



TULSA AIRPORTS IMPROVEMENT TRUST

REQUEST FOR PROPOSAL (“RFP”)

**Professional
Airport Consultant Services
for
Five Year Review
and
Passenger Facility Charge (“PFC”) Services**

**Due: October 23, 2023
2 p.m. CDT**

Tulsa Airports Improvement Trust
Request for Proposal for Professional Airport Consultant Services
for Five Year Review and
Passenger Facility Charge Services

I. INFORMATION FOR PROPOSERS

A. Purpose

The Tulsa Airports Improvement Trust ("TAIT"), an Oklahoma public trust, seeks to retain an "Airport Consultant" pursuant to the requirements of the Amended and Restated Bond Indenture dated November 1, 2009, which states, "The Airport Consultant shall periodically, but no less than every five (5) years, make an examination of and report on the operations of the aviation properties of the Airport."

B. Contact Person

Questions regarding this Request for Proposal (RFP) should be addressed to: Birdetta Price, Director Finance and Asset Management and Kevin Lahn, Airports Controller for the Tulsa Airports Improvement Trust. E-mail addresses are birdettaprice@tulsaairports.com and kevinlahn@tulsaairports.com. The street address is Tulsa Airports Improvement Trust, Administration Offices, 7777 Airport Drive, Room A211, Tulsa, OK, 74115. Deadline for questions is October 9, 2023.

C. RFP Submission

Written proposals with three (3) copies along with a USB containing a digital copy of the complete proposal must be submitted in a sealed envelope or other appropriate mailing container by **2:00 p.m. on October 23, 2023**, and addressed to:

Tulsa Airports Improvement Trust
Administration Offices
7777 Airport Drive, Room A211 | Tulsa, OK 74115
Attn: **Airport Consultant Proposal**

Proposals received after the date and time specified will be rejected. Proposals must be signed by a duly authorized official of the Consultant's organization. Once submitted, proposals become the property of TAIT.

The outside of the proposal must indicate: **AIRPORT CONSULTANT PROPOSAL.**

D. Bid Protests

Failure to follow the procurement protest procedure set out in TAIT's policies constitutes a waiver of your protest and resulting claims. A copy of the procurement protest procedure may be obtained by the Airport Representative and is also available on TAIT's website at:

<https://www.tulsaairports.com/about-us/business-opportunities/>.

E. Airport Consultant Definition

For purposes of this Request for Proposals and the ensuing agreement, "Airport Consultant" shall mean an independent person, firm or corporation having a widely known and favorable reputation for special skill, knowledge, and experience in methods of development, operation, and management of airports of the approximate size and character as the airports under the oversight of the Tulsa Airports Improvement Trust Airports (Tulsa International Airport and Tulsa Riverside Airport).

F. Contract Term

The term of the agreement shall be for a period of five (5) years upon approval of the Trustees of TAIT.

G. Extension

The Agreement will contain one option to extend the term for an additional five (5) year increment at TAIT's sole option.

H. Right to Reject

TAIT reserves the right to reject all proposals submitted and to request additional information from all contractors. TAIT reserves the right to waive any and all formalities contained within this RFP or in response to this RFP, except for the deadline for filing. Proposals received late will not be considered.

I. Preparation Costs

TAIT will not be liable for any costs associated with the preparation, transmittal or presentation of any proposals or material submitted in response to this RFP.

J. Indemnity Provision

Consultant will indemnify and hold harmless TAIT, its officers, employees, and representatives from and against all liability for any and all claims, suits, demands, or actions arising from or based upon any acts on the part of consultant, its agents, representatives, or employees which may arise out of or result from Consultant's performance under this agreement.

This indemnity provision extends to all such claims, suits, demands or actions regardless of the type of relief sought thereby and whether such relief is in the form of damages, judgments, costs, reasonable attorney fees and expenses. This indemnity provision shall apply regardless of the nature of the injury or harm alleged and whether such claims are alleged at common law, statutory or constitutional. This indemnity provision shall apply whether the basis for the claim, suit or demand be attributable in whole or in part to the Consultant, or any of its agents, representatives, or employees.

K. Subcontractors

No part of the work performed under the agreement will be subcontracted or assigned to another firm without prior written consent by TAIT. The Consultant must furnish the names, qualifications, and experience of the proposed subcontractor(s). The primary consultant will remain completely responsible for all services performed and shall assure compliance with all requirements of the agreement.

L. Maintenance and Inspection of Records

The selected firm shall maintain records of all staff time, staff costs, and direct costs expended in performing all work under any agreement resulting from this RFP. The Consultant shall permit TAIT and other authorized individuals to inspect and audit all data and records of the Consultant relating to performance for a period of up to five (5) years after completion of this project.

M. Professional Requirements

The individual from your firm who will be directly responsible for carrying out the terms of the Agreement must have knowledge and expertise both with Bond covenants and management and operation of Airports. Additionally, the Consultant must possess the expertise, knowledge, and skills to perform all aspects of planning, preparing, and submitting PFC applications as well as the monitoring and reporting requirements associated with all active PFC applications. This includes demonstrated knowledge of FAA regulations, advisory

circulars, policies and procedures related to Passenger Facility Charges. A professional resume must be provided with the Proposal.

N. Evaluation Criteria

Proposals will be evaluated by the airport staff on behalf of TAIT using the following criteria:

1. Firm's overall experience in providing the services requested.
2. Expertise of the Consultant's staff assigned to this account.
3. Relevant similar experience, accomplished within the past three (3) years.
4. Professional background and experience (directly related to the services being sought) of key personnel expected to work on this project.
5. Management and technical approach to projects (include computer capabilities, quality assurance, and methods to insure that projects are functional and efficient).
6. Approach to providing the services.
8. References.
9. Hourly rates and estimate of average hours based on similar assignments.

O. Oral Interview

After written proposals have been reviewed initially, discussions with prospective firms may or may not be required. If scheduled, the oral interview will be a question/answer format for the purpose of clarifying the intent of any portions of the proposal. The individual from your firm that will be directly responsible for carrying out the agreement, if awarded, should be present at the oral interview.

- P. Tulsa Airports Improvement Trust, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders or offerors that it will affirmatively ensure that for any contract entered into pursuant to this RFP, all businesses will be afforded full and fair opportunity to submit bids in response to this invitation and no businesses will be discriminated against on the grounds of race, color, national

origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in consideration for an award.

II. SERVICES TO BE PROVIDED

1. Every fifth Fiscal Year following the issuance of the initial series of Bonds, the Consultant is to: make an examination of and report on the operations of the aviation properties of the Airport (See, Article VII, and Sec. 7.1. (c) of the Bond Indenture attached hereto).
2. The report criteria for the five (5) fiscal years ended June 30, 2023 shall be consistent with the relevant or applicable portions of the Bond Indenture, other covenant requirements, statutory provisions, USDOT, Federal Aviation Regulations, guidelines and grant assurances.
3. In accordance with Article VII, Section 7.1. (c) of the Bond Indenture, the report shall include recommendations as to any changes in the operation, maintenance and repair of such properties, including changes recommended by the consultant in the schedule of rates, fees or charges for the use and services and facilities furnished by the Airport in order to provide Gross Revenues which will be sufficient to pay all amounts required to be paid or set aside under the Indenture.
4. Deliver appropriate documentation supporting the recommendation.
5. Provide an executive summary identifying the method used, major assumptions, conclusions, and any recommendations for changes in operation, maintenance, and repair of such properties.
6. A copy of the report shall be filed in the office of the Chief Executive Officer and a copy shall be forwarded to any holder of Bonds filing a request with the Trustees.
7. With regard to the issuance of additional bonds by TAIT, the Airport Consultant shall comply with Article II, Section 2.3(3) of the Bond Indenture attached hereto and incorporated herein by reference.
8. The Airport consultant shall review and be thoroughly familiar with all the terms of the Bond Indenture and specifically, Article II, Section 2.6.4 (A), and Article VII, Section 7.1 (c).
9. Provide consultation to TAIT staff as necessary regarding matters related to the Bond Indenture, per Article VII, Section 7.1 (f).

10. Provide assistance and consultation as necessary to retain records and documentation for at least five (5) years.
11. Provide consultation and assistance with the annual financial reconciliation but not limited to airline rate-setting calculations, as requested by staff. This may include the review of financial records and transactions, including expense allocations, debt service payments, capital expenditures, amortization of Trust-funded projects, non-capital grants, automobile parking management expenses, new aerospace development net revenues, and customer facility charge (CFC) reserve deposits; reconciliation of revenues and expenses to the audited financial statements; preparation of exhibits and presentation materials for airline representatives; financial modeling for calculation of year-end settlement and net revenue sharing amounts; review of the Trust's annual budget; and attendance at airline consultation meetings.
12. Provide PFC consultation and assistance with the planning, preparation, submittal and closing of PFC applications as requested by TAIT staff.
13. Provide PFC consultation and assistance with the monitoring and reporting requirements associated with all active PFC applications for TAIT as requested by TAIT staff.
14. Assist staff, as may be required from time to time, for ad hoc analyses and other airport management consulting services.

III. REQUIRED INFORMATION

- A. Provide an overview of the firm including:
 - Name of the corporate officer with primary responsibility for this contract
 - Name of the contact person(s)
 - Signature of primary corporate officer and contact person(s) if different
 - State of incorporation
- B. Provide a description of the firm's qualifications for performance of this kind of service.
- C. Provide a statement describing the anticipated scope of work including a discussion of the firm's approach, methodology or other important factors that would assist in determining the quality and accuracy of the work for the five-year review and the PFC outlined services.

- D. Designate the individual(s) who will be working on day-to-day activities with TAIT staff. Provide a brief description of their experience, office location, and accessibility. Additionally, he/she must provide a professional resume listing their work experience, professional certifications, honors, awards, etc.
- E. Provide the names and contact person(s) for the current/active client(s) for which your firm provides similar review services.
- F. Describe in detail the information and assistance your firm will require from TAIT staff in completing the five-year review.
- G. Provide a cost proposal for the five (5) year review, which would indicate the assumptions about the necessary hours to accomplish this work, hourly rates, and all other related costs. Include a not-to-exceed amount for the examination of and report on the five (5) fiscal years ending June 30, 2023. State hourly fees for subsequent consulting, review and any other charges not covered in the not-to-exceed amount or hourly fees.
- H. Describe in detail the information and assistance your firm will require from TAIT staff in completing the outlined PFC services.
- I. Provide a cost proposal for the outlined PFC services, which would indicate the assumptions about the necessary hours to accomplish this work, hourly rates, and all other related costs. Include a not-to-exceed amount.
- J. Provide evidence of insurance provided by an insurance company qualified to do business in the State of Oklahoma.

Appendix list

Appendix A: Amended and Restated Bond Indenture

Appendix B: FY 2014-2018 Five (5) Year Review

Note: TAIT's financial reports for fiscal year 2022 are available on TAIT's website at <https://flytulsa.com/business/about/financial-information/>.

Appendix A:

Amended and Restated Bond Indenture

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TRUSTEES OF THE TULSA AIRPORTS IMPROVEMENT TRUST

AMENDED AND RESTATED BOND INDENTURE

**Providing for the Issuance, Security and Payment of General Revenue Bonds
of the Trustees of the Tulsa Airports Improvement Trust**

November 1, 2009

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AMENDED AND RESTATED BOND INDENTURE

TRUSTEES OF THE TULSA AIRPORTS IMPROVEMENT TRUST

KNOW ALL MEN BY THESE PRESENTS:

This Amended and Restated Bond Indenture (hereinafter in these recitals referred to as this "Indenture") made executed and entered into on the 12th day of November, 2009, but dated as of November 1, 2009, by and between the Trustees of the Tulsa Airports Improvement Trust, a public trust created pursuant to the laws of the State of Oklahoma (60 O.S. Sec. 175.1 *et seq.*), the beneficiary of which is the City of Tulsa, Oklahoma, for the performance of the functions for which such Trust has been created (such Trustees and their predecessors or successors, as the case may be, being hereinafter referred to and defined as the "Trustees"), and the Bank of Oklahoma, N.A., a national banking association duly organized and existing under the laws of United States of America, which is authorized under such laws to exercise corporate trust powers (such association and its successors under this Indenture being hereinafter referred to and defined as the "Bank").

WITNESSETH:

NOW, THEREFORE, in consideration of the payment by the Bank to the Trustees of the Tulsa Airports Improvement Trust of the sum of One Dollar (\$1.00), receipt whereof is hereby acknowledged by the Trustees, and in consideration of the acceptance by the Bank of this Indenture and the trust hereby created, and of the purchase and acceptance of the Bonds by the holders thereof from time to time and for the purpose of fixing and declaring the terms and conditions upon which the Bonds shall be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become holders thereof, and in order to secure the payment of all the Bonds (which, for this purpose, shall include any Support Facility Obligations that paid any such Bond) at any time issued and Outstanding hereunder and the interest thereon and premium, if any, according to their tenor, purport and effect, and the payment of all other sums and the discharge of all other liabilities secured hereby, and in order to secure the performance and observance of all the covenants, agreements and conditions herein and in the Bonds contained, the Trustees of the Tulsa Airports Improvement Trust do, by these presents, grant, bargain, sell, alienate, demise, release, convey, transfer, assign, confirm, pledge with and set over unto the Bank, its successors in trust and assigns, and to the payment of the principal of and interest and premium, if any, on the Bonds and the security thereof:

- (i) all Net Revenues;
- (ii) the proceeds of the sale by the Trustees of any of the Bonds;

(iii) all rights of the Trustees under any construction contracts entered into by the Trustees with respect to buildings and facilities included, or to be included, in the Airport as defined in Section 1.1 hereof, and under all contracts heretofore or hereafter entered into by the Trustees for any work upon such buildings and facilities or to the benefit of which the Trustees may be entitled, including, but not limited to, all rights of the Trustees under any surety bonds which may be furnished to the Trustees covering the performance of any such contracts;

(iv) the proceeds of insurance required by this Indenture to be carried by the Trustees or for its benefit, and awards to the Trustees upon the taking by the exercise of eminent domain of any part or all of the buildings and facilities and the sites thereof included in the Airport as defined in Section 1.1 hereof; and

(v) all cash, moneys, securities and investments which may at any time and from time to time, be held in the Bond Fund and the Bond Reserve Fund pursuant to the provisions of this Indenture;

everything contained in clauses (i) through (iii) above being hereinafter referred to collectively and defined as the "Trust Estate."

TO HAVE AND TO HOLD all and singular, the properties, tangible and intangible, comprising the Trust Estate, including all additional properties which by the terms thereof may hereafter become a part of the Trust Estate, unto the Bank, its successors in trust and assigns, forever, in trust, nevertheless, to inure to the use and benefit of the holders of all the Bonds, for the securing of the observance or performance of all the terms, provisions and conditions therein and herein contained and for the equal and proportionate benefit and security of all and singular the present and future holders of the Bonds (including holders of any Support Facility Obligations) issued in connection herewith and secured by this Indenture, without preference, priority, prejudice or distinction as to lien or otherwise, of any one Bond (including holders of any Support Facility Obligations) over any other or of the Bonds of any one series over the Bonds of any other series, to the end that each holder of a Bond or Support Facility Obligation secured by this Indenture shall have the same rights, privileges and lien under and by virtue of this Indenture, except as hereinafter otherwise specifically provided.

AND CONDITIONED THAT, if the Trustees shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest, the Bank's fees and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of the covenants, warranties and agreements contained herein, then and in such event this Indenture shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect.

The Trustees hereby covenant and agree with and do hereby covenant unto the Bank and the holders of the Bonds that they have good right and lawful authority to grant, bargain, sell, alienate, demise, release, convey, transfer, assign, confirm, pledge with and set over unto the Bank the properties, tangible and intangible, constituting the Trust Estate to the extent and in the manner herein provided, and that all such properties and the Airport are free and clear of all liens, claims, demands, encumbrances, taxes, special assessments and governmental charges which could or might in any way adversely affect or jeopardize the rights, interests, powers and privileges hereby vested in or conferred upon the Bank and the holders of the Bonds.

ARTICLE I.

DEFINITIONS; COMPUTATIONS; CERTIFICATES AND OPINIONS; ACTIONS BY A MAJORITY OF TRUSTEES TO BIND ALL TRUSTEES

Section 1.1. *Definitions of Specific Terms.* Unless the context shall clearly indicate some other meaning or may otherwise require, the terms defined in this section shall, for all purposes of this Indenture and of any indenture, resolution or other instrument amendatory hereof or supplemental hereto and of any certificate, opinion, instrument or document herein or therein mentioned, have the meanings herein specified:

"*Accountant*" shall mean the independent certified public accountant or firm of independent certified public accountants of recognized standing employed by the Trustees to perform the audit required by, and possessing the qualifications specified in, Section 7.13 hereof.

"*Act*" shall mean Title 60, Oklahoma Statutes 2001, Sections 176 *et seq.*, as amended.

"*Additional Bonds*" shall mean any Bonds issued under and pursuant to the provisions of Section 2.3 of the Indenture.

"*Airport*" means, collectively, each and every airport or heliport and all related facilities owned or acquired by the Trustees or from time to time leased by the Trustees. Without limiting the generality of the foregoing, the term "Airport" shall include the Tulsa International Airport and the Richard Lloyd Jones, Jr. Airport (the "R.L. Jones Airport") and any other airport, heliport, or related facilities hereafter acquired. The term "Airport" shall not, however, include: (a) properties sold, leased or otherwise disposed of or transferred pursuant to the provisions of Section 7.15 hereof; or (b) properties subject to a Special Facility Lease.

"*Airport Consultant*" means an independent person, firm or corporation having a widely known and favorable reputation for special skill, knowledge and experience in methods of development, operation and management of airports of the approximate size and character as the properties constituting the Airport.

"*Airport Improvement Fund*" shall mean the special trust fund of the Trustees designated as the "Tulsa Airports Improvement Trust Airport Improvement Fund" created and established under, and to be held and administered by the Bank as provided in, Section 5.6 of this Indenture.

"*Airport Special Reserve Fund*" shall mean the fund, and any accounts therein, held under the Bond Indenture prior to the effectiveness of this Indenture and eliminated as of the date hereof.

"*Assumed Interest Rate*" shall mean (i) with respect to an issue of Variable Rate Bonds Outstanding for more than twelve months at the time of calculation, the higher of (a) the weighted average interest rate per annum borne by such series of Variable Rate Bonds for the twelve month period ending within thirty (30) days prior to the date of computation and (b) the weighted average interest rate per annum on such series of Variable Rate Bonds (computed on an actual day basis) for the three most recently completed calendar months; and (ii) with respect to

Variable Rate Bonds then proposed to be issued, but not then issued and Outstanding or which have been outstanding for less than twelve months, or with respect to the calculation of interest on Outstanding Variable Rate Bonds for the purposes of Section 2.3(3)(b), then (a) for tax exempt Bonds, the average rate borne by reference to an index comparable, in the opinion of the Trustees, to the Bonds, or, (b) for purposes of Bonds that are not tax exempt, the rate on a comparable maturity of U.S. Treasury for taxable debt.

"*Bank*" shall mean Bank of Oklahoma, N.A., a national banking association duly organized and existing under the laws of the United States of America and having its principal office and its corporate trust office at Tulsa, Oklahoma, in its capacity as trustee under this Indenture, and its successors as such trustee under this Indenture.

"*Bond*" or "*Bonds*" shall mean any indebtedness secured on a parity hereunder, whether issued as Bonds, Commercial Paper, Support Facility Obligations or otherwise, and shall mean any bond, some of the bonds or all of the bonds at any time Outstanding under and pursuant to this Indenture including, but not limited to, any Additional Bonds issued pursuant to Section 2.3 hereof at any time Outstanding, any Refunding Bonds issued pursuant to Section 2.4 hereof at any time Outstanding and any Support Facility Obligation with payments due and owing to the Support Facility Provider, but shall not include any Special Obligation Bonds as defined in Section 2.6 hereof.

"*Bond Counsel*" shall mean any attorney at law or firm of attorneys selected by the Trustees, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States or the District of Columbia, acceptable to the Bank.

"*Bond Fund*" shall mean the special trust fund of the Trustees designated as the "Tulsa Airports Improvement Trust Bond Fund" created and established under, and to be held and administered by the Bank as provided Section 5.3 of this Indenture and unless the context shall clearly indicate otherwise, shall include the "Interest Account" and the "Principal Account" created and established therein.

"*Bond Indenture*" shall mean the Bond Indenture dated as of December 1, 1984, by and between the Trustees and the Bank.

"*Bond Reserve Account*" shall mean the account or accounts of such name in the Bond Reserve Fund as created and described in Section 5.4 hereof and a Supplemental Indenture.

"*Bond Reserve Fund*" shall mean the special trust fund of the Trustees designated as the "Tulsa Airports Improvement Trust Bond Reserve Fund" created and established under, and to be held and administered by the Bank as provided in Section 5.4 of this Indenture and unless the context shall clearly indicate otherwise, shall include any accounts created thereunder.

"*Bond Reserve Requirement*" shall mean with respect to each series of Bonds that amount required, if any, to be held in the Bond Reserve Fund, or any account established therein, in accordance with the applicable Supplemental Indenture.

"*Bondholder*" or "*holder of a Bond*" shall mean the registered owner or his duly authorized attorney-in-fact, representative, or assigns.

"*Business Day*" shall mean any day that (i) is not a Saturday, Sunday or legal holiday in the State of New York or the State of Oklahoma; (ii) is not a day on which banking institutions chartered by the State of New York or the State of Oklahoma or the United States of America are legally required or authorized to close; and (iii) is not a day on which the New York Stock Exchange is closed.

"*City*" shall mean the City of Tulsa, Oklahoma, a municipal corporation of the State of Oklahoma and shall include the Tulsa Airport Authority, or, if such entity shall be abolished, the authority, board, body, commission or agency succeeding to the principal functions thereof or to which the powers and duties granted or imposed by this Indenture shall be given by law.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and shall include any regulations promulgated pursuant thereto.

"*Commercial Paper*" shall mean notes or other obligations of the Trustees with a maturity of not more than two hundred seventy (270) days from the date of issuance and which are issued and reissued from time to time pursuant to a Program adopted by the Trustees.

"*Commercial Paper Program*" shall mean a Program authorized by the Trustees pursuant to which Commercial Paper shall be issued and reissued from time to time, up to the authorized amount of such Program.

"*Construction Fund*" shall mean the special trust fund of the Trustees designated as the "Tulsa Airports Improvement Trust Construction Fund" created and established under, and to be held and administered by the Bank as provided in Section 5.1 of this Indenture and unless the context shall clearly indicate otherwise, any Construction Account or Construction Interest Account hereafter created therein.

"*Construction Interest Account*" shall mean the account of such name in the Construction Fund as created and described in Section 5.1 hereof.

"*Costs of Construction*" shall mean the items identified in Section 5.1 of this Indenture.

"*Debt Service*" shall mean the total, as of any particular date of computation and for any particular period or year, of the aggregate amount required pursuant to this Indenture to be deposited during such period or year in the Bond Fund to provide for the payment of interest (to the extent not capitalized) and principal on the Bonds.

(i) With respect to Variable Rate Bonds, the interest rate per annum thereon shall be the Assumed Interest Rate.

(ii) If more than 25% of the principal amount of any series of Bonds is paid in one fiscal year, the Debt Service on such series shall be calculated as if the principal of such series matures in annual installments resulting in approximately level debt service over the term of such series to maturity.

(iii) If any principal or interest is due in such period on a Support Facility Obligation, the amount of principal or interest that would otherwise be due on the corresponding Bond shall be disregarded. If no payments are expected to be due on the Support Facility Obligation in such period, the Support Facility Obligation shall be disregarded for purposes of calculating Debt Service under the Indenture.

(iv) With respect to any Commercial Paper Program which has been implemented and not then terminated or with respect to any Commercial Paper Program then proposed to be implemented, with respect to Commercial Paper issued thereunder, the principal of and interest thereon shall be calculated as if the entire authorized amount of such Commercial Paper Program were to be amortized over a term of thirty (30) years commencing in the year in which such Commercial Paper Program is implemented and with substantially level annual debt service payments; the interest rate used for such computation shall be the average of the variable rates applicable to such Commercial Paper Program during any consecutive 12-month period during the immediately preceding twenty-four (24) months (or a shorter period, commencing on the date of issuance of such Commercial Paper Program) ending within thirty (30) days prior to the date of computation. With respect to any Commercial Paper Program for which such an average of the variable rates cannot be determined, the interest rate used for such computation shall be (1) a rate equal to 110% of the most recent BMA Index theretofore published in The Bond Buyer, or (2) if The Bond Buyer is no longer published or no longer publishes the BMA Index, at a rate certified by the Trustee's financial advisor, underwriter or other agent, including a remarketing agent, to be the rate of interest such Commercial Paper Program would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security and bearing interest at a variable rate, taking into consideration whether interest on such Commercial Paper is or is not excluded from gross income for federal income tax purposes.

(v) If moneys or Government Obligations have been irrevocably deposited with and are held by the Trustee or another fiduciary or moneys in the Construction Interest Account have been set aside exclusively to be used to pay principal of and/or interest on specified Bonds, then the principal of and/or interest on Bonds to be paid from such moneys, Government Obligations or from the earnings thereon shall be disregarded and not included in calculating Debt Service hereunder.

"Dedicated Revenues" means passenger facility and other similar charges, state and/or federal grants or other moneys that are not Gross Revenues hereunder, but which the Trustees have dedicated to pay an amount equal to 1.25 times principal of and/or interest on Bonds in the manner provided in Section 5.8 hereof.

"DTC" shall mean The Depository Trust Company.

"Financial Institution" shall mean any issuer or issuers of the Support Facility, its successors and assigns.

"Fiscal Year" shall mean the fiscal year of the Trustees as established from time to time by the Trustees, which as of the date of effectiveness of this Indenture is the twelve-month

period commencing on July 1 of each calendar year and ending on June 30 of the immediately succeeding calendar year.

"Government Obligations" shall mean any of the following which are non-callable and which at the time are legal investments for the moneys proposed to be invested therein: (i) direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America; (ii) bonds, debentures or notes issued by any of the following Federal agencies: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Land Banks, Federal National Mortgage Association or Government National Mortgage Association (including Participation Certificates issued by either Association), United States Postal Service or Federal Financing Bank; (iii) New Housing Authority Bonds, Temporary Notes, or Preliminary Loan Notes, fully secured by contracts with the United States; or (iv) (A) full faith and credit direct and general obligations of any State or unlimited tax direct and general obligations of any political subdivision thereof to the, payment of which the full faith and credit of such subdivision is pledged; provided that at the time of purchase such obligations are rated in either of the two highest rating categories by two nationally recognized bond rating agencies or (B) long-term obligations of any state or any political subdivision thereof the entire principal of and interest on which is insured for the entire term thereof pursuant to an irrevocable municipal bond insurance policy and which obligations are rated by two nationally recognized bond rating agencies in the highest rating category at the time of purchase; and, in either case, are legal investments for fiduciaries in both New York and Oklahoma.

"Gross Revenues" shall mean and include all income, revenues and moneys derived from the Airport by the Trustees under the Lease, or the furnishing and supplying of the services, facilities and commodities thereof and, without limiting the generality of the foregoing, shall include (a) all income, revenues and moneys derived from the rates, rentals, fees and charges (including customer facility charges) fixed, imposed and collected or accrued by the Trustees pursuant hereto or otherwise derived from or arising through the operation and management of the Airport by the Trustees, or derived from the rental of all or part of the Airport or from the sale or rental of any commodities or goods in connection with the Airport; (b) to the extent provided in this Indenture, earnings on the investment of the proceeds of Bonds; (c) to the extent provided in this Indenture, earnings on the investment of moneys held under this Indenture and the proceeds of the sale of any such investments; and (d) to the extent provided in this Indenture, income derived by the Trustees under the Lease, or otherwise derived by the Trustees and deemed "Gross Revenue" pursuant to paragraph (3) or (4) of Section 2.6 of this Indenture. The term "Gross Revenues" shall not include (a) moneys received as proceeds from the sale of Bonds or any other bonds, notes or evidence of indebtedness or as grants or gifts, the use of which is limited by the grantor or donor, except to the extent that any such moneys shall be received as payments for the use of the Airport, (b) any arbitrage earnings (including any funds on deposit in the Rebate Fund created pursuant to Section 5.7 hereof) which are required to be paid to the U.S. Government pursuant to Section 103 of the Internal Revenue Code of 1954, as amended, and the rulings and regulations promulgated thereunder, (c) the proceeds of any Support Facility, (d) passenger facility charges and state and/or Federal grants, and (e) any non-cash revenue items.

Moneys in the Airport Improvement Fund shall on the first day of each Fiscal Year be considered as Gross Revenues subject to the provisions of Section 5.6 hereof.

"*Indenture*" or "*this Indenture*" shall mean this Amended and Restated Bond Indenture dated as of November 1, 2009, which amends and restates the Bond Indenture, by and between the Trustees and the Bank and, unless the context shall clearly indicate otherwise, shall include any and all Supplemental Indentures.

"*Interest Payment Date*" shall mean, with respect to any particular series of Bonds, any date on which interest is payable on such series of Bonds as such date shall be established in the Supplemental Indenture providing for the issuance of such series of Bonds;

"*Interest Period*" shall mean, with respect to any particular series of Bonds, the period from a date on which interest is due and payable on such Bonds to and including the date preceding the next such date on which interest is due and payable, as such period shall be established in the Supplemental Indenture providing for the issuance of such series of Bonds;

"*Investment Securities*" shall mean any of the following which at the time are legal investments under the laws of the State of Oklahoma for the moneys held hereunder and then proposed to be invested therein:

- (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

- (ii) bonds, debentures, notes, participation certificates or other evidences of indebtedness issued or guaranteed by Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Federal National Mortgage Association; United States Postal Service; Government National Mortgage Association; and Federal Financing Bank or any agency or instrumentality of the United States of America or any other corporation wholly-owned by the United States of America;

- (iii) New Housing Authority Bonds, Temporary Notes or Preliminary Loan Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America or any agency thereof; or Project Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America or any agency thereof;

- (iv) (A) direct and general obligations, to the payment of the principal of and interest on which the full faith and credit of the issuer is pledged, of any of the following: any state of the United States, or any political subdivision of any such state; provided that (a) as to such obligations of a political subdivision, all the taxable real property within such political subdivision shall be subject to taxation thereby to pay such obligations and the interest thereon, without limitation as to rate or amount, and (b) at the time of their purchase under this Indenture, such obligations of any such state or political subdivision

are rated in either of the two highest rating categories by two nationally recognized bond rating agencies, or (B) bonds, notes or other obligations of any state of the United States, or any political subdivision of any such state; provided that at the time of their purchase under this Indenture, the entire principal of and interest on such obligations are irrevocably insured for the entire term of such obligations pursuant to a municipal bond insurance policy and such obligations are rated in the highest rating category by two nationally recognized bond rating agencies;

(v) bank time deposits evidenced by certificates of deposit issued by any bank or trust company (which may include the Bank) which is a member of the Federal Deposit Insurance Corporation, provided that such time deposits are secured by obligations described in items (i), (ii), or (iii) of this definition of Investment Securities, which such obligations at all times have a market value (exclusive of accrued interest) at least equal to such time deposits so secured;

(vi) repurchase agreements with banks or other financial institutions ("Repurchasers"), including but not limited to the Bank and any of its affiliates, provided that each such repurchase agreement (A) is in commercially reasonable form and is for a commercially reasonable period, and (B) results in transfer to the Bank of legal title to, or the grant to the Bank of a prior perfected security interest in, identified securities referred to in (i) or (ii) above which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the Repurchaser) as the agent solely of, or in trust solely for the benefit of, the Bank provided that such securities acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such securities or the repurchase price thereof set forth in the applicable repurchase agreement;

(vii) units of a money market fund or a money market mutual fund registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating of "AAAm-G", "AAA-m or "AA-m" and rated "Aaa", "Aa1" or "Aa2" by the applicable Rating Agency; and

(viii) commercial paper rated "Prime – 1" or better or "A-1" or better by the applicable Rating Agency.

