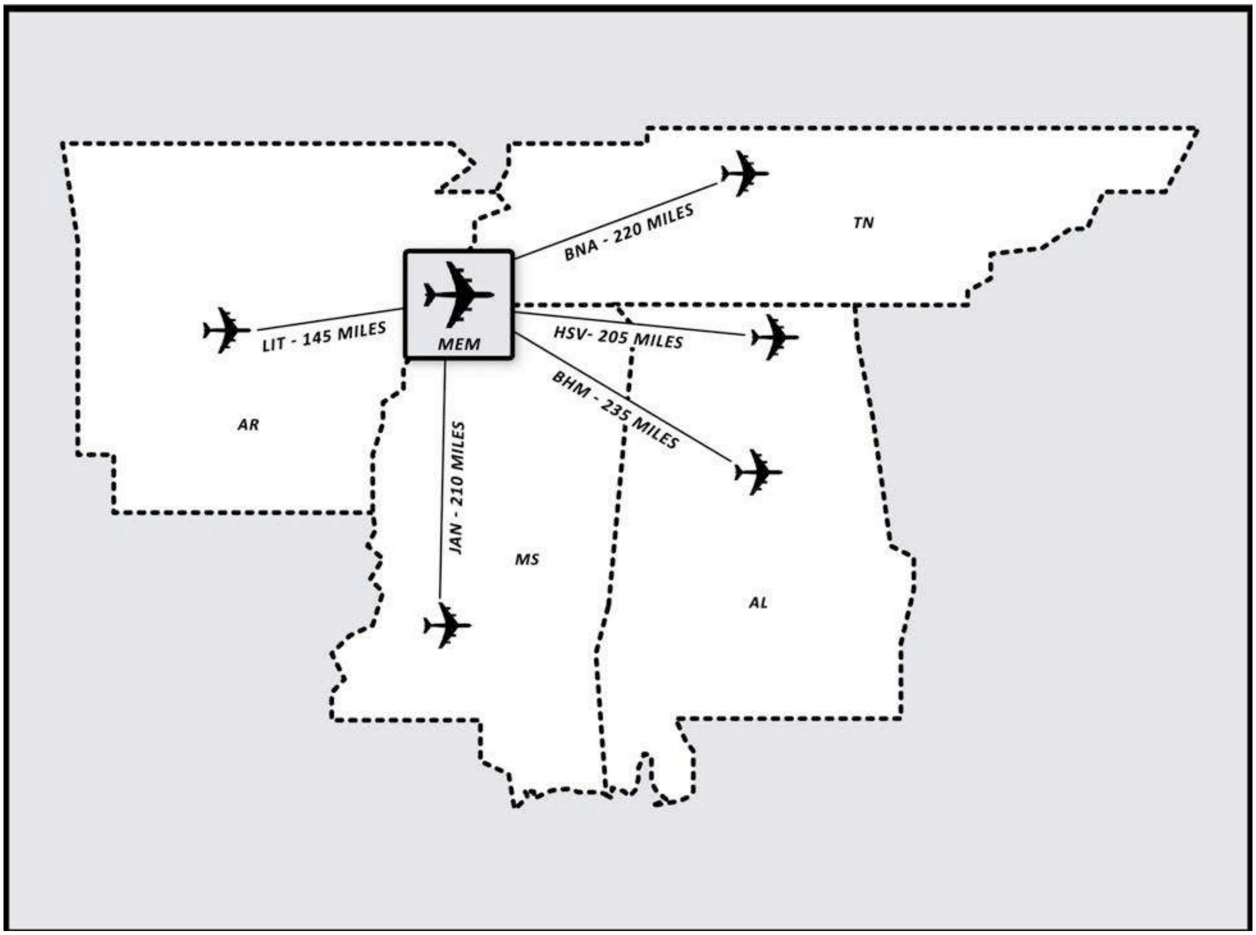
Sources:
Transportation Security Administration
Authority records

2.2 Proximity of Alternative Airport Facilities

MEM is classified as a small hub airport with 2.3 million enplaned passengers in FY 2019. According to ACI's 2019 North American Traffic Report, MEM ranked as the 67th busiest airport nationwide based on total passengers (enplaned and deplaned). As of February 2020, which is prior to the travel restrictions due to COVID-19, MEM served 27 markets and a daily average of 82 nonstop flights. As of February 2021, MEM nonstop scheduled service decreased to 22 markets with a daily average of 57 nonstop flights.

The five commercial service airports within 250 miles of MEM are graphically presented in **Figure 2-1** and a brief discussion of them according to hub size[1] is presented below.

Figure 2-1 – Alternative Facilities



Source: Lauren Haddox Design

- **Nashville International Airport (BNA):** BNA, a medium hub airport, had 8.6 million enplaned passengers in FY 2019 and is located approximately 220 miles from MEM. According to ACI's 2019 North American Traffic Report, BNA ranked as the 34th busiest airport nationwide based on total passengers. As of February 2020, which is prior to the travel restrictions due to COVID-19, BNA served 75 markets and a daily average of 266 nonstop flights. As of February 2021, BNA's nonstop scheduled service decreased to 63 markets and a daily average of 173 nonstop flights.

[1] As defined by the FAA, a large hub primary airport enplanes more than 1% of nationwide enplanements during the latest calendar year. A medium hub primary airport enplanes at least 0.25% but less than 1% of nationwide enplanements during the latest calendar year. A small hub primary airport enplanes at least 0.05% but less than 0.25% of enplanements nationwide during the latest calendar year.

- **Birmingham International Airport (BHM):** BHM, a small hub airport, had 1.5 million enplaned passengers in FY 2019 and is located approximately 235 miles from MEM. According to ACI's 2019 North American Traffic Report, BHM ranked as the 87th busiest airport nationwide based on total passengers. As of February 2020, which is prior to the travel restrictions due to COVID-19, BHM served 15 markets and a daily average of 56 nonstop flights. As of February 2021, BHM's nonstop scheduled service decreased to nine markets and a daily average of 31 nonstop flights.

- **Little Rock National Airport (LIT):** LIT, a small hub airport, enplaned 1.1 million passengers in FY 2019 and is located approximately 145 miles from MEM making it the closest commercial service airport to MEM. According to ACI's 2019 North American Traffic Report, LIT ranked as the 102nd busiest airport nationwide based on total passengers. As of February 2020, which is prior to the travel restrictions due to COVID-19, LIT served 10 markets and a daily average of 42 nonstop flights. As of February 2021, LIT's nonstop scheduled service decreased to nine markets and a daily average of 30 nonstop flights.

- **Huntsville International Airport (HSV):** HSV, a small hub airport, enplaned approximately 670,000 passengers in FY 2019 and is located approximately 205 miles from MEM. According to ACI's 2019 North American Traffic Report, HSV ranked as the 123rd busiest airport nationwide based on total passengers. As of February 2020, which is prior to the travel restrictions due to COVID-19, HSV served nine markets and a daily average of 33 nonstop flights. As of February 2021, HSV's nonstop scheduled service decreased to seven markets and a daily average of 21 nonstop flights.

- **Jackson-Evers International Airport (JAN):** JAN, a small hub airport, had approximately 530,000 enplaned passengers in FY 2019 and is located approximately 210 miles from MEM. According to ACI's 2019 North American Traffic Report, JAN ranked as the 138th busiest airport nationwide based on total passengers. As of February 2020, which is prior to the travel restrictions due to COVID-19, JAN served six markets and a daily average of 25 nonstop flights. As of February 2021, JAN's nonstop scheduled service decreased to four markets and a daily average of 14 nonstop flights.

Since the closest alternative airport is located approximately 145 miles or approximately two hours by car from MEM, these airports are not considered a competitive threat to MEM and, as such, passenger leakage from the Air Trade Area is expected to be minimal and is unlikely to limit passenger growth at MEM.

2.3 MEM's Role in the FedEx Network

FedEx was founded in 1971 in Little Rock, Arkansas and relocated its headquarters to Memphis in 1973. By 1981, FedEx had substantially expanded its air cargo facility at MEM due to increasing operations; this expanded facility became known as the FedEx SuperHub. The FedEx SuperHub is FedEx's primary sorting facility and the center of its operations throughout the world. In addition to the sorting and handling facilities, the FedEx SuperHub facilities, which are leased from MEM through 2036, include aircraft hangars, aircraft ramp areas, vehicle parking areas, flight training and fuel facilities, administrative offices, warehouse space, and a cold chain center, which processes temperature-sensitive shipments, such as vaccines. FedEx has continued its domestic and international growth through its own expanded operations and through domestic and international company acquisitions, the most recent of which occurred in 2019, when it acquired the international express division of FC (Flying Cargo) Express Ltd.

FedEx's 48-year history in Memphis has made MEM the second busiest airport worldwide in terms of cargo volume according to ACI's 2019 World Airport Traffic Report. MEM's significance to FedEx's operations is presented in **Table 2-2**. As shown in the table, the facility at MEM is approximately 44% larger and has an hourly sorting capacity that is more than double that of any other hub in the FedEx network.

Table 2-2 – FedEx Sorting and Handling Facilities

	Approximate Square Feet	Hourly Sorting Capacity (a)
National		
Memphis	3,608,000	484,000
Indianapolis	2,509,000	184,000
Miami	143,000	7,000
Regional		
Newark	595,000	156,000
Fort Worth	948,000	76,000
Oakland	449,000	63,000
Greensboro	593,000	23,000
Metropolitan		
Los Angeles	305,000	57,000
Chicago	481,000	23,000
International		
Paris	1,238,000	63,000
Guangzhou	873,000	56,000
Anchorage	332,000	25,000
Cologne	325,000	20,000
Osaka	425,000	9,000

(a) Documents and packages.

Source: FedEx 2020 Annual Report

The FedEx SuperHub occupies approximately 945 acres and includes 3.6 million square-feet of sorting and handling facilities, which are capable of processing 484,000 packages per hour. The FedEx SuperHub has the capacity to park more than 165 aircraft at a time, which equates to one aircraft landing every 40 seconds during peak operations. FedEx accounts for approximately 150 arrivals at MEM during its night sort operations and 100 during its day sort operations. FedEx also executed a public-private sole source contract with the U.S. Postal Service in 2001 that extends through 2024. This contract accounts for $1.5 billion per year in revenue to FedEx, making the U.S. Postal Service FedEx's largest customer. FedEx uses the extra volume from this contract to maximize the efficiency of the FedEx SuperHub by utilizing its facilities during the day. Although the majority of packages arrive at the FedEx SuperHub on flights from regional hubs, the FedEx SuperHub also receives packages from Memphis and the surrounding areas via truck and tractor-trailer receiving docks at MEM. The FedEx SuperHub receives cargo from approximately 130 trucks each night.

According to FedEx's 2020 Annual Report, FedEx Express will modernize and expand its Memphis and Indianapolis hubs to accommodate future growth over the next six years. Specifically at MEM, FedEx is investing in new sort systems and automation. As discussed in Chapter 1, FedEx has launched a $1.5 billion modernization of its facilities at MEM with an estimated completion date of 2027. FedEx indicates that these plans will create new opportunities for its employees while significantly improving the efficiency of the core of its global network.

Primarily as a result of COVID-19, FedEx's FY to date 2021 total landed weight increased 6.0% from 2020 levels for the same time period. FedEx's response to COVID-19 is detailed in its 2020 Annual Report. According to that report, FedEx adjusted its network to maximize capacity and utilization, which is evidenced by it flying a total of 530 extra flights in the fourth quarter of 2020, on top of its base schedule. Due to the crucial role FedEx plays in moving supply chains and delivering critical relief, FedEx is considered an essential business and is continuing to operate despite state-of-emergency and stay-at-home orders issued in the U.S. and globally. Recently, FedEx upgraded its cold chain center at MEM as it is serving a critical role in the distribution of COVID-19 vaccines.

2.4 Historical Activity at MEM

The following sections present the airlines currently serving MEM and historical activity trends in passengers, operations (take-offs and landings), and aircraft landed weight at MEM, as well as the major factors influencing these trends.

2.4.1 Air Service

As of February 2021, MEM had scheduled passenger service provided by eight U.S. passenger carriers. In addition, seven all-cargo carriers serve MEM, including FedEx, the world's busiest airline in terms of freight volume according to the World Air Transport Statistics 2019 report. **Table 2-3** lists the airlines serving MEM as of February 2021.

Table 2-3 – Airlines Serving MEM

Passenger		All-Cargo Carriers
Major/national	***Regional/commuter (a)***	ABX Air
Allegiant	American Eagle (b)	Air Transport International
American	United Express (c)	Baron Aviation
Delta	Delta Connection (d)	FedEx
Frontier		Kalitta Air
Southwest		Mountain Air
	Charter/Other	UPS
	Southern Airways Express	

(a) The regional/commuter airlines operate under their code share partner for Signatory Airline status under the Airline Agreements.
(b) Includes service provided by Envoy Air, Mesa, PSA, and Republic.
(c) Includes service provided by Endeavor Air, Republic, and Skywest.
(d) Includes service provided by Commutair, ExpressJet, GoJet, Mesa, Republic, and Skywest.

Sources:
Authority records
Official Airline Guide via PlaneStats.com

The distribution of O&D markets is a function of air travel demand and available services and facilities. This is particularly true for MEM, as O&D passenger traffic constituted 99% of MEM's passengers in FY 2020. **Table 2-4** presents the markets served by MEM as well as the number of average nonstop flights to those markets as of February 2020, which is prior to the travel restrictions due to COVID-19, and as of January 2021.

Table 2-4 – Nonstop Markets Served at MEM

	February 2020		February 2021	
Market	Average Daily Nonstop Flights	Airline	Average Daily Nonstop Flights	Airline
Atlanta	9	Delta	7	Delta(5), Southwest (2)
Dallas	9	American (7), Southwest (2)	7	American (6), Southwest (1)
Chicago	9	American (3), Southwest (2), United (4)	6	American (1), Southwest (2), United (3)
Charlotte	6	American	5	American
Houston	6	Southwest (1), United (5)	5	Southwest (1), United (4)
Denver	4	Frontier (1), Southwest (1), United (2)	4	Frontier (1), Southwest (1), United (2)
Orlando	4	Allegiant (1), Frontier (1), Southwest (2)	3	Allegiant (1), Frontier (1), Southwest (1)
Phoenix	2	American	3	Allegiant (1), American (2)
Detroit	3	Delta	2	Delta
Los Angeles	2	Allegiant (1), Delta (1)	2	Allegiant (1), Delta (1)
Minneapolis	2	Delta	2	Delta
Austin	1	Allegiant	1	Allegiant
El Dorado	1	Southern Airways	1	Southern Airways
Ft. Lauderdale	1	Allegiant	1	Allegiant
Harrison, AR	1	Southern Airways	1	Southern Airways
Las Vegas	1	Allegiant	1	Allegiant
Miami	2	American	1	American
Punta Gorda	1	Allegiant	1	Allegiant
Salt Lake	0		1	Delta
St. Petersburg	1	Allegiant	1	Allegiant
Tampa	1	Southwest	1	Southwest
Washington, D.C.	3	American	1	American
Baltimore	1	Southwest	0	
Destin	1	Southern Airways	0	
Nashville	2	Southern Airways	0	
New York	7	American (2), Delta (2), United (3)	0	
Philadelphia	1	American	0	
Toronto	1	Air Canada	0	
Total	82		57	
% change			-30.5%	
Markets served	27		22	
% change			-18.5%	

Source: Official Airline Guide via PlaneStats.com

As of February 2020, which is prior to the travel restrictions due to COVID-19, MEM served 27 markets and a daily average of 82 nonstop flights. The daily average number of nonstop flights decreased to a low of 45 in April 2020, with the number of markets served decreasing to 23. As of February 2021, MEM's daily average number of nonstop flights was 57 with the number of markets served decreasing to 22. The primary O&D markets served at MEM as of February 2021 include the major airlines' hubs of Atlanta, Dallas, Denver, Chicago, Charlotte, and Houston.

2.4.2 Historical Enplaned Passengers

In 1985, Republic Airlines chose MEM as one of its hubs. In 1986, Republic Airlines merged with Northwest, resulting in passenger traffic and service increases at MEM. In 2008, Northwest and Delta merged and Delta shifted its connecting passengers from MEM to its other hubs. In June 2013, Delta announced that it would no longer maintain a hub at MEM. **Table 2-5** presents passenger activity for MEM and the U.S. between FY 2010 and FY 2020.

Table 2-5 – Historical Enplaned Passengers

FY	MEM Enplaned Passengers	% Change	Load Factors	U.S. Domestic Enplaned Passengers (a)	% Change	Load Factors	MEM Share of U.S. Traffic (b)
2010	4,971,462	--	76.5%	634,800,000	--	82.7%	0.783%
2011	4,775,985	-3.9%	76.6%	650,100,000	2.4%	83.6%	0.735%
2012	3,924,581	-17.8%	77.9%	653,800,000	0.6%	84.1%	0.600%
2013	2,776,958	-29.2%	76.4%	654,400,000	0.1%	84.2%	0.424%
2014	1,954,865	-29.6%	76.5%	669,000,000	2.2%	85.0%	0.292%
2015	1,788,805	-8.5%	79.5%	696,300,000	4.1%	85.1%	0.257%
2016	1,968,861	10.1%	81.2%	726,200,000	4.3%	85.3%	0.271%
2017	2,035,413	3.4%	78.3%	743,900,000	2.4%	85.2%	0.274%
2018	2,150,535	5.7%	80.7%	780,800,000	5.0%	85.3%	0.275%
2019	2,260,642	5.1%	77.9%	813,300,000	4.2%	85.8%	0.278%
2020	1,704,548	-24.6%	71.0%	n/a	n/a	n/a	n/a
CAGR							
2010 - 2015	-18.5%		0.8%	1.9%		0.6%	
2015 - 2019	6.0%		-0.5%	4.0%		0.2%	
2010 - 2019	-8.4%		0.2%	2.8%		0.4%	
2010 - 2020	-10.2%		-0.7%				

(a) U.S. data is presented on a federal fiscal year (October through September) basis, as a result 2020 data is not yet available.
(b) As defined by the FAA, a small hub primary airport enplanes at least 0.05% but less than 0.25% of enplanements nationwide during the latest calendar year. The U.S. market share calculated in this table does not use calendar year data but reflects FY data for MEM and federal fiscal year data for the U.S., and therefore, does not correlate to the small hub determination.

Sources:
Authority records
FAA Aerospace Forecasts (U.S.)

As shown, enplaned passengers at MEM decreased between FY 2010 through FY 2015 as Delta shifted connecting passengers to its remaining hubs and officially de-hubbed MEM in September 2013 (FY 2014). As a result, MEM's share of U.S. domestic enplaned passengers decreased accordingly, from 0.783% in FY 2010 to 0.257% in FY 2015. Beginning in FY 2016, MEM experienced four consecutive years of growth despite Delta's share of MEM's enplaned passengers decreasing, as other airlines serving MEM increased their service as follows:

- Southwest acquired AirTran Holdings, Inc. in CY 2011 and has more than doubled AirTran's pre-merger scheduled operations from 2,778 in FY 2011 to 6,976 in FY 2020.

- Frontier began nonstop service to Denver, Las Vegas, Orlando, and Philadelphia.

- Allegiant began nonstop service to Fort Lauderdale, Las Vegas, Los Angeles, Orlando (Sanford), Punta Gorda, and St. Pete-Clearwater.

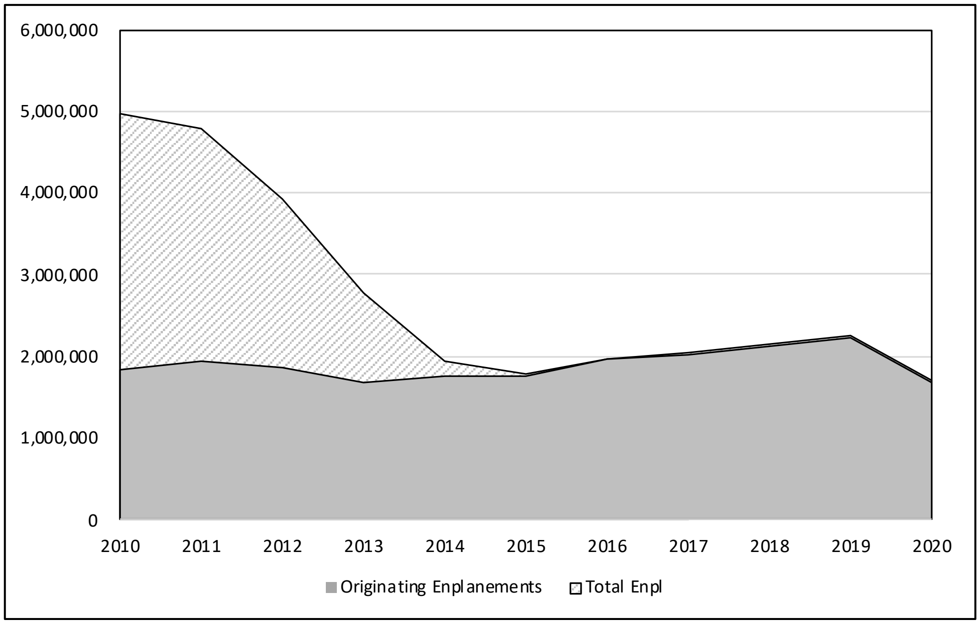
- Air Canada began nonstop regional jet service to Toronto.

In FY 2020, all airlines reduced service at MEM due to COVID-19, which is evidenced by a 24.6% decrease in enplaned passengers at MEM over FY 2019 levels. Despite this downturn, Delta began nonstop service to Salt Lake City in August 2020 and plans to begin service to Boston in FY 2021. In addition, Southwest plans to begin service to Phoenix in March 2021.

As also shown in **Table 2-5**, load factors at MEM increased from 76.5% in FY 2010, to a maximum of 81.2% in FY 2016, and then decreased to 71.0% in FY 2020. This is primarily the result of the additional seats added as Air Canada, American, and United have replaced smaller aircraft for larger aircraft and the impacts of COVID-19 in FY 2020.

Following Delta's decision to de-hub, MEM began the transition to becoming an O&D airport. As shown in **Figure 2-2**, connecting traffic at MEM was essentially eliminated by FY 2015, decreasing from approximately 63.0% in FY 2010 to 1% in FY 2020.

Figure 2-2 – Historical Originating Versus Connecting Enplaned Passengers



Source: Authority records

Primarily as a result of COVID-19, enplaned passengers at MEM and the U.S. declined in 2020. As shown in the table, MEM's enplaned passengers decreased 24.6% from FY 2019 to FY 2020. This decrease is further detailed in **Table 2-6**, which presents the monthly enplaned passengers at MEM for FY 2019, FY 2020, and through January for FY 2021.

Table 2-6 – Monthly Enplaned Passengers

Month	FY 2019 Enplaned Passengers	FY 2019 % Change	FY 2020 Enplaned Passengers	FY 2020 % Change	FY 2020 % Change from FY 2019	FY 2021 Enplaned Passengers	FY 2021 % Change	FY 2021 % Change from FY 2020	FY 2021 % Change from FY 2019
July	198,889	--	213,790	-1.2%	7.5%	73,714	41.5%	-65.5%	-62.9%
August	183,589	-7.7%	187,892	-12.1%	2.3%	76,397	3.6%	-59.3%	-58.4%
September	177,296	-3.4%	181,307	-3.5%	2.3%	79,525	4.1%	-56.1%	-55.1%
October	205,466	15.9%	212,908	17.4%	3.6%	96,686	21.6%	-54.6%	-52.9%
November	194,254	-5.5%	196,700	-7.6%	1.3%	88,851	-8.1%	-54.8%	-54.3%
December	183,441	-5.6%	204,564	4.0%	11.5%	89,004	0.2%	-56.5%	-51.5%
January	152,737	-16.7%	164,744	-19.5%	7.9%	72,438	-18.6%	-56.0%	-52.6%
February	147,994	-3.1%	158,375	-3.9%	7.0%	n/a	n/a	n/a	n/a
March	194,812	31.6%	94,450	-40.4%	-51.5%	n/a	n/a	n/a	n/a
April	183,482	-5.8%	10,029	-89.4%	-94.5%	n/a	n/a	n/a	n/a
May	222,401	21.2%	27,693	176.1%	-87.5%	n/a	n/a	n/a	n/a
June	216,281	-2.8%	52,096	88.1%	-75.9%	n/a	n/a	n/a	n/a
Total	2,260,642		1,704,548		-24.6%				
July-February	1,443,666		1,520,280		5.3%				
March-June	816,976		184,268		-77.4%				
July-January	1,295,672		1,361,905		5.1%	576,615		-57.7%	-55.5%

Source: Authority records

Columns may not add to totals shown due to rounding.

As shown in **Table 2-6**, the 24.6% decrease from FY 2019 to FY 2020 is composed of a 5.3% increase in the first eight months year-over-year and a 77.4% decrease in the last four months, as a result of COVID-19 travel restrictions beginning in March 2020. For July 2020 through January 2021 (which is FY 2021), enplaned passengers decreased 57.7% compared to July 2019 through January 2020 (which is FY 2020). Enplaned passengers began to return to MEM in May 2020 as evidenced by the declining rate of the decrease in the May 2020 to June 2020 numbers over 2019, with this trend continuing into FY 2021.

Table 2-7 presents the historical share of enplaned passengers by airline at MEM for FY 2016 through FY 2020. As shown, enplaned passengers are distributed across a number of carriers. When combined with Delta Connection, Delta's share of enplaned passengers has decreased from 33.7% in FY 2016 to 29.3% in FY 2020, while the share of enplaned passengers for the remaining airlines serving MEM increased from 66.3% in FY 2016 to 70.7% in FY 2020. In FY 2019, American, combined with its code-share partner American Eagle, became the largest airline at MEM in terms of enplaned passengers with a 30.6% market share, which increased to a 32.8% market share in FY 2020 and remains the largest airline at MEM for FY to date 2021.

Table 2-7 – Historical Enplaned Passengers by Airline

	FY 2016		FY 2017		FY 2018		FY 2019		FY 2020		FY through January 2020		FY through January 2021	
Airline	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share
Major/national														
Delta	540,312	27.4%	537,987	26.4%	548,396	25.5%	555,355	24.6%	408,563	24.0%	338,529	24.9%	104,276	18.1%
Southwest	335,902	17.1%	347,818	17.1%	352,394	16.4%	387,577	17.1%	292,967	17.2%	230,447	16.9%	119,110	20.7%
American	170,508	8.7%	295,060	14.5%	305,109	14.2%	360,666	16.0%	338,747	19.9%	276,303	20.3%	61,933	10.7%
Allegiant	79,584	4.0%	87,428	4.3%	108,131	5.0%	117,113	5.2%	93,910	5.5%	66,620	4.9%	53,537	9.3%
United	43,070	2.2%	67,021	3.3%	57,064	2.7%	87,461	3.9%	39,301	2.3%	38,937	2.9%	345	0.1%
Frontier	55,451	2.8%	56,116	2.8%	89,588	4.2%	70,108	3.1%	39,039	2.3%	29,962	2.2%	18,266	3.2%
	1,224,827	62.2%	1,391,430	68.4%	1,460,682	67.9%	1,578,280	69.8%	1,212,527	71.1%	980,798	72.0%	357,467	62.0%
Regional/commuter (a)														
American Eagle (a)	394,878	20.1%	327,054	16.1%	339,161	15.8%	330,224	14.6%	220,768	13.0%	165,787	12.2%	131,312	22.8%
United Express (b)	218,437	11.1%	194,073	9.5%	222,562	10.3%	215,203	9.5%	167,701	9.8%	131,976	9.7%	60,087	10.4%
Delta Connection (c)	123,575	6.3%	113,948	5.6%	108,708	5.1%	117,193	5.2%	90,945	5.3%	72,543	5.3%	25,924	4.5%
Air Canada (d)	0	0.0%	2,683	0.1%	17,062	0.8%	16,519	0.7%	8,794	0.5%	7,572	0.6%	0	0.0%
Other (e)	7,144	0.4%	6,225	0.3%	2,360	0.1%	3,223	0.1%	3,813	0.2%	3,229	0.2%	1,825	0.3%
	744,034	37.8%	643,983	31.6%	689,853	32.1%	682,362	30.2%	492,021	28.9%	381,107	28.0%	219,148	38.0%
Total	**1,968,861**	**100.0%**	**2,035,413**	**100.0%**	**2,150,535**	**100.0%**	**2,260,642**	**100.0%**	**1,704,548**	**100.0%**	**1,361,905**	**100.0%**	**576,615**	**100.0%**
Percent change				**3.4%**		**5.7%**		**5.1%**		**-24.6%**				**-57.7%**
CAGR from 2016				**3.4%**		**4.5%**		**4.7%**		**-3.5%**				

(a) Operates under a code-sharing agreement with American and includes enplaned passengers on America West, Virgin Atlantic, Air Wisconsin, Envoy Air, Mesa Airlines, PSA Airlines, and Republic Airlines.

(b) Operates under a code-sharing agreement with United and includes enplaned passengers on ExpressJet, GoJet, Mesa Airlines, Republic Airlines, Skywest Airlines, and Trans States Airlines.

(c) Operates under a code-sharing agreement with Delta and includes enplaned passengers for Compass Airlines, Endeavor Air, ExpressJet, GoJet, Pinnacle Airlines, Shuttle America, and Skywest Airlines.

(d) Includes enplaned passengers on Air Georgian.

(e) Includes enplaned passengers on airlines with less than 0.1% market share, charter airlines, airlines providing seasonal service, and airlines no longer serving MEM.

Source: Authority records

Columns may not add to totals shown due to rounding.

2.4.3 Historical Aircraft Operations

Table 2-8 presents MEM's historical aircraft operations for passenger airline, all-cargo, general aviation, and military between FY 2010 and FY 2020.

Table 2-8 – Historical Operations

FY	Major/ National	Regional/ Commuter	Passenger Airline Total	% Change	All-Cargo	% Change	GA & Military	% Change	Total Operations	% Change
2010	40,842	144,704	185,546	--	122,222	--	26,477	--	334,245	--
2011	37,942	139,370	177,312	-4.4%	125,438	2.6%	27,510	3.9%	330,260	-1.2%
2012	32,190	106,014	138,204	-22.1%	125,526	0.1%	29,053	5.6%	292,783	-11.3%
2013	25,340	70,396	95,736	-30.7%	125,364	-0.1%	27,528	-5.2%	248,628	-15.1%
2014	20,994	42,634	63,628	-33.5%	128,746	2.7%	30,608	11.2%	222,982	-10.3%
2015	19,466	35,306	54,772	-13.9%	131,102	1.8%	32,585	6.5%	218,459	-2.0%
2016	21,864	32,500	54,364	-0.7%	136,028	3.8%	33,006	1.3%	223,398	2.3%
2017	25,302	25,800	51,102	-6.0%	138,170	1.6%	33,464	1.4%	222,736	-0.3%
2018	25,822	24,664	50,486	-1.2%	142,016	2.8%	31,326	-6.4%	223,828	0.5%
2019	28,818	25,856	54,674	8.3%	144,370	1.7%	32,208	2.8%	231,252	3.3%
2020	24,322	20,260	44,582	-18.5%	143,836	-0.4%	25,980	-19.3%	214,398	-7.3%
CAGR										
2010 - 2015	-13.8%	-24.6%	-21.7%		1.4%		4.2%		-8.2%	
2015 - 2019	10.3%	-7.5%	0.0%		2.4%		-0.3%		1.4%	
2010 - 2019	-3.8%	-17.4%	-12.7%		1.9%		2.2%		-4.0%	
2010 - 2020	-5.1%	-17.8%	-13.3%		1.6%		-0.2%		-4.3%	

Source: Authority records

Columns may not add to totals shown due to rounding.

2.4.3.1 Historical Passenger Airline Operations

Since 2010, a significant shift has occurred from regional/commuter to major/national airlines. In FY 2010, major/national airlines accounted for 22.0% of passenger airline operations, increasing to 54.6% in FY 2020.

As shown in the table, passenger airline operations at MEM decreased at a compound annual rate of 13.3% between FY 2010 and FY 2020. As previously discussed, this decrease is primarily the result of Delta shifting its connecting passengers to its remaining hubs following its merger with Northwest. In addition, United shifted from regional jets to mainline at MEM in FY 2016 causing a reduction in operations in FY 2017. Operations increased 8.3% from FY 2018 to FY 2019, primarily as the result of American adding a third flight a day to Phoenix. FY 2020 passenger airline operations decreased approximately 18.5%, primarily as a result of COVID-19.

2.4.3.2 All-Cargo Operations

As also shown on **Table 2-8**, all-cargo operations increased 1.6% from FY 2010 to FY 2020. FedEx comprises the majority of the cargo operations at MEM, accounting for an average of over 95% of MEM's all-cargo operations for the years presented.

2.4.4 Historical Landed Weight

Table 2-9 presents the shares of landed weight by passenger and all-cargo carriers at MEM from FY 2016 through FY 2020. As shown, total landed weight increased at a CAGR of 0.9% from FY 2016 to FY 2020. FedEx accounted for an average of 89% of total landed weight during this five-year period. In FY 2020, MEM's largest passenger carrier in terms of landed weight was American when combined with its code-sharing partner, American Eagle.

Table 2-9 – Historical Landed Weight by Airline (in 000s of pounds)

	FY 2016		FY 2017		FY 2018		FY 2019		FY 2020		FY through January 2020		FY through January 2021	
	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share	Landed Weight	Market Share
Passenger airlines														
Major/national														
Delta	619,490	2.4%	646,712	2.5%	630,755	2.4%	659,494	2.4%	521,507	2.0%	402,131	2.5%	212,486	1.3%
Southwest	411,192	1.6%	424,892	1.6%	423,464	1.6%	475,914	1.7%	424,672	1.6%	297,504	1.9%	216,672	1.4%
American	209,198	0.8%	383,156	1.5%	371,502	1.4%	470,894	1.7%	492,641	1.8%	378,999	2.4%	102,165	0.6%
Allegiant	81,267	0.3%	84,697	0.3%	104,253	0.4%	113,135	0.4%	101,556	0.4%	65,646	0.4%	70,464	0.4%
United	65,828	0.3%	93,374	0.4%	83,800	0.3%	127,783	0.5%	59,413	0.2%	58,803	0.4%	973	0.0%
Frontier	54,929	0.2%	53,319	0.2%	82,765	0.3%	65,970	0.2%	38,899	0.1%	28,262	0.2%	20,302	0.1%
Subtotal major/national	1,441,904	5.6%	1,686,150	6.4%	1,696,539	6.4%	1,913,190	7.0%	1,638,687	6.1%	1,231,346	7.7%	623,062	3.9%
Regional/commuter (a)														
American Eagle (a)	484,805	1.9%	426,986	1.6%	431,527	1.6%	443,602	1.6%	302,270	1.1%	209,772	1.3%	174,225	1.1%
United Express (b)	239,863	0.9%	222,923	0.8%	250,489	0.9%	242,845	0.9%	211,824	0.8%	151,036	0.9%	87,274	0.5%
Delta Connection (c)	158,430	0.6%	148,146	0.6%	140,534	0.5%	151,136	0.6%	124,346	0.5%	90,997	0.6%	60,142	0.4%
Air Canada (d)	0	0.0%	2,867	0.0%	19,646	0.1%	21,103	0.1%	11,938	0.0%	9,823	0.1%	0	0.0%
Other (e)	25,567	0.1%	16,370	0.1%	4,695	0.0%	6,785	0.0%	11,659	0.0%	10,259	0.1%	4,711	0.0%
Subtotal regional/commuter	908,665	3.5%	817,292	3.1%	846,891	3.2%	865,471	3.2%	662,036	2.5%	471,887	3.0%	326,352	2.0%
Subtotal passenger airlines	2,350,569	9.1%	2,503,442	9.5%	2,543,430	9.5%	2,778,661	10.2%	2,300,724	8.6%	1,703,233	10.7%	949,413	5.9%
All-cargo airlines														
FedEx	23,141,889	89.8%	23,477,449	89.2%	23,858,455	89.3%	24,250,375	88.6%	24,044,929	90.0%	14,027,370	87.8%	14,865,476	92.8%
Other all cargo	285,342	1.1%	327,919	1.2%	310,643	1.2%	342,900	1.3%	381,837	1.4%	244,874	1.5%	212,426	1.3%
Subtotal all-cargo airlines	23,427,231	90.9%	23,805,368	90.5%	24,169,098	90.5%	24,593,275	89.8%	24,426,766	91.4%	14,272,244	89.3%	15,077,902	94.1%
Total	**25,777,800**	**100.0%**	**26,308,810**	**100.0%**	**26,712,528**	**100.0%**	**27,371,936**	**100.0%**	**26,727,490**	**100.0%**	**15,975,477**	**100.0%**	**16,027,316**	**100.0%**
Percent change				**2.1%**		**1.5%**		**2.5%**		**-2.4%**				**0.3%**
CAGR from 2016				**2.1%**		**1.8%**		**2.0%**		**0.9%**				
Passenger airlines				**6.5%**		**4.0%**		**5.7%**		**-0.5%**				
All-cargo airlines				**1.6%**		**1.6%**		**1.6%**		**1.0%**				

(a) Operates under a code-sharing agreement with American and includes landed weight on America West, Virgin Atlantic, Air Wisconsin, Envoy Air, Mesa Airlines, PSA Airlines, and Republic
(b) Operates under a code-sharing agreement with United and includes landed weight on ExpressJet, GoJet, Mesa Airlines, Republic Airlines, Skywest Airlines, and Trans States Airlines.
(c) Operates under a code-sharing agreement with Delta and includes landed weight on Compass Airlines, Endeavor Air, ExpressJet, GoJet, Pinnacle Airlines, Shuttle America, and Skywest
(d) Air Canada flights are operated by Air Georgian.
(e) Includes landed weight on airlines with less than 0.1% market share, charter airlines, airlines providing seasonal service, and airlines no longer serving MEM.

Source: Authority records

Columns may not add to totals shown due to rounding.

Table 2-10 presents the monthly passenger carrier landed weight at MEM's for FY 2019, FY 2020, and through January for FY 2021. As shown, the 17.2% decrease from FY 2019 to FY 2020 is composed of a 6.0% increase in the first eight months year-over-year and a 60.0% decrease in the last four months, as a result of COVID-19 travel restrictions beginning in March 2020. In addition, FY to date 2021 passenger carrier landed weight decreased 44.3% from 2020 levels for the same time period.

Table 2-10 – Monthly Landed Weights – Passenger (in 000s of pounds)

	FY 2019		FY 2020			FY 2021			
Month	Landed Weight	% Change	Landed Weight	% Change	% Change from FY 2019	Landed Weight	% Change	% Change from FY 2020	% Change from FY 2019
July	232,201	--	252,335	0.4%	8.7%	121,071	57.7%	-52.0%	-47.9%
August	230,709	-0.6%	243,534	-3.5%	5.6%	144,261	19.2%	-40.8%	-37.5%
September	227,922	-1.2%	230,439	-5.4%	1.1%	122,330	-15.2%	-46.9%	-46.3%
October	242,851	6.5%	254,116	10.3%	4.6%	138,411	13.1%	-45.5%	-43.0%
November	231,953	-4.5%	245,783	-3.3%	6.0%	138,340	-0.1%	-43.7%	-40.4%
December	226,215	-2.5%	250,531	1.9%	10.7%	144,242	4.3%	-42.4%	-36.2%
January	212,042	-6.3%	226,495	-9.6%	6.8%	140,759	-2.4%	-37.9%	-33.6%
February	197,741	-6.7%	206,396	-8.9%	4.4%	n/a	n/a	n/a	n/a
March	238,227	20.5%	194,802	-5.6%	-18.2%	n/a	n/a	n/a	n/a
April	227,856	-4.4%	62,832	-67.7%	-72.4%	n/a	n/a	n/a	n/a
May	259,626	13.9%	56,704	-9.8%	-78.2%	n/a	n/a	n/a	n/a
June	251,318	-3.2%	76,757	35.4%	-69.5%	n/a	n/a	n/a	n/a
Total	2,778,661		2,300,724		-17.2%				
July-February	1,801,635		1,909,629		6.0%				
March-June	977,027		391,095		-60.0%				
July-January	1,603,893		1,703,233		6.2%	949,413		-44.3%	-40.8%

Source: Authority records

Table 2-11 presents the monthly all-cargo carrier landed weight at MEM's for FY 2019, FY 2020, and through January for FY 2021. As shown, all-cargo carrier landed weight decreased 0.7% from FY 2019 to FY 2020. The decrease in cargo landed weight month over month begins in August 2019 (which is FY 2020). This decrease is primarily attributable to FedEx ending its air-shipping contract with Amazon in the U.S in June 2019. Since 2013, Amazon has more than doubled its facilities, begun leasing cargo planes, and started building its own network of delivery trucks. FedEx has indicated that it is now positioning itself as the carrier of choice for Target Corporation, Wal-mart, Inc., and other retailers that aim to compete with Amazon. According to FedEx, Amazon represented only 1.3% of its total revenue in 2018. In addition, FY to date 2021 all-cargo landed weight increased 5.6% from 2020 levels for the same time period.

Table 2-11 – Monthly Landed Weights – All-Cargo (in 000s of pounds)

Month	FY 2019 Landed Weight	FY 2019 % Change	FY 2020 Landed Weight	FY 2020 % Change	FY 2020 % Change from FY 2019	FY 2021 Landed Weight	FY 2021 % Change	FY 2021 % Change from FY 2020	FY 2021 % Change from FY 2019
July	1,936,464	--	1,986,747	2.4%	2.6%	2,163,535	3.4%	8.9%	11.7%
August	2,106,879	8.8%	2,046,515	3.0%	-2.9%	2,036,108	-5.9%	-0.5%	-3.4%
September	1,927,434	-8.5%	1,856,752	-9.3%	-3.7%	2,046,758	0.5%	10.2%	6.2%
October	2,129,063	10.5%	2,102,553	13.2%	-1.2%	2,157,792	5.4%	2.6%	1.3%
November	2,112,710	-0.8%	1,964,014	-6.6%	-7.0%	2,036,259	-5.6%	3.7%	-3.6%
December	2,290,879	8.4%	2,294,646	16.8%	0.2%	2,538,588	24.7%	10.6%	10.8%
January	2,111,689	-7.8%	2,021,016	-11.9%	-4.3%	2,098,863	-17.3%	3.9%	-0.6%
February	1,889,775	-10.5%	1,861,992	-7.9%	-1.5%	n/a	n/a	n/a	n/a
March	2,066,988	9.4%	1,985,787	6.6%	-3.9%	n/a	n/a	n/a	n/a
April	1,995,072	-3.5%	2,083,588	4.9%	4.4%	n/a	n/a	n/a	n/a
May	2,086,361	4.6%	2,131,701	2.3%	2.2%	n/a	n/a	n/a	n/a
June	1,939,960	-7.0%	2,091,454	-1.9%	7.8%	n/a	n/a	n/a	n/a
Total	24,593,275		24,426,766		-0.7%				
July-February	16,504,894		16,134,236		-2.2%				
March-June	8,088,381		8,292,529		2.5%				
July-January	14,615,119		14,272,244		-2.3%	15,077,902		5.6%	3.2%

Source: Authority records

Table 2-12 presents the monthly total airline landed weight at MEM's for FY 2019, FY 2020, and through January for FY 2021. As shown, total landed weight decreased 2.4% from FY 2019 to FY 2020. In addition, FY to date 2021 total landed weight increased 0.3% from 2020 levels for the same time period, representing a 44.3% decrease in passenger carrier landed weight and a 5.6% increase in all-cargo carrier landed weight.

Table 2-12 – Monthly Landed Weights – Total (in 000s of pounds)

	FY 2019		FY 2020			FY 2021			
Month	Landed Weight	% Change	Landed Weight	% Change	% Change from FY 2019	Landed Weight	% Change	% Change from FY 2020	% Change from FY 2019
July	2,168,665	--	2,239,083	2.2%	3.2%	2,284,605	5.4%	2.0%	5.3%
August	2,337,588	7.8%	2,290,050	2.3%	-2.0%	2,180,369	-4.6%	-4.8%	-6.7%
September	2,155,356	-7.8%	2,087,192	-8.9%	-3.2%	2,169,087	-0.5%	3.9%	0.6%
October	2,371,915	10.0%	2,356,669	12.9%	-0.6%	2,296,203	5.9%	-2.6%	-3.2%
November	2,344,663	-1.1%	2,209,797	-6.2%	-5.8%	2,174,600	-5.3%	-1.6%	-7.3%
December	2,517,094	7.4%	2,545,176	15.2%	1.1%	2,682,831	23.4%	5.4%	6.6%
January	2,323,732	-7.7%	2,247,511	-11.7%	-3.3%	2,239,621	-16.5%	-0.4%	-3.6%
February	2,087,517	-10.2%	2,068,388	-8.0%	-0.9%	n/a	n/a	n/a	n/a
March	2,305,214	10.4%	2,180,589	5.4%	-5.4%	n/a	n/a	n/a	n/a
April	2,222,928	-3.6%	2,146,420	-1.6%	-3.4%	n/a	n/a	n/a	n/a
May	2,345,987	5.5%	2,188,405	2.0%	-6.7%	n/a	n/a	n/a	n/a
June	2,191,278	-6.6%	2,168,211	-0.9%	-1.1%	n/a	n/a	n/a	n/a
Total	27,371,936		26,727,490		-2.4%				
July-February	18,306,529		18,043,865		-1.4%				
March-June	9,065,407		8,683,625		-4.2%				
July-January	16,219,012		15,975,477		-1.5%	16,027,316		0.3%	-1.2%

Source: Authority records

2.5 Forecasts of Aviation Activity

Forecasts of air traffic activity are typically developed based on an analysis of the underlying economic conditions of the Air Trade Area and trends in historical airline traffic at MEM. However, given the recent and significant decrease in the numbers of enplaned passengers at MEM, publicly available statements by many of the airlines serving MEM about reductions in service to their other national and international markets, and uncertainty regarding the timing of a COVID-19 vaccine, the aviation activity forecast has been based on a hypothetical recovery. While not incorporated into the hypothetical forecast, aviation activity at MEM may be expected to recover quicker than the U.S. airports as-a-whole as a result of:

- MEM is primarily a domestic market; and therefore, is not materially impacted by the international travel restrictions.

- As shown on **Table 2-1**, MEM has outperformed the U.S. in number of people screened through TSA from March 2020 through January 2021.

- As discussed in Chapter 1 of this Report, MEM has a sizable leisure travel market, which is recovering quicker than the business-dependent markets.

Table 2-13 presents the aviation activity forecast for MEM. Details of the forecasts are presented in the following sections.

Table 2-13 – Aviation Activity Forecast

			Aircraft Operations					Landed Weight (per 000s of pounds)					
FY	Enplaned Passengers	% Change	Passenger	All-Cargo	GA & Military	Total Operations	% Change	Passenger	% Change	All-Cargo	% Change	Total	% Change
Historical													
2010	4,971,462	--	185,546	122,222	26,477	334,245	--	6,246,271	--	19,226,979	--	25,473,250	--
2011	4,775,985	-3.9%	177,312	125,438	27,510	330,260	-1.2%	5,986,271	-4.2%	20,026,605	4.2%	26,012,876	2.1%
2012	3,924,581	-17.8%	138,204	125,526	29,053	292,783	-11.3%	4,807,168	-19.7%	20,717,394	3.4%	25,524,562	-1.9%
2013	2,776,958	-29.2%	95,736	125,364	27,528	248,628	-15.1%	3,461,510	-28.0%	21,341,102	3.0%	24,802,612	-2.8%
2014	1,954,865	-29.6%	63,628	128,746	30,608	222,982	-10.3%	2,453,757	-29.1%	22,400,443	5.0%	24,854,200	0.2%
2015	1,788,805	-8.5%	54,772	131,102	32,585	218,459	-2.0%	2,178,911	-11.2%	22,601,880	0.9%	24,780,791	-0.3%
2016	1,968,861	10.1%	54,364	136,028	33,006	223,398	2.3%	2,350,569	7.9%	23,427,231	3.7%	25,777,800	4.0%
2017	2,035,413	3.4%	51,102	138,170	33,464	222,736	-0.3%	2,503,442	6.5%	23,805,368	1.6%	26,308,810	2.1%
2018	2,150,535	5.7%	50,486	142,016	31,326	223,828	0.5%	2,543,430	1.6%	24,169,098	1.5%	26,712,528	1.5%
2019	2,260,642	5.1%	54,674	144,370	32,208	231,252	3.3%	2,778,661	9.2%	24,593,275	1.8%	27,371,936	2.5%
2020	1,704,548	-24.6%	44,582	143,836	25,980	214,398	-7.3%	2,300,724	-17.2%	24,426,766	-0.7%	26,727,490	-2.4%
Forecast													
2021	1,130,321	-33.7%	29,620	145,140	26,053	200,813	-6.3%	1,429,500	-37.9%	23,500,000	-3.8%	24,929,500	-6.7%
2022	1,424,200	26.0%	37,040	145,700	26,123	208,863	4.0%	1,788,241	25.1%	24,521,000	4.3%	26,309,241	5.5%
2023	1,794,400	26.0%	46,300	145,780	26,193	218,273	4.5%	2,236,211	25.1%	24,534,500	0.1%	26,770,711	1.8%
2024	2,260,700	26.0%	57,880	147,030	26,273	231,183	5.9%	2,797,085	25.1%	24,744,900	0.9%	27,541,985	2.9%
2025	2,305,900	2.0%	58,560	148,794	26,343	233,697	1.1%	2,829,900	1.2%	25,041,800	1.2%	27,871,700	1.2%
2026	2,352,000	2.0%	59,280	150,580	26,413	236,273	1.1%	2,864,700	1.2%	25,342,300	1.2%	28,207,000	1.2%
2027	2,399,000	2.0%	59,980	152,387	26,493	238,860	1.1%	2,898,500	1.2%	25,646,400	1.2%	28,544,900	1.2%
CAGR													
2010 - 2019	-8.4%		-12.7%	1.9%	2.2%	-4.0%		-8.6%		2.8%		0.8%	
2015 - 2019	6.0%		0.0%	2.4%	-0.3%	1.4%		6.3%		2.1%		2.5%	
2021 - 2024	26.0%		25.0%	0.4%	0.3%	4.8%		25.1%		1.7%		3.4%	
2019 - 2027	0.7%		1.2%	0.7%	-2.4%	0.4%		0.5%		0.5%		0.5%	
2021 - 2027	13.4%		12.5%	0.8%	0.3%	2.9%		12.5%		1.5%		2.3%	

Sources:
Authority records
DKMG Consulting LLC (FY 2022 - FY 2027)

Columns may not add to totals shown due to rounding.

2.5.1 Enplaned Passenger Forecast

As previously mentioned, the outbreak of COVID-19 has had an adverse effect on domestic and international travel, including on the airlines serving MEM. When the FY 2021 budget was approved in May 2020, the full impact of COVID-19 on aviation activity was difficult to determine. As a result, the Authority evaluated terminal concession revenues based on enplaned passengers declining by approximately 50% from FY 2019 levels to 1.1 million and by approximately 65% from FY 2019 levels to 770,000. The approved budget included terminal concession revenues based on the 770,000 enplaned passenger level. FY 2021 enplaned passengers through January 2021 are 576,615, which equates to approximately 1.0 million annualized. Therefore, FY 2021 enplaned passengers are forecast at 1.1 million and used as the base for the remainder of the forecast period.

While most economic and airline industry analysts expect eventual recovery of airline travel to pre-pandemic levels, there is a wide range of views as to how long such recovery will take. For the purposes of this Report, a hypothetical scenario was developed for enplaned passenger recovery that is generally consistent with the range of estimates made recently by various airline industry and bond credit analysts, wherein enplaned passengers are forecast to return to FY 2019 levels over a four-year period. Using the FY 2021 forecast of 1.1 million enplaned passengers as the base, FY 2022 through FY 2024 enplaned passengers are forecast to grow approximately 26.0% annually, which equates to the CAGR required to recover to FY 2019 levels by FY 2024. After the number of enplaned passengers reach FY 2019 levels in FY 2024, it was assumed that the number of enplaned passengers would increase at the 2019 to 2027 CAGR included in the Terminal Area Forecast prepared for MEM by the FAA in January 2020 of approximately 2.0%.

As shown in **Table 2-13**, enplaned passengers are assumed to begin increasing in FY 2022 for a forecast recovery to FY 2019 levels in FY 2024, reflecting a 26.0% CAGR from FY 2021 through FY 2024. Enplaned passengers are forecast to be approximately 2.4 million in FY 2027, representing a CAGR of 13.4% from FY 2021 through FY 2027.

Due to the uncertainty in the recovery period resulting from, but not limited to, the slow recovery of business travel and the ability of the airlines to return to 2019 levels by 2024 due to airline employee furloughs and the temporary and permanent retirement of aircraft sooner than expected, a sensitivity test has been prepared where enplaned passengers do not recover to FY 2019 levels during the forecast period. A detailed discussion of this sensitivity test can be found in Chapter 4 of this Report.

2.5.2 Aircraft Operations Forecast

Table 2-13 also presents MEM's historical and forecast aircraft operations for passenger airline, all-cargo, general aviation, and military. As shown in the table, total airline operations at MEM are forecast to increase from 214,398 in FY 2021 to 238,860 in FY 2027, a CAGR of 2.9%.

2.5.3 Landed Weight Forecast

Table 2-13 presents historical and forecast passenger airline and all-cargo carrier landed weight at MEM. The FY 2021 landed weight is the amount included in the Authority's FY 2021 budget and is used as the base for the forecast period. As shown, the Authority's FY 2021 budgeted landed weight is 24,929,500, which is approximately 1.8 million lower than FY 2020 primarily as a result of the impact of COVID-19 on passenger landed weight but does not contemplate the unanticipated increase in all-cargo landed weight due to increased on-line ordering resulting from COVID-19. The passenger and all-cargo landed weight is forecast as follows:

- The passenger landed weight is forecast to recover to FY 2019 levels by FY 2024. To achieve this, FY 2022 through FY 2024 passenger landed weight is forecast to grow approximately 25.1% annually, which equates to the CAGR required to recover to FY 2019 levels by FY 2024. FY 2025 through FY 2027 passenger landed weight is forecast to grow in line with the growth in passenger operations. As shown in **Table 2-13**, passenger airline landed weight is forecast to increase from 1,429,500 in FY 2021 to 2,898,500 in FY 2027, reflecting a CAGR of 12.5%.

- As shown in **Table 2-11**, FY to date 2021 all-cargo landed weight is 5.6% higher than 2020 levels for the same time period primarily as a result of the surge in online buying due to COVID-19. Since it is difficult to determine if these buying habits will continue, FY 2022 all-cargo landed weight is forecast to return to FY 2020 actuals and then increase thereafter in line with the growth in all-cargo operations. As shown in **Table 2-13**, all-cargo carrier landed weight is forecast to increase from 23,500,000 in FY 2021 to 25,646,400 in FY 2027, a CAGR of 1.5%.

3. Airport Facilities

This chapter contains a review of existing MEM facilities, a summary of MEM's CIP, of which the 2021 Project is a subset, and describes the funding sources for the 2021 Project.

3.1 Existing Airport Facilities

MEM is located in Shelby County, approximately 10 miles southeast of the City's downtown area and 3.5 miles north of the Tennessee-Mississippi state line. MEM occupies 5,100 acres of land. Access to MEM is provided predominately via Interstate 240 (I-240), Plough Boulevard, and Tchulahoma Road. I-240 is the southern half of the Memphis beltway connecting Interstate 40 and Interstate 55. The existing MEM facilities are described as follows:

- **Airfield** – MEM has four runways including an east-west runway and three north-south runways as follows:

  - Runway 9-27, 8,946 feet in length (east-west)
  - Runway 18L-36R, 9,000 feet in length (north-south)
  - Runway 18C-36C, 11,120 feet in length (north-south)
  - Runway 18R-36L, 9,320 feet in length (north-south)

  All of the runways are 150 feet wide and are equipped with precision instrument landing systems, which are suitable for use by large air carrier aircraft. A Surface Movement Guidance System has been installed on the airfield to aid aircraft in navigating the various taxiways under low visibility. Other airfield facilities include fixed base operator facilities serving general aviation, an FAA air route traffic control center, and various aviation support facilities.

- **Terminal** – The passenger terminal is located between Runways 18C-36C and 18R-36L and consists of a terminal building and three separate concourses, two of which are operational (Concourses A and C) and one that is closed for construction (Concourse B). The central portion of the terminal was constructed in 1967; however, in 1974, Concourses A and C and their portions of the terminal were added to either side of the central portion.

  The first (lower) level of the terminal complex contains baggage handling and other support facilities. The second (upper) level contains the passenger ticketing lobbies, airline ticketing and baggage check-in counters, concessions, waiting areas, and security screening facilities. The third (mezzanine) level contains tenant and Authority offices. Concourses A and C are two-level structures containing passenger hold rooms, circulation corridors, restrooms, and concessions in the upper level and airline operations in the lower (apron) level. The international arrivals area, including Federal Inspection Service (FIS) facilities is located in Concourse B.

