



Indianapolis Airport Authority

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The Indianapolis Airport Authority (IAA or Authority) published a statement on EMMA that alerts the investment community that IAA will be providing information to the market by posting such information on this website. On a periodic basis, IAA intends to provide historical information about recent economic and financial performance and important actions taken by the IAA to address current circumstances. In addition, because of the desire of the investment community to receive even more information during the COVID-19 pandemic, IAA is also providing planning information to describe some of the impacts that COVID-19 has had or may be expected to have on passenger traffic, airport finances and operations, and to describe some of the actions that the Authority is taking in response. All forward-looking information is necessarily preliminary and only projected and estimated for management purposes but is provided to address the investment community's desire for such information. IAA is particularly uncertain of the duration of the impact of COVID-19 on its business operations, which uncertainty increases the likelihood that actual results are materially different than shown here. The current operating environment is fluid and changing rapidly; as a result, the projections and estimates may not reflect actual results.

Summary of links to IAA Operating and Financial Data:

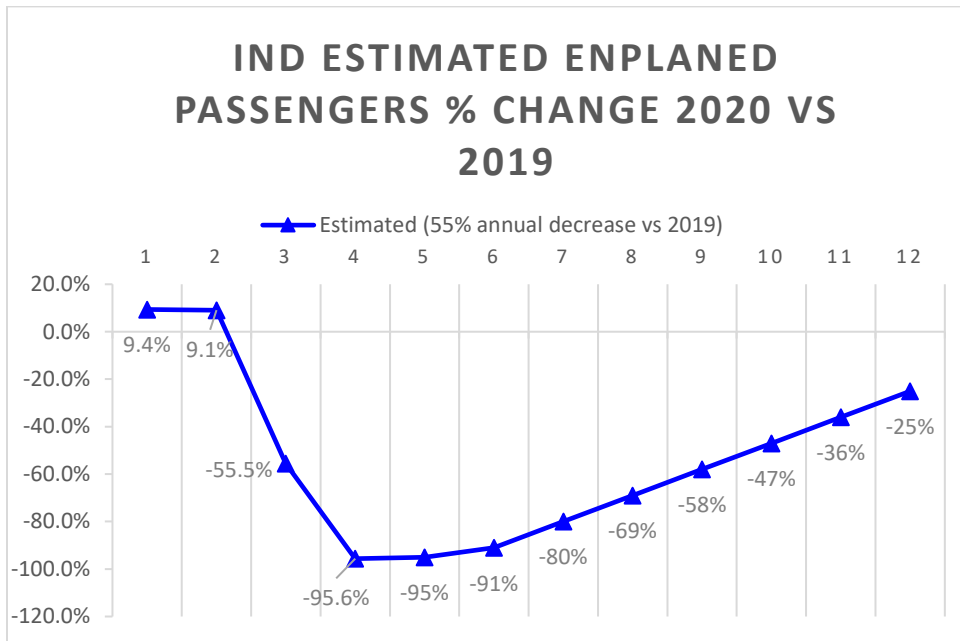
- [Media Releases](#)
 - [Traveler Updates on Coronavirus](#)
 - [Indianapolis International Airport Remains Open for Essential Travel Additional Traveler Updates on Coronavirus Response](#)
 - [Impact of Federal CARES Act on Indy Airport \\$52 million to address IND operational needs](#)
- [Investors, Financials & Reports](#)
 - [Facts, statistics, and percentages for airline activity at Indianapolis International Airport, including domestic, international, and cargo operations, passenger enplanement figures, landed weight and more \(Airline Activity Reports – all reports may contain preliminary figures subject to change\)](#)
 - [Monthly Financial Reports \(Unaudited\)](#)
 - [Budgets](#)
 - [Annual Financial Reports \(Audited\)](#)

Scenarios for Internal Planning Purposes

IAA has developed and maintains an airport financial and airline rate model which has been utilized to analyze various activity and operational scenarios. As COVID-19 disruptions began, the Authority added a robust cashflow model to provide IAA's Board and management with scenarios projections of key metrics including liquidity, reserve balances and ordinance coverage compliance. These two tools have been and are being used to proactively understand, predict and protect IAA's financial position.

Passenger Traffic

IAA knows that enplaned passenger numbers have been severely reduced as a result of the Pandemic, but the pace and timeline for recovery of passenger levels is unknown and cannot be predicted. For management purposes, however, IAA is using the following estimated passenger profile for base case cash flow planning:



Months 5-12 represent planning estimates and are subject to change

The current operating environment is fluid and changing rapidly. While various sources have predicted different scenarios for recovery from the Pandemic, no one can predict the future. The IAA has made various assumptions to prepare the above diagram and, as a result, the projections and estimates in the above diagram may not reflect actual results and the actual results may differ materially.

Financial Condition and Liquidity

IAA is current and has made all year-to-date required 2020 debt service deposits or payments and IAA expects to be able to continue to make all remaining 2020 monthly deposits as required.

IAA’s base case 1.52x estimate of debt service coverage in 2020 assumes enplaned passengers 55% below 2019 levels, a corresponding reduction in passenger aircraft landed weight, no decrease in cargo landed weight, no reduction in operating expenditures, recognition of CARES Act funding as gross revenues to reimburse certain debt service and operating expenses, dedication of PFC funds previously dedicated to debt service and already collected as of 12/31/2019, and including amounts in IAA’s rolling coverage fund.