(ix) corporate obligations unconditionally guaranteed by the United States of America.

(x) short-term cash investment funds with domestic commercial banks in one of the two highest long-term rating categories or the highest short-term rating category available by Moody's or S&P and which are insured by the Federal Deposit Insurance Corporation or fully secured by obligations described in (i), (ii) or (iii) of this definition of Investment Securities.

"Lease" shall mean the lease agreement entered into by and between the City of Tulsa and the Trustees of the Tulsa Airports Improvement Trust dated as of October 1, 1978, and duly recorded in the records of the County Clerk of Tulsa County, Oklahoma, in Book 4359, page

1448, under the terms of which lease agreement the City has leased to the Trustees, the Airport and all interest of the City in and to the income derived therefrom, together with all amendments and supplements to such lease agreement made in accordance with the provisions thereof.

"Major Maintenance, Repair and Replacement Account" shall mean the account by such name held under the Bond Indenture prior to the effectiveness of this Indenture and eliminated as of the date hereof.

"Net Revenues" shall mean Gross Revenues less Operating Expenses.

"Operating Expenses" shall mean the reasonable and necessary current expenses of the Trustees paid or accrued by the Trustees in administering, operating, maintaining, and repairing the Airport. Without limiting the generality of the foregoing, the term "Operating Expenses" shall include:

(a) costs of collecting the Gross Revenues and of making any refunds therefrom lawfully due others;

(b) engineering, audit reports, legal and other overhead expenses directly related to the administration, operation, maintenance and repair of the Airport;

(c) costs of salaries, wages and other compensation of officers and employees at the Airport and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing, none of which shall exceed a level comparable to airports or a similar size and character;

(d) costs of routine repairs, replacements, renewals and alterations occurring in the usual course of business;

(e) taxes, assessments and other governmental charges, or payments in lieu thereof, lawfully imposed on the Airport or any part thereof or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of the Airport or otherwise imposed on the Airport or the operation thereof or income therefrom;

(f) costs of utility services;

(g) the costs and expenses of general administrative overhead of the Trustees or the City allocable to the Airport;

(h) costs of equipment, materials and supplies used in the ordinary course of business, including ordinary and current rentals of equipment or other property;

(i) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport or the Gross Revenues or any other moneys held hereunder or required hereby to be held or deposited hereunder;

(j) costs of carrying out the provisions of this Indenture, including Trustee, Registrar and Paying Agents' fees and expenses, costs of insurance or a properly allocable share of any

premium of any blanket policy pertaining to the Airport or the Gross Revenues; and costs of recording, mailing and publication; and

(k) all other costs and expenses of administering, operating, maintaining and repairing the Airport arising in the routine and normal course of business;

provided, however, that (A) for the purpose of paragraph number (3) of Section 2.3 or Section 7.1 hereof, the term "Operating Expenses" shall not include: (1) any allowance for depreciation or other non-cash items or any amounts for capital replacements or reserves therefor; (2) costs of extensions, enlargements, betterments and improvements or reserves therefor; (3) reserves for operation, maintenance, renewals and repairs occurring in the normal course of business; (4) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium or reserves therefor; and (B) for all purposes hereof, the term "Operating Expenses" shall not include any operation and maintenance costs and expenses pertaining to (1) Special Facilities or expenses incurred by any lessee under a Special Facility Lease or (2) lands and properties not a part of the Airport leased for industrial, governmental or other non-aviation purposes.

"Operating Reserve Fund" shall mean the special trust fund of the Trustees designated as the "Tulsa Airports Improvement Trust Operating Reserve Fund" created and established under, and to be held and administered by the Bank as provided in Section 5.5 of this Indenture.

"Outstanding" when used with respect to any Bond, shall have the construction given to such word in Section 11.1 hereof.

"Program" shall mean a financing program identified in a Supplemental Indenture, including, but not limited to, a Commercial Paper Program (a) which is authorized and the terms thereof approved by a Supplemental Indenture adopted by the Trustees where the items described in Section 2.3 hereof have been filed with the Bank, (b) wherein the Trustees have authorized the issuance, from time to time, of notes, Commercial Paper or other indebtedness as Bonds, and (c) the authorized amount of which has met the test for issuing Additional Bonds set forth in Section 2.3 of this Indenture and the Outstanding amount of which may vary from time to time, but not exceed the authorized amount set forth in such Supplemental Indenture.

"Rating Agency" and *"Rating Agencies"* shall mean any nationally recognized rating agency of municipal obligations, but only if such Rating Agencies have been requested by the Trustees to maintain a rating on the Revenue Bonds and such Rating Agencies are then maintaining a rating on any of the Revenue Bonds.

"Refunding Bonds" shall mean any one or more series of Bonds authorized to be issued by the Trustees pursuant to Section 2.4 hereof.

"Registrar and Paying Agent" shall mean with respect to a series of Bonds, the Registrar and Paying Agent appointed for such series of Bonds by the Trustees.

"Remarketing Agent" shall mean any Remarketing Agent appointed by the Trustees and serving as such under the Remarketing Agreement, including any successors or assigns.

"Remarketing Agreement" shall mean any agreement which provides for the remarketing of Variable Rate Bonds upon tender or otherwise, as such agreement may be supplemented and amended from time to time.

"Revenue Fund" shall mean the special trust fund of the Trustees designated as the "Tulsa Airports Improvement Trust Revenue Fund" created and established under, and to be held and administered by the Bank as provided in Section 5.2 of this Indenture.

"Special Facility" shall have the meaning given such term in Section 2.6 hereof.

"Special Facility Lease" shall mean a lease or sublease of property described in Section 2.6 hereof, under and pursuant to which the lessee or sublessee agrees to pay to the Trustees the rentals required by such section, and additionally to pay, directly or indirectly, all costs connected with the ownership, operation, maintenance, repair, renewals and rehabilitation of the leased or subleased property (including, without limitation, insurance, utilities, taxes or payments in lieu of taxes and assessments) under such conditions so that the amounts payable to the Trustees pursuant to such lease or sublease (exclusive of the additional rental payable pursuant to clause (ii) of subparagraph 2 of said Section 2.6 hereof and of the ground rental, if any, payable pursuant to said subparagraph 3) shall be paid free and clear of all charges and whether or not the leased or subleased property is actually ever used and occupied by the lessee or sublessee.

"Special Obligation Bond" shall mean bonds issued pursuant to Section 2.6 hereof to finance the cost of construction, renovation, expansion or acquisition of a Special Facility and shall include any bonds, notes, bank loans and other evidence of indebtedness.

"Subordinate Obligation" shall mean any bond, note or other debt instrument issued or otherwise entered into by the Trustees which may be paid from moneys constituting Net Revenues and which rank junior and subordinate to the Bonds and is only paid if all principal, interest and other amounts which have become due and payable on the Bonds whether by maturity, redemption, acceleration or agreement of the Trustees has been paid in full and the Trustees are current on all payments, if any, required to be made to replenish the Bond Reserve Fund and the Operating Reserve Fund. "Subordinate Obligations" shall include subordinate Commercial Paper and any related subordinate reimbursement obligations. "Subordinate Obligations" are not Bonds for purposes of this Indenture; provided, however, that the Trustees may henceforth by Supplemental Indenture elect (a) to have the provisions of this Indenture applicable to the Bonds apply to the Subordinate Obligations issued thereunder, and (b) to create funds and accounts which shall be funded hereunder, but only after payment of Operating Expenses, payments to the Bond Fund, payments to the Bond Reserve Fund and payments to the Operating Reserve Fund, for payment of such Subordinate Obligations. Such Subordinate Obligations shall be secured with Net Revenues on a junior and subordinate basis to the Bonds. No bond, note, or other instrument of indebtedness shall be deemed to be a "Subordinate Obligation" for purposes of this Indenture and payable on a subordinate basis from Net Revenues unless specifically designated by the Trustees as a "Subordinate Obligation" in a Supplemental Indenture or other written instrument.

"Supplemental Indenture" shall mean any indenture entered into by the Bank and the Trustees pursuant to and in compliance with the provisions of Article X of this Indenture

(including as permitted by Section 2.5 hereof) providing for the issuance of Bonds or Subordinate Obligations, and shall also mean any other indenture between the same parties entered into pursuant and in compliance with the provisions of Article X hereof amending or supplementing the provisions of this Indenture as originally executed or as theretofore amended or supplemented.

"*Support Agreement*" shall mean the agreement, if any, entered into by the Trustees which provides for a Support Facility, and any and all modifications, alterations, amendments and supplements thereto.

"*Support Facility*" shall mean 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 (i) the purchase price, including accrued interest, of Bonds delivered to the Remarketing Agent or any depository, tender agent or other party pursuant to a Remarketing Agreement or Supplemental Indenture, if any, and/or (ii) principal of and interest on certain Bonds becoming due and payable during the term thereof.

"*Support Facility Obligation*" shall mean an obligation arising under a Support Agreement pursuant to or pursuant to the terms of which the Trustees agree to reimburse the provider of the Support Facility for amounts paid through such facility to pay debt service or purchase price on any Bonds and all other amounts due and owing to a provider of a Support Facility.

"*Trust*" shall mean the Tulsa Airports Improvement Trust created and established by the Trust Indenture for the use and benefit of the City.

"*Trust Estate*" shall mean the moneys, assets, agreements, contract rights, property interests and other rights and interests of the Trustees granted, bargained, sold, alienated, demised, released, conveyed, transferred, assigned, confirmed, pledged with and set out into the Bank in trust by the Trustees in the preambles and recitals of this Indenture after the payment of Operating Expenses.

"*Trust Indenture*" shall mean the trust indenture dated March 1, 1967, entered into by and between A & S Metals, Inc., an Oklahoma corporation, as trustor, and Byron V. Boone, L. L. Dresser, J. M. Hewgley, Jr., Richard Lloyd Jones, Jr. and E. Fred Johnson, as trustees, creating and establishing a trust therein named as the "Tulsa Airports Improvement Trust" for the use and benefit of the City which Trust Indenture was duly recorded in the office of the County Clerk of the County of Tulsa, State of Oklahoma, on April 10, 1967, in Book 3803, page 498.

"*Trustees*" shall mean the persons named as the Trustees of the Tulsa Airports Improvement Trust, and their predecessors or successors in office under the provisions of the Trust Indenture, as the case may be.

"*Variable Rate Bonds*" shall mean any Bonds issued bearing interest at a rate per annum subject to adjustment from time to time pursuant to the terms thereof, based upon an index, or

otherwise calculated in a manner which precludes the actual rate for the entire term of such debt from being ascertainable in advance. For the purposes of this definition, Bonds cease to be considered Variable Rate Bonds upon the establishment of or conversion of the rate of interest thereon to a fixed interest rate for the remaining term thereof.

Section 1.2. *Rules of Interpretation.* Unless the context shall clearly indicate otherwise or may otherwise require, in this Indenture (which, for purposes of this paragraph, shall not include any Supplemental Indenture):

(i) Whenever in this Indenture any governmental unit including the City, the Trustees, or any official, officer, director or department of a governmental unit, is defined or referred to, such definition or reference shall be deemed to include the governmental unit or official, officer, board, agency, commission, body or department succeeding to or in whom or which is vested, the functions, rights, powers, duties and obligations of such governmental unit, official, officer, director or department, as the case may be, encompassed by this Indenture;

(ii) All terms defined herein and all pronouns used in this Indenture shall be deemed to apply equally to singular and plural and to all genders;

(iii) The titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof;

(iv) The definitions contained in this Indenture relating to accounting terms are for the purpose of determining compliance with this Indenture and do not necessarily govern financial reporting for the Trustees. Additionally, financial calculations shall be interpreted in the manner consistent with generally accepted accounting principles;

(v) Unless the context shall clearly indicate otherwise or may otherwise require, in this Indenture words importing persons include firms, partnerships, associations, corporations (public and private), public bodies and natural persons, and also include executors, administrators, trustees, receivers or other representatives;

(vi) References to articles, sections and other subdivisions, whether by number or letter or otherwise, are to the respective or corresponding articles, sections and subdivisions of this Indenture, as such articles, sections or subdivisions may be amended from time to time;

(vii) The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, refer to this Indenture and to this Indenture as a whole and not to any particular article, section or subdivision hereof; and

(viii) The word "heretofore" means before the term of effectiveness of this Indenture; the word "now" means at the time of effectiveness of this Indenture; and the word "hereafter" means after the time of effectiveness of this Indenture.

Section 1.3. *Computations.* Unless the facts shall then be otherwise, all computations required for the purposes of this Indenture shall be made on the assumption that: (i) the principal of and interest on all Bonds shall be paid as and when the same become due; (ii) all credits required by Section 5.3 hereof, or by any Supplemental Indenture providing for the issuance of Additional Bonds, to be made to the Principal Account in the Bond Fund shall be made in the amounts and at the times required by such Section 5.3 or by such Supplemental Indenture; and (iii) all Bonds required by the Supplemental Indenture providing for their issuance, to be redeemed from moneys credited to the Principal Account created pursuant to Section 5.3 hereof in the Bond Fund shall be redeemed on the respective installment dates therefor in the amounts and at the times as required by said Section 5.3 or by such Supplemental Indenture.

Section 1.4. *Certificates and Opinions.* Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include: (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Section 1.5. *Action by a Majority of Trustees Binding on All Trustees.* Except as otherwise specifically provided in this Indenture, any request, direction, demand, order, consent, notice, certificate or other instrument from the Trustees shall be deemed binding upon them if signed by a majority of the Trustees.

ARTICLE II.

AUTHORIZATION OF ISSUANCE OF BONDS AND ADDITIONAL BONDS AND REFUNDING BONDS; JUNIOR LIEN OBLIGATIONS; SPECIAL FACILITY BONDS

Section 2.1. *Authorization of Issuance of Bonds; Payment and Security Thereof.* There is hereby established and created under this Indenture an issue of general revenue bonds (herein defined and referred to as the "Bonds") of the Trustees, to be known and designated as "Trustees of the Tulsa Airports Improvement Trust, General Revenue Bonds" or "General Airport Revenue Bonds." The Bonds may be issued hereunder in series from time to time as hereinafter provided in Sections 2.2, 2.3 and 2.4 hereof. Subject to the provisions of Sections 2.2, 2.3 and 2.4 hereof, the aggregate principal amount of Bonds which may be issued hereunder and secured hereby and be Outstanding at any time is not limited as to amount, except as may otherwise hereafter be provided by law. The Bonds, including principal thereof and interest and premium, if any, thereon, shall be payable solely from the Net Revenues, which Net Revenues shall be and hereby are pledged and charged to the Bonds (which for purposes of this section shall include any Support Facility Obligations related to Bonds) and the punctual payment of the principal thereof and interest and premium, if any, thereon and to the security thereof in accordance with the provisions of this Indenture. Except with respect to any account of the Bond Reserve Fund established for the benefit of only certain Bonds or as hereinafter otherwise specifically provided, the Bonds (which for purposes of this section shall include any Support Facility Obligations related to Bonds) shall be equally and ratably secured hereunder by the assignments, pledges and charges made or created herein of or on the properties of the Trust Estate for the payment and security of the Bonds and by a co-equal lien thereon, without priority by reason of series number, date of execution hereof or of the Supplemental Indenture providing for the issuance thereof, date of Bonds, date of sale, date of execution, date of authentication, date of issuance, date of delivery, or otherwise, and without regard to which section hereof the Bonds are issued hereunder. The aforesaid lien and charge of the Bonds shall constitute a prior and paramount lien and charge on the Net Revenues and the other moneys and securities from time to time held hereunder, subject only to the provisions of this Indenture permitting the establishment of accounts in the Bond Reserve Fund to benefit only some Bonds and permitting the application of the Net Revenues and such other moneys and securities for the purposes and on the terms and conditions hereof, over and ahead of any claims (whether in tort, contract or otherwise and irrespective of whether or not the parties possessing such claims have notice of the foregoing pledges or charges), encumbrances or obligations of any nature hereafter arising or incurred, and over and ahead of all other indebtedness payable from or secured by the Net Revenues and such other moneys and securities which may hereafter be created or incurred. The pledges, liens, charges, and assignments to the Bank of the properties of the Trust Estate made herein and hereby shall be valid and binding from the time of the delivery of and payment for the Bonds issued hereunder, and the moneys representing the Net Revenues shall thereupon be immediately subject to the pledge, lien and charge hereof upon receipt thereof by the Trustees or the Bank or a Registrar and Paying Agent for a series hereunder without any physical delivery or further act. The Bonds shall not in any manner or to any extent be a general obligation of the Trustees, nor a charge upon any other revenues or property of the Trustees not specifically pledged or charged thereto by this Indenture. The Bonds shall not in any manner or to any extent be (i) an

indebtedness of the State of Oklahoma or of the City or any municipality or political subdivision of the State of Oklahoma, (ii) a general obligation of the Trustees nor a charge upon any other revenues or assets of the Trustees not specifically pledged hereunder, or (iii) a personal obligation of any of the Trustees.

The covenants and agreements herein set forth to be performed by the Trustees shall be for the equal and proportionate benefit, security and protection of all holders of the Bonds without preference, priority or distinction as to payment or security or otherwise (except as to maturity and except as sinking fund accounts, Bond Reserve Accounts or other funds or accounts which may be established for the Bonds of any series authorized hereunder may afford additional security for the Bonds of such series) of any of the Bonds over any of the others for any reason or cause whatsoever, except as expressly provided herein or in the Bonds, and all Bonds shall rank *pari passu* and shall be secured equally and ratably hereunder without discrimination or preference whatsoever.

No holder of a Bond shall be required to see that the moneys derived from such Bond are applied to the purpose or purposes for which the Bond is issued. The validity of the Bonds shall neither be dependent upon nor affected by the validity or regularity of any proceedings or contracts relating to the acquisition, purchase, construction, reconstruction, restoration, addition, expansion, improvement, betterment, extension, renewal or replacement of the Airport, nor the use and application of the proceeds of the Bonds.

Section 2.2. *Authorization of Issuance and Details of Bonds.* Bonds may be issued, authenticated and delivered under this Indenture from time to time for the purpose of paying the cost of extensions and improvements to the Airport, and for the purpose of refunding any Outstanding Bonds, subject to the restrictions of this Indenture. Each series of Bonds shall be issued pursuant to this Indenture and a Supplemental Indenture setting forth the terms and provisions of such series as hereinafter provided.

Unless otherwise provided in the Supplemental Indenture providing for the issuance thereof, Bonds may be issued in the form of fully registered Bonds without coupons and shall be issuable in such denominations, shall be numbered in the manner, and shall bear interest for such Interest Periods and shall be payable on such Interest Payment Dates and in such manner established in the Supplemental indenture or Supplemental Indentures providing for their issuance.

The principal of, premium, if any, and interest on the Bonds shall be payable in such coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts. The principal of and premium, if any, on the Bonds shall be paid upon presentation and surrender at the principal office of the Registrar and Paying Agent designated for such series of Bonds in the Supplemental Indenture providing for the issuance thereof. Payment of the interest on Bonds shall be made by the Registrar and Paying Agent designated for such series of Bonds or the Bank on each Interest Payment Date, to the registered owner at his address as it appears on the books of registry by check or draft, wire transfer or such other means acceptable to the Trustees and the holders of the Bonds.

Section 2.3. *Issuance of Additional Bonds.* The Trustees may issue and deliver hereunder and secure hereby at one time or from time to time an additional series or additional series of the Bonds (herein defined and referred to as "Additional Bonds") by means of a Supplemental Indenture or Supplemental Indentures which shall become effective upon compliance and in accordance with the provisions of Section 10.4 hereof, but only upon compliance with the following conditions:

(1) The Trustees shall have found and determined that no default exists in the payment of the principal of or interest and premium (if any) of any Bond; all mandatory redemptions (if any) of Bonds required to have been made from the Principal Account in the Bond Fund shall have been made; and all payments required by law or agreement to have been made to the time of such finding or determination to the City by reason of the issuance of bonds, notes or other evidences of indebtedness of such City for the Airport upon request of the Trustees shall have been made;

(2) Reserved;

(3) The Accountant or Airport Consultant shall have certified that

(a) for any twelve (12) consecutive months out of eighteen (18) months immediately preceding the month in which the Additional Bonds proposed to be issued are delivered and paid for, the Net Revenues for such period on the accrual basis of accounting plus Dedicated Revenues for such period shall have been equal to not less than one hundred twenty-five percent (125%) of the Debt Service for such twelve (12) month period on all Bonds Outstanding as of the last day of such twelve (12) month period plus Debt Service on such Additional Bonds to be issued; or

(b) the Net Revenues, as estimated by such person, to be derived either (i) in each of the five (5) Fiscal Years following the Fiscal Year in which such Additional Bonds are issued, or (ii) in each of the three (3) Fiscal Years following the Fiscal Year in which the Trustees estimate a substantial portion of the project or projects, the Costs of Construction of which are to be financed from the proceeds of the issuance of such Additional Bonds, are placed in continuous service or in commercial operation, whichever is later, plus any Dedicated Revenues for such period shall equal not less than one hundred twenty-five percent (125%) of the Debt Service in each Fiscal Year on all Bonds to be Outstanding upon the issuance of such Additional Bonds and including such Additional Bonds.

For the purposes of the certification required in (3)(a) above, (i) Net Revenues derived prior to such twelve (12) month period that are on deposit in the Airport Improvement Fund on the first day of the following Fiscal Year may be deemed to be and treated as Net Revenues derived during such twelve (12) month period, and (ii) amounts received during such twelve (12) month period arising out of and attributable to the payment of interest and principal on temporary or short-term borrowings incurred to pay Operating Expenses shall not be considered to be Gross Revenues actually paid into the Revenue Fund.

The proceeds of the sale of a series of Bonds issued pursuant to this section, including the interest accrued thereon to the date of delivery of and payment therefor shall be paid to the Bank, who shall (i) deposit an amount of such proceeds equal to such accrued interest in the Bond Fund for credit to the Interest Account therein; (ii) deposit such amount, if any, as shall be specified in the Supplemental Indenture providing for the issuance of such series of Bonds in the Bond Reserve Fund so that when added to the amount then on deposit in the applicable account of the Bond Reserve Fund, would cause the total amount on deposit in such account to equal the total of the Bond Reserve Requirement for such series of Bonds, including all such series of Bonds secured by such account of the Bond Reserve Fund; (iii) make such other deposits or credits, if any, as shall be specified in the Supplemental Indenture providing for the issuance of such series of Bonds, including credits to the applicable account of the Operating Reserve Fund; and (iv) deposit the remainder of such proceeds in the applicable account of the Construction Fund.

Nothing in this Indenture shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Trustees from issuing Variable Rate Bonds. The Supplemental Indenture or Supplemental Indentures providing for the issuance of such Variable Rate Bonds may provide for the Trustees: (i) to obtain Support Facilities or alternate Support Facilities; (ii) to enter into Support Facility Agreements in connection therewith that provide that the Trustees' obligation to the provider of a Support Facility under the Support Facility Agreement are ranked on parity with the Bonds to which the Support Facility relates (provided, however, that any such variable rate bonds and the corresponding obligation under the Support Facility Agreement shall be considered the same obligation in determining Debt Service on such borrowing); (iii) to enter into Remarketing Agreements and appoint Remarketing Agents; (iv) to provide for interest to be payable or redetermined on such dates and to accrue over such periods as set forth in such Supplemental Indenture; (v) to provide for the establishment, use, composition, adjustment and change of interest indices or the establishment and use of alternate interest indices or the establishment of multiple or alternative interest rate modes or the establishment of a fixed interest rate or rates, provide for the establishment of special funds and accounts in connection with the issuance of such Variable Rate Bonds; and (vi) to provide for special redemption or purchase provisions for such Variable Rate Bonds and establish notice provisions in connection with the purchase, redemption, delivery or tender of such Variable Rate Bonds.

Section 2.4. *Refunding Bonds.* The Trustees may at any time and from time to time issue one or more series of Bonds (herein defined and referred as "Refunding Bonds") hereunder by means of a Supplemental Indenture or Supplemental Indentures which shall become effective upon compliance and in accordance with the provisions of Section 10.4 hereof, for the purpose of refunding at any time any of the then Outstanding Bonds.

Bonds of any one or more series may be refunded by the same series of refunding Bonds, which Bonds to be refunded shall be specified in the Supplemental Indenture providing for the issuance of the Refunding Bonds and the principal amount of such Refunding Bonds may include amounts necessary to pay the principal of the Bonds to be refunded, interest thereon to the date of redemption thereof, any premium payable thereon upon such redemption or purchase and the costs of issuance of such Refunding Bonds. The proceeds of the Refunding Bonds shall be held and applied in such manner, consistent with the provisions of Article XI hereof, as is provided in the Supplemental Indenture providing for the issuance of such Refunding Bonds, so

that upon the delivery of such Refunding Bonds the Bonds to be refunded thereby shall no longer be deemed to be Outstanding hereunder in accordance with the provisions of such Article XI.

Section 2.5. *Subordinate Obligations.* Nothing contained in this Indenture shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Trustees from approving Supplemental Indentures which provide for the issuance of Subordinate Obligations for any corporate use or purpose of the Trustees relating to the Airport payable as to principal and interest from the Net Revenues subject and subordinate to both the payment of Operating Expenses and the deposits and credits required to be made to the Revenue Fund, the Bond Fund, the Bond Reserve Fund and the Operating Reserve Fund and nothing shall prohibit the Trustees from creating new funds or accounts from which to pay principal and interest on Subordinate Obligations or to provide a reserve for the payment of such Subordinate Obligations, all of which are funded from Net Revenues after the required funds are deposited in the Bond Fund, the Bond Reserve Fund and the Operating Reserve Fund, or from securing such Subordinate Obligations and the payment thereof by a lien and pledge on the Net Revenues junior and subordinate to the lien and pledge on the Net Revenues herein created for the payment and security of the Bonds.

Section 2.6. *Special Obligation Bonds and Special Facility Leases.* Anything in this Indenture to the contrary notwithstanding, the Trustees may enter into contracts, leases, subleases or other agreements pursuant to which the Trustees will agree to construct a facility on land constituting part of the Airport or will agree to acquire and construct a facility on land not then constituting part of the Airport (which land if not then owned or leased by the Trustees may be acquired for such purpose), or to acquire and remodel, renovate or rehabilitate a building, structure, or other facility (including the site thereof) (all such facilities being defined as the "Special Facility"), and lease such Special Facility under the following conditions:

1. Reserved.

2. A Special Facility Lease shall be entered into between the Trustees, as lessor, and the user or occupier of such Special Facility, as lessee, pursuant to which the lessee shall agree to pay the Trustees in each year during the term thereof, which term shall not be less than the maturity of any related Special Obligation Bonds: (i) facility rentals (referred to in this section as the "facility rentals") in periodic installments which will be sufficient to pay during such term as the same respectively becomes due the principal of and interest on all related Special Obligation Bonds; (ii) such further rentals as shall be necessary or required to provide or maintain all reserves required for such related Special Obligation Bonds and to pay all issuance and other fees thereof, including, trustees', fiscal agents' and paying agents' fees and expenses and all fees and expenses associated with any Support Facility delivered in connection therewith; and (iii) unless a facility rental shall be provided for in accordance with and pursuant to the next subparagraph of this section, an additional rental shall be payable in periodic installments and free and clear of all charges under such Special Facility Lease to cover the allocable administrative costs of the Trustees as a result of the Special Facility Lease and the issuance and servicing of such Special Obligation Bonds;

3. If the land on which the Special Facility is to be constructed constitutes a part of the Airport, the Special Facility Lease referred to in subparagraph 2 above of this section shall provide for payment to the Trustees of a ground rental for the ground upon which such Special

Facility is or is to be located. If the Special Facility Lease provides for such ground rental, it shall be payable in periodic installments in amounts not less than rental payments for other comparable ground space constituting part of the Airport as determined from time to time by the Trustees; shall be free and clear of all charges under such Special Facility Lease; shall be in addition to the rentals required by subparagraph 2 above of this section, and shall constitute Gross Revenues and be paid into the Revenue Fund, to be used and applied as are other moneys deposited therein; and

4. If the Special Facility is or is to be located on land constituting a part of the Airport, the Special Facility Lease shall provide that all rentals payable thereunder pursuant to subparagraph 2 above of this section which are not required to pay the Special Obligation Bonds (including reserves for such Special Obligation Bonds) or required to pay trustees', fiscal agents' and paying agents' and other necessary advisors' fees and expenses in connection therewith, or required to pay the aforesaid administrative costs of the Trustees and costs associated with any related Support Facility, shall be paid to the Trustees for its own use and purposes. To the extent permitted by law, such excess amounts shall constitute Gross Revenues and be paid into the Revenue Fund, to be used and applied as are other moneys deposited therein.

Anything in this Indenture to the contrary notwithstanding, the Trustees may issue Special Obligation Bonds for a Special Facility on ground then constituting part of the Airport or on ground not then constituting part of the Airport (which ground may then be owned or leased by the Trustees or acquired for that purpose), or to acquire, renovate, expand and rehabilitate a Special Facility (including the acquisition of necessary land), for lease or sublease pursuant to the provisions of this section. Such Special Obligation Bonds (i) shall be payable solely from the facility rentals payable pursuant to subparagraph 2 above of this section by the lessee under the Special Facility Lease entered into with respect to Special Facility to be financed from such Special Obligation Bonds; (ii) shall not be a charge or claim against or payable from or secured by the Net Revenues or any other moneys held hereunder; (iii) shall mature within both the useful life of the Special Facility (as estimated by the Trustees) to be financed from such Special Obligation Bonds and the term of the Special Facility Lease entered into with respect to such Special Facility; and (iv) shall not be issued unless and until the following conditions have been met:

(A) The Trustees shall find and determine, and the Airport Consultant shall concur in such findings and determinations in writing filed with the Trustees, the following: (i) that the construction, renovation, expansion or acquisition and leasing, or subleasing for use or occupation of such Special Facility would not violate the conditions of subparagraph 1 above of this section; (ii) that the lease or sublease referred to in subparagraphs 2, 3 and 4 above of this section has been entered into or a contract to enter into such lease or sublease has been entered into; (iii) that the payments to be made by the lessee or sublessee pursuant to the provisions of subparagraph 2 above of this section is expected to be sufficient to pay the principal of and interest and premium (if any) on such Special Obligation Bonds as the same become due and to pay all trustees', fiscal agents', paying agents' and other agents or advisors' fees and expenses and all fees and expenses associated with any related Support Facility delivered in connection therewith; and (iv) that the additional rental, if any, to be paid pursuant to clause (iii) of subparagraph 2 above of this section is fair and reasonable, or that the ground rental payable

pursuant to subparagraph 3 above of this section, if any, is comparable to the rental of similar lands constituting a part of the Airport; and

(B) There shall have been filed with the Trustees an opinion of counsel to the Trustees, that the leases or subleases entered into pursuant to this section for the Special Facility to be financed from such Special Obligation Bonds or the contract agreeing to enter into such lease or sublease are valid and binding according to their terms and comply with the provisions of subparagraphs 2, 3 and 4 above of this section.