Construction began on the Concourse B Modernization Project on October 1, 2018, and project expenditures through December 31, 2020 total approximately $173.4 million, or 72% of the total estimated project costs. During construction, Concourse C will remain intact until the airlines are relocated back to Concourse B at which time nine gates at the south end of Concourse C will be demolished and the southeast leg of Concourse B will be reconfigured resulting in one less gate, decreasing the total gate count at MEM from 68 to 58. Upon completion of the Concourse B Modernization Project, 25 of the 58 gates (including two international gates) will be active and all of Concourse A, the remaining portion of Concourse C, and 15 gates on the southwest leg of Concourse B will be decommissioned until demand dictates additional passenger capacity requirements. As of October 2020, demolition, structural steel, and roofing structure has been completed for the Concourse B Modernization Project. Some new jet bridges have been installed while structural foundations and electrical infrastructure to support new jet bridges are underway. Interior framing and terrazzo floor installation are underway and the exterior curtain wall glazing is nearly complete. Ceiling tile installation and lighting are underway. Restroom finishes are underway at two of the restroom blocks. The Concourse B Modernization Project is anticipated to be completed by August 2021 and is fully funded.

- **Parking Facilities** – MEM has a three-level parking garage immediately adjacent to the terminal containing 2,657 public parking spaces, including 459 short-term and 2,198 long-term spaces. In addition, the Ground Transportation Center, which is connected to the terminal by a pedestrian plaza, contains 4,541 economy public parking spaces. The employee parking lot is located to the east of the terminal and contains 1,015 spaces. An oversize vehicle and public parking overflow lot (Blue Lot) is located west of the terminal and has 661 public spaces. Finally, there is a 213 space auxiliary parking lot located north of the oversize vehicle and public overflow lot, which is primarily used for rental car fleet storage but is available as necessary for public parking overflow.

- **Rental Car Facilities** – The rental car companies at MEM operate in the Ground Transportation Center. In addition to the ready/return area, the Ground Transportation Center contains rental car customer service facilities and a quick turnaround surface lot. Construction of a consolidated rental car maintenance facility on 25 acres of Authority-owned property just west of Airways Boulevard and was completed in April 2019. The facility includes maintenance bays, fueling islands, vehicle wash bays, fleet storage, and administrative offices for each of the rental car operators.

- **FedEx SuperHub** – The FedEx SuperHub sorting facility, aircraft parking aprons and ancillary support facilities are primarily located in the north airfield and are sized to accommodate aircraft as large as the Boeing 777. The FedEx SuperHub occupies approximately 945 acres and includes 3.8 million square feet of sorting and handling facilities.

- **Other Air Cargo Facilities** – UPS operates the Oakhaven Distribution Center, an over 400,000 square-foot sorting hub occupying 134 acres on the east side of the airfield. An adjacent aircraft parking apron provides approximately nine acres for the loading, unloading, and parking of aircraft as large as the Boeing 777.

  In 2006, the Authority constructed a 70-acre multi-user air cargo complex. This complex provides users with 30 acres of aircraft parking apron, which is sized to simultaneously accommodate six aircraft as large as the Airbus A380, and 36,000 square feet of specialty office and warehouse space.

- **Airline Support** – Airline support facilities include aircraft maintenance facilities, airline catering, ground service equipment (GSE) storage and maintenance, fuel storage and dispensing systems, deicing fluid containment, and ground run-up enclosures. MEM's primary fuel farm is only used for short-term fuel storage and is supplied directly from a local refinery. In the event of a pipeline shutdown, the tanks can be supplied from standard tanker trunks. A hydrant system, which transports jet fuel directly from the fuel farm to individual hydrant locations on the passenger terminal ramp adjacent to aircraft parking positions, serves a majority of MEM's passenger terminal parking positions. The hydrant system is owned by MEM but maintained by an airline consortium.

  In addition to the fuel farm supporting air carrier operations, there are other aviation fuel facilities located at Signature Flight Support, Wilson Air Center, Tennessee Air National Guard, and the FedEx SuperHub.

- **MEM Support and Other Facilities** – Also located at MEM are fixed base operator facilities for general aviation, a unit of the Tennessee Air National Guard, a FAA air traffic control tower, and various aviation support facilities. An industrial park on MEM property accommodates various aviation and non-aviation facilities.

  The Authority completed construction of a new airfield maintenance facility (Mission Support Center) in October 2020. This facility includes approximately 10 mechanics bays, snow removal equipment, and ground maintenance and support equipment. This facility also includes the MEM police department, communications center, emergency operations center, operations duty department and snow command center, which was relocated from the terminal facility.

- **Reliever Airports** – The Authority owns and operates two general aviation reliever airports (Baker Airport and DeWitt Spain Airport) each located on approximately 400 acres of land in the County. There are approximately 220 based general aviation aircraft at Baker Airport and DeWitt Spain Airport. Both airports have automated fueling systems, aircraft maintenance services, hangars and tie downs, aircraft rentals and charter services for general aviation. Runway 18-36 at Baker Airport is 3,500 feet in length and Runway 16-34 at DeWitt Spain Airport is 3,800 feet in length. Both runways are 75 feet wide with asphalt surfaces.

3.2 Capital Improvement Program

The Authority's CIP for MEM includes projects that are underway or complete, the 2021 Project, and future projects through FY 2025. While most projects are demand-based, others are dictated by design standards, safety, federal requirements, or rehabilitation needs. There is a higher level of uncertainty as to the estimated cost and schedule of projects in the later years of the CIP, as compared to those scheduled to be undertaken within the next few years. Since approximately 84% of the CIP is either complete or underway and the remaining projects are necessary to maintain and rehabilitate the existing facilities at MEM, the Authority did not reduce or delay any projects as a result of COVID-19. In FY 2018, the Authority commenced a Master Plan study pursuant to which a new planning forecast will be developed to determine future needs beyond the next five years and the options to accommodate the projected long-term growth. The Master Plan study is anticipated to be complete in FY 2022.

Table 3-1 presents the estimated cost of MEM's CIP, of which the 2021 Project is a component. As shown in the table, MEM's CIP is estimated to be approximately $772.1 million, of which approximately $311.4 million is for the 2021 Project and approximately $241.0 million for the Concourse B Modernization Project, representing approximately 72% of the total CIP. As of December 31, 2020, approximately $302.8 million or 39.2% of the CIP has been spent.

Table 3-1 – Capital Improvement Program (in 000s)

					Funding Sources									
											Bond Proceeds			
Project	Budget	Start Date	End Date	Spent thru 12/31/20	AIP Grants	VALE Grant	State Grants	Other	Pay-go PFC	Authority Funds	Series 2016A Bonds	Series 2018 Bonds	Proposed Series 2021A Bonds	Total
Terminal														
Concourse B Modernization Project	$240,951	12/15/14	Aug-21	$173,437	$42,462	$5,103	$36,478	$0	$25,422	$24,781	$0	$106,705	$0	$240,951
Concourse A Ground Boarding	2,894	12/15/20	FY 2022	0	1,898	0	0	0	0	996	0	0	0	2,894
Master Plan	5,618	09/01/17	FY 2022	4,031	5,056	0	0	0	0	562	0	0	0	5,618
Disparity Study Update	675	04/01/19	Oct-20	657	607	0	0	0	0	69	0	0	0	675
Subtotal	$250,138			$178,125	$50,023	$5,103	$36,478	$0	$25,422	$26,407	$0	$106,705	$0	$250,138
Airfield														
Consolidated Deice Facility	$311,423	08/01/19	Nov-22	$74,094	$131,848	$0	$0	$0	$0	$0	$53,546	$0	$126,029	$311,423
Mission Support Center	55,732	05/14/16	Oct-20	49,400	0	0	0	0	0	15,792	39,940	0	0	55,732
Taxiway Alpha - West End	28,226	04/01/19	Dec-23	837	25,403	0	0	2,720	0	103	0	0	0	28,226
Maintenance Repair & Overhaul Hangar	3,333	04/01/21	Oct-23	0	0	0	3,000	333	0	0	0	0	0	3,333
Terminal Apron/Demo South end Conc C	10,769	02/15/21	Oct-24	0	9,692	0	0	0	0	1,077	0	0	0	10,769
Runway 9/27 Status Light System	8,000	08/01/21	Oct-24	0	0	0	7,600	400	0	0	0	0	0	8,000
Airfield Signage Replacement	10,829	03/15/21	Apr-22	319	9,746	0	0	1,083	0	0	0	0	0	10,829
Obstruction Clearing South of Airfield	3,136	03/15/21	Oct-21	21	2,822	0	0	314		0	0	0	0	3,136
Construct Snow Equipment Building	4,139	04/15/22	Nov-22	0	3,725	0	0	414	0	0	0	0	0	4,139
Airfield Pavement Replacement	60,000	07/01/23	Oct-26	0	54,000	0	0	6,000	0	0	0	0	0	60,000
Runway Incursion Mitigation	26,400	03/01/26	Oct-26	0	23,760	0	0	314		2,326	0	0	0	26,400
Subtotal	$521,987			$124,671	$260,997	$0	$10,600	$11,577	$0	$19,298	$93,486	$0	$126,029	$521,987
Total	**$772,125**			**$302,796**	**$311,020**	**$5,103**	**$47,078**	**$11,577**	**$25,422**	**$45,705**	**$93,486**	**$106,705**	**$126,029**	**$772,125**
Projects complete or underway	**$645,519**													
% projects complete or underway	**83.6%**													

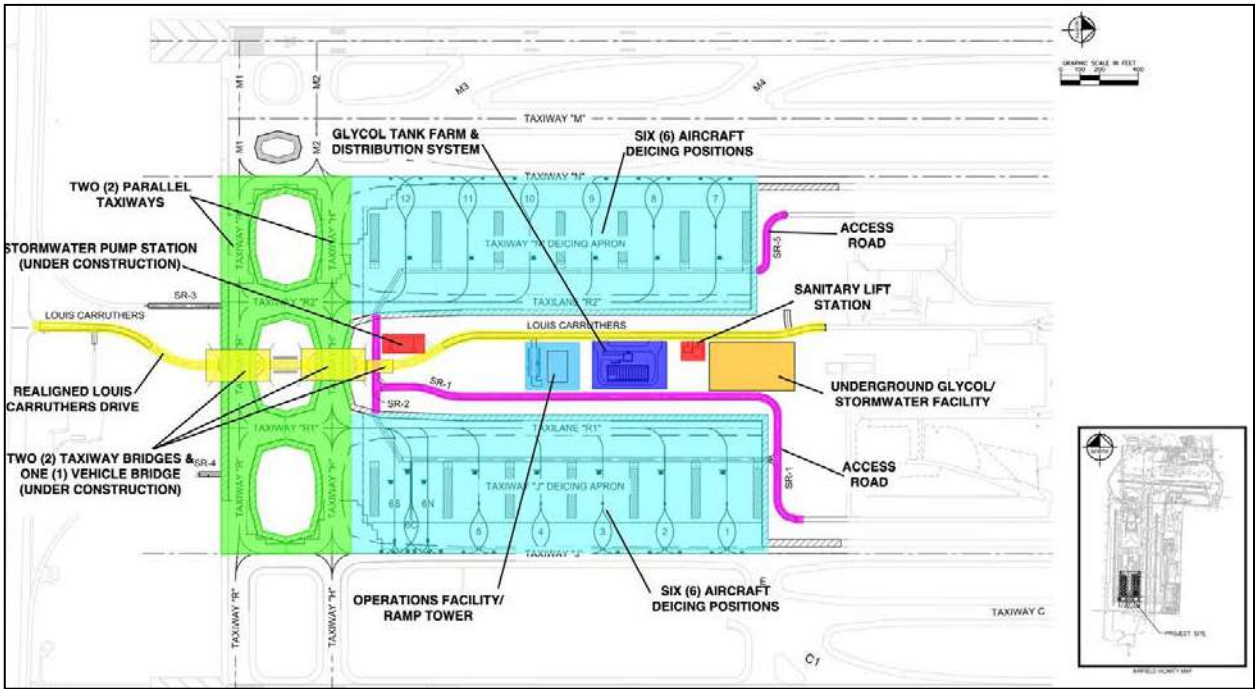
Source: Authority's CIP, updated January 2021

Columns may not add to totals shown due to rounding.

3.3 The 2021 Project

The Authority has been working with the Tennessee Department of Environment and Conservation to monitor its storm water activities, especially the deicing/anti-icing program. The Authority's current NPDES storm water permit was issued in December 2019 requiring the Authority to construct the 2021 Project on a mandatory compliance schedule. The 2021 Project is also being undertaken to consolidate the existing deicing process, which is currently being performed at various locations at MEM. **Figure 3-1** graphically depicts the 2021 Project.

Figure 3-1 – The 2021 Project



Source: Kimley-Horn

The 2021 Project will allow for the deicing of both passenger and cargo carriers to occur at one facility providing a more efficient and environmentally contained system. The 2021 Project will consist of 11 pads sized for Group V aircraft and one pad that can accommodate one Group VI or two Group IV aircraft. This facility will be located in the southern midfield, just north of the two cross field taxiways (Taxiway R and Taxiway H), with six pads east of the midfield area accessible from Taxiway J and six pads west of the midfield area accessible from Taxiway N. The 2021 Project will be constructed in the following three phases:

- ***Phase I*** – This phase consisted of the relocation of Louis Carruthers Road; site grading for two taxiway bridges and one vehicle bridge; relocation of utilities for future in-field developments including electrical, communications, water, storm and sanitary; foundations and structures for two cross field taxiways and one vehicle bridge; and all required site and retention requirements. Phase I is substantially complete.

- ***Phase II*** – This phase consists of full depth concrete pavement in excess of 300,000 square yards with 35-foot wide asphalt shoulder; 45-foot in-field areas (vehicle safety zones) for vehicle and equipment staging; area lighting, in-pavement lighting system, signage and pad control system; glycol conveyance and storage system; glycol mixer and pump system; underground glycol-impacted collection and storage system and non-glycol impacted (storm water) collection system; and vehicle service road bridge pavement as well as the pavement of the cross field taxiways. Glycol impacted water is anticipated to be meter released into the City-owned sanitary treatment facility within permitted limits. No glycol processing and/or treatment/recycling is included within this program. On February 13, 2020, the Authority received bids for the construction of Phase II and construction commenced in May 2020 with an estimated completion date of November 2022. The facility will be operational upon the completion of Phase II.

- ***Phase III*** – Phase III consists of the construction of a building in the infield area between the east and west set of pads. This building will include an elevated operations control space to direct the deice operation of each ramp, electronics equipment space, restrooms, airline breakroom space, airline operations offices, and airline deice truck maintenance bays. The site around this building will include parking on the non-secure and secure side of the property, secure vehicle access gates, and secure employee access points. Phase III is estimated to be bid in July 2021 with an estimated completion date of November 2022.

3.4 Plan of Finance

Table 3-2 presents the anticipated plan of finance for the 2021 Project. As shown in the table, the 2021 Project is estimated to cost approximately $311.4 million and is anticipated to be funded with AIP grants, the Series 2016A Bonds, and the Series 2021 Bonds. As of December 31, 2020, approximately $74.1 million or 23.8% of the 2021 Project has been spent.

Table 3-2 – Anticipated Plan of Finance for the 2021 Project (in 000s)

		Funding Sources			
2021 Project	Budget	AIP Grants	Series 2016A Bonds	Proposed Series 2021A Bonds	Total
Design	$9,337	$4,886	$4,451	$0	$9,337
Construction Phase I - Bridges	30,944	27,850	3,094	0	30,944
Construction Phase II - Pads	257,322	99,112	46,001	112,209	257,322
Construction Phase III - Control Building (a)	13,820	0	0	13,820	13,820
Total	**$311,423**	**$131,848**	**$53,546**	**$126,029**	**$311,423**

(a) The Phase III project cost is an estimate. This phase is anticipated to be bid in July 2021.

Source: Authority records

Columns may not add to totals shown due to rounding.

The funding sources for the 2021 Project are described as follows:

3.4.1 AIP Grants

As shown in **Table 3-2**, the Authority anticipates that AIP grants will fund the 2021 Project in the amount of approximately $131.8 million, of which $101.3 million is either under grant contract or available to be placed under contract. The remaining $30.5 million is estimated to be available using FY 2021 and FY 2022 entitlement funds. As of December 31, 2020, $64.0 million of AIP grants have been spent on the 2021 Project.

Grants administered by the FAA through the AIP are a critical capital funding source to implement the projects recommended in the CIP. Passenger entitlement grants are allocated to airports by a formula based on enplanements, cargo entitlement grants are allocated based on historical landed weight market share, and discretionary grants are allocated in accordance with FAA guidelines. FAA grants are subject to annual Congressional appropriation. The AIP expires periodically and federal reauthorization is required to continue. In October 2018, Congress passed a five-year reauthorization bill for the FAA — the FAA Reauthorization Act of 2018. Despite the multi-year reauthorization, the FAA must receive annual appropriation approval from Congress. This occurred on December 27, 2020 when the CAA was signed into law fully funding the AIP at $3.35 billion for federal fiscal year 2021, and providing an additional $400 million in general-fund revenue specifically for additional AIP discretionary grants available to all size airports. The CAA also includes a provision that requires the FAA to use the highest enplanement numbers of CY 2018, CY 2019, or the prior calendar year when calculating federal fiscal years 2022 and 2023 AIP entitlements, ensuring that airports do not see a significant drop in entitlements because of the decrease in enplaned passengers related to COVID-19.

The U.S. DOT classifies MEM as a small-hub primary airport. Therefore, the AIP formula stipulates that MEM is entitled to receive 90% in federal funding for AIP-eligible projects. AIP funds can be used for many improvement needs, but not operating costs. AIP funds are typically not available for revenue-generating projects. In federal fiscal year 2020, MEM was apportioned approximately $5.2 million in passenger entitlements.

MEM also receives cargo entitlement grants. In 2020, the FAA apportioned total entitlements of $3.2 billion, of which 3.5% is allotted for cargo entitlements, or $111 million. This amount is then allocated to airports on a pro-rata basis according to an airport’s share of total U.S. landed weight. In CY 2018, MEM’s landed weight was 14.05% of total U.S. landed weight, therefore, MEM was apportioned approximately $15.6 million in cargo entitlements in federal fiscal year 2020.

The Authority budgeted the use of the CARES Act grants to reduce the Net Airline Requirement in FY 2021, and therefore, none of these funds are assumed to fund the 2021 Project. However, the Authority estimates that it will receive an additional $4.6 million in AIP entitlements as a result of the CARES Act grant Group 1 allocation (as described in Chapter 4 of this Report), of which approximately $4.0 million is allocated to the 2021 Project.

The Authority has not yet determined the use of the ACRGP funds but is considering using approximately $8.2 million, which is the portion of the ACRGP funds allocated based on cargo entitlements, to fund an airfield project in the CIP.

3.4.2 Series 2016A Bonds

The Authority anticipates that proceeds from the Series 2016A Bonds will fund approximately $53.5 million of the 2021 Project. As of December 31, 2020, approximately $10.1 million of the Series 2016A Bond proceeds have been spent on the 2021 Project.

3.4.3 Series 2021 Bonds

Proceeds of the Series 2021 Bonds will be used to fund approximately $126.0 million in project costs and contingencies for the 2021 Project. The debt service on the Series 2021A Bonds is expected to be paid with Authority Net Revenues through the landing fee and is described in greater detail in the Chapter 4 of this Report.

3.5 Summary

Upon completion of the 2021 Project, MEM will have 11 deicing pads sized for Group V aircraft and one pad that can accommodate one Group VI or two Group IV aircraft all in a single location. The need for the consolidation of the existing deicing process, which is currently being performed at various locations at MEM, prompted the Authority to undertake the 2021 Project, and to authorize the issuance of the Series 2021 Bonds.

4. Financial Analysis

This chapter examines the financial structure of the Authority, as well as the forecast of debt service, O&M Expenses, and Revenues. The reasonableness of the user fees, including Signatory Airline CPE, and estimates of Net Revenues, including compliance with the Rate Covenant requirement established by the Basic Resolution, are also discussed.

The FY 2018 through FY 2020 amounts included in this chapter are as presented in the Authority's Comprehensive Annual Financial Report for the corresponding years. The FY 2021 amounts reflect the Authority's FY 2021 budget approved by the Board in May 21, 2020. The forecast period for this analysis consists of FY 2022 through FY 2027. All financial tables are included at the end of this chapter.

4.1 The Authority

The Authority is a body politic and corporate of the State of Tennessee, created in 1969 pursuant to the Metropolitan Airport Authority Act. The Authority is governed by a seven-member Board, five of whom are appointed by the Mayor of the City and two by the Mayor of the County. The City Council confirms these appointments for seven-year staggered terms. The Authority owns and operates MEM and two general aviation reliever airports: Baker Airport and DeWitt Spain Airport.

4.2 Basic Resolution

The Series 2021 Bonds are being issued under the Basic Resolution and a Supplemental Resolution No. 21-4975 duly adopted by the Board on February 18, 2021 and Certificate(s) of Determination relating to the Series 2021 Bonds. The Series 2021 Bonds are payable from and are secured solely by a pledge of, and lien upon, the Revenues of the Authority subject to the prior payment of O&M Expenses of MEM (Net Revenues) and on a parity with all Bonds. Revenues are defined in the Basic Resolution to include all rentals, fees, charges, receipts and other moneys and income derived by the Authority from its ownership and operation of MEM.

PFC and CFC revenues are not included in the Revenues under the Basic Resolution, unless specifically designated, and are not pledged to secure Bonds. The term Bonds is used in this Report to mean all Outstanding Bonds, Series 2021 Bonds, and any Additional Bonds hereafter issued under the Basic Resolution. Net Revenues are available for the equal and proportionate benefit of all Bonds. Pursuant to the Resolution, federal grants in aid, such as the CARES Act and ACRGP funds, are excluded from Revenues. CARES Act and ACRGP funds used to pay O&M Expenses at MEM and debt service on Airport Revenue Bonds will be treated as an offset to such amounts for the purposes of the Rate Covenant and the Additional Bonds Test.

4.2.1 Flow of Funds

The Revenue Fund created and established by the Basic Resolution into which all Revenues are deposited, to be held and administered by the Authority is continued so long as any Bonds are Outstanding. Moneys in the Revenue Fund shall be used and applied in the following order of priority:

- First, there shall be applied each month the amount which the Authority determines to be required to pay O&M Expenses

- Second, there shall be deposited each month into the Airport Improvement Bond Fund and the accounts therein the amounts required by the Resolution to be used for the purposes specified therein

- Third, so long as the Authority shall be required to make payments to the City or the County or other municipality for the payment by such city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport, there shall be set aside in each month in the separate account of the Authority continued under the Basic Resolution that amount which, together with other moneys credited to such account, if the same amount were set aside in such account in each month thereafter prior to the next date on which the Authority is required to make payments to the City or the County or other municipality, as the case may be, for the payment by the city, county or other municipality of principal of and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City or the County or such other municipality, as the case may be

- Fourth, any moneys remaining may be used by the Authority for any lawful purpose of the Authority.

4.2.2 Rate Covenant

Under Section 5.2 of the Basic Resolution, Covenant as to Rates, Fees and Charges, the Authority covenants that it will impose and prescribe such schedule of rates, rentals, fees and charges for the use and services of the facilities and commodities furnished by its Airport and will revise the same from time to time whenever necessary; and will collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which will be sufficient to pay all O&M Expenses; to pay the principal of and interest and premium, if any, on any Bonds when due; to pay the City and the County or any other municipality all amounts required to be paid to them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness (including the General Obligation Bonds) issued by them to finance all or any portion of the Airport; to pay all other claims, charges or obligations payable from Revenues; and to carry out all provisions and covenants of the Basic Resolution. At all times when Bonds are outstanding and in any and all events, such rates, rentals, fees and charges shall be imposed, prescribed, adjusted, enforced and collected to yield Net Revenues in an amount at least equal to 125% of the Debt Service Requirement on all Bonds. The Authority does not have any outstanding obligations to a city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport.

4.3 Airline Agreement

The Airline Agreements between the Authority and the Signatory Airlines became effective February 1, 2013 and expired on June 30, 2020. In June 2020, the Signatory Airlines approved an amendment to the Airline Agreements containing substantially the same terms and conditions but extending the expiration date to June 30, 2021. The Authority is in the process of negotiating a new multi-year residual cost airline use and lease agreement that will be effective on the date of beneficial occupancy of Concourse B, which is anticipated to be August 2021. Since the Airline Agreements expire on June 30, 2021 and the new agreements will not be effective until August 2021, the Signatory Airlines will remain as tenants and pay the Signatory Airline rates in the interim pursuant to the “holding over” provision of the Airline Agreements. While the Airline Agreements expire during the forecast period, the rate-setting methodologies outlined in the current Airline Agreements are assumed to be extended throughout the forecast period.

The Signatory Airlines include American, Delta, FedEx, Southwest, United, and UPS. Article 10 of the Airline Agreements describes the method for the calculation of the rents, fees and charges of the Signatory Airlines for the use of facilities, rights, licenses, and privileges to operate at MEM, which is a residual rate-setting methodology. The landing fee for scheduled non-signatory airlines is 1.15 times the rate paid by the Signatory Airlines and for non-scheduled non-signatory airlines is 1.25 times the rate paid by the Signatory Airlines. Air Canada, Allegiant, and Frontier are the scheduled Non-Signatory Airlines operating at MEM.

The Airline Agreements provide for the rental of space and the use of certain facilities by the Signatory Airlines, the establishment of cost accounting centers and the periodic adjustment of the rentals, charges and fees to be paid by the Signatory Airlines as determined by the costs and expenses associated with the Terminal Complex Area, Terminal Aircraft Apron Area, and Landing Field Area (each as defined in the Airline Agreements), and certain other areas.

The Airline Agreements require the Authority to seek an MII approval based on the cost center that the proposed Capital Improvement will affect. An MII for the Landing Field Area requires at least 51% or more of the Signatory Airlines, in number, which in the aggregate have landed 51% or more of the total Landed Weight of all Signatory Airlines during the most recent six-month period. An MII for the Terminal Complex Area or the Terminal Aircraft Apron Area requires at least 51% or more of the Signatory Airlines, in number, which in the aggregate have paid 51% or more of the respective fees and charges in the Terminal Complex Area and Terminal Aircraft Apron Area of all Signatory Airlines during the most recent six-month period. An MII for any other purpose requires at least 70% in number of the Signatory Airlines. Section 10.3 of the Airline Agreements details the circumstances in which the Authority can undertake Capital Improvements without MII approval. The Authority received MII approval for the 2021 Project from the Signatory Airlines in March 2020.

Article 10 also describes the funding of the Landing Field Discretionary Account and the Terminal Discretionary Account. The Authority may make expenditures from either Discretionary Account for any legal Airport purpose without MII approval, provided that the Landing Field Discretionary Account is used for a purpose that improves or benefits only the Landing Field Area and the Terminal Discretionary Account is used for a purpose that improves or benefits the Terminal Complex Area or Terminal Aircraft Apron Area. The Landing Field Discretionary Account can be used for a project that benefits the Terminal Complex Area only upon the approval of a Landing Field MII. In turn, the Terminal Discretionary Account can be used for a Landing Field Area project only upon the approval of a Terminal MII. The Landing Fee Discretionary Account and Terminal Discretionary Account are capped at $4 million each and are currently funded to their maximum levels. If these accounts are drawn down for necessary capital improvements, the amount is then replenished through rentals, charges and fees paid by the Signatory Airlines.

4.4 COVID-19 Relief Legislation

On March 27, 2020, the CARES Act was signed into law, which included, among other things, the award of certain grants to the operators of all U.S. airports, including MEM, provided such airports continued to employ, through December 31, 2020, at least 90% of the number of individuals employed as of March 27, 2020. The CARES Act provided $10 billion to eligible U.S. airports to prevent, prepare for, and respond to the impacts of the coronavirus. The CARES Act divides the $10 billion into four separate groups:

- **Group 1** – at least $500 million to increase the Federal share to 100% for FY 2020 AIP and FY 2020 Supplemental Discretionary grants (note that this amount was not included in the grant amounts provided by FAA on April 14, 2020);

- **Group 2** – at least $7.4 billion to Commercial Service Airports based 50% on each airport's percentage of enplanements for all commercial service airport CY 2018 enplanements, 25% on airports' percentage of debt service for the combined debt service for all commercial service airports for FY 2018, and 25% on airports' ratio of FY2018 unrestricted reserves to its debt service;

- **Group 3** – up to $2 billion for Primary Commercial Airports based on entitlement grant formula; and

- **Group 4** – at least $100 million for General Aviation Airports.

On April 14, 2020, the FAA provided the CARES Act grant amounts by airport and MEM was allocated $24,687,552 plus an amount for general aviation, which represents funds from Group 2, Group 3, and Group 4 (see Chapter 3 for a discussion of the use of the Group 1 amount). As of December 31, 2020, approximately $16.9 million of the CARES Act grant amount has been reimbursed to the Authority by the FAA. While the Authority budgeted the use of these funds to reduce the Net Airline Requirement in FY 2021,the Authority may apply the remaining $7.8 million of the CARES Act grant to reduce the Net Airline Requirement in FY 2022.

On December 27, 2020, the CAA was signed into law providing airports with an additional $2 billion in general fund revenues as further economic relief to assist eligible airports as they continue to respond to COVID-19. As a condition of accepting these funds, airports would be required to continue to retain at least 90% of the number of individuals employed as of March 27, 2020 through September 30, 2021. The $2 billion is allotted as follows:

- **Primary Airports** – Not less than $1.75 billion is set aside for primary airports, which includes MEM, and certain cargo airports, for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The FAA will distribute the funds first using AIP passenger and cargo entitlement formulas and then based on CY 2019 enplanements.

- **General Aviation Airports** – Up to $45 million would be set aside for general aviation airports for costs related to operations, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments.

- **Concessions** – Not less than $200 million would be set aside for primary airports, which includes MEM, to provide rent and MAG relief to on-airport car rental, on-airport parking, and in-terminal airport concessions from the date of enactment.

On February 12, 2021, the FAA established the ACRGP to distribute the CAA funds, of which $14,880,645 was allocated to MEM. The Authority has not yet determined the use of the ACRGP funds but is considering using approximately $6.1 million of these funds, which is the amount allocated based on enplaned passengers minus the amount allocated for concession relief of $496,550, to reduce the terminal's Net Airline Requirement in FY 2022.

4.5 Debt Service Requirement

On February 18, 2021, the Board authorized the issuance of the Series 2021 Bonds in a par amount not to exceed $265,000,000. For this analysis, the Series 2021 Bonds are estimated to be issued in a par amount of $176.1 million. The proceeds of the Series 2021 Bonds, plus the original issue premium and released funds in Debt Service Funds and Debt Service Reserve Funds, will be used to:

- fund approximately $126.0 million in project costs and contingencies for the 2021 Project;
- refund approximately $2.7 million of the Series 2011A-1 (AMT);
- refund approximately $17.6 million of the Series 2011B (AMT) bonds;
- refund approximately $38.8 million of the Series 2011D (Non-AMT) bonds;
- fund approximately $26.1 million of capitalized interest, a debt service reserve account, and costs of issuance.

The sources and uses of funds used to determine the Debt Service Requirement associated with the issuance of the Series 2021 Bonds is presented in the following table.

	Proposed Series 2021 Bonds				
	Series 2021A	Series 2021B	Series 2021C	Series 2011C	Total
Sources of funds (in 000s)					
Par amount of Bonds	$123,585	$2,625	$15,910	$34,025	$176,145
Original issue premium (discount)	24,647	129	1,863	4,147	30,786
Debt Service Fund Release (Principal)	0	4,195	0	2,420	6,615
Debt Service Fund Release (Interest)	0	208	426	980	1,613
Debt Service Reserve Fund Release	0	0	0	4,275	4,275
Total sources	$148,232	$7,157	$18,198	$45,847	$219,435
Uses of funds (in 000s)					
Project Fund deposit (a)	$126,029	$0	$0	$0	$126,029
Refunding escrow deposit	0	7,126	18,023	42,143	67,292
Debt Service Reserve Fund	10,391	0	0	3,403	13,794
Capitalized Interest	10,728	0	0	0	10,728
Costs of issuance	1,084	30	175	302	1,592
Total uses	$148,232	$7,157	$18,198	$45,847	$219,435

(a) See Table 3-2.

Source: PFM Financial Advisors LLC, January 19, 2021

Table 4-1 presents historical and forecast annual Debt Service Requirements. As of April 1, 2021, the Authority had $398,210,000 in Outstanding Bonds. Annual Debt Service Requirements for the Series 2021A Bonds were estimated by the Authority's financial advisor, PFM Financial Advisors LLC, at an all-in true interest cost of approximately 3.5% and a July 1, 2049 final maturity. The Series 2021A Bond Debt Service Requirement is structured to achieve approximately level aggregate annual debt service allocable to the airfield cost center to mitigate fluctuations in the amount of annual airfield debt service included in the Signatory Airlines' landing fee rate calculation.

As shown in the table, the proposed Series 2021A Bond Debt Service Requirement (net of capitalized interest) is estimated to be $3.1 million in FY 2023 and $6.2 million in FY 2024. Given certain debt service offsets expected in FY 2025 and FY 2026, Series 2021A debt service increases to $22.2 million and $7.5 million, respectively, in those years before decreasing to $5.3 million in FY 2027.

Estimated annual Debt Service Requirements for the Series 2021B Bonds, Series 2021C Bonds, and Series 2021D Bonds were developed by PFM Financial Advisors LLC based on estimated current market rates as of January 2021, plus an additional 50 basis points. The Series 2021B Bonds and Series 2021D Bonds are structured to achieve approximately level annual debt service savings as compared to the Bonds being refunded. The Series 2021C Bonds are structured with front-loaded debt service savings, without extending the final maturity as compared to the Bonds being refunded.

As certain series of Bonds mature, the final Debt Service Requirement for that issue is assumed to be funded with amounts available in that issuances Debt Service Reserve Account, except where a surety exists (Debt Service Reserve Offset). The Series 2021B and Series 2021C Bonds are expected to participate in a common Debt Service Reserve with the Authority's outstanding Series 2020B Bonds. This common Debt Service Reserve is expected to be released upon the final maturity of these bonds in FY 2025. As a result, the total Debt Service Requirement net of the released Debt Service Reserve is estimated to be $39.2 million in FY 2021, increasing to approximately $49.2 million in 2024 declining to approximately $44.6 million in FY 2027.

As shown in **Table 3-1**, MEM's CIP assumes no Additional Bonds once the proposed Series 2021 Bonds are issued.

4.6 O&M Expenses

The Authority is operated as an enterprise fund with separate accounts for each of the three airports. The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Board is that the costs of providing services on a continuing basis be recovered through user charges.

In accordance with the Metropolitan Airport Authority Act, the City entered into an agreement dated May 26, 1970 with the Authority, which transferred all airport properties, functions, and outstanding obligations to the Authority. Provisions of the agreement require the Authority to prepare an annual operating budget, which must be filed with the City. Even though the budget is required to be filed with the City, the Board is responsible for approving the budget and any subsequent revisions.

Salaries and wages, repair and maintenance, professional and engineering services, and other expenses that relate to MEM operations are reported as O&M Expenses. Interest expense and financing costs are reported as non-operating expenses.

Table 4-2 presents historical and projected O&M Expenses. As shown in the table, historical O&M Expenses increased from $59.7 million in FY 2019 to $69.1 million FY 2020. For the last four months of FY 2020 and budget FY 2021, the Authority implemented certain cost saving measures in response to COVID-19. This response included implementing a hiring freeze, reducing overtime, eliminating travel, suspending nonessential procurements/contracts, and other cost reducing procedures. As a result, FY 2021 O&M Expenses are budgeted at to $61.7 million, which is a 10.7% decrease compared to FY 2020. O&M Expenses are forecast to be approximately $75.2 million in FY 2027, reflecting a 3.4% CAGR from FY 2021 to FY 2027.

O&M Expenses are allocated to the Terminal Complex Area, Landing Field Area, and Terminal Aircraft Apron Area cost centers in accordance with Exhibit 10 of the Airline Agreements as follows:

Cost Center	Terminal Complex Area	Landing Field Area	Terminal Aircraft Apron Area	Total
Direct				
Terminal	100.0%	0.0%	0.0%	100.0%
Airfield	17.5%	78.6%	3.9%	100.0%
Ground transportation	100.0%	0.0%	0.0%	100.0%
Other aviation areas	72.7%	27.3%	0.0%	100.0%
Non-aviation areas	18.1%	71.6%	10.3%	100.0%
Baker Airport	0.0%	100.0%	0.0%	100.0%
DeWitt Spain Airport	0.0%	100.0%	0.0%	100.0%
Indirect				
Salaries and employee benefits	71.3%	28.3%	0.5%	100.0%
General administration	59.0%	41.0%	0.0%	100.0%
Operations & public safety	25.0%	75.0%	0.0%	100.0%
Field shop	10.0%	90.0%	0.0%	100.0%

Table 4-3 presents the allocation of the O&M Expenses to the Signatory Airlines' rate-based cost centers: Terminal Complex Area, Landing Field Area, and Terminal Aircraft Apron Area.

Table 4-4 presents the Capital Outlay for MEM. According to the Airline Agreements, a Capital Outlay is a capital expenditure, which under generally accepted accounting principles may not be expensed in the FY of acquisition but would be amortized over its estimated useful life, that is included as an O&M Expense item in the operating budget for that fiscal year. FY 2021 Capital Outlay is budgeted to be approximately $5.8 million and includes projects such as a parking lot improvements, signage replacements, radio system replacement, roof replacement, software upgrades, vehicle purchases, maintenance equipment, and various other equipment and maintenance items. FY 2022 through FY 2027 Capital Outlay reflects the average capital expenditures for FY 2018 through FY 2021 plus inflation.

4.7 Operating Revenues

MEM operating Revenues are derived primarily from landing fees, terminal area use charges, cargo building space rentals, parking revenues and concession revenues and are reported as operating Revenues. Transactions related to financing and investing activities are reported as non-operating Revenues.

Table 4-5 presents historical and forecast operating revenues for MEM. As shown in the table, total operating revenues were approximately $102.2 million in FY 2019 and $105.2 million in FY 2020 and are budgeted to decrease to approximately $83.3 million in FY 2021. The 20.8% decrease in FY 2021 is primarily the result of the continued impact of COVID-19. Total operating revenues are forecast to increase to approximately $125.0 million in FY 2027, reflecting a CAGR of 7.0% from FY 2021 to FY 2027.

The following table presents the operating revenues for actual FY 2020. As shown, airline revenues represented approximately 50.4% of MEM's revenues in FY 2020 with non-airline revenue accounting for approximately 49.6%. A detailed discussion of the operating revenues at MEM is presented in the following subsections.

Revenue Type	Actual FY 2020 (in 000s)	% to Total	% of Total Non-airline Revenues
Airline	$53,037	50.4%	
Non-airline			
Terminal Complex Area			
Ground transportation	$25,432	24.2%	48.8%
Delta reimb for Series 1999D Bonds	3,176	3.0%	6.1%
Concessionaires	1,905	1.8%	3.7%
Other	2,942	2.8%	5.6%
Subtotal	$33,455	31.8%	64.2%
Landing Field Area			
Ground rentals	$14,148	13.5%	27.1%
Other	1,702	1.6%	3.3%
Subtotal	$15,850	15.1%	30.4%
Baker Airport	314	0.3%	0.6%
DeWitt Spain Airport	963	0.9%	1.8%
Current portion of prepaid rent	1,540	1.5%	3.0%
Total non-airline revenue	$52,123	49.6%	100.0%
Total operating revenues	$105,160	100.0%	

Source: Table 4-5

4.7.1 Airline Revenue

Landing fees and terminal rentals are charged to the airlines for use of airfield and terminal facilities at MEM. According to Article 10 of the Airline Agreements, landing fees and terminal rentals charged to the Signatory Airlines are calculated based on a residual rate-setting methodology. Under the residual rate-setting formula established in the Airline Agreements, Revenues from sources other than the Signatory Airline rentals and fees are credited against the Authority's total operating, maintenance, and capital outlay requirements to determine the amount of the Signatory Airline rentals and fees to be paid. The accumulated surplus (or deficit) in the Revenue Fund, after all other requirements have been met, is normally included as a deduction (or addition) in the calculation of the net requirement to be met from the Signatory Airline rentals and fees.

Since the Authority has a residual rate-setting methodology, the decrease in non-airline revenues due to COVID-19 are mitigated by an increase in airline revenues. However, in reaction to the significant decline in aviation activity resulting from COVID-19, the Authority budgeted the use of the CARES Act grant to reduce the Net Airline Requirement. However, if Authority Revenues and O&M Expenses are more favorable than what is presented in the FY 2021 Budget, the Authority may decide to use some of the CARES Act grants in a future fiscal year.

As shown in **Table 4-5**, airline revenues were approximately $52.1 million in FY 2018 decreasing by 15.4% to $44.1 million in FY 2019. The primary reason for the decrease is the year-end settlement with the airlines. In FY 2019, the Authority credited the airlines at year end approximately $3.3 million primarily due to actual financial results performing better than budgeted. FY 2020 airline revenues were approximately $53.0 million and are budgeted to decrease to approximately $44.0 million in FY 2021. Total airline revenues are forecast to increase to approximately $65.7 million in FY 2027, reflecting a CAGR of 6.9% from FY 2021 to FY 2027. A more detailed discussion of the airline rentals and fees is as follows:

- **Table 4-6 Terminal Rental Rate** – The terminal rental rate is budgeted to be $77.01 per square foot in FY 2021, increasing to a maximum of $254.62 per square foot in FY 2022, primarily as a result of the rate-based credit decreasing due to COVID-19 (i.e., parking, rental car, and concession revenues). The terminal rental rate decreases to a low of $103.29 per square foot in FY 2025, due to the Debt Service Reserve Offset in FY 2025 and then increases to $150.54 per square foot in FY 2027.

- **Table 4-7 Landing Fee Rate** – The landing fee rate is budgeted to be $1.30 per 1,000 pounds of landed weight in FY 2021, increasing to $1.55 per 1,000 pounds of landed weight in FY 2027.

- **Table 4-8 Apron Fee Rate** – The apron fee rate is budgeted to be $363.15 per linear foot in FY 2021, increasing to $497.91 per linear foot in FY 2027, primarily as the result of inflation.

Table 4-9 presents the detailed Signatory Airline CPE calculation for MEM. The Signatory Airline CPE is $11.88 per enplaned passenger in FY 2021 and forecast to increase to a high of $26.16 per enplaned passenger in FY 2022, which reflects enplaned passengers that are lower than pre-COVID-19 levels and no federal relief grants. As previously described, the Authority may apply the remaining amount of the CARES Act grant (or $7.8 million) and approximately $6.1 million of the ACRGP to reduce the terminal's Net Airline Requirement in FY 2022. The combination of the remainder of the CARES Act grant and the ACRGP funds could potentially reduce the FY 2022 forecasted CPE by $9.00 per enplaned passenger. The forecasted CPE could also be lower due to the administering of the COVID-19 vaccinations increasing the propensity to travel by air and future federal relief both of which are not known at this time.

The Signatory Airline CPE decreases to $8.43 per enplaned passenger in FY 2025 primarily as a result of the release of the Debt Service Reserve Offset related to the Bonds that mature in that year. The Signatory Airline CPE increases thereafter to $10.82 per enplaned passenger by FY 2027.

FY	CPE	FY	CPE
Historical		Forecast	
2018	$8.68	2021 (a)	$11.88
2019 (b)	$5.52	2022	$26.16
2020	$11.32	2023	$18.71
		2024	$11.67
		2025	$8.43
		2026	$10.63
		2027	$10.82

(a) The Authority budgeted the FY 2021 CPE to be $18.25 based on an enplaned passenger number of 770,000. Based on FY year-to-date 2021 actual results, FY 2021 enplaned passengers are forecast at 1.1 million, which lowers the budgeted CPE.
(b) The FY 2019 CPE is lower than FY 2018 primarily as a result of the FY 2018 airline year end settlement being included in the FY 2019 airline revenues.

Sources:
Authority records
Table 4-9, FY 2021 - FY 2027

4.7.2 Terminal Complex Area Revenues

The Terminal Complex Area includes non-airline revenues primarily generated from the ground transportation and concession activities at MEM. Payments to MEM are typically based on negotiated agreements with these parties to remit amounts based on gross revenues. Some tenant agreements require self-reporting of concession operations and/or sales. The tenants' operation reports and payments are due to MEM in the month following the activity. The timing of concessionaire reporting and when revenue earned is recorded determines when accruals are required for each tenant.

The following table presents the percent change in the number of enplaned passengers and the largest non-airline revenue sources in the Terminal Complex Area using unaudited results from March 2020 through December 2020, as compared to the same month in the previous year.

	Percent Decrease Over Prior Year											
	Mar-20	Apr-20	May-20	Jun-20	FY 2020	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	YTD FY 2021
Enplaned passengers	-51.5%	-94.5%	-87.5%	-75.9%	-24.6%	-65.5%	-59.3%	-56.1%	-54.6%	-54.8%	-56.5%	-57.9%
Ground transportation												
Public parking	-46.1%	-93.7%	-87.5%	-80.6%	-22.9%	-71.1%	-62.7%	-61.5%	-61.8%	-55.4%	-63.8%	-63.0%
Rental car agencies	-38.9%	-78.4%	-72.9%	-53.9%	-19.3%	-51.5%	-44.5%	-44.9%	-43.8%	-42.1%	-48.8%	-46.0%
Concessionaires												
Food and beverage	-52.7%	-97.7%	-96.7%	-92.5%	-27.7%	-87.3%	-83.7%	-81.0%	-80.1%	-78.5%	-84.8%	-82.6%
News and gift	-40.4%	-76.3%	-70.6%	-57.7%	-18.8%	-46.8%	-41.8%	-43.3%	-42.5%	-40.0%	-43.0%	-42.9%

As shown, beginning in March 2020, ground transportation and terminal concession revenues decreased month-over-month compared to the same time period in 2019 primarily due to COVID-19, with the largest decreases in April 2020. Ground transportation and terminal concession revenues began to return in May 2020 as evidenced by the declining rate of the decrease in the May 2020 to November 2020 numbers over 2019. In December 2020, the enplaned passenger decrease was greater than November 2020, which impacted revenues. As also shown in the table, food and beverage decreased month-over-month at a greater rate than the other revenues presented, which is not only a result of a decrease in enplaned passengers but also the result of the closure of half the food and beverage concessionaires at MEM as a result of COVID-19.

The primary Terminal Complex Area revenues at MEM are discussed in greater detail as follows:

4.7.2.1 Ground Transportation Revenues

The following table presents the ground transportation revenues by major category for actual FY 2020:

Ground Transportation	Actual FY 2020 (in 000s)	% to Total	% of Total Non-airline Revenues
Public parking	$14,763	58.0%	28.3%
Rental car agencies	7,285	28.6%	14.0%
Ground transportation companies	1,207	4.7%	2.3%
GTC O&M reimbursements	1,577	6.2%	3.0%
Employee parking	599	2.4%	1.1%
Total ground transportation revenue	$25,432	100.0%	48.8%

Source: Table 4-5

The terms of the agreements that generate the majority of the ground transportation revenues at MEM are discussed in greater detail as follows:

- Public parking revenues are the largest non-airline revenue source at MEM, representing 28.3% of total non-airline revenues in FY 2020. MEM has a three-level parking garage immediately adjacent to the terminal containing 2,657 public parking spaces, including 459 short-term and 2,198 long-term spaces. In addition, the Ground Transportation Center contains 4,541 economy public parking spaces. In November 2018, the Authority entered into an agreement with ABM Aviation, Inc. (ABM) to provide parking and ground transportation management services at MEM in all of its parking lots, including the employee lots as well as oversight of the ground transportation area. Parking management services include the operating of MEM's parking facilities, cash handling, revenue controls and financial reporting. ABM collects the parking fees from customers and deposits all such monies in an Authority-held account. The initial term of the agreement is for five years with a two additional one-year extension options.

  Under this agreement, ABM receives a management fee, incentive fee (subject to annual review by the Authority) and reimbursement of expenses. ABM prepares and submits to the Authority an annual operating budget, which is subject to approval by the Authority.

  MEM's last parking rate change occurred in 2017, increasing parking rates to $24.00 per day for short-term and $15.00 per day for long-term. The daily parking rate in the Ground Transportation Center public parking economy lot is $6.00 per day. No additional parking rate increases are assumed for this analysis; however, the Authority reviews its parking rate structure annually to determine if an increase is warranted.

  Parking revenues were approximately $19.1 million in FY 2019, or $8.47 per originating passenger. Parking revenues decreased to approximately $14.8 million in FY 2020 and are budgeted to decrease further to approximately $6.6 million in FY 2021, or $5.84 per originating passenger, primarily as a result of COVID-19. Parking revenues are forecast to return to the FY 2019 per originating passenger rate by FY 2024, which is the assumed enplaned passenger recovery year. By FY 2027, parking revenues are forecast to be approximately $20.3 million, or $8.47 per originating passenger.

- In FY 2020, the rental car revenues were approximately 14.0% of total non-airline revenues. The Authority has entered into Rental Car Facility Lease and Concession Agreements (RAC Agreements) with Avis, Budget, Hertz Global Holdings Inc., DTG (Dollar/Thrifty), Alamo/National, and Enterprise, which expire on September 1, 2027. Each RAC Agreement has an extension option for an additional five-year term. Pursuant to the RAC Agreements, each company pays an annual base rent plus contingent rent if there is a shortfall in CFC collections, which has never occurred; facility O&M fees for the Ground Transportation Center, customer service building, and quick turnaround area; and a concession fee equal to 10% of gross revenues.

Rental car revenues were approximately $9.0 million in FY 2019, or $3.99 per originating passenger. Rental car revenues decreased to approximately $7.3 million in FY 2020 and are budgeted to decrease further to approximately $4.2 million in FY 2021, or $3.72 per originating passenger, primarily as a result of COVID-19. Rental car revenues are forecast to return to the FY 2019 per originating passenger rate by FY 2024, which is the assumed enplaned passenger recovery year. By FY 2027, rental car revenues are forecast to be approximately $9.6 million, or $3.99 per originating passenger.

- The ground transportation companies' category includes revenues derived from Uber Technologies, Inc. (Uber), Lyft, Inc. (Lyft), taxis and limousines, and courtesy vehicles. The Authority charges Uber/Lyft $2.00 per each pick up and each drop off. In FY 2020, this category amounts to approximately 2.3% of total non-airline revenues. Ground transportation company revenues were approximately $1.2 million in FY 2020 and are budgeted to be approximately $891,000 in FY 2021 primarily as a result of COVID-19. In FY 2027, ground transportation revenues are forecast to increase to approximately $1.3 million.

4.7.2.2 Terminal Concessions

The following table presents the terminal concession revenues by major category for actual FY 2020:

Concession Type	Actual FY 2020 (in 000s)	% to Total	% of Total Non-airline Revenues
Food and beverage	$898	47.1%	1.7%
News and gift	814	42.7%	1.6%
Advertising	139	7.3%	0.3%
Other concessionaires	54	2.8%	0.1%
Total concession revenue	$1,905	100.0%	3.7%

Source: Table 4-5

The terms of the agreements that generate the majority of the concession revenues at MEM are discussed in greater detail as follows:

- In April 2004, the Authority entered into a Lease and Concession Agreement for the development and operation of Food and Beverage Concessions (F&B Agreement) with Anton Airfood, Inc., operating as HMS Host (Host), which was last amended in May 2015 and expired on September 30, 2020. In September 2020, the Authority executed an amendment to the F&B Agreement that will extend the F&B Agreement until the date of beneficial occupancy of Concourse B, which is expected to occur in August 2021. The

Authority is currently negotiating new food and beverage agreements to be effective at the date of beneficial occupancy of Concourse B.

Pursuant to the F&B Agreement, Host pays a concession fee equal to 11% of the gross revenues attributable to the sale of food and non-alcoholic beverages and 14% of the gross revenues attributable to the sale of alcoholic beverages. Host also pays an annual capital recovery fee and annual facility rents, of $2.00 per square foot, which is suspended during construction of Concourse B.

Food and beverage revenues were approximately $1.2 million in FY 2019, or $0.55 per enplaned passenger. Food and beverage revenues decreased to approximately $898,000 in FY 2020 and are budgeted to decrease further to approximately $416,000 in FY 2021, or $0 .37 per enplaned passenger, primarily as a result of COVID-19. Food and beverage revenues are forecast to increase at the FY 2019 per enplaned passenger rate by FY 2024, which is the assumed enplaned passenger recovery year. By FY 2027, food and beverage revenues are forecast to be approximately $1.3 million, or $0.55 per enplaned passenger.

- In April 2004, the Authority entered into a Lease and Concession Agreement for the Development and Operation of the news and gift concession (Retail Agreement) with Paradies-Memphis, LLC (Paradies), which was last amended in April 2015 and expired on September 30, 2020. In September 2020, the Authority executed an amendment to the F&B Agreement that will extend the Retail Agreement until the date of beneficial occupancy of Concourse B, which is expected to occur in August 2021. The Authority is currently negotiating new news and gift agreements to be effective at the date of beneficial occupancy of Concourse B..

  Pursuant to the Retail Agreement, Paradies pays a concession fee equal to 12% of gross revenues and an annual capital recovery fee of $2.00 per square foot, which is suspended during construction of Concourse B.

  News and gift revenues were approximately $1.0 million in FY 2019, or $0.44 per enplaned passenger. News and gift revenues decreased to approximately $814,000 in FY 2020 and are budgeted to decrease further to approximately $351,000 in FY 2021, or $0 .31 per enplaned passenger, primarily as a result of COVID-19. News and gift revenues are forecast to increase at the FY 2019 per enplaned passenger rate by FY 2024, which is the assumed enplaned passenger recovery year. By FY 2027, news and gift revenues are forecast to be approximately $1.1 million, or $0.44 per enplaned passenger.

Other revenues in the Terminal Complex Area include reimbursement by Delta for the Series 1999D Bonds[1], rentals from the Transportation Security Administration (TSA), federal grant reimbursements for O&M Expenses, and cargo terminal rentals. Total Terminal Complex Area revenues were approximately $33.5 million in FY 2020 and are budgeted to decrease approximately 38.9% in FY 2021 primarily as a result of the decreased enplaned passengers related to COVID-19. Total Terminal Complex Area revenues are forecast to increase to approximately $39.4 million in FY 2027, reflecting a CAGR of 11.5% between FY 2021 and FY 2027.

4.7.3 Landing Field Area Revenues

Total Landing Field Area revenues were approximately $17.1 million in FY 2020 and are budgeted to be approximately $17.4 million in FY 2021. Total Landing Field Area revenues are forecast to increase to approximately $18.3 million in FY 2027, reflecting a CAGR of 0.9% between FY 2021 and FY 2027. The Landing Field Area revenues include ground rentals, Democrat Square rentals, building rentals, cargo east rentals, fixed base operator (FBO) fuel flowage fees, Baker Airport revenues, and Dewitt Spain Airport revenues. At this time, it is assumed that COVID-19 has no impact on the Landing Field Area revenues. The terms of the agreements that generate the majority of Landing Field Area revenues at MEM are discussed in greater detail as follows:

- The Authority entered into the Composite Lease Agreement with FedEx effective January 1, 2007. The Composite Lease Agreement represents 36 separate lease agreements between the Authority and FedEx, which in FY 2020 equated to approximately $11.5 million in ground rental revenue to the Authority. These lease agreements include leases for hangars, sort system facility, and aircraft parking. The initial term of the Composite Lease Agreement extends through December 31, 2036. Provided FedEx is in compliance with all conditions, covenants, and agreements under the Composite Lease Agreement, then FedEx may extend the Agreement through December 31, 2058. The initial annual rent for each of the separate lease agreements is set forth in an exhibit to the Composite Lease Agreement and the annual rental rate is subject to increase every five years for the remainder of the term at the lesser of 13% or Consumer Price Index.

- The Authority entered into a Lease Agreement with UPS for its parcel distribution and air cargo operation facility on March 1, 1997. The initial term of this Lease was 30 years or until April 15, 2029. This lease has four five-year renewal options which would extend the term of the lease to 50 years at the request of UPS. During the initial term, UPS pays rent on approximately 5.9 million square feet based on a fixed rate that generated

[1] The Series 1999D Bonds were refunded, along with other Outstanding Bonds, with the Series 2010B Bonds, Series 2011A-1 Bonds, and the Series 2011B Bonds; however, Delta reimburses the Authority based on the original Series 1999D Bond debt service agreement, which matures in FY 2025.

approximately $1.3 million in FY 2020. The rent during the option periods will be determined based on an appraisal.

- The Authority entered into the Fuel System Lease Agreement with MEMFuel, LLC (MEMFuel) on July 15, 2015, expiring on December 31, 2033. MEMFuel leases the fuel system and certain land at MEM (collectively, the Premises) and uses the Premises for the receipt, distribution, storage, handling and dispensing of jet fuel at MEM. MEMFuel pays fuel system and land rent at a rate of $0.33 per square foot, which is subject to adjustment every five years. In addition, MEMFuel pays a capital recovery rent of $54,775.61 per month through August 1, 2029.

4.8 Debt Service Coverage

Table 4-10 presents the historical and forecast debt service coverage ratio, which, in every year, exceeds the requirement of Net Revenues being equal to at least 125% of the Debt Service Requirement. Since the Authority has a residual rate-setting methodology, the decrease in non-airline revenues due to COVID-19 are mitigated by an increase in airline revenues. Therefore, the reductions in non-airline revenues resulting from COVID-19 have no effect on the debt service coverage ratio.