	<u>2020</u>
Total Gross Revenues	\$ 103,807,000
Total Operating & Maintenance Expenses	<u>85,182,000</u>
Net Revenues Available for Debt Service	<u>18,625,000</u>
Fund Transfers	
Transfers from Debt Service Coverage Fund	17,161,000
CARES Act funding declared as gross revenue **	<u>49,742,000</u>
Total Funds Available for Debt Service	<u>\$ 85,528,000</u>
Debt Service Requirements	
Debt Service Requirements for Revenue Bonds	\$ 74,270,550
Passenger Facility Charge Transfer	(18,000,000)
CARES Act Dedicated to Debt Service **	
Total Debt Service Requirements	<u>\$ 56,270,550</u>
Revenue Bond Debt Service Coverage	1.52

** IAA may dedicate some portion of CARES Act funding to debt service instead of declaring as gross revenues.

IAA's 2020 base case gross revenues is based on estimated reduced passenger levels and other factors. Parking revenue, for instance, was reduced by the typical revenue per passenger and then the average parking revenue per passenger was discounted by another 26% (assuming a majority of parking revenue is derived from the lowest rate/day parking product). The base case assumes passenger recovery will be led by very cost-conscious leisure travelers rather than business travelers. Rental car revenues and concessions revenues were heavily discounted beyond contractual minimum annual guarantees in anticipation of nonpayment of billed amounts and possible bankruptcies. The weekly monitoring of cash collections, in comparison to the cash flow model estimates, provides management with a timely and effective monitoring tool. With two months of collections to compare, actual collections exceed the projected cash flow modeled collections.

CARES Act funding allocation is modeled in the base case to provide funding sufficient to cover shortfalls due to lower non-airline and airline revenues. Airports receiving funds under the CARES Act must continue to employ, through December 31, 2020, at least 90 percent of the number of individuals employed (after making adjustments for retirements or voluntary employee separations). For the base case scenario, IAA has not included any estimates for savings. However, IAA management has taken action to reduce all non-essential operating and maintenance expense, deferred all planned 2020 staff merit increases and deferred the 2020 planned airline directly funded capital expenditures.

Below is a summary of IAA's current on-hand sources available to pay operating expenses and debt service.

Balances at 5/31/2020

	Total
Unrestricted	
Airport System Fund	\$ 50,000,855
Customer Facility Charge	15,377,176 1
Land Sale Reserve (CIFR) -uncommitted	20,705,481
	<u>86,083,512</u>
Restricted for operating/general restriction	
Renewal & Replacement reserve	2,851,486
Operation & Maintenance reserve	14,186,008
	<u>17,037,495</u>
Restricted for debt service	
Rolling Coverage Fund	17,255,663
Principal & Interest Fund	22,963,014
PFC Fund	24,135,755
Debt Service Reserve Fund	54,898,107
	<u>119,252,541</u>
Capital Funds	
Land Sale Reserve (CIFR) -committed	1,162,032
Capital Improvement Fund	40,470,035
	<u>41,632,067</u>
Subtotal	<u>264,005,614</u>
Debt issue construction fund(s)	<u>15,999,964 2</u>
CARES Act allocation (100%)	<u>52,532,549 3</u>
Total	<u>\$ 332,538,127</u>

1 - IAA has unrestricted use authority

2 - Funding to complete stormwater expansion project (mainly retainage)

3 - CARES Act allocations (all grants have been executed by FAA & IAA):

Indianapolis International Airport	\$52,275,549
Eagle Creek Airpark	69,000
Indianapolis Metropolitan	69,000
Indianapolis Regional	69,000
Hendricks County Gordon Graham Field	30,000
Downtown Heliport	20,000
	<u>\$52,532,549</u>

Operations and Assistance to Concessionaires

Airport operations have been significantly impacted as a result of the COVID-19 pandemic and related events, which among other consequences have resulted in significant declines in passenger traffic at the Airport. As a result of such impacts on activity levels, provisions in the existing concessionaire and on-Airport rental car company agreements provide for adjustment of the minimum annual guarantee (“MAG”) concession fees. The IAA Board has agreed to allow amendments to concessionaire and rental car agreements to abate the MAG fee for April, May and June 2020, and instead, base fees on the actual percentage of sales activity as provided in each agreement for those months. To qualify, the applicable tenants must have settled all outstanding invoices prior to March 1, 2020 and rental car companies must also agree that abated revenues be eligible for reimbursement from customer facility charge (CFC) balances. As a result of these abatements, and consistent with the base case model, the Authority anticipates a reduction in revenues of approximately \$3.3 million. The CFC reimbursable portion of the \$3.3 million estimate is \$2.3 million, which was not considered as revenue in the base case model.

The posting of this information does not constitute or imply any representation (i) that all of the foregoing is material to investors, (ii) regarding any other financial, operating or other information about the Authority, the Airport or its bonds or (iii) that no other circumstances or events have occurred or that no other information exists concerning the Authority, its bonds or the Airport which may have a bearing on the financial condition of the Authority, the security for its bonds, or an investor’s decision to buy, sell or hold any bonds.

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