Outstanding bonds of an issue of Special Obligation Bonds may be refunded by an issue of refunding Special Obligation Bonds, provided that:

(1) the refunding Special Obligation Bonds shall be secured by and payable solely from the rentals for that Special Facility from which the Special Obligation Bonds to be refunded were payable;

(2) to the extent prohibited by law or regulation, the refunding will not decrease the rental, if any, for the Special Facility payable pursuant to subparagraph 3 of the first paragraph of this section;

(3) the Special Facility Lease for the Special Facility during the life of such refunding Special Obligation Bonds shall comply with subparagraphs 2, 3 and 4 of the first paragraph of this section;

(4) the refunding Special Obligation Bonds shall mature within the useful life of the Special Facility (as estimated by the Trustees) and within the term of the new or amended lease or sublease entered into with respect to such refunding; and

(5) the provisions of paragraphs (A) and (B) above of this section shall be complied with for any refunding of Special Obligation Bonds.

Special Obligation Bonds issued pursuant to the provisions of this section may also be refunded by Additional Bonds if (i) all such Special Obligation Bonds then Outstanding and unpaid pertaining to the particular Special Facility are refunded at one time from such Additional Bonds or are then otherwise retired; and (ii) the conditions contained in Section 2.3 of this Indenture are complied with upon such refunding, and, for the purposes of any such refunding, such refunding shall be considered as though the Trustees were acquiring such Special Facility by the issuance of such Additional Bonds.

If a Special Facility is located on land constituting a part of the Airport, upon the retirement of the indebtedness evidenced by the Special Obligation Bonds issued therefor or evidenced by refunding Special Obligation Bonds, all rentals and other income thereafter received by the Trustees from the Special Facility for which Special Obligation Bonds were issued shall, to the extent permitted by law, constitute Gross Revenues and be paid into the Revenue Fund, to be used and applied as are other moneys deposited therein, and if such rentals and other income shall then constitute Gross Revenues, such Special Facility shall, unless contrary to law, then constitute part of the Airport for all purposes of this Indenture, provided,

however, that if any such Special Obligation Bonds are retired through the refunding thereof from the proceeds of Additional Bonds, such Special Facility in all events shall thereafter constitute part of the Airport for all purposes hereof.

ARTICLE III.

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.1. *Execution of Bonds; Validity of Signatures Thereon.* Except or unless as is otherwise set forth in the Supplemental Indenture providing for their issuance, Bonds shall be executed in the name of the Trustees by any one of the Trustees, either by his manual signature or by a facsimile thereof, and a facsimile of the seal of the Trustees shall be imprinted or reproduced thereon, and attested by the Secretary or any other one of the Trustees, either by his manual signature or by a facsimile thereof.

In case any person who shall have signed, attested, authenticated, registered or sealed, as the case may be, any of the Bonds, whether by means of his manual signature or a facsimile thereof, shall die or cease to be the person authorized to sign, attest, authenticate, register or seal the Bonds before the Bonds so signed, attested, authenticated, registered or sealed, as the case may be, by him shall have been actually issued and delivered, such Bonds shall be valid nevertheless, and may be issued with the same effect as though the person who had so signed, attested, authenticated, registered or sealed such Bonds had not died or ceased to be such authorized person.

Section 3.2. *Authentication of Bonds.* Subject to the provisions of the next succeeding sentence of this paragraph, the Registrar and Paying Agent for a series of Bonds shall, at the order of the Trustees, authenticate and deliver the Bonds of such series under this Indenture in accordance with the directions of the Trustees contained in such order. Bonds delivered in accordance with the provisions of this Indenture upon transfers, exchanges or redemption of Bonds shall be authenticated as herein provided when so delivered, and no order of the Trustees nor opinion of counsel nor any other document shall be necessary to authorize such authentication. Only such of the Bonds (including temporary Bonds) as shall have endorsed thereon a certificate of authentication substantially in the form set forth in Section 12.1 hereof, duly executed by the Registrar and Paying Agent for such series, shall be entitled to any right or benefit under the Indenture or be secured thereby, and no Bond shall be valid or obligatory for any purpose unless and until such certificate or authentication shall have been executed by the Registrar and Paying Agent. Upon the authentication of any Bonds of a series, the Registrar and Paying Agent for such series shall insert in the certificate of authentication the date as of which such Bonds are authenticated, such date to be the date upon which such Bond is actually authenticated if the date of such actual authentication is an Interest Payment Date or to be the Interest Payment Date next preceding the date upon which the Bond is actually authenticated if such Bond is not actually authenticated upon an Interest Payment Date or to be that date of the series of Bonds of which such Bond is one if such Bond is actually authenticated prior to the first Interest Payment Date for the series of Bonds of which such Bond is one. Every authentication by the Registrar and Paying Agent for a series of Bonds upon any Bond of such series shall be conclusive evidence that the Bond so authenticated has been duly issued hereunder and is entitled to the benefits and security of this Indenture and of the trusts thereby created.

In case any of the Bonds of a series shall have been authenticated but not delivered, any successor Registrar and Paying Agent for such series hereunder may adopt the certificate of authentication of the original Registrar and Paying Agent or of any successor to it as the

Registrar and Paying Agent hereunder, and deliver the Bonds so authenticated as herein provided. In case any of the Bonds of a series shall not have been authenticated, any successor Registrar and Paying Agent for such series may authenticate such Bond as herein provided in its own name. In all such cases such certificate of authentication shall have the same force and effect as provided in the Bonds or in this Indenture with respect to the certificate of authentication of the Registrar and Paying Agent for a series of Bonds.

Section 3.3. *Transfer of Bonds.* Any Bond of a series maybe transferred upon the books required to be kept pursuant to the provisions of Section 3.5 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond to the Registrar and Paying Agent for such series accompanied by delivery of a written instrument of transfer duly executed by the registered owner in person or his duly authorized agent and in form satisfactory to the Registrar and Paying Agent for such series. Whenever any Bond of a series shall be surrendered for transfer, the Trustees shall execute and the Registrar and Paying Agent for such series shall authenticate and deliver, at the principal office of the Registrar and Paying Agent for such series (or send by registered mail to the new owner thereof at his request, and at his risk and expense), in the name of the transferee or transferees, a new duly executed and authenticated Bond or Bonds, of the same series, interest rate or rates and maturity and for a like aggregate principal sum. To the extent of denominations authorized in respect of any such Bond by the terms of this Indenture or Supplemental Indenture, one Bond may be transferred for several such Bonds of the same series, interest rate or rates, maturity and aggregate principal amount, and several Bonds may be transferred for one or several Bonds of the same series, interest rate or rates, maturity and aggregate principal amount. All transfers pursuant to this section shall be made without expense to the owner of such Bonds, except that the Bank shall require the payment by the owner of the Bond requesting such transfer of any tax or other governmental charges required to be paid with respect to such transfer. All Bonds surrendered pursuant to this section shall be cancelled by the Registrar and Paying Agent for such series and forwarded to the Bank for cancellation, together with the number or numbers of the Bond or Bonds of such series issued in substitution for such cancelled Bond or Bonds.

The Supplemental Indenture providing for the issuance of a series of Bonds shall establish the period within which the Registrar and Paying Agent shall not be required to provide for the transfer or registration of the Bonds of such series.

Section 3.4. *Exchange of Bonds.* Bonds of a series, upon surrender thereof at the principal office of the Registrar and Paying Agent for such series, together with a written instrument of transfer duly executed by the registered owner in person or his duly authorized attorney in such form as shall be satisfactory to the Registrar and Paying Agent for such series may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of Bonds of the same series and maturity, of any denomination or denominations authorized by this Indenture and the Supplemental Indenture providing for the issuance of such series, and bearing interest at the same rate or rates, and in the same form as the Bonds surrendered for exchange. All Bonds of a series so surrendered pursuant to this section shall be cancelled by the Registrar and Paying Agent for such series and forwarded to the Bank or forwarded to the Bank for cancellation, together with the number or numbers of the Bonds of such series issued in substitution for the cancelled Bond or Bonds.

Any Bonds of a Series to be delivered to the holder upon any such exchange shall be delivered to the holder at the principal office of the Registrar and Paying Agent for such series (or sent by registered mail to the new owner thereof at such holder's request, risk and expense).

The Supplemental Indenture providing for the issuance of a series of Bonds shall establish the periods within which the Registrar and Paying Agent for such series shall not be required to provide for the exchange of Bonds of such series.

Section 3.5. *Books of Registry.* At all times during which any Bond of a series remains Outstanding and unpaid, the Registrar and Paying Agent for such series shall keep or cause to be kept at its principal office books (herein referred to as the "books of registry") for the registration and transfer of Bonds. The Registrar and Paying Agent for such series shall be the principal Paying Agent, transfer agent and registrar (herein referred to and defined as the "Registrar and Paying Agent") for all Bonds of such series. Upon presentation at its principal office for such purpose the Registrar and Paying Agent for a series, under such reasonable regulations as it may prescribe, shall register or transfer, or cause to be registered or transferred, on such books of registry, Bonds as hereinbefore set forth. The books of registry shall at all times be open for inspection by the Trustees or the Bank or their duly authorized agent or representative.

Section 3.6. *Temporary Bonds.* Pending the preparation of definitive Bonds, interim receipts or certificates (herein referred to as "temporary Bonds") may initially be issued exchangeable for definitive Bonds of the same series when the latter are ready for delivery. Such temporary Bonds may be printed, lithographed or typewritten, shall be of such denomination or denominations as may be determined by the Trustees, may contain such references to any of the provisions of this Indenture as may be appropriate. If temporary Bonds are issued, the Trustees will cause to be furnished duly executed and authenticated definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation at the principal office of the Registrar and Paying Agent for a series in exchange for definitive Bonds and without charge for such exchange, and the Registrar and Paying Agent for a series shall deliver in exchange for such temporary Bonds so surrendered an equal aggregate principal amount of duly executed and authenticated definitive Bonds in fully registered form, of authorized denominations and or the same series, interest rate or rates and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds of the same series delivered hereunder.

Upon the issuance of a series of Bonds, the Registrar and Paying Agent for such series shall reserve in the books of registry a number for each component of principal amount of Bonds of such series issued equal to the smallest denomination in which such series of Bonds is issuable which number may differ from the numbers printed on the Bonds then being issued (with multiple numbers being assigned to each Bond issued in a denomination in excess of such component of principal amount). Such numbers shall be forwarded by the Registrar and Paying Agent in writing to the Bank. Upon the transfer or exchange of any Bond of a series, the Registrar and Paying Agent for such series shall make such notations in the books of registry as it deems necessary to reassign such reserved numbers to Bonds of such series issued upon any such exchange or transfer. Whenever it shall be necessary for the Bank or the Registrar and Paying Agent for a series of Bonds to call the Bonds of a maturity within such a series for redemption in part, the Registrar and Paying Agent for such series shall utilize the numbers

reserved in the books of registry for the purpose of selecting the Bonds of such maturity within such series to be redeemed.

Section 3.7. *Mutilated, Lost, Stolen or Destroyed Bonds.* In case any Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced or mutilated as to impair the value thereof to the owner, the Trustees shall execute and the Registrar and Paying Agent for such series shall authenticate and deliver at the principal office of the Registrar and Paying Agent for such series (or send by registered mail to the owner thereof at his request, and at his risk and expense), a new Bond of the same series, interest rate or rates and maturity and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Bond or in lieu of or in substitution for such lost, stolen, or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish to the Trustees and the Registrar and Paying Agent for such series evidence or proof satisfactory to each of them of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the Trustees or by the Registrar and Paying Agent for such series. Any duplicate Bond issued under the provisions of this section in exchange and substitution for any defaced mutilated or partly destroyed Bond or in substitution for any allegedly lost; stolen or wholly destroyed Bond shall be entitled to the identical benefits under this Indenture as was the original Bond in lieu of which such duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same series issued hereunder. Neither the Trustees nor the Registrar and Paying Agent for such series shall be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and duplicate Bond shall be treated as one and the same.

Notwithstanding the foregoing provisions of this section as to the issuance of duplicate or replacement Bonds: (i) if any such lost, stolen, destroyed, defaced or mutilated Bond has matured or been called for redemption and the date fixed for the redemption thereof has arrived, at the option of the Trustees payment of the amount due thereon may be made without the issuance of any duplicate or replacement Bond upon receipt of like evidence, indemnity, security and expenses and the surrender for cancellation of any such defaced or mutilated Bond and upon such other conditions as the Trustees and the Registrar and Paying Agent for such series or either of them may prescribe; (ii) if any such lost, stolen, destroyed, defaced or mutilated Bond shall mature or is of a class or series which shall mature within one year following the date of application for a duplicate Bond, or has been called or will be called, or is of a class or series which has been called or will be called, for redemption within one year following such date, instead of issuing a duplicate or replacement Bond the Trustees and the Registrar and Paying Agent for such series, upon receiving like evidence, indemnity, security and expenses and the surrender for cancellation of any such defaced or mutilated Bond and upon such other conditions as the Trustees and the Registrar and Paying Agent for such series or either of them may prescribe, may issue or cause to be issued and authenticated a transferable certificate of ownership to the applicant and pay on such certificate the interest and the redemption price or the principal sum thereof, on the interest payment dates and the redemption date or maturity date, upon surrender of such certificate, and all such transferable certificates of ownership shall be in such form as may be determined by the Trustees or as otherwise provided by law; and (iii) if the

provisions of applicable law shall provide for the payment of lost, stolen, destroyed, mutilated or defaced Bonds in lieu of the issuance of duplicates or certificates of ownership therefor, such lost, stolen, destroyed, mutilated or defaced Bonds may be paid in accordance with the provisions of such laws.

All expenses necessary for the providing of any duplicate Bond or certificate shall be borne by the owner thereof.

Section 3.8. *Disposition and Destruction of Bonds.* All Bonds surrendered to the Registrar and Paying Agent for such series for payment shall be cancelled upon such payment by the Registrar and Paying Agent for such series.

Whenever in this Indenture provision is made for the cancellation of any Bonds by any Registrar and Paying Agent for such series, such Bonds so cancelled shall be delivered to the Bank or as it may direct. All cancelled Bonds shall be delivered to the Trustees or as they may direct. Upon the written request of the Trustees, the Registrar and Paying Agent for a series or the Bank, may, however, in lieu of such cancellation and delivery, destroy such Bonds. If any Bonds are destroyed by the Bank, the Trustees may require that such destruction be done in the presence of its appointee, and if any Bonds are destroyed by the Registrar and Paying Agent for a series other than the Bank, the Trustees or the Bank may require that such destruction be done in the presence of their respective appointee or officer. If the Bank shall destroy any Bonds it shall deliver a certificate of such destruction to the Trustees, and if such destruction be performed by the Registrar and Paying Agent for a series other than the Bank, such Registrar and Paying Agent shall deliver a certificate of such destruction to both the Trustees and the Bank.

ARTICLE IV.

REDEMPTION OF BONDS

Section 4.1. *Redemption of Bonds.* Bonds of a series may be made subject to purchase at the option of the registered owners thereof, mandatory or optional purchase and redemption by the Trustees prior to their stated maturities upon such terms and conditions and at such dates and redemption prices or premiums as shall be set forth in the Supplemental Indenture providing for the issuance of such Bonds, and upon the further terms and conditions as are hereinafter set forth in this Article.

Section 4.2. *Selection of Bonds for Redemption.* In the event of the redemption at any time of part only of the Bonds of a series, Bonds of such series to be redeemed shall be redeemed in such order as is set forth in the Supplemental Indenture providing for the issuance of such series.

Section 4.3. *Notice of Redemption.* Notice of redemption of Bonds of a series shall be given in the manner set forth in the Supplemental Indenture providing for the issuance of such series of Bonds.

Each notice of redemption shall state: (i) the title of the Bonds to be redeemed, the series designation (if any) thereof, the redemption date, the place or places of redemption and the redemption price or redemption premium, if any, payable upon such redemption; (ii) if less than all the Bonds of a particular series are to be redeemed, the distinctive numbers of the Bonds to be redeemed; (iii) that the interest on the Bonds, or on the principal amount thereof to be redeemed, designated for redemption in such notice shall cease to accrue from and after such redemption date; and (iv) that on such date there will become due and payable on each such Bond the principal amount thereof to be redeemed at the then applicable redemption price (or together with the then applicable redemption premium, if any) and the interest accrued on such principal amount to the redemption date. Each notice of redemption mailed to the holder of a Bond to be redeemed shall, if less than the entire principal sum thereof is to be redeemed, also state the principal amount thereof to be redeemed and that such Bond must be surrendered to the Registrar and Paying Agent of such series in exchange for the payment of the principal amount thereof to be redeemed and the issuance of a new Bond or Bonds equaling in principal amount that portion of the principal sum not to be redeemed of the Bond to be surrendered.

Notice of redemption of Bonds shall be given by the Bank in the name and for and on behalf of the Trustees or, upon direction of the Bank, by the Registrar and Paying Agent for such series.

Section 4.4. *Partial Redemption of Bond.* In the event that only part of the principal sum of a Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Bond to the Registrar and Paying Agent of such series. Upon surrender of such Bond the Trustees shall execute and the Registrar and Paying Agent of such series shall authenticate and deliver to the registered owner thereof, at the expense of the Trustees, a new duly executed Bond or Bonds, of authorized principal sums equal

in aggregate principal amount to, and of the same series, maturity and interest rate or rates as the unredeemed portion of the Bond surrendered.

Section 4.5. *Effect of Redemption.* If a Bond is subject by its terms to prior redemption and has been duly called for redemption and notice of the redemption thereof has been duly given as hereinbefore provided and if moneys for the payment of such Bond (or of the principal amount thereof to be redeemed) at the then applicable redemption price or together with the then applicable redemption premium, if any, and the interest to accrue to the redemption date on such Bond (or the principal amount thereof to be redeemed) are held for the purpose of such payment by the Bank or Registrar and Paying Agent for the series of Bonds of which such Bond is one, then such Bond (or the principal amount thereof to be redeemed) so called for redemption shall, on the redemption date designated in such notice, become due and payable, interest on such Bond (or the principal amount thereof to be redeemed) so called for redemption shall cease to accrue.

Section 4.6. *Cancellation of Redeemed Bonds.* Unless and except as otherwise provided in a Supplemental Indenture with respect to tender and purchase of a particular series of Bonds, all Bonds surrendered or redeemed pursuant to the provisions of this article shall be cancelled.

ARTICLE V.

ESTABLISHMENT OF SPECIAL FUNDS AND ACCOUNTS

Section 5.1. *Construction Fund.* There is hereby created and established a special trust fund of the Trustees to be designated the "Tulsa Airports Improvement Trust Construction Fund" (hereinafter referred to as the "Construction Fund") and to be held and administered by the Bank hereunder.

In the event of the issuance of a series of Additional Bonds hereunder for the purposes of paying the Costs of Construction, the Trustees, in the Supplemental Indenture providing for such series of Additional Bonds, shall create a Construction Account in the Construction Fund from which such Costs of Construction shall be paid (unless such Account shall then already be in existence in such Fund), and shall provide for a credit to such Account of that amount of the proceeds of such series of Additional Bonds which are to be applied to the payment of such Costs of Construction. In the event that interest on such series of Additional Bonds is to be provided from the proceeds of such Bonds, the Trustees, in the Supplemental Indenture providing for such series of Additional Bonds, shall specify the amount of such proceeds to be applied to the payment of such interest or the methodology for determining such amount, and shall establish a Construction Interest Account in the Construction Fund (unless such Account shall then already be in existence in such Fund), to which shall be credited the amount of the proceeds so specified.

The moneys on deposit from time to time in the Construction Fund shall be held under and subject to this Indenture; shall be subject to the liens, pledges, charges, assignments and trusts created hereby for the security and benefit of the holders of the related series of Bonds; and shall be used and applied solely to the payment of the Costs of Construction in accordance with the remaining provisions of this Section 5.1.

As used in this Indenture (i) the word "construction" shall include acquisition, construction, reconstruction, purchase, establishment, development, expansion, remodeling, renovating, adding to or improving; (ii) the word "acquisition" shall include the remodeling or renovation of buildings and facilities acquired; and (iii) the term "Costs of Construction" shall include but not be limited to:

- (a) the cost of acquiring any building or facility and the site thereof;
- (b) cost of acquiring such land, rights, rights-of-way, leases, easements or other interests in land or other properties (real, personal or mixed) as may be deemed necessary or convenient by the Trustees for the construction or operation of the Airport, including costs of options and partial payments, escrow deposits, preliminary and final awards or judgments and settlements or compromises, with respect to the foregoing; costs of reclaiming land; costs of dredging or filling incurred in the creation of land and site preparation, including the costs of demolishing, removing or relocating any building or facility and the costs of any lands to which such building or facility may be removed or relocated;

(c) costs of acquiring any rights, interests or franchises deemed necessary or convenient by the Trustees for the construction or operation of the Airport;

(d) costs of labor, services, material, supplies, machinery, equipment and apparatus, including payments to contractors, builders and materialmen in connection therewith, and of restoration of property damaged or destroyed in connection with construction work;

(e) costs of installation of utility services or connections thereto or relocation thereof;

(f) costs and expenses of all preliminary work necessary or incidental to construction;

(g) costs and expenses of planning, engineering and other studies, architectural drawings, surveys, tests and specifications, whether preliminary or otherwise; and costs of other engineering and architectural services;

(h) costs of supervision and inspection;

(i) costs of builders' risk or other insurance on the buildings and facilities being constructed, or a reasonably allocated share thereof;

(j) costs of indemnity and fidelity bonds and expenses of administration properly chargeable to such construction;

(k) costs and expenses of financing, including Bank's and Registrar and Paying Agents' fees, if any; fees of underwriters, Rating Agencies, remarketing and indexing agents, fees for any Support Facility for the first year of effectiveness, and expenses during such period, if any, as shall be determined by the Trustees, but not to exceed the actual period of construction and twelve (12) months thereafter, and costs incurred in issuing the Bonds, including printing, engraving and advertising; and other similar costs;

(l) costs of the initial furnishings of any building or structure;

(m) costs of publication, advertising, filing and recording;

(n) taxes and assessments;

(o) expenses incurred in enforcing any remedy against a contractor or subcontractor in respect of any default;

(p) costs of estimates of costs and economic feasibility reports whether preliminary or otherwise; fees, costs and expenses of appraising, printing, advice, accounting and fiscal services, airport consultants, financial consultants, attorneys (including bond counsel) clerical help and other independent contractors, agents and employees;

(q) the payment and discharge of the principal of and interest and premium, if any, on any interim or temporary construction financing or loans, including the reimbursement to the Trustees of moneys advanced for such construction from other funds;

(r) if and to the extent (1) permitted by law and (2) determined by the Trustees, interest on the Bonds issued to finance the construction of any project during the estimated period of construction and for one year after the completion thereof; and

(s) any and all other costs and expenses necessary or desirable and pertaining or incident to construction of any project, as estimated or otherwise ascertained by the Trustees.

Payments from moneys on deposit in the Construction Fund (but not including moneys on credit to a Construction Interest Account therein) shall be made only in accordance with the following provisions of this section. Before any such payment shall be made there shall be filed with the Bank a requisition for such payment signed by an individual authorized by the Trustees from time to time, stating that as to the portion of such project to which such requisition relates:

(i) the amount to be paid or reimbursed and the name of the person to whom payment is due;

(ii) that an obligation in the stated amount has been incurred by the Trustees and has not theretofore been paid or reimbursed from moneys on deposit in the Construction Fund; and

(iii) that the payment of such amount is a proper charge against such Construction Account and specifying the purpose and circumstances of such obligation in reasonable detail.

Upon filing any such certificate, the Trustees are deemed to certify that all terms of the applicable tax and arbitrage certificate executed in connection with such series of Bonds have been complied with and the requested payment is permitted by the terms thereof.

Each such requisition shall be in the forms attached to the applicable Supplemental Indenture or as otherwise agreed to by the Trustees and the Bank.

Upon receipt of each requisition referred to in this section, the Bank shall pay each such obligation. In making any payment under this section, the Bank may rely on any such requisitions and may make such payments, as requested, including to the Trustees, in reimbursement, if the Trustees have made prior payment of such amount.

Moneys in the Construction Fund on credit to a Construction Interest Account therein shall be deposited in the Bond Fund for credit to the Interest Account in amounts and at the times prescribed in the applicable Supplemental Indenture.

Whenever all Costs of Construction to be paid from a Construction Account established with respect to a series of Bonds have been paid in full, or the amount necessary for such payment has been set aside in such Construction Account for such purpose, the balance of the moneys credited to such Construction Account shall be transferred by the Bank to the Bond Fund for credit to the Principal Account to be applied solely to the payment of principal of, and shall be invested at a yield not exceeding the yield on, the series of Bonds issued to pay such Costs of Construction. Notwithstanding the foregoing, transfers of moneys from the Construction Account established with respect to a series of Bonds to the Principal Account shall be required only to the extent necessary to comply with the provisions of Section 7.20 hereof.

Section 5.2. *Revenue Fund.* There is hereby created and established a special trust fund of the Trustees to be designated the "Tulsa Airports Improvement Trust Revenue Fund" (hereinafter referred to as the "Revenue Fund") and to be held and administered by the Bank hereunder so long as any of the Bonds are Outstanding.

All Gross Revenues shall be set aside as collected, and, except as is specifically provided otherwise by this Indenture, shall be deposited in the Revenue Fund. There shall also be deposited in the Revenue Fund the moneys required to be deposited therein by Sections 2.6, 7.15, and 7.16 hereof. At the direction of the Trustees, the Bank shall apply the moneys and securities in the Revenue Fund, as necessary and in accordance with the budget for the Trustees, to pay and provide for the payment of all current Operating Expenses. Thereafter, such funds shall be applied first to the Bond Fund, then to the Bond Reserve Fund, then to the Operating Reserve Fund, then to any fund established for the payment of Subordinate Obligations, and finally to the Airport Improvement Fund at the times and in the amounts set forth in the remainder of this Article V. The Trustees may, by delivery of written instructions to the Bank and without Bondholder approval or consent, make modifications to the timing, amount or priority of deposits or the types of funds; provided, however, that nothing shall change the requirement to apply all Gross Revenues to the payment of Operating Expenses and then to deposit any required amounts in the Bond Fund, the Bond Reserve Fund and the Operating Reserve Fund as required hereunder.

Until used and applied as hereinafter provided in this Article V, all moneys in the Revenue Fund and the securities in which such moneys may from time to time be invested, after payment of Operating Expenses, shall be held hereunder in trust for the equal and ratable benefit of all the Bonds and shall be subject to the liens, pledges and charges created hereby for the security and benefit of the holders of the Bonds.

Section 5.3. *Bond Fund.* There is hereby created and established a special trust fund of the Trustees to be designated the "Tulsa Airports Improvement Trust Bond Fund" (hereinafter referred to as the "Bond Fund") and to be held and administered by the Bank hereunder so long as any of the Bonds are Outstanding. The Bank shall withdraw from the Revenue Fund and deposit in the Bond Fund the Net Revenues pledged hereunder to the extent necessary to provide for the punctual payment of the principal of and interest and premium, if any, on the Bonds when due, whether such due date be by reason of stated maturity or by redemption or by declaration, as hereinafter provided, or otherwise. The moneys on deposit to the Bond Fund shall be used solely for the payment of principal, interest and premium, if any, due upon the Bonds.

Supplemental to the foregoing provisions of this Section 5.3, there shall be deposited in the applicable accounts of the Bond Fund: (i) the moneys, if any, from the Construction Interest Account of the Construction Fund, as required by Section 5.1 of this Indenture; (ii) any amounts held hereunder which, at the option and in the discretion of the Trustees, may be applied to the purchase or redemption of Bonds as is permitted by the provisions hereof; (iii) on or before each principal and/or interest payment date on Bonds, any Dedicated Revenues pledged to the payment of principal or interest on the Bonds; (iv) any refund or other payments received by the Trustees from the federal government in respect of interest paid or due on Bonds; and (v) Net Revenues transferred from the Revenue Fund and deposited in the Bond Fund.

Interest Account. The Bank shall create and establish a separate account or accounts in the Bond Fund, as deemed necessary or advisable by the Trustees, each to be known as an "Interest Account," from which funds shall be disbursed by the Bank solely for the purpose of paying interest on the Bonds as the same comes due. The Supplemental Indenture providing for the issuance of a series of Bonds shall state whether the Bank or the Registrar and Paying Agent shall mail or otherwise make interest payments to the registered owner of the Bonds. In the event the Registrar and Paying Agent is to mail or otherwise make such interest payments, the moneys on deposit or credit to the Interest Account established for such series of Bonds in the Bond Fund shall be transferred by the Bank, without further written direction, to the Registrar and Paying Agent for such series in such amounts and at such times as shall be necessary to pay the interest on such series of Bonds as the same series due and payable.

(a) Unless moneys are on deposit in the Construction Interest Account for such payment on the 25th day of each month, there shall be transferred from the Revenue Fund and deposited in each Interest Account (a) with respect to each series of Bonds that bear interest at a set and known rate for such month, commencing as described in the Supplemental Indenture, an amount such that, if the same amount were so credited to each such Interest Account on the 25th day of each succeeding month until the next Interest Payment Date amounts on credit to each such Interest Account on the 25th day of the month preceding such Interest Payment Date will be equal to the amount required to pay, or to reimburse the Financial Institution for a draw on the Support Facility for payment of, interest due on each series of Bonds on the Interest Payment Date.

(b) With respect to Variable Rate Bonds which have Interest Payment Dates occurring at intervals of one month or less, on the third Business Day prior to each Interest Payment Date, if such Bonds are insured by a bond insurance policy, or on each Interest Payment Date, if supported by a Support Facility provided by a bank or financial institution other than a bond insurance company, or if not supported by a Support Facility, 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 the Financial Institution for a draw on the Support Facility for payment of, the interest payable on such Variable Rate Bonds on each Interest Payment Date.

In making the foregoing credits to each Interest Account, the Bank shall give consideration to and allow for accrued interest received upon the sale of a series of the Bonds deposited in the Bond Fund and credited to the applicable Interest Account and to any Dedicated Revenues pledged to the payment of such Bonds.