As shown in **Table 4-10**, the Net Revenue and Debt Service Requirement is reduced by the $24.7 million in CARES Act grants allocated to the Authority by the FAA. Of this amount, approximately $4.6 million was reimbursed to fund O&M Expense labor costs and $12.3 million for Debt Service Requirement as of December 2020. The remaining $7.9 million is assumed to fund O&M Expenses for the remainder of FY 2021.

The following presents a summary of the historical and forecast debt service coverage:

	Net revenues (in 000s)	Debt Service Requirement (in 000s)	Debt Service Coverage
Historical			
2018	$60,889	$34,752	1.75x
2019	$51,043	$35,711	1.43x
2020	$51,127	$38,394	1.33x
Budget			
2021 (a)	$40,977	$26,884	1.52x
Forecast			
2022	$53,147	$42,004	1.27x
2023	$57,829	$45,750	1.26x
2024	$62,146	$49,203	1.26x
2025	$55,045	$43,523	1.26x
2026	$55,577	$43,948	1.26x
2027	$56,367	$44,580	1.26x

(a) FY 2021 is reduced by the amount reimbursed with the CARES Act grant.

Source: Table 4-10

4.9 Required Fund Deposits

Table 4-11 presents the required fund deposits and the cash reserves of MEM. Amounts in the Airport Improvement Bond Fund are pledged to Bondholders and may only be used to pay debt service on Bonds.

MEM had approximately $45.9 million in unrestricted cash as of June 30, 2020. This balance translates into 248 days of cash on hand when divided by the sum of FY 2021 O&M Expenses of approximately $61.7 million and capital outlay of approximately $5.8 million and multiplied by 365 days. Since the Authority has a residual rate-setting methodology, the unrestricted cash is forecast to remain at $45.9 million, which calculates to 205 days of cash on hand by FY 2027 when divided by the sum of FY 2027 O&M Expenses of approximately $75.2 million and capital outlay of approximately $6.7 million and multiplied by 365 days.

4.10 Sensitivity Test

The assumptions and estimates underlying the forecasts are inherently subject to change and, though considered reasonable when taken as a whole as of this date, are subject to a wide variety of business, economic, and competitive risks and uncertainties that could cause actual results to vary materially from projected results. Accordingly, there can be no assurance that assumptions will be realized, that unanticipated events and circumstances will not occur, and that actual results will not be materially higher or lower than projected results. Therefore, a sensitivity test was prepared to determine the impacts of certain potential negative events, the results of which are presented in **Table 4-12**. The base case as well as the sensitivity tests are defined as follows:

- **Base Case** – The Base Case represents the results as determined in **Table 4-1** through **Table 4-11** of this Report.

- **Sensitivity Test** – The aviation activity forecast presented in the base case assumes MEM will return to FY 2019 levels by FY 2024. However, due to the uncertainty in the recovery period resulting from, but not limited to, the slow recovery of business travel and the ability of the airlines to return to 2019 levels by 2024 due to airline employee furloughs and the temporary and permanent retirement of aircraft sooner than expected, a sensitivity test has been prepared where enplaned passengers do not recover to FY 2019 during the forecast period. For this sensitivity, enplaned passenger are assumed to recover to FY 2019 levels in 10 years or FY 2030. This results in lower PFC revenues, as well as lower concession revenues than the base case. However, due to the residual nature of the Airline Agreements, the lower non-airline revenues are offset by higher Signatory Airline revenues, which results in no change to the debt service coverage ratio. As shown in the table, the Signatory Airline CPE increases from the base case of $10.82 per enplaned passenger in FY 2027 to $22.51 per enplaned passenger.

Table 4-1 – Annual Debt Service Requirement (in 000s)

	Fiscal Year									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Outstanding Bond Debt Service										
Series 2010A	$1,515	$1,515	$1,515	$316	$0	$0	$0	$0	$0	$0
Series 2010B	20,959	20,959	20,961	4,367	0	0	0	0	0	0
Series 2011A-1	5,213	4,575	4,571	4,610	0	0	0	0	0	0
Series 2011A-2	3,297	0	0	0	0	0	0	0	0	0
Series 2011B	852	852	852	852	0	0	0	0	0	0
Series 2011C	3,802	7,102	7,100	7,103	0	0	0	0	0	0
Series 2011D	1,959	1,959	1,959	4,379	0	0	0	0	0	0
Series 2016A	0	804	1,436	2,871	2,871	2,871	2,871	9,981	25,450	28,796
Series 2018	0	0	0	0	5,964	5,964	5,964	8,189	8,878	8,031
Series 2020A	0	0	0	869	1,101	1,101	1,101	1,101	1,101	2,481
Series 2020B	0	0	0	14,000	18,915	18,917	18,914	11,655	0	0
Total Outstanding Debt Service Requirement	$37,596	$37,766	$38,394	$39,366	$28,851	$28,853	$28,850	$30,926	$35,429	$39,309
Proposed Series 2021 Bonds										
Series 2021A (a)	$0	$0	$0	$0	$0	$3,090	$6,179	$22,179	$7,529	$5,272
Series 2021B	0	0	0	0	2,787	0	0	0	0	0
Series 2021C	0	0	0	0	1,828	5,268	5,633	5,717	0	0
Series 2021D	0	0	0	0	8,538	8,540	8,542	8,541	5,266	0
Total Proposed Series 2021 Bonds	$0	$0	$0	$0	$13,154	$16,897	$20,353	$36,437	$12,795	$5,272
Total Debt Service Requirement	$37,596	$37,766	$38,394	$39,366	$42,004	$45,750	$49,203	$67,363	$48,224	$44,580
Debt Service Reserve Offset (b)										
Series 2011A-2	($2,844)	($2,055)	$0	$0	$0	$0	$0	$0	$0	$0
Series 2011C	0	0	0	(179)	0	0	0	0	0	0
Common reserve (2020B, 2021B, 2021C) (c)	0	0	0	0	0	0	0	(23,840)	0	0
Series 2021D	0	0	0	0	0	0	0	0	(4,276)	0
Total Debt Service Reserve offset	($2,844)	($2,055)	$0	($179)	$0	$0	$0	($23,840)	($4,276)	$0
Net Debt Service Requirement	**$34,752**	**$35,711**	**$38,394**	**$39,187**	**$42,004**	**$45,750**	**$49,203**	**$43,523**	**$43,948**	**$44,580**
Allocation of net debt service to rate base										
Terminal Complex Area	$10,382	$10,097	$10,975	$11,686	$15,489	$16,142	$16,507	$10,425	$10,420	$10,512
Landing Field Area	24,370	25,613	27,419	27,502	26,515	29,608	32,696	33,098	33,528	34,068
Terminal Aircraft Apron Area	0	0	0	0	0	0	0	0	0	0
Net Debt Service Requirement	$34,752	$35,711	$38,394	$39,187	$42,004	$45,750	$49,203	$43,523	$43,948	$44,580

(a) The proposed Series 2021A Bond Debt Service Requirement is shown net of capitalized interest.

(b) As certain series of Bonds mature, the final Debt Service Requirement payment for that issue is assumed to be funded with amounts available in that series' Debt Service Reserve Account.

(c) The Authority has a common Debt Service Reserve for the Series 2020B Bonds, the Series 2021B Bonds, and the Series 2021C Bonds. The common Debt Service Reserve is released upon the final maturity of these bonds, which is the Series 2021C Bonds in FY 2025.

Sources:
Authority records, outstanding bond Debt Service Requirement
PFM Financial Advisors LLC, January 19, 2021, proposed Series 2021 Bond Debt Service Requirement

Columns may not add to totals shown due to rounding.

Table 4-2 – Historical and Forecast O&M Expenses (in 000s)

	Restated 2018	Actual 2019	Actual 2020	Budget 2021	Forecast 2022	2023	2024	2025	2026	2027
Direct										
Terminal	$7,239	$6,122	$5,814	$6,543	$6,168	$6,353	$6,544	$6,740	$6,942	$7,150
Airfield	7,194	7,356	6,689	6,464	7,096	7,309	7,528	7,754	7,987	8,226
Ground transportation	4,273	4,528	4,478	3,996	4,751	4,893	5,040	5,191	5,347	5,507
Other aviation areas	323	333	283	394	300	309	318	328	337	348
Non-aviation areas	1,095	1,096	1,101	1,165	1,168	1,203	1,239	1,277	1,315	1,354
Baker Airport	304	281	257	300	272	280	289	297	306	316
DeWitt Spain Airport	839	962	700	925	743	765	788	812	836	861
Indirect										
Salaries and employee benefits (a)	$25,751	$28,363	$37,959	$31,452	$31,881	$32,838	$33,823	$34,838	$35,883	$36,959
General administration (b)	7,466	7,626	9,013	7,671	9,562	9,849	10,145	10,449	10,762	11,085
Operations & public safety	2,211	2,191	2,076	1,778	2,203	2,269	2,337	2,407	2,479	2,554
Field shop	877	854	701	972	744	766	789	813	837	862
Total O&M Expenses	**$57,571**	**$59,712**	**$69,072**	**$61,660**	**$64,889**	**$66,835**	**$68,840**	**$70,906**	**$73,033**	**$75,224**
% Change		**3.7%**	**15.7%**	**-10.7%**	**5.2%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
CAGR (2018 - 2020)			**9.5%**							
CAGR from 2021										**3.4%**

(a) FY 2020 salaries and employee benefits includes a $7.9 million to fund the other post-employment benefits (OPEB) expenses of the Authority.

(b) General administration expenses increased in FY 2020 primarily due to "one time" capital outlay expenditures.

Sources:
Authority financial records, FY 2018 through FY 2021
DKMG Consulting LLC, FY 2022 - FY 2027

Columns may not add to totals shown due to rounding.

Table 4-3 – Allocation of O&M Expenses for Airline Rates and Charges (in 000s)

	Restated 2018	Actual 2019	Actual 2020	Budget 2021	Forecast 2022	2023	2024	2025	2026	2027
Terminal Complex Area										
Direct	$7,239	$6,122	$5,814	$6,543	$6,168	$6,353	$6,544	$6,740	$6,942	$7,150
Salaries and employee benefits	18,347	20,208	27,046	22,409	22,715	23,397	24,099	24,822	25,566	26,333
Airfield	1,069	1,145	1,169	1,208	1,240	1,277	1,316	1,355	1,396	1,438
Ground transportation	4,273	4,528	4,478	3,996	4,751	4,893	5,040	5,191	5,347	5,507
General administration	4,405	4,499	5,318	4,526	5,642	5,811	5,985	6,165	6,350	6,540
Operations & public safety	553	548	519	445	551	567	584	602	620	638
Field shop	88	85	70	97	74	77	79	81	84	86
Other aviation areas	236	249	205	272	218	224	231	238	245	253
Non-aviation areas	185	192	200	188	212	218	225	231	238	246
Subtotal	$36,395	$37,577	$44,819	$39,684	$41,571	$42,818	$44,102	$45,426	$46,788	$48,192
% Change				-11.5%	4.8%	3.0%	3.0%	3.0%	3.0%	3.0%
Landing Field Area										
Direct	$5,771	$5,871	$5,257	$5,031	$5,577	$5,745	$5,917	$6,094	$6,277	$6,466
Salaries and employee benefits	7,275	8,012	10,723	8,885	9,006	9,277	9,555	9,842	10,137	10,441
General administration	3,061	3,127	3,695	3,145	3,921	4,038	4,159	4,284	4,413	4,545
Operations & public safety	1,658	1,643	1,557	1,334	1,652	1,702	1,753	1,805	1,860	1,915
Field shop	789	769	631	875	669	690	710	732	753	776
Other aviation areas	86	84	77	122	82	84	87	90	92	95
Non-aviation areas	815	801	788	887	836	861	887	914	941	970
Baker Airport	304	281	257	300	272	280	289	297	306	316
DeWitt Spain Airport	839	962	700	925	743	765	788	812	836	861
Subtotal	$20,598	$21,551	$23,687	$21,504	$22,759	$23,442	$24,146	$24,870	$25,616	$26,384
% Change				-9.2%	5.8%	3.0%	3.0%	3.0%	3.0%	3.0%
Terminal Aircraft Apron Area										
Salaries and employee benefits	$129	$142	$190	$157	$159	$164	$169	$174	$179	$185
Airfield	353	339	263	225	279	287	296	305	314	323
Non-aviation areas	96	104	113	90	120	124	127	131	135	139
Subtotal	$578	$585	$566	$472	$558	$575	$592	$610	$628	$647
% Change				-16.6%	18.3%	3.0%	3.0%	3.0%	3.0%	3.0%
Total O&M Expenses	**$57,571**	**$59,712**	**$69,072**	**$61,660**	**$64,889**	**$66,835**	**$68,840**	**$70,906**	**$73,033**	**$75,224**
% Change		**3.7%**	**15.7%**	**-10.7%**	**5.2%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
CAGR from 2021										**3.4%**

Columns may not add to totals shown due to rounding.

Table 4-4 – Capital Outlay (in 000s)

	Budget	Forecast					
	2021	2022	2023	2024	2025	2026	2027
Direct							
Terminal	$1,458	$1,594	$1,723	$1,823	$1,965	$2,090	$2,090
Airfield	2,048	2,158	2,148	2,134	2,137	2,450	2,450
Ground transportation	82	134	103	93	53	100	100
Other aviation areas	0	0	0	0	0	0	0
Non-aviation areas	0	0	0	0	0	0	0
Baker Airport	268	145	60	106	45	91	91
DeWitt Spain Airport	207	381	353	376	321	227	227
Indirect							
General administration	1,733	1,843	1,871	1,836	1,800	1,660	1,660
Operations & public safety	19	57	51	21	69	40	40
Field shop	0	0	0	0	0	0	0
Total Capital Outlay	**$5,814**	**$6,310**	**$6,310**	**$6,389**	**$6,390**	**$6,658**	**$6,658**
Allocation to rate base							
Terminal Complex Area	$2,567	$2,829	$2,943	$3,004	$3,097	$3,179	$3,179
Landing Field Area	3,247	3,481	3,367	3,385	3,293	3,479	3,479
Terminal Aircraft Apron Area	0	0	0	0	0	0	0
Total	$5,814	$6,310	$6,310	$6,389	$6,390	$6,658	$6,658

Sources:

Authority financial records, FY 2021

DKMG Consulting LLC, FY 2022 - FY 2027

Columns may not add to totals shown due to rounding.

Table 4-5 – Historical and Forecast Operating Revenues (in 000s) (page 1 of 2)

	Restated 2018	Actual 2019	Actual 2020	Budget 2021	Forecast 2022	2023	2024	2025	2026	2027
Airline revenues										
Terminal Building Rentals (a)(b)	$13,378	$8,226	$13,286	$10,125	$33,473	$28,830	$20,562	$13,579	$18,995	$19,790
Terminal rentals - operations	0	0	0	16	16	16	16	16	16	16
Landing Fees										
Cargo	31,984	28,890	33,835	30,533	30,765	34,951	37,520	37,680	38,741	39,772
Passenger	3,212	3,484	2,891	1,857	2,244	3,186	4,241	4,258	4,379	4,495
Gate use fees	2,319	2,187	1,717	279	279	279	279	279	279	279
Fuel farm fees	677	677	677	678	684	691	698	705	712	719
Apron Fees	536	605	631	472	558	575	592	610	628	647
Total airline revenues	$52,107	$44,070	$53,037	$43,960	$68,020	$68,528	$63,908	$57,129	$63,752	$65,720
% Change		-15.4%	20.3%	-17.1%	54.7%	0.7%	-6.7%	-10.6%	11.6%	3.1%
Terminal Complex Area										
Ground transportation										
Public parking	$18,151	$19,145	$14,763	$6,601	$8,983	$12,450	$19,145	$19,528	$19,918	$20,316
Rental car agencies	8,514	9,024	7,285	4,200	5,345	7,071	9,024	9,204	9,388	9,576
Ground transportation companies	763	1,119	1,207	891	1,123	1,414	1,782	1,818	1,854	1,891
GTC O&M reimbursements	1,266	1,179	1,577	2,024	2,044	2,064	2,085	2,106	2,127	2,148
Employee parking	623	619	599	288	291	294	297	299	302	306
Subtotal	$29,316	$31,085	$25,432	$14,004	$17,785	$23,293	$32,333	$32,955	$33,590	$34,237
% Change		6.0%	-18.2%	-44.9%	27.0%	31.0%	38.8%	1.9%	1.9%	1.9%
Concessionaires										
Food and beverage	$1,144	$1,243	$898	$416	$566	$784	$1,243	$1,268	$1,293	$1,319
News and gift	1,000	1,003	814	351	477	661	1,003	1,023	1,044	1,064
Advertising	133	132	139	25	31	40	50	51	52	53
Other concessionaires	66	56	54	55	69	87	110	112	114	117
Subtotal	$2,342	$2,433	$1,905	$846	$1,144	$1,572	$2,406	$2,454	$2,503	$2,553
% Change		3.9%	-21.7%	-55.6%	35.1%	37.4%	53.1%	2.0%	2.0%	2.0%
Other										
Delta reimb for Series 1999D Bonds	$3,207	$3,150	$3,176	$3,177	$3,177	$3,177	$3,177	$3,177	$0	$0
TSA payments	735	807	883	791	799	807	815	823	831	840
Federal operating grants	962	958	984	442	446	451	455	460	465	469
Cargo terminal	194	247	250	490	495	500	505	510	515	520
Other	1,000	992	825	700	707	714	721	728	735	743
Subtotal	$6,099	$6,154	$6,118	$5,600	$5,624	$5,649	$5,673	$5,698	$2,547	$2,572
% Change	-5.5%	0.9%	-0.6%	-8.5%	0.4%	0.4%	0.4%	0.4%	-55.3%	1.0%
Total	$37,757	$39,671	$33,455	$20,450	$24,553	$30,514	$40,412	$41,107	$38,640	$39,362
% Change		5.1%	-15.7%	-38.9%	20.1%	24.3%	32.4%	1.7%	-6.0%	1.9%

Table 4-5 – Historical and Forecast Operating Revenues (in 000s) (page 2 of 2)

	Restated 2018	Actual 2019	Actual 2020	Budget 2021	Forecast 2022	2023	2024	2025	2026	2027
Landing Field Area										
Ground rentals										
FedEx	$10,237	$11,528	$11,468	$11,746	$11,864	$11,983	$12,102	$12,223	$12,346	$12,469
UPS	975	1,060	1,388	1,344	1,344	1,344	1,344	1,344	1,344	1,344
FBO	1,263	1,264	1,291	1,323	1,336	1,349	1,363	1,377	1,390	1,404
Rental - Democrat Square	510	204	469	581	587	592	598	604	610	616
Cargo area	738	731	743	399	402	407	411	415	419	423
Fuel flow fees - FBO	251	285	237	309	312	315	318	322	325	328
Cargo east rentals	179	177	167	177	179	181	182	184	186	188
Other	239	226	86	19	19	19	20	20	20	20
Subtotal	$14,389	$15,475	$15,850	$15,898	$16,043	$16,190	$16,339	$16,489	$16,640	$16,793
% Change		7.5%	2.4%	0.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Baker Airport	$334	$303	$314	$380	$383	$387	$391	$395	$399	$403
DeWitt Spain Airport	$1,037	$1,144	$963	$1,080	$1,091	$1,102	$1,113	$1,124	$1,136	$1,147
Total	$15,761	$16,922	$17,127	$17,358	$17,518	$17,680	$17,843	$18,008	$18,175	$18,343
% Change		7.4%	1.2%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Current portion of prepaid rent (c)	$1,540	$1,540	$1,540	$1,540	$1,540	$1,540	$1,540	$1,540	$1,540	$1,540
Total operating Revenue	**$107,165**	**$102,203**	**$105,160**	**$83,307**	**$111,631**	**$118,262**	**$123,703**	**$117,784**	**$122,106**	**$124,965**
% Change		**-4.6%**	**2.9%**	**-20.8%**	**34.0%**	**5.9%**	**4.6%**	**-4.8%**	**3.7%**	**2.3%**
CAGR (2018 - 2020)			**-0.9%**							
CAGR from 2021										**7.0%**

(a) FY 2019 airline revenues are lower than FY 2018 primarily as a result of the FY 2018 airline year end settlement being included in the FY 2019 airline revenues.
(b) The FY 2021 terminal rental revenues include the credit for the CARES Act grants. Additional federal relief grants are not assumed in FY 2022. As a result, FY 2022 terminal rental revenues are approximately $23.3 million higher than FY 2021.
(c) Reflects the prepaid rent for the 50-year, $77 million amortization of FedEx's contribution to the relocation of the Tennessee Air National Guard.
Sources: Authority financial records, FY 2018 through FY 2021; DKMG Consulting LLC, FY 2022 - FY 2027
Columns may not add to totals shown due to rounding.

Table 4-6 – Terminal Rental Rate (in 000s)

	Table Reference	Budget 2021	Forecast 2022	2023	2024	2025	2026	2027
O&M Expenses	4-3	$39,684	$41,571	$42,818	$44,102	$45,426	$46,788	$48,192
Capital outlays	4-4	2,567	2,829	2,943	3,004	3,097	3,179	3,179
Debt Service Requirement (a)	4-1	12,096	15,489	16,142	16,507	10,425	10,420	10,512
Coverage requirement		3,024	3,872	4,036	4,127	2,606	2,605	2,628
Total requirement		$57,371	$63,761	$65,939	$67,741	$61,554	$62,993	$64,512
Less: operating revenues								
Terminal Complex Area	4-5	($20,450)	($24,553)	($30,514)	($40,412)	($41,107)	($38,640)	($39,362)
Gate use fees	4-5	(279)	(279)	(279)	(279)	(279)	(279)	(279)
Terminal rentals - operations	4-5	(16)	(16)	(16)	(16)	(16)	(16)	(16)
Less: non-operating revenues								
Investment earnings		(945)	(955)	(964)	(974)	(984)	(993)	(1,003)
Rental car contribution to terminal expenses		(1,466)	(1,461)	(1,463)	(1,463)	(1,462)	(1,464)	(1,455)
Coverage carry-forward		(2,741)	(3,024)	(3,872)	(4,036)	(4,127)	(2,606)	(2,605)
Prior year surplus		(500)	0	0	0	0	0	0
CARES Act grants (b)		(20,850)	0	0	0	0	0	0
Net requirement		$10,125	$33,473	$28,830	$20,562	$13,579	$18,995	$19,790
Airline space		131	131	131	131	131	131	131
Terminal rental rate (c)		**$77.01**	**$254.62**	**$219.30**	**$156.40**	**$103.29**	**$144.48**	**$150.54**
Terminal building rentals		$10,125	$33,473	$28,830	$20,562	$13,579	$18,995	$19,790

(a) FY 2021 budgeted rate and charges were prepared prior to the refunding of the Series 2010 Bonds. As a result, FY 2021 debt service does not foot to Table 4-1.

(b) In reaction to the significant decline in aviation activity resulting from COVID-19, the Authority budgeted the use of the CARES Act grants to reduce the Net Airline Requirement.

(c) Calculated in accordance with the Airline Agreements, Exhibit 10.

Columns may not add to totals shown due to rounding.

Table 4-7 – Landing Fee Rate (in 000s)

	Table Reference	Budget 2021	Forecast 2022	2023	2024	2025	2026	2027
O&M Expenses	4-3	$21,504	$22,759	$23,442	$24,146	$24,870	$25,616	$26,384
Capital outlays	4-4	3,247	3,481	3,367	3,385	3,293	3,479	3,479
Debt Service Requirement (a)	4-1	30,016	26,515	29,608	32,696	33,098	33,528	34,068
Coverage requirement		7,504	6,629	7,402	8,174	8,274	8,382	8,517
Notes payable (b)		642	642	642	642	642	642	642
Total requirement		$62,913	$60,026	$64,461	$69,042	$70,177	$71,647	$73,090
Less: operating revenues								
Landing Field Area	4-5	($17,358)	($17,518)	($17,680)	($17,843)	($18,008)	($18,175)	($18,343)
Fuel farm fees	4-5	(678)	(684)	(691)	(698)	(705)	(712)	(719)
Less: non-operating revenues								
Investment earnings		(1,298)	(1,311)	(1,324)	(1,337)	(1,351)	(1,364)	(1,378)
Coverage carry-forward		(6,801)	(7,504)	(6,629)	(7,402)	(8,174)	(8,274)	(8,382)
Prior year surplus		(500)	0	0	0	0	0	0
CARES Act grants (c)		(3,888)	0	0	0	0	0	0
Net requirement		$32,390	$33,009	$38,137	$41,761	$41,939	$43,121	$44,267
Landed weight (d)	2-11	24,930	26,309	26,771	27,542	27,872	28,207	28,545
Signatory Landing Fee Rate (e)		**$1.30**	**$1.25**	**$1.42**	**$1.52**	**$1.50**	**$1.53**	**$1.55**
Landing fee revenue								
Cargo		$30,533	$30,765	$34,951	$37,520	$37,680	$38,741	$39,772
Passenger		$1,857	$2,244	$3,186	$4,241	$4,258	$4,379	$4,495

(a) FY 2021 budgeted rate and charges were prepared prior to the refunding of the Series 2010 Bonds. As a result, FY 2021 debt service does not foot to Table 4-1.
(b) Represents the payments on a fuel farm note issued in 2014 to reimburse costs related to existing airport fueling
(c) In reaction to the significant decline in aviation activity resulting from COVID-19, the Authority budgeted the use of the CARES Act grants to reduce the Net Airline Requirement.
(d) FY 2021 landed weight equals budgeted landed weight; and therefore, does not foot to Table 2-13.
(e) Calculated in accordance with the Airline Agreements, Exhibit 10.

Columns may not add to totals shown due to rounding.

Table 4-8 – Apron Fee Rate (in 000s)

	Table Reference	Budget 2021	Forecast 2022	2023	2024	2025	2026	2027
O&M Expenses	4-3	$472	$558	$575	$592	$610	$628	$647
Linear feet		1.3	1.3	1.3	1.3	1.3	1.3	1.3
Apron Fee Rate (a)		**$363.15**	**$429.50**	**$442.39**	**$455.66**	**$469.33**	**$483.41**	**$497.91**
Terminal apron revenue		$472	$558	$575	$592	$610	$628	$647

(a) Calculated in accordance with the Airline Agreements, Exhibit 10.

Columns may not add to totals shown due to rounding.

Table 4-9 – Signatory Airline Cost per Enplanement (in 000s)

	Budget	Forecast					
	2021	2022	2023	2024	2025	2026	2027
Passenger airline revenues (a)							
Terminal Building Rentals	$10,125	$33,473	$28,830	$20,562	$13,579	$18,995	$19,790
Terminal rentals - operations	16	16	16	16	16	16	16
Landing Fees	1,857	2,244	3,186	4,241	4,258	4,379	4,495
Gate use fees	279	279	279	279	279	279	279
Fuel farm fees	678	684	691	698	705	712	719
Apron Fees	472	558	575	592	610	628	647
Total	$13,427	$37,255	$33,577	$26,389	$19,448	$25,010	$25,947
Enplanements	1,130	1,424	1,794	2,261	2,306	2,352	2,399
Airline cost per enplanement (b)	**$11.88**	**$26.16**	**$18.71**	**$11.67**	**$8.43**	**$10.63**	**$10.82**

(a) See Table 4-5.

(b) The Authority budgeted the FY 2021 CPE to be $18.25 based on an enplaned passenger number of 770,000. Based on FY year-to-date 2021 actual results, FY 2021 enplaned passengers are forecast at 1.1 million, which lowers the budgeted CPE.

Columns may not add to totals shown due to rounding.

Table 4-10 – Debt Service Coverage Ratio (in 000s)

	Restated 2018	Actual 2019	Actual 2020	Budget 2021	Forecast 2022	2023	2024	2025	2026	2027
Operating Revenues (a)	$107,165	$102,203	$105,160	$83,307	$111,631	$118,262	$123,703	$117,784	$122,106	$124,965
Investment income	2,276	3,711	3,350	2,243	2,266	2,288	2,311	2,334	2,358	2,381
Coverage carryforward (b)	9,306	8,688	8,928	9,541	10,528	10,501	11,438	12,301	10,881	10,987
Prior year surplus (b)	9,863	6,230	9,525	1,000	0	0	0	0	0	0
Less: current portion of prepaid rent	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)
Pledged Revenues	$127,070	$119,292	$125,423	$94,552	$122,885	$129,511	$135,912	$130,879	$133,804	$136,793
O&M Expenses										
O&M Expenses (c)	$57,571	$59,712	$69,072	$61,660	$64,889	$66,835	$68,840	$70,906	$73,033	$75,224
Capital Outlay (d)	8,638	8,604	5,277	5,814	6,310	6,310	6,389	6,390	6,658	6,658
Less: O&M Expenses funded with CFCs	0	0	0	(1,466)	(1,461)	(1,463)	(1,463)	(1,462)	(1,464)	(1,455)
Less: O&M Expenses funded with CARES Act (e)	0	0	0	(12,434)	0	0	0	0	0	0
Less: O&M Expenses funded with State operating grant	(29)	(67)	(52)	0	0	0	0	0	0	0
Adjusted O&M Expenses	$66,181	$68,250	$74,296	$53,574	$69,738	$71,682	$73,766	$75,834	$78,227	$80,426
Net revenues	$60,889	$51,043	$51,127	$40,977	$53,147	$57,829	$62,146	$55,045	$55,577	$56,367
Debt Service Requirement	$34,752	$35,711	$38,394	$39,187	$42,004	$45,750	$49,203	$43,523	$43,948	$44,580
Less: Debt Service Requirement funded with CARES Act (e)	0	0	0	(12,304)	0	0	0	0	0	0
Adjusted Debt Service Requirement	$34,752	$35,711	$38,394	$26,884	$42,004	$45,750	$49,203	$43,523	$43,948	$44,580
Debt Service coverage ratio (f)	**1.75x**	**1.43x**	**1.33x**	**1.52x**	**1.27x**	**1.26x**	**1.26x**	**1.26x**	**1.26x**	**1.26x**
Net revenues	$60,889	$51,043	$51,127	$40,977	$53,147	$57,829	$62,146	$55,045	$55,577	$56,367
Less: Notes payable (g)	(642)	(588)	(695)	(642)	(642)	(642)	(642)	(642)	(642)	(642)
Adjusted net revenues	$60,247	$50,454	$50,432	$40,336	$52,505	$57,188	$61,504	$54,404	$54,936	$55,725
Debt Service coverage (all indebtedness) (h)(i)	1.73x	1.41x	1.31x	1.50x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x

(a) See Table 4-5.
(b) For FY 2021 through FY 2027, see Table 4-6 and Table 4-7 .
(c) See Table 4-2.
(d) For FY 2021 through FY 2027, see Table 4-4.
(e) The Net Revenue and Debt Service Requirement is reduced by the $24.7 million in CARES Act grants allocated to the Authority by the FAA. Of this amount, approximately $4.6 million was reimbursed to fund O&M Expense labor costs and $12.3 million for Debt Service Requirement as of December 2020. The remaining $7.9 million is assumed to fund O&M Expenses for the remainder of FY 2021.
(f) Calculated in accordance with the Basic Resolution.
(g) Represents the payments on the fuel farm note payable.
(h) Calculated in accordance with the Authority's Comprehensive Annual Financial Report.
(i) Historically, the debt service coverage ratio is higher than 1.25% requirement even though the airline agreement is residual. This is a result of the actuals including airline revenue and the prior year surplus.

Columns may not add to totals shown due to rounding.

Table 4-11 – Required Fund Deposits (in 000s)

	Budget	Forecast					
	2021	2022	2023	2024	2025	2026	2027
Pledged Revenues (a)							
Pledged Revenues	$94,552	$122,885	$129,511	$135,912	$130,879	$133,804	$136,793
Required fund deposits							
O&M Expenses	($61,660)	($64,889)	($66,835)	($68,840)	($70,906)	($73,033)	($75,224)
Capital Outlay	(5,814)	(6,310)	(6,310)	(6,389)	(6,390)	(6,658)	(6,658)
Plus: CARES Act grant	12,434	0	0	0	0	0	0
State grant for O&M Expenses	0	0	0	0	0	0	0
Required Airport Improvement Bond Fund deposits	(26,884)	(42,004)	(45,750)	(49,203)	(43,523)	(43,948)	(44,580)
Required Debt Service Reserve Fund deposits	0	0	0	0	0	0	0
Difference in debt due to refunding (b)	(2,924)	0	0	0	0	0	0
Net	$9,704	$9,682	$10,616	$11,479	$10,061	$10,165	$10,331
Less: notes payable	(642)	(642)	(642)	(642)	(642)	(642)	(642)
Plus: rental car contribution to terminal expenses	1,466	1,461	1,463	1,463	1,462	1,464	1,455
Coverage Requirement	$10,528	$10,501	$11,438	$12,301	$10,881	$10,987	$11,145

(a) See Table 4-10.

(b) FY 2021 budgeted rate and charges were prepared prior to the refunding of the Series 2010 Bonds. As a result, the pledged revenues include higher debt service than actual.

Columns may not add to totals shown due to rounding.

Table 4-12 – Sensitivity Test Results (in 000s)

	Budget	Forecast					
	2021	2022	2023	2024	2025	2026	2027
Base case							
Enplaned passengers per Table 2-13	1,130	1,424	1,794	2,261	2,306	2,352	2,399
Net Debt Service Requirement	$39,187	$42,004	$45,750	$49,203	$43,523	$43,948	$44,580
O&M Expenses	$61,660	$64,889	$66,835	$68,840	$70,906	$73,033	$75,224
Ground transportation revenues	$14,004	$17,785	$23,293	$32,333	$32,955	$33,590	$34,237
Concessionaires revenues	$846	$1,144	$1,572	$2,406	$2,454	$2,503	$2,553
Operating Revenues	$83,307	$111,631	$118,262	$123,703	$117,784	$122,106	$124,965
Terminal Rental Rate	$77.01	$254.62	$219.30	$156.40	$103.29	$144.48	$150.54
Signatory Landing Fee Rate	$1.30	$1.25	$1.42	$1.52	$1.50	$1.53	$1.55
Apron Fee Rate	$363.15	$429.50	$442.39	$455.66	$469.33	$483.41	$497.91
Net Revenues	$40,977	$53,147	$57,829	$62,146	$55,045	$55,577	$56,367
Signatory Airline CPE	$11.88	$26.16	$18.71	$11.67	$8.43	$10.63	$10.82
Debt Service coverage ratio	1.52x	1.27x	1.26x	1.26x	1.26x	1.26x	1.26x
Sensitivity test							
Enplaned passengers recovery by FY 2030	1,130	1,221	1,319	1,424	1,538	1,661	1,794
Net Debt Service Requirement	$39,187	$42,004	$45,750	$49,203	$43,523	$43,948	$44,580
O&M Expenses	$61,660	$64,889	$66,835	$68,840	$70,906	$73,033	$75,224
Ground transportation revenues	$14,004	$14,963	$15,997	$17,113	$18,316	$19,614	$21,014
Concessionaires revenues	$846	$914	$987	$1,066	$1,152	$1,244	$1,343
Operating Revenues	$83,307	$111,631	$118,262	$123,703	$117,784	$122,106	$124,965
Terminal Rental Rate	$77.01	$277.83	$279.25	$282.36	$224.56	$260.38	$260.32
Signatory Landing Fee Rate	$1.30	$1.25	$1.42	$1.52	$1.50	$1.53	$1.55
Apron Fee Rate	$363.15	$429.50	$442.39	$455.66	$469.33	$483.41	$497.91
Net Revenues	$40,977	$53,147	$57,829	$62,146	$55,045	$55,577	$56,367
Signatory Airline CPE	$11.88	$33.02	$31.44	$30.16	$23.01	$24.23	$22.51
Debt Service coverage ratio	1.52x	1.27x	1.26x	1.26x	1.26x	1.26x	1.26x
Variance							
Enplaned passengers	0	(203)	(476)	(837)	(768)	(691)	(605)
Net Debt Service Requirement	$0	$0	$0	$0	$0	$0	$0
O&M Expenses	$0	$0	$0	$0	$0	$0	$0
Ground transportation revenues	$0	($2,823)	($7,296)	($15,220)	($14,640)	($13,977)	($13,223)
Concessionaires revenues	$0	($230)	($585)	($1,340)	($1,302)	($1,259)	($1,210)
Operating Revenues	$0	$0	$0	$0	$0	$0	$0
Terminal Rental Rate	$0.00	$23.22	$59.95	$125.96	$121.26	$115.89	$109.79
Signatory Landing Fee Rate	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Apron Fee Rate	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Net Revenues	$0	$0	$0	$0	$0	$0	$0
Signatory Airline CPE	$0.00	$6.86	$12.73	$18.49	$14.57	$13.59	$11.69
Debt Service coverage ratio	0.00x	0.00x	0.00x	0.00x	0.00x	0.00x	0.00x

APPENDIX B

FORMS OF OPINIONS OF BOND COUNSEL

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APPENDIX B

PROPOSED FORMS OF BOND COUNSEL OPINIONS

Form of Series 2021A Bond Opinion

[LETTER HEAD OF HAWKINS DELAFIELD & WOOD LLP]

_______, 2021

Board of Commissioners
Memphis-Shelby County Airport Authority
2491 Winchester Road, Suite 113
Memphis, Tennessee 38116-3856

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REVENUE BONDS, SERIES 2021A
$118,705,000

Ladies and Gentlemen:

At your request we have examined into the validity of One Hundred Eighteen Million Seven Hundred Five Thousand Dollars ($118,705,000) principal amount of Airport Revenue Bonds, Series 2021A (the "Series 2021A Bonds") of the Memphis-Shelby County Airport Authority (the "Authority"), a public and governmental body politic and corporate and metropolitan airport authority of the State of Tennessee. The Series 2021A Bonds are issuable in fully registered form, in the denomination of $5,000 each or any integral multiple thereof, and are numbered from RA-1 upward. The Series 2021A Bonds shall be dated as of their date of delivery, shall mature on July 1 in each of the years and in the principal amounts set forth below, with the Series 2021A Bonds maturing in a particular year bearing interest payable January 1, 2022, and semiannually thereafter on July 1 and January 1 of each year at the rate per annum set forth opposite such year, to wit:

Year of Maturity	Principal Amount	Interest Rate	Year of Maturity	Principal Amount	Interest Rate
2025	$16,000,000	5.00%	2036	$4,075,000	5.00%
2026	2,150,000	5.00	2037	4,280,000	5.00
2030	3,040,000	5.00	2038	4,495,000	5.00
2031	3,195,000	5.00	2039	4,715,000	5.00
2032	3,355,000	5.00	2040	4,955,000	5.00
2033	3,520,000	5.00	2045	28,735,000	5.00
2034	3,695,000	5.00	2049	28,615,000	5.00
2035	3,880,000	5.00			

The Series 2021A Bonds are subject to redemption prior to their stated maturities upon the terms and conditions and at the prices set forth therein.

The Series 2021A Bonds recite that they are issued under the authority of and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including particularly the Metropolitan Airport Authority Act, as amended, the Local Government Public Obligations Act of 1986, as amended, and Resolution No. 88-3227 duly adopted by the Board of Commissioners of the

Authority under said Constitution and statutes on January 29, 1988, as amended (hereinafter called the "Basic Resolution") and Resolution No. 21-4975 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes and the Basic Resolution on February 18, 2021 and a certificate of determination related to the Series 2021A Bonds (hereinafter called the "Supplemental Resolution"). We have examined the Constitution and statutes of the State of Tennessee and certified copies of proceedings of the Board of Commissioners of the Authority authorizing the issuance of the Series 2021A Bonds, including the Basic Resolution and the Supplemental Resolution. We have also examined a specimen Series 2021A Bond.

Terms not otherwise defined herein shall have the meanings given them in the Basic Resolution and Supplemental Resolution.

In our opinion:

1. The Series 2021A Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, including the Metropolitan Airport Authority Act, as amended, and the Local Government Public Obligations Act of 1986, as amended, and constitute valid special obligations of the Authority payable on a parity with all Bonds heretofore and hereafter issued under the Basic Resolution, solely from and equally and ratably secured by a pledge of and lien upon the Revenues (as defined in the Basic Resolution) of the Authority; subject, however, to the prior payment therefrom of the Costs of Operation and Maintenance of the Airport.

2. The Basic Resolution and the Supplemental Resolution have been duly adopted by the Board of Commissioners of the Authority; the provisions of the Basic Resolution and the Supplemental Resolution are valid in accordance with their terms; and the holders of the Series 2021A Bonds are entitled to the security and benefits of the Basic Resolution and the Supplemental Resolution.

3. The Authority has the power, and is obligated by the Basic Resolution, to impose and prescribe such schedule of rates, rentals, fees and charges for the use of services of and the facilities and commodities furnished by the Airport (including Memphis International Airport), to revise the same from time to time whenever necessary and to collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which, together with other available funds, will be at least sufficient (a) to pay the principal of and interest and premium, if any, on any Bonds (including the Series 2021A Bonds) as and when the same become due (whether at maturity or upon required redemption prior to maturity or otherwise); (b) to pay the City of Memphis and the County of Shelby or other municipality as and when the same become due all amounts required to be paid to any of them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness issued by them to finance all or any portion of the Airport; (c) to pay as and when the same become due all Costs of Operation and Maintenance of the Airport; (d) to pay as and when the same become due any and all other claims, charges or obligations payable from the Revenues; and (e) to carry out all provisions and covenants of the Basic Resolution and the Supplemental Resolution.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Series 2021A Bonds is (i) excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2021A Bond for any period during which the Series 2021A Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with the proceeds of the Series 2021A Bonds or a "related person," and (ii) treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, We have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the

Authority in connection with the Series 2021A Bonds, and we have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2021A Bonds from gross income under Section 103 of the Code.

5. Under existing statutes, the Series 2021A Bonds and the interest thereon are exempt from taxation by the State of Tennessee or any county or municipality thereof, except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee.

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2021A Bonds. We have rendered this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2021A Bonds.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2021A Bonds and express herein no opinion relating thereto.

It is to be understood that the rights of the holders of the Series 2021A Bonds under the Basic Resolution and the Supplemental Resolution and under said Series 2021A Bonds and the enforceability of such rights may be subject to the valid exercise of judicial discretion, the sovereign police powers of the State of Tennessee, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Very truly yours,

Form of Series 2021B Bond Opinion

[LETTER HEAD OF HAWKINS DELAFIELD & WOOD LLP]

_______, 2021

Board of Commissioners
Memphis-Shelby County Airport Authority
2491 Winchester Road, Suite 113
Memphis, Tennessee 38116-3856

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REVENUE REFUNDING BONDS, SERIES 2021B
$2,605,000

Ladies and Gentlemen:

At your request we have examined into the validity of Two Million Six Hundred Five Thousand Dollars ($2,605,000) principal amount of Airport Revenue Refunding Bonds, Series 2021B (the "Series 2021B Bonds") of the Memphis-Shelby County Airport Authority (the "Authority"), a public and governmental body politic and corporate and metropolitan airport authority of the State of Tennessee. The Series 2021B Bonds are issuable in fully registered form, in the denomination of $5,000 each or any integral multiple thereof, and are numbered from RB-1 upward. The Series 2021B Bonds shall be dated as of their date of delivery, shall mature on July 1 in each of the years and in the principal amounts set forth below, with the Series 2021B Bonds maturing in a particular year bearing interest payable January 1, 2022, and semiannually thereafter on July 1 and January 1 of each year at the rate per annum set forth opposite such year, to wit:

Year of Maturity	Principal Amount	Interest Rate
2022	2,605,000	5.00%

The Series 2021B Bonds are not subject to redemption prior to their stated maturity.

The Series 2021B Bonds recite that they are issued under the authority of and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including particularly the Metropolitan Airport Authority Act, as amended, the Local Government Public Obligations Act of 1986, as amended, and Resolution No. 88-3227 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes on January 29, 1988, as amended (hereinafter called the "Basic Resolution") and Resolution No. 21-4975 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes and the Basic Resolution on February 18, 2021 and a certificate of determination related to the Series 2021B Bonds (hereinafter called the "Supplemental Resolution"). We have examined the Constitution and statutes of the State of Tennessee and certified copies of proceedings of the Board of Commissioners of the Authority authorizing the issuance of the Series 2021B Bonds, including the Basic Resolution and the Supplemental Resolution. We have also examined a specimen Series 2021B Bond.

Terms not otherwise defined herein shall have the meanings given them in the Basic Resolution and Supplemental Resolution.

In our opinion:

1. The Series 2021B Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, including the Metropolitan Airport Authority Act, as amended, and the Local Government Public Obligations Act of 1986, as amended, and constitute valid special obligations of the Authority payable on a parity with all Bonds heretofore and hereafter issued under the Basic Resolution, solely from and equally and ratably secured by a pledge of and lien upon the Revenues (as defined in the Basic Resolution) of the Authority; subject, however, to the prior payment therefrom of the Costs of Operation and Maintenance of the Airport.

2. The Basic Resolution and the Supplemental Resolution have been duly adopted by the Board of Commissioners of the Authority; the provisions of the Basic Resolution and the Supplemental Resolution are valid in accordance with their terms; and the holders of the Series 2021B Bonds are entitled to the security and benefits of the Basic Resolution and the Supplemental Resolution.

3. The Authority has the power, and is obligated by the Basic Resolution, to impose and prescribe such schedule of rates, rentals, fees and charges for the use of services of and the facilities and commodities furnished by the Airport (including Memphis International Airport), to revise the same from time to time whenever necessary and to collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which, together with other available funds, will be at least sufficient (a) to pay the principal of and interest and premium, if any, on any Bonds (including the Series 2021B Bonds) as and when the same become due (whether at maturity or upon required redemption prior to maturity or otherwise); (b) to pay the City of Memphis and the County of Shelby or other municipality as and when the same become due all amounts required to be paid to any of them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness issued by them to finance all or any portion of the Airport; (c) to pay as and when the same become due all Costs of Operation and Maintenance of the Airport; (d) to pay as and when the same become due any and all other claims, charges or obligations payable from the Revenues; and (e) to carry out all provisions and covenants of the Basic Resolution and the Supplemental Resolution.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Series 2021B Bonds is (i) excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2021B Bond for any period during which the Series 2021B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities financed or refinanced with the proceeds of the Series 2021B Bonds or a "related person," and (ii) treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, We have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series 2021B Bonds, and we have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2021B Bonds from gross income under Section 103 of the Code.

5. Under existing statutes, the Series 2021B Bonds and the interest thereon are exempt from taxation by the State of Tennessee or any county or municipality thereof, except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee.

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2021B Bonds. We have rendered this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2021B Bonds.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2021B Bonds and express herein no opinion relating thereto.

It is to be understood that the rights of the holders of the Series 2021B Bonds under the Basic Resolution and the Supplemental Resolution and under said Series 2021B Bonds and the enforceability of such rights may be subject to the valid exercise of judicial discretion, the sovereign police powers of the State of Tennessee, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Very truly yours,

Form of Series 2021C Bond Opinion

[LETTER HEAD OF HAWKINS DELAFIELD & WOOD LLP]

_______, 2021

Board of Commissioners
Memphis-Shelby County Airport Authority
2491 Winchester Road, Suite 113
Memphis, Tennessee 38116-3856

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REVENUE REFUNDING BONDS, SERIES 2021C
$16,275,000

Ladies and Gentlemen:

At your request we have examined into the validity of Sixteen Million Two Hundred Seventy-Five Thousand Dollars ($16,275,000) principal amount of Airport Revenue Refunding Bonds, Series 2021C (the "Series 2021C Bonds") of the Memphis-Shelby County Airport Authority (the "Authority"), a public and governmental body politic and corporate and metropolitan airport authority of the State of Tennessee. The Series 2021C Bonds are issuable in fully registered form, in the denomination of $5,000 each or any integral multiple thereof, and are numbered from RC-1 upward. The Series 2021C Bonds shall be dated as of their date of delivery, shall mature on July 1 in each of the years and in the principal amounts set forth below, with the Series 2021C Bonds maturing in a particular year bearing interest payable January 1, 2022, and semiannually thereafter on July 1 and January 1 of each year at the rate per annum set forth opposite such year, to wit:

Year of Maturity	Principal Amount	Interest Rate
2022	$985,000	5.000%
2023	4,645,000	5.000
2024	5,100,000	5.000
2025	5,545,000	1.875

The Series 2021C Bonds are not subject to redemption prior to their stated maturities.

The Series 2021C Bonds recite that they are issued under the authority of and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including particularly the Metropolitan Airport Authority Act, as amended, the Local Government Public Obligations Act of 1986, as amended, and Resolution No. 88-3227 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes on January 29, 1988, as amended (hereinafter called the "Basic Resolution") and Resolution No. 21-4975 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes and the Basic Resolution on February 18, 2021 and a certificate of determination related to the Series 2021C Bonds (hereinafter called the "Supplemental Resolution"). We have examined the Constitution and statutes of the State of Tennessee and certified copies of proceedings of the Board of Commissioners of the Authority authorizing the issuance of the Series 2021C Bonds, including the Basic Resolution and the Supplemental Resolution. We have also examined a specimen Series 2021C Bond.

Terms not otherwise defined herein shall have the meanings given them in the Basic Resolution and Supplemental Resolution.

In our opinion:

1. The Series 2021C Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, including the Metropolitan Airport Authority Act, as amended, and the Local Government Public Obligations Act of 1986, as amended, and constitute valid special obligations of the Authority payable on a parity with all Bonds heretofore and hereafter issued under the Basic Resolution, solely from and equally and ratably secured by a pledge of and lien upon the Revenues (as defined in the Basic Resolution) of the Authority; subject, however, to the prior payment therefrom of the Costs of Operation and Maintenance of the Airport.

2. The Basic Resolution and the Supplemental Resolution have been duly adopted by the Board of Commissioners of the Authority; the provisions of the Basic Resolution and the Supplemental Resolution are valid in accordance with their terms; and the holders of the Series 2021C Bonds are entitled to the security and benefits of the Basic Resolution and the Supplemental Resolution.

3. The Authority has the power, and is obligated by the Basic Resolution, to impose and prescribe such schedule of rates, rentals, fees and charges for the use of services of and the facilities and commodities furnished by the Airport (including Memphis International Airport), to revise the same from time to time whenever necessary and to collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which, together with other available funds, will be at least sufficient (a) to pay the principal of and interest and premium, if any, on any Bonds (including the Series 2021C Bonds) as and when the same become due (whether at maturity or upon required redemption prior to maturity or otherwise); (b) to pay the City of Memphis and the County of Shelby or other municipality as and when the same become due all amounts required to be paid to any of them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness issued by them to finance all or any portion of the Airport; (c) to pay as and when the same become due all Costs of Operation and Maintenance of the Airport; (d) to pay as and when the same become due any and all other claims, charges or obligations payable from the Revenues; and (e) to carry out all provisions and covenants of the Basic Resolution and the Supplemental Resolution.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Series 2021C Bonds is (i) excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion is expressed as to such exclusion of interest on any Series 2021C Bond for any period during which the Series 2021C Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities financed or refinanced with the proceeds of the Series 2021C Bonds or a “related person,” and (ii) treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, We have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series 2021C Bonds, and We have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2021C Bonds from gross income under Section 103 of the Code.

5. Under existing statutes, the Series 2021C Bonds and the interest thereon are exempt from taxation by the State of Tennessee or any county or municipality thereof, except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee.

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2021C Bonds. We have rendered this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2021C Bonds.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2021C Bonds and express herein no opinion relating thereto.

It is to be understood that the rights of the holders of the Series 2021C Bonds under the Basic Resolution and the Supplemental Resolution and under said Series 2021C Bonds and the enforceability of such rights may be subject to the valid exercise of judicial discretion, the sovereign police powers of the State of Tennessee, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Very truly yours,

Form of Series 2021D Bond Opinion

[LETTER HEAD OF HAWKINS DELAFIELD & WOOD LLP]

_______, 2021

Board of Commissioners
Memphis-Shelby County Airport Authority
2491 Winchester Road, Suite 113
Memphis, Tennessee 38116-3856

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REVENUE REFUNDING BONDS, SERIES 2021D
$33,455,000

Ladies and Gentlemen:

At your request we have examined into the validity of Thirty-Three Million Four Hundred Fifty-Five Thousand Dollars ($33,455,000) principal amount of Airport Revenue Refunding Bonds, Series 2021D (the "Series 2021D Bonds") of the Memphis-Shelby County Airport Authority (the "Authority"), a public and governmental body politic and corporate and metropolitan airport authority of the State of Tennessee. The Series 2021D Bonds are issuable in fully registered form, in the denomination of $5,000 each or any integral multiple thereof, and are numbered from RD-1 upward. The Series 2021D Bonds shall be dated as of their date of delivery, shall mature on July 1 in each of the years and in the principal amounts set forth below, with the Series 2021D Bonds maturing in a particular year bearing interest payable January 1, 2022, and semiannually thereafter on July 1 and January 1 of each year at the rate per annum set forth opposite such year, to wit:

Year of Maturity	Principal Amount	Interest Rate
2022	$6,340,000	5.00%
2023	7,050,000	5.00
2024	7,405,000	5.00
2025	7,775,000	5.00
2026	4,885,000	5.00

The Series 2021D Bonds are not subject to redemption prior to their stated maturities.

The Series 2021D Bonds recite that they are issued under the authority of and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including particularly the Metropolitan Airport Authority Act, as amended, the Local Government Public Obligations Act of 1986, as amended, and Resolution No. 88-3227 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes on January 29, 1988, as amended (hereinafter called the "Basic Resolution") and Resolution No. 21-4975 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes and the Basic Resolution on February 18, 2021 and a certificate of determination related to the Series 2021D Bonds (hereinafter called the "Supplemental Resolution"). We have examined the Constitution and statutes of the State of Tennessee and certified copies of proceedings of the Board of Commissioners of the Authority authorizing the issuance of the Series 2021D Bonds, including the Basic Resolution and the Supplemental Resolution. We have also examined a specimen Series 2021D Bond.

Terms not otherwise defined herein shall have the meanings given them in the Basic Resolution and Supplemental Resolution.

In our opinion:

1. The Series 2021D Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, including the Metropolitan Airport Authority Act, as amended, and the Local Government Public Obligations Act of 1986, as amended, and constitute valid special obligations of the Authority payable on a parity with all Bonds heretofore and hereafter issued under the Basic Resolution, solely from and equally and ratably secured by a pledge of and lien upon the Revenues (as defined in the Basic Resolution) of the Authority; subject, however, to the prior payment therefrom of the Costs of Operation and Maintenance of the Airport.

2. The Basic Resolution and the Supplemental Resolution have been duly adopted by the Board of Commissioners of the Authority; the provisions of the Basic Resolution and the Supplemental Resolution are valid in accordance with their terms; and the holders of the Series 2021D Bonds are entitled to the security and benefits of the Basic Resolution and the Supplemental Resolution.

3. The Authority has the power, and is obligated by the Basic Resolution, to impose and prescribe such schedule of rates, rentals, fees and charges for the use of services of and the facilities and commodities furnished by the Airport (including Memphis International Airport), to revise the same from time to time whenever necessary and to collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which, together with other available funds, will be at least sufficient (a) to pay the principal of and interest and premium, if any, on any Bonds (including the Series 2021D Bonds) as and when the same become due (whether at maturity or upon required redemption prior to maturity or otherwise); (b) to pay the City of Memphis and the County of Shelby or other municipality as and when the same become due all amounts required to be paid to any of them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness issued by them to finance all or any portion of the Airport; (c) to pay as and when the same become due all Costs of Operation and Maintenance of the Airport; (d) to pay as and when the same become due any and all other claims, charges or obligations payable from the Revenues; and (e) to carry out all provisions and covenants of the Basic Resolution and the Supplemental Resolution.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Series 2021D Bonds is (i) excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, We have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series 2021D Bonds, and we have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2021D Bonds from gross income under Section 103 of the Code.

5. Under existing statutes, the Series 2021D Bonds and the interest thereon are exempt from taxation by the State of Tennessee or any county or municipality thereof, except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee.

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2021D Bonds. We have rendered this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2021D Bonds.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2021D Bonds and express herein no opinion relating thereto.

It is to be understood that the rights of the holders of the Series 2021D Bonds under the Basic Resolution and the Supplemental Resolution and under said Series 2021D Bonds and the enforceability of such rights may be subject to the valid exercise of judicial discretion, the sovereign police powers of the State of Tennessee, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Very truly yours,

APPENDIX C

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

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2020

Comprehensive Annual Financial Report

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

MEMPHIS, TENNESSEE

For the fiscal years ended June 30, 2020 and 2019

A COMPONENT UNIT OF THE CITY OF MEMPHIS

Memphis-Shelby County Airport Authority
MEMPHIS, TENNESSEE

A COMPONENT UNIT OF THE CITY OF MEMPHIS

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2020 and 2019
PREPARED BY THE FINANCE DIVISION

Memphis-Shelby County Airport Authority
JUNE 30, 2020

OFFICERS AND KEY STAFF MEMBERS POSITION

MEMBERS .... POSITION

Scott A. Brockman, A.A.E. .... President and Chief Executive Officer

Forrest B. Artz, C.P.A. .... Vice President of Finance and Administration and Chief Financial Officer, Authority Treasurer

Terry S. Blue, A.A.E. .... Vice President Operations

Janet Shipman, Esquire ....Acting General Counsel and Authority Assistant Secretary

Jeffrey W. Hanley ....Director of Finance and Authority Assistant Treasurer

Phillip Florey .... Director of Maintenance

James A. Hay II... Director of Development

Nathan Luce .... Director of Procurement

Jason S. McBride .... Director of Properties

J. Jarrett Morgan .... Director of Information Technology

Julie A. Stewart..Director of Human Resources

Glen A. Thomas .... Director of Strategic Marketing and Communications

T. E. Wallace III, A.A.E. ....Director of Operations and Public Safety

TABLE OF CONTENTS

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION

COMPLIANCE SECTION

INTRODUCTORY SECTION

This Section Contains the Following:

Letter of Transmittal and Exhibits

Organizational Chart

December 11, 2020

To the Board of Commissioners of the
Memphis-Shelby County Airport Authority

The Comprehensive Annual Financial Report ("CAFR") of the Memphis-Shelby County Airport Authority (the "Authority") for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Division of the Authority. To the best of our knowledge and belief, and as indicated by the opinion of our independent auditors, the enclosed data of the Authority is accurate in all material respects and reported in a manner designed to present fairly the financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Authority's internal control processes adequately safeguard assets and provide reasonable assurance that financial transactions are authorized and recorded properly.

The CAFR is presented in four sections: Introductory, Financial, Statistical and Compliance. Just prior to the Introductory Section is a list of principal officials and the table of contents. The Introductory Section includes this transmittal letter, the Authority's organizational chart and a copy of the Certificate of Achievement for Excellence in Financial Reporting awarded to the Authority by the Government Finance Officers Association of the United States and Canada for the fiscal year ended June 30, 2019. The Financial Section includes the independent auditors' report, Management's Discussion and Analysis ("MD&A") of the financial condition of the Authority, the Authority's financial statements, and supplemental schedules. The Statistical Section includes select financial and demographic information, generally presented on a multi-year basis. The Compliance Section includes Schedule of Expenditures of Federal and State Awards, the related independent auditors' reports and the Schedule of Findings and Questioned Costs.

Management is required by GAAP to provide a narrative introductory overview and analysis as an accompaniment to the financial statements in the form of MD&A. This letter of transmittal should be read in conjunction with MD&A, which is discussed in the preceding paragraph and can be found in the Financial Section of this report.

Pursuant to Article VII E. of the Agreement between the City of Memphis ("City") and the Authority dated May 26, 1970, an audit of the financial statements has been completed by the Authority's independent certified public accountants, Dixon Hughes Goodman LLP. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires the Authority to arrange for an annual audit in conformity with their provisions. Information related to a single audit, including the Schedule of Expenditures of Federal and State Awards, findings and recommendations, is reported in the Compliance Section of this report. The independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are also included in the Compliance Section of this report.

PROFILE OF THE MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

The Authority is established pursuant to the Metropolitan Airport Authority Act of Tennessee and all amendments thereto. The major purposes of the Authority are to plan, establish, acquire, construct, improve and operate one or more airports within the City and Shelby County (the "County"). The Authority has the power to issue bonds to accomplish any of the purposes authorized by the Metropolitan Airport Authority Act of Tennessee. All bonds shall be payable solely from the revenues, income, and charges of the Authority and such bonds shall not constitute an obligation of the City or County.

The Mayor of the City, with the Mayor of Shelby County nominating two, appoints all members of the seven-member Board of Commissioners (the "Board") to govern the Authority. The Memphis City Council confirms these appointments for a seven-year term. A member of the Board may be removed from office by a two-thirds vote of the Memphis City Council, but only after notice of cause for the removal has been served and the member has been granted an opportunity for a public hearing on the matter.

The Board appoints the President, who is the chief executive officer of the Authority. The President appoints, and the Board confirms, the remaining officers. These officers manage and operate the Authority's airports with a staff of approximately 300 employees, both permanent and temporary.

The Authority prepares an annual budget on the basis established by the 1973 General Revenue Bond Resolution dated June 15, 1973 for all accounts and funds established by those agreements and resolutions, except construction and debt service funds. The annual budget serves as the foundation for the Authority's financial planning and control. All appropriations, except open project account appropriations, lapse at the end of each fiscal year and must be reappropriated. Since there is no legal requirement to report on the budgetary basis, no budget information is presented in the accompanying financial statements.

The Authority owns Memphis International (the "Airport"), Charles W. Baker ("Baker"), and General DeWitt Spain ("Spain") Airports. Baker Airport is located south of Millington, Tennessee and Spain Airport is located just north of downtown Memphis. Both Baker and Spain Airports serve general aviation and are considered reliever airports for the Airport.

The Airport occupies about 4,600 acres of land in Shelby County and is 13 miles by road southeast of downtown Memphis. The Airport is 99.9% unaffected by impassable weather and handles all types of aircraft. The Airport has four runways equipped with precision instrument landing systems suitable for use by large aircraft and a surface movement guidance system allowing the Airport to operate down to a 300 foot runway visual range. Due to the Concourse B Modernization Project, Concourse B is currently closed (except for FIS facilities and two international gates operating in the southwest leg), and the airlines and other tenants are operating from Concourse A and Concourse C. During construction of the Concourse B Modernization Project, Concourse C will remain intact until the airlines are relocated back to Concourse B at which time nine gates at the south end of Concourse C will be demolished and the southeast leg of Concourse B will be reconfigured resulting in one less gate, decreasing the total gate count at MEM from 68 to 58. Upon completion of the Concourse B Modernization Project, 25 of the 58 gates will be active and all of Concourse A, the remaining portion of Concourse C, and 15 gates on the southwest leg of Concourse B will be decommissioned until demand dictates additional passenger capacity requirements.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Conditions and Outlook

The United States (US) National economy is transitioning from periods of economic expansion to economic recession and various levels of uncertainty. The CY 2020 US Gross Domestic Product (GDP) median rate change decreased by 6.5 percent compared to the 3 percent growth in CY 2019. Projected median GDP for CY 2021 is estimated at 5.0 percent. The Memphis Metropolitan Statistical Area ("MMSA") unemployment rate for August 2020 was 11.9%, which was above the State of Tennessee rate of 8.6% and above the national rate of 8.4%. National unemployment for CY 2021 is projected to be in the range of 5 to 6 percent.

During FY 2020, over 99 percent of Airport enplanement activity was origination and destination (O&D) activity. Of the total FY 2020 enplanement activity at the Airport, American Airlines comprised approximately 33 percent, Delta Air Lines comprised approximately 29 percent of total enplanements, Southwest Airlines about 17 percent, United Airlines about 12 percent with all other airlines (Allegiant, Frontier and Air Canada) making up the remaining balance. The outlook for FY 2021 is relatively unknown due to the COVID-19 pandemic. The Authority has projected, for budgetary purposes, a 65 percent reduction in enplanements for FY 2021. The Airport continues to seek additional routes for non-served and under-served markets at the Airport.

The Authority has developed multi-year financial projections, taking into account estimated impacts on the Airport's landed weight, non-airline revenues, amount of leased space in the terminal complex and operating expenses and projects a cost per enplaned passenger ("CPE") to be reasonable when compared to airports of similar size and activity levels.

Cargo air carriers, primarily FedEx Express, continue to have a significant positive impact at the Airport; accordingly, the Airport handled a total of 4.8 million U.S. tons of cargo in fiscal year 2020. The Airport is ranked #1 in the United States for total air cargo handled, and #2 in the world for total air cargo handled according to statistics reported by Airports Council International, Geneva, Switzerland. Over 86% of the cargo handled at Memphis International Airport was reported as domestic. FedEx Corporation ("FedEx"), the world's largest express transportation company, is headquartered in Memphis and operates its primary overnight package sorting facility at the Airport. FedEx continues to dominate the cargo business at the Airport, accounting for 98% of all cargo handled at the Airport in fiscal year 2020. FY 2021 cargo activity levels are expected to grow slightly over FY 2020 activity levels keeping the Airport active twenty-four hours a day.

Population and Employment

The MMSA encompasses a 3,000-square-mile area comprised of Shelby, Fayette and Tipton Counties in Tennessee, Desoto, Marshall, Tate and Tunica Counties in Mississippi, and Crittenden County in Arkansas. Transportation and distribution services, tourism, technology, healthcare, trade, and construction help make the MMSA a richly diverse economic engine.

The MMSA population was 1,239,292 according to the United Stated 2010 Census, which is up 9% from 2000. Additionally, the population for the MMSA is expected to increase to 1,402,486 by 2025. Shelby County's population for 2010 was 927,644, which was 3% higher than the 897,500 for 2000. More population information can be found in the Statistical Section.

The Airport and the Port of Memphis, as well as the seven federal highways, 15 state highways and two U. S. interstate systems, with a third one under construction, that cross the City, along with its central location in the United States, all contribute to Memphis' position as America's Distribution Center. Accordingly, transportation plays a major role in the economy of the MMSA. More metropolitan markets can be served overnight (within 600 miles) from Memphis than any other city in the central United States. Memphis offers multiple inter-modal transportation options such as air to truck or truck to air, water to truck or rail, or rail to truck. Memphis boasts the fourth busiest inland river port with enhanced inter-modal capabilities.

Visitors are also attracted to Memphis for sporting events such as the Grizzlies, a National Basketball Association team, the Redbirds, a AAA team affiliate with Major League Baseball's St. Louis Cardinals, Memphis 901 FC, a United Soccer League team, the AutoZone Liberty Bowl Football Classic and the World Golf Championship - FedEx St. Jude Invitational, to name a few. Gaming is also a contributor to the economy of the MMSA, with Southland Casino in West Memphis Arkansas only 7 miles from downtown Memphis and multiple casinos in Tunica County, Mississippi, just 30 miles from downtown Memphis. Memphis also attracts worldwide visitors to Graceland, home of Elvis Presley, St. Jude Children's Research Center, Stax Museum of American Soul Music and the National Civil Rights Museum.

LONG TERM FINANCIAL PLANNING

Master Plan/Strategic Plan

One of the tools the Authority uses for long term planning is the Airport Master Plan, which is updated every 7 to 10 years. The Authority issued a Master Plan update in January 2010. This document is prepared with the input of staff, the community, the signatory airlines, and other key tenants of the Airport. The Master Plan specifies the physical improvements that are needed to meet projections of future demand. It consists of a technical report that specifies the logic and reasoning for proposed capital improvements as well as large scale drawings that illustrate the physical layout of the improvements. The financial implications of a master plan are very important because it serves as the basis for requesting federal funds for the construction of capital improvements proposed in the plan. During FY 2018, the Authority began the process to issue an updated Master Plan that will serve as a flexible and cost-effective guide for the future development of the Airport for the next decade. Capital improvements recommended by the plan are demand-driven, only those that are needed as a result of actual increase in demand will be constructed. In Fiscal Year 2020 the negative impact of the COVID-19 pandemic to airport operations caused the Master Plan to be delayed in order to evaluate future enplanement activity levels and other airport demand metrics.

The Authority has also developed a comprehensive Strategic Plan that is updated annually, which identifies and inventories strengths and weaknesses and guides the Authority's operating, capital and financial planning for the next 5-7 years. This Strategic Plan allows the Authority to set goals and to measure the progress in meeting these goals.

Multi-Year Financial Plan

The Authority prepares a Multi-Year Financial Plan, which is updated annually. This plan contains the first year of the proposed annual Operating Budget and the remaining two years reflecting fiscal projections developed through a combination of historical trends, contractual and other known commitments, anticipated changes to future revenues and expenditures, debt service and other reasonable assumptions. The five-year Capital Improvements Plan is updated annually and contains the current fiscal year and the ensuing four fiscal years.

RELEVANT FINANCIAL POLICIES

Cash and Investment Management

The Authority uses a portfolio manager to help direct the investment of the Authority's funds and to provide comparative investment market information. Allowable investments are limited to those authorized by the 1988 Bond Resolution. All investments were made in compliance with their applicable resolution or bond indenture.

The Authority invests temporarily idle cash in direct obligations of or obligations guaranteed by the United States Government, obligations of specific agencies of the United States Government, New Housing Authority Bonds or Project Notes issued by public agencies or municipalities and guaranteed by the United States Government, secured negotiable certificates of deposit, and secured repurchase agreements. Investments are insured, registered or held by a trustee in the Authority's name.

The Authority's primary objective under this policy is to preserve the principal of those funds within the portfolio. The portfolio is managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements and that it is managed to maximize the return of investments. At year-end, all Authority investments are presented in the basic financial statements at fair market value.

Risk Management

It is the policy of the Authority to eliminate or transfer risk where possible. The Authority currently maintains approximately $1.3 billion of total insurance coverage. For claims arising out of bodily injury or property damage at the Airport, the Authority carries approximately $500 million of liability insurance. The Authority also has approximately $800 million of property insurance on airport properties, which includes flood and earthquake coverage. The Authority or its tenants, within limits and with deductibles approved by the Authority, maintain fire insurance coverage on all buildings at the airports. Contractors and lessees are required to carry certain amounts of insurance. A schedule of insurance in force at June 30, 2020, can be found in the Statistical Section of this report.

In addition to the coverage discussed above, the Authority maintains an Owner Controlled Insurance Program ("OCIP"). OCIP is a method of assuring that all contractors and subcontractors of any tier performing work at a construction project jobsite are provided insurance for Tennessee Workers' Compensation, Employers Liability, and Commercial General Liability, including Completed Operations and Excess Liability. The Authority pays for the full cost of the OCIP and charges those costs back to the projects covered.

The Authority has also implemented various risk control techniques including employee safety and accident training. The Authority's general counsel reviews all contracts and leases.

Debt Management

As part of its strategic and long-term financial planning, the Authority strives to ensure that financial resources are adequate to meet long-term planning objectives. In managing its debt, the Authority strives to achieve the lowest cost of capital, ensure high credit quality, assure access to the capital credit markets, preserve financial flexibility, and manage interest rate risk exposure. See Note 7 of the notes to the basic financial statements in the Financial Section for Long-Term Debt information.

Pension and other Post-employment Benefits

The Authority participates in the City of Memphis Retirement System. A Board of Administration administers the plans under the direction of the City's Mayor. Substantially all full-time salaried employees are required to participate in one of the two plans. The plans provide retirement benefits as well as death and disability benefits. The Authority is required to contribute at a statutorily determined rate set by the City of Memphis Retirement System funding policy. This policy states "that beginning in the plan year commencing on July 1, 2015, the City will fund the actuarially determined contribution ("ADC") each year over a graduated progress percentage so that in a maximum of five (5) years the City will be funding 100% of the ADC each year. The ADC shall be recalculated each year and the percentage of funding shall be based on the most recent recalculation of the ADC".

See Note 11 of the notes to the basic financial statements and the required supplementary information in the Financial Section for more information.

The Authority also provides a supplemental retirement benefit to eligible Authority participants. It is a defined contribution plan under which the Authority makes contributions on a discretionary basis. See Note 12 of the notes to the basic financial statements in the Financial Section for more information.

In addition to the pension benefits, the Authority provides 80% of the cost of certain health care and life insurance coverage to active employees and provides post-retirement healthcare benefits to eligible employees who retire from the Authority under the provisions of the City's retirement plan. See Note 14 of the notes to the basic financial statements in the Financial Section for more information.

MAJOR INITIATIVES

Concourse B Modernization Project. The Authority's Concourse B Modernization Project construction began in October 2018. The project will create higher ceilings and wider corridors filled with natural light throughout the concourse, add moving walkways, create special purpose public use areas and enhance concession concept opportunities. The Concourse B Modernization Project and related enabling projects are expected to be finished in mid-year 2021 at a total cost of approximately $220 million.

Airfield Maintenance Facility. The Authority began construction of the new facility in the spring of 2018 with an anticipated completion date of October 2020 with a total anticipated cost of $55 million. The new facility is anticipated to include both secure and non-secure operations. The airfield maintenance portion of the facility will include approximately ten mechanics bays, some sized for large snow removal equipment, an airfield electrical shop, a paint shop, a sign shop, supervision offices, equipment storage and covered parking for rolling stock, including snow removal equipment and ground maintenance and support equipment. As well, the airport police department, communications center, emergency operations center, operations duty department and snow command center will relocate from terminal facilities to the new airfield maintenance facility.

Consolidated De-Ice Facility (CDF). The Consolidated De-Ice Facility will allow the Authority to address the need for a consolidated de-ice pad to meet regulatory requirements for the collection and management of glycol and related airfield improvements. The CDF Project is comprised of two Phases - Phase I (relocates an existing public street and the construction of a vehicle service road bridge) and Phase II (the construction of 12 De-Ice pads and the related collection system.) Construction bids for Phase I were received in July 2017 with a substantial completion date of September 2020. Design for Phase II was completed in November 2019 and bids were received in February 2020 with an anticipated construction completion date of November 2022. The total combined cost for Phase I and II is estimated at $302 million.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2019. The Authority has received a Certificate of Achievement for thirty-one consecutive fiscal years from 1989-2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparations of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. The CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA for consideration.

Acknowledgements

The preparation of the financial statements would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of the Division for their help and contributions to its preparation.

Respectfully submitted,

Scott A. Brockman, A.A.E.
President and Chief Executive Officer

Forrest B. Artz, C.P.A.
Vice President of Finance and Administration,
Authority Treasurer

Jeffrey W. Hanley
Director of Finance
Authority Assistant Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Memphis-Shelby County Airport Authority
Tennessee

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

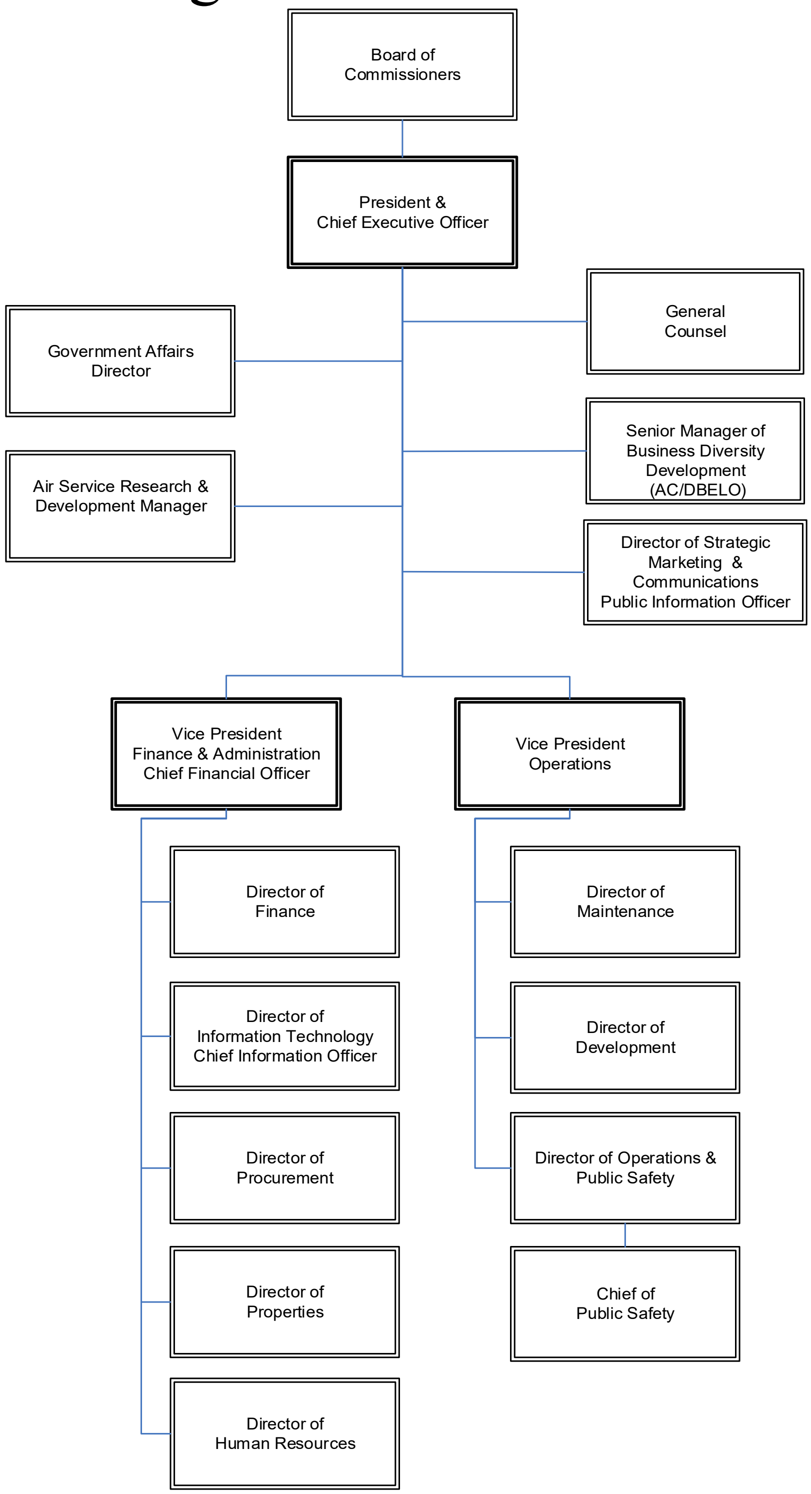
June 30, 2019

Christopher P. Morrill

Executive Director/CEO

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

Organizational Chart



FINANCIAL SECTION

This Section Contains the Following:

Independent Auditors' Report

Management's Discussion and Analysis

Financial Statements

Supplemental Schedules

DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

The Board of Commissioners and Management
Memphis-Shelby County Airport Authority
Memphis, Tennessee

Report of the Financial Statements
We have audited the accompanying financial statements of the Memphis-Shelby County Airport Authority (the "Authority"), a component unit of the City of Memphis, Tennessee, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic 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.

Auditors' 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 auditors' 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 opinions.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension and OPEB liabilities and related ratios and the schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

Supplemental and Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The supplemental schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

DHG
DIXON HUGHES GOODMAN LLP

Emphasis of Matter
As discussed in Note 1.T. to the financial statements, subsequent to the issuance of the June 30, 2019 financial statements, management discovered an error in classification of net position. The fiscal year 2019 financial statements have been restated for the effects of this error. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Memphis, Tennessee

December 11, 2020

JUNE 30, 2020

The following discussion and analysis of the Memphis-Shelby County Airport Authority's (the "Authority") financial performance provides an introduction and overview of the Authority's financial activities for the fiscal years ended June 30, 2020 and 2019. Please read this discussion in conjunction with the Authority's basic financial statements and the notes to the basic financial statements immediately following this discussion.

All dollar amounts, except per unit data, are expressed in thousands.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority owns and operates Memphis International Airport and two general aviation airports, Charles W. Baker and General DeWitt Spain. The Authority is presented as an enterprise fund with separate accounts for each of the three airports. The accounts of the Authority are reported using the flow of economic resources measurement focus. The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. All capital assets, except land, avigation easements, and construction-in-process are capitalized and depreciated over their useful lives. See Note 1 of the notes to the basic financial statements for a summary of the Authority's significant accounting policies.

The *Statements of Net Position* present all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position. However, the consideration of other non-financial factors, such as changes within the airline industry, may be necessary in the assessment of the overall financial position and health of the Authority.

The *Statements of Revenues, Expenses and Changes in Net Position* present all revenues and expenses of the Authority, regardless of when cash is received or paid, and the ensuing change in net position.

The *Statements of Cash Flows* report how cash was provided and used by the Authority's operating, capital financing, and investing activities. These statements are prepared on a cash basis and present the cash received and disbursed, the net increase or decrease in cash for the year, and the cash and balance at year-end.

In addition to the basic financial statements, this report includes a section for statistical information. This section presents certain unaudited information related to the Authority's historical financial and non-financial operating results, bonded debt activity, capital asset activity, and other demographic information.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2020

- Operating revenues of $105,160 for fiscal year 2020 increased by $2,957 (2.9 percent) compared to fiscal year 2019 revenues of $102,203.

- Operating expenses, before depreciation and amortization, of $69,071 for fiscal year 2020 increased by 9,358 (15.7 percent) compared to fiscal year 2019 operating expenses of $59,713.

- The Authority's total net position at June 30, 2020 was $705,556. This is an increase of $21,213 (3.1 percent) over total net position of $684,343 at June 30, 2019.

- Capital assets, net of accumulated depreciation increased by $68,314 mainly due to fiscal year 2020 net capital additions of approximately $125,636; offset by the current year change in accumulated depreciation of $57,322.

- The Authority's total outstanding long-term bonds and notes payable, net at June 30, 2020 decreased by $29,514 (6.2 percent) compared to June 30, 2019 due to the scheduled principal payments made during fiscal year 2020 and the additional amounts paid towards notes payable.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2019

- Operating revenues of $102,203 for fiscal year 2019 decreased by $4,963 (4.6 percent) compared to fiscal year 2018 revenues of $107,166.

- Operating expenses, before depreciation and amortization, of $59,713 for fiscal year 2019 increased by 2,142 (3.7 percent) compared to fiscal year 2018 operating expenses of $57,571.

- The Authority's total net position at June 30, 2019 was $684,343. This is an increase of $32,614 (5.0 percent) over total net position of $651,729 at June 30, 2018.

- Capital assets, net of accumulated depreciation increased by $25,889 mainly due to fiscal year 2019 net capital additions of approximately $79,893; offset by the current year change in accumulated depreciation of $54,004.

- The Authority's total outstanding long-term bonds and notes payable, net at June 30, 2019 increased by $151,736 (46.5 percent) compared to June 30, 2018 due to the issuance of the 2018 Revenue Bonds of $119,275 which also had $15,088 in bond premiums and the remaining 2016A Revenue Bonds issuance of $45,500, offset primarily by the scheduled principal payments made during fiscal year 2019 and the additional amounts paid towards notes payable.

FINANCIAL ANALYSIS

At June 30, 2020, the Authority's net position increased year over year with total assets and deferred outflows of $1,323,980, total liabilities and deferred inflows of $618,424 and total net position of $705,556. A comparative combined condensed summary of the Authority's net position at June 30, 2020, 2019 and restated 2018 is as follows:

	2020	2019	2018
Assets			
Current assets	$336,370	$397,334	$241,804
Net capital assets	940,784	872,470	846,581
Other non-current assets	36,296	35,977	26,918
Total assets	1,313,450	1,305,781	1,115,303
Deferred outflows of resources	10,530	7,369	5,210
Liabilities			
Current liabilities	68,697	59,523	51,100
Long-term liabilities	542,952	563,346	409,530
Total liabilities	611,649	622,869	460,630
Deferred inflows of resources	6,775	5,938	8,154
Net position			
Net investment in capital assets (FY 2019 restated)	519,966	522,671	496,445
Restricted (FY 2019 restated)	164,911	128,433	132,220
Unrestricted	20,679	33,239	23,064
Total net position	$705,556	$684,343	$651,729

Fiscal Year 2020

Current assets at June 30, 2020 decreased by $60,964 (15.3 percent) when compared to current assets at June 30, 2019. This decrease was primarily due to a decrease of $64,911 in cash and cash equivalents and investments, $2,667 accounts receivable, $1,657 in accrued interest receivable, $256 in prepaid expenses, $126 in materials and supplies inventory, and partially offset by an increase of $8,653 in capital contributions receivable. The decrease in cash and cash equivalents and investments was mainly due to a decrease in unearned revenue and increased unrestricted cash transferred to restricted debt service reserves. The decrease in accounts receivable is due to timing on receipt of certain year-end invoices and decreased passenger enplanements due to COVID-19, accrued interest receivable is due to the decreased investments of bond proceeds. The decrease in prepaid expenses is due to the use of certain prepaid insurance coverages and supplies and materials due to a decrease in cost of fuel, glycol on hand and the release of obsolete inventory. These decreases were partially offset by a increase in capital contribution receivable resulting from the timing of when capital expenditures were incurred (revenue recognized) and when related reimbursement were received from the grantor agency.

Capital assets, net of depreciation increased by $68,314 in fiscal year 2020 compared to restated fiscal year 2019 primarily due to the Authority's ongoing capital improvement program, offset partially by annual asset depreciation. Fiscal year 2020 net capital additions were $125,636, offset by the current year change in accumulated depreciation of $57,322.

Non-current assets, other than capital assets, increased by $319 due to an increase in investments occurring from a market value increase due to higher rates on investments held compared to current market rates.

The deferred outflows of resources at June 30, 2020 were $10,530, an increase of $3,161 compared to June 30, 2019 of $7,369. The deferred outflows of resources relates to the loss on bond refundings (the difference between the reacquisition price and the net carrying amount of the old debt) and deferred actuarial loss under GASB 68 and 75. The increase in deferred losses under GASB 68 of $3,437 was due mainly to an increase in investment losses as compared to the expected return on assets and an increase of $112 in deferred losses under GASB 75. This was offset partially by a decrease of $388 in deferred losses on bond refundings which is the systematic recognition of interest expense over the remaining life of the old debt or of the new debt, whichever is shorter.

Current liabilities increased from $59,523 in 2019 to $68,697 in 2020. This increase of $9,174 (15.4 percent) is primarily due to the increases in construction contracts payable ($15,506), current maturities of long-term debt ($1,356), accrued expenses ($196) and current portion-compensated absences ($75), offset by a decrease in unearned revenue ($6,542), accounts payable ($758) and accrued interest payable ($659). The increase in construction contracts payable is due to the increased construction activity at the airport due to the modernization of concourse "B", consolidated deice facility and the airfield maintenance building. The increase in current maturities of long-term debt is mainly due to the reclassification of long-term debt to current maturities based on the debt amortization. The increase in accrued expenses is mainly due to when invoices are received and when they are paid. The increase in current portion-compensated absences is due to the increase in accrued leave. These increases were offset partially by the decrease in unearned revenue due to the reduction in revenues received, decreased account payable due to reduced expenses and accrued interest payable due the decrease in debt amortization schedules.

Long-term liabilities at June 30, 2020 were $542,952 a decrease of $20,394 compared to June 30, 2019 of 563,346. The decrease in long-term liabilities was primarily due to the net decrease in bonds and notes payable of ($29,514) resulting in the decreased amortization schedule and debt payments, lease revenue received in advanced due to the amortization to recognize rental revenue from FedEx Corporation related to the prior TnANG facility ($1,540), offset partially by the increase in GASB 75 OPEB liability of ($7,136), GASB 68 net pension liability ($3,484) and compensated absences of ($40).

The deferred inflows of resources at June 30, 2020 were $6,775, an increase of $837 compared to June 30, 2019 of $5,938. The deferred inflows of resources relate to the deferred actuarial gains in pension and OPEB, which are reported in accordance with GASB 68 and 75, respectively. This increase was due to the change in the Authority's share of the overall pension liability and OPEB liability.

The largest portion of the Authority's net position is the net investment in capital assets of $519,966 (e.g. land, buildings, machinery and equipment). The Authority uses these assets to provide services to passengers, visitors and tenants of the airport; accordingly, these assets are not available for future spending or to service the related debt. Therefore, the resources needed to repay this debt must be provided from operations, since the capital assets themselves are not used to liquidate these liabilities.

Fiscal Year 2019

Current assets at June 30, 2019 increased by $155,530 (64.3 percent) when compared to current assets at June 30, 2018. This increase was primarily due to an increase of $152,894 in cash and cash equivalents and investments, $1,669 in accrued interest receivable, $1,628 accounts receivable, $186 in materials and supplies inventory, and $8 in prepaid expenses, partially offset by a decrease of $854 in capital contributions receivable. The increase in cash and cash equivalents and investments was mainly due to the issuance of the 2018 Revenue Bonds and the remaining portion of the 2016A Revenue Bonds. The increase in accrued interest receivable is due to the increased investments of bond proceeds. The increase in accounts receivable is due to the timing on receipt of certain year-end invoices, in materials and supplies inventory due to increased glycol and fuel costs and in prepaid expenses due to certain prepaid insurance coverages. These increases were partially offset by a decrease in capital contribution receivable resulting from the timing of when capital expenditures were incurred (revenue recognized) and when related reimbursement were received from the grantor agency.

Capital assets, net of depreciation increased by $25,889 in fiscal year 2019 compared to restated fiscal year 2018 primarily due to the Authority's ongoing capital improvement program, offset partially by annual asset depreciation. Fiscal year 2019 net capital additions were $79,893, offset by the current year change in accumulated depreciation of $54,004.

Non-current assets, other than capital assets, increased by $9,059 due to a increase in investments occurring from the reclassification of certain non-current investments to current investments.

The deferred outflows of resources at June 30, 2019 were $7,369, an increase of $2,159 compared to June 30, 2018 of $5,210. The deferred outflows of resources relates to the loss on bond refundings (the difference between the reacquisition price and the net carrying amount of the old debt) and deferred actuarial loss under GASB 68 and 75. The increase in deferred losses under GASB 68 of $2,804 was due mainly to an increase in investment losses as compared to the expected return on assets. This was offset partially by a decrease in GASB 75 of $213 due mainly to an experience gain and a change in assumptions and a decrease of $432 in deferred losses on bond refundings which is the systematic recognition of interest expense over the remaining life of the old debt or of the new debt, whichever is shorter.

Current liabilities increased from $51,100 in 2018 to $59,523 in 2019. This increase of $8,423 (16.5 percent) is primarily due to the increase of unearned revenue ($3,295), increases in accrued interest payable ($3,094), accounts payable ($767), current maturities of long-term debt ($726), construction contracts payable ($367), current portion-compensated absences ($95) and accrued expenses ($79). The increase accrued interest payables due to the final receipt of the 2016A Bonds and the issuance of the 2018 Bonds offset by the final payment of the 2011A-2 bonds. The increase in accounts payable is due to the timing of the receipt of normal operating invoice subsequent to the fiscal year end. The increase in current maturities of long-term debt is mainly due to the reclassification of long-term debt to current maturities based on the debt amortization. The increase in construction contracts payable is due to the increased construction activity at the airport due to the modernization of concourse "B", glycol bridges and site work and the airfield maintenance building. The increase in current portion-compensated absences is due to the increase in accrued leave. The increase in accrued expenses is mainly due to when invoices are received and when they are paid.

Long-term liabilities at June 30, 2019 were $563,346 an increase of $153,816 compared to June 30, 2018 of 409,530. The increase in long-term liabilities was primarily due to the net increase in bonds and notes payable of ($151,736) for the additional issuance of the 2016A revenue bonds, the issuance of the 2018 revenue bonds, increase in the GASB 68 net pension liability ($4,500), compensated absences of ($299) and for certain debt reclassified from long-term debt to a current liability; as it is due within one year, offset partially by the reduction in the GASB 75 OPEB liability of ($1,179), the amortization to recognize rental revenue from FedEx Corporation related to the prior TnANG facility ($1,540).

The deferred inflows of resources at June 30, 2019 were $5,938, a decrease of $2,216 compared to June 30, 2018 of $8,154. The deferred inflows of resources relate to the deferred actuarial gains in pension and OPEB, which are reported in accordance with GASB 68 and 75, respectively. This decrease was due to the change in the Authority's share of the overall pension liability and OPEB liability.

The largest portion of the Authority’s net position is the net investment in capital assets of $382,793 (e.g. land, buildings, machinery and equipment). The Authority uses these assets to provide services to passengers, visitors and tenants of the airport; accordingly, these assets are not available for future spending or to service the related debt. Therefore, the resources needed to repay this debt must be provided from operations, since the capital assets themselves are not used to liquidate these liabilities.

SUMMARY OF CHANGES IN NET POSITION

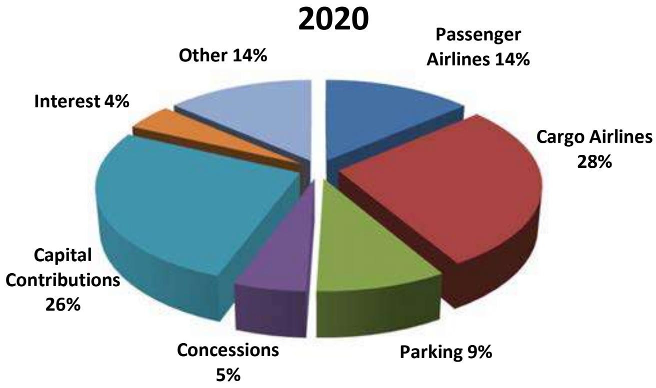
	2020	2019	2018
Operating revenues	$105,160	$102,203	$107,166
Operating expenses	(69,071)	(59,713)	(57,571)
Operating income before depreciation	36,089	42,490	49,595
Depreciation	(60,427)	(60,698)	(62,644)
Operating loss	(24,338)	(18,208)	(13,049)
Non-operating income	20,208	24,294	9,697
Non-operating expense	(19,722)	(21,206)	(14,822)
Loss before capital contributions	(23,852)	(15,120)	(18,174)
Capital contributions	45,065	47,734	28,228
Increase (decrease) in net position	21,213	32,614	10,054
Net position, beginning of year	684,343	651,729	641,675
Net position, end of year	$705,556	$684,343	$651,729

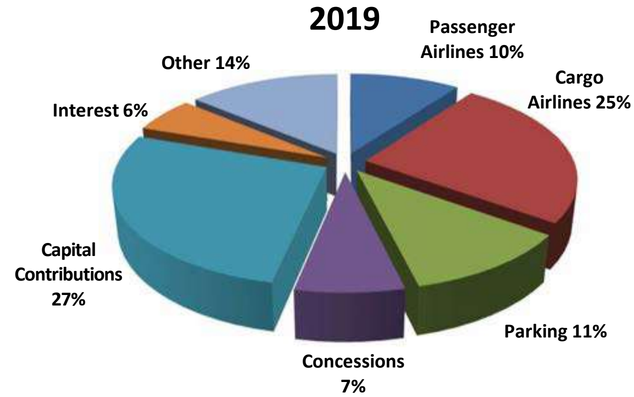
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
REVENUES BY MAJOR SOURCE

The following table presents revenue by major source for the years ended June 30, 2020, 2019 and 2018 and the pie charts show the percentage of revenues by source for the years ended June 30, 2020 and 2019. Due to the strong presence of cargo operations at Memphis International Airport (FedEx super-hub and the world's second largest in total tonnage), airline revenues have been separated to reflect separate passenger and cargo categories.

	2020	2019	2018
Operating Revenues			
Passenger Airlines			
Passenger landing fee	$4,527	$3,484	$3,212
Airline terminal rentals	18,174	13,574	18,873
Airline fee payments-FIS	5	15	
Other rentals	650	625	556
Total Passenger Airlines	23,356	17,698	22,641
Cargo Airlines			
Cargo landing fees	32,200	28,890	31,984
Ground rents	12,915	12,650	11,273
Other rentals	2,390	2,345	2,709
Total Cargo Airlines	47,505	43,885	45,966
Non-Airline Rentals			
Concessions-terminal	1,832	2,369	2,282
Concessions-rental car	6,660	8,203	7,705
Public parking	14,763	19,145	18,151
Employee parking	599	619	623
GTC rentals	1,260	1,179	1,266
Other rentals	9,185	9,131	8,500
Total Non-Airline Rentals	34,299	40,646	38,527
Other Revenues			
Restricted rental income		(26)	32
Total other revenues		(26)	32
Total Operating Revenues	105,160	102,203	107,166
Non-operating Revenues			
Interest and investment income	7,522	10,222	3,221
Customer facility charges	5,306	6,578	6,400
Passenger facility charges	7,238	7,267	
Other	142	227	76
Total Non-Operating Revenues	20,208	24,294	9,697
Capital Contributions	45,065	47,734	28,228
Total Revenues	$170,433	$174,231	$145,091

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
REVENUES





Fiscal Year 2020

Operating revenues of $105,160 for fiscal year 2020 increased by $2,957 (2.9 percent) compared to fiscal year 2019 revenues of $102,203. This increase in operating revenues is primarily due to an increase in airline terminal rentals ($4,600), cargo landing fees ($3,310), passenger landing fees ($1,043), cargo ground rents ($265), ground transportation rentals ($81), other non-airline rentals ($54), cargo other rentals ($45), restricted rental income ($26) and other passenger rentals ($25), offset by a decrease in public parking ($4,382), rental car concessions ($1,543), terminal concessions ($537), employee parking ($20) and FIS fees ($10). Such activity was due to the residual Airport Use Agreement that requires airline revenues to be recognized to the extent necessary to pay the Authority's operating and maintenance expenses and net debt service requirements, reduced by non-airline revenues.

Non-operating revenues for fiscal year 2020 are comprised of interest income ($7,522), customer facility charges (CFC) ($5,306), passenger facility charges (PFC) ($7,238), gain on disposal of fixed assets ($90) and operating grants ($52). Total non-operating revenues decreased by $4,086 in fiscal year 2020 compared to fiscal year 2019 non-operating revenues. This decrease was due to a decrease in investment earnings of ($2,700), CFC revenues of ($1,272) PFC revenues of ($29), gain on the disposal of assets ($69) and operating grants ($16).

Capital contributions, comprised primarily of Federal capital grants, decreased from $47,734 in fiscal year 2019 to $45,065 in fiscal year 2020, as a result of when capital expenditures were incurred (revenue recognized) and thus became eligible for the related reimbursement from the Federal government.

Fiscal Year 2019

Operating revenues of $102,203 for fiscal year 2019 decreased by $4,963 (4.6 percent) compared to fiscal year 2018 revenues of $107,166. This decrease in operating revenues is primarily due to an decrease in airline terminal rentals ($5,299), cargo landing fees ($3,094), cargo other rentals ($364), ground transportation rentals ($87), restricted rental income ($58) and employee parking ($4), offset by an increase in cargo ground rents ($1,377), public parking revenues ($994), other non-airline rentals ($631), rental car concessions ($498), passenger landing fees ($272), terminal concessions ($87), other passenger rentals ($69) and FIS fees ($15). Such activity was due to the residual Airport Use Agreement that requires airline revenues to be recognized to the extent necessary to pay the Authority's operating and maintenance expenses and net debt service requirements, reduced by non-airline revenues.

Non-operating revenues for fiscal year 2019 are comprised of interest income ($10,222), customer facility charges (CFC) ($6,578), passenger facility charges (PFC) ($7,267), gain on disposal of fixed assets ($159) and operating grants ($68). Total non-operating revenues increased by $14,597 in fiscal year 2019 compared to fiscal year 2018 non-operating revenues. This increase was due to an increase in investment earnings on additional bond proceeds ($7,001), the start of collecting PFC revenues ($7,267), increase in CFC revenues ($178), increase of gain on the disposal of assets ($111) and increase in operating grants ($40).

Capital contributions, comprised primarily of Federal capital grants, increased from $28,228 in fiscal year 2018 to $47,734 in fiscal year 2019, due to an increase in expenditures related to federally funded projects as a result of when capital expenditures were incurred (revenue recognized) and thus became eligible for the related reimbursement from the Federal government.

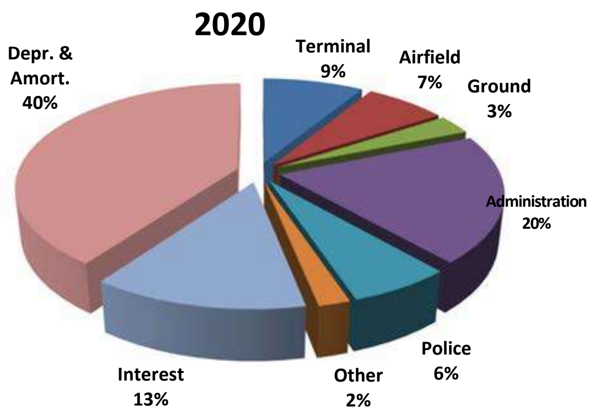
MEMPHIS-SHELBY COUNTY AIRPORTY AUTHORITY
EXPENSES

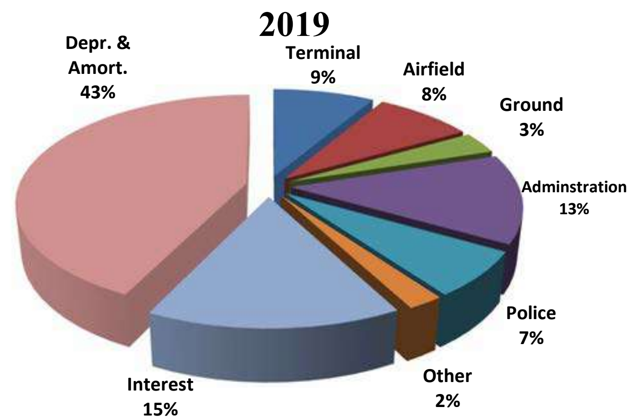
The following table presents expenses by cost center for the years ended June 30, 2020, 2019 and 2018 and the pie charts show the percentage of expenses by cost center for the years ended June 30, 2020 and 2019.

EXPENSES BY COST CENTER

	2020	2019	2018
Operating Expenses			
Airfield area	$10,616	$11,664	$11,569
Terminal area	11,690	11,901	13,217
Ground transportation area	4,537	4,629	4,374
Administration area	29,767	18,872	15,952
Police and operations area	9,518	9,585	9,397
Other areas	2,943	3,062	3,062
Total operating expenses	69,071	59,713	57,571
Non-operating Expenses			
Interest expense	19,722	21,206	14,822
Total expenses before depreciation and change in accounting principle	88,793	80,919	72,393
Depreciation	60,427	60,698	62,644
Total Expenses	$149,220	$141,617	$135,037

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
EXPENSES (CONTINUED)





Fiscal Year 2020

In fiscal year 2020, the Authority's operating expenses of $69,071 increased compared to fiscal year 2019 operating expenses of $59,713 by $9,358 (15.7 percent). The increase was mainly due to increased general administration ($10,895) and non-aviation of ($5); offset by the decrease in airfield of ($1,048), terminal building ($211), ground transportation ($92), field shop ($71), police and operations ($67) and other aviation ($53). The increase in general administration costs was mainly due to the increase in salaries and benefits, repairs and maintenance, increased insurance fees, dues and membership fees and office supplies, offset partially by programs and events, legal fees, marketing and public relations costs and travel related expenses. The increase in non-aviation cost was due to increase in environmental compliance, stormwater fees and regulatory compliance, offset partially by decreased contract services for democrat square and lawn maintenance costs. The decrease in airfield costs was mainly due to the decrease runway rubber and paint removal, gas and fuel for resale, lime and cement supplies, salaries and benefits, deicing chemicals and utilities, offset partially by an increase in fire protection contract services and joint sealant repairs and maintenance. The decrease in terminal costs was mainly due to the decrease in utilities and elevator/escalator maintenance, offset partially by an increase in salaries and benefits, janitorial contract services, cleaning and sanitary supplies and telephone equipment local and long-distance costs. The decrease in ground transportation costs are mainly due to a decrease in taxi, parking management fees, utilities and landscaping expenses, offset by an increase in equipment repairs. The decrease in field shop was mainly due a decrease in supplies, gas and fuel usage, pest control and garbage collection fees, offset by an increase in salaries and benefits and janitorial contract services. The decrease in police and operations is mainly due to a decrease in fingerprinting, security guard services and dues and uniforms and clothing, offset by a reduction in salaries and benefits. The decrease in other aviation costs was mainly due to decreased utilities, repairs and maintenance, pest control and garbage collection fees.

Depreciation expense decreased from $60,698 in fiscal year 2019 to $60,427 for fiscal year 2020. This decrease of $271 is mainly due to a number of depreciable assets reaching the end of their depreciable life in fiscal year 2019 and therefore reducing the amount of depreciation expense in 2020.

Non-operating expenses are comprised of interest expenses on outstanding debt. Fiscal year 2020 interest expense of $19,722 decreased $1,484 compared to fiscal year 2019 interest expense of $21,206. This decrease in interest expense was due to not having expenses related to the 2018 revenue bonds cost of issuance and a decrease in the bond interest expense from the bond amortization schedule.

Fiscal Year 2019

In fiscal year 2019, the Authority's operating expenses of $59,713 increased compared to fiscal year 2018 operating expenses of $57,571 by $2,142 (3.7 percent). The increase was mainly due to increased general administration, ground transportation, police and operations and airfield of $2,920, $255, $188 and $95, respectively; offset by the decrease in terminal building of ($1,316). The increase in general administration costs was mainly due to the increase in salaries and benefits, increased insurance fees, marketing and public relations costs, legal fees and increased information technology fees for repair and maintenance, offset partially by the decrease in uncollectable account receivable, janitorial, pest control, garbage collection fees, utilities and professional fees. The increase in ground transportation cost was due to increase in parking management fees, credit card fees, equipment repairs and maintenance and fuel, offset partially by decreased janitorial costs. The increase in police and operations was mainly due to the increase in salaries and benefits, security guard services and dues and memberships, offset by a reduction in employee training, ID badge supplies and repair and maintenance. The increase in airfield costs was mainly due to the increase runway repair and rubber and paint removal, aircraft rescue and firefighting costs, lime and cement supplies and utilities, offset partially by a reduction in deicing and snow event costs, salaries and benefits. The decrease in terminal costs was mainly due to lower janitorial costs, reduction in utilities, salaries and benefits and repairs and maintenance costs; offset partially by an increase in telephone equipment local and long-distance costs, equipment parts and rental, uniform cleaning and elevator/escalator maintenance costs.

Depreciation expense decreased from $62,644 in fiscal year 2018 to $60,698 for fiscal year 2019. This decrease of $1,946 is mainly due to a number of depreciable assets reaching the end of their depreciable life in fiscal year 2018 and therefore reducing the amount of depreciation expense in 2019.

Non-operating expenses are comprised of interest expenses on outstanding debt. Fiscal year 2019 interest expense of $21,206 increased $6,384 compared to restated fiscal year 2018 interest expense of $14,822. This increase in interest expense was due to the issuance of additional 2016A bonds and the issuance of the 2018 bonds which increased the scheduled payments of principal on outstanding bonds and notes; as a result, interest expense was increased year over year.

The Authority's capital assets at June 30, 2020, 2020 and 2019 are summarized as follows:

NET CAPITAL ASSETS

	2020	2019	2018
Avigation easements	$46,679	$46,679	$46,679
Land and improvements	159,913	159,913	159,875
Buildings	611,311	609,952	573,934
Runways, taxiways, and airfield lighting	774,527	774,532	776,077
Facilities constructed for tenants	104,078	104,078	104,078
Roads, bridges, and fences	75,388	74,850	74,379
Equipment and utility systems	128,188	127,626	126,250
Construction in process	218,097	94,915	51,380
Total capital assets	2,118,181	1,992,545	1,912,652
Less accumulated depreciation	1,177,397	1,120,075	1,066,071
Net capital assets	$940,784	$872,470	$846,581

Fiscal Year 2020

At the end of fiscal years 2020 and 2019, the Authority had $940,784 and $872,470 respectively, invested in net capital assets. During fiscal year 2020 the Authority had net additions of $125,636 related to capital activities for runway and taxiway projects, building improvements, equipment and roads, bridges and fencing projects, offset by current year depreciation of $60,427 less deletions of $3,105.

During fiscal year 2020, completed projects totaling $5,564 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. These major completed projects were related to equipment and utility systems ($3,651), buildings ($1,374), and roads, bridges and fences ($539).

The Authority's capital activities are funded through revenue bonds, Federal and State grants and airport revenues. Additional information on the Authority's capital assets is presented in Note 5 of the notes to the basic financial statements.

Fiscal Year 2019

At the end of fiscal years 2019 and 2018, the Authority had $872,470 and $846,581 respectively, invested in net capital assets. During fiscal year 2019 the Authority had net additions of $79,893 related to capital activities for runway and taxiway projects, building improvements, equipment and roads, bridges and fencing projects, offset by current year depreciation of $60,698 less deletions of $6,694.

During fiscal year 2019, completed projects totaling $43,016 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. These major completed projects were related to buildings ($36,077), equipment and utility systems ($6,436), roads, bridges and fences ($471) and runways, taxiways and airfield lighting ($32).

The Authority's capital activities are funded through revenue bonds, Federal and State grants and airport revenues. Additional information on the Authority's capital assets is presented in Note 5 of the notes to the basic financial statements.

The Authority's outstanding bonds and notes payable, net of any premiums or discounts, at June 30, 2020, 2019 and 2018 are summarized as follows:

BONDS AND NOTES PAYABLE

	2020	2019	2018
Bonds:			
Airport Revenue	$441,095	$465,455	$324,420
Unamortized bond premiums	15,676	17,198	3,631
Notes payable	19,961	22,237	24,377
Current portion of bonds and notes payable	(27,994)	(26,638)	(25,912)
Total long-term bonds and notes payable	$448,738	$478,252	$326,516

Fiscal Year 2020

The Authority's June 30, 2020 total long-term bonds and note payable, net, of $448,738 decreased $29,514 (6.2 percent) compared to the June 30, 2019 total of $478,252. The decrease in the total long-term bonds and note payable, net outstanding was mainly due to certain debt reclassified as a current liability as it is due within one year of $27,994 and the amortization of $1,522 for bond premium costs.

In February 2020, the Authority extended its revolving line of credit of $20,000 with a bank. The purpose for this line of credit is to provide temporary funding for capital improvements and capital cash flow requirements. At June 30, 2020, the Authority had not drawn on this line of credit.

More detailed information related to long-term debt can be found in Note 7 of the notes to the basic financial statements.

Fiscal Year 2019

The Authority's June 30, 2019 total long-term bonds and note payable, net, of $478,252 increased $151,736 (46.5 percent) compared to the restated June 30, 2018 total of $326,516. The increase in the total long-term bonds and note payable, net outstanding was mainly due to the additional receipt of the Airport Revenue Bonds, Series 2016A and the issuance of the Airport Revenue Bonds, Series 2018 which includes increased unamortized bond premiums; offset partially by certain debt reclassified as a current liability as it is due within one year of $26,638.

In February 2019, the Authority extended its revolving line of credit of $20,000 with a bank. The purpose for this line of credit is to provide temporary funding for capital improvements and capital cash flow requirements. At June 30, 2019, the Authority had not drawn on this line of credit.

More detailed information related to long-term debt can be found in Note 7 of the notes to the basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
DEBT ACTIVITY (CONCLUDED)

DEBT SERVICE COVERAGE

Airport revenue bond resolution covenants require that revenues available to pay debt service, as defined in the bond resolution, are equal to a minimum of 125 percent of the debt service on airport revenue bonds. Coverage ratios for fiscal years 2020, 2019 and 2018 are as follows:

COVERAGE RATIO

	2020	2019	2018
Airport Revenue Bonds	131%	141%	173%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT ACTIVITIES AND HIGHLIGHTS

AIRLINE ACTIVITY

During fiscal year 2020, 3,442,613 passengers traveled through the Airport, a decrease of 23.9 percent over the 4,522,794 passengers in fiscal year 2019. Additionally, aircraft landed weight decreased from 27,371,936 per thousand pound units in fiscal year 2019 to 26,727,490 per thousand pound units in fiscal year 2020. These changes in activity were realized due to the decrease in passenger airline activity and passenger traffic during the last four months of the year because of the worldwide COVID-19 pandemic.

Air Cargo activity decreased in fiscal year 2020 by 2.6% but Memphis remained the United States' largest cargo airport, and the world’s second largest cargo airport with approximately 4.8 million and 4.9 million U.S. tons of total cargo in fiscal years 2020 and 2019, respectively. Cargo activity at the Airport is dominated by FedEx Express, which has its corporate headquarters and operates its worldwide super-hub from Memphis.

The Authority’s Airport Use and Lease Agreement, in effect with six airlines known collectively as the signatory airlines, establishes the rates and charges methodology for the signatory airlines and their affiliates each year. An amended 3-year agreement became effective July 1, 2017. Landing fees and rates for non-signatory and non-scheduled airlines are assessed at 115 percent and 125 percent, respectively, of the signatory rates.

RATES AND CHARGES

	2020	2019	2018	2017
Terminal Average Square Foot Rate	$70.86	$69.81	$80.51	$92.98
Cargo Building Square Foot Rate	$12.00	$12.00	$12.00	$12.00
Aircraft Loading Position				
Rate per Linear Foot	$350.28	$336.70	$283.02	$291.84
Signatory Landing Fee-per 1,000 lbs. unit	$1.25	$1.24	$1.25	$1.27

Cost per enplaned passenger ("CPE") is a measure used by the airline industry to reflect the relative costs a passenger airline pays to operate at an airport based upon the number of enplaned passengers for that airport. That measure, however, is not exact for comparison, as not all airports calculate the number in the same way and cautions should be taken when comparing individual or groups of airports.