Principal Account. The Bank shall create and establish a separate account or accounts in the Bond Fund, as deemed necessary or advisable by the Trustees, each to be known as a "Principal Account." In order to provide for the payment of, or to reimburse the Financial Institution for a draw on the Support Facility for the payment of, principal and any applicable premium on, Bonds at maturity or on earlier redemption or by mandatory sinking fund payment, the Bank shall transfer from the Revenue Fund on the 25th day of each month and deposit in the Principal Account for the applicable Series of Bonds, commencing as described in the applicable Supplemental Indenture, an amount such that, if the same amount were so credited to each such Principal Account on the 25th of each succeeding month, until the next principal payment date,

amounts on credit in the Principal Account on the 25th of the month preceding the next succeeding principal payment date shall be sufficient to pay the amount due on such principal payment date.

Unless and except as is otherwise provided in a Supplemental Indenture with respect to a series of Bonds, the Bank may also, without further authorization or direction, apply the moneys credited to the Principal Account for the retirement of Bonds to the purchase of those Bonds, in which event the principal amount of such Bonds required to be redeemed on the next respective ensuing redemption date shall be reduced by the principal amount of the Bonds so purchased; provided, however, that no Bonds shall be purchased during the interval between the date on which notice of redemption of such Bonds is given and the date of redemption set forth in such notice, unless the Bonds so purchased are Bonds called for redemption in such notice or are purchased from moneys other than those credited to a Principal Account. Any purchase of Bonds pursuant to this paragraph may be made with or without tenders of Bonds and at either public or private sale, but in any event at a purchase price (including accrued interest and any brokerage or other charge) not to exceed the then applicable redemption price of such Bonds plus accrued interest. The accrued interest to be paid on the purchase or redemption of Bonds shall be paid from moneys credited to the Interest Account. All Bonds purchased or redeemed pursuant to this paragraph shall be cancelled and not reissued.

The moneys on deposit in the Bond Fund on credit to a Principal Account shall be transferred by the Bank, without further authorization or direction, to the Registrar and Paying Agent for such series of Bonds, in such amounts and at such times as shall be necessary to pay, or to reimburse the Financial Institution for a draw on the Support Facility for the payment of, the principal of and premium, if any, on such Bonds as the same become due and payable, whether upon their maturity or upon the redemption or the purchase thereof from the moneys credited to a Principal Account or upon declaration, as hereinafter provided, or otherwise.

In the event the Trustees issue any Subordinate Obligations, the Trustees may direct the Bank to establish such additional Funds as the Trustees deem necessary and proper and provide for the deposits to such Fund and credits to such Fund in order to provide for the payments of such Subordinate Obligations, notes or other evidences of indebtedness; provided that no such deposits to such additional funds or accounts shall be made until the credits to each Interest Account, Principal Account and Bond Reserve Fund required by Section 5.3 and Section 5.4 hereof have been made.

Section 5.4. *Bond Reserve Fund.* There is hereby created and established a special trust fund of the Trustees to be designated the "Tulsa Airports Improvement Trust Bond Reserve Fund" (hereinafter referred to as the "Bond Reserve Fund"), and to be held and administered by the Bank hereunder so long as any of the Bonds are Outstanding. The Trustees are authorized to specify in any Supplemental Indenture that an account or accounts of the Bond Reserve Fund shall be maintained for such Bonds and the provisions with respect thereto or, so long as the rating on the Bonds is maintained, the Trustees may specify that no account of the Bond Reserve Fund is being created for such Bonds. Any account so created may be pledged to and secure one or more series of Bonds, as described in the Supplemental Indenture. The moneys on deposit in each account of the Bond Reserve Fund shall constitute a reserve for the payment of the principal of and interest and premium, if any, on only one or more applicable series of Bonds, as identified

in this Indenture or the applicable Supplemental Indenture. The moneys in the Bond Reserve Fund shall be used and applied by the Bank solely for the purpose of paying the principal of and interest and premium, if any, on the applicable Bonds when due, whether at maturity or upon the redemption or purchase thereof from moneys credited to the Principal Account, and shall be so used and applied by the Bank without further authorization or direction whenever there are insufficient moneys on credit to any Interest Account or Principal Account in the Bond Fund created for such purposes.

On the effective date of this Indenture, all outstanding Bonds shall be secured, on a parity basis, by the 2009 Account of the Bond Reserve Fund, with such subaccounts as necessary to identify sources of funds from each series of Bonds. All moneys and surety policies on deposit in the Bond Reserve Fund prior to such date shall transfer on the effective date hereof to the 2009 Account of the Bond Reserve Fund and be held, with new funds deposited on such date, to secure, on a parity basis, the payment of principal and interest on the Bonds. The Bond Reserve Fund shall be valued no less than annually. If at the time of such valuation, the sum of moneys and the value of the funds, investments or surety policies on deposit in an account of the Bond Reserve Fund exceed the applicable Bond Reserve Requirement, the Bank shall promptly transfer such excess from such account of the Bond Reserve Fund to the applicable Principal Account of the Bond Fund. The amount so transferred to the Bond Fund shall not exceed the amount required to provide therein for the payment of principal on the Bonds due within the succeeding thirteen (13) months whether by maturity or mandatory redemption and the balance, if any, shall be transferred to the Interest Account upon receipt of an opinion of Bond Counsel that such transfer will not affect the tax status of any of the Bonds. If at the time of the valuation, the sum of moneys and the value of the funds, investments or surety policies on deposit in an account of the Bond Reserve Fund is less than the applicable Bond Reserve Requirement or at the time moneys are transferred to the Bond Fund to pay principal of or interest on the Bonds, the Bank shall notify the Trustees and direct the Trustees to make deposits in such account of the Bond Reserve Fund, (1) in six (6) equal consecutive monthly installments beginning with the first day of the next succeeding month after such notification in the amounts necessary to eliminate such deficiency by the end of such six (6) month period, if such deficiency results from a decrease in the value of the investments held in the Bond Reserve Fund, and (2) in twelve (12) equal consecutive monthly installments beginning with the first day of the next succeeding month after notification in the amount necessary to eliminate such deficiency by the end of such twelve (12) month period, in the event such deficiency results from a withdrawal from the Bond Reserve Fund.

Whenever the total of the moneys on deposit in the Bond Fund and the Bond Reserve Fund which are not required for the payment of principal and interest and premium, if any, which has theretofore become due (whether by maturity or upon redemption or by purchase or by declaration, as hereinafter provided, or otherwise) but is unpaid, is sufficient to retire at maturity, or to redeem prior to maturity in accordance with their respective terms, all of the Bonds then Outstanding, together with interest thereon to their maturity date or the date fixed for the redemption thereof, no further deposits need be made to the Bond Fund or the Bond Reserve Fund, and without further authorization or direction, the Bank shall retire at maturity or shall call for redemption all Bonds which may be redeemed by their terms, on the next succeeding redemption date for which the required redemption notice may practicably be given, and shall apply such amount to such retirement or redemption.

Notwithstanding anything in this Section 5.4 to the contrary, a Supplemental Indenture may provide for the funding of the applicable Bond Reserve Requirement for any account or accounts of the Bond Reserve Fund, in whole or in part, by the delivery to the Bank of a surety bond or an insurance policy payable to the Bank for the benefit of the holders of such Bonds or a letter of credit entitling the Bank draw in an amount equal to the difference between the applicable Bond Reserve Requirement and the sum then to the credit of the applicable account of the Bond Reserve Fund, if any.

When a series of Bonds is refunded in whole or in part or is otherwise paid so that all of the Bonds of such series are no longer Outstanding within the meaning of Article XI hereof, moneys may be transferred from the Reserve Fund to the Bond Fund to pay or provide for the payment of such Bonds or refunded Bonds, as the case may be, or may be transferred and applied to any reserve fund or account established for the refunding bonds issued to refund such refunded Bonds, provided that immediately after such withdrawal or transfer there shall be on credit to the applicable account of the Reserve Fund, an amount equal to the applicable Bond Reserve Requirement.

In the event the Trustees issue Subordinate Obligations, the Trustees may direct the Bank to establish such accounts as the Trustees deem necessary and proper and provide reasonable reserves for the payment of such bonds, notes or other evidences of indebtedness; provided no such deposits and credits shall be made until all deposits and credits required by Section 5.3, Section 5.4 and Section 5.5 hereof have been made.

Section 5.5. *Operating Reserve Fund.* There is hereby created and established a special trust fund of the Trustees to be designated the "Tulsa Airports Improvement Trust Operating Reserve Fund" (hereinafter referred to as the "Operating Reserve Fund") and to be held and administered by the Bank hereunder so long as any of the Bonds are Outstanding.

The moneys on deposit in the Operating Reserve Fund shall be maintained in an amount equal to one-fourth (1/4) of the estimated and budgeted Operating Expenses for the then current Fiscal Year. If at the end of any Fiscal Year the moneys on credit to the Operating Reserve Account are less than one-fourth (1/4) of the estimated and budgeted Operating Expenses for the immediately succeeding Fiscal Year, the Bank shall (after making the deposits and credits required by Sections 5.3 and 5.4 hereof) deposit an amount in the Operating Reserve Fund so that there shall then be on deposit in the Operating Reserve Fund an amount equal to one-fourth (1/4) of the estimated and budgeted Operating Expenses for such immediately succeeding Fiscal Year. Moneys on credit to the Operating Reserve Fund shall be used and applied solely to the purpose of paying Operating Expenses or to the payment of interest, principal and premium on the Bonds if amounts on deposit in the Bonds Fund, the Bond Reserve Fund and the Airport Improvement Funds are insufficient therefore, and such amounts shall be so used and applied without further authorization or direction whenever there are insufficient moneys in the Revenue Fund for such purpose.

Upon receipt of the required Bondholder consents and the effectiveness of this Amended and Restated Bond Indenture, the funds held in the Major Maintenance, Repair and Replacement Account shall be transferred to and deposited in the Operating Reserve Fund and used in the

manner described above, and thereafter the Major Maintenance, Repair and Replacement Account shall be permanently closed.

If at any time the Trustees determine additional moneys must be transferred to the Revenue Fund to pay Operating Expenses, the Bank shall transfer the amount required from the Operating Reserve Fund as described above.

Section 5.6. *Airport Improvement Fund.* There is hereby created and established a special trust fund of the Trustees to be designated the "Tulsa Airports Improvement Trust Airport Improvement Fund" (hereinafter referred to as the "Airport Improvement Fund") and to be held and administered by the Bank hereunder so long as any of the Bonds are Outstanding. From the effective date of this Amended and Restated Bond Indenture, the funds on deposit in, or in any account of, the Airport Special Reserve Fund as of such date (other than the Major Maintenance, Repair and Replacement Account) or the Airport Improvement Fund prior to the effective date hereof shall be transferred to and deposited in the Airport Improvement Fund created pursuant to this Section 5.6 and such Airport Special Reserve Fund and all accounts thereof and all accounts of the prior Airport Improvement Fund shall be permanently closed.

At the end of each Fiscal Year, after making all the deposits and credits required by Sections 5.3, 5.4 and 5.5 of this Indenture to be made to the Bond Fund, the Bond Reserve Fund, the Operating Reserve Fund and any fund established for the payment of Subordinate Obligations, all remaining Net Revenues shall be deposited into the Airport Improvement Fund.

Subject to the last paragraph of this section, the moneys and securities on deposit in the Airport Improvement Fund may be expended at anytime and from time to time for the Costs of Construction of any current or planned capital improvement project reasonably related to the Airport, or, at the end of each Fiscal Year, to make payments into any fund or account under this Indenture, including the Revenue Fund, in which case such amounts so paid shall be considered as Gross Revenues for the next ensuing Fiscal Year. Payments from moneys and securities on deposit in the Airport Improvement Fund shall be made by the Bank upon receipt of a requisition signed by at least two Trustees, the Airport Director or another representative designated by the Trustees (i) in the event of payment for the Costs of Construction of a capital improvement project reasonably related to the Airport, stating the amount to be paid and the person to whom payment is due, specifying the purpose and circumstance for which such payment is to be made, and certifying that the payment of such amount is a proper expenditure which may be made from the Airport Improvement Fund, and (ii) in the event of a payment to any fund or account under this Indenture, stating the amount to be so paid and the particular fund or account to which such payment shall be made. Each such requisition shall be in the form reasonably agreed to by the Trustees and the Bank. In making any payment under this Section, the Bank may rely on such requisitions.

Notwithstanding any other provision of this section, if at any time moneys and securities on deposit in the Bond Fund and the Bond Reserve Fund are insufficient to pay the principal of and interest and premium, if any, on the Bonds when due (whether at maturity or upon the redemption or purchase thereof from moneys credited to the Principal Account), the Bank shall, without further authorization or direction, transfer to the particular account or accounts in the Bond Fund in which such insufficiency exists from the Airport Improvement Fund an amount of

money sufficient to permit the payment of the principal of and interest and premium, if any, on the Bonds when due.

Section 5.7. *Investment of Moneys in Funds. Rebate Fund.* (a) Moneys in the Revenue Fund, the Bond Fund and the Airport Improvement Fund and the accounts in such funds shall be invested and reinvested by the Bank, at the direction of the Trustees, to the extent reasonable and practicable in Investment Securities maturing in the amounts and at the times as determined by the Trustees so that the payments required to be made from such funds and accounts may be made when due. In the absence of any direction from the Trustees, the Bank shall invest and reinvest moneys in the Revenue Fund, the Bond Fund and the Airport Improvement Fund in Investment Securities maturing in such amounts and at such times as the Bank determines so that payments required to be made from such funds and accounts may be made when due. Moneys on credit to the Bond Reserve Fund shall be invested by the Bank, at the direction of the Trustees, in Investment Securities so as to mature by no later than the earlier of eight (8) years from the date of investment or the final maturity date of all Bonds then Outstanding. Moneys on deposit to the Construction Fund and credited to a Construction Account therein shall be invested and reinvested by the Bank, at the direction of the Trustees, to the extent reasonable and practicable in Investment Securities maturing in such amounts and at such times as is anticipated by the Trustees to provide such moneys as will be required to pay the Costs of Construction to be satisfied from such Account, and moneys on deposit in the Construction Fund and credited to a Construction Interest Account shall be invested and reinvested by the Bank to the extent reasonable and practicable in Investment Securities maturing in such amounts and at such times so that the transfers required by Section 5.1 to be made therefrom can be made when due. The Bank shall be authorized to sell any investment when necessary to make the payments to be made from the funds and accounts therein created hereby. Unless the Bank is notified by the Trustees to deposit earnings in the Rebate Fund pursuant to paragraph (b) below, all earnings on and income derived from investments of moneys in the funds and accounts (other than a Construction Account in the Construction Fund) created hereby shall be deposited in the Revenue Fund, for use and application as are all other moneys deposited in that Fund. The earnings and income derived from investments of moneys on deposit in a Construction Fund on credit to a Construction Account shall be credited to such Account during any construction period and used and applied to the Costs of Construction and thereafter shall be transferred to the Principal Account of the Bond Fund. The Bank shall, in the statement required of the Bank by Section 6.4 of this Indenture, set forth the Investment Securities held separately in, and the earnings realized on investment for, each fund and account hereunder. The Bank shall not be liable for any depreciation in the value of the Investment Securities acquired hereunder.

(b) All Investment Securities shall constitute a part of the respective fund and accounts therein from which the investment in Investment Securities was made. For the purposes of making any calculations or computations at any time and from time to time of the amounts in any such fund or account, including the Bond Reserve Fund, which may be required for the purposes of this Indenture, all investments shall be valued at the lower of their face amount or the then market value thereof.

(c) At the request of the Trustees, the Bank shall establish and maintain a Rebate Fund. The Bank shall, at the direction of the Trustees, create separate accounts and subaccounts within the Rebate Fund as the Trustees deem necessary. At the direction of the Trustees, any

investment earnings in any fund created hereunder may be transferred to the Rebate Fund and held thereunder to fulfill the Trustees' obligations to make rebate payments to the United States of America as required under Section 148(f) of the Code. The Bank shall make information in its possession regarding the Bonds and investments under this Indenture available to the Trustees and shall make deposits and disbursements from the Rebate Fund in accordance with the written instructions received from the Trustees, and shall invest the amounts held in the Rebate Fund, if any, pursuant to additional written instructions from the Trustees. Anything in this Indenture to the contrary notwithstanding, the immediately preceding sentence of this Indenture and subsection (d) below may be superseded or amended by new instructions delivered by the Trustees and accompanied by an opinion of Bond Counsel addressed to the Bank to the effect that the use of the new instructions will not cause a loss of the exclusion from gross income of the interest on any tax-exempt Bonds for federal income tax purposes.

(d) If a Rebate Fund is established and if a deposit is made to such Rebate Fund, the Bank shall upon receipt of written direction from the Trustees, accept such payment. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Bank shall, upon direction from the Trustees, transfer such amount to the Trustees. Records of the determinations required by this Section and the instructions must be retained by the Bank until six (6) years after the Bonds are no longer Outstanding.

Section 5.8. *Dedicated Revenues.* From time to time the Trustees may adopt a resolution irrevocably designating certain passenger facilities charges, state and/or federal grants or other moneys received by the Trustees (and not otherwise treated as Gross Revenues) as Dedicated Revenues to be used exclusively to pay Debt Service on Bonds. If the Trustees adopt a resolution as described in this paragraph, the Trustees shall transfer such Dedicated Revenues into the Bond Fund at such time as is needed to pay such principal and interest when due.

ARTICLE VI.

CONCERNING THE BANK

Section 6.1. *Qualifications of Bank as Trustee, Resignation or Removal Thereof; Successor Thereto.* The Bank and any successor trustee appointed hereunder shall at all times during the term of this Indenture be a bank or trust company with capital stock, surplus and undivided profits aggregating in excess of Fifty Million Dollars (\$50,000,000). So long as the Trustees are not in default hereunder, the Trustees may remove the Bank upon thirty (30) days' notice by delivering a written notice of the appointment of a replacement bank to act as trustee hereunder. The Bank may also be removed as trustee hereunder at the request of and upon the affirmative vote of the holders of a majority of the principal amount of Bonds Outstanding. In the event of the removal, resignation, disability or refusal to act of the Bank, a successor may be appointed by (i) the Trustees (if the Trustees are not in default hereunder) or (ii) the holders of a majority of the principal amount of Bonds Outstanding, excluding any Bonds held by or for the account of the Trustees, and such successor shall have all the powers and obligations of the Bank as trustee under this Indenture theretofore vested in the Bank. Any successor trustee shall be a bank or trust company with capital stock, surplus and undivided profits aggregating in excess of Fifty Million Dollars (\$50,000,000).

The Bank may resign as trustee hereunder at any time by giving not less than sixty (60) days' notice to the Trustees and by sending a notice of resignation to Bondholders within ten (10) days after the giving of such notice to the Trustees in the same manner as other notices are sent to Bondholders hereunder.

If within fifty (50) days after the Bank's delivery of notice of resignation to the Trustees, no successor trustee shall have been appointed and shall have accepted such appointment, the Bank may petition any court of competent jurisdiction for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and as may be required by law, appoint a successor trustee having the qualifications required hereby.

Any successor trustee shall meet the qualifications of this Section 6.1. Such successor trustee shall execute, acknowledge and deliver to its predecessor, and also to the Trustees, an instrument in writing accepting such appointment hereunder, and thereupon such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named as trustee; but such predecessor shall, nevertheless, on the written request of the Trustees or such successor trustee, execute and deliver an instrument transferring to such successor trustee all rights, powers, trusts, duties and obligations, of such predecessor in trust hereunder and shall deliver all moneys held by it to such successor trustee, together with an accounting of funds held by it hereunder. The successor trustee shall have no responsibility for the acts of the predecessor trustee.

Upon acceptance of appointment by the successor trustee as provided in this Section 6.1, the Trustees shall mail notice of the succession of such trustee to the trusts to each Bondholder. If the Trustees shall fail to mail such notice within ten (10) days after acceptance of appointment

by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Trustees.

Any corporation into which the Bank or any successor trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Bank or any successor trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor trustee under this Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding; provided such corporation meets the qualifications of this Section 6.1.

Section 6.2. *Duties of Bank; Reliance on Certificates and Opinions.* Prior to an Event of Default as defined in Section 8.1 hereof of which the Bank as trustee hereunder has actual knowledge, and after the curing or waiving of all such Events of Default, the Bank as such trustee (1) shall not be liable except for the performance of such duties as are specifically set out in this Indenture to be performed by the Bank in the absence of, or without regard to, an Event of Default and (2) may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, in the absence of bad faith on the part of the Bank as trustee, upon certificates or opinions conforming to the requirements of this Indenture. In case of an Event of Default as defined in Section 8.1 hereof of which the Bank as trustee hereunder has actual knowledge, the Bank shall exercise such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Bank as trustee hereunder from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that the Bank shall at all times: (1) be protected from liability for any error of judgment made in good faith by a responsible officer or officers unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts; and (2) be protected with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bank as such trustee or to be taken by it, or exercising any trust or power conferred upon the Bank as trustee, under this Indenture. The Bank shall be protected when acting in good faith and upon advice of counsel who may be counsel to the Trustees.

Section 6.3. *Evidence of Compliance with the Conditions Precedent; Examination of Evidence.* The Trustees will furnish, or will cause to be furnished, to the Bank (as trustee hereunder) evidence of compliance with the conditions precedent, if any, provided in this Indenture (including any covenant compliance with which constitutes a condition precedent) which relate to any action to be taken by the Bank as such trustee at the request or upon the application of the Trustees. The Bank as trustee shall examine such evidence, and any evidence furnished to it pursuant to any other provisions of this Indenture, to determine whether or not such evidence conforms to the requirements of this Indenture.

Section 6.4. *Statement by Bank of Funds and Accounts and Other Matters.* Not more than ninety (90) days after the close of each Fiscal Year the Bank as trustee hereunder shall

furnish the Trustees and any Bondholder filing with the Bank as such trustee a written request for a copy, a statement setting forth (to the extent applicable) in respect to such Fiscal Year, (a) all transactions relating to the receipt, disbursement, and application of all moneys received by the Bank as trustee pursuant to the terms of this Indenture, (b) the amount held by the Bank as trustee or by any Registrar and Paying Agent at the end of such Fiscal Year to the credit of each fund and account provided for in this Indenture, (c) a brief description of all obligations held by the Bank as trustee as an investment of moneys in any fund or account hereunder as of the end of such Fiscal Year, (d) the principal amount of Bonds purchased by the Bank as trustee or by any Registrar and Paying Agent during such Fiscal Year from moneys available therefor in any fund or account pursuant to the provisions of this Indenture and the respective purchase price of such Bonds, (e) in the case of the Bank, the principal amount of Bonds redeemed or retired during such Fiscal Year and the redemption prices thereof, if any, and (f) any other information which the Trustees may reasonably request.

Section 6.5. *Bank May File Proofs of Claims and Other Papers and Documents.* The Bank as trustee hereunder may file such proofs of claims and other papers or documents as may be necessary or advisable in order to have claims of such trustee and of the owners of the Bonds allowed in any judicial proceedings relative to the Trustees or their creditors or properties.

Section 6.6. *Bank Hereunder Not Liable for Acts of Trustees or Other Trustees; No Representations by Bank.* The Bank as trustee hereunder shall not be responsible or have any liability for any act of the Trustees or of any other trustee. The Bank as trustee hereunder shall not be responsible in any manner whatsoever for the correctness of the recitals, statements and representations in this Indenture or in the Bonds all of which are made by the Trustees solely. The Bank as trustee hereunder makes no representations as to the validity of this Indenture or of the Bonds issued hereunder, and the Bank as trustee hereunder shall not incur any liability or responsibility in respect of any such matters.

Section 6.7. *Bank and Registrar and Paying Agents May Buy, Hold, Sell or Deal in Bonds and Other Indebtedness of Trustees.* The Bank as trustee hereunder and its directors, officers, employees or agents, and each Registrar and Paying Agent and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued under the provisions of this Indenture and may join in any action which any holder of a Bond may be entitled to take, with like effect as if the Bank or Registrar and Paying Agent were not a trustee or a Registrar and Paying Agent, as the case may be, under this Indenture. The Bank as trustee hereunder or any Registrar and Paying Agent may in good faith hold any other form of indebtedness of the Trustees; own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Trustees; make disbursements for the Trustees; and, enter into any commercial or business arrangement with the Trustees.

Section 6.8. *Reimbursement of Bank and Registrar and Paying Agents Hereunder for Fees, Expenses and Charges.* The Bank as trustee hereunder shall be entitled to reasonable fees and reimbursement by the Trustees for all expenses, charges, counsel fees and other disbursements reasonably incurred by it in the performance of its duties and powers under this Indenture, including those of its attorneys, agents and employees. The Bank as trustee hereunder shall have a lien for such fees and reimbursement on the moneys pledged to secure the Bonds hereunder at any time held by it hereunder, prior to the lien or claim of the holders of the Bonds

on all such moneys. Each Registrar and Paying Agent shall also be entitled to reasonable fees and to reimbursement by the Trustees for all expenses and charges reasonably incurred by it in the performance of its duties hereunder.

ARTICLE VII.

PARTICULAR COVENANTS OF THE TRUSTEES

Particular Covenants. The Trustees hereby covenant and agree with the purchasers and holders of all Bonds issued pursuant to this Indenture and any Supplemental Indenture as follows:

Section 7.1. *Covenant as to Rates, Rentals, Fees and Charges; Airport Consultant.* (a) The Trustees 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 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 Gross Revenues at least sufficient (i) to pay as and when the same become due all Operating Expenses; (ii) to pay the principal of and interest and premium, if any, on any Bonds as and when the same become due (whether at maturity or upon required redemption prior to maturity or otherwise); (iii) to pay as and when the same become due any and all other claims, charges or obligations payable from the Gross Revenues; and (iv) to carry out all provisions and covenants of this Indenture.

(b) Without limiting the provisions of Section 7.1(a), at all times and in any and all events such rates, rentals, fees and charges shall be imposed, prescribed, adjusted, enforced and collected to ensure that Dedicated Revenues for such period plus Gross Revenues will equal at least (i) an amount equal to 1.25 times Debt Service due during the Fiscal Year; (ii) an amount equal to estimated and budgeted Operating Expenses during the Fiscal Year; and (iii) an amount equal to the aggregate of deficiencies in any fund or account (or so much as is required hereunder to be repaid during such Fiscal Year) held under this Indenture.

(c) Annually, the Trustees shall file with the Bank a certificate showing compliance with the terms of Section 7.1(b). If such certificate shows Gross Revenues are less than the amounts specified in (b) above, within sixty (60) days of such filing, the Trustees must engage an Airport Consultant to make recommendations as to a revision of the Trustees' rentals, rates, fees and other charges, its Operating Expenses or the method of operation of the Airport in order to satisfy, as quickly as practicable, the foregoing requirements. Copies of such request and the recommendations of the Airport Consultant shall be filed with the Trustees and the Bank. So long as the Trustees substantially comply in a timely fashion with the recommendations of the Airport Consultant in all material respects, the Trustees will not be deemed to have defaulted in the performance of its duties under this Indenture until such time as the provisions of Section 8.1(e) are met.

(d) For the purpose of complying with the foregoing requirements and Section 2.3 hereof, the Trustees shall exclude from the interest due on Bonds any interest paid from moneys in the Construction Interest Account. In addition, clause (v) and (vi) of the definition of Debt Service shall be applied to the interest and principal determination on Bonds described in such clauses.

(e) The Trustees 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 provisions of this section shall be complied with.

(f) In addition to any requirement to hire an Airport Consultant pursuant to (c) above, the Trustees shall retain and appoint from time to time an Airport Consultant. The Airport Consultant shall be available to advise the Trustees upon request, and make such investigations and determinations as may be necessary from time to time under the provisions of this Indenture. The Airport Consultant shall periodically, but not less than every five (5) years, make an examination of and report on the operations of the aviation properties of the Airport. Such report shall include recommendations as to any changes in the operation, maintenance and repair of such properties, including changes recommended in the schedule of rates, rentals, fees or charges for the use and services of and the commodities and facilities furnished by the Airport in order to provide Gross Revenues which will be sufficient to pay all amounts required to be paid or set aside under this Indenture. A copy of each such report shall be filed in the office of the Airport Director and a copy shall be forwarded to any holder of Bonds filing a request therefor with the Trustees.

Section 7.2. *To Pay Principal of and Premium and Interest on Bonds.* The Trustees will duly and punctually pay, or cause to be paid, but solely from the Net Revenues and other moneys pledged hereunder, the principal of and interest and premium, if any, on each and every Bond at the place, on the dates and in the manner provided herein and in such Bonds according to the true intent and meaning hereof and thereof.

Section 7.3. *Possession of Land.* The Trustees covenant (i) that they are lawfully possessed of the Airport as presently existing and that under the Lease the Trustees are entitled to the exclusive possession of the Airport, subject to Permitted Encumbrances as defined hereinafter in this paragraph; and (ii) that they will continually defend their interest in the Airport and every part thereof for the benefit of the holders and owners of the Bonds against the claims and demands of all persons whomsoever. If any defect (other than such Permitted Encumbrances) shall be discovered in the title to the Airport, the Trustees shall promptly take such action as may be necessary or proper to remedy or cure the same. For the purposes of this paragraph "Permitted Encumbrances" means, as of any particular time: (i) liens for ad valorem taxes, if any, not then delinquent; (ii) utility, access and other easements and rights of way, restrictions and exceptions that will not interfere with or impair the operations being conducted at the Airport; (iii) mechanics', materialmen's and other liens as and to the extent permitted by and referred to in Section 7.17 hereof; (iv) encumbrances or restrictions imposed in any conveyances to the Trustees of Airport properties or interests therein by the City, or other governmental body conveying properties to the Trustees; and (v) such defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Airport and as do not, in the opinion of counsel (who may be counsel to the Trustees), materially impair the use of the property affected thereby for the purpose for which it was acquired or is held by the Trustees. Nothing contained in this Section 7.3 shall be construed as an acknowledgement that property owned or operated by the Trustees is subject to any ad valorem taxes or mechanics' or materialmen's liens.

Section 7.4. *Filing and Recording of Indenture; Instruments of Further Assurance.* The Trustees will enter into such Supplemental Indentures, and do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such further acts, instruments and transfers, including, without limiting the generality of the foregoing, such filing, registration, recording, re-filing, re-registration or re-recording of this Indenture and any Supplemental Indentures, and financing statements and any other instruments, as may be required for the better assuring, pledging, charging, assigning and confirming unto the holders of the Bonds, the Net Revenues and other moneys pledged hereunder to the payment of the principal of and interest and premium, if any, on the Bonds issued under this Indenture and all Supplemental Indentures.

Promptly after any filing, registration or recording or any re-filing, re-registration or re-recording of this Indenture or any Supplemental Indentures or any filing, registration, recording, re-filing, re-registration or re-recording of any financing statements or other instruments of further assurance or of any supplement to the foregoing which is required by the preceding paragraph, the Trustees will obtain an opinion of counsel (who may be counsel to the Trustees) to the effect that such filing, registration, recording, re-filing, re-registration or re-recording has been duly accomplished and setting forth the particulars thereof.