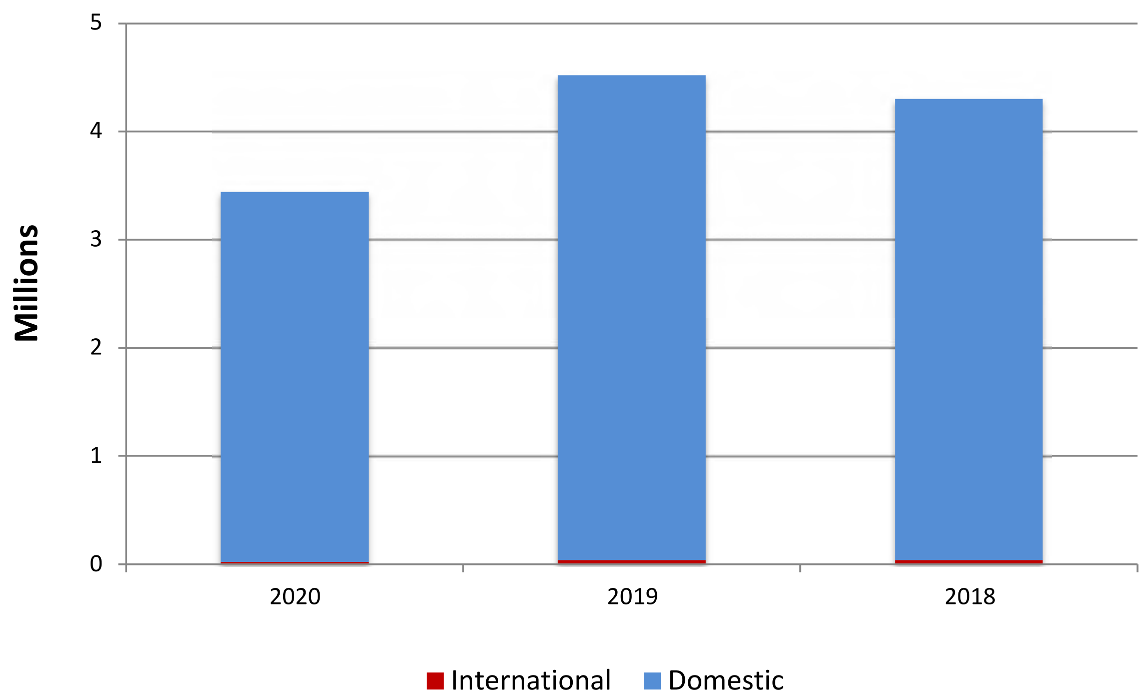
COST PER ENPLANED PASSENGER

	2020	2019	2018
Average Cost Per Enplaned Passenger	$11.32	$5.52	$8.68

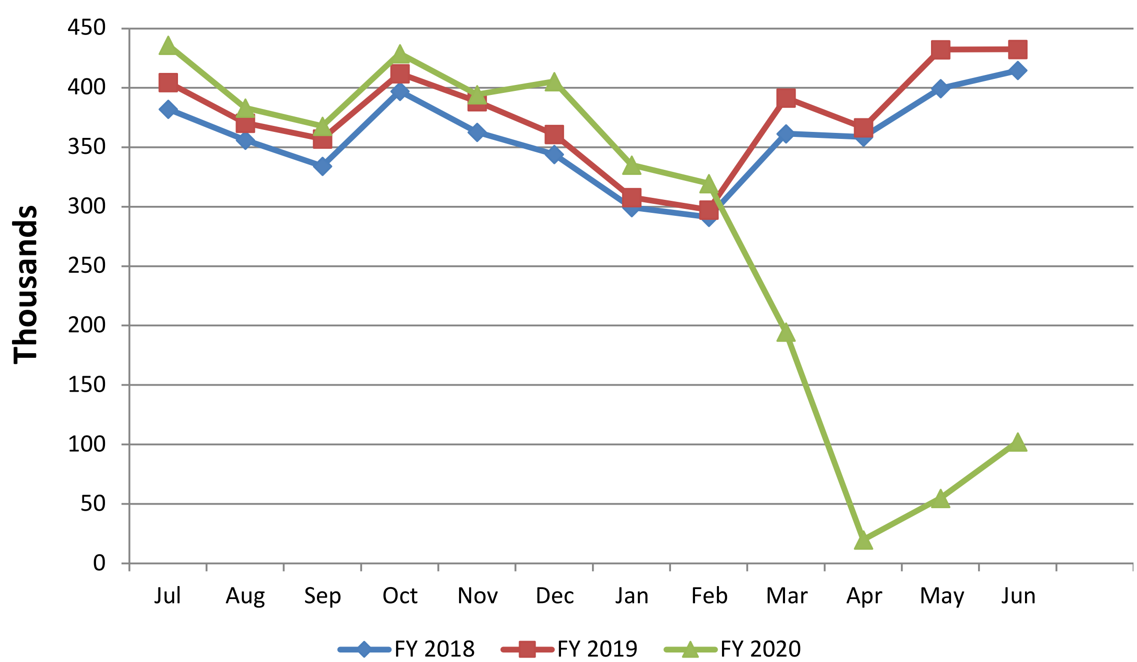
Selected statistical information about total passengers, total cargo, aircraft landed weight, and air carrier movements for the past three years is presented in the table and graphs below.

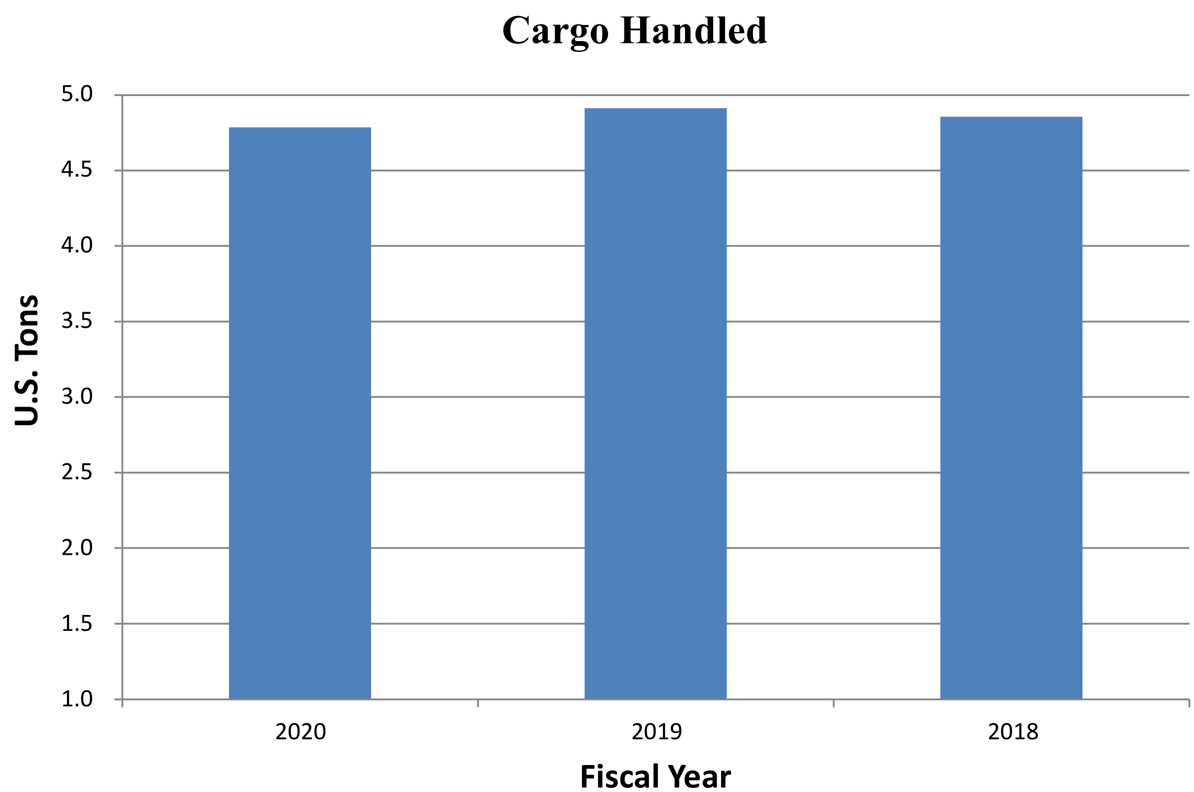
FISCAL YEAR	TOTAL PASSENGERS	TOTAL CARGO HANDLED (U.S. TONS)	AIRCRAFT LANDED WEIGHT (1000 POUND UNITS)	AIR CARRIER MOVEMENTS
2020	3,442,613	4,785,659	26,727,490	188,494
2019	4,522,794	4,912,722	27,371,936	199,044
2018	4,302,104	4,855,966	26,712,528	192,502

Total Passengers

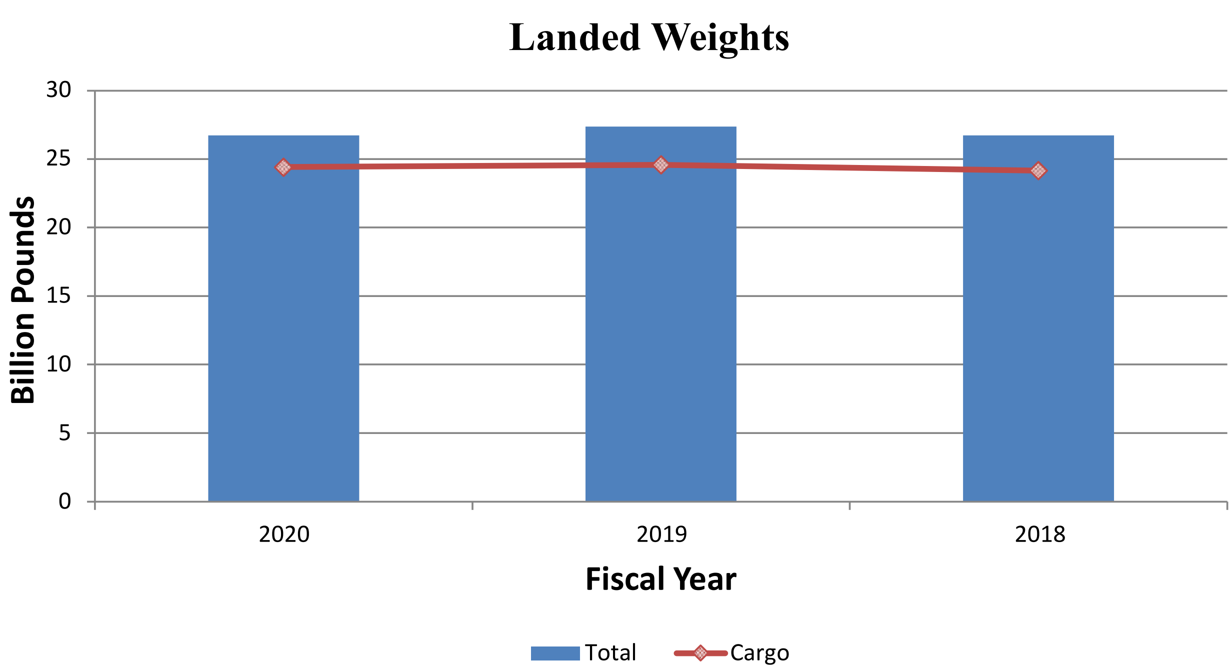


Monthly Passengers

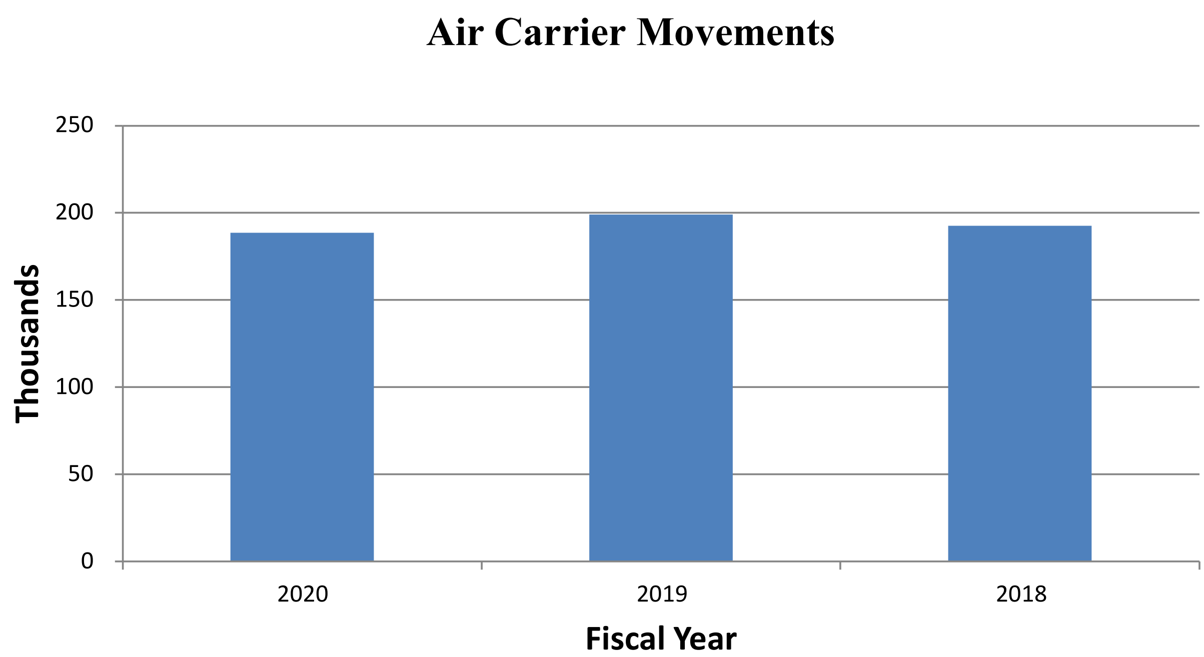




Cargo Handled
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
U.S. Tons
2020
2019
2018
Fiscal Year



Landed Weights
30
25
20
15
10
5
0
Billion Pounds
2020
2019
2018
Fiscal Year
Total
Cargo



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
FUTURE OUTLOOK

The COVID-19 outbreak has altered and will continue to alter the behavior of the traveling public in a manner that has had a detrimental impact to the airline industry and the Airport operations into future periods. There can be no assurance as to when the COVID-19 outbreak will abate, or to what extent and how soon the Airport will recover from the disruption of the pandemic.

The Authority has conservatively assumed that fiscal year 2021 enplanements will be 35% of fiscal year 2019 (the last full fiscal year with no COVID-19 impact) enplanements reducing projected future period non-airline revenues such as concession, rental car and public parking revenues. Fiscal year 2021 projected cargo and passenger landed weight were assumed to be reduced by approximately 4% and 50%, respectively, compared to fiscal year 2019. As well, fiscal year 2021 operating and capital expenses, not related to safety and security, were strictly managed, and with the assistance of the Federal CARES Act Funds ($24.6 million), the Authority developed, on a budgetary basis, a net airline requirement and related Airport fees and charges that were materially consistent with the prior fiscal year 2020 budget.

The Airport continues to work with its existing passenger airline partners and other carriers not currently serving Memphis to identify new and existing air service enhancements opportunities.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, Memphis-Shelby County Airport Authority, 2491 Winchester Road, Suite 113, Memphis, Tennessee 38116-3856.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019 ($ IN THOUSANDS)

	2020	2019
ASSETS		
CURRENT ASSETS		
UNRESTRICTED ASSETS		
Cash and cash equivalents	$46,066	$33,386
Investments		15,068
Accounts receivable	3,722	5,434
Accrued interest receivable		191
Materials and supplies inventory	1,914	2,040
Prepaid expenses	2,463	2,719
Total current unrestricted assets	54,165	58,838
RESTRICTED ASSETS		
Cash and cash equivalents	205,754	97,470
Investments	59,218	230,025
Accounts receivable - passenger facility charges	130	1,085
Accrued interest receivable	657	2,123
Capital contributions receivable	16,446	7,793
Total current restricted assets	282,205	338,496
TOTAL CURRENT ASSETS	336,370	397,334
NON-CURRENT ASSETS		
RESTRICTED ASSETS		
Investments	36,296	35,977
Total non-current restricted assets	36,296	35,977
CAPITAL ASSETS		
Land and improvements	159,913	159,913
Avigation easements	46,679	46,679
Depreciable capital assets (less accumulated depreciation of $1,177,397 and $1,120,075)	516,095	570,963
Construction in progress	218,097	94,915
Total capital assets, net	940,784	872,470
TOTAL NON-CURRENT ASSETS	977,080	908,447
TOTAL ASSETS	$1,313,450	$1,305,781
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refundings	$996	$1,384
Deferred actuarial losses - pension	8,875	5,438
Deferred actuarial losses - OPEB	659	547
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$10,530	$7,369

See notes to basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019 ($ IN THOUSANDS)

	2020	2019
LIABILITIES		
CURRENT LIABILITIES		
Payable from unrestricted assets		
Accounts payable	$3,411	$4,169
Accrued expenses	1,709	1,513
Current portion - compensated absences	459	384
Unearned revenue	2,983	9,525
Total payable from unrestricted assets	8,562	15,591
Payable from restricted assets		
Construction contracts payable	22,082	6,576
Accrued interest payable	10,059	10,718
Current maturities of long-term debt	27,994	26,638
Total payable from restricted assets	60,135	43,932
TOTAL CURRENT LIABILITIES	68,697	59,523
NON-CURRENT LIABILITIES		
Lease revenue received in advance	59,427	60,967
Compensated absences	1,558	1,518
Net pension liability	19,301	15,817
Net OPEB liability	13,928	6,792
Bonds and notes payable, net of current maturities	448,738	478,252
TOTAL NON-CURRENT LIABILITIES	542,952	563,346
TOTAL LIABILITIES	$611,649	$622,869
DEFERRED INFLOWS OF RESOURCES		
Deferred actuarial gains - pension	$4,701	$3,354
Deferred actuarial gains - OPEB	2,074	2,584
TOTAL DEFERRED INFLOWS OF RESOURCES	$6,775	$5,938
NET POSITION		
Net investment in capital assets (FY 2019 restated)	$519,966	$522,671
Restricted		
Capital acquisition (FY 2019 restated)	164,911	128,433
Unrestricted	20,679	33,239
TOTAL NET POSITION	$705,556	$684,343

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019 ($ IN THOUSANDS)

	2020	2019
OPERATING REVENUES		
Airfield	$50,701	$46,591
Terminal building	22,213	18,052
Ground transportation	25,432	31,085
Other aviation areas	5,542	4,745
Non-aviation areas	1,272	1,730
Total operating revenues	105,160	102,203
OPERATING EXPENSES		
Airfield	10,616	11,664
Terminal building	11,690	11,901
Ground transportation	4,537	4,629
General administration	29,767	18,872
Police	9,518	9,585
Field shop	1,559	1,630
Other aviation areas	283	336
Non-aviation areas	1,101	1,096
Total operating expenses before depreciation	69,071	59,713
DEPRECIATION	60,427	60,698
OPERATING LOSS	(24,338)	(18,208)
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment income	7,522	10,222
Interest expense	(19,722)	(21,206)
Customer facility charges	5,306	6,578
Passenger facility charges	7,238	7,267
Operating grants	52	68
Gain on disposal/sale of capital assets	90	159
Total non-operating expenses, net	486	3,088
LOSS BEFORE CAPITAL CONTRIBUTIONS	(23,852)	(15,120)
CAPITAL CONTRIBUTIONS	45,065	47,734
CHANGE IN NET POSITION	21,213	32,614
TOTAL NET POSITION: BEGINNING OF YEAR	684,343	651,729
TOTAL NET POSITION, END OF YEAR	$705,556	$684,343

See notes to basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019 ($ IN THOUSANDS)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$106,698	$101,929
Cash paid to suppliers for goods and services	(39,097)	(30,536)
Cash paid to employees for services	(30,039)	(28,131)
Net cash provided by operating activities	37,562	43,262
CASH FLOWS FROM NON-CAPITAL FINANCING		
Operating grants received	52	69
Net cash provided by non-capital financing	52	69
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	90	159
Acquisition and construction of capital assets	(113,235)	(86,220)
Principal paid on long-term debt and notes payable	(28,158)	(27,401)
Proceeds from long-term debt		179,863
Interest paid on long-term debt and notes payable	(19,993)	(17,680)
Capital contributions received	36,412	48,588
Customer facility charges	5,306	6,578
Passenger facility charges	8,193	6,182
Net cash provided by (used in) by capital and related financing activities	(111,385)	110,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(106,531)	(376,280)
Proceeds from sales and maturities of investment securities	292,892	218,812
Interest and dividends on investments	8,374	5,313
Net cash provided by (used in) in investing activities	194,735	(152,155)
NET CHANGE IN CASH	120,964	1,245
Beginning of year	130,856	129,611
End of year	$251,820	$130,856
CASH, END OF YEAR CONSISTS OF		
Unrestricted	$46,066	$33,386
Restricted	205,754	97,470
TOTAL CASH, END OF YEAR	$251,820	$130,856

See notes to basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019 ($ IN THOUSANDS)

	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	($24,338)	($18,208)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	60,427	60,698
Provision for uncollectible accounts receivable	19	216
Decrease (increase) in assets:		
Receivables	1,693	(759)
Materials and supplies inventory	126	(186)
Prepaid expenses	256	(8)
Increase (decrease) in liabilities:		
Accounts payable	(759)	765
Accrued expenses	(1,228)	(1,065)
Net pension liability	1,394	(780)
Net OPEB liability	6,514	(706)
Unearned revenue	(6,542)	3,295
Net cash provided by operating activities	$37,562	$43,262

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES AND INVESTING ACTIVITIES

Investments decreased by $19 in fiscal year 2020 and increased by $879 in fiscal year 2019 due to the change in fair value.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Organization** – The Memphis-Shelby County Airport Authority (the "Authority") is a body politic and corporate of the State of Tennessee, created in 1969 pursuant to the Metropolitan Airport Authority Act. The Authority is governed by a seven-member Board of Commissioners (the "Board"), who is appointed by the Mayor of the City of Memphis (the "City"), with two members nominated by the Mayor of Shelby County (the "County"). The Memphis City Council confirms all members. The Authority owns and operates the Memphis International Airport (the "Airport") and two general aviation reliever airports - Charles W. Baker Airport and General DeWitt Spain Airport. The Authority is reported as a component unit of the City.

B. **Basis of Accounting** – The Authority is presented as an enterprise fund with separate accounts for each of the three airports. The accounts of the Authority are reported using the flow of economic resources measurement focus. The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Board is that the costs of providing services on a continuing basis be recovered through user charges.

Operating revenues and expenses – Revenues from landing fees, terminal area use charges, cargo building space rentals, parking revenues and concession revenues are reported as operating revenues. Transactions related to financing and investing activities are reported as non-operating revenues. Salaries and wages, repair and maintenance, professional and engineering services, and other expenses that relate to airport operations are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, which were codified into a single source for governmental standards.

C. **Budgets** – In accordance with the Metropolitan Airport Authority Act, the City entered into an agreement dated May 26, 1970 with the Authority, which transferred all airport properties, functions, and outstanding obligations to the Authority. Provisions of the agreement require the Authority to prepare an annual operating budget, which must be filed with the City. A five-year capital improvement program, including modifications and reasons for such modifications, is also required to be submitted each year. Even though the budgets are required to be filed with the City, the Board is responsible for approving the budget and any subsequent revisions.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Airline Airport Affairs Committee, composed of signatory airlines, reviews the proposed annual budget, which is the basis for rates and charges under basic airport leases. This committee and other users may present objections and, if not adequately addressed, force a public hearing. Once adopted and issued, users have sixty days to respond after which time the budget becomes effective.

The Authority is not required to demonstrate statutory compliance with its annual operating budget. Accordingly, budgetary data is not included in the basic financial statements. All budgets are prepared in accordance with the Airport Use and Lease Agreement and in conformance with requirements contained in bond resolutions. Unexpended appropriations lapse at year-end.

D. **Investments** – Investments are reported at fair value with the exception of nonnegotiable investment contracts, which are reported at cost. The investment portfolio is managed to maintain the preservation of the principal of those funds within the portfolio, while maintaining enough liquidity to meet immediate and/or future operating requirements, and to maximize the return on investments while remaining within the context of these parameters.

Investments with a maturity date within three months of the date acquired, if any, are considered to be cash equivalents.

E. **Materials and Supplies Inventory** – Inventory is valued at the lower of cost, determined on an average cost method, or net realizable value.

F. **Restricted Assets** – The bond indentures and bond resolutions authorizing the issuance of bonds require segregation of cash and investments into restricted accounts. Additionally, certain assets are restricted by the Board or by regulatory agencies (Note 4).

G. **Leases** – The Authority is lessor under numerous lease agreements. The leases are classified as operating leases, except for certain special facility leases, which are accounted for as direct financing leases.

H. **Capital Assets** – Assets with a cost of five thousand dollars or more are capitalized. Capital assets are stated at cost when purchased or acquisition value when donated, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The estimated lives by general classification are as follows:

Asset Classification	Years
Runways, taxiways, aprons, and airfield lighting	15-30
Buildings	10-40
Facilities constructed for tenants	18
Roads, bridges, and fences	20
Equipment and utility systems	3-40

Avigation easements have an indefinite life and are not subject to amortization.

I. **Original Issue Discount/Premium** – Original issue discounts and premiums are netted against the bond payable account and amortized over the lives of their respective bond issues using the interest method.

J. **Capital Contributions –** Grants from Federal, State and local governments and private enterprises are received for payment of costs related to various property acquisitions and construction projects and for debt retirement. Grants are recorded when all applicable eligibility requirements are met.

K. **Compensated Absences –** Substantially all employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. Liabilities relating to these absences are recognized as incurred.

L. **Retirement Systems –** The Authority currently funds pension costs, which are composed of normal cost and amortization of unfunded prior service costs (Note 11).

M. **Taxes –** The Authority is exempt from payment of federal and state income, property, and certain other taxes.

N. **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 deferred outflows of resources and liabilities and deferred inflows of 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.

O. **Risk Management –** The Authority purchases commercial insurance coverage for claims arising out of bodily injury or property damage as well as property insurance on airport properties, which includes earthquake and flood coverage. There were no significant reductions in insurance coverage in the current year. Additionally, there were no significant settlements, which exceeded insurance coverage for each of the past three years. The Authority is a member of both the City health insurance program and the self-insured fund for health and medical benefits. The City's Health Insurance-Internal Service Fund charges premiums which are used to pay claims and fund the accrual for "incurred but not reported" claims and administrative costs of its health and medical benefits program.

P. **Deferred Outflows/Inflows of Resources -** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as outflow of resources (expense) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Q. **Net Position –** The Authority recognizes the difference between its assets plus deferred outflows of resources less liabilities and deferred inflows of resources as net position. Net position categories include:

i. Net investment in capital assets – comprised of the Authority's capital assets, net of depreciation, reduced by the outstanding balances of bonds and notes that are attributable to the acquisition, construction or improvement of those assets. Applicable deferred outflows of resources and deferred inflows of resources are also included in this component of net position, if any.

ii. Restricted for debt service – comprised of the Authority's assets, mainly cash and investments, restricted by bond resolution to be used in paying debt service obligations.

iii. Restricted for capital acquisition – comprised of the Authority's assets restricted by contributors, bond resolutions, and state and federal regulations to be used in purchasing or construction of capital items or improvements reduced by liabilities and deferred inflows of resources, if any, related to these assets.

iv. Unrestricted – the remaining balance of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital or the restricted components of net position.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

R. **Net Position Flow Assumption -** Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

S. **Fair Value Measurement -** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. Assets and liabilities recorded at fair value in the statement of net position are categorized based on the level of judgement associated with the inputs used to measure their fair value. Level inputs are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Authority's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Fair value disclosures are provided in Note 3 of the notes to the basic financial statements.

T. **Correction of 2019 Net Position Categories –** subsequent to the issuance of the June 30, 2019 financial statements, management discovered an error in the classification of net position. Unspent bond proceeds were not properly netted with the long-term debt which resulted in an overstatement of Net Position – Restricted for capital acquisition of $139,878 at June 30, 2019, with a corresponding understatement of Net Position – Net Investment in capital assets. This classification error had no effect on total net position. The fiscal year 2019 financial statements have been restated for the effects of this error.

2. DEPOSITS AND INVESTMENTS

A. **Deposits –** Cash deposits as of June 30, 2020 and 2019, had a carrying value of $221,500 and $57,553, respectively. These deposits consisted of interest bearing and non-interest bearing demand accounts. Petty cash as of June 30, 2020 and 2019 was $3 and $5, respectively. The Authority had cash equivalents, consisting primarily of liquid asset funds, at June 30, 2020 and 2019 of $30,317 and $73,298, respectively.

Custodial credit risk – In the case of deposits, this is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is for the deposits to be collateralized through the State of Tennessee collateral pool or for collateral to be pledged on such deposits held by the custodian. State statute requires cash deposits in excess of Federal Deposit Insurance Corporation insurance to be collateralized at 105 percent. At June 30, 2020 and 2019, all amounts were properly collateralized.

B. **Investments –** Investments consist of the following at June 30, 2020 and 2019:

	2020	2019	WEIGHTED AVERAGE MATURITY (YEARS) AT June 30, 2020
At fair value:			
U. S. Government agencies	$71,674	$257,230	0.46
At cost:			
Forward purchase agreement	23,840	23,840	4.68
Total Investments	$95,514	$281,070	

The investments made during fiscal years 2020 and 2019 were limited to the classifications above. Investments in U.S. Government agencies included the U.S Treasury, Federal National Mortgage Association, Federal Home Loan Mortgage Company and Federal Home Loan Bank. With the exception of the discount note investments, which were rated P-1, all investments in U.S. Government agencies had a credit rating of Aaa by Moody's at June 30, 2020 and 2019.

In 2000, the Authority entered into a forward purchase agreement to invest $24,513 of bond reserve funds. Per the agreement, this amount was reduced to $23,840 on March 1, 2012. Under the agreement, the trustee holds the investments until they are required for bond maturities or until the agreement is terminated. The Authority is paid a fixed return of 6.558 percent. If the agreement is terminated prior to the bond's maturity, the Authority or the Trustee may be required to pay a termination amount. This termination amount would be determined by prevailing interest rates at the time of termination. The Authority records this nonnegotiable investment contract at cost. This investment represents 25 percent of the Authority's portfolio at June 30, 2020. The issuer of this investment contract had a credit rating of Aa2 by Moody's at June 30, 2020 and 2019.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk – In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the maturity of individual investments to no more than 5 years from the date of purchase unless the security is matched to a specific obligation or debt of the Authority.

Credit risk - Bond resolutions generally authorize the Authority to invest in direct obligations of or obligations guaranteed by the U.S. Government, obligations issued or guaranteed by specific agencies of the U.S. Government, secured certificates of deposit, secured repurchase agreements, and money market funds. The Authority may also invest in municipal bonds and investment agreements as long as the issuer is rated in one of the two highest rating categories by at least two nationally recognized rating agencies.

Concentration of credit risk – The Authority's investment policy provides for certain maximum limits in each eligible security type to reduce the risk of loss from an over concentration in a specific class of security. The policy also does not allow for an investment in any one issuer that is in excess of 5 percent of the Authority's total investments with the following exceptions:

INVESTMENT TYPE	MAXIMUM
U.S. Treasury Obligations	100%
Each Federal Agency	50%
Each Repurchase Agreement Counterparty	25%
Bank Deposits or Savings Accounts	80%
Investment Agreements	50%

Custodial Credit Risk – The Authority's investment policy provides that all securities purchased by the Authority or held as collateral on either deposits or investments shall be held in third-party safekeeping at a qualified financial institution.

2. DEPOSITS AND INVESTMENTS (CONCLUDED)

C. **Reconciliation of Deposits and Investments to the Statements of Net Position –** A reconciliation of cash and investments as shown in the accompanying statements of net position is as follows:

	2020	2019
Unrestricted current assets:		
Cash and cash equivalents	$46,066	$33,386
Short-term investments		15,068
Restricted current assets:		
Cash and cash equivalents	205,754	97,470
Short-term investments	59,218	230,025
Restricted non-current assets:		
Investments	36,296	35,977
Total	$347,334	$411,926
Total deposits, cash equivalents and petty cash	$251,820	$130,856
Total investments	95,514	281,070
Total	$347,334	$411,926

3. FINANCIAL INSTRUMENTS REPORTED AT FAIR VALUE

Disclosures concerning financial instruments that are reported at fair value are presented below. Fair value has been determined based on the Authority's assessment of available market information and appropriate valuation methodologies. The following table summarizes fair value disclosures and measurements at June 30, 2020 and 2019:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2020				
Investments:				
U.S. Agencies	$71,674		$71,674	
June 30, 2019				
Investments:				
U.S. Agencies	$257,230		$257,230	

The following methods were used to estimate fair value of each class of significant financial instruments measured at fair value on a recurring basis:

U.S. Agencies - Prices for U.S. government and agency fixed income securities, collateralized debt obligations and mortgage-backed securities are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2.

The fair value presented herein is based on pertinent information available to management as of June 30, 2020 and 2019. Although management is not aware of any factors that would significantly affect fair value amounts, future events or other valuation techniques for determining fair value may differ significantly from the amounts presented herein.

4. RESTRICTED ASSETS

Restricted assets consist of the following at June 30, 2020 and 2019:

	Cash and Cash Equivalents	Investments	Accrued Interest Receivable	Other Receivables	2020 Total	2019 Total
Restricted by Bond Indentures:						
Debt service:						
Airport revenue bonds	$38,833	$5,496			$44,329	$50,331
General obligation bonds	307				307	307
Total	39,140	5,496			44,636	50,638
Bond reserves:						
Airport revenue bonds	1,644	52,245	$521		54,410	55,510
Total	1,644	52,245	521		54,410	55,510
Construction and land acquisition and associated costs:						
Airport expansion	146,625	37,773	136	$16,446	200,980	250,559
Contractor retainage	14				14	14
Total	146,639	37,773	136	16,446	200,994	250,573
Restricted by Regulatory Agency:						
Passenger facility charges	1,019			130	1,149	1,186
Total	1,019			130	1,149	1,186
Restricted by Contributors:						
Customer facility charges	17,312				17,312	16,566
Total	17,312				17,312	16,566
Total Restricted Assets	$205,754	$95,514	$657	$16,576	$318,501	$374,473

4. RESTRICTED ASSETS (CONCLUDED)

Revenues of the Authority are deposited to the Revenue Fund, which was created by the airport revenue bond resolution. Monies in the revenue fund are to be used and applied in the following order of priority:

First, there shall be applied each month the amount that the Authority determines to be required to pay costs of operation and maintenance;

Second, there shall be deposited each month into the Airport Improvement Bond Fund and the accounts therein the amounts by the resolution to be used for the purposes specified therein;

Third, so long as the Authority shall be required to make payments to the City or the County or other municipality for the payment by such city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport, there shall be set aside in the separate account of the Authority continued under the Basic Resolution that amount which, together with other monies credited to such account, if the same amount were set aside in such account in each month thereafter prior to the next date on which the Authority is required to make payments to the City or the County or other municipality, as the case may be, for the payment by the City, County or other municipality of principal and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City or the County or such other municipality, as the case may be; and

Fourth, the Authority may use any monies remaining for any lawful purpose of the Authority.

The Authority covenants in bond resolutions that it will impose, prescribe, and collect rates, rentals, fees, and charges for the use of the airports, and revise the same when necessary, to assure that the Authority will be financially self-sufficient and that revenues so produced will be sufficient to pay debt service when due; to pay all costs of operations and maintenance; and to pay any other claims payable when due. The Authority was in compliance with its debt covenant requirements at June 30, 2020 and 2019.

The construction and land acquisition accounts are to be used for construction projects and acquisition of land in connection with the Authority’s noise compatibility and airport expansion programs. Withdrawals of money on credit in these accounts are made upon written requisition.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions & Reclassifications	Less Deletions & Reclassifications	Balance June 30, 2020
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and improvements	$159,913			$159,913
Avigation easements	46,679			46,679
Construction in progress	94,915	$126,519	$3,337	218,097
Total capital assets not being depreciated	301,507	126,519	3,337	424,689
CAPITAL ASSETS BEING DEPRECIATED				
Runways, taxiways, aprons and airfield lighting	774,532		6	774,526
Buildings	609,952	1,374	15	611,311
Facilities constructed for tenants	104,078			104,078
Roads, bridges and fences	74,850	539		75,389
Equipment and utility systems	127,626	3,650	3,088	128,188
Total capital assets being depreciated	1,691,038	5,563	3,109	1,693,492
ACCUMULATED DEPRECIATION				
Runways, taxiways, aprons and airfield lighting	543,808	26,779	6	570,581
Buildings	364,758	19,887	10	384,635
Facilities constructed for tenants	56,241	2,801		59,042
Roads, bridges and fences	52,282	3,993		56,275
Equipment and utility systems	102,986	6,967	3,089	106,864
Total accumulated depreciation	1,120,075	60,427	3,105	1,177,397
Total capital assets being depreciated, net	570,963	(54,864)	4	516,095
CAPITAL ASSETS, NET	$872,470	$71,655	$3,341	$940,784

5. CAPITAL ASSETS (CONCLUDED)

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions & Reclassifications	Less Deletions & Reclassifications	Balance June 30, 2019
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and improvements	$159,875	$38		$159,913
Avigation easements	46,679			46,679
Construction in progress	51,380	85,643	$42,108	94,915
Total capital assets not being depreciated	257,934	85,681	42,108	301,507
CAPITAL ASSETS BEING DEPRECIATED				
Runways, taxiways, aprons and airfield lighting	776,077	32	1,577	774,532
Buildings	573,934	36,077	59	609,952
Facilities constructed for tenants	104,078			104,078
Roads, bridges and fences	74,379	471		74,850
Equipment and utility systems	126,250	6,436	5,060	127,626
Total capital assets being depreciated	1,654,718	43,016	6,696	1,691,038
ACCUMULATED DEPRECIATION				
Runways, taxiways, aprons and airfield lighting	516,804	28,580	1,576	543,808
Buildings	345,759	19,058	59	364,758
Facilities constructed for tenants	53,440	2,801		56,241
Roads, bridges and fences	48,330	3,952		52,282
Equipment and utility systems	101,738	6,307	5,059	102,986
Total accumulated depreciation	1,066,071	60,698	6,694	1,120,075
Total capital assets being depreciated, net	588,647	(17,682)	2	570,963
CAPITAL ASSETS, NET	$846,581	$67,999	$42,110	$872,470

Substantially all capital assets are held by the Authority for the purpose of rental or related use.

6. LEASE AND USE OF AIRPORT FACILITIES

The Authority leases terminal space, buildings, and airfield space on both a fixed-fee and contingent rental (percent of revenue) basis. Contingent rentals generally have fixed specified minimum rent provisions. Contingent rentals were $42,551 and $45,329 for fiscal years 2020 and 2019, respectively.

Substantially all the leases provide for periodic re-computation (based on a defined formula) of the rental amounts. Rates and fees charged by the Authority for the use of its facilities are required by terms of the individual leases to be sufficient to cover operating expenses, debt service and general obligation debt, but not depreciation and amortization.

Other fees are received from public parking and miscellaneous other sources. Non-aviation revenue consists primarily of commercial rentals. Site and building rentals from these tenants are governed by the terms of various leases.

The Authority has acquired equipment or constructed facilities for lease to others under agreements accounted for as operating leases. The cost of these leased properties was financed by the airport revenue bonds issued by the Authority (Note 7). The lease agreements provide for rentals equal to or exceeding principal and interest payments due on the related bonds and, in addition, call for certain ground rentals.

Minimum future rentals for leases are as follows:

YEAR	AMOUNT
2021	38,167
2022	20,265
2023	19,804
2024	20,941
2025	19,792
2026-2030	81,285
2031-2035	79,731
2036-2040	53,369
2041-2045	7,682
2046-2050	7,682
2051-2055	7,682
2056-2059	6,145
Total	$362,545

7. LONG-TERM DEBT

Long-term debt information and activity for fiscal year 2020 is as follows:

	ORIGINAL ISSUE AMOUNT	INTEREST RATES	BALANCE JULY 1, 2019	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2020	AMOUNTS DUE WITHIN ONE YEAR
Airport Revenue Bonds:							
Series 2010A	30,290	4.46 - 5.02%	$30,290			$30,290	
Series 2010B	159,340	3.00 - 5.75%	113,210		14,505	98,705	$15,305
Series 2011A-1	57,825	3.00 - 6.00%	14,570		3,720	10,850	3,930
Series 2011B	17,600	4.50 - 5.00%	17,600			17,600	
Series 2011C	22,040	5.00%	19,340		6,135	13,205	6,440
Series 2011D	41,170	4.00 - 5.25%	41,170			41,170	
Series 2016A	64,500	2.61%	110,000			110,000	
Series 2018	119,275	5.00%	119,275			119,275	
Total	512,040		465,455		24,360	441,095	25,675
Note Payable	7,000	4.48%	5,332		444	4,888	431
Note Payable	20,000	3.03%	16,905		1,832	15,073	1,888
Unamortized bond premiums			17,198		1,522	15,676	
Total bonds and notes payable	539,040		504,890		28,158	476,732	27,994
Other liabilities:							
Compensated absences			1,902	521	406	2,017	459
Total other liabilities			1,902	521	406	2,017	459
Total long-term debt	$539,040		$506,792	$521	$28,564	$478,749	$28,453

Interest expense includes amortization of deferred charges on refunding for fiscal years 2020 and 2019 of $388 and $432, respectively, and amortization of the net premium of $1,521 and $1,521, respectively.

7. LONG-TERM DEBT (CONTINUED)

Long-term debt information and activity for fiscal year 2019 is as follows:

	ORIGINAL ISSUE AMOUNT	INTEREST RATES	BALANCE JULY 1, 2018	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2019	AMOUNTS DUE WITHIN ONE YEAR
Airport Revenue Bonds:							
Series 2010A	$30,290	4.46 - 5.02%	$30,290			$30,290	
Series 2010B	159,340	3.00 - 5.75%	126,975		$13,765	113,210	$14,505
Series 2011A-1	57,825	3.00 - 6.00%	18,720		4,150	14,570	3,720
Series 2011A-2	32,030	3.00 - 5.50%	3,125		3,125		
Series 2011B	17,600	4.50 - 5.00%	17,600			17,600	
Series 2011C	22,040	5.00%	22,040		2,700	19,340	6,135
Series 2011D	41,170	4.00 - 5.25%	41,170			41,170	
Series 2016A	64,500	2.61%	64,500	$45,500		110,000	
Series 2018	119,275	5.00%		$119,275		119,275	
Total	544,070		324,420	164,775	23,740	465,455	24,360
Notes Payable	7,000	4.48%	5,695		363	5,332	446
Notes Payable	20,000	3.03%	18,682		1,777	16,905	1,832
Unamortized bond premiums			3,631	15,088	1,521	17,198	
Total bonds and notes payable	571,070		352,428	179,863	27,401	504,890	26,638
Other liabilities:							
Compensated absences			1,508	556	162	1,902	384
Total other liabilities			1,508	556	162	1,902	384
Total long-term debt	$571,070		$353,936	$180,419	$27,563	$506,792	$27,022

7. LONG-TERM DEBT (CONTINUED)

Airport Revenue Bonds – These bonds were issued for airfield and terminal building improvements and expansion of Airport parking capacity. The bond resolution contains a rate covenant which requires collection of rentals and charges for the use of the airports so that the Authority will be financially self-sufficient, and the revenues produced will be sufficient to pay principal, interest, and premium, if any, when due. The Authority may issue additional airport revenue bonds, subject to historical and future revenue tests.

On March 1, 2017, the Authority issued $110,000 Airport Revenue Bonds, Series 2016A Bonds. The 2016A Bonds matures July 1, 2029 and bears interest at 2.61 percent. The 2016A Bonds are draw down bonds with an initial drawing of $27,500 on March 1, 2017 with subsequent drawings of $15,000 on October 6, 2017, $22,000 on April 2, 2018, and $45,500 on July 2, 2018. This issue is being used to finance the design and construction of the glycol collection management program and an airfield maintenance and airport operations facility.

On August 30, 2018, the Authority issued $119,275 Airport Revenue Bonds, Series 2018 (AMT) at a $15,000 premium. The bonds have a fixed interest rate of 5.00 percent. Maturity dates range from July 1, 2025 through July 1, 2047. This issue is being used to finance the design and construction of the modernization of the spine and southeast leg of Concourse B.

If an Event of Default, as defined in the revenue bond agreements, has occurred and is continuing, the Trustee may, upon written request of the holders of not less than 25% in principal amount of the Airport Revenue Bonds Outstanding, by written notice to the Authority declare the principal and interest on all Airport Revenue bonds immediately due and payable. The Trustee may exercise any or all of the following remedies to the extent that they are legally available:

(a) The trustee may proceed to protect and enforce its rights and the rights of the holders of the Airport Revenue Bonds by suit or suits in equity for the performance of any covenant or agreement contained in the resolution.

(b) The trustee may proceed to obtain the appointment of a receiver for the Authority, for which the receiver may enter upon and take possession of the Authority and fix rates and charges and collect all revenues arising therefrom in as full a manner and to the same extent as the Authority itself might do.

Line of Credit – In February 2020, the Authority renewed its revolving line of credit with a bank in the amount of $20,000. There was no outstanding balance on this line of credit at June 30, 2020 or June 30, 2019. The line of credit is renewable on December 31, 2022 and bears interest at a rate of 30 day LIBOR plus 1.83 percent. In the event of default, as defined in the agreement, all obligations become immediately due, including interest.

7. LONG-TERM DEBT (CONTINUED)

Notes Payable - On October 24, 2014, the Authority issued a $7,000 Memphis-Shelby County Airport Authority Revenue Note, Subordinate Series ("Note"). The Note matures October 27, 2029 and bears interest at 4.48 percent. The Note was issued to reimburse costs related to the improvements to certain existing airport fueling facilities. The Note is secured by general airport revenues collected from airport operations. In the event of a default, all amounts outstanding, including interest are immediately due.

On September 13, 2017, the Authority issued a $20,000 Memphis-Shelby County Airport Authority Customer Facility Charge ("CFC') Revenue Note ("Note"). The Note matures September 1, 2027 and bears interest an annual interest of 3.03 percent. This Note is payable solely from CFC revenues and is secured by a lien and charge on and a pledge and assignment of CFC revenues. The Note was issued to fund the construction of a rental car maintenance facility. In the event of a default, all amounts outstanding, including interest are immediately due.

Maturities of Bond Debt and Interest Payable – Maturities and interest payments of long-term debt are as follows:

YEAR	AIRPORT REVENUE BONDS	INTEREST PAYMENTS
2021	25,675	19,413
2022	29,545	17,889
2023	29,445	16,260
2024	31,065	14,644
2025	32,675	12,955
2026-2030	161,110	44,841
2031-2035	25,840	29,791
2036-2040	32,985	22,472
2041-2045	42,100	13,130
2046-2048	30,655	2,350
Total	$441,095	$193,745

The airport revenue bonds are subject to optional redemption at a premium over no greater than a five-year period prior to maturity. Bond resolutions provide that airport revenues are to be used to satisfy debt service requirements of the airport revenue bonds and general operation and maintenance costs of the airport, respectively. The airport revenue bonds are not an obligation of any other governmental unit.

7. LONG-TERM DEBT (CONCLUDED)

Maturities of Notes and Interest Payable – Maturities and interest payments of long-term notes are as follows:

YEAR	NOTES	INTEREST PAYMENTS
2021	2,319	641
2022	2,397	563
2023	2,477	483
2024	2,561	399
2025	2,647	314
2025-2030	7,560	438
Total	$19,961	$2,838

8. CAPITAL CONTRIBUTIONS

The Authority has received capital contributions by means of Federal and State grants and other Federal agreements as follows:

	2020	2019
Federal grants	$30,995	$45,288
State grants	14,070	2,394
Other		52
Total capital contributions	$45,065	$47,734

8. CAPITAL CONTRIBUTIONS (CONCLUDED)

FEDERAL AIP GRANT FUNDS AWARDED FOR FEDERAL FISCAL YEARS 2015-2019

For federal fiscal years 2015 - 2019, the Authority was awarded the following entitlement and discretionary funds:

AIP Funds Awarded by Federal Fiscal Year

	2015	2016	2017	2018	2019
Entitlement Funds:					
Passenger	0[1]	$4,728	$5,331	$14,780	$5,133
Cargo	0[1]	7,667	32,805	28,587	16,779
Total Entitlement	0[1]	12,395	38,136	43,367	21,912
Discretionary Funds	1,383	2,447	0	2,400	9,060
Total AIP Funds	**$1,383**	**$14,842**	**$38,136**	**$45,767**	**$30,972**

[1] Eligible entitlement amounts can be carried forward for a three year period.
The $0 figure denotes no project awarded in 2015.

STATE GRANT FUNDS ALLOCATED FOR FISCAL YEARS 2016-2020

The Authority has been allocated the following state grant funds for fiscal years 2016 - 2020:

State Funds Allocated by Fiscal Year

	2016	2017	2018	2019	2020
State Grants	$4,154	$3,383	$3,078	$3,638	$3,056

9. PASSENGER FACILITY CHARGES

On July 16, 2018, the Federal Aviation Administration ("FAA") approved through Final Agency Decision the Authority's application to impose PFC's at Memphis International Airport ("MEM") at the maximum rate of $4.50 per qualifying passenger. PFC's are fees imposed on qualifying passengers by airports to finance eligible airport-related projects that are approved by the FAA. On September 1, 2018, the airlines began collecting a PFC on those qualifying passengers at MEM. The Airport collected $8,218 and $6,195 in PFC's for fiscal year 2020 and 2019, respectively. PFC revenue is reported as non-operating revenue and can only be collected and used with prior approval from the FAA for specific projects, collection limits and time periods.

10. CUSTOMER FACILITY CHARGES

All on-airport rental car companies who lease space at the Airport collect a daily customer facility charge ("CFC") of $4.00 per transaction day per vehicle. These rental car companies remit CFC's that were collected or should have been collected from their customers to the Authority on a monthly basis. CFC revenue is reported as non-operating revenue and is restricted for use on expenses and capital associated with ground transportation operations.

The Authority recorded $5,306 and $6,578 in customer facility charges for the years ended June 30, 2020 and 2019, respectively.

11. DEFINED BENEFIT RETIREMENT PLANS

General Information about the Pension Plan

Plan Description. The Authority participates in the City of Memphis Retirement System ("City Plan"). The City Plan was established under Chapter 25, Code of Ordinances, City of Memphis, Tennessee and is administered by a Board of Administration under the direction of the Mayor. The City Plan is a single employer, public employee retirement system and is included in the City of Memphis' basic financial statements as a pension trust fund. Substantially all permanent full-time employees of the Authority are required to participate in one of the following plans:

- 1948 Plan – for salaried employees hired prior to July 1, 1978
- 1978 Plan – for salaried employees hired on or after July 1, 1978, but prior to July 1, 2016
- 2016 Plan – All regular salaried employees on their date of hire and hired on or after July 1, 2016. In addition, any non-grandfathered employee in the 1978 Plan will participate in the 2016 Plan as of July 1, 2016. For this purpose, a non-grandfathered employee is any employee with less than 7½ years of service as of July 1, 2016.

Normal Retirement. Under the 1948 Plan, General Employees may retire after completion of 25 years of service or, if earlier, after age 60 and the completion of 10 years of service. Safety and security employees may retire after completion of 25 years of service, or at age 55 and completion of 10 years of service.

Under the 1978 Plan, General Employees hired before July 1, 2012, may retire after the completion of 25 years of service, age 60 and the completion of 10 years of service, or age 65 and the completion of 5 years of service. Employees hired on or after June 30, 2012 may retire after the completion of 25 years of service or at age 65 and the completion of 5 years of service. Safety and security employees hired before July 1, 2012, may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service. Fire and Police Employees

11. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)

hired on or after June 30, 2012, may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service.

Under the 2016 Plan, General Employees may retire after the completion of 25 years of service or at age 65 and the completion of 5 years of service. Safety and security employees may retire after the completion of 25 years of service, or age 55 and completion of 10 years of service.

Benefits provided. Under the 1948 and 1978 Plans, employees who retire at or after normal retirement age, as defined, are entitled to a retirement benefit, payable monthly for life determined by a formula using average earnings multiplied by years of credited service up to a maximum benefit of 72.50%. Average monthly compensation is calculated as the highest average monthly compensation received for any five consecutive years of service or the most recent year's earnings, if greater. Credited service is the total number of years and completed one-half months of service from the date of hire to date of termination, adjusted for some certain periods of unpaid absence.

An employee in the 2016 Plan will be required to receive the normal form of annuity derived by both a market-rate cash balance account and a defined contribution account. The normal form of annuity is determined based on actuarial equivalence of 5.0% per annum and the applicable mortality table pursuant to IRC Section 417(e)(3) for the plan year. Annual allocations to the cash balance account are equal to a percentage of compensation that varies by years of service. Annual allocations to the defined contribution account are equal to 7.5% of compensation which consists of a 6.0% of compensation as an employee contribution and 1.5% of compensation as an employer contribution. Assets are participant directed and the investment earnings are included in the defined contribution account balance.

Disability retirement under the City Plan is retirement from service prior to the participant's normal retirement date for medical reasons. Participants taking disability retirement receive reduced benefits. There are also certain benefit provisions upon death.

Changes to the City Plan, including benefits provided thereunder can be made only by formal resolutions of the City of Memphis' City Council (the "City Council") based on recommendations from the Board of Administration. Benefit provisions are established and may be amended by the City Council.

Contributions. Authority employees are required to contribute a percentage of their Compensation, as defined, in accordance with the plan they belong to. Under the 1948 Plan, employees must contribute 5.00%. Under the 1978 Plan, employees are required to contribute 8.00%. Employees in the 2016 Plan must contribute 2% of compensation to the cash balance account and 6% of compensation to the IRC section 401(a) defined contribution account. The Authority is required to contribute at an actuarially determined rate set by the City of Memphis Retirement System funding policy. This policy states "that beginning in the plan year commencing on July 1, 2015, the City will fund the actuarially determined contribution ("ADC") each year over a graduated progress percentage so that in a maximum of five (5) years the City will be funding 100% of the ADC each year. The graduated progress percentage each year is at a minimum the percentage determined by calculating the difference between the percentage of the ADC paid in the plan year commencing July 1, 2014, subtracted from 100% and dividing by five (5). The ADC shall be recalculated each year and the percentage of funding shall be based on the most recent recalculation of the ADC". Contributions to the City Plan from the Authority were $2,362 and $2,669 for the years ended June 30, 2020 and 2019, respectively.

11. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020 and 2019, the Authority reported a liability of $19,301 and $15,817 respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a proportion of the Authority's average contributions to the pension plan over the previous 5 years relative to the average of the total contributions of all participants in the City Plan over the same period. At July 1, 2020 and 2019, the Authority's proportion was 4.02 percent and 3.63 percent, respectively.

For the year ending June 30, 2020 and 2019, the Authority recognized pension expense of $3,754 and $1,890, respectively and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources	2019 Deferred Outflows of Resources	2019 Deferred Inflows of Resources
Experience gains or losses	$438	$1,381	$556	$1,994
Change in assumptions	1,624	3,320	2,028	863
Net difference between projected and actual earnings on investments	4,160		897	
Changes in proportion	1,880		951	390
Changes in contributions	773		1,006	107
Total	$8,875	$4,701	$5,438	$3,354

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2020 will be recognized in pension expense as follows:

Year ended June 30:	
2021	$448
2022	$1,420
2023	$1,586
2024	$720

Actuarial Assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Yield	7.5%
Future Salary Increases	Scale that varies by age and service
Cost-of-Living Increases	None assumed

11. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)

Mortality Assumption

Healthy General: Fully Generational PubG-2010 Public Sector Mortality table for general employees with MP-2019 projection scale from 2010 and adjusted by one year set forward.

Healthy Police and Fire: Fully Generational PubS-2010 Public Sector Mortality table for safety employees with MP-2019 projection scale from 2010 and adjusted by a one year set forward.

Disabled General: Fully Generational PubNS-2010 Public Sector Disabled Mortality Table for non-safety employees with MP-2019 projection scale from 2010 and adjusted by a three-year set back.

Disabled Fire and Police: Fully Generational PubS-2010 Public Sector Disabled Mortality Table for safety employees with MP-2019 projection scale from 2010 and adjusted by a three-year set back.

Survivors General: Fully Generational PubS-2010 Public Sector Contingent Survivor table for general employees with MP-2019 projection scale from 2010 and adjusted by a one year set forward.

Survivors Police and Fire: Fully Generational PubS-2010 Public Sector Contingent Survivor table for safety employees with MP-2019 projection scale from 2010 and adjusted by a one year set forward.

Experience Study

Experience study based on 5 years of experience (2016-2020)

Discount rate

The discount rate used to measure total pension liability is 7.5% as of June 30, 2020 and is equal to the long-term expected return on plan investments. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at actuarially calculated amount computed in accordance with the current funding policy adopted by the City of Memphis, and is applicable to the Authority, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level dollar installments over 30 years utilizing a closed period approach. Pursuant to The Public Employee Defined Benefit Security Act of 2014, the City and Authority, will phase into funding 100% of the actuarially calculated amount over a 5-year period beginning with the fiscal year beginning July 1, 2015. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity

	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability	$31,279	$19,301	$9,236

11. DEFINED BENEFIT RETIREMENT PLANS (CONCLUDED)

Pension plan fiduciary net position. The City Plan issues a publicly available financial report that includes financial statements and required supplementary information. Detailed information on the pension plan's fiduciary net position is available in this separately issued financial report. This report may be found in the City of Memphis annual CAFR under Fiduciary Funds section at **https://memphistn.gov/government/finance**.

12. DEFINED CONTRIBUTION PLAN

On July 1, 1999, the Authority established and is administrator of the Memphis-Shelby County Airport Authority Supplemental Defined Contribution Plan that was designed to meet the requirements of Code Section 401(a). The Metropolitan Airport Authority Act assigns the ability to establish and amend the provisions of the Supplemental Defined Contribution Plan. All participants in the Supplemental Defined Contribution Plan are also participants in the City Plan. The purpose of the supplemental plan is to provide supplemental retirement benefits to participants in addition to the benefits provided by the City Plan. The Authority makes contributions on a discretionary basis. The participants vest in the Authority's contributions after three years of employment and any forfeitures are added to the Authority's contributions. There were forfeitures of $21 and $4 in fiscal year 2020 and 2019, respectively. The amount of contributions expensed for fiscal years 2020 and 2019 was $813 and $774, respectively. Since the plan assets are held in trust for the benefit of the plan members, the related assets of the plan are not included in the accompanying statements of net position. At June 30, 2020 and 2019, the fair value of the plan assets was $21,457 and $21,013, respectively. There is no separate, audited postemployment benefit plan report available for the defined contribution postemployment plan.

13. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, administered by the Authority and available to all Authority employees, permits the deferral of a portion of salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan has been amended to meet the enacted requirements of Internal Revenue Code Section 457. The amended plan provides that assets or income of the plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. Since the assets of the amended plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan are not included in the accompanying statements of net position. At June 30, 2020 and 2019, the fair value of the plan assets was $10,810 and $10,842, respectively.

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan
Plan Description.

The Authority employees are provided with other post-employment benefits (OPEB) through the City of Memphis' OPEB plan. The City's OPEB Plan was established as part of the City's retirement plan under Chapter 25, Code of Ordinances of the City of Memphis, Tennessee. The plan is administered by a Board of Administration under the direction of the Mayor. Per GASB accounting rules, the Authority is considered a cost-sharing employer that is participating in a defined benefit OPEB plan administered by the City of Memphis. The Authority provides post-retirement health care benefits to eligible employees who retire from the Authority under the provisions of the City's retirement plan. In fiscal year 2009, the City of Memphis adopted and established an OPEB Trust for the exclusive purpose of pre-funding and providing for payment of OPEB benefits under the plan. The City of Memphis does not issue a separate report for the OPEB trust plan. However, information about the City's OPEB plan is included in the City of Memphis' basic financial statements as an OPEB trust fund. The financial report on the OPEB plan can be found in the annual CAFR of the City of Memphis at **https://memphistn.gov/government/finance**.

Plan Year	All benefits have plan year January 1 – December 31.
Employee Eligibility	Eligibility for OPEB benefits are based on the meeting the requirements for the two retirement pension options - normal retirement or disability retirement. Based on which pension plan one participates in, the applicable pension plan retirement provisions are as follows:

	Normal	Disability
General Employees 1948 Plan Participants	Age 60 & 10 years of service, or 25 years of service	
General Employees 1978 Plan Participants	Age 60 & 10 years of service, or Age 65 & 5 years of service, or 25 years of service	Non-Line of Duty: 5 years of service
General Employees 2012 and 2016 Plan Participants	Age 65 & 5 years of service, or 25 years of service	
Police & Fire 1948 Plan Participants	Age 55 & 10 years of service, or 25 years of service	Line-of-Duty: No service requirement
Police & Fire 1978, 2012 and 2016 Plan Participants	Age 55 & 10 years of service 25 years of service	

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Spouse Eligibility for Benefits:

- Spouses of eligible retirees may receive postretirement medical benefits.
- Surviving widowed spouses are eligible if receiving a pension payment from the City of Memphis and coverage was in force prior to the retiree's death.
- Working spouses with available coverage elsewhere do not receive postretirement medical benefits.

Benefits provided (plan provisions).

Medical Plan Benefits Available

<u>Pre-65 Line of Duty Disabled and Grandfathered Post-65 Retirees without Medicare</u>

Postretirement medical and drug coverage through the City's self-insured Select or Choice Plans.
The City pays for costs that exceed required retiree premiums.

<u>All other Participants</u>

Pre-65 and Post-65 retirees are provided with a set amount of money each year that goes into a Health Retirement Account (HRA). The amount depends on the type of retiree - Line of Duty (LOD) or other - and age of retirement, according to the table below:

		Annual HRA Amount	
		Retiree	**Spouse**
LOD	Pre-65	$10,000	$10,000
	Post-65	$2,000	$1,000
Other	Pre-65	$5,000	$5,000
	Post-65	$1,000	$500

Life Benefits Available to Retirees

The City provides a life insurance benefit of $5,000 to all participants.

The payment of the $5,000 by the City depends on if the participant had supplemental insurance as an active participant prior to retirement. If the participant elected supplemental life insurance as an active employee, the supplemental insurance drops to $3,000 and is fully insured by the City. In addition, the City pays an additional $2,000, which is self- insured. If the participant did not elect supplemental life insurance as an active employee, the City pays $5,000 upon death, which is self-insured.

Contributions.

Funding Policy – Per Chapter 25, Code of Ordinances of the City of Memphis, Tennessee, contribution requirements of the participating component units of the City (of which the Authority is one), are established and may be amended by the City Board of Administration. The City pays for medical costs that exceed required

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

retiree premiums and may elect through adoption of the City's annual budget ordinance to contribute an amount in excess of the total annual benefit payments to a qualified trust for the purpose of funding future OPEB benefits. As stated previously, in fiscal year 2009, the City of Memphis adopted and established an OPEB Trust for the exclusive purpose of pre-funding and providing for payment of OPEB benefits under the plan. Neither employees nor retirees are required to contribute to the OPEB trust fund.

The Authority's contractually required contribution rate for the year ended June 30, 2020 and 2019 was 1.6 and 1.9 percent, respectively, of covered payroll actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the Authority were $288 and $356 for the year ended June 30, 2020 and 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020 and 2019, the Authority reported a liability of $13,928 and $6,792, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a proportion of Authority's average contributions to the OPEB plan over the previous 5 years relative to the average of the total contributions of all participants in the City Plan over the same period. At June 30, 2020 and 2019, the Authority's proportion was 2.09 percent and 2.26 percent, respectively.

Change in benefit terms (plan provisions).

There has been no change in benefit plan provisions that affected the measurement of the total OPEB liability since the prior measurement date.

For the year ending June 30, 2020 and 2019, the Authority recognized OPEB expense of $6,801 and income of $350, respectively and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources	2019 Deferred Outflows of Resources	2019 Deferred Inflows of Resources
Difference between expected and actual experience	$81	$276	$172	$381
Change in assumptions	460	806	234	1,355
Net difference between projected and actual earnings on investments		9		10
Changes in proportion	53	932	86	742
Changes in contributions	65	51	55	96
Total	$659	$2,074	$547	$2,584

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2020 will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	($700)
2022	($506)
2023	($190)
2024	($19)
Thereafter	$0

Changes in Accounting Assumptions and Methods from Prior Year.

The last actuarial valuation of the City of Memphis Retiree Health and Life Insurance Benefits was performed as of July 1, 2019. As requested by the City, the following changes were made since the prior valuation:

1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.
2) The mortality assumption was updated to reflect the MP-2019 projection scale which were released by the Society of Actuaries.
3) The retirement, turnover and salary scale assumptions were updated to reflect the recent experience study performed using data from July 1, 2015 through June 30, 2020.
4) The discount rate assumption changed from 2.79% as of June 30, 2019 to 2.66% as of June 30, 2020 based on the change in the S&P Municipal Bond Rate Index at the measurement date.
5) The participation assumptions for commissioned police and fire, paramedics and dispatchers ("restored") changed based on the City's best estimate of long-term enrollment rates under the new plan effective January 1, 2021:

    100% of future "restored" retirees are assumed to elect pre-65 coverage (up from 10%)

    84% of current "restored" pre-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2020 will elect coverage for next year (up from 0%)

    75% of current "restored" retirees will elect post-65 coverage (up from 55%)

There were no other changes in assumptions or methods since the prior year.

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions.

Significant actuarial assumptions and other inputs used to measure the June 30, 2020 valuation were:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2020
Investment Yield	N/A
Mortality Assumption	Healthy General: Fully Generational PubG-2010 Public Sector Mortality Table for general employees with MP-2019 projection scale from 2010 forward and adjusted by a one year set forward.
	Healthy Police and Fire: Fully Generational PubS-2010 Public Sector Mortality Table for safety employees with MP-2019 projection scale from 2010 forward and adjusted by a one year set forward.
	Disabled General: Fully Generational PubNS-2010 Public Sector Disabled Mortality Table for non-safety employees with MP-2019 projection scale from 2010 and adjusted by a three-year set back.
	Disabled Police and Fire: Fully Generational PubS-2010 Public Sector Disabled Mortality table for safety employees with MP-2019 projection scale from 2010 and adjusted by a three-year set back.

Future Trend Assumption

Fiscal Year	Trend
2021	6.28%
2022	6.06%
2023	5.83%
2024	5.61%
2025	5.39%
2026	5.17%
2027	4.94%
2028	4.72%
2029+	4.50%

Experience Study Experience study based on 5 years of census data (between 2016-2020)

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.66% as of June 30, 2020, which is equal to the single rate of return developed pursuant to GASB 75. GASB 75 requires that projected benefit payments expected to be satisfied by the plan's fiduciary net position (i.e. assets) be discounted using the long-term rate of return on OPEB plan investments and that projected benefit payments not expected to be satisfied by the plan's fiduciary net position be discounted using a yield or index rate of a 20-year tax-exempt general obligation municipal bond rated AA/Aa or higher.

Based on the City's current funding policy effective June 30, 2020, the Plan's fiduciary net position is not projected to be available to make all projected future benefit payments of current plan members. Additionally, paragraph 4.99 of Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting) states that the total of the benefit payments that are projected to occur in a period during which the OPEB plan's Fiduciary net position is projected to not be sufficient to make those benefit payments may be classified as unfunded. As determined by the City, the discount rate assumption for determining the total OPEB liability was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2020.

i. Discount and Healthcare Trend Sensitivity Rates

The following represent the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-perentage point higher (3.66%):

Discount Rate Sensitivity (000's)

	1% Decrease (1.66%)	Current Rate (2.66%)	Current Rate (3.66%)
Net OPEB Liability	$15,802	$13,928	$12,379

The following represent the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower 1-perentage point higher:

Healthcare Trend Sensitivity (000's)

	1% Decrease	Current Rate Trend Rates	1% Increase
Net OPEB Liability	$12,417	$13,928	$15,761

15. RELATED PARTIES AND MAJOR CUSTOMERS

The City provided fire protection and other services to the Authority at a cost of $4,060 and $3,966 for fiscal years 2020 and 2019, respectively.

The Authority receives a large portion of its operating revenues from three airlines, FedEx Express, Delta Air Lines and American Airlines. Rentals, landing fees, and other revenues from these three airlines were approximately 53 percent and 58 percent of operating revenues for fiscal years 2020 and 2019, respectively.

16. COMMITMENTS AND CONTINGENCIES

The Authority's plan, design and construction projects are estimated at $553,652, of which $185,574 has been expended through June 30, 2020. Of the remaining $368,078 expected to be spent, the outstanding commitments were $279,292 and related primarily to the design and construction of the Concourse B modernization, glycol management system and the development of an airport master plan. The remaining commitments relate to projects to be funded from Airport Expansion funds included in restricted assets (Note 4) and Federal grants.

Amounts received or receivable from grantor agencies are subject to audit by the grantor agencies, principally the Federal government. Disallowed expenditures, if any, may constitute a liability of the applicable funds. The Authority is not currently aware of any disallowed expenditures.

It is the opinion of management that, based on the information presently available, no matters will have a material adverse effect upon the financial position or results of operations of the Authority.

17. SUBSEQUENT EVENT

In September 2020, the Authority issued $96,480 of Airport Refunding Revenue Bonds, Series 2020A and 2020B at a $14,301 premium. The bonds have fixed annual interest rates of 4.00 and 5.00 percent. Certain net proceeds of $110,781 together with $2,838 from the debt service reserve account for the Airport Revenue Bonds, 2010A and $4,682 from the 2010A and 2010B bond fund were deposited in escrow to defease $30,290 and $83,400 outstanding Series 2010A and 2010B, respectively and certain net proceeds of $838 were used to pay the cost of issuance. This refunding produced a net present value savings of $20,484.

18. PANDEMIC

The World Health Organization declared the outbreak and spread of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak has had far reaching and unpredictable impacts on the global economy, supply chains, financial markets, and global business operations of a variety of industries. Governments have taken substantial action to contain the spread of the virus including mandating social distancing, suspension of certain gatherings, and shuttering of certain nonessential businesses. Airports in the United States have been

18. PANDEMIC (CONCLUDED)

substantially impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 outbreak.

While passenger activity has decreased significantly due to the pandemic, airlines have continued to operate at the Memphis International Airport where passenger volume has been rising incrementally since bottoming out in early April 2020. Retail concessionaires at the Memphis International Airport have either temporarily closed or have reported drastic declines in sales. The concession arrangements include gross sales payment mechanisms and, accordingly such reductions in sales can be expected to reduce Authority revenues from these concessionaires. In addition, the reduction in air travel has had an adverse impact on parking, transportation network companies, ground transportation and rental car revenues. In response to decreased activity levels and the reductions to certain operating revenues, the Authority implemented several cost-cutting measures.

Given the residual nature of the airline agreement, the required payments due from the signatory airlines operating at the Airport (the “airline requirement”) in any year is generally determined based on the sum of expenses, capital outlays, and debt service and coverage requirements, less credits applied for non-airline revenues, coverage carryforward or “rolling coverage” from the prior year, and any surplus revenues that may have been collected in the prior year. As such, the net airline requirement in any year be collected from the airlines such that it, along with other Revenues (less credits) of the Authority, satisfy the Rate Covenant requirement.

The CARES Act, approved by the United States Congress and signed by the President on March 27, 2020, is one of the federal actions to address the crisis created by the COVID-19 pandemic. The CARES Act includes among its relief measures direct aid for airports as well as direct aid, loans, and loan guarantees for passenger and cargo airlines. The CARES Act provides $10 billion of assistance to United States commercial airports, which is apportioned among such airports based on formulas dependent on enplanements, liquidity and debt outstanding. The Federal Aviation Administration announced that the Authority is eligible to receive $24,688 of CARES Act funds. This excludes an estimated $2,300 of additional CARES Act funding to pay the local share of capital projects. Management expects to begin draw down of these funds in the later part of calendar year 2020.

The COVID-19 pandemic has disrupted the operational and financial performance of the Authority and there is a substantial uncertainty in the nature and degree of its continued effects on our financial performance over time. The extent to which it will impact our financial performance going forward will depend on a variety of factors including the duration and continued spread of the outbreak, impact on our tenants, employees and vendors, regulatory and private sector responses. Further, the pandemic could have a significant impact on management’s accounting estimates and assumptions.

REQUIRED SUPPLEMENTARY INFORMATION ($ IN THOUSANDS)

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios under GASB 67 and 68 (1)

Net Pension Liability

(1) Year Ending June 30	(2) Proportion of the Net Liability (Asset) (2)	(3) Proportionate Share of Net Pension Liability	(4) Actual Covered Payroll (3)	(5) Net Pension Liability as a Percentage of Covered Payroll	(6) Fiduciary Net Position as % of Total Pension Liability
				(3) ÷ (4)	
2015	3.85%	$14,719	$19,297	76.3%	85.2%
2016	3.22%	$16,977	$18,420	92.2%	79.9%
2017	3.31%	$13,878	$18,709	74.2%	84.4%
2018	3.53%	$11,317	$19,439	58.2%	88.0%
2019	3.63%	$15,817	$18,698	84.6%	84.3%
2020	4.02%	$19,301	$20,223	95.4%	82.5%

(1) The information presented above is for those years for which it is available. It was prepared prospectively from the Plans's fiscal year ending June 30, 2015 for GASB 67 purposes and prospectively from fiscal year ending June 30, 2016 for GASB 68 purposes.
(2) Based on the cost sharing allocation percentage as of the measurement date.
(3) The actual covered payroll is defined under GASB 82 to be the payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting on June 30, 2016. Prior to June 30, 2016 the gross payroll is shown, consistent with the requirements prior to the release of GASB 82. Note, actual

Schedule of Employer Contributions under GASB 68 (1)

(1) Year Ending June 30	(2) Actuarially Determined Contribution	(3) Actual Employer Contributions (2)	(4) Contribution Excess/(Deficiency)	(5) Actual Covered Payroll (3)	(6) Contributions as a Percentage of Covered Payroll
			(3) - (2)		(3) ÷ (5)
2015	$996	$996		$19,297	5.2%
2016	$2,848	$1,067	($1,781)	$18,420	5.8%
2017	$2,271	$2,271		$18,709	12.1%
2018	$2,717	$2,717		$19,439	14.0%
2019	$2,669	$2,669		$18,698	14.3%
2020	$2,362	$2,362		$20,223	11.7%

(1) This schedule is prepared to satisfy the requirement to show information regarding the Net Pension Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2015 for GASB 67 purposes and prospectively from fiscal year ending June 30, 2016 for GASB 68 purposes.
(2) Refer to the City of Memphis funding valuation report for the corresponding fiscal year. The Airport Authority's share is proportionate based on the share of actuarially accrued liability. Note: For fiscal year 2017 the ADC ws updated from the fiscal year 2017 accounting report to be $2,271. This change is a disclosure item only and does not impact other areas of the financial statements.
(3) The *actual covered payroll* is defined under GASB 82 to be the payroll on which contributions to a pension plan are based. As pensionable pay is used for determining contributions under the plan, pensionable pay is shown above starting on June 30, 2016. Prior to June 30, 2016 the gross payroll is shown, consistent with the requirements prior to the release of GASB 82. Note, actual covered payroll is for the year immediately preceding the valuation date.

REQUIRED SUPPLEMENTARY INFORMATION ($ IN THOUSANDS) (CONCLUDED)

Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios under GASB 75

Net OPEB Liability

(1) Year Ended June 30	(2) Proportion of the Net Liability (Asset) (2)	(3) Proportionate Share of Net OPEB Liability	(4) Actual Covered Payroll (3)	(5) Net OPEB Liability as a Percentage of Covered Payroll	(6) Fiduciary Net Position as a % of Total OPEB Liability
				(3) ÷ (4)	
2017	2.35%	$9,745	$18,709	52.1%	0.8%
2018	2.39%	$7,971	$18,111	44.0%	1.2%
2019	2.26%	$6,792	$18,645	36.4%	1.3%
2020	2.09%	$13,928	$18,281	76.2%	0.6%

(1) The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.
(2) Based on the cost sharing allocation percentage as of the measurement date.
(3) The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average of the other participants for that year was assumed. For the calendar year 2020, the average salary was $55,144.

Schedule of Employer OPEB Contributions under GASB 75

(1) Year Ended June 30	(2) Statutorily Required Contribution (2)	(3) Actual Employer Contributions	(4) Contribution Excess/(Deficiency)	(5) Actual Covered Payroll (3)	(6) Fiduciary Net Position as a % of Total OPEB Liability
			(3) - (2)		(3) ÷ (5)
2017	$211	$211	$0	$18,709	1.1%
2018	$303	$303	$0	$18,111	1.7%
2019	$356	$356	$0	$18,645	1.9%
2020	$288	$288	$0	$18,281	1.6%

(1) This schedule is prepared to satisfy the requirement to show information regarding the Net OPEB Liability and Related Ratios for 10 years. The information presented above is for those years for which it is available. It was prepared prospectively from the Plan's fiscal year ending June 30, 2017 for GASB 75 purposes.
(2) The City is contractually required to pay benefits as they come due and make HRA contributions to participants enrolled in retiree exchange or an allowable plan. Any difference between benefits paid and employer contributions is due to a timing difference plus retiree contributions.
(3) The actual covered payroll represents the total covered payroll for the prior calendar year, increased by the salary scale. Where a salary amount was not provided, an average of the other participants for that year was assumed. For the calendar year 2020, the average salary was $55,144.

Changes of OPEB benefit terms. In the July 1, 2020 actuarial valuation there were no changes to benefit terms.

Changes of OPEB assumptions (accounting and methods).

In the July 1, 2020 actuarial valuation:

1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.

2) The mortality assumption was updated to reflect the MP-2019 projection scale which were released by the Society of Actuaries.

3) The retirement, turnover and salary scale assumptions were updated to reflect the recent experience study performed using data from July 1, 2015 through June 30, 2020.

4) The discount rate assumption changed from 2.79% as of June 30, 2019 to 2.66% as of June 30, 2020 based on the change in the S&P Municipal Bond Rate Index at the measurement date.

5) The participation assumptions for commissioned police and fire, paramedics and dispatchers (“restored”) changed based on the City's best estimate of long-term enrollment rates under the new plan effective January 1, 2021:

- 100% of future “restored” retirees are assumed to elect pre-65 coverage (up from 10%)
- 84% of current “restored” pre-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2020 will elect coverage for next year (up from 0%).
- 75% of current “restored” retirees will elect post-65 coverage (up from 55%).

In the July 1, 2019 actuarial valuation:

1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience and to reflect expected prescription drug rebates.

2) The mortality assumption was updated to reflect the Public Sector Mortality tables and MP-2018 projection scale which were released by the Society of Actuaries. See Section V for further details on the change in the mortality assumption.

3) The initial annual health care trend rate was changed from using 6.28% in FYE 2019, grading down to 4.50% by FYE 2027, to 6.50% in FYE 2020, grading down to 4.50% by FYE 2029.

4) The participation assumptions changed based on plan experience under the current plan designs and the City's best estimate of long-term enrollment rates:

- 10% of future retirees are assumed to elect pre-65 coverage (down from 30%)
- 0% of current pre-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2019 will elect coverage for next year (down from 20%).

5) The discount rate assumption changed from 2.98% as of June 30, 2018 to 2.79% as of June 30, 2019 based on the change in the S&P Municipal Bond Rate Index at the measurement date.

In the July 1, 2018 actuarial valuation:

1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience.

2) The healthy mortality assumption was changed from the Fully Generational RP-2014 Mortality Table with MP-2016 projection scale adjusted by a 1 year set forward to the Fully Generational RP-2014 Mortality Table adjusted to 2006 with MP-2017 projection scale adjusted by a 1 year set forward.

3) The disabled mortality assumption was changed from the Fully Generational RP-2014 Disabled Mortality Table with MP-2016 projection scale by a 3-year set back to the Fully Generational RP-2014 Disabled Mortality Table adjusted to 2006 with MP-2017 projection scale adjusted by a 3-year set back.

4) The participation assumptions changed based on recent plan experience under the new plan designs and the City's best estimate of long-term enrollment rates:

- 30% of future retirees are assumed to elect pre-65 coverage (down from 80%)
- 20% of current pre-65 retirees and 0% of current post-65 retirees that have opted out of Retiree Exchange coverage as of July 1, 2018 will elect coverage for next year (down from 67% and 10%)

5) The discount rate assumption changed from 3.13% as of June 30, 2017 to 2.98% as of June 30, 2018 based on the change in the S&P Municipal Bond Rate Index at the measurement date.

In the July 1, 2017 actuarial evaluation:

1) The per capita claims costs and premiums for the self-funded preferred and premier plans were updated based on recent claims experience.

2) The initial health care trend rate was updated from 6.35% for Pre-65 and 6.33% for Post-65 to 6.50% for all ages based on plan experience and industry trend projections.

3) The healthy mortality assumption was changed from the Fully Generational RP-2014 Mortality Table with MP-2014 projection scale adjusted by a 1 year set forward to the Fully Generational RP-2014 Mortality Table adjusted to 2006 with MP-2016 projection scale adjusted by a 1 year set forward.

4) The disabled mortality assumption was changed from the Fully Generational RP-2014 Disabled Mortality Table with MP-2014 projection scale by a 3-year set back to the Fully Generational RP-2014 Disabled Mortality Table adjusted t0 2006 with MP-2016 projection scale adjusted by a 3-year set back.

5) The participation assumptions changed based on recent plan experience under the new plan designs and the City's best estimate of long-term enrollment rates:

- 80% of future retirees are assumed to elect pre-65 coverage (down from 100%)
- 55% of future retirees are assumed to elect post-65 coverage (down from 100%)
- 67% of current pre-65 retirees and 10% of current post-65 retirees that have opted out of HRA coverage as of July 1, 2017 will elect coverage for next year.

6) The assumption for the percentage of future retirees that will cover a spouse after retirement was updated from 49%/10%/46% to 56%/15%/46% for General Males, General Females, and Police and Fire, respectively, based on recent plan experience.

7) The persistency assumption was changed from assuming all inactive participants continue their medical election coverage for their lifetime to assuming that 55% of all pre-65 retirees eligible for HRA coverage will elect coverage upon reaching age 65 based on recent plan experience of participants over age 65 who elected post-65 HRA coverage.

8) The percentage of current pre-65 retirees assumed to be Medicare eligible at age 65 changed from 84% to 92% based on recent plan experience.

9)The discount rate assumption changed from 2.71% as of June 30, 2016 to 3.13% as of June 30, 2017 based on the change in the S&P Municipal Bond Rate Index at the measurement date.

There were no other changes in assumptions or methods since the prior year. However, the City of Memphis elected to early adopt GASB 75 (adopted in June 2017). Therefore, the accounting and disclosure changed from the requirements of GASB 43/45 to GASB 74/75 in the City’s report.

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SUPPLEMENTAL SCHEDULES

Supplemental schedules, although not necessary for fair presentation of financial position and results of operation in conformity with generally accepted accounting principles, are often included to provide additional information.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF NET POSITION
INFORMATION BY AIRPORT

JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR 2019
($ IN THOUSANDS)

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2020 Total	2019 Total
ASSETS					
CURRENT ASSETS					
UNRESTRICTED ASSETS					
Cash and cash equivalents	$46,059	$1	$6	$46,066	$33,386
Investments					15,068
Accounts receivable	3,701	5	16	3,722	5,434
Accrued interest receivable					191
Materials and supplies inventory	1,862	32	20	1,914	2,040
Prepaid expenses	2,414	27	22	2,463	2,719
Total current unrestricted assets	54,036	65	64	54,165	58,838
RESTRICTED ASSETS					
Cash and cash equivalents	205,754			205,754	97,470
Investments	59,218			59,218	230,025
Accounts receivable - passenger facility charges	130			130	1,085
Accrued interest receivable	657			657	2,123
Capital contribution receivable	16,398	36	12	16,446	7,793
Total current restricted assets	282,157	36	12	282,205	338,496
TOTAL CURRENT ASSETS	336,193	101	76	336,370	397,334
NON-CURRENT ASSETS					
RESTRICTED ASSETS					
Investments	36,296			36,296	35,977
Total non-current restricted assets	36,296			36,296	35,977
CAPITAL ASSETS					
Land and improvements	158,172	479	1,262	159,913	159,913
Avigation easements	46,679			46,679	46,679
Depreciable capital assets (less accumulated depreciation of $1,177,397 and $1,120,075)	509,696	3,459	2,940	516,095	570,963
Construction in progress	218,097			218,097	94,915
Total capital assets, net	932,644	3,938	4,202	940,784	872,470
TOTAL NON-CURRENT ASSETS	968,940	3,938	4,202	977,080	908,447
TOTAL ASSETS	$1,305,133	$4,039	$4,278	$1,313,450	$1,305,781
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refundings	$996			$996	$1,384
Deferred actuarial losses - pension	8,875			8,875	5,438
Deferred actuarial losses - OPEB	659			659	547
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$10,530			$10,530	$7,369

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF NET POSITION
INFORMATION BY AIRPORT

JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR 2019
($ IN THOUSANDS)

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2020 Total	2019 Total
LIABILITIES					
CURRENT LIABILITIES					
Payable from unrestricted assets					
Accounts payable	$3,398	$10	$3	$3,411	$4,169
Accrued expenses	1,691	8	10	1,709	1,513
Due to (from) other airports	(6,185)	3,218	2,967		
Current portion - compensated absences	423	18	18	459	384
Unearned revenue	2,983			2,983	9,525
Total payable from unrestricted assets	2,310	3,254	2,998	8,562	15,591
Payable from restricted assets					
Construction contracts payable	22,082			22,082	6,576
Accrued interest payable	10,059			10,059	10,718
Current maturities of long-term debt	27,994			27,994	26,638
Total payable from restricted assets	60,135			60,135	43,932
TOTAL CURRENT LIABILITIES	62,445	3,254	2,998	68,697	59,523
NON-CURRENT LIABILITIES					
Lease revenue received in advance	59,427			59,427	60,967
Compensated absences	1,538	10	10	1,558	1,518
Net pension liability	19,301			19,301	15,817
Net OPEB liability	13,928			13,928	6,792
Bonds and notes payable, net of current maturities	448,738			448,738	478,252
TOTAL NON-CURRENT LIABILITIES	542,932	10	10	542,952	563,346
TOTAL LIABILITIES	$605,377	$3,264	$3,008	$611,649	$622,869
DEFERRED INFLOWS OF RESOURCES					
Deferred actuarial gains - pension	$4,701			$4,701	$3,354
Deferred actuarial gains - OPEB	2,074			2,074	$2,584
TOTAL DEFERRED INFLOWS OF RESOURCES	$6,775			$6,775	$5,938
NET POSITION					
Net investment in capital assets	$511,826	$3,938	$4,202	$519,966	$522,671
Restricted					
Capital acquisition	164,863	36	12	164,911	128,433
Unrestricted	26,822	(3,199)	(2,944)	20,679	33,239
TOTAL NET POSITION	$703,511	$775	$1,270	$705,556	$684,343

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INFORMATION BY AIRPORT

YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR 2019
($ IN THOUSANDS)

				2020	2019
	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	Total	Total
OPERATING REVENUES					
Airfield	$49,723	$186	$792	$50,701	$46,591
Terminal building	22,213			22,213	18,052
Ground transportation	25,432			25,432	31,085
Other aviation areas	5,242	129	171	5,542	4,745
Non-aviation areas	1,272			1,272	1,730
Total operating revenues	103,882	315	963	105,160	102,203
OPERATING EXPENSES					
Airfield	9,794	203	619	10,616	11,664
Terminal building	11,690			11,690	11,901
Ground transportation	4,537			4,537	4,629
General administration	29,169	285	313	29,767	18,872
Police	9,518			9,518	9,585
Field shop	1,559			1,559	1,630
Other aviation areas	283			283	336
Non-aviation areas	1,101			1,101	1,096
Total operating expenses before depreciation	67,651	488	932	69,071	59,713
DEPRECIATION	59,713	391	323	60,427	60,698
OPERATING LOSS	(23,482)	(564)	(292)	(24,338)	(18,208)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	7,522			7,522	10,222
Interest expense	(19,722)			(19,722)	(21,206)
Customer facility charges	5,306			5,306	6,578
Passenger facility charges	7,238			7,238	7,267
Operating grants		15	37	52	68
Gain on sale of capital assets	90			90	159
Total non-operating revenues (expenses), net	434	15	37	486	3,088
LOSS BEFORE CAPITAL CONTRIBUTIONS	(23,048)	(549)	(255)	(23,852)	(15,120)
CAPITAL CONTRIBUTIONS	44,960	67	38	45,065	47,734
CHANGE IN NET POSITION	21,912	(482)	(217)	21,213	32,614
TOTAL NET POSITION: BEGINNING OF YEAR	681,599	1,257	1,487	684,343	651,729
TOTAL NET POSITION, END OF YEAR	$703,511	$775	$1,270	$705,556	$684,343

SUPPLEMENTAL SCHEDULE OF CASH FLOWS INFORMATION BY AIRPORT

YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR 2019

($ IN THOUSANDS)

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2020 Total	2019 Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	105,424	316	958	$106,698	$101,929
Cash paid to suppliers for goods and services	(38,143)	(203)	(751)	(39,097)	(30,536)
Cash paid to employees for services	(29,559)	(240)	(240)	(30,039)	(28,131)
Net cash provided by (used in) operating activities	37,722	(127)	(33)	37,562	43,262
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating grants received		15	37	52	69
Net cash provided by non-capital financing activities		15	37	52	69
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets	90			90	159
Acquisition and construction of capital assets	(113,136)	(56)	(43)	(113,235)	(86,220)
Principal paid on long-term debt and notes payable	(28,158)			(28,158)	(27,401)
Proceeds from long-term debt					179,863
Interest paid on long-term debt and notes receivable	(19,993)			(19,993)	(17,680)
Capital contributions received	36,210	168	34	36,412	48,588
Customer facility charges	5,306			5,306	6,578
Passenger facility charges	8,193			8,193	6182
Net cash provided by (used in) capital and related financing activities	(111,488)	112	(9)	(111,385)	110,069
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(106,531)			(106,531)	(376,280)
Proceeds from sales and maturities of investment securities	292,892			292,892	218,812
Interest and dividends on investments	8,374			8,374	5,313
Net cash provided by (used in) investing activities	194,735			194,735	(152,155)
NET CHANGE IN CASH	120,969		(5)	120,964	1,245
CASH, BEGINNING OF YEAR	130,844	1	11	130,856	129,611
CASH, END OF YEAR	$251,813	$1	$6	$251,820	$130,856
CASH, END OF YEAR CONSISTS OF					
Unrestricted	$46,059	$1	$6	$46,066	$33,386
Restricted	205,754			205,754	97,470
CASH, END OF YEAR	$251,813	$1	$6	$251,820	$130,856

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF
CASH FLOWS INFORMATION BY AIRPORT (CONTINUED)

YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR 2019
($ IN THOUSANDS)

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2020 Total	2019 Total
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating loss	($23,482)	($564)	($292)	($24,338)	($18,208)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	59,713	391	323	60,427	60,698
Provision for uncollectible accounts receivable	19			19	216
(Increase) decrease in assets:					
Receivables	1,697	1	(5)	1,693	(759)
Materials and supplies inventory	124	(5)	7	126	(186)
Prepaid expenses	265	(5)	(4)	256	(8)
Increase (decrease) in liabilities:					
Accounts payable	(759)			(759)	765
Accrued expenses	(1,237)	10	(1)	(1,228)	(1,065)
Net pension liability	1,394			1,394	(780)
Net OPEB liability	6,514			6,514	(706)
Unearned revenue	(6,542)			(6,542)	3,295
Transfer between airports for operating activities	16	45	(61)		
Net cash provided by (used in) operating activities	$37,722	($127)	($33)	$37,562	$43,262

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF OPERATING REVENUES BY SOURCE BY AIRPORT
YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR 2019
($ IN THOUSANDS)

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2020 Total	2019 Total
AIRFIELD					
Landing fees - cargo	$32,200			$32,200	$29,713
Landing fees - passenger	4,527			4,527	2,661
Apron fees		2	6	8	7
Fuel flow fees - fixed base operations	237	176	776	1,189	1,418
Ground rentals - fixed base operations	1,291	8	10	1,309	1,264
Ground rentals - airlines	11,468			11,468	11,528
Total	49,723	186	792	50,701	46,591
TERMINAL BUILDING					
Space rental - airlines	15,633			15,633	11,019
Concessionaires - food and beverages	898			898	1,243
Concessionaires - other	1,007			1,007	1,190
Shared tennant - telephone system	65			65	84
Other commissions, fees, etc.	1,434			1,434	1,366
Debt service rental	3,176			3,176	3,150
Total	22,213			22,213	18,052
GROUND TRANSPORTATION					
Public parking	14,763			14,763	19,145
Employee parking	599			599	619
Rental car agencies and other	10,070			10,070	11,321
Total	25,432			25,432	31,085
OTHER AVIATION AREAS					
Building rentals - fixed base operations		3		3	3
Building rentals - others	469	101	134	704	242
Cargo building rentals - airlines	592			592	550
Cargo building rentals - other	532			532	570
Fuel farm - airlines	677			677	677
Fuel farm - others	8			8	8
Ground rentals - airlines	1,388			1,388	1,060
Ground rentals - others	1,576	25	37	1,638	1,635
Total	5,242	129	171	5,542	4,745
NON-AVIATION AREAS					
Rental - commercial sites	186			186	388
Other	1,086			1,086	1,342
Total	1,272			1,272	1,730
TOTAL OPERATING REVENUES	$103,882	$315	$963	$105,160	$102,203

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES
BY SOURCE BY AIRPORT
YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR 2019

($ IN THOUSANDS)

	Memphis International Airport	Charles W. Baker Airport	General DeWitt Spain Airport	2020 Total	2019 Total
AIRFIELD					
Airfield maintenance and operations	$6,689	$203	$619	$7,511	$8,451
Salaries and employee benefits	3,105			3,105	3,213
Total	9,794	203	619	10,616	11,664
TERMINAL BUILDING					
Terminal shop maintenance and operations	5,200			5,200	5,546
Steam and refrigeration	275			275	267
Salaries and employee benefits	5,870			5,870	5,779
Shared tenant - telephone systems	312			312	294
Customer service operations	33			33	15
Total	11,690			11,690	11,901
GROUND TRANSPORTATION					
Public parking - operations	3,804			3,804	3,995
Employee parking - operations	141			141	149
Taxicab operations	456			456	384
Salaries and employee benefits	136			136	101
Total	4,537			4,537	4,629
GENERAL ADMINISTRATION					
General - non-departmental	14,198	46	74	14,318	5,395
General - departmental	2,365			2,365	1,975
Telephone	162	4	4	170	161
Salaries and employee benefits	12,444	235	235	12,914	11,341
Total	29,169	285	313	29,767	18,872
POLICE					
Airport police operations	1,758			1,758	1,823
Salaries and employee benefits	7,449			7,449	7,394
Operation coordinators	311			311	368
Total	9,518			9,518	9,585
FIELD SHOP					
Field and paint shop maintenance and operations	701			701	854
Salaries and employee benefits	858			858	776
Total	1,559			1,559	1,630
OTHER AVIATION AREAS					
Cargo building complexes	77			77	84
Other aviation areas	206			206	252
Total	283			283	336
NON-AVIATION AREAS	1,101			1,101	1,096
Total Operating Expenses Before Depreciation	67,651	488	932	69,071	59,713
DEPRECIATION	59,713	391	323	60,427	60,698
TOTAL OPERATING EXPENSES	$127,364	$879	$1,255	$129,498	$120,411

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF DEBT SERVICE REQUIREMENTS – CASH BASIS
YEAR ENDED JUNE 30, 2020 ($ IN THOUSANDS)

AIRPORT REVENUE BONDS

Fiscal Year	Series 2010A	Series 2010B	Series 2011A-1	Series 2011B	Series 2011C	Series 2011D
2021	1,514	20,531	4,458	852	6,939	1,959
2022	1,515	20,496	4,484	852	6,934	4,319
2023	1,514	20,465	2,807	2,792		9,292
2024	1,515	20,439		5,606		9,315
2025	1,514	20,409		5,596		9,275
2026	1,515	13,327		5,586		9,267
2027	1,514					6,074
2028	3,181					
2029	3,179					
2030	3,177					
2031	3,175					
2032	3,169					
2033	3,173					
2034	3,166					
2035	3,168					
2036	3,165					
2037	3,160					
2038	3,154					
2039	3,147					
2040	3,147					
2041						
2042						
2043						
2044						
2045						
2046						
2047						
2048						
Total	51,762	115,667	11,749	21,284	13,873	49,501
Less interest	21,472	16,962	899	3,684	668	8,331
Principal payments	$30,290	$98,705	$10,850	$17,600	$13,205	$41,170

The schedule of debt service requirements presents principal and interest when due.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF DEBT SERVICE REQUIREMENTS – CASH BASIS
YEAR ENDED JUNE 30, 2020 ($ IN THOUSANDS)

NOTES

Series 2016A	Series 2018	Total Airport Revenue Bonds	Notes	Total Long-Term Debt
2,871	5,964	45,088	2,960	48,048
2,871	5,964	47,435	2,960	50,395
2,871	5,964	45,705	2,960	48,665
2,871	5,964	45,710	2,960	48,670
2,871	5,964	45,629	2,961	48,590
9,888	8,133	47,716	2,960	50,676
25,153	8,802	41,543	2,960	44,503
28,448	7,973	39,602	1,221	40,823
28,442	7,967	39,588	642	40,230
26,354	7,968	37,499	215	37,714
	7,962	11,137		11,137
	7,964	11,133		11,133
	7,953	11,126		11,126
	7,956	11,122		11,122
	7,946	11,114		11,114
	7,943	11,108		11,108
	7,942	11,102		11,102
	7,936	11,090		11,090
	7,937	11,084		11,084
	7,927	11,074		11,074
	11,067	11,067		11,067
	11,057	11,057		11,057
	11,047	11,047		11,047
	11,036	11,036		11,036
	11,024	11,024		11,024
	11,015	11,015		11,015
	11,001	11,001		11,001
	10,988	10,988		10,988
132,640	238,364	634,840	22,799	657,639
22,640	119,089	193,745	2,838	196,583
$110,000	$119,275	$441,095	$19,961	$461,056

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUPPLEMENTAL SCHEDULE OF CHANGES IN LONG-TERM DEBT

YEAR ENDED JUNE 30, 2020 ($ IN THOUSANDS)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2020
Airport Revenue Bonds:									
Series 2010A	30,290	4.46 - 5.02%	2/4/2010	7/1/2039	$30,290				$30,290
Series 2010B	159,340	3.00 - 5.75%	3/1/2010	7/1/2025	113,210		14,505		98,705
Series 2011A-1	57,825	3.00 - 6.00%	3/3/2011	7/1/2022	14,570		3,720		10,850
Series 2011B	17,600	4.50 - 5.00%	6/22/2011	7/1/2025	17,600				17,600
Series 2011C	22,040	5.00%	6/22/2011	7/1/2021	19,340		6,135		13,205
Series 2011D	41,170	4.00 - 5.25%	6/22/2011	7/1/2026	41,170				41,170
Series 2016A	64,500	2.61%	3/1/2017	7/1/2029	110,000				110,000
Series 2018	119,275	5.00%	8/30/2018	7/1/2047	119,275				119,275
Total	512,040				465,455		24,360		441,095
Note Payable	7,000	4.48%	10/27/2014	10/27/2029	5,332		445		4,887
Note Payable	20,000	3.03%	9/13/2017	9/1/2027	16,905		1,832		15,073
Total bonds and notes payable	539,040				$487,692		$26,637		$461,055

STATISTICAL SECTION

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

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MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
OPERATING REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST TEN YEARS ($ IN THOUSANDS)

	2020	2019	2018	2017
OPERATING REVENUES				
Airfield	$50,701	$46,591	$47,995	$45,757
Terminal	22,213	18,052	23,170	23,020
Ground transportation	25,432	31,085	29,316	28,830
Other aviation areas	5,542	4,745	4,631	4,671
Non-aviation areas	1,272	1,730	2,054	1,898
TOTAL	105,160	102,203	107,166	104,176
OPERATING EXPENSES				
Airfield	10,616	11,664	11,569	10,131
Terminal building	11,690	11,901	13,217	12,895
Ground transportation	4,537	4,629	4,374	4,364
General administration	29,767	18,872	15,952	10,310
Police	9,518	9,585	9,397	8,727
Field shop	1,559	1,630	1,642	1,504
Other aviation areas	283	336	325	263
Non-aviation areas	1,101	1,096	1,095	990
TOTAL	69,071	59,713	57,571	49,184
DEPRECIATION AND AMORTIZATION[1]	60,427	60,698	62,644	64,357
OPERATING INCOME (LOSS)	(24,338)	(18,208)	(13,049)	(9,365)
NON-OPERATING REVENUE (EXPENSE)				
Interest and investment income	7,522	10,222	3,221	2,064
Customer facility charge	5,306	6,578	6,400	6,371
Passenger facility charge	7,238	7,267		
Insurance proceeds				
Operating grants	52	68	28	67
Gain (loss) on disposal/sale of capital assets	90	159	48	72
Total Non-Operating Revenue	20,208	24,294	9,697	8,574
Interest expense	(19,722)	(21,206)	(14,822)	(14,914)
TOTAL	486	3,088	(5,125)	(6,340)
LOSS BEFORE CONTRIBUTIONS, AND EXTRAORDINARY ITEM	(23,852)	(15,120)	(18,174)	(15,705)
CAPITAL CONTRIBUTIONS	45,065	47,734	28,228	23,491
EXTRAORDINARY ITEM				
CHANGE IN NET POSITION	$21,213	$32,614	$10,054	$7,786

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
OPERATING REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST TEN YEARS ($ IN THOUSANDS)

2016	2015	2014	2013	2012	2011
$44,107	$43,411	$46,511	$44,828	$44,728	$45,130
24,958	25,760	30,976	32,795	31,336	30,911
27,183	23,632	22,431	20,421	19,593	20,877
4,713	4,331	4,225	4,840	4,911	5,419
3,859	3,408	9,309	9,582	10,239	9,423
104,820	100,542	113,452	112,466	110,807	111,760
10,006	9,945	10,278	10,338	9,936	10,417
12,804	12,435	12,991	14,622	14,713	14,337
4,167	3,850	3,904	4,411	4,523	4,287
17,808	16,902	17,376	18,549	16,119	15,943
8,770	8,004	8,146	7,337	7,172	7,304
1,509	1,594	1,701	1,638	1,592	1,679
238	235	249	171	183	317
1,008	958	972	983	939	654
56,310	53,923	55,617	58,049	55,177	54,938
62,176	65,587	65,370	59,600	57,707	57,067
(13,666)	(18,968)	(7,535)	(5,183)	(2,077)	(245)
2,158	2,115	2,495	2,012	2,261	2,697
6,392	5,703	5,330	5,119	5,151	4,911
			269	1,388	
67	19	48	48	116	123
62	137	(1,025)	21	124	(2,592)
8,679	7,974	6,848	7,469	9,040	5,139
(16,386)	(17,972)	(21,425)	(22,705)	(23,536)	(25,772)
(7,707)	(9,998)	(14,577)	(15,236)	(14,496)	(20,633)
(21,373)	(28,966)	(22,112)	(20,419)	(16,573)	(20,878)
15,781	27,389	24,919	37,979	49,831	42,578
				(873)	(139)
(5,592)	($1,577)	$2,807	$17,560	$32,385	$21,561

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NET POSITION
LAST TEN YEARS ($ IN THOUSANDS)

	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY 2012	FY 2011
Net investment in capital assets	$519,966	$522,671	$496,445	$541,400	$579,291	$587,325	$593,252	$588,115	$546,075	$494,311
Restricted for:										
Capital Acquisitions	164,911	128,433	132,220	83,524	56,960	66,037	61,599	69,153	93,457	118,699
Total Restricted	164,911	128,433	132,220	83,524	56,960	66,037	61,599	69,153	93,457	118,699
Unrestricted	20,679	33,239	23,064	16,751	14,632	15,328	30,908	25,684	25,860	24,645
Total Net Position	$705,556	$684,343	$651,729	$641,675	$650,883	$668,690	$685,759	$682,952	$665,392	$637,655

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
PASSENGER ENPLANEMENTS MARKET SHARE
LAST TEN YEARS

	FY 2020		FY 2019		FY 2018		FY 2017	
AIRLINE	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
DOMESTIC								
Delta Air Lines	408,563	24.0%	555,355	24.6%	548,396	25.5%	537,944	26.4%
American Airlines	338,747	19.9%	360,666	16.0%	305,109	14.2%	295,060	14.5%
Southwest Airlines	292,967	17.2%	387,577	17.1%	352,394	16.4%	347,818	17.1%
American Eagle (1)	220,768	13.0%	330,224	14.5%	339,161	15.8%	327,054	16.1%
United Express (2)	167,701	9.8%	215,203	9.5%	222,562	10.3%	194,073	9.5%
Allegiant Air	93,910	5.5%	117,113	5.2%	108,131	5.0%	87,428	4.3%
Delta Connection (3)	90,945	5.3%	117,193	5.2%	106,739	5.0%	109,171	5.4%
United Airlines	39,301	2.3%	87,461	3.9%	57,064	2.7%	67,021	3.3%
Frontier Airlines	39,039	2.3%	70,108	3.1%	89,588	4.2%	56,116	2.8%
Other (5)	3,199	0.2%	1,872	0.1%	743	0.0%	4,761	0.2%
Compass Airlines		0.0%		0.0%	1,969	0.1%	4,777	0.2%
US Airways Express		0.0%		0.0%		0.0%		0.0%
US Airways		0.0%		0.0%		0.0%		0.0%
Continental Express		0.0%		0.0%		0.0%		0.0%
Mesaba Airlines		0.0%		0.0%		0.0%		0.0%
TOTAL DOMESTIC	1,695,140	99.5%	2,242,772	99.2%	2,131,856	99.1%	2,031,223	99.8%
INTERNATIONAL								
Other (4)	9,408	0.5%	17,870	0.8%	18,679	0.9%	4,147	0.2%
Delta Airlines		0.0%		0.0%		0.0%	43	0.0%
Jazz Air		0.0%		0.0%		0.0%		0.0%
TOTAL INTERNATIONAL	9,408	0.5%	17,870	0.8%	18,679	0.9%	4,190	0.2%
TOTAL ENPLANEMENTS	1,704,548	100.0%	2,260,642	100.0%	2,150,535	100.0%	2,035,413	100.0%
Percent of Total U. S. Enplanements (5)	N.A.			0.24%		0.24%		0.24%

Source: Memphis-Shelby County Airport Authority, Activity Reports and U.S. Bureau of Transportation

(1) For FY 2020 Envoy Air, Mesa Airlines, Piedmont Airlines, PSA Airlines, Republic Airlines and SkyWest Airlines operated for American Eagle. Previous years totals Include America West and Virgin Atlantic.

(2) For FY 2020 Air Wisconsin, CommutAir, ExpressJet, GoJet, Mesa Airlines, Republic Airlines, Skywest Airlines and Trans States Airlines operated for United Express.

(3) For FY 2020 Endeavor Air, GoJet, Republic Airlines and Skywest Airlines operated for Delta Connection.

(4) May include activity by airlines no longer serving Memphis.

(5) Source: FAA, based upon calendar year.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
PASSENGER ENPLANEMENTS MARKET SHARE
LAST TEN YEARS

FY 2016		FY 2015		FY 2014		FY 2013		FY 2012		FY 2011	
Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
540,063	27.3%	499,084	27.9%	684,134	35.0%	1,052,442	37.9%	1,362,642	34.8%	1,618,758	33.9%
170,508	8.7%	153,950	8.6%	142,470	7.3%	100,687	3.6%	91,992	2.3%	101,970	2.1%
335,902	17.1%	280,727	15.7%	238,715	12.2%	152,667	5.5%	141,192	3.6%	125,611	2.6%
394,878	20.1%	106,934	6.0%	56,192	2.9%	49,417	1.8%	51,216	1.3%	56,690	1.2%
218,437	11.1%	220,364	12.3%	173,925	8.9%	160,714	5.8%	102,186	2.6%	83,593	1.8%
79,584	4.0%	5,437	0.3%		0.0%		0.0%		0.0%		0.0%
121,664	6.2%	192,677	10.8%	440,400	22.5%	1,072,225	38.6%	1,728,524	44.0%	2,174,440	45.5%
55,451	2.8%	62,557	3.5%	10,214	0.5%		0.0%		0.0%		0.0%
48,882	2.5%	7,291	0.4%	6,372	0.3%	6,519	0.2%	7,048	0.2%	7,841	0.2%
1,911	0.1%	410	0.0%	264	0.0%	309	0.0%	2,291	0.1%	3,312	0.1%
	0.0%	185,308	10.4%	158,856	8.1%	154,448	5.6%	111,627	2.8%	157,924	3.3%
	0.0%	69,913	3.9%	42,191	2.2%	18,335	0.7%	42,705	1.1%	25,706	0.5%
	0.0%		0.0%		0.0%		0.0%	59,929	1.5%	88,720	1.9%
	0.0%		0.0%		0.0%		0.0%	176,824	4.5%	254,790	5.3%
1,967,280	99.9%	1,784,652	99.8%	1,953,733	99.9%	2,767,763	99.7%	3,878,176	98.8%	4,699,355	98.4%
1,332	0.1%	2,291	0.1%	1	0.0%		0.0%		0.0%		0.0%
249	0.0%	1,862	0.1%	1,131	0.1%	7,105	0.2%	37,952	1.0%	69,536	1.5%
	0.0%		0.0%		0.0%	2,090	0.1%	8,453	0.2%	7,094	0.1%
1,581	0.1%	4,153	0.2%	1,132	0.1%	9,195	0.3%	46,405	1.2%	76,630	1.6%
1,968,861	100.0%	1,788,805	100.0%	1,954,865	100.0%	2,776,958	100.0%	3,924,581	100.0%	4,775,985	100.0%
	0.24%		0.22%		0.26%		0.38%		0.54%		0.66%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
ORIGINATING AND DESTINATION (O&D) AIRLINE PASSENGERS
LAST TEN YEARS (IN THOUSANDS OF PASSENGERS)

FISCAL YEAR	O&D PASSENGERS	TOTAL ENPLANED PASSENGERS (1)	O&D PERCENTAGE
2020	1,680	1,705	98.53%
2019	2,242	2,261	99.16%
2018	2,132	2,150	99.16%
2017	2,032	2,035	99.85%
2016	1,964	1,969	99.75%
2015	1,769	1,789	98.88%
2014	1,754	1,955	89.72%
2013	1,681	2,777	60.53%
2012	1,860	3,925	47.39%
2011	1,942	4,776	40.66%

Source: Memphis-Shelby County Airport Authority Finance Division

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
COST PER ENPLANED PASSENGER
LAST TEN YEARS

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Average Cost per Enplaned Passenger	$11.32	$5.52	$8.68	$9.18	$11.37	$13.34	$11.76	$10.48	$6.75	$5.23

Fiscal year 2017 has been restated to correct an error in calculation from $9.27 to $9.18.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
CARGO MARKET SHARE ENPLANED
LAST TEN YEARS (IN THOUSANDS OF POUNDS)

	FY2020		FY2019		FY2018		FY2017	
AIRLINE	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share
DOMESTIC FREIGHT								
FedEx Express	4,184,516	85.3%	4,303,730	85.2%	4,256,749	85.2%	4,229,256	86.5%
United Parcel Service	35,255	0.7%	36,826	0.7%	34,923	0.7%	35,389	0.7%
Atlas Air	18,870	0.4%	660	0.0%	149	0.0%		
Air Transport Int'l	5,886	0.1%	8,605	0.2%	7,300	0.2%	8,514	0.2%
Baron Aviation	783	0.0%	892	0.0%	968	0.0%	643	0.0%
Other (1)	459	0.0%	800	0.0%	3,587	0.1%	1,447	0.0%
Delta Air Lines	203	0.0%	554	0.0%	631	0.0%	702	0.0%
Mountain Air	176	0.0%	155	0.0%	451	0.0%	5,449	0.1%
ABX	81	0.0%	128	0.0%	53	0.0%	236	0.0%
Capital Cargo International Airlines								
DHL								
Total Domestic Freight	4,246,229	86.5%	4,352,350	86.1%	4,304,811	86.2%	4,281,636	87.5%
INTERNATIONAL FREIGHT								
FedEx Express	655,314	13.3%	690,023	13.7%	679,899	13.6%	603,261	12.3%
Other (1)	40	0.0%	646	0.0%	365	0.0%	124	0.0%
Atlas Air								
Total International Freight	655,354	13.3%	690,669	13.7%	680,264	13.6%	603,385	12.3%
AIR MAIL								
Kalitta Air	9,097	0.2%	10,760	0.2%	10,075	0.2%	9,119	0.2%
Delta Air Lines	86	0.0%	199	0.0%	386	0.0%	386	0.0%
Other (1)		0.0%	7	0.0%				
FedEx Express								
Total Air Mail	9,183	0.2%	10,966	0.2%	10,460	0.2%	9,505	0.2%
TOTAL CARGO ENPLANED	4,910,766	100.0%	5,053,985	100.0%	4,995,535	100.0%	4,894,525	100.0%

Source: Memphis-Shelby County Airport Authority, Activity Reports

(1) May include activity by airlines no longer servicing Memphis.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
CARGO MARKET SHARE ENPLANED
LAST TEN YEARS (IN THOUSANDS OF POUNDS)

FY2016		FY2015		FY2014		FY2013		FY2012		FY2011	
Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share
4,536,524	92.7%	4,564,810	94.2%	4,508,238	93.6%	4,334,362	93.8%	4,146,509	92.6%	4,098,243	93.1%
35,269	0.7%	37,195	0.8%	32,929	0.7%	32,548	0.7%	35,022	0.8%	34,867	0.8%
		1,168	0.0%		0.0%	1,581	0.0%	1,784	0.0%		
8,372	0.2%	7,341	0.2%	769	0.0%		0.0%	325	0.0%	1,703	0.0%
547	0.0%	525	0.0%	577	0.0%	616	0.0%	825	0.0%	1,123	0.0%
1,320	0.0%	659	0.0%	338	0.0%	190	0.0%	227	0.0%	1,042	0.0%
896	0.0%	1,026	0.0%	1,228	0.0%	1,345	0.0%	1,440	0.0%	1,752	0.0%
5,742	0.1%	3,544	0.1%	3,244	0.1%	2,814	0.1%	6,064	0.1%	8,439	0.2%
		1,157	0.0%	5,920	0.1%	3,278	0.1%	5	0.0%		0.0%
						3,171	0.1%	5,412	0.1%	4,106	0.1%
								174	0.0%	98	0.0%
4,588,670	93.6%	4,617,425	95.3%	4,553,243	94.5%	4,379,905	94.8%	4,197,787	93.6%	4,151,373	94.2%
311,023	6.4%	219,327	4.5%	258,257	5.4%	240,092	5.2%	286,484	6.4%	249,999	5.7%
170	0.0%	301	0.0%	47	0.0%	264	0.0%	1,375	0.0%	2,540	0.1%
	0.0%	2,654	0.1%	1,740	0.0%	900	0.0%	1,006	0.0%		
311,193	6.4%	222,282	4.6%	260,044	5.4%	241,256	5.2%	288,865	6.4%	252,539	5.8%
		6,629	0.1%	3,965	0.1%					558	0.0%
		537	0.0%	157	0.0%	536	0.0%	522	0.0%	24	0.0%
342	0.0%	26	0.0%	8	0.0%	3	0.0%	18	0.0%	8	0.0%
1,515	0.0%										
1,515	0.0%	7,192	0.1%	4,130	0.1%	539	0.0%	540	0.0%	590	0.0%
4,901,378	100.0%	4,846,899	100.0%	4,817,417	100.0%	4,621,700	100.0%	4,487,192	100.0%	4,404,502	100.0%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
LANDED WEIGHTS
LAST TEN YEARS (IN THOUSANDS OF POUNDS)

	FY 2020		FY 2019		FY 2018		FY 2017	
AIRLINE	**Landed Weight**	**Share**	**Landed Weight**	**Share**	**Landed Weight**	**Share**	**Landed Weight**	**Share**
MAJOR/NATIONAL								
Delta Air Lines	521,507	1.9%	659,494	2.5%	630,755	2.4%	646,712	2.5%
American Airlines	492,641	1.8%	470,894	1.7%	371,502	1.4%	383,156	1.5%
Southwest Airlines	424,672	1.6%	475,914	1.7%	423,464	1.6%	424,892	1.6%
Allegiant Air	101,555	0.4%	113,135	0.4%	104,253	0.4%	84,697	0.3%
Other (1)	98,312	0.4%	193,753	0.7%	166,565	0.6%	146,693	0.6%
US Airways		0.0%		0.0%		0.0%		0.0%
Continental		0.0%		0.0%		0.0%		0.0%
TOTAL MAJOR/NATIONAL	1,638,687	6.1%	1,913,190	7.0%	1,696,539	6.4%	1,686,150	6.5%
REGIONAL								
American Eagle	302,270	1.1%	443,602	1.6%	431,527	1.6%	426,986	1.6%
United Express	211,824	0.8%	242,845	0.9%	250,489	0.9%	222,923	0.8%
Delta Connection	124,346	0.5%	151,136	0.6%	138,280	0.5%	142,200	0.5%
Other (1)	23,597	0.1%	27,888	0.1%	24,340	0.1%	16,927	0.1%
Compass		0.0%		0.0%	2,255	0.0%	5,946	0.0%
SeaPort Airlines		0.0%		0.0%		0.0%	2,310	0.0%
US Airways Express		0.0%		0.0%		0.0%		0.0%
Pinnacle Airlines		0.0%		0.0%		0.0%		0.0%
Mesaba		0.0%		0.0%		0.0%		0.0%
Continental Express		0.0%		0.0%		0.0%		0.0%
TOTAL REGIONAL	662,037	2.5%	865,471	3.2%	846,891	3.1%	817,292	3.0%
CARGO								
FedEx Express	24,044,929	90.0%	24,250,375	88.6%	23,858,455	89.3%	23,477,449	89.3%
United Parcel Service	152,422	0.6%	137,167	0.5%	123,931	0.5%	180,131	0.7%
Atlas Air	80,014	0.3%	7,802	0.0%	7,714	0.0%		0.0%
Kalitta Air	60,636	0.2%	82,494	0.3%	90,302	0.4%	75,928	0.3%
Air Transport Int'l	49,500	0.2%	79,880	0.3%	53,347	0.2%	52,470	0.2%
Mountain Air Cargo	30,265	0.1%	24,238	0.1%	26,090	0.1%	10,160	0.0%
Other (1)	7,879	0.0%	9,018	0.0%	8,704	0.0%	7,293	0.0%
ABX	1,121	0.0%	2,301	0.0%	555	0.0%	1,937	0.0%
DHL		0.0%		0.0%		0.0%		0.0%
Capital Cargo International Airlines		0.0%		0.0%		0.0%		0.0%
TOTAL CARGO	24,426,766	91.4%	24,593,275	89.8%	24,169,098	90.5%	23,805,368	90.5%
TOTAL LANDED WEIGHTS	26,727,490	100.0%	27,371,936	100.0%	26,712,528	100.0%	26,308,810	100.0%

(1) May include activity by airlines no longer serving Memphis.