Section 7.5. *To Complete Acquisitions and Constructions Promptly.* The Trustees will proceed with all reasonable dispatch to complete the acquisition, purchase, construction, improvement, betterment, extension, addition, reconstruction, restoration, equipping and furnishing of any properties the costs of which are to be paid from the proceeds of Bonds or from any other moneys held hereunder.

Section 7.6. *To Keep Airport in Good Repair and to Make Improvements and Betterments Thereto.* The Trustees will maintain, preserve, keep and operate, or cause to be maintained, preserved, kept and operated, the properties constituting the Airport (including all additions, improvements and betterments thereto and extensions thereof and every part and parcel thereof) in good and efficient repair, working order and operating condition in conformity with standards customarily followed in the aviation industry for airports of like size and character. The Trustees will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to such properties, and construct additions and improvements thereto and extensions and betterments thereof which are economically sound; so that at all times the business carried on in connection therewith shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost.

Section 7.7. *To Operate and Maintain Airport.* The Trustees shall operate and maintain, or cause to be operated and maintained, the Airport as a revenue-producing enterprise and shall manage the same, or cause the same to be managed, in the most efficient manner consistent with sound economy and public advantage and consistent with the protection of the holders of the Bonds and so as to assure that the same shall be financially self-sufficient and self-sustaining.

Section 7.8. *Lease.* The Trustees shall comply with, and enforce their rights under, the Lease. The Trustees shall not consent to any amendments to the Lease which would impair or diminish the security for or ability to make payment on the Bonds.

Section 7.9. *Other Leases and Contracts.* The Trustees shall perform all contractual obligations undertaken by them under leases or agreements pertaining to or respecting the Airport and shall enforce their rights thereunder. The Trustees shall not enter into any contract or lease pertaining to the Airport which would impair or diminish the security for and ability to make payment on the Bonds.

Section 7.10. *Governmental Approval.* The Trustees will perform any construction, reconstructions and restorations of, any improvements, betterments and extensions to, and any equippings and furnishings of, and will operate and maintain the Airport, or cause the same to be operated and maintained, at standards required in order that the same may be approved by the proper and competent Federal Government authority or authorities for the landing and taking off of aircraft operating in scheduled service, and as a terminal for the receipt and dispatch of passengers, property and mail by aircraft.

Section 7.11. *Compliance with Terms of Grants-in-Aid; Application Thereof.* The Trustees shall comply with the terms of the Federal Government or other granting governmental authority with respect to grants-in-aid accepted by the Trustees. All such grants-in-aid shall be applied, consistent with and not in conflict with the terms and provisions of the grant-in-aid, (1) to pay the Costs of Construction thereof not yet paid or if construction has been commenced or completed, to the credit of the relevant and proper Construction Account therefor; (2) to reimburse any fund or account created hereunder for payment of the Costs of Construction to which such grant-in-aid applies and to the extent advanced from such fund or account; (3) to redeem or purchase Bonds, such purchases to be made subject to the same conditions set forth in Section 5.3 hereof for the purchase of Bonds from moneys credited to the Principal Account in the Bond Fund; and (4) to any other lawful purpose of the Trustees or the City.

Section 7.12. *To Employ Competent Personnel; Fidelity Bonds.* The Trustees will at all times employ, or cause to be employed, competent supervisory personnel for the operation and management of the properties constituting the Airport, and will establish and enforce, or cause to be established and enforced, reasonable rules, regulations and standards governing the employment of operating personnel at reasonable compensation, salaries, fees and charges, and all persons employed, directly or indirectly, by the Trustees will be qualified for their respective positions; provided, however, that the provisions of this paragraph shall be subject to any civil service law or any other law applicable to the appointment or employment of personnel and employees of the Trustees or the salary, wages or compensation thereof, and also to the terms and provisions of any agreements entered into by the Trustees.

The Trustees shall cause to be bonded, in such amount as it may deem sufficient, each director, officer or employee of the Trustees handling or having custody of or having in his possession Gross Revenues or other moneys, including the proceeds of Bonds, held hereunder or required hereby to be deposited or held hereunder, which bond shall be conditional upon the proper application of the Gross Revenues and other moneys, including the proceeds of Bonds, held hereunder or required hereby to be deposited or held hereunder, but such application need not necessarily be limited thereto.

Section 7.13. *Books and Accounts; Audits.* The Trustee shall maintain and keep proper books, records and accounts in accordance with generally accepted accounting principles in

which complete and correct entries shall be made of all dealings and transactions relating to the Airport. Such accounts shall show the amount of Gross Revenues available for the purposes of this Indenture, and the application of such Gross Revenues to the purposes specified in this Indenture and all financial transactions in connection therewith. The Trustees shall, prior to the commencement of each Fiscal Year, file a copy of the budget for such Fiscal Year with the Bank.

The Trustees shall cause such financial accounts to be audited by an Accountant employed by the Trustees but who is in fact independent and not under the control of the Trustees, such period of appointment or employment to be from year to year. Such Accountant shall be selected with special reference to his general knowledge, skill and experience in auditing books and accounts. Such audit shall be made annually and shall be completed within one hundred eighty days (180) after the close of each Fiscal Year. Each such audit shall be certified as to the correctness of the schedules contained in the audit report. A copy of each such annual audit shall be open for public inspection, and shall be mailed to any holder of Bonds filing with the Trustees a request for the same.

Each audit report, in addition to whatever matters may be thought proper by the Accountant to be included therein, shall include the following: (a) a statement in detail of the income and expenditures pertaining to the Airport for the audit period, including but not limited to a statement of the amounts of Gross Revenues, Operating Expenses and capital expenditures; (b) a balance sheet as of the end of the Fiscal Year, including, without limitation, the amounts on hand, both cash and investments, in each of the funds and accounts created hereunder or to any Supplemental Indenture, and the Bonds Outstanding; and (c) the Accountant's comments, if any, regarding the Trustees' accounting practices and the manner in which the Trustees have carried out the requirements of this Indenture.

The Accountant shall audit the financial accounts prescribed by this Indenture notwithstanding any inconsistency between such accounting procedures and generally accepted accounting principles; provided that nothing contained in this Section 7.13 shall prevent the Trustees from directing the Accountant to audit the books of accounts of the Trustees both in accordance with this Indenture and generally accepted accounting principles.

Section 7.14. *No Superior Lien Bonds; Subordinate Obligations Permitted.* The Trustees will not hereafter create or permit the creation of or issue any Subordinate Obligations or create any additional indebtedness which will be payable as to principal or interest, or both, from the Net Revenues prior to or on a parity with the payment therefrom of the principal of or interest on the Bonds, or prior to or on a parity with the payments and credits from the Net Revenues to be made pursuant to the provisions of Section 5.3 hereof to any Interest Account or any Principal Account in the Bond Fund or prior to or on a parity with the payments and credits from Net Revenues to be made pursuant to the provisions of Section 5.4 hereof to the Bond Reserve Fund, or which will be secured as to principal or interest, or both, by a lien and charge on the Net Revenues superior or equal to the lien and charge of the Bonds and the interest thereon, or superior or equal to the lien and charge on the Net Revenues or the payments and credits therefrom to be made pursuant to the provisions of Sections 5.3 and 5.4 hereof to any Interest Account or any Principal Account in the Bond Fund and to the Bond Reserve Fund;

provided that Additional Bonds and Refunding Bonds may be issued hereunder upon compliance with Sections 2.2, 2.3 and 2.4 hereof.

Nothing in this Indenture, and particularly nothing in the preceding paragraph, shall prevent the Trustees from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness which as to principal or interest, or both, are payable from the Net Revenues after and subordinate to the payment from the Net Revenues of the principal of and interest on the Bonds and after and subordinate to the payments and credits from the Net Revenues to be made pursuant to the provisions of Sections 5.3 and 5.4 hereof to any Interest Account or any Principal Account in the Bond Fund and to the Bond Reserve Fund which are secured as to principal or interest, or both, by a lien and charge on the Net Revenues junior and inferior to the lien and charge on the Net Revenues of the Bonds and interest thereon and junior and inferior to the lien and charge on the Net Revenues of the payments and credits therefrom to be made pursuant to the provisions of Sections 5.3 and 5.4 hereof to any Interest Account or any Principal Account in the Bond Fund and to the Bond Reserve Fund as provided in Section 2.5 hereof.

Section 7.15. *Not to Encumber or Dispose of Airport Properties; Condemnation.* The Trustees shall not create or give, or cause to be created or given, or permit to be created or given, any mortgage, lien, pledge, charge or other encumbrance upon any real or personal property constituting the Airport or upon the Net Revenues and the moneys held hereunder, other than the liens, pledges and charges specifically created herein or specifically permitted hereby.

The Trustees shall not sell, lease, sublease, or otherwise dispose of, all or substantially all, of the properties constituting the Airport without simultaneously with such sale, lease, sublease or other disposition depositing pursuant to and in accordance with the provisions of Section 11.1 hereof, cash or Governmental Obligations in an amount sufficient so that no Bonds are any longer deemed Outstanding hereunder as provided by and in accordance with said Section 11.1 hereof. The deposit and redemption described in the prior sentence shall not be required if the Airport is transferred, in whole, to another governmental authority or public trust who assumes all obligations of the Trustees hereunder and is rated no lower than the Trustees at the time of transfer based upon confirmations received from each applicable Rating Agency within ninety (90) days prior to the date of transfer.

The Trustees may, however, execute leases, licenses, easements and other agreements of or pertaining to properties constituting the Airport in connection with the operation of the Airport and in the normal and customary course of business thereof, according to, the schedule of rates, rentals, fees and charges of the Airport, which rates, rentals, fees and charges shall be part of the Gross Revenues and which properties shall remain part of the Airport, but any such leasing shall not be inconsistent with the provisions of this Indenture, and no lease shall be entered into by the Trustees through which the security of, and payment for, the Bonds might be impaired or diminished. The Trustees may also enter into Special Facility Leases pursuant to and in accordance with the provisions of Section 2.6 hereof.

The Trustees also may from time to time sell, sublease or otherwise dispose of any portion of the properties and facilities (real or personal) comprising a part of the Airport which are surplus. Surplus properties or facilities shall be those the disposal of which will not impede

or prevent the use of the Airport or its facilities and which the Trustees have determined have become unserviceable, unsafe or no longer required or which, have been replaced by other property of substantially equal revenue-producing capability and of substantially equal utility. Any moneys received by the Trustees as the proceeds of any such sale, lease, sublease or other disposition of such surplus properties or facilities shall (i) to the extent originally acquired with proceeds of tax exempt Bonds (unless, in the opinion of bond counsel, such deposit is not required by the Code) be deposited in the Principal Account of the Bond Fund, or (ii) be considered Gross Revenues and be deposited in the Revenue Fund.

In the event any Airport properties shall be taken by the exercise of the power of eminent domain, the amount of the award received by the Trustees as a result of such taking shall be applied to any lawful purpose consistent with the Lease as then in effect, including to the redemption or purchase of Bonds (such purchases to be made subject to the same conditions that purchases of Bonds may be made pursuant to Section 5.3 hereof from moneys credited to the Principal Account in the Bond Fund) and to acquire or construct additional revenue producing properties to constitute a part of the Airport.

Section 7.16. *Insurance.* The Trustees will carry insurance with generally recognized responsible insurers with policies payable to the Trustees and the City, as their interests may appear, against risks, accidents or casualties at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the Airport, including but not limited to liability, property and automobile insurance. The Trustees shall seek the advice and counsel from time to time of an independent insurance consultant or consultants to advise and assist the Trustees with respect to the insurance program of the Airport, and the Trustees shall take into consideration the advice of such insurance consultant or consultants in the placement of insurance and the establishment of a self-insurance fund or other funds of the Trustees.

Any insurance carried by the Trustees pursuant hereto may be procured and maintained as part of or in conjunction with any other policy or policies carried by it. The Trustees may create and establish special funds for self-insurance.

All policies of insurance shall provide for not less than thirty (30) days' notice to the Trustees before such policy may be cancelled. All insurance shall be taken out and maintained for the benefit of the Trustees and the City as their respective interests may appear. All policies evidencing insurance shall provide for payment of the losses of the Trustees; provided that any builder's risk insurance or other insurance carried by a contractor with respect to a building or facility being constructed by such contractor may provide for payment to the Trustees and such contractor as their respective interests may appear.

The proceeds of all insurance shall be held by the Trustees under and subject to this Indenture and applied as follows: (i) the proceeds of insurance shall be held separate and apart from other funds of the Trustees and may, at the Trustee's election, be applied to the repairing, replacing or reconstruction of the damaged or destroyed property as hereinafter provided; (ii) the proceeds of any business interruption insurance or personal injury insurance shall be deposited in the Revenue Fund, for use and application as are all other moneys deposited in that Fund.

Immediately after any loss or damage to the Airport, the Trustees will promptly commence, and proceed to completion, with the repair, replacement or reconstruction of the damaged or destroyed property, and apply to the costs thereof the proceeds of the insurance received with respect to such damage or destruction; provided that, to the extent permitted by the Lease, no such repair, replacement or construction shall be required if the Trustees find that repair, replacement or reconstruction of the damaged or destroyed property is not in the best interest of the Trustees and, based on a certificate of the Airport Consultant, that the failure to repair, replace, or reconstruct the damaged or destroyed property will not cause the Gross Revenues in any future Fiscal Year to the Trustees to be less than an amount sufficient to enable the Trustees to comply with all covenants and conditions of this Indenture or impair the security of the payment of the Bonds. If the Trustees elect to undertake the repair, replacement or reconstruction of the damaged or destroyed property and such proceeds of the aforesaid insurance are insufficient for such purpose, the amount of such insufficiency may be satisfied from moneys available held hereunder for any lawful purpose of the Trustees. If the proceeds of such insurance are more than sufficient for the purpose of repair, replacement or reconstruction of the damaged or destroyed property or the Trustees elect not to undertake such repair, replacement or reconstruction, the excess amount of such proceeds or all such proceeds, as the case may be, shall be deposited either in the Principal Account of the Bond Fund, to the extent the damaged property was financed with Outstanding Bonds, or for all other amounts, in the Revenue Fund.

Section 7.17. *Payment of Taxes and Claims by the Trustees.* The Trustees shall, from time to time, duly pay and discharge, or cause to be paid or discharged, any taxes, assessments or other governmental charges lawfully imposed upon the Airport or any part thereof or upon the Gross Revenues, or any required payments in lieu thereof, as well as all lawful claims for labor, materials and supplies furnished or supplied to the Airport or any part thereof, when the same shall become due and payable, and keep the Airport and all parts thereof and the Gross Revenues free from judgments, mechanics' and materialmen's liens, and free from all other liens, claims, demands or encumbrances of whatsoever prior nature or character, provided that the Trustees may, in good faith, contest, or permit or cause to be contested by appropriate proceedings, duly prosecuted, the applicability or validity of any such tax, assessment or governmental charge or payment in lieu thereof, as well as any claim for labor, material or supplies for work completed or materials or supplies furnished and in such event may permit the items so contested to remain unpaid, unsatisfied and undischarged during the period of any such contest and appeal therefrom, even though such contest or proceeding may result in a judgment or lien against the Airport or any part thereof or the Gross Revenues, if and so long as such contest or proceeding shall stay the execution or enforcement of any such tax, assessment, charge, claim, judgment or lien so that pending the determination of such contest or proceeding the Airport and all parts thereof and the Gross Revenues is not affected thereby, and if and so long as such contest or proceeding does not impair the security or the payment of the Bonds. If any such execution or enforcement is so stayed and such stay shall thereafter expire, the Trustees shall forthwith pay or discharge, or cause to be paid and discharged, any such tax, assessment or governmental charge or payment in lieu thereof or claim for labor, material or supplies or judgment.

Section 7.18. *Prosecution and Defense of Suits.* The Trustees will promptly from time to time take such action as may be necessary and proper to remedy or cure any defect in or cloud upon the title to the Airport or any part thereof (except for Permitted Encumbrances as defined in

Section 7.3 hereof), whether now existing or hereafter developing, shall prosecute and defend all such suits, actions and other proceedings as may be appropriate for such purposes, including the defense of its leasehold interest in the Airport; and shall indemnify and save every Bondholder harmless from all loss, cost, damage and expense, including attorneys' fees, which they may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 7.19. *Protection of Security.* The Trustees shall not take any action in such manner or to such an extent as might prejudice the security or the payment of the Bonds according to the terms thereof. The Trustees will maintain, preserve and renew all the rights, powers, privileges and franchises now owned by them or hereafter acquired by them with respect to the Airport. The Trustees shall not take any action by which the rights, payment or security of the Bonds might be impaired or diminished.

Section 7.20. *Bond Covenants.* So long as any Bonds remain Outstanding whose interest is exempt from inclusion in income of the Bondholder for federal income tax purposes, the Trustees covenant that it will not take, or omit to take, any act, if to do so would cause such interest on such Bonds to be includable within the gross income of such Bondholder.

Section 7.21. *Obeying Law; Performance of All Obligations and Covenants Under this Indenture.* The Trustees shall comply promptly, fully and faithfully with and abide by any statute, law, ordinance, order, rule or regulation, judgment, decree, direction or requirement now in force or hereafter enacted, adopted or entered by any competent governmental authority or agency applicable or with respect to or affecting the acquisition, construction or reconstruction of the Airport or any part or parcel thereof or applicable or with respect to or affecting the operation, manner or use or condition of the Airport or any part or parcel thereof or adjoining public ways; provided that the Trustees need not comply with any such statute, law, ordinance, rule, regulation, judgment, decree, direction or requirement if and so long as the Trustees in good faith shall be contesting or permitting or causing to be contested the applicability or validity thereof by appropriate proceedings diligently prosecuted, even though such contest may result in the imposition of a lien or charge against the Airport or the Net Revenues if (1) the Trustees shall effectively prevent foreclosure or enforcement of any such lien or charge and (2) the foreclosure or enforcement of any such lien or charge shall be stayed, and if such stay thereafter expires, the Trustees shall forthwith discharge such lien or charge or cause the same to be discharged, so that pending such proceedings the Airport and the Net Revenues thereof shall not be affected thereby, and the security of the Bonds shall not be impaired.

The Trustees shall comply with and perform, or cause to be complied with and performed, all acts, things, covenants, agreements, obligations, duties and provisions, express or implied, required to be done or performed by or on its behalf under this Indenture and Supplemental Indenture and the Bonds, in accordance with the terms hereof and thereof.

Section 7.22. *Taking Any Further Action Required for the Purposes of this Indenture.* The Trustees shall, at any and all times, adopt, make, do, execute, acknowledge, deliver, register, file and record all such other and further ordinances, resolutions, acts, deeds, demands, conveyances, assignments, transfers, assurances and instruments and give such further notices and do such further acts, as may be reasonably necessary, proper or desirable for the better assuring, pledging and assigning the Net Revenues and other moneys pledged, assigned or

charged hereunder or intended so to be, or which the Trustees may hereafter become bound to pledge, assign or charge, or for the carrying out more effectively the purposes and intent, and the facilitating of the performance, of this Indenture.

Section 7.23. *Covenant Regarding Leases.* The Trustees covenant to obtain, from each nongovernmental lessee of property financed with the proceeds of 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 Trustees shall obtain an opinion of bond counsel that any failure to obtain such election will not cause the interest on the Bonds to be subject to federal income taxation.

ARTICLE VIII.

EVENTS OF DEFAULT; REMEDIES UPON OCCURRENCE THEREOF

Section 8.1. *Events of Default.* Each of the following is hereby defined as and declared to be and shall constitute an "Event of Default:"

(a) If payment of the principal of and premium, if any (or the redemption price) on any Bond, whether at maturity or by proceedings for redemption (whether by voluntary redemption or redemption from the Principal Account in the Bond Fund or by declaration as hereinafter provided in Section 8.3 hereof or otherwise), shall not be made when the same shall become due and payable; or

(b) If payment of any installment of interest on any Bond shall not be made when the same shall become due and payable; or

(c) If the respective monthly credits to the Principal Account in the Bond Fund with respect to a series of Bonds shall not be made or satisfied in full by the respective date or dates established in the applicable Supplemental Indenture providing for the issuance of a series of Bonds and such failure shall have continued for sixty (60) days after such date or dates; or

(d) Unless all of the Bonds then Outstanding shall have been called for retirement or for redemption, if the Airport or any building, structure or facility constituting a part thereof shall be destroyed or damaged so as to reduce the aggregate of the Gross Revenues below the amount covenanted by Section 7.1 hereof to be produced and maintained and the Trustees do not, to the extent of the proceeds of insurance and on credit to the Airport Improvement Fund available therefor promptly repair or reconstruct such destroyed or damaged building, structure or facility, or do not promptly erect or substitute in place of the building, structure or facility destroyed or damaged other buildings, structures and facilities which produce revenues comparable to those produced by or derived with respect to the building, structure or facility destroyed or damaged, and do not subject to the lien, pledge and charge hereof and deposit in the Revenue Fund the revenues to be derived therefrom, which revenues so deposited shall constitute Gross Revenues and be used and applied as are all other Gross Revenues; provided that nothing in this clause shall be deemed to require the repairing, reconstruction or replacement of any building, structure or facility which at the time of such destruction or damage was unserviceable, inadequate, obsolete, worn-out or unfit to be used or no longer required for use in connection with the security and payment of the Bonds; or

(e) If, at the end of the second full fiscal year after engaging the Airport Consultant in accordance with Section 7.1(c) hereof, the Trustees fail to meet the requirement of Section 7.1(b) hereof; or

(f) If the Trustees shall fail in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture (other than the covenants, conditions, agreements and provisions contained in Section 7.1 hereof) or in any Supplemental Indenture on the part of the Trustees to be performed, and such failure shall continue for ninety (90) days after written notice specifying such failure and requiring the

same to be remedied shall have been given to the Trustees by the Bank or to the Bank and the Trustees by the holders of not less than twenty percent (20%) in principal amount of the Bonds then Outstanding or any committee therefor, provided that if any such failure shall be such that it cannot be cured or corrected within such ninety (90) day period, it shall not constitute an Event of Default hereunder if curative or corrective action is instituted within such period and diligently pursued until the failure of performance is cured or corrected; or

(g) If any proceedings shall be instituted with the consent or acquiescence of the Trustees for the purpose of effecting a composition between the Trustees and their creditors and if the claim of such creditors is in any circumstance payable from the Net Revenues or any other moneys or assets pledged and charged in this Indenture, or for the purpose of adjusting the claims of such creditors, pursuant to any Federal or State statute now or hereafter enacted; or

(h) If an order or decree shall be entered (1) with the consent or acquiescence of the Trustees, appointing a receiver or receivers of the Airport or of any of the buildings, structures and facilities constituting a part thereof; or (2) without the consent or acquiescence of the Trustees appointing a receiver or receivers of the Airport or of any of the buildings, structures and facilities constituting a part thereof and such order or decree having been entered, shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(i) If, under the provisions of any applicable bankruptcy laws or any other law for the relief or aid of debtors, (1) any court of competent jurisdiction shall assume custody or control of the Airport or of any of the buildings, structures and facilities constituting a part thereof, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control; or (2) any court of competent jurisdiction shall approve of any petition for the reorganization of the Airport or rearrangement or readjustment of the obligations of the Trustees hereunder; or

(j) If the Trustees shall for any reason be rendered incapable of fulfilling their obligations hereunder; or

(k) If the Bank shall have received written notice from the issuer of a Support Facility of an occurrence of an event of default under such Support Facility or the Support Agreement.

Section 8.2. *Notice to Bondholders and Others Upon Occurrence of an Event of Default.* The Bank shall give written notice by mail to all the registered holders of Bonds as their names and addresses appear upon the books of registry, of all Events of Default known to the Bank, within ninety (90) days after the occurrence thereof, unless the Event of Default shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of or interest on any Bond, or in the payment of any sinking fund installment from the Principal Account of the Bond Fund as required by Article V hereof or by any Supplemental Indenture, the Bank shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or responsible officer of the Bank in good faith determine that the withholding of such notice is in the best interest of the holders of the Bonds. For the purposes of the Indenture, the term "responsible officer" when used with respect to the Bank shall mean the chairman of the board of directors, the vice-chairman of the board of directors, the chairman of the executive committee,

the vice-chairman of the executive committee, the president, any vice president, the cashier, the secretary, the treasurer, any trust officer, any assistant trust officer, any second or assistant vice president, any assistant cashier, any assistant secretary, any assistant treasurer, or any other officer or assistant officer of the Bank customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

Section 8.3. *Declaration of Principal and Interest As Due.* Upon the happening and continuance of any Event of Default specified in Section 8.1 hereof, then and in every case the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding (determined in accordance with the provisions of Section 9.3 hereof) by a notice in writing to the Bank and the Trustees, or the Bank by a notice in writing to the Trustees, may declare the principal of all the Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become due and be immediately due and payable, anything contained in the Bonds or in this Indenture to the contrary notwithstanding. If, however, at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under this Indenture, moneys shall have accumulated in the Bond Fund sufficient to pay the principal of and any premium (or redemption price) on all matured Bonds and all Bonds (or portions of the principal amount thereof) then or theretofore required to be redeemed pursuant to any provisions of this Indenture (excluding principal not then due except by reason of the aforesaid declaration) and all arrears of interest and interest then due, if any, upon all Bonds then Outstanding and if the charges, compensation, expenses, disbursements, advances and liabilities of the Bank and all other amounts then payable by the Trustees hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Bank, and every other Event of Default known to the Bank in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this section) shall have been remedied to the satisfaction of the Bank or, in the case of any Event of Default other than the nonpayment of an amount due and owing or any of the Events of Default set forth in clauses (a), (b) or (c) of Section 8.1 hereof, the Trustees shall be taking, or shall be causing to be taken, appropriate action in good faith to effect its cure, then and in every such case the Bank may, and upon the written request or direction of the holders of not less than a majority in principal amount of the Bonds (determined in accordance with the provisions of Section 9.3 hereof) not then due by their terms and then Outstanding shall, by written notice to the Trustees, rescind and annul such declaration and its consequences. No such rescission or annulment pursuant to the next preceding sentence shall extend to or affect any subsequent default or impair any right consequent thereto.

Section 8.4. *Action by Bank upon Occurrence of Event of Default.* Upon the occurrence and continuation of an Event of Default hereunder, then in every such case the Bank (i) for and on behalf of the holders of the Bonds, shall have the same rights hereunder which are possessed by any holders of the Bonds; (ii) shall be authorized to proceed, in its own name and as trustee of an express trust; (iii) may pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of and interest and premium, if any, on the Bonds;

(iv) may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Bank and of the holders of the Bonds allowed in any judicial proceedings relative to the Trustees, their creditors or their property or the Bonds; and (v) may, and upon the written request of the holders of not less than a majority in principal amount of the Bonds then Outstanding (determined in accordance with the provisions of Section 9.3 hereof) shall, proceed to protect and enforce all rights of the Bondholders and the Bank under and as permitted by this Indenture and the laws of the State of Oklahoma, by such means or appropriate judicial proceedings as shall be suitable or deemed by it most effective in the premises, including the appointment of temporary Trustees or any actions, suits or special proceedings at law or in equity or in bankruptcy or by proceedings in the office of any board or officer having jurisdiction, or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture, or in aid of execution of any power granted in this Indenture or to enforce any other legal or equitable right or remedy vested in the holders of the Bonds or the Bank by this Indenture or by such laws, or for the appointment of a receiver. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Bank without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Bank shall be brought in its name and as trustee of an express trust without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery or judgment shall be for the equal benefit of the holders of the Outstanding Bonds.

In the enforcement of any remedy under this Indenture the Bank shall be entitled to sue for, enforce payment of and receive any and all amounts, then or during any Event of Default becoming, and at any time remaining, due from the Trustees and unpaid for principal, premium, interest or otherwise under any of the provisions of this Indenture or of the Bonds, with interest on overdue payments if such interest then is permitted by the laws of the State of Oklahoma, at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Bank or of the Bondholders, and to recover and enforce judgment or decree against the Trustees, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable. Any such judgment shall be recovered by the Bank, in its own name and as trustee of an express trust.

Section 8.5. *Appointment of Temporary Trustees.* Upon the happening and continuance of an Event of Default hereunder the Bank may appoint a temporary trustee or trustees. The Bank shall file a certificate with the City Clerk of the City, setting out the appointment of such temporary trustee or trustees. Such temporary trustee or trustees shall without any further act or conveyance become fully vested, together with the other trustees, with all the estate, properties, rights, powers, trusts, duties and obligations of their predecessors in trust with like effect as if originally named as trustee under the Trust Indenture. The temporary trustee or trustees shall cease to have any power or authority in the event there is termination of all the defaults by which his or their appointment would have been authorized, and the permanent trustees, temporarily supplanted, shall be automatically re-instated.

Section 8.6. *Powers of Bank.* Upon the happening and continuance of an event of default set forth in clauses (a), (b) and (c) of Section 8.1 hereof, the Bank, in its own name and as

trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity and may prosecute any such action or proceedings to judgment or final decree, and may enforce an such judgment or final decree for the protection and enforcement of any right under the Lease, whether for specific performance of any duty, obligation, covenant or agreement contained therein or provided by law, or to enjoin any acts or things which may be unlawful or in violation thereof and the rights of the Trustees thereunder or under such laws, or to enforce any other legal or equitable right vested in the Trustees therein or by law.

The provisions of this section shall not be construed as in any way limiting the powers of the Bank with respect to defaults by the Trustees or the City under the Lease or a tenant under a lease or an obligor under any other agreement pledged and assigned hereunder, as the case may be, whether such powers be expressly or impliedly granted to the Bank elsewhere in this Indenture, the Lease or any other lease or agreement, as the case may be, or as a denial that the Bank has any such other powers, but the powers granted to the Bank by this section shall be supplemental, additional and cumulative to all other powers possessed by the Bank with respect to defaults under this Indenture, the Lease or any other lease or agreement pledged and assigned hereunder, as the case may be.

Section 8.7. *Disposition of Moneys in Event of Insufficiencies in Funds and Accounts.* Subject to the provisions of Section 8.8 hereof, if at any time the moneys in the Bond Fund, the Bond Reserve Fund, the Operating Reserve Fund, the Airport Improvement Fund and any other fund held by the Bank pursuant to this Indenture, shall not be sufficient to pay the interest or principal or premium, if any (or the redemption price) of the Bonds as the same become due and payable (whether at maturity or upon proceedings for the redemption thereof or by declaration or otherwise), the moneys in such funds, together with any other moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article VIII or otherwise, shall be applied as follows; provided, however, that any moneys in the Bond Reserve Fund shall be applied only to the Bonds which such account shall secure and any payments on a Support Facility shall be applied only to the Bonds such Support Facility supports:

(a) Unless the principal of all the Bonds shall have become due and payable or shall have been declared due and payable pursuant to the provisions of Section 8.3 hereof, all such moneys shall be applied:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

SECOND: to the payment to the persons entitled thereto of unpaid principal which shall have become due, in the order of the dates such principal became due, with interest upon such principal from the respective dates upon which such principal became due, and, if the amount available shall not be sufficient to pay in full the principal due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of

such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the interest and premium, if any, on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of this Indenture.

(b) If the principal of all the Bonds shall have become due and payable or shall have been declared due and payable pursuant to the provisions of Section 8.3 hereof, all such moneys shall be applied to the payment of the principal and interest then due and unpaid, with interest on such principal as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all the Bonds shall have been declared due and payable pursuant to the provisions of Section 8.3 hereof, and if such declaration shall thereafter have been rescinded and annulled pursuant to the provisions of such Section 8.3, then, subject to the provisions of subparagraph (b) above of this paragraph in the event that the principal of all the Bonds shall later become due and payable or be declared due and payable pursuant to the provisions of Section 8.3 hereof, the moneys then held in the Bond Fund shall be applied to the payment of the principal of and premium (or redemption price) on all matured Bonds and all Bonds (or portions of the principal amount thereof) then or theretofore required to be redeemed pursuant to any provisions of this Indenture (excluding principal not then due except by reason of such declaration) and all arrears of interest and interest then due, if any, upon all Bonds then Outstanding, and any moneys thereafter deposited in the Bond Fund, the Bond Reserve Fund, the Operating Reserve Fund and the Airport Improvement Fund shall be applied, in accordance with the provisions of Article V hereof.

Whenever moneys are to be applied by the Bank pursuant to the provisions of subparagraphs (a) and (b) of this section (i) such moneys shall be applied by the Bank at such times, and from time to time, as the Bank in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; (ii) the deposit of such moneys, in trust for the proper purpose shall constitute proper application by the Bank; and (iii) the Bank shall incur no liability whatsoever to the Trustees, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Bank acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Bank. Whenever the Bank shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Bank shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Bank shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any

unpaid Bond until such Bond shall be surrendered to the Bank for appropriate endorsement, or for cancellation if fully paid.

Section 8.8. *Disposition of Moneys if Receiver Operates the Airport.* If upon the happening and continuance of an Event of Default hereunder any receiver shall enter upon and take possession of the Airport and hold, manage and operate the same, all Gross Revenues of the Airport, after the payment therefrom of current administration, operating, management and maintenance expenses incurred by the receiver and after the payment of the costs and expenses of all renewals, replacements, improvements, extensions and betterments to the buildings, structures and facilities constituting a part of the Airport which such receiver shall be required to make in order to maintain adequately the Airport, together with the moneys in the funds and accounts created in Article V hereof, shall be applied from time to time to the following in the order stated:

- (1) all charges; costs and expenses of executing this Indenture, including such charges, costs and expenses as may have been incurred in connection with any proceedings hereunder;
- (2) the current Operating Expenses of the Airport; and
- (3) the then remaining unpaid balance of all indebtedness evidenced by the Bonds and any Support Facility Obligation in accordance with the provisions of Section 8.7 hereof, and
- (4) the then remaining unpaid balance of any Subordinate Obligations.

The balance, if any, then remaining after the final payment and satisfaction of all items mentioned in subdivisions (1) - (4) above shall be paid to the Trustees.

Section 8.9. *Certain Rights of Bank Upon Bankruptcy of Trustees.* The Bank shall be entitled and empowered, either in its own name or as a trustee of an express trust, or as attorney-in-fact for the holders of the Bonds or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Bank and of the holders of the Bonds allowed in any equity, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization or other similar proceedings relative to the Trustees. For this purpose the Bank is hereby irrevocably appointed the true and lawful attorney-in-fact of the respective holders of the Bonds (and the successive holders of the Bonds by taking and holding the same shall be conclusively deemed to have so appointed the Bank) with authority to make and file in the respective names of the holders of the Bonds any such proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings, and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all acts and things for and on behalf of the holders of the Bonds as may be necessary or advisable in the opinion of the Bank in order to have the respective claims of the Bank and of the holders of the Bonds allowed in any such proceeding and to receive payment of and on account of such claims. However, nothing contained herein shall be deemed to give the Bank any right to accept or consent to any plan of reorganization or

compromise or otherwise take any action of any character in any such proceeding to waive or change in any way any right of any holder of Bonds.

Section 8.10. *Direction of Remedial Proceedings by the Bondholders.* Anything in this Indenture to the contrary notwithstanding, the holders of not less than a majority in principal amount of the Bonds at the time Outstanding (determined in accordance with the provisions of Section 9.3 hereof) shall be authorized and empowered and have the right, by an instrument or concurrent instruments in writing delivered to the Bank, and after providing indemnification satisfactory to the Bank, (1) to direct the time, method, and place of conducting any proceeding for any remedy to be taken by the Bank or available to the Bank or available to the holders of the Bonds, or exercising any trust or power conferred upon the Bank hereunder or (2) on behalf of the holders of the Bonds then Outstanding, to consent to the waiver of any Event of Default or its consequences, and the Bank shall waive any Event of Default and its consequences upon the written request of the holders of such majority.

Section 8.11. *Reserved.*

Section 8.12. *Suits or Actions by Bondholders; Any Bondholder May Enforce Overdue Payment of His Bond or Interest Thereon.* No holder of any of the Bonds shall have any rights to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless such holder previously shall have given to the Bank written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and, unless also the holders of not less than a majority in principal amount of the Bonds then Outstanding shall have made written request of the Bank after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Bank a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and the Bank shall have refused or neglected to comply with such request within a reasonable time. It is understood and intended that no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder except in the manner herein provided; that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of such Outstanding Bonds; and that any individual rights of action or other right given to one or more of such holders by law are restricted by this Indenture to the rights and remedies herein provided.

Notwithstanding any other provision of this Indenture, the right of any holder of a Bond to receive payment of the principal of and interest on such Bond, on or after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder, except that no holder of any such Bond shall have the right to institute any such suit, if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver, or loss of the lien of this Indenture upon any property (real or personal, tangible, or intangible, movable or immovable) subject to the lien of this Indenture.

Section 8.13. *Costs and Expenses of Certain Suits.* The Trustees, the Bank and the holders of the Bonds agree that a court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Bank for any action taken or omitted by it as the Bank, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided, that the provisions of this section shall not apply to any suit instituted by the Bank, to any suit instituted by any Bondholder, or group of Bondholders, holding in the aggregate more than ten percent (10%) in principal amount of the Bonds then Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond, on or after the respective due dates expressed in such Bond.

Section 8.14. *Remedies Not Exclusive.* No remedy by the terms of this Indenture conferred upon or reserved to the Bank or the holders of the Bonds is intended to be exclusive of any other remedy so conferred or reserved or to be exclusive of other remedies now or hereafter existing at law or in equity or by statute, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder to the Bank or to the holders of the Bonds or now or hereafter existing at law or in equity or by statute. Every such right, power and remedy given hereunder or by law or in equity or by statute may be exercised from time to time and as often as may be deemed expedient.

Section 8.15. *Effect of Delay or Omission; Waiver of Default.* No delay or omission of the Bank or of any holder of the Bonds to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

The Bank may waive any default or Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any remedy under this Indenture and shall waive any default or Event of Default if required to do so by the provisions of Section 8.10 hereof. No such waiver shall extend to or affect any other existing or subsequent default or Event of Default or impair any rights or remedies consequent thereon.

Section 8.16. *Effect of Abandonment of Proceedings on Default.* In case any proceeding taken by the Bank or the holders of the Bonds on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the Trustees, the Bank and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Bank shall continue as though no such proceeding had been taken.

ARTICLE IX.

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND OWNERSHIP OF BONDS; MEETINGS OF BONDHOLDERS; EXCLUSION OF BONDS OWNED BY THE TRUSTEES AND THE CITY

Section 9.1. *Execution of Requests, Directions and Consents and Other Instruments and Proof of Same; Ownership of Bonds and Proof of Same.* Any request, direction, consent or other instrument required by this Indenture to be signed or executed by holders of Bonds may be signed or executed by such holders in person or by agent or agents duly appointed in writing, and may be in any number of concurrent writings of substantially similar tenor. Proof of the execution of any such request, direction, consent or other instrument or of a writing appointing any such agent, and of the holding or ownership of Bonds, shall be sufficient for any purpose of this Indenture.

Nothing contained in this section shall be construed as limiting the Trustees or the Bank, in their separate discretion, from any evidence of the matters herein stated which to them may seem sufficient. Any request, direction, consent or vote of the holder of any Bond shall bind and be conclusive upon the holder of such Bond giving such request, direction or consent or casting such vote and upon every future holder of the same Bond in respect of anything done or suffered to be done by the Trustees or the Bank or otherwise, or by the holders of other Bonds, in pursuance of such request, direction, consent or vote, and whether or not such future holder has knowledge of or information as to such request, direction, consent or vote.

Section 9.2. *Reserved.*

Section 9.3. *Exclusion of Bonds Held by or for the Trustees and the City and of Bonds No Longer Deemed Outstanding Hereunder; Bonds Issued with Original Issue Discount.* In determining whether the holders of the requisite aggregate principal amount of bonds have concurred in any demand, request, direction, consent, vote or waiver under this Indenture, any Bonds which are owned by or on behalf of or for the account of the Trustees, as Trustees and not in their individual or separate capacities, and any Bonds which are owned by or on behalf of or for the account of the City or any public trust of which the City is the beneficiary, including any board, department, agency or other instrumentality thereof and, except for the purposes of Section 11.1 hereof, any Bonds which are deemed no longer Outstanding hereunder as provided in such Section 11.1 shall be disregarded and not included for the purpose of any such determination, and such Bonds shall not be entitled to vote upon, consent to or concur in any action provided in this Indenture, except that for the purposes of determining whether the Bank shall be protected in relying on any such demand, request, direction, consent, vote or waiver only Bonds which the Bank knows are owned as aforesaid shall be disregarded. The Trustees or the Bank may require each holder of a Bond or Bonds before his demand, request, direction, consent, vote or waiver shall be deemed effective, to reveal if the Bonds as to which such demand, request, direction, consent, vote or waiver is made, granted, cast or given are disqualified as provided in this section.

ARTICLE X.

AMENDING AND SUPPLEMENTING OF INDENTURE

Section 10.1. *Amending and Supplementing of Indenture Without Consent of Bondholders.* The Bank and the Trustees, from time to time and at any time and without the consent or concurrence of any holder of any Bond, may enter into indentures amendatory hereof or supplemental hereto (herein defined and referred to as "Supplemental Indentures"):

(i) For the purpose of providing for the issuance of Additional Bonds, Refunding Bonds or Subordinate Obligations pursuant to the provisions of Article II hereof;

(ii) To make any changes or modifications hereof or amendments, additions or deletions hereto which may be required to permit the Indenture to be qualified under the Trust Indenture Act of 1939 of the United States of America; and

(iii) If the provisions of such Supplemental Indenture shall not materially adversely affect the rights of the holders of the Bonds then Outstanding, for any one or more of the following purposes:

- A. To make any changes or corrections in this Indenture as to which they shall have been advised by their counsel that the same are technical wording corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in this Indenture, or to insert in this Indenture such provisions clarifying matters of questions arising under this Indenture as are necessary or desirable; or
- B. To add additional covenants and agreements of the Trustees for the purpose of further securing the payment of the Bonds; or
- C. To surrender any right, power or privilege reserved to or conferred upon the Trustees by the terms of this Indenture; or
- D. To confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provisions of this Indenture; or
- E. To grant to or confer upon the holders of the Bonds any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them, or to grant to or confer upon the Bank for the benefit of the holders of the Bonds any additional rights, duties, remedies, power or authority; or
- F. To prescribe further limitations and restrictions upon the issuance of Additional Bonds and the incurring of indebtedness by the Trustees payable from the Net Revenues; or

- G. To modify in any other respect any of the provisions of this Indenture, including any modifications as may be required with respect to any series of Bonds in order to obtain a favorable rating or ratings from one or more nationally recognized rating agency provided that such modifications shall have no material adverse effect as to any Bond or Bonds which are then Outstanding; or
- H. To provide for the issuance of Bonds in book-entry or coupon form, if at the time permitted by applicable law; or
- I. To increase or decrease the amounts required to be deposited in any fund created by the Trustees and funded after the deposits in the Revenue Fund, the Bond Fund, the Bond Reserve Fund and the Operating Reserve Fund.

Except for Supplemental Indentures providing for the issuance of Additional Bonds pursuant hereto or required to permit this Indenture to be qualified under the Trust Indenture Act of 1939 of the United States of America, the Trustees and the Bank shall not enter into any Supplemental Indenture authorized by the foregoing provisions of this section unless in the opinion of counsel (which opinion may be combined with the opinion required by Section 10.4 hereof) the adoption of each Supplemental Indenture is permitted by the foregoing provisions of this section, the provisions of such Supplemental Indenture do not adversely affect the rights of the holders of the Bonds then Outstanding, and, except for a Supplemental Indenture adopted pursuant to subparagraph 7 above, the provisions of such Supplemental Indenture are not contrary to or inconsistent with the covenants or agreements of the Trustees contained in this Indenture as originally executed by the Trustee and the Bank or as amended or supplemented with the consent of the holders of the Bonds.

Section 10.2. *Amendment of Indenture with Consent of Bondholders.* With the consent of the holders of not less than sixty percent (60%) of the Bonds then Outstanding, the Trustees and the Bank, from time to time and at any time may enter into indentures amendatory hereof or supplemental hereto (herein also defined and referred to as "Supplemental Indentures"), for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture, or modifying or amending the rights and obligations of the Trustees and the Bank hereunder, or modifying in any manner the rights of the holders of the Bonds then Outstanding; provided, however, that, without the specific consent of the holder of each such Bond which would be affected thereby, no such Supplemental Indenture amending or supplementing the provisions hereof shall: (1) change the fixed maturity date for the payment of the principal of any Bonds or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon or the redemption price (or the redemption premium) payable upon the redemption or prepayment thereof; or (2) reduce the aforesaid percentage of Bonds, the holders of which are required to consent to any such Supplemental Indenture amending or supplementing the provisions of this Indenture; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby (except with respect to the Bond Reserve Fund); or (4) permit the creation of a mortgage or lien upon the properties constituting a part of the Airport; or (5) authorize the creation of any pledge of the moneys and other assets of the Trust Estate or any lien or charge thereon prior, superior or equal to the pledge of and lien and charge thereon created herein for

the payment of the Bonds; or (6) deprive any holder of the Bonds of the security afforded by this Indenture. A modification or amendment of the provisions of Article V hereof with respect to the funds and accounts created hereby shall not be deemed a change in the terms of payment of the Bonds; provided, however, that no such modification or amendment shall, except upon the consent of the holders of all Bonds then Outstanding affected thereby, reduce the amount or amounts required by Section 5.3 hereof to be deposited into the Bond Fund for credit to any Interest Account or Principal Account therein or the application of such amounts in accordance with the provisions of Section 5.3 hereof or the amount or amounts required by Section 5.4 hereof to be deposited into the Bond Reserve Fund or reduce the priority of such deposits. (Nothing herein contained, however, shall be construed as making necessary the approval of the holders of the Bonds of the adoption of any Supplemental Indenture authorized by the provisions of Section 10.1 hereof).

The proof of the giving of any consent required by this section and of the holding of Bonds for the purposes of giving consents shall be made in accordance with the provisions of Article IX hereof, and it shall not be necessary that the consents of the holders of the Bonds approve the particular form of wording of the proposed amendment or supplement or of the Supplemental Indenture affecting such amendment or supplement, but it shall be sufficient if such consents approve the substance of the proposed amendment or supplement. After the holders of the required percentage of Bonds shall have filed their consents to the amending or supplementing hereof pursuant to this section, the Bank shall mail a copy of such notice, postage prepaid to each registered owner of Bonds then Outstanding, at his address, if any, appearing upon the books of registry, but failure to mail copies of said notice to any of said owners or holders shall not affect the validity of the Supplemental Indenture effecting such amendments or supplements or the consents thereto. (Nothing in this section contained, however, shall be construed as requiring the giving of notice of any amending or supplementing of this Indenture authorized by Section 10.1 hereof). A record consisting of the papers required by this section shall be proof of the matters therein stated until the contrary is proved. No action or proceeding to set aside or invalidate such Supplemental Indenture or any of the proceedings for its adoption shall be instituted or maintained unless such action or proceeding is commenced within sixty (60) days after the publication of the notice required by this section.

Section 10.3. *Notation Upon Bonds; New Bonds Issued Upon Amendments.* Bonds delivered after the effective date of any action taken as provided in this article may bear a notation as to such action, by endorsement or otherwise and in form approved by the Bank. In that case, upon demand of the holder of any Bond Outstanding at such effective date and the presentation of his Bond for the purpose at the office of the Bank or the Registrar and Paying Agent for such series of Bonds, transfer agent or registrar hereunder for such Bond and at such additional offices as the Trustees may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Trustees shall so determine, new Bonds so modified as in the opinion of the Trustees to conform to the amendments or supplements made pursuant to this article, shall be prepared, executed and delivered, and upon demand of the holder of any Bond then Outstanding shall be exchanged without cost to such holder, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Section 10.4. *Effectiveness of Supplemental Indentures.* Upon the execution pursuant to this article and of applicable law by the Trustees and the Bank of any Supplemental Indenture

amending or supplementing the provisions of this Indenture and the delivery to the Bank of an opinion of counsel to the Trustees that such Supplemental Indenture is in due form, has been duly adopted in accordance with the provisions hereof and applicable law and that the provisions thereof are valid and binding upon the Trustees (upon which opinion the Bank, subject to the provisions of Section 6.2 hereof, shall be fully protected in relying), or upon such later date after delivery of such Supplemental Indenture and opinion to the Bank as may be specified in such Supplemental Indenture, (i) this Indenture and the Bonds shall be modified and amended in accordance with such Supplemental Indenture; (ii) the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustees, the Bank and the holders of the Bonds shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments; and (iii) all of the terms and conditions of any such Supplemental Indenture shall be a part of the terms and conditions of the Bonds and of this Indenture for any and all purposes.

ARTICLE XI.

DEFEASANCE; MONEYS HELD FOR PAYMENT OF DEFEASED BONDS

Section 11.1. *Discharge of Liens and Pledges; Bonds No Longer Outstanding and Deemed to be Paid Hereunder.* The obligations of the Trustees under this Indenture and the liens, pledges, charges, trusts, assignments, covenants and agreements of the Trustees herein made or provided for, shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed to be Outstanding hereunder and shall be deemed to have been paid for all purposes of Section 11.2 hereof,

(i) when such Bond shall have been cancelled, or shall have been purchased by the Bank from moneys in the Bond Fund held by it under this Indenture; or

(ii) as to any Bond not cancelled or so purchased, when payment of the principal of and the applicable redemption premium, if any (or the applicable redemption price) on such Bond, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or by declaration as provided in Section 8.3 hereof, or otherwise), either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with the Bank or Registrar and Paying Agent for the Bonds of such series of Bonds, in trust and irrevocably appropriated and set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Governmental Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Bank and the Registrar and Paying Agent pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Bank and such Registrar and Paying Agent.

At such time as a Bond shall be deemed to be no longer Outstanding hereunder, as aforesaid, such Bond shall cease to draw interest from the due date thereof (whether such due date be by reason of maturity, or upon redemption or prepayment or by declaration as aforesaid, or otherwise) and, except for the purpose of any such payment from such moneys or Governmental Obligations, shall no longer be secured by or entitled to the benefits of this Indenture.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed or otherwise prepaid prior to their stated maturities and which the Trustees elect to so redeem or prepay, no deposit under clause (b) of subparagraph (ii) above shall constitute such payment, discharge and satisfaction as aforesaid, until such Bonds shall have been irrevocably called or designated for redemption or prepayment and proper notice of such redemption or prepayment shall have been irrevocably made; provided that nothing in this article shall require or be deemed to require the Trustees to elect to redeem or prepay such Bonds, or, in the event the Trustees elect to redeem or prepay such Bonds, shall require or be deemed to require the redemption or prepayment as of any particular date or dates. Any such moneys so deposited with the Bank or the Registrar and Paying Agent as provided in this section may at the direction of the Trustees also be invested and reinvested in Governmental Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Governmental Obligations

in the hands of the Bank and the Registrar and Paying Agent pursuant to this section which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited, shall be paid to the Trustees, and deposited in the Revenue Fund as and when realized and collected for use and application as are other moneys deposited in that Fund.

Notwithstanding any provision of any other section of this Indenture which may be contrary to the provisions of this section, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions of this section for the payment of Bonds (including interest and premium thereon, if any, or the redemption price thereof) shall be applied to and used solely for the payment of the particular Bond (including interest and premium thereon, if any, or redemption price thereof) with respect to which such moneys and Governmental Obligations have been so set aside in trust.

Anything in Article X hereof to the contrary notwithstanding, if moneys or Governmental Obligations have been deposited or set aside with the Bank, or the Registrar and Paying Agent, pursuant to this section for the payment of Bonds and such Bonds shall be deemed to have been paid and be no longer Outstanding hereunder as provided in this section, but such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this article shall be made without the consent of the holder of each Bond affected thereby.

The Trustees may at any time surrender to the Bank for cancellation by it any Bonds previously executed and delivered which the Trustees may have acquired in any manner whatsoever, and such Bonds upon such surrender for cancellation shall be deemed to be paid and no longer Outstanding hereunder.

Section 11.2. *Release of Indenture; Termination of Right, Title and Interest of Bank.* When all the Bonds shall be deemed to be paid in accordance with the provisions of Section 11.1 hereof, then and in that case the right, title and interest of the Bank shall thereupon cease, determine and become void, and the Bank in such case, on demand of the Trustees, shall release this Indenture and shall execute such documents to evidence such release as may be reasonably required by the Trustees, and shall turn over to the Trustees any surplus moneys and balances remaining in any of the funds and accounts created in or held under this Indenture, other than moneys and Governmental Obligations (as defined in Section 11.1 hereof) held by it pursuant to the third-to-last paragraph of Section 11.1 hereof or the provisions of Section 11.3 hereof for the redemption, payment or prepayment of Bonds; otherwise, this Indenture shall be, continue and remain in full force and effect.

Section 11.3. *Bonds Not Presented for Payment When Due; Moneys Held for the Bonds After Due Date of Bonds.* Subject to the provisions of the next sentence of this paragraph, if any Bond shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the date fixed for the redemption thereof or upon declaration as provided in Section 8.3 hereof, or otherwise, and if moneys or Governmental Obligations (as defined in Section 11.1 hereof) shall at such due date be held by the Bank, or the Registrar and Paying Agent therefor, in trust for that purpose sufficient and available to pay the principal and the premium, if any (or the redemption price) of such Bond, together with all interest due on such principal to the due date thereof or to the date fixed for redemption thereof all liability of the

Trustees for such payment shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Bank, or the Registrar and Paying Agent, to hold such moneys or Governmental Obligations, without liability to such Bondholder for interest thereon, in trust for the benefit of the holder of such Bond who thereafter shall be restricted exclusively to such moneys or Governmental Obligations for any claim of whatever nature on his part on or with respect to such Bond, including for any claim for the payment thereof. Any such moneys or Governmental Obligations held by the Bank or the Registrar and Paying Agent remaining unclaimed by the holders of such Bonds for six (6) years after the principal of the respective Bonds with respect to which such moneys or Governmental Obligations have been so set aside has become due and payable (whether at maturity or upon redemption or prepayment or by declaration as provided in Section 8.3 of this Indenture, or otherwise) shall upon the written request of the Trustees be paid to the Trustees, against their written receipt therefor, and the holders of such Bonds shall thereafter be entitled to look only to the Trustees for payment thereof. Before being required to make any such payment to the Trustees, the Bank or the Registrar and Paying Agent may, at the expense of the Trustees, mail a notice, in such form as may be deemed appropriate by the Bank or Registrar and Paying Agent, listing the Bonds so payable and not presented and stating that such moneys remain unclaimed and that after a date set forth therein any balance thereof then remaining will be returned to the Trustees.

ARTICLE XII.

FORMS OF BONDS, ENDORSEMENT AND ASSIGNMENT PROVISIONS, CERTIFICATE OF AUTHENTICATION

Section 12.1. *Forms of Bonds, Endorsement and Assignment Provisions, Certificate of Authentication.* The form or forms of Bond for a particular series of Bonds, the form or forms of the certificate of authentication thereof, the form or forms of endorsement to appear thereon and the form or forms of assignment thereof shall be in the forms set forth in the Supplemental Indenture providing for the issuance of such series of Bonds.

ARTICLE XIII.

MISCELLANEOUS

Section 13.1. *Benefits of Indenture Limited to the Trustees, Bank and Bondholders.* With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or should be construed to confer upon or give to any person other than the Trustees, the Bank and the holders of the Bonds, any legal or equitable right, remedy or claim under or by reason of or in respect to the Indenture or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Indenture and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Trustees the Bank and the holders from time to time of the Bonds as herein and therein provided.

Section 13.2. *Indenture a Contract; Indenture Binding upon Successors or Assigns of Trustees.* In consideration of the acceptance of the initial series of Bonds issued hereunder and any Additional Bonds pertaining thereto by those who shall hold the same from time to time, each of the obligations, duties, limitations and restraints imposed upon the Trustees by this Indenture shall be deemed to be a covenant between the Trustees and the Bank and every holder of the Bonds, and this Indenture and every provision and covenant hereof shall be deemed to be and shall constitute a contract between the Trustees and the Bank and the holders from time to time of the Bonds.

All terms, provisions, conditions, covenants, warranties and agreements contained in this Indenture shall be binding upon the successors and assigns of Trustees, and shall inure to the benefit of the Bank, its successors or substitutes in trust and assigns, and the holders of the Bonds.

Section 13.3. *Bonds, Other Obligations and Liabilities of Trustees Payable Solely Out of Certain Moneys; Trustees Not Individually Liable Other Than for Breach of Trust.* All expenses and obligations, and all debts, damages, judgments, decrees or liabilities, incurred by any Trustee, and any of the foregoing incurred by any agent, servant or employee of the Trustees, in the execution of the purposes of this Indenture, shall be solely chargeable to and payable out of the Gross Revenues and other moneys and assets of the Trustees, as Trustees, pledged and charged hereunder, and out of the moneys held by the Bank under Article V hereof to the extent provided therein. In no event shall any Trustee in any manner be individually or personally liable (i) for the payment of the interest or principal or premium, if any (or redemption price) on any of the Bonds, or (ii) for any damage, or for breach of contract or obligations, caused by, arising from, incident to, or growing out of the execution of this Indenture, nor shall they or any of them be liable for the acts or omissions of each other, or of any agent, servant or employee of the Trustees, or of any successor Trustees; provided, however, that the foregoing (a) shall not apply to any breach of trust by any such Trustee, and (b) shall not relieve any Trustee or agent, servant or employee of the Trustees from the performance of any duty provided or required hereby or by law.

Section 13.4. *Costs of Furnishing Data by Bank or Trustees.* Whenever provision is made in this Indenture for the furnishing to Bondholders upon request of any report, list, certificate, opinion or other document by the Bank or the Trustees the cost of duplicating such report, list, certificate, opinion or other document shall be paid by such Bondholders.

Section 13.5. *Notices to Bondholders.* Except as is otherwise provided in this Indenture, any provision in this Indenture for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid to each registered owner of any of the Bonds then Outstanding at his address appearing upon the books of registry kept pursuant to Section 3.5 hereof.

Section 13.6. *Notices to the Trustees, the Bank and the City.* Wherever in this Indenture notice or direction is required to be given to or request is required to be made of the Trustees or the Bank or the City, the same shall be complied with by a letter or instrument in writing sent by registered mail, return receipt requested, addressed respectively as follows:

(a) if to the Trustees, addressed to the Trustees of the Tulsa Airports Improvement Trust, Airline Terminal Building, 7777 East Apache, Room A217, Tulsa, Oklahoma 74115, Attention: Secretary, or at such other address as the Trustees may have designated by written notice to the Bank or the City;

(b) if (i) to the Bank, addressed to Bank of Oklahoma, N.A., Post Office Box 2300, Tulsa, Oklahoma 74192, or at such other address as the Bank may have designated by written notice to the Trustees and the City, or (ii) to any successor bank, addressed to it at its principal office;

(c) if to the City, addressed to the Office of the City Clerk, the City of Tulsa, 175 East 2nd Street, Tulsa, Oklahoma 74103, or at such other address as the City may have designated by written notice to the Trustees and the Bank.

Section 13.7. *Waiver of Notice.* Whenever in this Indenture the giving of notice by mail is required, the giving of such notice may be waived by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13.8. *Effect of Saturdays, Sundays and Legal Holidays.* Whenever this Indenture requires any action to be taken on a Saturday, Sunday or legal holiday, such action shall be taken on the first business day occurring thereafter. Whenever in this Indenture the time within which any action is required to be taken or within which any right will lapse or expire shall terminate on a Saturday, Sunday or legal holiday, such time shall continue to run until midnight on the next succeeding business day.

Section 13.9. *Partial Invalidity.* If any one or more of the covenants or agreements or portions thereof provided in this Indenture on the part of the Trustees or the Bank or of any Registrar and Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, or such agreement or agreements, or, such portions thereof, shall be deemed severable from the remaining covenants

and agreements or portions thereof provided in this Indenture and the invalidity thereof shall in no way affect the validity of the other provisions of this Indenture or of the Bonds, but the holders of the Bonds shall retain all the rights and benefits accorded to them hereunder and under any applicable provisions of law.

If any provision of this Indenture shall be held or deemed to be or shall in fact, be inoperative or unenforceable or invalid as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable or invalid in any other case or circumstance, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatever.

Section 13.10. *Law and Place of Enforcement of this Indenture.* This Indenture shall be construed and interpreted in accordance with the laws of the State of Oklahoma and all suits and actions arising out of this Indenture shall be instituted in a court of competent jurisdiction in said State.

Section 13.11. *Effect of Article and Section Headings and Table of Contents.* The headings or titles of the several articles and sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning or construction, interpretation or effect of this Indenture.

Section 13.12. *Indenture May Be Executed in Counterparts.* This Indenture may be simultaneously executed in counterparts. Each such counterpart so executed shall be deemed to be an original, and all together shall constitute but one and the same instrument.

Section 13.13. *Effective Date.* This Indenture shall be in full force and effect upon issuance of the Trustees' General Airport Revenue Bonds, Series 2009, since, at that time, 100% of all Bondholders of Outstanding Bonds (or the insurer(s) authorized to consent on behalf of such bondholders), as required under Section 10.2 of the Bond Indenture which this Indenture amends and restates, will have approved and/or be deemed to have approved the terms hereof.

IN WITNESS WHEREOF, the Trustees of the Tulsa Airports Improvement Trust have caused this Indenture to be signed by their Chairman and sealed the same with their seal attested by their Secretary, and Bank of Oklahoma, N.A., for itself, its successor or successors, has signed this Indenture and sealed the same with its seal and has by its execution hereof, signified its acceptance of the trust hereby created and imposed.

Execution Date: November 12, 2009.