Source: Finance Division

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
LANDED WEIGHTS
LAST TEN YEARS (IN THOUSANDS OF POUNDS)

FY 2016		FY 2015		FY 2014		FY 2013		FY 2012		FY 2011	
Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share
619,490	2.4%	606,744	2.4%	860,822	3.5%	1,311,874	5.3%	1,728,281	6.8%	2,149,196	8.3%
209,198	0.8%	191,089	0.8%	205,238	0.8%	171,615	0.7%	164,922	0.6%	170,958	0.7%
411,192	1.6%	320,804	1.3%	266,256	1.1%	169,552	0.7%	149,272	0.6%	144,040	0.5%
81,267	0.3%	4,937	0.0%		0.0%		0.0%		0.0%		0.0%
120,757	0.5%	65,849	0.3%	11,276	0.0%		0.0%		0.0%		0.0%
	0.0%	96,516	0.4%	54,453	0.2%	26,498	0.1%	65,867	0.3%	38,041	0.1%
	0.0%		0.0%		0.0%		0.0%		0.0%	314	0.0%
1,441,904	5.6%	1,285,939	5.2%	1,398,045	5.6%	1,679,539	6.8%	2,108,342	8.3%	2,502,549	9.6%
484,805	1.9%	134,969	0.5%	68,326	0.3%	65,346	0.3%	67,914	0.3%	72,938	0.3%
239,863	0.9%	240,988	1.0%	191,264	0.8%	191,758	0.8%	123,459	0.5%	105,827	0.4%
155,877	0.6%	265,310	1.1%	595,916	2.4%	711,160	2.9%	1,159,341	4.3%	1,529,387	5.9%
13,028	0.1%	7,156	0.0%	4,215	0.0%	6,077	0.0%	20,723	0.1%	22,665	0.1%
2,553	0.0%	601	0.0%	601	0.0%	671	0.0%	3,143	0.0%	4,419	0.0%
12,539	0.0%	21,053	0.1%	16,681	0.1%	16,896	0.1%	19,650	0.1%	29,783	0.1%
	0.0%	222,895	0.9%	178,709	0.7%	185,167	0.7%	125,387	0.5%	173,839	0.7%
	0.0%		0.0%		0.0%	604,896	2.4%	887,230	3.5%	1,094,151	4.2%
	0.0%		0.0%		0.0%		0.0%	219,909	0.9%	343,398	1.3%
	0.0%		0.0%		0.0%		0.0%	72,070	0.3%	107,315	0.4%
908,665	3.5%	892,972	3.6%	1,055,712	4.3%	1,781,971	7.2%	2,698,826	10.5%	3,483,722	13.4%
23,141,889	89.9%	22,268,910	89.9%	22,082,525	88.8%	21,043,094	84.8%	20,417,765	80.0%	19,693,988	75.8%
159,731	0.6%	193,940	0.8%	194,184	0.8%	201,225	0.8%	196,229	0.8%	213,317	0.8%
	0.0%	23,976	0.1%	10,656	0.0%	15,984	0.1%	15,750	0.1%		0.0%
64,380	0.2%	40,262	0.2%	20,790	0.1%		0.0%	630	0.0%	18,292	0.1%
51,534	0.2%	52,540	0.2%	5,488	0.0%		0.0%	6,119	0.0%	17,752	0.1%
2,132	0.0%	4,979	0.0%	14,706	0.1%	14,763	0.1%	22,934	0.1%	31,859	0.1%
7,293	0.0%	7,378	0.0%	8,422	0.0%	6,973	0.0%	7,759	0.0%	12,808	0.0%
272	0.0%	9,895	0.0%	63,672	0.3%	37,456	0.1%	283	0.0%	272	0.0%
	0.0%		0.0%		0.0%		0.0%	3,025	0.0%	1,925	0.0%
	0.0%		0.0%		0.0%	21,607	0.1%	46,900	0.2%	36,392	0.1%
23,427,231	90.9%	22,601,880	91.2%	22,400,443	90.1%	21,341,102	86.0%	20,717,394	81.2%	20,026,605	77.0%
25,777,800	100.0%	24,780,791	100.0%	24,854,200	100.0%	24,802,612	100.0%	25,524,562	100.0%	26,012,876	100.0%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRCRAFT OPERATIONS (1)
LAST TEN YEARS

FISCAL YEAR	MAJOR/ NATIONALS	REGIONAL	CARGO	GENERAL AVIATION	MILITARY	TOTAL
2020	24,398	20,260	143,836	24,631	1,273	214,398
2019	28,818	25,856	144,370	30,544	1,664	231,252
2018	25,822	24,664	142,016	29,403	1,923	223,828
2017	25,302	25,800	138,170	31,486	1,978	222,736
2016	21,864	32,500	136,028	30,904	2,102	223,398
2015	19,466	35,306	131,102	30,172	2,413	218,459
2014	20,994	42,634	128,746	28,683	1,925	222,982
2013	25,340	70,396	125,364	26,236	1,292	248,628
2012	32,190	106,014	125,526	27,491	1,562	292,783
2011	37,942	139,370	125,438	25,968	1,542	330,260

Source: Memphis-Shelby County Airport Authority, Activity Reports

(1) Takeoffs and Landings

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
DEBT SERVICE COVERAGE
LAST TEN YEARS ($ IN THOUSANDS)

	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY 2013	FY 2012	FY 2011
REVENUES (as defined in bond indenture)										
Airfield	$50,701	$46,591	$47,995	$45,757	$44,107	$43,411	$46,511	$44,828	$44,728	$45,130
Terminal building (a)	22,213	18,052	23,170	23,020	24,958	25,760	30,976	32,795	31,336	30,911
Ground transportation	25,432	31,085	29,316	28,830	27,183	23,632	22,431	20,421	19,593	20,877
Other aviation areas	5,542	4,745	4,631	4,671	4,713	4,331	4,225	4,840	4,911	5,419
Non-aviation areas	1,272	1,730	2,054	1,898	3,859	3,408	9,309	9,534	10,239	9,423
Application of prior year surplus	9,525	6,230	9,863	10,001	12,215	14,090	6,192	4,832	4,793	3,065
Coverage carryforward	8,928	8,688	9,306	9,631	12,471	12,390	12,207	11,201	9,651	12,000
TOTAL	123,613	117,121	126,335	123,808	129,506	127,022	131,851	128,451	125,251	126,825
OPERATING EXPENSES										
Airfield	10,616	11,664	11,569	10,131	10,006	9,945	10,278	10,338	9,936	10,417
Terminal building	11,690	11,901	13,217	12,895	12,804	12,435	12,991	14,622	14,713	14,337
Ground transportation	4,537	4,629	4,374	4,364	4,167	3,850	3,904	4,411	4,523	4,287
General administration	29,767	18,872	15,952	10,310	17,808	16,902	17,376	18,549	16,119	15,943
Police	9,518	9,585	9,397	8,727	8,770	8,004	8,146	7,337	7,172	7,304
Field shop	1,559	1,630	1,642	1,504	1,509	1,594	1,701	1,638	1,592	1,679
Other aviation areas	283	336	325	263	238	235	249	171	183	317
Non-aviation areas	1,101	1,096	1,095	990	1,008	958	972	983	939	654
TOTAL	69,071	59,713	57,571	49,184	56,310	53,923	55,617	58,049	55,177	54,938
Net Revenues Before Adjustment	54,542	57,408	68,764	74,624	73,196	73,099	76,234	70,402	70,074	71,887
Restricted interest earnings and other (b)	3,350	3,711	2,276	1,864	1,912	1,935	2,282	1,789	1,961	2,173
Other revenue	52	68	28	67	67	19	48	317	1,504	123
Capital outlay	(5,277)	(8,604)	(8,638)	(6,433)	(2,684)	(1,508)	(822)	(1,326)	(2,302)	(1,907)
Debt service on 1993 special facilities bonds & FedEx/ANG rent	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(1,540)	(5,815)	(5,815)	(5,815)	(5,811)
Notes payable principal and interest	(695)	(588)	(641)	(3,604)	(9,297)	(659)	(232)	(297)	(198)	(89)
Net Revenues (c)	50,432	50,455	60,249	64,978	61,654	$71,346	$71,695	$65,070	$65,224	$66,376
DEBT SERVICE REQUIREMENT										
Airport Revenue Bonds (d)	38,394	35,710	34,752	37,223	38,524	$49,884	$47,256	$49,121	$48,525	$49,925
General Obligation Bonds										2,130
TOTAL DEBT SERVICE (e)	$38,394	$35,710	$34,752	$37,223	$38,524	$49,884	$47,256	$49,121	$48,525	$52,055
Coverage ratio - general and airport revenue bonds	131%	141%	173%	175%	160%	143%	152%	132%	134%	133%
Coverage ratio - all bonds (f)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	128%

Source: Financial statements of the Authority and revenue bond official statements

(a) FY 2015 originally reported $27,760 on this schedule, restated to correct amount of $25,760.

(b) Restricted interest earnings represent earnings on current debt service fund and operating funds. Other includes operating grant income.

(c) FY 2018 amount of $2,380 originally included CFC notes principal and interest of $1,739, restated to correct amount of $641.

(d) Net revenues have been calculated in accordance with definitions in the basic revenue bond resolutions.

(e) Debt service portion payable from net revenues.

(f) Excludes amounts paid with capitalized interest.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
RATIO OF ANNUAL BOND DEBT SERVICE TO TOTAL EXPENSES
EXCLUDING DEPRECIATION AND AMORTIZATION
LAST TEN YEARS (IN THOUSANDS)

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Principal	$25,675	$24,360	$23,740	$22,230	$31,247	$31,787	$30,142	$28,733	$27,782	$29,020
Interest (1)	12,719	13,406	13,856	14,993	7,277	18,097	17,114	20,388	20,743	23,035
TOTAL DEBT SERVICE (2)	$38,394	$37,766	$37,596	$37,223	$38,524	$49,884	$47,256	$49,121	$48,525	$52,055
Total Expenses	$149,220	$141,617	$135,037	$128,455	$134,872	$137,482	$143,437	$140,333	$137,169	$137,777
Less Depreciation and Amortization and Gain or Loss on Property Disposals	(60,306)	(60,539)	(62,596)	(64,285)	(62,114)	(65,450)	(66,395)	(59,579)	(57,583)	(59,659)
Add Principal	25,675	24,360	23,740	22,230	31,247	31,787	30,142	28,733	27,782	29,020
Add Net Capitalized Interest			264	96		106	106	242	710	1,435
TOTAL GENERAL EXPENDITURES	$114,589	$105,438	$96,445	$86,496	$104,005	$103,925	$107,290	$109,729	$108,078	$108,573
RATIO OF DEBT SERVICE TO EXPENDITURES	33.5%	35.8%	39.0%	43.0%	37.0%	48.0%	44.0%	44.8%	44.9%	47.9%

Source: Authority bond amortization scheduled and audited financial statements

(1) Excludes capitalized interest paid from bond proceeds during construction.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT DEBT PER ENPLANED PASSENGER
LAST TEN YEARS (IN THOUSANDS)

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Airport Debt (1)	$476,732	$504,890	$352,428	$320,420	$318,617	$361,118	$386,134	$416,537	$444,809	$459,292
Enplaned Passengers	1,705	2,261	2,151	2,035	1,969	1,789	1,955	2,777	3,925	4,776
Airport Debt per Enplaned Passenger	$280	$223	$164	$157	$162	$202	$198	$150	$113	$96

(1) Debt reported for FY 2011 - FY 2013 was restated to include all debt net of related premiums, excluding Special Facilities Bonds.

USE OF BOND PROCEEDS

Descriptions of the uses of proceeds from the Authority's outstanding bond issues are summarized below.

AIRPORT REVENUE BONDS - OUTSTANDING

Series 2018 - The bonds were issued to provide funds for the design and construction of the Concourse B modernization program.

Series 2016A - The bonds were issued to provide funds for the design and construction of the glycol collection management program and an airfield maintenance and airport operations facility.

Refunding Series 2011A-1 and A-2 - The bonds were issued to provide funds for the purpose of refunding portions of the 1999E and 2001A ($60,085 and $38,700 respectively). See Series 1999E and 2001A below.

Refunding Series 2011A, B, and C – The bonds were issued to provide funds for the purpose of refunding portions of the 1999D, 2001A and 2001B ($17,080, $21,490 and $42,380 respectively). See Series 1999D, 2001A and 2001B below.

Series 2010A – The bonds were issued to fund a portion of the costs of construction, acquisition and equipping of Checkpoint B Renovations and the GTC.

Refunding Series 2010B – The bonds were issued to provide funds for the purpose of refunding portions of the 1999D and 1999E bonds outstanding ($160,525 and $1,455 respectively). See Series 1999D and 1999E below.

AIRPORT REVENUE BONDS - REFUNDED

Series 2001A and B – The proceeds of this bond issue were used to finance the construction, reconstruction and extension of runways and taxiways, acquisition of property for noise mitigation, replacement of airport signage, property acquisition and clearing, expansion of the parking garage and employee parking lot, the acquisition and implementation of an automated vehicle identification system, roadway improvements, construction of terminal improvements, a walkway connector, baggage system improvements and other airline tenant finishes at the Airport, construction of facilities for air cargo and airline ground service equipment and other associated projects at the Airport including the replacement and upgrade of two cooling plants and the relocation of an airport maintenance shop.

Series 1999E - The bonds were issued to provide funds for the purpose of refunding the Series 1991 Bonds. The proceeds of the Series 1991 Bonds were used to finance the completion of certain taxiway construction projects and the installation of an improved access control system to enhance Airport security.

Series 1999D - The proceeds of this bond issue were used to finance the extension of Taxiway N to the south end of Runway 18R-36L, construction of an aircraft apron at the south end of Taxiway N, reconstruction of Taxiway M as a temporary runway and connecting taxiways, reconstruction of Taxiway Z and T, construction of high-speed exits from Runway 9-27, enlarge the airfield maintenance facility and to acquire property for airport development in the airfield area. Repairs in the parking garage and upper level terminal drive were projects for the ground transportation area. Terminal projects include constructing a walkway connecting Concourses B and C, additional gates to accommodate regional jets, space for airline clubs and concessions and other tenant improvements.

Funds were also used for the following airline-related improvements: finish and equip 23 regional jet gates on Concourses A and C, upgrade the flight information display system and gate check-in facilities on Concourse B, finish and equip the new Northwest World Club, renovate and expand the apron control, upgrade passenger check-in computers, expand baggage sort system and install and equip additional ticket counters for Northwest Airlines. For other airline tenants, renovate existing ticket and baggage claim facilities in Terminal C for joint use, expand hold room space and install some jet bridges in Concourse C.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
TEN LARGEST EMPLOYERS - METROPOLITAN STATISTICAL AREA(1)
CURRENT YEAR AND TEN YEARS AGO

Name of Employer (2)	Number of Employees (2) Year 2020	Percentage of Largest Emloyees	Number of Employees (2) Year 2011	Percentage of Largest Employees
FedEx Corporation	30,000	24.61%	30,000	33.92%
Shelby County Schools	15,500	12.71%	5,200	5.88%
Tennessee State Government	15,400	12.63%	9,000	10.17%
U. S. Government	13,400	10.99%	15,500	17.52%
Methodist Le Bonheur Health Care Corp.	13,183	10.81%	8,700	9.83%
City of Memphis	8,200	6.72%	7,231	8.17%
Baptist Memorial Healthcare Corp.	7,313	6.00%	6,845	7.74%
Naval Support Activity Mid-South	6,500	5.33%		0.00%
Wal-Mart Stores Inc.	6,280	5.15%	6,000	6.78%
The Kroger Co.	6,198	5.08%		0.00%
Total	121,974	100.00%	88,476	100.00%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
POPULATION - METROPOLITAN STATISTICAL AREA (1)

Year (3)	Shelby County	Memphis MSA (1)	Tennessee	United States
1970	722,100	856,800	3,926,000	203,302,000
1980	777,100	938,500	4,591,100	226,546,000
1990	826,300	1,007,300	4,877,200	249,402,000
2000	897,500	1,135,600	5,689,300	281,422,000
2010 Census	927,644	1,239,292	6,346,105	309,050,816
Forecast 2030	905,818	1,563,900	7,397,302	359,402,000

(1) Metropolitan Statistical Area consists of Fayette, Shelby and Tipton Counties, Tennessee; Crittenden County, Arkansas; and DeSoto, Marshal, Tate and Tunica Counties, Mississippi

(2) Source: Memphis Chamber of Commerce

(3) Source: Tennessee Department of Economic and Community Development, U.S. Department of Commerce, Bureau of the Census, Current Population Reports, 2000, 2010 Census, 2030 Estimates and Projections

AIRLINES SERVING MEMPHIS INTERNATIONAL AIRPORT

JUNE 30, 2020

CARGO AIRLINES

ABX Air
Air Transport International
Atlas Air
Baron Aviation Services
FedEx Express
Kalitta Air
Mountain Air Cargo
United Parcel Service

PASSENGER AIRLINES

MAJOR

Allegiant Air
American Airlines, Inc.
Delta Air Lines
Frontier Airlines
Southwest Airlines
United Airlines

CHARTER

Miami Air International
Mid-South Jets
Swift Airlines dba Vacation Express
Volaris dba Vacation Express

REGIONAL/COMMUTER

Air Georgian dba Air Canada
Air Wisconsin dba United Express
CommutAir dba United Express
Endeavor Air dba Delta Connection
Envoy Air dba American Eagle
ExpressJet dba United Express
GoJet dba Delta Airlines
GoJet dba United Express
Mesa Airlines dba American Eagle
Mesa Airlines dba United Express
Piedmont Airlines dba American Eagle
PSA Airlines dba American Eagle
Republic Airlines dba American Eagle
Republic Airlines dba Delta Connection
Republic Airlines dba United Express
Skywest Airlines dba American Eagle
Skywest Airlines dba Delta Connection
Skywest Airlines dba United Express
Trans States Airlines dba United Express

EMPLOYERS LOCATED ON AIRPORT PROPERTY

JUNE 30, 2020

CONCESSIONAIRES AND TENANTS

Airport Fast Park
Alamo Rent-A-Car
Anton Airfood
ARC Inc
Avis Rent-A-Car
Budget Rent-A-Car
CTN
Dealer's Auction
Dollar Thrifty Automative Group
Enterprise Rent-A-Car
Flight Support Solutions/Global AMS
Hertz Corporation
Interstate Barbeque
KC Eatery, LLC
Lenny's
Lyft, Inc.
MEM Fuel
MobileQubes
Idemia Identity & Security USA, LLC
National Car Rental
Paradies-Memphis, LLC
Payless Rent A Car
Primeflight Aviation
Regions Bank
SITA
SKB Facilities Maintenance
Starbucks
Surewx, Inc.
Swissport Fueling
Textron Ground Support Equipment
Trego/Dugan Aviation
Tricopian, LLC
Tug Technologies Corportation
Uber
Zoom Systems

CARGO AIRLINES

ABX Air
Air Transport International
Atlas Air
Baron Aviation Services
FedEx Express
Mountain Air
United Parcel Service

PASSENGER AIRLINES

Air Georgian dba Air Canada
Air Wisconsin dba American Eagle
Allegiant Air
American Airlines
CommutAir dba United Express
Delta Air Lines
Endeavor Air dba Delta Connection
Envoy Air dba American Eagle
ExpressJet dba United Express
Frontier Airlines
GoJet dba Delta Connection
GoJet dba United Express
Mesa Airlines dba American Eagle
Mesa Airlines dba United Express
Miami Air International
Mid South Jets
Piedmont Airlines dba American Ealge
PSA Airlines dba American Eagle
Republic Airlines dba American Eagle
Republic Airlines dba Delta Connection
Republic Airlines dba United Express
Skywest Airlines dba American Eagle
Skywest Airlines dba Delta Connection
Skywest Airlines dba United Express
Southwest Airlines
Trans States Airlines dba United Express
United Airlines
Volaris dba Vacation Express

OTHER EMPLOYERS

Air General
Centurion Air (Aerology)
City Enterprises
City of Memphis Fire Department
David Moore, Inc.
Exelis
Federal Aviation Administration
GAT Airline Ground Support
Global Signal
Menzies Aviation (Airserv)
Richards Aviation
Signature Flight Support (WFS)
Tennessee Air National Guard
Tennessee Technology Center
Transportation Security Administration
Wilson Air Center

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
FULL-TIME EQUIVALENT EMPLOYEES BY COST CENTER
LAST TEN YEARS

Cost Center	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Terminal Maintenance	68	68	67	67	67	67	75	75	72	71
Airfield Maintenance	60	60	59	59	59	59	65	64	63	63
Administration	68	67	68	66	63	62	69	65	66	67
Police & Operations										
Officers	98	98	95	95	94	94	96	95	94	95
Support Staff	11	11	11	9	9	9	9	9	8	7
General Aviation Airports										
Maintenance	7	6	6	6	5	5	5	5	5	5
Total	312	310	306	302	297	296	319	313	308	308

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
INSURANCE IN FORCE
JUNE 30, 2020

Type of Policy	Amount of Policy		Policy Expiration Date	Name of Insurer	Risks Covered
Airport Liability (Comprehensive general liability, contractual liability, personal injury liability, and hangar keeper's liability)	$500,000,000	Each Occurrence Limit	April 1, 2021	Starr Indemnity & Liability Co.	Personal injury and property damage
	$5,000,000	Damage to Premises Rented to You			
	$0	Medical Expense Limit			
	$50,000,000	Personal & Advertising Injury			
	$500,000,000	Products/Completed Ops Aggregate			
	$500,000,000	Hangarkeepers Each Aircraft Limit			
	$500,000,000	Hangarkeepers Each Loss Limit			
	$150,000,000	Garagekeepers Per Vehicle Limit			
	$250,000,000	Garagekeepers Per Occurrence Limit			
	$50,000,000	Excess Liability over Auto & EL			
	$5,000	Each Occurrence Deductible			
	$100,000	Annual Aggregate Deductible			
	Additional sublimits apply. Please refer to policy.				
Aircraft non-ownership liability	$500,000,000	Each Occurrence	April 1, 2021		Personal injury and
	$2,500	Deductible		Starr Indemnity & Liability Co.	property damage
Employee Benefits Liability	$1,000,000	Each Employee/Aggregate	April 1, 2021	Starr Indemnity & Liability Co.	Negligent act, error or
	$2,500	Deductible			omission damages
Automobile Liability	$1,000,000	Each Occurrence	April 1, 2021	Selective Insurance Company of South Carolina	Bodily injury and property damage
		CSL Bodily Injury /Property Damage			
	$1,000	Comp /Coll Deductible All Vehicles			
Property	$800,000,000	Policy Limit	April 1, 2021	FM Global	Building - All risks property damage including business interruption
	$50,000,000	Earth Movement Limit			
	$50,000,000	Flood Limit			
	$5,000,000	Terrorism Limit			
	$25,000	Per Occurrence Deductible, All Other Perils			
	$250,000 + 5% of Values	Earth Movement Deductible			
	$500,000	Flood Deductible			
	al sublimits & deductibles apply. Please refer t				
Crime	$5,000,000	Limit	April 1, 2021	Federal Insurance Company	Employee theft, forgery,
	$50,000	Retention		Chubb	and computer fraud
Fiduciary Liability	$5,000,000	Limit	April 1, 2021	Federal Insurance Company	Violation of any of the
	$5,000	Retention		Chubb	responsibilities, duties or obligations of Fiduciaries
Employment Practices Liability	$10,000,000	Limit. Shared with Public Ofl	April 1, 2021	ACE American Insurance Company	Wrongful termination,
	$75,000	Retention		Chubb	discrimination, sexual harassment and workplace torts
Public Officials Liability	$10,000,000	Limit. Shared with EPL	April 1, 2021	ACE American Insurance Company	Board of
	$100,000	Retention		Chubb	Commissioners, management and professional liability
Cyber Liability	$10,000,000	Aggregate Limit	April 1, 2021	Lloyd's of London	Cyber protection, hacking
	$50,000	Retention		Syndicate (Hiscox)	business interruption, extortion & breach
Workers Compensation	Statutory	State of TN	April 1, 2021	Starr Specialty Insurance Company	Workers' compensation for on-the-job bodily injuries
Employers Liability	$1,000,000	Bodily Injury by Accident Each Employee			
	$1,000,000	Bodily Injury by Disease Each Employee			
	$1,000,000	Bodily Injury by Disease Policy Limit			
OWNER CONTROLLED INSURANCE PROGRAM - (CONSTRUCTION INSURANCE)					
General Liability	$4,000,000	General Aggregate Limit	April 1, 2022	Zurich American Insurance	Personal injury and property damage
	$4,000,000	Products Completed/Ops Aggregate			
	$2,000,000	Personal & Advertising Injury			
	$2,000,000	Each Occurrence Limit			
	$250,000	Fire Legal Liability (Any One Fire)			
	$10,000	Medical Expense Limit			
	$250,000	Each Occurrence Deductible			
Workers Compensation	Statutory	State of TN	April 1, 2022	Zurich American Insurance	Workers' compensation
Employers Liability	$1,000,000	Bodily Injury by Accident Each Employee			
	$1,000,000	Bodily Injury by Disease Each Employee			
	$1,000,000	Bodily Injury by Disease Policy Limit			
	$250,000	Each Occurrence Deductible			
Excess Liability	$100,000,000	Each Occurrence Limit	April 1, 2022	Combination of ACE, AWAC, Endurance & Westchester	Personal injury and property damage
	$100,000,000	Aggregate Limit			

COMPLIANCE
SECTION

This Section Contains the Single Audit Information,

Which Consists of the Following:

Schedule of Expenditures of Federal and State Awards

Independent Auditors' Report

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2020 ($ IN THOUSANDS)

Grantor/Program	Federal CFDA Number	Grant/Contract Number	State Grant Contract Number	Project Description
FEDERAL AWARDS				
U.S. Department of Transportation				
Federal Aviation Administration (FAA):				
Airport Improvement Programs	20.106	3-47-0049-89-2014		Reconstruct Terminal Apron, Airfield Lighting Vaults Seismic Upgrades, Glycol Collection Area Design, Perimiter Fence Intrusion Detection System Design, Terminal "B" Lobby Escalator Replacement, MUFIDS
		3-47-0049-92-2016		Inbound Roadway Drainage Improvements, Perimeter Fence and Intrusion Detection System Improvements, AGIS Survey and Mapping Program
		3-47-0049-93-2016		Jet Bridge Electrification (VALE)
		3-47-0049-94-2017		De-Icing/Glycol Collection Facility - Construction Phase I (Bridge Package)
		3-47-0049-95-2017		Improve Terminal A & B Concourses - Design Phase II
		3-47-0049-98-2018		Improve Terminal B - Passenger Boarding Bridges and Fuel Hydrant System
		3-47-0049-99-2018		VALE Grant - Ground Power and Pre-Conditioned Air for 14 Gates
		3-47-0049-100-2019		Master Plan & Disparity Study Update
		3-47-0049-101-2019		Construct Taxiway Yankee Bridge, Jet Bridge Program, Electrical Substation
		3-47-0049-102-2019		De-Icing/Glycol Collection Facility - Construction Phase II (De-Iceing Pads)
		3-47-0049-105-2020		CARES Act Operating Funds
Total Direct Federal Awards				
FAA through TN Dept of Transportation				
Airport Improvement Programs	20.106	3-47-SBGP-50	AERO-17-250-00	Charles Baker - Sanitary Lift Station Replacement (2)
		3-47-SBGP-50	AERO-19-172-00	DeWitt Spain - Runway Overlay (2)
		3-47-SBGP-50	AERO-19-173-00	Charles Baker - Fuel Farm Upgrade (2)
		3-47-SBGP-50	AERO-19-192-00	Charle Baker Hangar Restorations Phase II (2)
		3-47-SBGP-54	AERO-20-189-00	Charles Baker - Pavement Restoration (2)
Total Subrecipient (of Federal Funds) Awards				
Total Federal Awards				
STATE AWARDS				
Tennessee Department of Transportation				
		79-555-0751-04	GG15-44490-00	MEM - Terminal Concourse "B" Modernization Design
		79-555-0759-17	AERO-17-191-00	MEM - "B" Modernization/Tenant Relcation Phase II
		79-555-0762-17	AERO-17-249-00	Charles Baker - 2017 Pavement Crack Sealing
		79-555-0764-17	AERO-17-251-00	DeWitt Spain - 2017 Pavement Crack Sealing
		79-555-0775-19	AERO-19-265-00	Concourse B Improvements
		79-555-0776-17	AERO-19-264-00	B Concourse Passenger Boarding Bridge & Gate Related
		79-555-0772-19	AERM-19-193-00	DeWitt Spain - Fueling System Improvements
		79-555-0774-19	AERO-19-266-00	Charles Baker Obstruction Clearing
		79-555-0273-19	AERO-19-253-00	MEM - Maintenance Repair and Overhaul Facility (MRO)
		79-555-0777-20	AERM-20-140-00	Charles Baker - 2020 Maintenance
		79-555-0778-20	AERM-20-141-00	DeWitt Spain - 2020 Maintenance
State Participation on Pass-Through Federally Funded Projects,				
		79-555-0163-17	AERO-17-250-00	Charles Baker - Sanitary Lift Station Replacement (2)
		79-555-0569-19	AERO-19-172-00	DeWitt Spain - Runway Overlay (2)
		79-555-0170-19	AERO-19-173-00	Charles Baker - Fuel Farm Upgrade (2)
		79-555-0171-19	AERO-19-192-00	Charle Baker Hangar Restorations Phase II (2)
		79-555-0179-20	AERO-20-189-00	Charles Baker - Pavement Restoration (2)
Total State Awards				
TOTAL FEDERAL AND STATE AWARDS				

(1) Grant Expenditures include $7,189 from prior years; $7,191 Federal and ($2) State.
(2) Projects with both State and Federal Funding.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2020 ($ IN THOUSANDS)

Participation Percenage	Grants as Amended 6/30/2019	Grants Awarded (Reduced)	Grants Total 6/30/2020	Grants Receivable 06/30/2019	Expenditures (1)	Cash Receipts	Grants Receivable 06/30/2020
75%	25,336	0	25,336	1,129	25	1,154	0
90%	12,396	0	12,396	150	431	0	581
90%	2,447	0	2,447	149	0	33	116
90%	25,024	0	25,024	2,943	7,047	7,608	2,382
90%	2,307	0	2,307	262	(261)	0	1
90%	14,780	0	14,780	373	7,165	2,329	5,209
90%	2,400	0	2,400	0	0	0	0
90%	0	5,084	5,084	0	3,561	2,827	734
90%	0	11,286	11,286	0	6,928	6,135	793
90%	0	14,602	14,602	0	6,100	0	6,100
100%	0	24,688	24,688	0	0	0	0
	84,690	55,660	140,350	5,006	30,996	20,086	15,916
90%	130	0	130	103	6	108	1
9%	170	0	170	1	1	2	0
90%	24	0	24	0	19	19	0
90%	708	0	708	18	6	24	0
90%	0	62	62	0	33	0	33
	1,032	62	1,094	122	65	153	34
	85,722	55,722	141,444	5,128	31,061	20,239	15,950
95%	9,500	0	9,500	1,078	11	1,089	0
95%	6,175	0	6,175	3		3	0
95%	38	0	38	0	0	0	0
95%	38	22	60	0	22	22	0
95%	12,635	0	12,635	1,546	11,089	12,635	0
95%	4,399	0	4,399	14	2,865	2,397	482
95%	90	0	90	0	26	26	0
95%	18	0	18	11	(1)	10	0
95%	0	3,000	3,000	0	0	0	0
50%	0	15	15	0	15	15	0
50%	0	15	15	0	15	15	0
		0					
5%	8	0	8	5	0	5	0
86%	1,540	0	1,540	7	11	7	11
5%	1	0	1	0	1	1	0
5%	39	0	39	1			1
5%	0	3	3	0	2	0	2
	34,481	3,055	37,536	2,665	14,056	16,225	496
	$120,203	$58,777	$178,980	$7,793	$45,117	$36,464	$16,446

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Memphis-Shelby County Airport Authority (the "Authority") and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

2. CONTINGENCY

The grant revenue amounts received and expensed are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Authority. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

DIXON HUGHES GOODMAN LLP

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Commissioners and Management
Memphis-Shelby County Airport Authority
Memphis, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Memphis-Shelby County Airport Authority (the "Authority"), a component unit of the City of Memphis, Tennessee, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

DIXON HUGHES GOODMAN LLP

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

There were no prior findings reported.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Memphis, Tennessee

December 11, 2020

DIXON HUGHES GOODMAN LLP

Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Commissioners and Management
Memphis-Shelby County Airport Authority
Memphis, Tennessee

Report on Compliance for the Major Federal Program

We have audited Memphis-Shelby County Airport Authority's (the "Authority"), a component unit of the city of Memphis, Tennessee, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2020. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

DHG
DIXON HUGHES GOODMAN LLP

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Memphis,Tennessee

December 11, 2020

SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the schedule of expenditures of federal awards audited were prepared in accordance with accounting principles generally accepted in the United States of America: Unmodified

Internal control over financial reporting:
- Material weakness(es) identified? ___yes __x__ no
- Significant deficiency(ies) identified not considered to be material weaknesses? ___yes __x__ none reported

Noncompliance material to financial statements noted? ___yes __x__ no

Federal Awards

Internal control over major programs:
- Material weakness(es) identified? ___yes __x__ no
- Significant deficiency(ies) identified not considered to be material weaknesses? ___yes __x__ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance ___yes __x__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: $930,000

Auditee qualified as low-risk auditee? __x__yes ____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

A. Significant Deficiencies in Internal Control
None reported

B. Compliance Findings
None reported

C. Prior Year Findings
None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV - PRIOR YEAR AUDIT FINDINGS

None reported

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENTS

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SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENTS

In June 2020, the Authority executed amendments to the Airport Use and Lease Agreements with American Airlines, Delta Air Lines, Federal Express, Southwest Airlines, United Airlines, and United Parcel Service (the **"Airline Agreements"**) which extended the Airline Agreements to the earlier of (i) the dates on which the Signatory Airlines relocate their respective operations from Concourses A and C to the renovated Concourse B in the terminal and are able to commence operations from Concourse B or (ii) June 30, 2021. There is set forth below a brief summary of the material provisions of the Airline Agreements. The summary does not purport to be comprehensive or definitive and is qualified by reference to all of the terms and provisions of each of the Airline Agreements. Defined terms used in this summary and elsewhere in this Official Statement shall have the same meaning as in the Airline Agreements.

Certain Definitions

"Authority-Controlled Facilities" means existing space or future space to be developed by the Authority, that the Authority may retain under its exclusive control and possession to accommodate:

(i) the Signatory Airlines whose premises have been relocated by the Airport as a result of reconstruction, renovation or maintenance;

(ii) air transportation companies not requiring permanent facilities or requiring temporary accommodation pending allocation of permanent facilities; and

(iii) other space requirements of air transportation companies.

"Landing Field Area" means those areas on the Airport that provide for the landing, take-off, taxiing, parking (other than in the Terminal Aircraft Apron Area) or other operations of aircraft together with all other portions of the Airport not otherwise included in the Terminal Complex Area, Terminal Aircraft Apron Area, including the facilities, installations, and improvements thereon. The revenues and expenses from the operation of any reliever airports owned or operated by the Authority and the facilities thereof shall be deemed part of the Landing Field Area.

"Leased Premises" means, collectively, all Exclusive Use Premises, Preferential Use Premises, Joint Use Premises, Common Use Premises and Terminal Aircraft Apron Positions leased to an Airline for its use.

"Majority-In-Interest" or **"MII"** means, during any Fiscal Year:

(i) for the Landing Field Area, at least 51% of the Signatory Airlines, in number, which in the aggregate have landed 51% or more of the total Maximum Certified Landed Weight of all such Signatory Airlines during the immediately preceding six-month period for which data is available (the **"Calculation Period"**) as such weight is reflected by official Airport records;

(ii) for the Terminal Complex Area or the Terminal Aircraft Apron Area, at least 51% of the Signatory Airlines, in number, which, in the aggregate, paid 51% or more of the respective fees and charges in the Terminal Complex Area and the Terminal Aircraft

Apron Area during the immediately preceding Calculation Period as reflected by official Airport records, or

(iii) for any other purpose, at least 70%, in number, of the Signatory Airlines.

Unless the Authority receives negative votes on the matter from a Majority-In-Interest in the appropriate percentage set forth in this paragraph, then the Authority may proceed on the matter as submitted. Failure of a Signatory Airline to submit a negative response within the 30-day period will be deemed to be consent to the matter as submitted.

"Maximum Certificated Landed Weight" means with respect to any aircraft landing at the Airport the maximum gross certificated landed weight approved by the Federal Aviation Administration for landing such aircraft at the Airport.

"Revenue Aircraft Arrival" means any aircraft arrival at the Airport for which a Signatory Airline has received or made a monetary fee or charge, including, without limitation, scheduled trips and charters, sightseeing and other trips for which revenue is received, but excluding, without limitation, ferry, test, courtesy, and inspection or other trips for which no additional fee or charge is received. Training flights shall be excluded except to the extent that the number of training flights operated by such Airline during any calendar year exceeds 5% of the number of Revenue Aircraft Arrivals operated by the Signatory Airline during such calendar year.

"Terminal Aircraft Apron Area" means those areas on the Airport for the parking, servicing, and ground handling of aircraft at the terminal building.

"Terminal Complex Area" means the terminal buildings, access roads, public and employee automobile parking areas, passenger ground support equipment facilities, rental car facilities, Airport motels, and hotels together with all concessions operated in or in conjunction with the terminal buildings, including without limitation, restaurants, bars, baggage lockers, newsstands, land transportation of passengers, observation or sightseeing, and related improvements, fixtures, installations and facilities thereon.

Reallocation of Space

The Authority establishes and shall maintain a policy of providing open access to the Airport and achieving a balanced utilization of Airport facilities. To achieve that goal, the Authority:

(i) has planned or will plan for exclusive possession and control of Authority-Controlled Facilities;

(ii) has established or will establish procedures for the consensual reallocation of space and accommodations among air transportation companies, including Signatory Airlines;

(iii) has reserved and does hereby reserve to the Authority the right to require sharing and temporary use of Leased Premises;

(iv) has established priorities to accommodate requests for facilities by air transportation companies seeking to expand their present service at the Airport or air transportation companies seeking entry into the Airport, and

(v) has established or will establish certain utilization requirements.

Rentals and Fees During the Term of the Airline Agreements

Terminal Complex Area

Exclusive Use and Preferential Use Premises

Each Signatory Airline agrees to pay to the Authority a monthly sum calculated to recover one-twelfth of the Signatory Airline's share (as among all Signatory Airlines) of the "Airline Net Terminal Complex Expense." Airline Net Terminal Complex Expense shall consist of the sum of terminal building personnel and non-personnel, O&M Expenses, Debt Service, any debt service coverage, and a discretionary fund contribution, less Terminal Complex non-airline revenues. One-half of any surplus or deficit from operations of the Airport for the preceding Fiscal Year will be carried forward in calculating the Airline Net Terminal Building Expense for the succeeding Fiscal Year. Each Airline shall pay monthly rents based upon the weighted rental rates per square foot applied to the number of square feet by type of space in its Leased Premises in the Terminal Complex Area.

Joint Use Premises

Each joint user agrees to pay a monthly sum calculated to recover its share of the total cost of the Joint Use Premises based on the respective number of enplaned passengers for each joint user of the Joint Use Premises or on another basis as mutually agreed upon by the Authority and the Signatory Airlines using the Joint Use Premises from time to time.

Landing Fees

The Signatory Airlines agree to pay to the Authority a landing fee for each calendar month based upon the Signatory Airline's Revenue Aircraft Arrivals at the Airport during such month. For each Revenue Aircraft Arrival at the Airport, the monthly charge shall be calculated by multiplying the Maximum Certificated Landed Weight of each aircraft making a Revenue Aircraft Arrival at the Airport by the landing fee. One-half of any surplus or deficit from operations of the Airport for the preceding Fiscal Year will be carried forward in calculating the new landing fee for the succeeding Fiscal Year, thereby adjusting any differences between the projected and the actual Maximum Certified Landed Weights, Revenues or expenses for the preceding Fiscal Year.

Terminal Aircraft Apron Positions

Each Signatory Airline shall pay to the Authority a fee for its preferential use of the Terminal Aircraft Apron Positions. The fee shall be one-twelfth of the amount computed on the basis of the number of lineal feet of Terminal Aircraft Apron Area assigned to the Airline, multiplied by the fee per lineal foot.

Coverage

The Authority can include coverage expense in the rate base under the following circumstances:

(i) If during the preparation of the annual budget for any Fiscal Year the Authority projects that it will fail to meet the coverage test prescribed in the Basic Resolution.

(ii) If during any Fiscal Year revenues are projected to be under budget or expenses are projected to be over budget in an amount such that the coverage test prescribed in the Basic Resolution will not be met.

(iii) If at the end of any Fiscal Year the Authority failed to meet the coverage test prescribed in the Basic Resolution, the Signatory Airlines operating at the Airport during the subsequent Fiscal Year shall be obligated to make up the deficiency through the Airline Rates and Charges, with that portion of the Airline Rates and Charges agreed to be income to the Authority in the Fiscal Year in which the coverage deficiency occurred.

(iv) In the event that a future bond issue occurring during the term of the Airline Agreement requires that coverage expense be included in the Airline Rates and Charges, the Authority intends to utilize rollover coverage so that the coverage expense initially collected through the Airline Rates and Charges or financed through the bond issue will be available to meet the coverage test in subsequent years.

Adjustment of Rentals, Fees, and Charges

All rentals, fees and charges in the Airline Agreements are subject to recalculation each Fiscal Year on the basis of updated cost, income and expense factors and adjusted space allocations as may be required and arranged for by mutual agreement between the Authority and the Signatory Airlines to ensure a break-even operation.

Budget Process

At least 60 days prior to the beginning of each Fiscal Year, the Authority shall mail to the Signatory Airlines a proposed Annual Budget in reasonable detail for the ensuing Fiscal Year. Within 30 days after the mailing of the proposed Annual Budget, Authority shall hold an informal meeting at which the Signatory Airlines may present objections to the proposed Annual Budget. If, immediately after such informal meeting, the Majority-in-Interest of the Signatory Airlines considers further discussion warranted, the Authority shall hold a meeting with the Signatory Airlines to allow the Signatory Airlines to present objection of the Authority.

The Authority will, before the beginning of each Fiscal Year, adopt an Annual Budget substantially in accordance with the preliminary or proposed Annual Budget referred to above and promptly following the beginning of each Fiscal Year furnish a copy of such Annual Budget to each Signatory Airline.

Non-Signatory Airline Rentals, Fees and Charges

The Authority will establish airline rates and charges for non-Signatory Airlines for the use of the Landing Field Area, Terminal Aircraft Apron Area, and Terminal Complex Area. Landing Fee rates for non-signatory scheduled air transportation companies and for air transportation companies providing non-scheduled service shall be not less than 115% and 125%, respectively, of the Signatory Airline rates.

Capital Improvements

The Authority may undertake the following Capital improvements at such time as the Authority deems appropriate without submission to the Majority-In-Interest:

(i) Capital improvements required by the Federal Aviation Administration, the United States Department of Transportation, or similar governmental authority, other than the Authority, having jurisdiction over the Airport;

(ii) Capital improvements to repair casualty damage to the Airport or Airport property which must be rebuilt or replaced in order for Authority to meet its obligations pursuant to the Airline Agreement or agreements with other air transportation companies at the Airport;

(iii) A Special Facility, as defined in the Basic Resolution;

(iv) Reasonable capital improvements (including all costs thereof) or expenditures necessary to settle claims, satisfy judgments, or comply with judicial orders against Authority by reason of ownership, operation, maintenance or use of the Airport that are not otherwise covered under the Authority's insurance;

(v) Capital improvements of an emergency nature which, if not made, could result in the closing of any material portion of the Airport within 48 hours;

(vi) Capital improvements for the increased requirements of any Signatory Airline if such Signatory Airline should agree in writing to pay supplemental rents sufficient to cover the payments of the operation and maintenance expense, fund deposit requirements and debt service, and coverage requirements for the portion of airport debt attributable to such capital improvements;

(vii) Capital improvements that do not increase the fees and charges to Airline during the term of the Airline Agreement;

(viii) Capital improvements, the cost of acquisition, purchase or construction of which shall be paid from accumulated revenues on deposit in the Landing Field Discretionary Account, the Terminal Discretionary Account or any other account or fund not funded with Airline Rates and Charges; and,

(ix) The Capital Improvement Program representing Authority's current capital program as set forth in the Airline Agreement. Each project in the Authority's Capital Improvement Program (2017-2021) was approved by Airline's execution of the Airline Agreement and does not require submission for MII as long as the cost of each such project remains within ten percent (10%) of the escalated cost shown in the Airline Agreement.

For all other Capital improvements whose single project cost, net of grants and other non-airline rates and changes, exceeds $500,000.00, a Majority-In-Interest for the Airport Cost Center that the proposed capital improvement will affect is required to disapprove the proposed capital improvement. Each Signatory Airline must within 30 days following receipt of Authority's proposal to make such capital improvements, submit its written reply to Authority as to whether such capital improvements are disapproved. Unless the Authority receives negative votes on such capital improvement from a MII by the close of business (Central Standard Time) on such 30th day, the Authority may proceed with the proposed capital improvement without further action.

Discretionary Fund

The Authority has established a Discretionary Fund consisting of a Landing Field Discretionary Account and a Terminal Discretionary Account each of which must maintain a required balance of $4,000,000. The Authority may in any fiscal year increase the landing fee rate or the terminal building rental rate to produce an amount in such fiscal year to bring the respective accounts up to their required balances, but not in excess of $750,000 per account in any fiscal year. The Authority may make expenditures from the Landing Field Discretionary Account and the Terminal Discretionary Account for any legal Airport purpose without MII approval except making an expenditure from the Landing Field Discretionary Account for a purpose that improves or benefits only the Terminal Complex Area or the Terminal Aircraft Apron Area or from the Terminal Discretionary Account for a purpose that improves or benefits only the Landing Field Area would require MII approval.

Events of Default by Signatory Airlines; Remedies of the Authority

Any one of the following that occurs and continues beyond any applicable cure period shall constitute an event of default by a Signatory Airline (each, an **"Airline Event of Default"**):

(i) Failure by the Signatory Airline to pay any part of the rentals, fees and charges due under the Airline Agreement and the continued failure to pay said amounts in full within ten days after the Signatory Airline's receipt of the Authority's written notice of payments past due.

(ii) Failure by the Signatory Airline to observe and perform any other covenant, condition or agreement on its part required to be observed or performed under the Airline Agreement, and which continues for a period of 30 days after receipt of written notice from the Authority specifying same, unless the Authority reasonably determines that the Signatory Airline corrective action was reasonably instituted within such period and has been and continues to be diligently pursued, the Signatory Airline shall have the burden of proof to demonstrate to the Authority that: (A) the default cannot be cured within 30 days; (B) it is proceeding with diligence to cure said default; and (C)) such default will be cured within a reasonable period of time; or (D) the Force Majeure provisions of the Airline Agreement excuse its breach. If the Authority agrees to extend the cure period beyond 30 days, the Authority, in its discretion, shall advise the Signatory Airline in writing of the length of the additional cure period granted or the cure period will continue until the default is cured or the Authority gives the Signatory Airline 30 days' notice of cure period expiration.

(iii) Failure by the Signatory Airline to observe and perform any covenant, condition or agreement on its part required to be observed or performed by any other agreement between the Signatory Airline and the Authority and such failure continues beyond any applicable cure period permitted therein.

(iv) The Signatory Airline shall commence (by petition, application or otherwise) a voluntary case or other proceeding under the laws of any jurisdiction seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, self-trusteeship, receiver, custodian or other similar official of it or any substantial part of its property; or shall consent (by answer or failure to answer or otherwise) to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it; or shall make an assignment for the benefit of creditors; or shall generally not pay its debts as they become due or not be able to pay its debts as they become due; or admit in writing its inability to pay its debts.

(v) An involuntary case or other proceeding shall be commenced under the laws of any jurisdiction against the Signatory Airline seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days or a trustee, receiver, custodian or other official shall be appointed in such involuntary case.

(vi) The voluntary discontinuance except as a result of a Force Majeure event for a period of at least 30 consecutive days by the Signatory Airline of its operations at the Airport unless otherwise approved by Authority, in advance, in writing.

Continuing Responsibilities of Signatory Airline

Notwithstanding the occurrence of any Airline Event of Default, the Signatory Airline shall remain liable to the Authority for all rentals, fees, charges and payments payable under the Airline Agreement and for all preceding breaches of any covenant of the Airline Agreement.

Authority Remedies

Upon the occurrence of any Airline Event of Default, the following remedies shall be available to Authority:

(i) The Authority may cancel the Airline Agreement, effective upon the dates specified in the notice of cancellation, provided that such date of cancellation is beyond the expiration of any applicable cure period. Upon such date, the Signatory Airline shall have no further rights under the Airline Agreement and the Authority shall have the right to take immediate possession of the Leased Premises.

(ii) The Authority may re-enter the Leased Premises and may remove all the Signatory Airline persons and property from it upon the date of re-entry specified in the Authority's written notice of re-entry to the Signatory Airline. Upon any removal of the Signatory Airline property by the Authority under the Airline Agreement, the Signatory Airline property may be stored at a public warehouse or elsewhere at the Signatory Airline's sole cost and expense.

(iii) The Authority may re-let the Leased Premises and any improvements thereon or any part thereof at such rentals, fees and charges and upon such other terms and conditions as the Authority, in its reasonable judgment, may deem advisable, with the right to make alterations, repairs or improvements on said Leased Premises. In reletting the Leased Premises, the Authority shall be obligated to make a good faith effort to obtain terms no less favorable to the Authority than those contained herein and otherwise seek to mitigate any damages it may suffer as a result of the Signatory Airline's default.

(iv) In the event that Authority re-lets the Leased Premises, rentals, fees and charges received by the Authority from such re-letting shall be applied:

(A) to the payment of any indebtedness other than rentals, fees and charges due from the Signatory Airline to the Authority;

(B) to the payment of any cost of such re-letting; and

(C) to the payment of rentals, fees and charges due and unpaid under the Airline Agreement.

If that portion of such rentals, fees and charges received from such re-letting and applied to the payment of rentals, fees and charges under the Airline Agreement is less than the rentals, fees and charges payable during applicable periods by the Signatory Airline under the Airline Agreement, then the Signatory Airline shall pay such deficiency to the Authority. The Signatory Airline shall also pay to Authority, as soon as ascertained, any costs and expenses incurred by the Authority in such re-letting not covered by the rentals, fees and charges received from such re-letting.

(v) No re-entry or re-letting of Leased Premises by the Authority shall be construed as an election on the Authority's part to cancel the Airline Agreement unless a written notice of cancellation is given to the Signatory Airline.

(vi) The Signatory Airline shall pay to the Authority all other costs reasonably incurred by Authority in the exercise of any remedy, including, but not limited to, reasonable attorney's fees, disbursements, court cost and expert fees.

(vii) The Authority may exercise any other legal or equitable remedy, including, but limited to, the remedies specified in the Airline Agreement.

Remedies Under Federal Bankruptcy Laws

Notwithstanding the foregoing, upon the filing by or against the Signatory Airline of any proceeding under federal bankruptcy laws, if the Signatory Airline has defaulted in the performance of any provision of the Airline Agreement within the six months preceding such filing, the Authority shall have the right to cancel the Airline Agreement, in addition to other remedies provided under provisions of the federal bankruptcy laws, rules and regulations as such may be amended, supplemented or replaced from time to time. Such cancellation shall be by written notice to the Signatory Airline within 60 days from the date of the Signatory Airline's initial filing in bankruptcy court.

Events of Default by Authority

The events described below shall be deemed an Event of Default by the Authority under the Airline Agreement (each, an **"Authority Event of Default"**):

(i) The Authority fails to keep, perform or observe any material term, covenant or condition to be kept, performed, or observed by the Authority under the Airline

Agreement and such failure continues for 30 days after receipt of written notice from the Signatory Airline unless the Signatory Airline reasonably determines that the Authority corrective action was reasonably instituted and has been and continues to be diligently pursued. The Authority shall have the burden of proof to demonstrate to the Signatory Airline that: (A) the default cannot be cured within 30 days, (B) it is proceeding with diligence to cure said default, and (C) such default will be cured within a reasonable period of time; or (D) the Force Majeure provisions of the Airline Agreement excuse its breach. If the Signatory Airline agrees to extend the cure period beyond 30 days, the Signatory Airline, in its discretion shall advise the Authority in writing of the length of the additional cure period granted or that the cure period will continue until the default is cured or the Signatory Airline gives the Authority 30 days' notice of cure period expiration.

(ii) The Airport is closed to flights in general or to the flights of the Signatory Airline for reasons other than those circumstances within the Signatory Airline's control, and the Airport fails to be reopened to such flights within 30 consecutive days from such closure.

(iii) The Airport is permanently closed as an air carrier airport by act of any federal, state or local government agency having competent jurisdiction; or the Signatory Airline is unable to use Airport for a period of at least 30 consecutive days due to any law or any order, rule or regulation of any governmental authority having jurisdiction over the operations of the Airport or any court of competent jurisdiction issues an injunction preventing the Authority or the Signatory Airline from using Airport for airport purposes, for reasons other than those circumstances within the Signatory Airline's control, and such injunction remains in force for a period of at least 30 consecutive days.

(iv) The United States Government or any authorized agency of the same (by executive order or otherwise) assumes the operation, control or use of the Airport in such a manner as to substantially restrict the Signatory Airline from conducting its operations, if such restriction be continued for a period of 30 consecutive days or more.