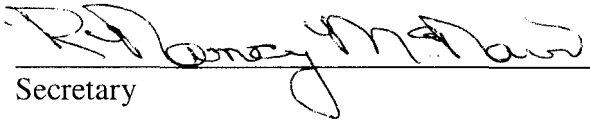
TRUSTEES OF THE TULSA AIRPORTS
IMPROVEMENT TRUST

BY: 

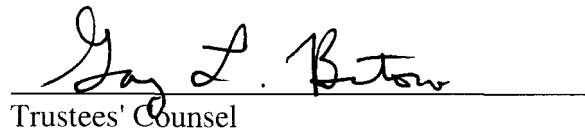
Chairman

[SEAL]

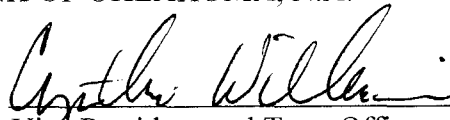
Attest:


Secretary

Approved:

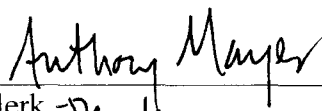

Trustees' Counsel

BANK OF OKLAHOMA, N.A.

BY: 
Vice President and Trust Officer

Accepted By:

ATTEST:


City Clerk - Deputy

CITY OF TULSA, OKLAHOMA

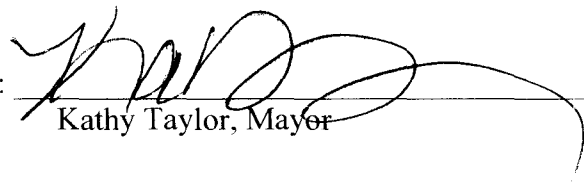
By: 
Kathy Taylor, Mayor

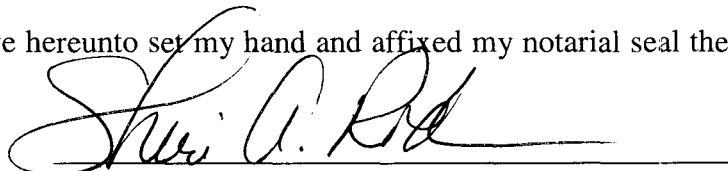
EXHIBIT A

**ACKNOWLEDGMENT OF THE TRUSTEES
OF THE TULSA AIRPORTS IMPROVEMENT TRUST**

STATE OF OKLAHOMA)
) SS:
COUNTY OF TULSA)

The foregoing instrument was acknowledged before me on this 12th day of November, 2009, by Meredith Siegfried, Chair, Trustees of the Tulsa Airports Improvement Trust, a public trust, on behalf of the trust.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year aforesaid.



Notary Public

My commission expires: January 16, 2011

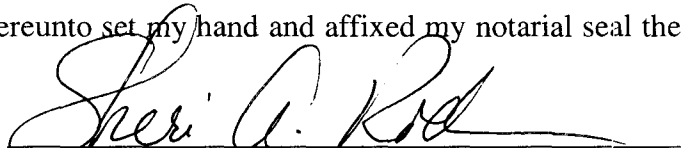


**ACKNOWLEDGMENT OF THE
BANK OF OKLAHOMA, N.A.**

STATE OF OKLAHOMA)
) SS:
COUNTY OF TULSA)

Before me, the undersigned, a Notary Public in and for such County and State, on the 12th day of November, 2009, personally appeared Cynthia Wilkinson, to me known to be the Vice President and Trust Officer of Bank of Oklahoma, N.A., and to me further known to be the identical person who subscribed the name of Bank of Oklahoma, N.A., as Bank, one of the makers thereof, to the foregoing instrument as such officer, and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of Bank of Oklahoma, N.A., as Bank, for the uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year aforesaid.



Notary Public

My commission expires: January 16, 2011



Appendix B:

FY 2014-2018 Five (5) Year Review

|

August 5, 2019

Tulsa International Airport

Five Year Review of Aviation Properties

Prepared for:

Tulsa Airports Improvement Trust

Prepared by:

RICONDO

Ricondo & Associates, Inc. (Ricondo) prepared this document for the stated purposes as expressly set forth herein and for the sole use of Tulsa Airports Improvement Trust and its intended recipients. The techniques and methodologies used in preparing this document are consistent with industry practices at the time of preparation and this Report should be read in its entirety for an understanding of the analysis, assumptions, and opinions presented. Ricondo & Associates, Inc. is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934 and does not provide financial advisory services within the meaning of such act.

August 5, 2019

Trustees, Tulsa Airports Improvement Trust
c/o Ms. Alexis Higgins, Chief Executive Officer
7777 Airport Drive, Suite 217A
Tulsa, OK 74115

RE: Five-Year Review by the Airport Consultant, Fiscal Years 2014 to 2018

Dear Trustees:

In compliance with the Tulsa Airports Improvement Trust's (the Trust's) Amended and Restated Bond Indenture (Bond Indenture), Ricondo has examined the Trust's finances and operations for the period from fiscal year (FY) 2014 through FY 2018 (the Review Period). The accompanying report includes a review of the Trust's finances and operations over the Review Period and provides recommendations to ensure continued compliance with the Trust's Bond Indenture.

BACKGROUND

The Trust operates and maintains the Tulsa International Airport (the Airport), Richard Lloyd Jones, Jr. Airport (RVS). In addition, the Trust operated and maintained Okmulgee Regional Airport through a portion of the Review Period. The agreement with the City of Okmulgee to operate Okmulgee Regional Airport began on July 1, 2015.

The Trust's Bond Indenture requires that its Airport Consultant shall "make an examination of and report on the operations of the aviation properties of the Airport" no less frequently than every five years. The report must include recommendations to any changes in operations that are deemed necessary to provide Gross Revenues sufficient to pay all amounts required by the Bond Indenture.

OVERVIEW

Ricondo has found that the Trust has operated its Airports throughout the Review Period in a manner which is fully consistent with the requirements of the Bond Indenture.

Operations and Capital Plan

Throughout the Review Period, enplaned passengers at the Airport increased at a Compound Annual Growth Rate (CAGR) of 1.6 percent while enplaned cargo increased at a CAGR over 1.4 percent. The Airport continued to receive service from Southwest Airlines, American Airlines, United Airlines, and Delta Airlines throughout the Review Period. Additional service was added by new entrants such as Allegiant and Frontier. Operations at RVS increased at a CAGR of 11.3 percent.

The Trust's capital plan for FY 2014 through FY 2018 included approximately \$113 million in project costs, associated with improvements such as the Concourse A Renovation project and the Parking Garage

Expansion / Rental Car Return Facility project. The Trust's current capital improvement plan for the Airport includes projects with an estimated cost of approximately \$51 million.

Finances

The Trust's operating revenues increased from approximately \$33.5 million in FY 2014 to \$37.1 million in FY 2018, a CAGR of 2.6 percent. Aeronautical revenue increased at a CAGR of 0.4 percent; increases in airline revenue were balanced by decreases in other aeronautical revenue. Nonaeronautical revenue increased at a CAGR of 4.9 percent, primarily associated with the \$2.2 million increase in parking revenues. In 2017, the Trust implemented a Transportation Network Fee (TNC) fee representing a new source of revenue for the Trust. Beginning in 2017, TNCs were charged a \$1.00 fee for each pick-up from the Airport. The \$1.00 fee continued throughout the five-year review period.

The Trust's operating expenses increased from approximately \$21.9 million in FY 2014 to approximately \$23.2 million in FY 2018, representing a CAGR of 1.4 percent. As of FY 2018, the Trust held \$158.8 million in outstanding debt associated with ten separate bond series. Throughout the Review Period, the Trust's debt service coverage has remained above the required 1.25 coverage required by the Bond Indenture.

Recommendations

Based on current financial planning and modeling, anticipated activity at the Airports will allow the Trust to continue to meet the Bond Indenture's coverage requirement. The Trust could continue to increase its cash on hand and debt service coverage by limiting operating expense growth, evaluating opportunities for increased operating revenue, and continuing to reduce total outstanding debt.

Additional data and support can be found in the accompanying report. Thank you for the opportunity to provide the Trust's Airport Consultant Five-Year Review.

Sincerely,



RICONDO & ASSOCIATES, INC.

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1. INTRODUCTION

The Tulsa Airports Improvement Trust (the Trust) issues general airport revenue bonds under the conditions set forth in the Amended and Restated Bond Indenture dated November 1, 2009 (Bond Indenture). Section 7.1(f) of the Bond Indenture provides for the issuance, security, and payment of general airport revenue bonds and includes the following requirement as it pertains to its Airport Consultant:

"... the Trustees shall retain and appoint from time to time an Airport Consultant. The Airport Consultant shall be available to advise the Trustees upon request and make such investigations and determinations as may be necessary from time to time under the provisions of this Indenture. The Airport Consultant shall periodically, but not less than every five (5) years, make an examination of and report on the operations of the aviation properties of the Airport. Such report shall include recommendations as to any changes in the operation, maintenance and repair of such properties, including changes recommended in the schedule of rates, rentals, fees or charges for the use and services of and the commodities and facilities furnished by the Airport in order to provide Gross Revenues which will be sufficient to pay all amounts required to be paid or set aside under this Indenture."

In October 2018, the Trust retained Ricondo & Associates, Inc. (Ricondo), to serve as Airport Consultant as defined in the Bond Indenture and to undertake a five-year review in compliance with Section 7.1(f) of the Bond Indenture. This five-year review (Report) examines the period FY 2014 through FY 2018 (Review Period) and provides recommendations for the Trust's ongoing operations.

2. SUMMARY

Throughout the Review Period the Trust generated sufficient gross revenues to pay all amounts stipulated by the Bond Indenture. The Trust further managed its aviation properties in a manner that generated revenue at a level capable of achieving self-sufficiency. Examples of measures undertaken by the Trust during the Review Period that furthered its self-sufficiency and compliance with the conditions of the Bond Indenture include:

- Establishing additional sources of nonairline revenue such as:
 - Implementation of an updated ground transportation policy in 2018 that revised the fee structure for ground transportation providers such as off-airport parking shuttle operations and hotel shuttles and established fees for transportation network companies (TNC).
 - Implementation of a parking rate increase in 2017 which has yielded additional parking revenue.
 - Modernization of the Trust's retail concession (food, beverage, and gift) agreements and operations.
 - Assuming operations of the in-terminal display advertising program.
- Successfully transitioning administrative functions from the City of Tulsa, Oklahoma (the City) to the Trust which have provided operating efficiencies and streamlined work processes through implementation of technology improvements related to financial reporting, contract management, and human resource systems.

- Pursuing the development of Airport property for the purpose of generating additional nonaeronautical revenue.
- Implementing a capital improvement program (CIP) aimed at preserving and enhancing the capacity of the Trust's physical assets.

The following sections of the Report provide an overview and analysis of the Trust's operations, financial framework, revenues, expenses, debt, and debt service coverage during the Review Period. Comparisons of the Airport are made to a group of 16 peer airports throughout the Report that were selected based on (1) enplanement size, (2) proximity to the Airport, and (3) the Trust's historical peer group. This includes the 10 airports in the continental United States with enplaned passenger volumes closest to the Airport in CY 2017 (the most recent year available in the FAA's database of enplaned passengers), as well as four airports chosen for their proximity to the Airport (Will Rogers World Airport, Bill and Hillary Clinton National Airport, Wichita Dwight D. Eisenhower National Airport, and Northwest Arkansas Regional Airport) and two airports that have historically been included within the Airport's peer group as evaluated by the Trust (Norfolk International Airport and Louisville International Airport). Finally, recommendations are made for the Trust to consider implementing related to its operating revenue, expenses, and debt management during the next five-year period.

3. OPERATIONS

3.1 OVERVIEW OF THE TRUST

3.1.1 ORGANIZATION OF THE TULSA AIRPORTS IMPROVEMENT TRUST

The Trust operates and maintains the Tulsa International Airport (the Airport) and Richard Lloyd Jones, Jr. Airport (RVS; collectively, the Airports) on behalf of the City. The Trust was established in 1967 through a Trust Indenture, and the City has leased the land encompassing the Airports to the Trust since 1978. During the period 1978-2019, the lease between the City and the Trust has been amended and restated on several occasions. Therefore, the Trust operates and maintains the Airports according to the provisions of the Trust Indenture and the Amended and Restated Lease Agreement.

3.1.2 ORGANIZATIONAL CHANGES

During the previous five-year review period (FY 2009 – FY 2013), the Trust and the City entered into the most recent Amended and Restated Lease Agreement for the land encompassing the two Airports. This Amended and Restated Lease Agreement, which became effective January 1, 2014, provided for several changes that allowed for the improved efficiency of administrative functions. Several functions, which were previously the responsibility of the City, are now streamlined by being undertaken in-house by the Trust. Specific changes include the implementation of a new Financial Management System, the creation and staffing of a new Airport Human Resources Department, the provision of legal services by legal counsel retained directly by the Trust, and the transition of all information technology functions and systems to the Trust. In addition, the Trust assumed the operation and retention of all revenue derived from the terminal advertising concession program. The organizational shift toward in-house administrative functions has allowed for cost savings and has resulted in efficiencies in performing these activities. The transition of the terminal advertising program to the Trust alone attributes to approximately \$340,000 of additional operating revenue each year.

On July 1, 2015, the Trust entered into an agreement with the City of Okmulgee to operate Okmulgee Regional Airport for a one-year period, with options to extend. Through this agreement with the City of Okmulgee the Trust

provided payroll support services, capital improvement project planning, and engineering services for the Okmulgee Regional Airport. The agreement continued throughout the course of the Review Period; however, the Trust does not anticipate renewing this agreement after the Trust's FY 2019.

Okmulgee Regional Airport, which is located 32 miles south of the Airport, provides a single 5,100-foot runway for use by general aviation aircraft. One fixed-base operator (FBO) is located at Okmulgee Regional Airport. General aviation activity at Okmulgee Regional Airport reached approximately 12,000 operations for the year ending October 2016¹; the most recent data available from the Federal Aviation Administration's (FAA) website.

3.2 AIRPORT FACILITIES

3.2.1 AIRFIELD

The Airport's airfield consists of two north/south runways, an east/west runway, and supporting taxiways and aprons. The airfield is designed to accommodate 90 peak-hour aircraft operations under visual flight conditions and a maximum of 50 peak-hour aircraft operations under instrument flight conditions. The primary north/south runway, Runway 18L/36R, is approximately 10,000 feet in length. It was fully reconstructed through a phased construction process that was completed in July 2014. It is a concrete grooved runway, with high intensity edge lights and precision approach path indicators.

The secondary north/south runway (Runway 18R/36L) is used primarily for general aviation operations, while the east/west runway (Runway 08/26) is primarily used in crosswind weather conditions.

3.2.2 TERMINAL

The Airport's passenger terminal consists of approximately 570,000 square feet of usable space and 22 gates. Two concourses within the terminal, Concourses A and B, each are serviced by a separate baggage claim area. The central area of the terminal houses the ticketing area, security checkpoint, and commercial ground transportation services. Surface access to the terminal is provided by a network of local expressways and City streets.

3.2.3 PARKING

The Airport's parking garage, located adjacent to the Airport terminal, provides covered public parking, rental car parking, and hourly public parking. The Trust also provides an Economy Lot parking option and provides a shuttle service to transport passengers from this area to the terminal.

In the spring of 2017, the Airport's parking garage was reconstructed and expanded to provide approximately 480 additional covered public parking spaces.

3.2.4 OTHER FACILITIES

Six FBOs are located at the Airport to service general aviation aircraft. In addition, the Oklahoma Air National Guard 138th Fighter Wing facility, is located in the far northeast section of the Airport. The Guard currently maintains General Dynamics F-16 aircraft and is also preparing for future needs through the construction of a mission training center that will provide flight simulators for a variety of Guard aircraft. The Guard is investing in approximately \$81.8 million in improvements at its on-Airport facility.

¹ AirportIQ 5010, <https://www.gcr1.com/5010web/airport.cfm?Site=OKM&AptSecNum=2> (accessed July 17, 2019).

3.2.5 AIR TRAFFIC

Of the 70 small-hub airports in the United States as of calendar year 2017 (the most recent available information compiled by the FAA), the Airport ranked 20th in terms of annual passenger enplanements, with approximately 1.4 million enplaned passengers. **Table 3-1** shows the Airport's air carrier enplanements, aircraft operations (including air carrier, air taxi, general aviation, and military operations), and pounds of enplaned cargo from FY 2014 through FY 2018. As shown in Table 3-1, enplanements at the Airport have increased at a compound annual growth rate (CAGR) of 1.6 percent over the five-year review period, from approximately 1.3 million in FY 2014 to approximately 1.4 million in FY 2018, while operations have increased at a CAGR of 1.4 percent. Cargo has also increased at a CAGR of 1.4 percent over the same time period.

TABLE 3-1 TULSA INTERNATIONAL AIRPORT AIR TRAFFIC STATISTICS (FY 2014 – FY 2018)

	ENPLANED PASSENGERS	AIRCRAFT OPERATIONS	ENPLANED CARGO (THOUSANDS OF POUNDS)
FY 2014	1,345,211	96,117	57,795
FY 2015	1,373,832	101,441	60,089
FY 2016	1,368,300	87,958	58,534
FY 2017	1,380,299	111,640	51,940
FY 2018	1,430,909	101,519	61,137
CAGR, FY 2014 – FY 2018	1.6%	1.4%	1.4%

NOTES:

FY – Fiscal Year

CAGR – Compound Annual Growth Rate

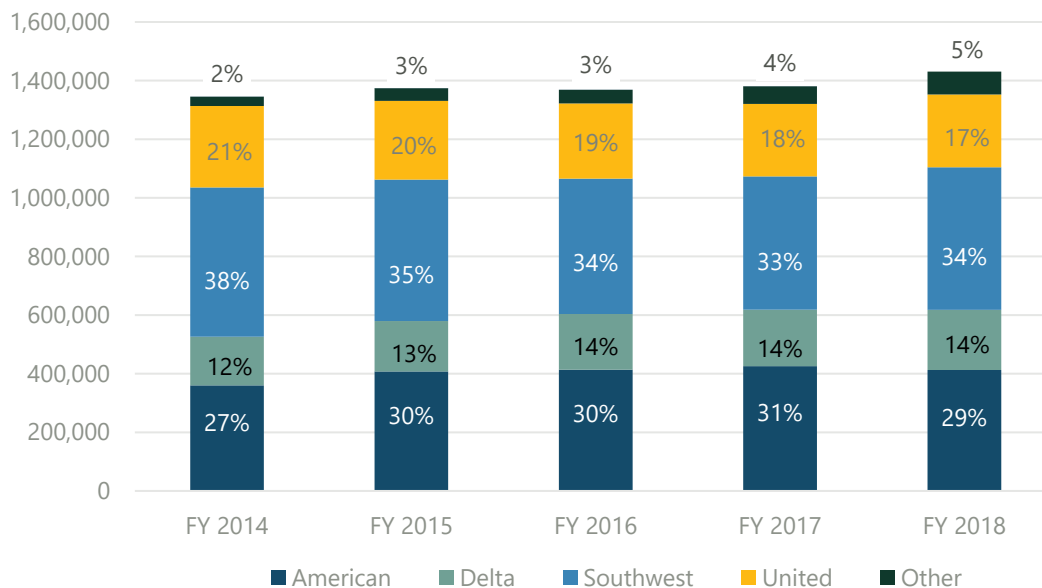
SOURCES: Tulsa Airports Improvement Trust, Financial Report, June 30, 2017; Tulsa Airports Improvement Trust, Financial Report, June 30, 2018; Tulsa Airports Improvement Trust, June 2019.

As shown on **Exhibit 3-1**, the Airport continued to receive service from the industry's major airlines during the Review Period including: Southwest Airlines, American Airlines, United Airlines, and Delta Air Lines. The Airport has also received new service from other airlines including Allegiant Air which introduced service in FY 2015 and enplaned approximately 56,000 passengers in FY 2018; and Frontier Airlines which introduced service in FY 2018 and enplaned approximately 20,000 passengers in FY 2018.

The total number of nonstop destinations from the Airport in FY 2014 was 16. Air service destinations continued to increase during the five-year period, reaching 21 cities and 23 airports by FY 2018.

As shown in Table 3-1, enplaned cargo increased at a CAGR of 1.4 percent from FY 2014 to FY 2018, a growth rate that is approximately equivalent to the growth of total operations at the Airport. FedEx and UPS are the primary cargo airlines operating at the Airport, and DHL began service at the Airport in 2017. Cargo operations are expected to continue to grow. FedEx has expressed interest in rehabilitating its apron, and an Amazon fulfillment center is under construction near the Airport.

EXHIBIT 1-1 ENPLANED PASSENGERS, TULSA INTERNATIONAL AIRPORT, FY 2014 - FY 2018



NOTES: FYs ending June 30.

American Airlines enplanements includes U.S. Airways activity for years prior to the two airlines' merger.

SOURCE: TAIT Financial Report June 30, 2018 and 2017.

3.3 RICHARD LLOYD JONES, JR. AIRPORT

RVS, located in the southwestern portion of the City of Tulsa, is the region's primary general aviation airport. The RVS airfield includes two north/south runways and an east/west runway, each of which are constructed with asphalt. The primary north/south runway, Runway 19R/1L, is approximately 5,100 feet in length and is equipped with high intensity edge lights and precision approach path indicators.

Two FBOs and five flight schools are located at RVS. In addition, numerous hangar structures are located at RVS in support of approximately 500 locally based aircraft.

Aircraft operations at RVS, including air taxi, general aviation, and military, increased from approximately 124,000 in FY 2014 to approximately 190,000 in FY 2018 (a CAGR of 11.3 percent). Tuxedo Air began offering a charter service at RVS in 2018.

3.4 CAPITAL PLAN

3.4.1 COMPLETED CAPITAL IMPROVEMENT PLAN

The Trust's five-year capital improvement plan (CIP) for FY 2014 through FY 2018, as approved in February 2013, included projects with a total cost of \$113 million over the five-year period. The largest projects undertaken during the Review Period were the Terminal Concourse A Renovation and the Parking Garage Expansion / Rental Car Ready Return Facility projects.

The Concourse A Renovation project included a multiyear phased program to update the Concourse A terminal building to address maintenance issues related to the aging building. The Concourse A Renovation was essentially a mirror image of the Concourse B Renovation completed in 2012. Project components included the reconfiguration and renovation of upper and lower levels of the concourse; installation of fire control and suppression systems; heating, ventilation, and air-conditioning upgrades; restroom upgrades; roof replacement; installation of airport-owned holdroom furniture; passenger boarding bridge installation; apron markings; and other system upgrades. The project began in December 2013, and the grand opening of the renovated Concourse A took place in May 2015.

The Parking Garage Expansion / Rental Car Ready Return Facility project consisted of an addition to the Airport's parking garage to accommodate the rental car ready return facility. A third level of concrete deck was constructed over the north half of the existing parking garage which allowed for the relocation of the rental car companies from the lower level of the garage to the second level, and provided for an additional approximately 480 additional covered public parking spaces.

Other CIP projects undertaken by the Trust during the Review Period included the initiation of the Terminal Building Rehabilitation, the completion of Runway 18L/36R Reconstruction, and Runway 18R/36L Safety Area Improvements, as well as numerous other airfield, aircraft rescue and firefighting, parking, terminal, and snow removal improvements.

3.4.2 CURRENT CAPITAL IMPROVEMENT PLAN

The Trust's CIP for Fiscal Year (FY) 2020 to FY 2024 includes projects with an estimated total cost of approximately \$51 million to maintain and improve Airport facilities and are described in the following sections.

Planned airfield improvements represent about \$26 million of the \$51 million total CIP, and include the Runway 18R/36L runway safety area, the Runway 18R/36L engineered materials arrestor system (EMAS), Runway 18R/36L rehabilitation, Air Traffic Control Tower elevator code upgrades, and design of airfield lighting improvements. The runway safety area and EMAS improvements will allow for compliance with the FAA's safety area requirements while the rehabilitation of the runway will address routine wear due to ongoing aircraft operations.

The Terminal Building Rehabilitation project, involving the rehabilitation of the central terminal portion of the Airport facility, entails fire suppression system upgrades, roof replacement, demolition of abandoned utility tunnels, utility repairs, and relocation / expansion of the airline ticket counters. Both Concourse A and Concourse B have been rehabilitated in recent years, and rehabilitation of the central terminal building represents the completion of a phased rehabilitation of Airport-wide terminal facilities.

3.4.3 RICHARD LLOYD JONES, JR. AIRPORT

The CIP at RVS for FY 2015 through FY 2019 included approximately \$14 million in costs over the five-year period². Improvements included an upgrade of airfield guidance signs, sewer line construction in the southwest commercial area, rehabilitation of Runway 1L/19R, preparation of an electronic Airport Layout Plan, and drainage improvements near the main entrance.

The RVS CIP for FY 2019 through FY 2023 includes \$4.8 million in costs over the five-year period associated with four projects: rehabilitation of Runway 1R/19L, rehabilitation of the connector taxiway from Runway 1L/19R to Taxiway A, rehabilitation and widening of Runway 13/31, and construction of Taxiway GG.

² The CIP at RVS for FY 2014 through FY 2018 was not available for review at the time of the preparation of this Report.

3.5 LEGAL MATTERS

In March of 2013, a lawsuit was filed by Tulsa Industrial Authority and BOKF, NA dba Bank of Oklahoma (BOK) related to a credit enhancement contract established in 2000. In the original contract, if Great Plains defaulted on its \$30 million loan, the Trust would be required to purchase a parcel of land mortgaged by the Tulsa Industrial Authority to the Bank of Oklahoma for the outstanding amount on the loan, regardless of the parcel's fair market value. The Trust has defended the claim by arguing that enforcement of the contract would violate certain federal laws and grant assurances such as those which prohibit airport revenue diversion. The case was held in state court in 2015. The Tulsa Industrial Authority and BOK sought \$15.69 million, and the case was settled for \$1.56 million. Payments by the Trust will continue through September 2020.

4. FINANCIAL FRAMEWORK

The Trust derives its operating revenues from both aeronautical and nonaeronautical sources. Aeronautical revenue includes revenue from airlines, FBOs, and general aviation aircraft hangar and ground rent. Nonaeronautical revenue includes revenue from terminal concessionaires, rental car companies, parking operations, hotel fees, and ground rents and facility leases associated with nonaeronautical purposes³. The following subsections describe the primary agreements held by the Trust with its tenants.

4.1 AIRLINE AGREEMENT

Throughout the Review Period, the Trust had in effect an Airline Use and Lease Agreement (Agreement) for the Airport. The Agreement, which became effective on July 1, 2013, was scheduled to expire June 30, 2018; however, upon its scheduled expiration, the Trust issued a one-year extension to allow for the negotiation of a new Agreement.

The existing Agreement formalizes the rights and responsibilities of the airline tenants of the Airport that are signatory to the Agreement (the Signatory Airlines) and the Trust. It sets forth the Trust's main financial and operational arrangement with the Signatory Airlines.

The Signatory Airlines have the right to participate in the Majority-in-Interest approval process and be eligible to receive assignments of terminal area space. The Agreement does not provide airlines with exclusive-use gates; instead Signatory Airlines are assigned preferential use of certain gates. Furthermore, the Trust reserves the right to reassign a preferentially assigned gate if the Trust determines there is a reasonable need for the gate, or if the airline's scheduled average gate utilization falls below an average of four departures per gate position per day. Common-use gates are available for use by any airline.

The existing Agreement outlines the calculation methodology for airline terminal rents (including baggage system area rents), signatory and non-signatory landing fee rates, and loading bridge rents. Non-signatory airline rates are equal to 1.5 times the signatory rates. The existing Agreement also outlines the Trust's agreement to provide revenue sharing to the Signatory Airlines in the amount of 50 percent of net remaining revenues.

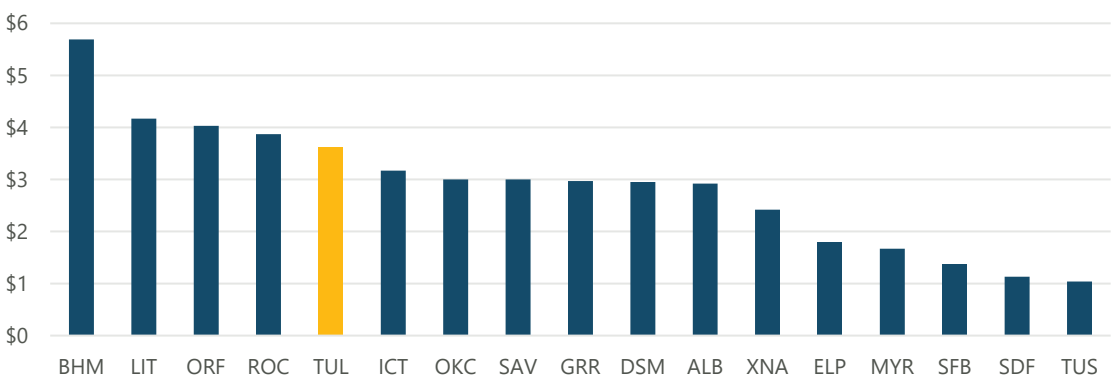
As of June 2019, the Trust is in the process of finalizing a new Agreement with airlines operating at the Airport. The primary change to the Agreement is anticipated to be the treatment of revenue sharing. Rather than sharing 50

³ The Airport's classification of aeronautical and nonaeronautical revenues is consistent with the classifications defined by the FAA's Form 127.

percent of net remaining revenues with the Signatory Airlines, revenue sharing would be conditional upon the Trust's days of cash on hand. Revenue sharing would begin once the Trust reached 365 days cash on hand, with an airline's percentage share increasing as the amount of revenue grows.

Over the period FY 2014 to FY 2018, the following Signatory Airlines operated at the Airport: American Airlines, Delta Air Lines, Southwest Airlines, United Airlines, FedEx, and UPS. In FY 2018, the Airport's signatory landing fee rate was \$3.62 per 1,000 pounds of aircraft landed weight. In comparison to the landing fees of 16 peer airports, this represents the fifth highest fee, as shown on **Exhibit 4-1**.

EXHIBIT 4-1 SIGNATORY LANDING FEE RATE – PER 1,000 POUNDS (FY 2018)



NOTES:

Amounts shown are representative of landing fee rates reported for each airport's respective fiscal year 2018.

The time period defined as a fiscal year varies by airport.

SOURCE: Federal Aviation Administration, Certification Activity Tracking System, Form 127, July 2019.

4.2 OTHER AGREEMENTS

4.2.1 OTHER AERONAUTICAL AGREEMENTS

Several on-Airport aeronautical tenants hold leases with the Trust, which result in FBO, hangar, and ground rent for the Trust. For example, FBOs such as Bizjet International, lease land from the Trust and pay fuel flowage, parking, landing, activity, and other fees as assessed by the Trust.

4.2.2 CONCESSIONS AGREEMENTS

The Trust holds concessions agreements with two primary companies that provide a variety of food, beverage, and retail outlets at the Airport. In May 2017, new concessions agreements were entered into with Creative Food Group TUL, LLC, and HG Tulsa Retailers JV. The agreements have a term of 10 years, effective upon completion of all tenant improvements by Creative Food Group TUL, LLC, and HG Tulsa Retailers JV, with an option to extend for a two-year term.

The food and beverage agreement with Creative Food Group TUL, LLC, provides that the Trust will receive between 10 percent and 25 percent of gross sales for purchases at the Airport, dependent upon the type of outlet and the category of purchase, subject to a minimum annual guaranteed amount. The leased premises include 18,028 square feet, comprising ten food and beverage outlets and two storage and office locations. The Airport's food and beverage outlets underwent a recent renovation, which was completed in late 2018.

The retail agreement with HG Tulsa Retailers JV provides that the Trust will receive between 10 percent and 15 percent of gross sales for purchases at the Airport, dependent upon the type of outlet and the category of purchase, subject to a minimum annual guaranteed amount. The leased premises include 6,401 square feet, comprising nine retail and news outlets.

4.2.3 GROUND TRANSPORTATION

In 2018, the Trust adopted a Ground Transportation Policy which outlines guidelines and procedures for all commercial ground transportation operators and establishes a fee structure for TNCs, hotel courtesy shuttles, off-Airport parking operators, limousines, and other commercial vehicles. Taxi cabs pay charges pursuant to rates and charges established by the City.

TNCs are charged for passenger transportation consistent with current industry standards based upon a model that compensates the Trust for any loss in parking revenue that may occur in future years due to shifts in traditional Airport access modes of transportation. Uber and Lyft operate at the Airport under licensing agreements with the Trust and pay a per trip (pick up) fee. Lyft's and Uber's agreements first became effective in August 2017 and January 2019, respectively. The Trust's TNC fee, when first established, was \$1.00 per trip each time a driver picked up a passenger or group of passengers from the terminal building, but the rate was increased to \$2.00 per pick-up in January of 2019.

4.2.4 PARKING

The Airport's parking garage and shuttle parking lot provide approximately 2,400 and 1,600 public parking spaces, respectively. The parking rate for the garage is \$12 per day as of June 2019, and the rate for public parking at the shuttle lot is \$8 per day. The Trust also offers valet parking for \$18 per day. An off-site parking competitor, Fine Parking, is located immediately adjacent to the Airport terminal area and is a significant competitor to the Trust's on-airport parking operation.

The Trust held an agreement with the parking management company American Parking for the operation of its parking facilities. American Parking was responsible for the operation of the shuttle lot buses, maintenance of the parking garage's revenue control equipment, operation and maintenance of the commercial vehicle Automatic Vehicle Identification and RFID Readers, operation of the reserved spaces and valet services, maintenance of the taxicab queuing dispatching area, and operation of the Trust's Parking Plus program.

The Parking Plus program was established in January 2017 and allows customers to use their PIKEPASS when accessing the Airport's parking lots rather than stopping at the parking ticket dispensing machine. Payment is automated, which provides for a timelier customer experience. The Parking Plus program also allows the Trust to communicate directly with its customers. As of FY 2018, nearly 5,000 customers used the service, and in May 2018, the International Association of Business Communicators awarded the Trust's Marketing Department with the Bronze Quill Award of Excellence for its marketing campaign associated with the Parking Plus program.

Additional improvements to the Airport's parking products have been the installation of electric vehicle charging stations and the expansion of the terminal parking garage. The Trust installed electric vehicle charging stations in the terminal parking garage in 2017; becoming the first airport in Oklahoma to offer this service. As noted previously, the garage was expanded in spring 2017 to provide approximately 480 additional public parking spaces.

The Trust's parking revenues increased from approximately \$7.6 million in FY 2014 to approximately \$9.8 million in FY 2018, representing a CAGR of 6.6 percent. A notable 20 percent increase in parking revenues occurred from FY 2017 to FY 2018, primarily attributable to the increase in parking rates during this time period.

4.2.5 RENTAL CAR

In 2017, the Trust approved new Rental Car Concession Agreements with EAN Holdings, LLC (operating Enterprise, National, and Alamo), Avis Budget Rental Car, LLC (operating Avis, Budget, and Payless), and The Hertz Corporation (operating Hertz, Dollar, and Thrifty). The Agreements are effective for a term of five years, plus the option for three one-year extensions. The rental car companies are required to pay 10 percent of their annual gross revenues to the Trust, subject to a minimum annual guaranteed amount, as well as rents for the customer service counter, back office, ready/return stalls, rental car garage flex spaces, and quick-turnaround space. The Trust also collects a \$4.00 per transaction day Customer Facility Charge (CFC) from each rental car customer.

4.2.6 HOTEL

Two hotels, the Hilton Garden Inn Tulsa Airport and the Clarion Inn Tulsa International Airport, are located on Airport property. The Trust holds long-term agreements with the companies managing the hotels under which the Trust receives both ground rent and a percentage of gross revenues. In FY 2018, the Trust received approximately \$245,000 in hotel revenues.

4.2.7 NONAERONAUTICAL LAND DEVELOPMENT

Over the past five years, the Trust has pursued the development of Airport property for the enhancement of nonaeronautical revenues. In FY 2014, the Trust entered into a lease with Industrial Developers of Oklahoma 5, LLC, for the use of property in the Mingo Development Area, located along the eastern edge of the Airport. The Trust also undertook a rent study to determine appropriate rental rates for its properties, and its Leasing Policy was revised to allow for the payment of brokerage commissions on leases of the Trust's property. In 2016, an Airport Master Plan Update was completed that includes a focus on nonaeronautical development.

In FY 2015, the Trust considered a proposal for the creation of a Tax Increment Financing (TIF) district. The TIF district would include City and Tulsa County property spanning 700 acres and would be managed by a newly formed Tulsa International Airport Development Trust. The goal of the TIF district would be to attract additional companies to lease property surrounding the Airport. The City is home to a large aerospace industry cluster; therefore, the TIF district land could be leased by new or expanding aerospace businesses. Administrative approvals for the development of the TIF district were received in FY 2016, and the TIF district was officially established in FY 2017.

The Trust continues to pursue opportunities for additional nonaeronautical land development, as the Trust is actively recruiting businesses for the development of approximately 300 acres of available property as of July 2019.

5. REVENUES

As shown in **Table 5-1**, the Trust's total operating revenues increased from approximately \$33.5 million in FY 2014 to \$37.1 million in FY 2018, representing a CAGR of 2.6 percent.

5.1 AIRLINE RATES AND CHARGES

Airline revenues paid to the Trust comprise landing fees and passenger airline terminal revenue. Airline revenues increased from approximately \$11.5 million in FY 2014 to approximately \$14.2 million in FY 2018, representing a CAGR of 5.3 percent.

TABLE 5-1 TULSA AIRPORTS IMPROVEMENT TRUST OPERATING REVENUES (FY 2014 – FY 2018, IN THOUSANDS)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	CAGR, FY 2014 – FY 2018
Landing Fees – Signatory and Non-Signatory	\$5,686	\$5,096	\$6,966	\$7,498	\$8,100	9.2%
Passenger Airline Terminal Revenue – Signatory and Non-Signatory	5,840	5,786	5,384	5,983	6,073	1.0%
Other Aeronautical Revenue	6,015	3,460	3,492	3,576	3,670	-11.6%
Total Aeronautical Revenue	\$17,541	\$14,342	\$15,842	\$17,057	\$17,843	0.4%
Terminal Revenues	\$1,866	\$1,861	\$2,081	\$2,189	\$2,490	7.5%
Rental Car Revenues	4,661	4,732	4,688	4,520	4,772	0.6%
Parking Revenues	7,558	8,110	7,882	8,111	9,778	6.6%
Other Nonaeronautical Operating Revenue	818	733	688	757	994	5.0%
Total Nonaeronautical Operating Revenue	\$14,903	\$15,436	\$15,339	\$15,577	\$18,034	4.9%
Revenue from Richard Lloyd Jones, Jr. Airport	\$1,008	\$1,045	\$1,047	\$1,079	\$1,094	2.1%
Revenue from Okmulgee Airport	–	–	77	72	95	N/A
Total Operating Revenues	\$33,452	\$30,823	\$32,305	\$33,785	\$37,066	2.6%

NOTES:

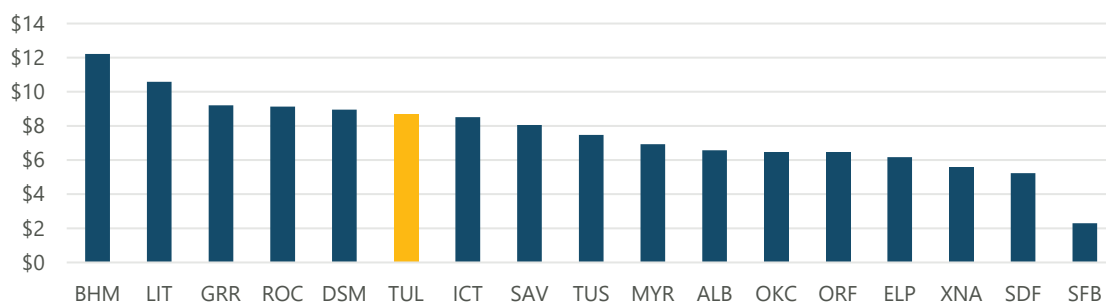
FY – Fiscal Year

CAGR – Compound Annual Growth Rate

SOURCES: Tulsa Airports Improvement Trust, Financial Report, June 30, 2014; Tulsa Airports Improvement Trust, Financial Report, June 30, 2015; Tulsa Airports Improvement Trust, Financial Report, June 30, 2016; Tulsa Airports Improvement Trust, Financial Report, June 30, 2017; Tulsa Airports Improvement Trust, Financial Report, June 30, 2018.

The airline cost per enplaned passenger (CPE) at the Airport was approximately \$8.69 in FY 2018. The Airport's CPE is sixth highest in its peer group, as shown on **Exhibit 5-1**.

EXHIBIT 5-1 PASSENGER AIRLINE COST PER ENPLANED PASSENGER (FY 2018)



NOTES:

Amounts shown are representative of cost per enplaned passenger for each airport's respective fiscal year 2018.

The time period defined as a fiscal year varies by airport.

SOURCE: Federal Aviation Administration, Certification Activity Tracking System, Form 127, July 2019.

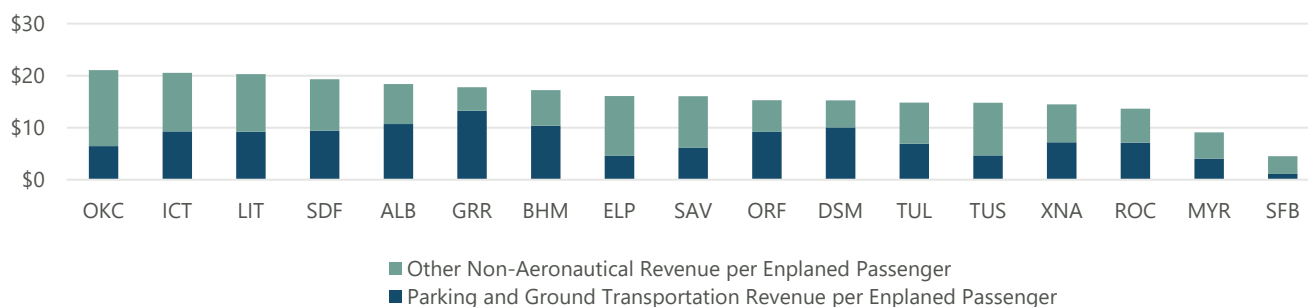
5.2 OTHER AERONAUTICAL REVENUE

In addition to airline revenue, the Trust receives revenue from FBO operations; hangar, cargo space, and ground rents; fuel flowage fees; and security reimbursements. Total other aeronautical revenue decreased from approximately \$6.0 million in FY 2014 to \$3.7 million in FY 2018. However, FY 2014 revenues in this category were higher than average due to the recognition of additional rental income owed by a cargo tenant. During the period from FY 2015 to FY 2018, total other aeronautical revenue increased from \$3.5 million to \$3.7 million, representing a CAGR of 2.0 percent.

5.3 NONAERONAUTICAL REVENUES

The Trust's nonaeronautical revenues are primarily derived from passenger activity in the form of terminal concession revenues, rental car concession revenues, and public parking revenues. In total, the Trust's nonaeronautical revenues equaled \$14.83 per enplaned passenger in FY 2018, the sixth lowest value in comparison to the group of peer airports, as shown on **Exhibit 5-2**. Parking and ground transportation revenues accounted for approximately 47 percent of the Airport's nonaeronautical revenues, which is equivalent to the average ratio of parking and ground transportation revenues to total nonaeronautical revenues for its peer airport group.

EXHIBIT 5-2 NONAERONAUTICAL REVENUE PER ENPLANED PASSENGER (FY 2018)



NOTES:

Amounts shown are representative of nonaeronautical revenue per enplaned passenger reported for each airport's respective fiscal year 2018.

The time period defined as a fiscal year varies by airport.

SOURCE: Federal Aviation Administration, Certification Activity Tracking System, Form 127, July 2019.

5.4 ADDITIONAL REVENUE SOURCES

5.4.1 PASSENGER FACILITY CHARGES

Airlines serving the Airport are required to collect a Passenger Facility Charge (PFC) from each eligible enplaned passenger at the Airport. The Trust began collecting PFCs in 1992 at \$3.00 per eligible passenger, which was increased to \$4.50 as of November 2010. As of March 2019, the Trust is authorized by the FAA to collect PFCs through 2034 and is currently in the process of submitting PFC Application 10, which, if approved, would increase the Trust's collection authority by approximately \$4.5 million. The Trust's PFC collections total approximately \$5.0 million each year. The PFC account balance as of June 30, 2018 was \$1.7 million.

The prior application, PFC Application 9, was approved in FY 2014, increasing the Trust's collection authority by approximately \$54.7 million. The application is primarily associated with the Concourse A Rehabilitation and Improvement project. While the Trust's PFC collections are in part treated as pay-as-you-go funding, a large portion

of the Trust's approved PFC projects are paid by PFC-backed bonds. Payments on the Trust's 2013A Bonds and 2015D Bonds are paid with PFC revenues in the amount of approximately \$5.0 million each year, leaving approximately \$1.0 million annually in capacity for pay-as-you-go PFC project funding.

5.4.2 CUSTOMER FACILITY CHARGES

The Trust began collecting a CFC from all rental car concessionaires at the Airport in 2004. The current CFC rate is set at \$4.00 per transaction day. Once collected, the CFCs may be used by the Trust for certain rental car improvement projects, industry operating costs, and debt service requirements. The Trust's CFC collections total approximately \$3.0 million each year. The CFC account balance as of June 30, 2018, was \$3.7 million.

5.4.3 FEDERAL AND STATE FUNDING

In 2014, the FAA reduced the Airport Improvement Program grant share for small-hub airports from 95 percent to 90 percent, increasing the local share from 5 percent to 10 percent. The amount of federal grants received by the Trust varies from year to year. In FY 2018, the Trust received Airport Improvement Program funding in the amount of \$8.6 million. Funding is also available from the Oklahoma Aeronautics Commission to provide half of the Airport Improvement Program local match for certain projects at RVS.

6. OPERATING EXPENSES, DEBT, AND DEBT SERVICE COVERAGE

6.1 OPERATING EXPENSES

The Trust's operating expenses include personnel compensation and benefits; service contracts; materials, equipment, and supplies; utilities and communications; insurance claims; and other miscellaneous operating expenses. Total operating expenses increased from approximately \$21.9 million in FY 2014 to approximately \$23.2 million in FY 2018, representing a CAGR of 1.4 percent, as shown in **Table 6-1**.

TABLE 6-1 TULSA AIRPORTS IMPROVEMENT TRUST OPERATING EXPENSES (FY 2014 – FY 2018, IN THOUSANDS)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	CAGR, FY 2014 – FY 2018
Personnel Compensation and Benefits	\$9,610	\$8,848	\$11,039	\$10,692	\$11,301	4.1%
Service Contracts	8,577	7,201	7,330	7,670	6,962	-5.1%
Materials, Equipment, and Supplies	1,101	1,193	1,082	1,279	2,049	16.8%
Utilities and Communications	1,740	1,729	1,658	1,597	1,653	-1.3%
Insurance, Claims, and Settlements	301	270	325	304	314	1.1%
Other	594	907	752	766	897	10.9%
Total Operating Expenses, Excluding Depreciation	\$21,923	\$20,148	\$22,186	\$22,308	\$23,176	1.4%

NOTES:

FY – Fiscal Year

CAGR – Compound Annual Growth Rate

SOURCES: Tulsa Airports Improvement Trust, Financial Report, June 30, 2014; Tulsa Airports Improvement Trust, Financial Report, June 30, 2015; Tulsa Airports Improvement Trust, Financial Report, June 30, 2016; Tulsa Airports Improvement Trust, Financial Report, June 30, 2017; Tulsa Airports Improvement Trust, Financial Report, June 30, 2018.

6.2 OUTSTANDING DEBT AND DEBT SERVICE

As shown in **Table 6-2**, the Trust's total outstanding bond indebtedness has decreased from approximately \$171.4 million in FY 2014 to approximately \$158.8 million in FY 2018.

TABLE 6-2 TULSA AIRPORTS IMPROVEMENT TRUST OUTSTANDING BOND INDEBTEDNESS (FY 2014 – FY 2018, IN THOUSANDS)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Notes Payable – 2012A Bonds	\$1,716	\$–	\$–	\$–	\$–
2004A Bonds	6,720	–	–	–	–
2004B Bonds	600	400	200	–	–
2009A Bonds	30,545	–	–	–	–
2009B Bonds	21,645	–	–	–	–
2009C Bonds	3,785	–	–	–	–
2009D Bonds	50,060	49,020	48,180	47,530	–
2010A Bonds*	4,420	3,860	3,280	2,675	2,050
2010B Bonds*	5,730	5,040	4,315	3,550	2,740
2010C Bonds*	9,190	7,705	6,190	4,670	4,110
2013A Bonds**	33,665	33,665	33,665	33,065	32,435
2013B Bonds	3,275	3,045	2,810	2,570	2,325
2015A Bonds*	–	43,755	42,105	40,595	38,155
2015B Bonds	–	5,025	3,360	1,720	–
2015C Bonds*	–	895	875	855	835
2015D Bonds**	–	23,960	21,965	21,895	21,835
2016A Bonds	–	–	–	1,002	914
2017A Bonds	–	–	–	–	53,400
Total	\$171,351	\$176,370	\$166,945	\$160,127	\$158,799

NOTES:

FY – Fiscal Year

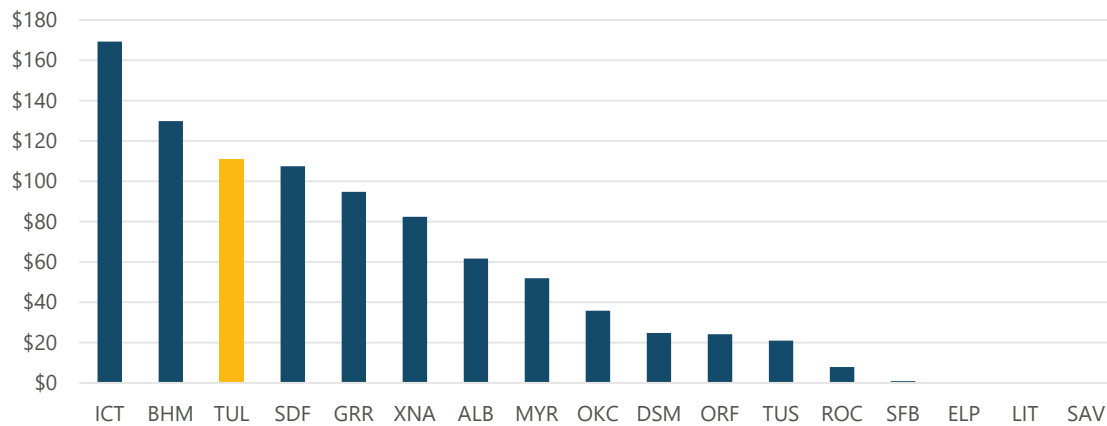
* Denotes bonds that are backed by Customer Facility Charges.

** Denotes bonds that are backed by Passenger Facility Charges.

SOURCES: Secretary's Annual Report to the Tulsa Airports Improvement Trust, FY 2014; Secretary's Annual Report to the Tulsa Airports Improvement Trust, FY 2015; Secretary's Annual Report to the Tulsa Airports Improvement Trust, FY 2016; Secretary's Annual Report to the Tulsa Airports Improvement Trust, FY 2017; Secretary's Annual Report to the Tulsa Airports Improvement Trust, FY 2018.

Although the Trust's outstanding indebtedness has decreased over the Review Period, the Trust's outstanding debt per enplaned passenger ranked relatively high among its peers as of FY 2018, as shown on **Exhibit 6-1**. As the rehabilitation of key Airport facilities nears completion, the Airport's capital improvement costs will decrease, and bond issuances will continue to become more infrequent, decreasing the Trust's outstanding debt per enplaned passenger. For example, the current 5-year CIP is \$51 million, compared to the prior 5-year CIP of \$113 million.

EXHIBIT 6-1 OUTSTANDING DEBT PER ENPLANED PASSENGER (FY 2018)



NOTES:

Amounts shown are representative of total outstanding debt per enplaned passenger reported at the end of each airport's respective fiscal year 2018. The time period defined as a fiscal year varies by airport.

SOURCE: Federal Aviation Administration, Certification Activity Tracking System, Form 127, July 2019.

6.3 DEBT SERVICE COVERAGE

The Bond Indenture requires that the Trust establish rates and charges sufficient to generate net revenues available for debt service amounting to at least 1.25 times that annual debt service requirement. As shown in **Table 6-3**, the Trust's debt service coverage has remained above 1.25 throughout the five-year review period, increasing from 1.46 in FY 2014 to 1.83 in FY 2018 as a result of decreasing debt service payments while net revenues remained relatively stable.

An additional \$19.8 million in bonds was issued in FY 2019 for the Series 2018A Bonds in support of the Terminal Building Rehabilitation project. The Trust's total debt service coverage is anticipated to remain relatively stable, because new debt service payments on the new 2018A bonds are not scheduled to begin until FY 2021, and at the same time debt service payments on certain previously issued bonds will be eliminated as the earlier issued bonds are paid down.

The Trust's plans for future bond issuances include a refinancing that would not involve new money but would instead result in cost savings for the Trust. No near-term new money bond issuances are anticipated.

TABLE 6-3 TULSA AIRPORTS IMPROVEMENT TRUST SCHEDULE OF NET REVENUES AVAILABLE FOR DEBT SERVICE AND DEBT COVERAGE (FY 2014 – FY 2018, IN THOUSANDS)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Operating revenue	\$33,451	\$30,824	\$32,306	\$33,786	\$37,066
Interest available for debt service ¹	379	210	204	248	402
Airport Improvement Fund balance ²	867	4,682	4,614	3,905	494
Airport Improvement Fund transfers ²	4,682	867	199	1,712	5,497
Nonoperating funds available for debt service ³	2,024	4,205	424	1,256	295
PFC funds available for debt service ⁴	7,275	7,203	7,204	5,706	6,249
CFC revenues	3,181	3,341	3,318	3,126	3,190
Other nonoperating	27	40	98	103	104
Total Gross Revenues	\$51,887	\$51,373	\$48,366	\$49,841	\$53,297
Combined operating expenses, excluding non-cash pension expense	21,923	20,148	21,884	21,284	23,143
Capitalized expenditures classified as operating expenses in accordance with the Bond Indenture as supplemental	276	367	478	914	1,522
Total operating expenses	\$22,199	\$20,515	\$22,362	\$22,198	\$24,665
Net revenues available for debt service	\$29,688	\$30,858	\$26,004	\$27,644	\$28,632
Debt service	\$20,277	\$21,958	\$18,485	\$17,457	\$15,653
Debt coverage	1.46	1.40	1.41	1.58	1.83

NOTES:

PFC – Passenger Facility Charge

CFC – Customer Facility Charge

Totals may not sum due to rounding.

1 Interest available for debt service includes interest earned on invested funds, net of construction fund interest earnings and certain other nonoperating revenues and expenses, as defined by the Bond Indenture.

2 The Bond Indenture provides that transfers from the Airport Improvement Fund to other funds are considered as Gross Revenues for the next ensuing fiscal year.

3 Nonoperating sources of funds specifically identified for debt service related to requiring a financial system and other operating equipment.

4 PFCs are Dedicated Revenues, which the Trustees have dedicated to pay an amount equal to 1.25 times the principal and/or interest on the Bonds. Therefore, the PFC-backed related debt service amount is multiplied by 1.25 for the amount to be included in the coverage calculation.

SOURCES: Tulsa Airports Improvement Trust, Financial Report, June 30, 2014; Tulsa Airports Improvement Trust, Financial Report, June 30, 2015; Tulsa Airports Improvement Trust, Financial Report, June 30, 2016; Tulsa Airports Improvement Trust, Financial Report, June 30, 2017; Tulsa Airports Improvement Trust, Financial Report, June 30, 2018.

7. RECOMMENDATIONS

During the Review Period, the Trust's annual gross revenues have been sufficient to comply with the debt service coverage requirement of the Bond Indenture. The coverage ratio generated through the Trust's operations have ranged from a 1.46 to 1.83 coverage ratio as compared to the 1.25 coverage ratio required by the Bond Indenture. The Trust's operating revenue growth from FY 2014 to FY 2018 (2.6 percent CAGR) has outpaced the Trust's increase in operating expenses (1.4 percent CAGR), while debt service requirements have decreased.

Based on current financial planning and modeling, the Trust anticipates that anticipated activity at the Airports will allow the Trust to continue to meet the Bond Indenture's debt service coverage requirement into the future. The

Official Statement for the Trust's 2018A General Airport Revenue Bonds includes a forecast debt service coverage ratio sufficient to meet the Bond Indenture through FY 2024.

The Trust's goal to continue to increase cash on hand and maintain sufficient debt service coverage can be realized by (1) controlling expenses, (2) increasing revenues, and (3) reducing total outstanding debt.

7.1 EXPENSES

The Trust's increase in operating expenses of 1.4 percent CAGR over the Review Period reflects its conservative management of its annual operating budget. The Trust has taken steps to minimize operating expenses, such as utilizing in-house staff for repairs where possible. As the completion of the Airport's rehabilitation nears, the Trust's operating expenses should continue to remain relatively stable due to lower maintenance expenses associated with updated facilities. The Trust should continue to monitor the operating budget each year, aiming to limit the operating expenses growth to 1.5 to 2.0 percent annually.

7.2 REVENUES

Revenues received by the Trust are in two main categories: aeronautical revenues and nonaeronautical revenues. The main objective of the Trust with regard to airline revenue is to encourage new airline service, reduce unit airline revenue charges, and as a result increase the overall level of airline revenue. The Trust also seeks to enhance the flow of nonairline revenues, and as a result reduce requirements for airline revenue and improve the Trust financial results.

As indicated on Exhibits 4-1 and 5-1, the Trust's signatory landing fee rate and CPE are comparatively high among the peer airport group. The Trust has undertaken various initiatives to increase the level of airline service, and as a result reduce the unit costs charged to airlines. Efforts to increase the number of enplaned passengers at the Airport could result in additional revenues for the Trust. The FLY TUL marketing campaign was launched in 2018 to create awareness of the air service offered at the Airport to both originating and destination passengers, build loyalty to the Airport brand, and attract additional passengers. The Trust has established a priority to obtain airline service to one or more West Coast markets to increase the number of nonstop destinations available from the Airport. The anticipated development of a new airline agreement that reduces airline revenue sharing would also increase Airport revenues and improve financial metrics such as days cash on hand. Collectively, these initiatives would yield additional airline and non-airline revenue and bolster the Trust's financial position.

Additional aeronautical revenues, such as fuel flowage fees and land rents, could also be audited to ensure maximization of revenues. Both the Airport and RVS experience high general aviation demand; as of June 2019, none of the hangars at either Airport is unassigned for use. The Trust could consider expanding its hangar space if possible to increase its revenues.

As indicated on Exhibits 4-1, 5-1, and 5-2, the Trust's signatory landing fee rate and CPE are comparatively high among the peer airport group, however, the Trust's nonaeronautical revenue per enplaned passenger is comparatively low. Increasing nonaeronautical revenues would increase the Trust's days cash on hand, gross revenues, and debt service coverage. Specific efforts could include (1) evaluating lease terms and seeking additional tenants, (2) increasing the TNC fee over time, and (3) continuing the pursuit of nonaeronautical land development. The Trust's parking revenues should also be evaluated, but pressure from the nearby parking competitor prevents unhindered growth in this area.

The Trust's primary terminal concessions agreements will extend beyond the next five years, whereas the rental car agreements are set to expire in 2022, with the option to extend for up to three one-year periods. A survey analysis prepared by the Airport Ground Transportation Association in 2018 found that the median percentage of gross on-airport rental car revenues received by airport sponsors surveyed is 10 percent, which is equivalent to the rate at which the Trust collects gross revenues from its rental car tenants. Additional rental car fees, such as space rentals, could be compared against a peer group as well.

As a new revenue source for the Trust, TNC fees should be evaluated over time to increase revenues. Additional TNC revenue could be captured by charging both a pick-up and a drop-off fee, and by ensuring the fee rate is increased regularly to account for inflation. In addition, the Trust's current fee could be compared against other airports to evaluate whether the \$2.00 fee is in line with current industry standard.

In addition, the Trust's continued pursuit of land development, as well as its active management of existing contracts, could result in additional nonaeronautical revenue.

7.3 DEBT

During the Review Period, the Trust reduced total outstanding debt from \$171.4 million in FY 2014 to \$158.8 million in FY 2018. The Trust has further indicated that it will continue its effort to restructure existing debt which would result in additional cost savings. Continued implementation of such a strategy to restructure its debt is recommended as it will further enhance the Trust's debt service coverage ratio and reduce annual expenses.

7.4 GENERAL RECOMMENDATIONS

During the preparation of this Report, Ricondo met with the Trust's senior staff leadership team to obtain their perspective and insights on the Review Period and discuss future goals. The Trust's senior staff leadership team indicated that its desire over the next five-year period is to focus on employees, customers, the Trust's financial health, and property development. Following is a summary of the input provided by the Trust's senior staff leadership team:

- Employee focus – realign the organization and focus on the transfer of knowledge to new team members, provide educational opportunities to expand / broaden their skill sets, and develop a strong succession management plan to build talent from within the organization.
- Customer focus – provide facilities and personnel attuned to needs of customers and enhancing their experience.
- Property Development – actively and aggressively market and develop the available land and proactively manage the existing approximately 300 contracts, leases, and concession agreements.
- Financial Health – restructure the Trust's debt and build cash-on-hand.
- Maintain operating expenditure growth at 1.5 -2.0 percent per year.
- Continue efforts to build a strong team and employee engagement.
- Air service – tap marketing potential with local tourism groups and aggressively advertise to inbound passengers to keep and grow air service. FLY TUL effort launched.

7.5 CONCLUSION

Based upon an examination of the Trust's finances and operations for the Review Period as described herein, Ricondo is of the opinion that the Trust has operated its Airports throughout the Review Period in a manner which is fully consistent with the requirements of the Bond Indenture.



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