Signatory Airline Remedy

So long as a Signatory Airline is not in default of the Airline Agreement, including but not limited to payments due to the Authority, the Signatory Airline may cancel the Airline Agreement upon the occurrence of an Authority Event of Default. In such event, the Signatory Airline shall provide a 30 day advance written notice of cancellation to the Authority. All rental fees and charges payable by the Signatory Airline shall cease as of the date of the Authority Event(s) of Default and the Signatory Airline shall surrender the Leased Premises.

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<u>APPENDIX E</u>

SUMMARY OF CERTAIN PROVISIONS OF THE BASIC RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE BASIC RESOLUTION

The following is a summary of certain provisions of the Basic Resolution, as amended and supplemented. The summary does not purport to be comprehensive or definitive and is qualified by reference to all of the terms and provisions of the Basic Resolution as amended and supplemented, to which reference is hereby made.

Certain Definitions

The following are definitions in summary form of certain terms contained in the Basic Resolution and used herein:

"Additional Bonds" means any Airport Revenue Bonds issued pursuant to the Basic Resolution after the issuance of the Series 2021 Bonds.

"Airport" means each and every airport or heliport or other aviation facilities and all related facilities and appurtenances owned or operated by the Authority at any time, including, without limitation, the existing airports, namely Memphis International Airport, General DeWitt Spain Airport, Charles W. Baker Airport or any other properties or facilities constructed or acquired from the proceeds of any bonds issued by the Authority or by the City or the County (for which the Authority will provide reimbursement from the Revenues) and all additions, expansions and improvements to any airport facility held or acquired. The term "Airport" does not include properties sold, leased or disposed of pursuant to the covenant described under the caption "Additional Covenants of the Authority – No Encumbrance or Disposition of Airport Properties; Condemnation," or properties subject to a Special Facility Lease, except as provided under the caption "Special Facility Bonds; Special Facilities."

"Airport Consultant" means an independent firm or corporation (a) not under the control of the Authority or any of the airlines which are serving the Airport, and (b) who has a widely known and favorable reputation for special skill, knowledge and experience in methods of the development, operation and management of airports of the approximate size and character as the properties constituting the Airport.

"Airport Improvement Bond Fund" means the special trust fund held and administered by the Authority and created to provide for the punctual payment of the principal of, and interest and any premium on, any Airport Revenue Bonds when due, whether at stated maturity or by redemption or otherwise.

"Airport Revenue Bond" or **"Airport Revenue Bonds"** means any, some, or all Airport Revenue Bonds Outstanding pursuant to the Basic Resolution, including the Series 2021 Bonds, Additional Bonds and Refunding Bonds issued under the Basic Resolution, but excluding Special Facility Bonds as defined in the Basic Resolution.

"Construction Fund" means one of the separate funds of that name created and established pursuant to the Basic Resolution.

"Costs of Construction" means any of the following pertaining to the construction of properties included or to be included in the Airport: (a) costs of acquiring any building or facility and the site thereof; (b) costs of acquiring any interests in land or other properties; (c) costs of acquiring any rights, interests, or franchises; (d) costs of labor, services, material, and architectural planning, or engineering services; (e) costs of supervision and inspection; (f) insurance and other related costs; (g) costs of financing and of issuing Airport Revenue Bonds, including Trustee and Paying Agent's fees up to 12 months after the actual period of construction, and costs of issuing Airport Revenue Bonds, including any bond insurance premium; (h) costs of initial furnishings; (i) costs of publication, filing and recording; (j) taxes and assessments; (k) expenses incurred in enforcing any remedy against a contractor; (l) costs of accounting services, financial and airport consultants, and attorneys; (m) costs of payment and discharge of any interim or temporary construction financing or loans, including reimbursement to the Authority of moneys advanced by other funds; (n) interest on Airport Revenue Bonds issued to finance the construction of any project during the actual period of construction and for up to one year after completion; and (o) any other costs or expenses incident to the construction of any project.

"Costs of Operation and Maintenance" means the reasonable, necessary current expenses of the Authority paid or accrued in operating, maintaining and repairing the Airport, including, without limitation, (a) costs of collecting Revenues and making refunds; (b) engineering, financial management, audit reports, legal, and administrative expenses; (c) salaries, wages, and other compensation; (d) costs of routine repairs, replacements, and renewals; (e) taxes, assessments, and other governmental charges and payments in lieu thereof; (f) costs of utility services; (g) general administrative overhead of the Authority allocable to the Airport; (h) material and supplies used in the ordinary course of business; (i) contractual and professional services; (j) costs of fidelity bonds or blanket bonds; (k) costs of carrying out provisions of the Resolution, including Trustee and Paying Agent's fees and expenses, fees for remarketing bonds and Support Facilities, and insurance costs required thereby; and (l) all other routine costs and expenses. The term "Costs of Operation and Maintenance" shall not include any operation and maintenance costs and expenses relating to (i) Special Facilities or expenses incurred by any lessee under a Special Facility Lease or (ii) lands and properties leased for industrial, governmental, or other non-aviation purposes.

"Debt Service Requirement" means with respect to all the Airport Revenue Bonds or a Series of the Airport Revenue Bonds or any particular amount of such Airport Revenue Bonds, as the case may be, the total as of any particular date of computation and for any particular period or year of the amounts required to be credited during such period or year to the Airport Improvement Bond Fund (a) to provide for the payment of interest on such Airport Revenue Bonds, except to the extent that such interest is to be paid from (i) amounts on deposit in the Construction Interest Account in the Construction Fund, (ii) amounts on deposit in the Interest Account, or (iii) any other provisions made for the payment of interest, (b) to provide for the payment at maturity of any such Airport Revenue Bonds issued in serial form, and (c) to provide for the retirement of any such Airport Revenue Bonds issued in term form. Such interest and principal installments shall be calculated on the assumption that no Airport Revenue Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of principal installments for the Airport Revenue Bonds of such Series on the due date thereof.

For purposes of this definition, the interest rate on Variable Rate Bonds or an Integrated Swap Agreement shall be determined as follows: (a) with respect to a Series of Variable Rate Bonds or Integrated Swap Agreement at the time of calculation then Outstanding, the interest rate shall be calculated at the greater of the (i) then current interest rate per annum borne by such Series of Variable Rate Bonds or Integrated Swap Agreement, or (ii) the weighted average interest rate borne by such Series of Variable Rate Bonds or Integrated Swap Agreement (computed on an actual day basis) for the twelve month period then ended at the time of calculation, and (b) with respect to a Series of Variable Rate Bonds or an Integrated Swap Agreement then proposed to be issued or entered into, the interest rate per annum shall be the Revenue Bond Index; provided, however, that if the Authority enters into an Integrated Swap Agreement with respect to a Series of Variable Rate Bonds that provides for fixed payments to be made by the Authority, the interest rate thereon shall be determined as follows:

(A) with respect to a Series of Variable Rate Bonds at the time of calculation then Outstanding for which an Integrated Swap Agreement is in effect, the interest rate shall be the sum of (1) the fixed interest rate established under the Integrated Swap Agreement and (2) to the extent that variable rate payments under the Integrated Swap Agreement are based on an interest index and not the Authority's actual variable rate on the Variable Rate Bonds, the greatest difference between such index and the variable interest rates actually paid during the prior twelve or three months, whichever is highest; and

(B) with respect to Variable Rate Bonds then proposed to be issued, the fixed interest rate established under the Integrated Swap Agreement.

If the principal and interest coming due with respect to any Series of Airport Revenue Bonds in any Fiscal Year exceeds by more than 10% the amount coming due on all Airport Revenue Bonds of such Series Outstanding in any prior Fiscal Year, principal and interest payments on such Series shall be calculated as if the principal of such Series matures in annual installments resulting in approximately level debt service for all Airport Revenue Bonds of such Series Outstanding over the term of such Series to maturity. With respect to any payment under any Hedge Agreement, Support Agreement or other financial agreement which payments are payable from Revenues and secured by a lien on and pledge of Revenues on a parity with the lien on and pledge of the Revenues created for the payment and security of the Airport Revenue Bonds, "Debt Service Requirement" shall include the full amount of any such payments.

"Debt Service Reserve Account Requirement" means with respect to each Series of Airport Revenue Bonds that amount prescribed in the Supplemental Resolution authorizing the issuance of such Series of Airport Revenue Bonds.

"Fiscal Year" means the fiscal year of the Authority as established from time to time, being on the date hereof the period from July 1 in any year to and including the following June 30.

"Hedge Agreement" means an interest rate swap or exchange agreement, including an Integrated Swap Agreement, a payment exchange agreement, a forward purchase agreement, or any other hedge agreement entered into by the Authority for any purpose providing for payments between the parties based on levels of, or changes in, interest rates, stock or other indices, or contracts to exchange cash flows or a series of payments or contracts, including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar risk.

"Integrated Swap Agreement" means any interest rate swap agreement entered into by the Authority with respect to a Series of Airport Revenue Bonds or portion thereof having a notional amount equal to the principal amount of such Series of Airport Revenue Bonds or such portion thereof and pursuant to which the Authority agrees to make payments on the basis of (a) a fixed rate of interest or (b) a variable rate of interest.

"Integrated Swap Agreement Payments" means payments made pursuant to an Integrated Swap Agreement on the basis of fixed or variable rates of interest; specifically excluding, however, termination payments, fees, expenses, and other amounts payable under an Integrated Swap Agreement not specifically made on the basis of interest rates.

"Investment Securities" means any of the following which are then legal investments under the laws of the State of Tennessee:

(a) direct obligations of, or obligations, the payment of principal and interest of which are unconditionally guaranteed by the United States of America and any certificates or any other evidences of a direct ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (a) 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 on the underlying obligations described in this clause (a) and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated;

(b) (i) bonds, debentures, notes, participation certificates or other evidences of indebtedness issued or guaranteed by the agencies or corporations of the United States as follows: direct obligations or fully guaranteed certificates of beneficial ownership of the United States Export-Import Bank; certificates of beneficial ownership of the Farmers Home Administration; debt obligations of the Federal Financing Bank; debentures of the Federal Housing Administration; participation certificates of the General Services Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; Guaranteed Title XI financing of the United States Maritime Administration; United States Government guaranteed New Communities Debentures; and United States Government guaranteed public housing notes and bonds; and

(ii) senior debt obligations of the Federal Home Loan Bank System; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; senior debt obligations of the Student Loan Marketing Association; senior debt obligations of the Farm Credit Bank; senior debt obligations of the Resolution Funding Corporation; and senior debt obligations of the Tennessee Valley Authority;

(c) certificates of deposit, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee), which is a member of the Federal Deposit Insurance Corporation and savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, provided that the aggregate principal amount of all certificates of deposit issued by any such bank, trust company, national banking association, or savings and loan association which are purchased with moneys held in any Fund under the Resolution shall not exceed at any time 5% of the total of the capital, surplus, and undivided earnings of such bank, trust company, national banking association, or savings and loan association unless such certificates of deposit are (A) fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (B) secured, to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation by such securities as are described in clauses (a) and (b), having a market value (exclusive of accrued interest other than accrued interest paid in connection with the purchase of such securities) at least equal to 102% of the principal amount of such certificates of deposit (or portion thereof not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation) which shall be lodged with a depositary, as custodian, by such bank, trust company, national banking association, or savings and loan association, and such bank, trust company, national banking association, or savings and loan association shall furnish the Authority with an undertaking satisfactory to it that the aggregate market value of all such obligations securing such certificates of deposit will be valued at their market price daily and will at all times be an amount which meets the requirements of this clause (c) have been met and the Authority shall be entitled to rely on such an undertaking;

(d) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States, or any national banking association (which may include the Trustee) with assets of at least $1,000,000,000 and rated A or above by Standard & Poor's Corporation or Moody's Investors Service or their successors, or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, provided that the securities are one of the securities described in clauses (a) and (b), which securities shall at all times have a market value not less than the full amount of the repurchase agreement; and

(e) investment agreements rated, or the issuer of which is rated, in one of the two highest rating categories by at least two nationally recognized rating agencies, and if rated by Moody's Investors Service or Standard & Poor's Corporation, must be rated in one of the two highest rating categories by the respective agency rating such investment agreements.

"Net Revenues" means (a) for any past period or year, the aggregate of the Revenues actually paid or accrued into the Revenue Fund during such past period or year, minus for such past period or year the aggregate of the Costs of Operation and Maintenance actually paid or accrued during such past period or year; and (b) for any future period or year, the aggregate of the Revenues that are estimated will be paid or accrued into the Revenue Fund during such future period or year, minus for such future period or year the aggregate of the Costs of Operation and Maintenance that are estimated will be paid or accrued during such future period; provided, however, that for purposes of the term "Net Revenues", Costs of Operation and Maintenance shall not include (i) any allowance for depreciation or any amounts for capital replacements or reserves therefor; (ii) costs of extensions, enlargements, betterments and improvements or reserves therefor; (iii) reserves for operation, maintenance, renewals or repairs occurring in the normal course of business; and (iv) payment (including redemption) of Airport Revenue Bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor.

"Outstanding," when used with respect to any Airport Revenue Bond, has the construction given to such word under the provisions under the caption "Discharge of Liens and Pledges; Airport Revenue Bonds No Longer Outstanding" (*i.e.*, an Airport Revenue Bond shall not be Outstanding if such Airport Revenue Bond is at the time not deemed to be Outstanding by reason of the operation and effect of the provisions under the caption "Discharge of Liens and Pledges; Airport Revenue Bonds No Longer Outstanding").

"PFC Revenues" means those revenues specifically excluded from the definition of Revenues under clause (vi) thereof.

"Refunded Municipal Obligations" means obligations of any state, the District of Columbia, or possession of the United States or any political subdivision thereof which obligations are rated in the highest rating category by Moody's Investors Service and Standard & Poor's Corporation and provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of direct obligations of the United States of America, which are held by a bank or trust company organized and existing under the laws of the United States of America or any state, the District of Columbia, or possession thereof in the capacity as custodian, the maturing principal of and interest on which obligations when due and payable, if any, shall be sufficient to pay when due the principal of and interest on such obligations of such state, the District of Columbia, possession, or political subdivision.

"Revenue Bond Index" means the 30-year Revenue Bond Index of *The Bond Buyer*, a publication in New York, New York, or any successor publication maintaining such Index or in the event *The Bond Buyer* or any successor publication does not maintain such Index, an equivalent index with the same components as the Revenue Bond Index. In the event there is no Revenue Bond Index or equivalent index, an interest rate for a Series of Airport Revenue Bonds determined in accordance with the Revenue Bond Index shall be the maximum rate permitted by the Supplemental Resolution authorizing the issuance of such Series of Airport Revenue Bonds.

"Revenues" means the total of all income and revenue from all sources collected or accrued under generally accepted accounting principles by the Authority in connection with the Airport, including (a) all rates, charges, rentals, fees, and any other compensation, regardless of form, and investment income earned by the Authority, except as hereinafter provided to the contrary, and (b) PFC Revenues to the extent specifically included in Revenues as provided in a Supplemental Resolution. Revenues shall not include:

(i) proceeds from Airport Revenue Bonds issued by the Authority or proceeds from loans obtained by the Authority;

(ii) condemnation proceeds or insurance proceeds except insurance proceeds received from rental or business interruption insurance;

(iii) all income and revenue collected and received by the property management department of the Authority with respect to properties and facilities which are not included in the definition of Airport;

(iv) to the extent provided in Article X of the Basic Resolution, income derived from any Special Facility Lease (other than ground rents);

(v) payments under any revolving loan fund, grants-in-aid, or similar payments received from any federal or state entities which are restricted as to use;

(vi) the proceeds of any passenger facility or analogous charge or fee that may hereafter be levied (whether on the use of the Airport, on transportation, or otherwise) which are received and retained by the Authority, and any investment earnings thereon;

(vii) moneys or securities received by the Authority as gifts or grants;

(viii) investment income derived from moneys or securities on deposit in the Construction Fund and investment income derived from any moneys or securities which may be placed in escrow or trust to defease bonds of the Authority including the Airport Revenue Bonds, or to meet the Authority's obligation under any consent decree;

(ix) any arbitrage earnings which are required to be paid to the United States Government pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the rulings and regulations promulgated thereunder;

(x) the proceeds of any Support Facility;

(xi) income derived from leasing or sale of Airport lands for industrial, governmental, and other purposes not related to air or space transportation; and

(xii) the earnings on and the income derived from the investment of the moneys on deposit to the Authority's Airport Improvement Fund, Special Reserve Fund, and International Park Fund, heretofore created.

"Series" means all Airport Revenue Bonds authenticated and delivered on original issuance and identified, pursuant to the Basic Resolution, as a separate Series of Airport Revenue Bonds, and any Airport Revenue Bonds thereafter authenticated and delivered upon transfer of such Airport Revenue Bonds or in lieu of or in substitution for such Airport Revenue Bonds pursuant to the Basic Resolution.

"Special Facility Lease" means the lease of existing or to be acquired Airport property and facilities pursuant to which the lessee agrees to pay to the Authority rentals sufficient to pay the principal of and interest on all Special Facility Bonds issued to pay the cost of construction or acquisition of the Special Facility plus such further rentals necessary to maintain all reserves or pay necessary expenses required for such Special Facility Bonds and any ground rental charged for rental of the ground upon which a Special Facility is located (payable into the Revenue Fund).

"Supplemental Resolution" means any resolution adopted by the Authority's Board of Commissioners pursuant to and in compliance with the provisions described under the caption "Amending and Supplementing the Resolution" authorizing the issuance of Airport Revenue Bonds or amending or supplementing the provisions of the Basic Resolution as originally adopted or as theretofore amended or supplemented.

"Support Facility" means any instrument such as a letter of credit, a committed line of credit, insurance policy, surety bond or standby bond purchase agreement, or any combination of the foregoing, and issued by a bank or banks, other financial institution or institutions, or any combination of the foregoing, which Support Facility provides for the payment of (a) the purchase price of Airport Revenue Bonds delivered to the Remarketing Agent or any depository, tender agent or other party pursuant to a Remarketing Agreement or Supplemental Resolution and discount, if any, incurred in remarketing such Airport Revenue Bonds, or (b) principal of and interest on Airport Revenue Bonds becoming due and payable during the term thereof.

"Trustee" means First Horizon Bank, National Association, Memphis, Tennessee or its successors or assigns and any successor Trustee under the Resolution. The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, will serve as the Trustee for the Series 2021 Bonds under the Resolution.

"Variable Rate Bonds" means Airport Revenue Bonds issued bearing interest at a rate per annum subject to adjustment from time to time pursuant to their terms, calculated in a manner which precludes the actual rate for the entire term of such debt from being ascertainable in advance. For purposes of this definition, Variable Rate Bonds shall no longer be considered Variable Rate Bonds upon the establishment of, or the conversion of the rate of interest thereon to, a fixed interest rate for the remainder of the term thereof.

Pledge Under the Resolution

Airport Revenue Bonds may be issued periodically under the Basic Resolution, in Series and in any amount. The Airport Revenue Bonds, including principal, interest and premium, if any, are payable *pari passu* from, and are equally and ratably secured by a pledge of and lien upon the Revenues of the Authority, subject, however, to the prior payment therefrom of the payment of the Costs of Operation and Maintenance of the Airport. The Airport Revenue Bonds shall not in any manner or to any extent be (a) an indebtedness of the State of Tennessee, or of the City, the County, or any municipality or political subdivision of the State of Tennessee, (b) a general obligation of the Authority nor a charge upon any other revenues or assets of the Authority not specifically pledged under the Basic Resolution, or (c) a personal obligation of any member, officer or employee of the Authority.

Additional Bonds

One or more Series of Airport Revenue Bonds may be issued by the Authority periodically to accomplish any purpose of the Authority, the costs of which are to be financed by the issuance of Additional Bonds, but only upon compliance with the following conditions, among others:

(i) Revenues, certified by the Treasurer of the Board for the twelve consecutive months immediately preceding the month in which the Additional Bonds proposed to be issued are delivered and paid for shall have at least equaled the amounts required to pay the principal, interest and premium, if any, on the Airport Revenue Bonds when due; to reimburse the City and the County or other municipality for principal, interest and premium, if any, on the bonds, issued by them for the Airport; to pay all Costs of Operation and Maintenance; and to pay all claims, charges or obligations payable from Revenues for such twelve-month period. Revenues derived in any interval before such twelve-month period which are in excess of all charges paid or accrued, or required to be paid or accrued, during such interval and which excess Revenues are carried forward in the Revenue Fund into such twelve-month period and are available for use and application during such twelve-month period as are all other Revenues derived during such period may be deemed to be and treated as Revenues derived during such twelve-month period, and amounts received during such twelve-month period arising out of and attributable to the payment of interest and principal on temporary or short-term borrowings incurred to pay Costs of Operation and Maintenance shall not be considered to be Revenues.

(ii) Revenues estimated by an Airport Consultant to be derived in each Fiscal Year from the date the proposed Additional Bonds are delivered and paid for to the estimated date that a substantial portion of the project(s) is placed in continuous service or commercial operation, are sufficient to pay during such Fiscal Year the principal, interest and premium, if any, on the Airport Revenue Bonds when due, to reimburse the City and the County or other municipality for principal, interest and premium, if any, on the bonds issued by them for the Airport, to pay all Costs of Operation and Maintenance and to pay all claims, charges or obligations payable from the Revenues.

(iii) An Airport Consultant estimates that the Net Revenues to be derived in each of the three Fiscal Years following the estimated date that a substantial portion of the project(s) being financed is placed in continuous service or commercial operation shall be equal to not less than 125% of the Debt Service Requirement for such Fiscal Year on all Airport Revenue Bonds Outstanding including such Additional Bonds.

Refunding Bonds

Airport Revenue Bonds of any one or more Series may be refunded by one or more Series of Additional Bonds, which Airport Revenue Bonds to be refunded shall be specified in the Supplemental Resolution authorizing the issuance of the Additional Bonds, and the principal amount of such Additional Bonds may include amounts necessary to pay the principal of the Airport Revenue Bonds to be refunded, interest thereon to the date of redemption thereof and any premium payable thereon upon such redemption and the costs of issuance of such Series of Additional Bonds. The proceeds of Additional Bonds issued to refund other Airport Revenue Bonds shall be held and applied in such manner, consistent with the provisions of the Basic Resolution as is provided in the Supplemental Resolution authorizing the issuance of such Additional Bonds, so that upon the delivery of such Additional Bonds the Airport Revenue Bonds to be refunded thereby shall no longer be deemed Outstanding in accordance with the provisions of the Basic Resolution.

PFC Charges

The Authority may by Supplemental Resolution (a) grant as additional security a pledge of and lien on, and a security interest for the benefit of Bondholders in, all or a portion of the PFC Revenues to one or more Series of bonds (the **"PFC Bonds"**) issued under the Resolution or (b) provide that such Series of PFC Bonds shall be secured solely by a pledge of and lien on such PFC Revenues. PFC Bonds may be secured by PFC Revenues or both PFC Revenues and other Revenues of the Authority. PFC Bonds secured solely by PFC Revenues shall be issued under a Supplemental Resolution (a **"PFC Resolution"**) which shall set forth the terms and provisions of which shall apply to such Series of PFC Bonds at such time as such bonds are no longer secured by the Revenues. At such time as PFC Bonds are no longer secured by the Revenues, such PFC Bonds shall be deemed to be no longer Outstanding under the Basic Resolution and shall be outstanding solely for the purpose of the PFC Resolution. Any PFC Revenues on credit to the Segregated Account and proceeds of the PFC Bonds, whether on deposit in the Construction Fund or Airport Improvement Bond Fund, held under the Basic Resolution shall be transferred to and applied in the manner provided in the PFC Resolution.

In the event the Authority issues one or more Series of PFC Bonds, the following provisions shall apply so long as such PFC Bonds are outstanding:

(i) PFC Revenues shall be deposited in a separate account of the Revenue Fund (the **"Segregated Account"**) and shall be used and applied in the following order of priority:

(A) First, there shall be deposited in the interest account of the Airport Improvement Bond Fund such PFC Revenues necessary to pay interest on the PFC Bonds;

(B) Second, there shall be deposited in the principal account of the Airport Improvement Bond Fund such PFC Revenues necessary to pay principal on the PFC Bonds; and

(C) Third, there shall be deposited in the debt service reserve account in the Airport Improvement Bond Fund such PFC Revenues as necessary to maintain in such account the debt service reserve requirement established in the Supplemental Resolution providing for the issuances of such PFC Bonds.

(ii) Moneys remaining in the Segregated Account at the end of a Fiscal Year may be transferred to and deposited in a separate fund or account established under the PFC Resolution and may be applied to any lawful purpose.

(iii) PFC Revenues consisting of investment earnings shall be deposited in the Revenue Fund, credited to the Segregated Account, and applied in the same manner as all other PFC Revenues on deposit therein. Investment earnings on proceeds of PFC Bonds (A) on deposit in the Construction Fund established for PFC Bonds shall be retained therein and applied to the same purposes as the proceeds of such PFC Bonds and after completion of any project financed with said PFC Bonds shall be deposited in the Revenue Fund for credit to the Segregated Account, and (B) on deposit in accounts in the Airport Improvement Bond Fund shall be deposited in the Revenue Fund for credit to the Segregated Account. Any excess proceeds of the PFC Bonds, whether in the Construction Fund or Airport Improvement Bond Fund, shall be deposited in the Revenue Fund for credit to the Segregated Account.

(iv) To the extent there is any deficiency in any of the accounts listed in items (i)(A) – (C) above, PFC Revenues credited to the Segregated Account shall be applied to make up any such deficiency in any such account, and in the event PFC Revenues credited to the Segregated Account are insufficient to make up such deficiency, Revenues shall be credited to said account in an amount necessary, together with the PFC Revenues on deposit therein, to make up such deficiency. To the extent Revenues are credited to any account to make up any deficiency and PFC Revenues subsequently become available before the expenditure of such Revenues, such Revenues shall be immediately restored to the Revenue Fund.

Hedge, Support, and the Financial Agreements

Nothing in the Basic Resolution shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Authority from entering into Hedge Agreements, Support Agreements or other financial agreements under which payments (including, but not limited to, fees, charges, expenses but excluding any termination, indemnification or other payments intended to pay any person for loss of benefits under such agreement) are payable from Revenues and secured by a lien on and pledge of Revenues on a parity with the lien on and pledge of the Revenues created for the payment and security of the Airport Revenue Bonds; provided such payments shall meet the requirements set forth under the caption "Additional Bonds"; provided, further, that Integrated Swap Agreement Payments shall be treated as payment of interest on Airport Revenue Bonds, and provided, further, that the Authority may determine that payments in connection with any Hedge Agreement other than an Integrated Swap Agreement may, in lieu of being treated as a debt service on Airport Revenue Bonds or interest on Airport Revenue Bonds and without complying with the requirements set forth under "Additional Bonds," be treated as payments payable from surplus moneys of the Authority in the Revenue Fund. In the event any such payments, other than payments constituting principal, of premium, if any, and interest on, Airport Revenue Bonds, shall be secured by a lien on and pledge of Revenues on a parity with the lien on and pledge of the Revenues created for the payment and security of the Airport Revenue Bonds, a separate account shall be established in the Airport Improvement Bond Fund for the payment thereof and payments to such account shall be made ratably from Revenues at the time

Revenues are disbursed to the other accounts in the Airport Improvement Bond. For the purposes of the provisions described under the captions "Additional Bonds" and "Rate Covenant" and for any other provisions of the Basic Resolution as otherwise appropriate, any obligation to make payments which are payable from Revenues and secured by a lien on and pledge of Revenues on a Parity with the lien on and pledge of the Revenues created for the payment and security of the Airport Revenue Bonds as provided herein shall be deemed and treated as an "Airport Revenue Bond" under the Basic Resolution.

Rate Covenant

The Authority shall impose and prescribe, or cause to be imposed or prescribed, such schedule of rates, rentals, fees and charges for the use and services of, and the facilities and commodities furnished by, the Airport, and shall revise, or cause to be revised, the same from time to time whenever necessary, and collect, or cause to be collected, the income, receipts and other moneys derived therefrom, so that the Airport shall be and always remain financially self-sufficient and self-sustaining. The rates, rentals, fees and charges imposed, prescribed and collected shall be such as will produce Revenues at least sufficient (a) to pay the principal of and interest and premium on any Airport Revenue Bonds as and when the same become due (whether at maturity or upon required redemption before maturity or otherwise); (b) to pay the City of Memphis and the County of Shelby or other municipality as and when the same are due all amounts required to be paid to them by reason of the payment by them of the principal of and interest and premium on all bonds, notes or other evidences of indebtedness issued to finance all or any portion of the Airport; (c) to pay as and when the same becomes due all Costs of Operation and Maintenance; (d) to pay when the same become due, any and all other claims, charges or obligations payable from Revenues; and (e) to carry out all provisions and covenants of the Basic Resolution. Without limiting the provisions of the next preceding sentence of this section, at all times and in any and all events such rates, rentals, fees and charges shall be imposed, prescribed, adjusted, enforced and collected which will yield Net Revenues in an amount at least equal to 125% of the Debt Service Requirement on all Airport Revenue Bonds Outstanding.

In the event there are Outstanding any Variable Rate Bonds, in determining the rates, rentals, fees and charges the payment of the principal of and interest on the Variable Rate Bonds shall be calculated at the maximum rate borne by the Variable Rate Bonds for the twelve month period then ended at the time of calculation.

The Authority shall adopt such resolutions and prescribe and enforce such rules and regulations, or impose such contractual obligations, for the payment of such rates, rentals, fees and charges, including without limitation, the imposition of penalties for any defaults, to the end that the Authority shall at all times be in compliance with the provisions of the Resolution.

Construction Funds and Accounts Therein

In the event Airport Revenue Bonds are issued to pay Costs of Construction of Airport projects, the Authority shall, in the Supplemental Resolution authorizing such Airport Revenue Bonds, create a Construction Fund, with subaccounts, into which shall be deposited that amount to be applied to payment of such Costs of Construction.

Withdrawal of moneys on credit to the Construction Fund (other than moneys on credit to a Construction Interest Account) shall be made only in accordance with applicable law upon written requisition and by certificate signed by an authorized officer of the Authority, and for certain Costs of Construction, an additional certificate by the project supervisor supervising construction of the Project.

Moneys on credit to the Construction Fund shall be invested in Investment Securities. Interest and income from such investment shall be credited to the Construction Fund to be used and applied as are other moneys in such fund.

Whenever all Costs of Construction have been paid in full, or an amount has been set aside in the Construction Fund for that purpose, the balance of moneys credited to such Construction Fund shall be applied by the Authority for one or more of the following purposes: rebates to the United States to the extent required by the Internal Revenue Code of 1986, as amended (the **"Code"**), deposit to the Airport Improvement Bond Fund for purchase or redemption of Airport Revenue Bonds, payment of the cost of additional exempt facilities (as such term is defined in the Code) or any other appropriate purpose.

Application of Revenues

Revenue Fund

The Revenue Fund created and established by the Basic Resolution into which all Revenues are deposited, to be held and administered by the Authority is continued so long as any Airport Revenue Bonds are Outstanding. Moneys in the Revenue Fund shall be used and applied in the following order of priority:

(i) First, there shall be applied each month the amount which the Authority determines to be required to pay Costs of Operation and Maintenance;

(ii) Second, there shall be deposited each month into the Airport Improvement Bond Fund and the accounts therein the amounts required by the Resolution to be used for the purposes specified therein;

(iii) Third, so long as the Authority shall be required to make payments to the City or the County or other municipality for the payment by such city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport, there shall be set aside in the separate account of the Authority continued under the Basic Resolution that amount which, together with other moneys credited to such account, if the same amount were set aside in such account in each month thereafter before the next date on which the Authority is required to make payments to the City or the County or other municipality, as the case may be, for the payment by the City, County or other municipality of principal of and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City or the County or such other municipality, as the case may be; and

(iv) Fourth, any moneys remaining may be used by the Authority for any lawful purpose of the Authority.

Moneys in the Revenue Fund shall be invested and reinvested by the Authority. All earnings on and income from investments of moneys in the Revenue Fund shall be deposited in the Revenue Fund.

Airport Improvement Bond Fund

The Airport Improvement Bond Fund is a special trust fund held and administered by the Authority for the punctual payment of the principal of and interest and premium, if any; on any Airport Revenue Bonds when due.

Interest Account. A separate account in the Airport Improvement Bond Fund is established for each Series of Airport Revenue Bonds to provide for the payment of any installment of interest due on such Series of Airport Revenue Bonds Outstanding, unless otherwise provided for by the Construction interest Account. In each month, commencing with the last business day of the month which follows the month for which interest on such Series of Airport Revenue Bonds, if any, is provided from moneys credited to the Construction Interest Account for such Series of Airport Revenue Bonds, or, if no interest on such Series of Airport Revenue Bonds is provided from moneys credited to a Construction Interest Account, commencing with the last business day of the month which follows the month in which the Series of Airport Revenue Bonds is delivered and paid for, there shall be deposited in each interest Account (a) with respect to each Series of Airport Revenue Bonds other than Variable Rate Bonds which have interest payment dates occurring at intervals of one month or less, commencing with the last business day of the month which follows the month in which such Series of Airport Revenue Bonds is delivered and paid for, and continuing on the last business day of each month thereafter so long as any of the Airport Revenue Bonds of each such Series are Outstanding, an amount such that, if the same amount were so credited to each such Interest Account on the last business day of each succeeding month thereafter, the aggregate of such amounts on credit to each such Interest Account on the last business day of the month preceding an interest payment date would be equal to the amount required to pay, or to reimburse a draw on the Support Facility made to provide funds for the payment, of the, installment of interest falling due on each Series of Airport Revenue Bonds on the Interest Payment Date therefor, and (b) with respect to Variable Rate Bonds which have interest payment dates occurring at intervals of one month or less, on the last business day before each interest payment date to and including the last business day before a date on which the interest rate may be fixed, if any, the amount required to be credited to the Interest Account established for such Variable Rate Bonds together with other funds available therefor in the Interest Account, to pay; or to reimburse a draw on the Support Facility made to provide funds for the payment of the interest payable on the Outstanding Variable Rate Bonds on each interest payment date.

Serial Principal Account. A separate account in the Airport Improvement Bond Fund is established for the purpose of paying the principal of or to reimburse a financial institution for a draw on the Support Facility made to provide funds for the payment of such Airport Revenue Bonds issued and maturing serially. Commencing with the last business day of the month which is twelve months before the first principal payment date of any Airport Revenue Bonds maturing serially and in each month thereafter so long as any Airport Revenue Bonds so maturing are Outstanding, the Authority shall credit to the Serial Principal Account an amount such that, if the same amount were so credited to the Serial Principal Account on the last business day of each succeeding month thereafter, the aggregate of such amounts on credit to the Serial Principal Account on each such principal payment date would be equal to the principal amount of all such Airport Revenue Bonds becoming due on such principal payment date.

Sinking Fund Account. A separate account in the Airport Improvement Bond Fund is established to provide for the retirement of any Airport Revenue Bonds issued as term bonds. Commencing with the last business day of the month which is twelve months before the first mandatory retirement of any term bonds and on the last business day of each month thereafter, so long as any term bonds are Outstanding, the Authority shall transfer to the Sinking Fund Account an amount such that, if the same amount were so credited to the Sinking Fund Account on the last business day of each succeeding month thereafter, the aggregate of the amounts on credit to the Sinking Fund Account on the last business day of the month next preceding a mandatory retirement date would be sufficient to retire such term bonds in the principal amounts and at the times specified in the Supplemental Resolution providing for the issuance thereof.

Unless and except as otherwise provided in a Supplemental Resolution, the Authority may apply moneys credited to the Sinking Fund Account to the purchase of Airport Revenue Bonds of a particular Series issued in term form, in which case the principal amount required to be redeemed on the next ensuing installment date shall be reduced by the principal amount of the Airport Revenue Bonds so purchased; provided that no Airport Revenue Bonds shall be purchased during the interval between the date on which notice of redemption is given and the date of redemption set forth in such notice unless the Airport Revenue Bonds purchased are called for redemption in the notice or are purchased from moneys other than those credited to this Account. No purchase of Airport Revenue Bonds shall be made if the purchase would require the sale at a loss of securities credited to the Sinking Fund Account unless the difference between the actual purchase price paid and the then maximum purchase price permitted to be paid is greater than the loss upon sale of such securities. The purchase price shall not exceed the then applicable redemption price of such Airport Revenue Bonds plus accrued interest.

Debt Service Reserve Account. A separate account in the Airport Improvement Bond Fund may be established for each Series of Airport Revenue Bonds to provide moneys which constitute a reserve for the payment of the principal, interest and premium, if any, on such Series of Airport Revenue Bonds. The Debt Service Reserve Account Requirement for each Series of Airport Revenue Bonds shall be that amount provided for in the Supplemental Resolution providing for the issuance of such Series of Airport Revenue Bonds. No Airport Revenue Bonds other than Airport Revenue Bonds of the Series for which such account has been created shall have any right to be paid from such account. In the event Revenues are insufficient to make all the deposits required to be made to the Airport Improvement Bond Fund, such Revenues shall be deposited therein without regard to the existence of the Debt Service Reserve Accounts for the respective Series of Airport Revenue Bonds.

Moneys on credit to a Debt Service Reserve Account shall be used and applied whenever there are insufficient moneys with respect to the Series of Airport Revenue Bonds for which the Account was created on credit to the Interest Account, Serial Principal Account and Sinking Fund Account. Investment of moneys credited to the Debt Service Reserve Accounts shall be in Investment Securities maturing within the earlier of eight years or the final maturity date of the Series of Airport Revenue Bonds then Outstanding for which the Account was created.

Additional Covenants of the Authority

The Basic Resolution contains certain covenants made by the Authority with the holders of all Airport Revenue Bonds issued pursuant to the Resolution, including, but not limited to, the following:

To Pay Principal, Premium and Interest of Airport Revenue Bonds

The Authority will pay solely from the Revenues and other moneys pledged under the Resolution the principal of and interest and premium, if any, on each and every Airport Revenue Bond when due.

To Operate and Maintain Airport

The Authority covenants that it shall operate, maintain and manage the Airport as a revenue-producing enterprise and in a manner consistent with the protection of the holders of the Airport Revenue Bonds.

Agreements with Creating and Participating Municipalities

The Authority covenants that it will comply with, and enforce its rights under, the agreements with its creating and participating municipalities (defined in the Metropolitan Airport Authority Act). The Authority shall not consent to any amendments to airport use agreements now existing, or such agreements having expired or otherwise having terminated, enter into new airport use agreements or consent to any amendments to its agreements with said creating and participating municipalities, which would impair or diminish the security and payment of the Airport Revenue Bonds.

Books and Accounts; Audits

The Authority covenants that it will maintain and keep proper books of account showing the amount and application of Revenues available for the purposes of the Resolution and all financial transactions in connection therewith, and shall cause such accounts to be audited by an independent certified public accountant annually, the audit to be completed within 120 days after the close of each Fiscal Year. A copy of such annual audit report shall be made available for public inspection and sent to the Trustee and any holder of Airport Revenue Bonds upon written request.

No Superior or Equal Lien Bonds; Junior Lien Obligations Permitted

Except for the Airport Revenue Bonds issued in accordance with the Resolution, the Authority covenants that it will not create or issue any evidences of indebtedness or additional indebtedness which will rank prior to or on a parity with the Airport Revenue Bonds, or be secured by a lien and charge on the Revenues superior or equal to the lien and charge of the Airport Revenue Bonds and the interest thereon, or superior or equal to the lien and charge on the Revenues or the payments and credits to be made therefrom under the Basic Resolution to the Accounts in the Airport Improvement Bond Fund. Nothing in the Basic Resolution shall prevent the Authority from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness junior and subordinate to the payments and credits from Revenues to be made under the Resolution, or secured by a lien junior and inferior to the lien and charge on the Revenues or any special account therein as set out in the Resolution.

No Encumbrance or Disposition of Airport Properties; Condemnation

The Authority covenants not to encumber any real or personal property constituting the Airport, or create any liens, pledges or charges upon the Revenues and money in the Revenue Fund other than those specified in the Resolution, and that it shall not sell, lease or dispose of all or substantially all of the Airport properties without simultaneously depositing, in accordance with the Basic Resolution, an amount of cash or Governmental Obligations (as defined below) sufficient so that no Airport Revenue Bonds are any longer deemed Outstanding.

In the customary course of its business, the Authority may execute leases, licenses and agreements not inconsistent with the Resolution. The Authority may also enter into Special Facility

Leases and may sell, lease or otherwise dispose of unserviceable, inadequate or obsolete properties or facilities Revenues from such sale, lease or disposition shall be applied to any lawful purpose of the Authority The amounts of any condemnation awards received by the Authority shall be held separate and apart in a special fund and applied to any lawful purpose.

Insurance

The Authority covenants that it will carry insurance with generally recognized responsible insurers at least to the extent similar insurance is usually carried by Airport operators operating properties similar to the Airport and that it shall seek the advice of an independent insurance consultant(s) to advise and assist the Authority with respect to the insurance program of the Airport.

Covenant Regarding Leases

The Authority covenants to obtain from each nongovernmental lessee of property financed with the proceeds of Airport Revenue Bonds at the time the lease in question is executed an election by such nongovernmental lessee not to claim depreciation or an investment credit with respect to such ‘property. Such election need not be obtained if the Authority shall obtain an Opinion of Counsel (who may be bond counsel to the Authority) that any failure to obtain such election will not cause the interest on the Airport Revenue Bonds, which at the time of issuance thereof was not subject to federal income taxation, to be subject to federal income taxation.

Amending and Supplementing the Resolution

Without the consent of the holder of any Airport Revenue Bond, the Authority may, from time to time, adopt a Supplemental Resolution providing for (a) the issuance of Airport Revenue Bonds, Additional Bonds and Refunding Bonds; (b) any changes, modifications, amendments or deletions to permit the Resolution to be qualified under the Trust Indenture Act of 1939; and (c) any one or more of the following purposes if such modification will not adversely affect the right of any Bondholder: to change or correct the Resolution where advised by counsel that the changes are required to cure any ambiguity or mistake; to add additional covenants to further secure the payment of the Airport Revenue Bonds; to surrender any right, power or privilege conferred upon the Authority by the Basic Resolution or any Supplemental Resolution; to confirm as further assurance any lien, pledge or charge created by the Basic Resolution or any Supplemental Resolution; to lawfully grant any additional rights to holders of the Airport Revenue Bonds or to grant to the Trustee for the benefit of the Bondholders any additional rights, duties, power or authority; and to provide for the issuance of Airport Revenue Bonds in book-entry or coupon form.

With the consent of the holders of not less than 51% of the principal amount of the Airport Revenue Bonds then Outstanding, the Authority may adopt a Supplemental Resolution amending or supplementing the Basic Resolution; provided that the consent of the holder of each Airport Revenue Bond which would be affected is required to: (a) change the maturity date for the payment of principal or dates for payment of interest or terms of redemption or reduce the principal amount or rate of interest thereof or any premium payable on redemption; (b) reduce the percentage of Airport Revenue Bonds the holders of which are required to consent to any amendment or supplement to the Basic Resolution; or (c) give to any Airport Revenue Bond any preference over any other Airport Revenue Bond. After the holders of the required percentage of Airport Revenue Bonds have filed their consents to any amending or supplementing of the Basic Resolution, the Authority shall mail notice setting forth the substance of the proposed amendment of supplement, postage prepaid, to each registered owner of Airport Revenue Bonds then Outstanding.

If payment of debt service on a Series of Airport Revenue Bonds is insured or otherwise credit enhanced, the issuer of the policy or credit enhancement may, at the option of the Authority, be considered as the Bondholder of such Series for purposes of consenting to amendments as provided by the Resolution.

Meetings of Bondholders. The Basic Resolution provides that the holders of not less than 20% of the Airport Revenue Bonds Outstanding may call a meeting at any time: to consent to, approve, request or direct any action as required in the Resolution (including consenting to amendments or supplements or waiving a default or Event of Default); to give notices to the Authority; and to take further action permitted or for any other purpose concerning payment, security or enforcement of the Airport Revenue Bonds.

Events of Default

Each of the following shall constitute an Event of Default: (a) default in the payment of principal, interest or premium, if any, on any Airport Revenue Bond when due); (b) default in the performance of any other covenant, condition, agreement or provision contained in the Airport Revenue Bonds or the Resolution for 60 days after written notice is given to the Authority of such failure by the Trustee, or to the Authority and the Trustee by the holders of not less than 25% of the principal amount of the Airport Revenue Bonds Outstanding or any committee therefor, or (c) certain proceedings in bankruptcy or reorganization.

If an Event of Default has occurred and is continuing, the Trustee may and upon the written request of the holders of not less than 25% in principal amount of the Airport Revenue Bonds Outstanding shall, by written notice to the Authority ipso facto declare the principal and interest on all Airport Revenue Bonds immediately due and payable.

Upon the occurrence of an Event of Default, the Trustee shall become vested with all the properties, rights and obligations of the Trustee as set forth in the Basic Resolution and shall take possession of, or supervision over the funds and accounts created under the Basic Resolution, including any Construction Fund created under any Supplemental Resolution, and collect and apply all Revenues and moneys in the same manner as the Authority itself might do, and shall act in place of the Authority in the exercise of all the rights and duties of the Authority under the Basic Resolution.

The Trustee in case of an Event of Default may, and upon the written request of the holders of not less than 25% in principal amount of the Airport Revenue Bonds then Outstanding, and upon being indemnified to its satisfaction, shall, exercise any or all of the following remedies to the extent that the same shall then be legally available:

(i) The Trustee may proceed to protect and enforce its rights and the rights of the holders of the Airport Revenue Bonds by a suit or suits in equity, in bankruptcy or at law either in mandamus or for the specific performance of any covenant or agreement contained in the Resolution or in aid of the execution of any power granted therein, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, may deem most effectual to protect and enforce any of the rights or interests under the Airport Revenue Bonds and/or the Resolution.

(ii) The Trustee may proceed by appropriate proceedings in any court of competent jurisdiction in the Event of Default in the payment of principal of or interest on any Airport Revenue Bonds, to obtain the appointment of a receiver for the Airport, which receiver may enter upon and take possession of the Airport and fix rates and charges and collect all Revenues arising therefrom in as full a manner and to the same extent as the Authority itself might do.

Except as otherwise specifically permitted by the Resolution, no Bondholder shall have any right to institute or prosecute any suit or proceeding at law or in equity for the appointment of a receiver of the Authority, for the enforcement of any of the provisions of the Resolution or of any remedies under the Resolution unless the Trustee, after a request in writing by the holders of 25% in aggregate principal amount of the Outstanding Airport Revenue Bonds, and after the Trustee shall have been assured such reasonable indemnity as it may require, shall have neglected for 60 days to take such action; provided, however, that the right of any holder of any Airport Revenue Bond to receive payment of principal or interest, or both, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such holder.

If an Event of Default shall have occurred and be continuing, and in the event the Trustee shall have failed or refused to comply with the written request of the holders of Airport Revenue Bonds as described in the preceding paragraph, the holders of not less than 20% of the Airport Revenue Bonds Outstanding may call a meeting and elect a Bondholders' Committee. The holders of a majority of Airport Revenue Bonds Outstanding, in person or by proxy, constitute a quorum, and can elect, by minority vote, one or more persons to act as Trustee for all Bondholders.

Special Facility Bonds; Special Facilities

The Authority may issue Special Facility Bonds for the purpose of constructing a Special Facility (hangar overhaul, maintenance or repair building, or other aviation or space or airport or air navigation facility, including hotels, garages and other facilities related to the Airport) on land constituting a part of the Airport or which may be acquired for such purpose. The Authority may lease the Special Facility under the following conditions:

(i) No Special Facility may be constructed and leased where the services to be provided there are already available to the Airport, or if a lease would result in an estimated reduction of Revenues below the minimum covenanted to be produced in the Resolution;

(ii) The Special Facility Lease shall be entered into pursuant to which the lessee shall pay (A) in periodic installments, a fixed rental sufficient to pay principal and interest on all Special Facility Bonds to be issued to pay the cost of construction or acquisition of a Special Facility; (B) such further rentals necessary to maintain reserves required for such Special Facility Bonds; and (C) unless a ground rental is provided for, additional rentals to cover the cost of administrative expenses to the Authority; and

(iii) If the land on which the Special Facility is to be constructed constitutes a part of the Airport, the lessee shall make additional payments for ground rentals free and clear of all other charges under the Special Facility Lease. If the Special Facility is located on land included in the Airport, all rentals in excess of those required to pay the Special Facility Bonds and connected expenses shall be paid to the Authority for its own use and purposes. Payments made under these conditions constitute Revenues to be paid into the Revenue Fund.

Special Facility Bonds shall be payable solely from the rentals pursuant to the Special Facility Lease; shall not be a charge or claim against the Revenues; shall mature within both the useful life of the facility and the term of the Special Facility Lease, and shall not be issued until the following conditions are met: (a) The Authority shall find and determine, and an Airport Consultant shall concur in a written opinion, the estimated useful life of the Special Facility, that the construction of a Special Facility and lease thereof do not violate the Resolution, that a lease has been entered into and that the rentals are sufficient to pay the principal and interest on any Special Facility Bonds, and additional charges, and that any additional rentals would be fair and reasonable; and (b) Counsel to the Authority and counsel to the lessee shall file an opinion with the Authority that the leases entered into are valid and binding.

Outstanding Airport Revenue Bonds or an issue of Special Facility Bonds may be refunded by an issue of refunding Special Facility Bonds or by Additional Bonds under conditions provided for in the Resolution.

Discharge of Liens and Pledges; Airport Revenue Bonds No Longer Outstanding

The obligations of the Authority under the Resolution, including all Supplemental Resolutions, shall be fully discharged and satisfied as to any Airport Revenue Bond and such Airport Revenue Bond shall no longer be deemed to be Outstanding (a) when such Airport Revenue Bond is cancelled or purchased by the Authority from moneys in the Airport Improvement Bond Fund; or (b) when the principal, interest and premium, if any on any Airport Revenue Bond shall have been paid or moneys sufficient to make such payment, or Governmental Obligations, are irrevocably set aside with the Paying Agent to make such payment.

For purposes of discharging the obligations of the Authority with respect to the Airport Revenue Bonds, Government Obligations means (1) any of the Investment Securities defined in clauses (a), (b), (c), or (d) of the definition of "Investment Securities," (2) Refunded Municipal Obligations, and (3) evidences of ownership of a proportionate interest in specified Refunded Municipal Obligations, which Refunded Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state or possession thereof in the capacity as custodian. Such Governmental Obligations shall be either (i) non-callable, (ii) not subject to redemption before the stated maturity date of Airport Revenue Bonds being defeased, or (iii) have theretofore been irrevocably called such that the redemption date is the equivalent of the stated maturity of Airport Revenue Bonds being defeased.

In the case of Airport Revenue Bonds which, by their terms, may be redeemed or otherwise prepaid before their stated maturity dates, and which the Authority elects to redeem or prepay, no deposit of moneys or Governmental Obligations shall constitute such discharge and satisfaction until the Airport Revenue Bonds have been irrevocably called or designated for redemption or prepayment, and until proper notice of redemption or prepayment is given in accordance with the Resolution, or irrevocable provision shall have been made for the giving of such notice; provided that nothing in the Resolution shall require or be deemed to require the Authority to elect to redeem or prepay any such Airport Revenue Bond.

Moneys on deposit with the Paying Agent may be invested and reinvested in Governmental Obligations, and all income therefrom which is not required for the payment of the Airport Revenue Bonds and interest and premium thereon with respect to which such moneys shall have been so deposited shall be paid to the Authority.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”), dated as of April 6, 2021, by the Memphis-Shelby County Airport Authority (the "Issuer") under a Basic Resolution (the “Basic Resolution”) and a Supplemental Resolution adopted by the members of the Issuer on January 29, 1988, as amended, and February 18, 2021, respectively (collectively referred to as the "Resolution"), is executed and delivered in connection with the issuance of the Issuer's $118,705,000 Airport Revenue Bonds, Series 2021A; $2,605,000 Airport Revenue Refunding Bonds, Series 2021B; $16,275,000 Airport Revenue Refunding Bonds, Series 2021C and $33,455,000 Airport Revenue Refunding Bonds, Series 2021D (collectively, the “Bonds”). Capitalized terms used in this Undertaking which are not otherwise defined in the Resolution shall have the respective meanings specified above or in Article IV hereof. The Issuer agrees as follows:

ARTICLE I

The Undertaking

Section 1.1. Purpose. This Undertaking is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (1) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with fiscal year ending June 30, 2021, by no later than six (6) months after the end of the respective fiscal year, to the MSRB.

(2) The Issuer shall provide, in a timely manner, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (1) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(1) hereof, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. Notice Events. (1) If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to (i) the MSRB and (ii) the Trustee.

(2) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

Section 1.5. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this Undertaking without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Undertaking. If the Issuer chooses to do so, the Issuer shall have no obligation under this Undertaking to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web address (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Dissemination Agents. The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Undertaking, and revoke or modify any such designation.

Section 2.4. Transmission of Notices, Documents and Information. (1) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(2) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. Fiscal Year. (1) The Issuer's current fiscal year is July 1 - June 30, and the Issuer shall promptly notify (i) the MSRB and (ii) the Trustee of each change in its fiscal year.

(2) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. This Undertaking shall be effective upon the issuance of the Bonds.

(1) The Issuer's obligations under this Undertaking shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(2) This Undertaking, or any provision hereof, shall be null and void in the event that the Issuer (1) delivers an opinion of Counsel, addressed to the Issuer, to the effect that those portions of the Rule which require this Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (1) This Undertaking may be amended, by written amendment of the Issuer, without the consent of the holders of the Bonds (except to the extent required under clause (d)(ii) of this Section 3.2), if all of the following conditions are satisfied: (a) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (b) this Undertaking as so amended would have complied with the requirements of the Rule as of the date of this Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (c) the Issuer shall have delivered an opinion of Counsel, addressed to the Issuer, to the same effect as set forth in clause (b) above, (d) either (i) the Issuer shall have delivered an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel) and acceptable to the Issuer, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Undertaking pursuant to the same procedures as are required for amendments to the Resolution with consent of holders of Bonds pursuant to Section 7.2 of the Basic Resolution as in effect on the date of this Undertaking, and (e) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(2) This Undertaking may be amended, in writing by the Issuer, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Undertaking which is applicable to this Undertaking, (2) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Undertaking as so amended will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(3) In addition to subsections (1) and (2) above, this Undertaking may be amended in writing by the Issuer, without the consent of the holders of the Bonds, if all of the

following conditions are satisfied: (1) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(4) To the extent any amendment to this Undertaking results in a change in the type of financial information or operating data provided pursuant to this Undertaking, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(5) If an amendment is made pursuant to Section 3.2(1) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (1) The provisions of this Undertaking shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Undertaking. The provisions of this Undertaking shall create no rights in any person or entity except as provided in this Section 3.3.

(2) The obligations of the Issuer to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Bonds, or by the Trustee on behalf of the holders of Outstanding Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the holders of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (1) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (2).

(3) Any failure by the Issuer to perform in accordance with this Undertaking shall not constitute a default or an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(4) This Undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following terms used in this Undertaking shall have the following respective meanings:

(a) “Annual Financial Information" means, collectively, (i) the financial information and operating data with respect to the Issuer, for each Fiscal Year of the Issuer, in a similar format as set forth in the Official Statement the following information:

(1) “TOTAL LANDED WEIGHTS” as shown on page 54;

(2) “PASSENGER ENPLANEMENTS MARKET SHARE” as shown on page 53;

(3) “SUMMARY OF HISTORICAL REVENUES, COSTS OF OPERATION AND MAINTENANCE, AND DEBT SERVICE COVERAGE (NON-GAAP BASIS)” as shown on page 59;

and (ii) the information regarding amendments to this Undertaking required pursuant to Sections 3.2(4) and (5) of this Undertaking. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(b) "Audited Financial Statements" means the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP provided, however, that pursuant to Section 3.2(1) hereof, the Issuer may from time to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(1) hereof shall include a reference to the specific Federal or State law, a regulation describing such accounting principles, or other description thereof.

(c) “Counsel” means Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(d) "Event of Default" means an "event of default" as defined in Section 8.1 of the Basic Resolution.

(e) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(f) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Undertaking.

(g) “Notice Event” means any of the following events with respect to the Bonds, whether relating to the Issuer or otherwise:

(i) principal and interest payment delinquencies;

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

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

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

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

(vi) 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

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

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

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

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(xv) incurrence of a financial obligation* of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

*As used in subsections (xv) and (xvi), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(h) “Official Statement” means the Official Statement dated March 18, 2021 of the Issuer relating to the Bonds.

(i) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

(j) “SEC” means the United States Securities and Exchange Commission.

(k) "State" means the State of Tennessee.

(l) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

ARTICLE V

Miscellaneous

Section 5.1. Counterparts. This Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its duly authorized representative and has caused its corporate seal to be hereunto affixed and attested by an authorized representative, all as of the date first above written.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

By:____
Forrest B. Artz
Vice President of Finance and Administration and
Chief Financial Officer
Memphis-Shelby County Airport Authority

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY • Airport Revenue Bonds, Series 2021A (AMT) and Refunding Bonds, Series 2021B (AMT), Series 2021C (AMT) and Series 2021D (Non-AMT)

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