

OFFICIAL STATEMENT DATED SEPTEMBER 22, 2021

NEW ISSUES-Book Entry Only

Ratings: S&P Insured Rating – “AA” (Stable Outlook)  
S&P Underlying Rating – “A-” (Positive Outlook)  
Moody’s Rating – “Baa1” (Stable Outlook)  
See “RATINGS” herein

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2021A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion is expressed as to such exclusion of interest on any 2021A Bond for any period during which a 2021A Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities financed with the proceeds of the 2021A Bonds or a “related person”, and (ii) interest on the 2021A Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In the opinion of Bond Counsel, interest on the 2021B Bonds is included in gross income for Federal income tax purposes pursuant to the Code. In the opinion of Bond Counsel, under existing law of the State of Oklahoma, interest on the 2021 Bonds is exempt from Oklahoma income taxation. See “TAX MATTERS.”*

**\$1,975,000**

**TRUSTEES OF THE TULSA  
AIRPORTS IMPROVEMENT TRUST  
General Airport Revenue Refunding Bonds  
Series 2021A  
(Subject to AMT)**

**\$55,980,000**

**TRUSTEES OF THE TULSA  
AIRPORTS IMPROVEMENT TRUST  
General Airport Revenue Refunding Bonds  
Series 2021B  
(Federally Taxable)**

**Dated: Date of Issuance**

**Due: June 1, as shown on the Inside Cover**

The Trustees of the Tulsa Airports Improvement Trust (the “Airport Trustees”) have authorized the issuance of \$1,975,000 of its General Airport Revenue Refunding Bonds, Series 2021A (the “2021A Bonds”) and \$55,980,000 of its General Airport Revenue Refunding Bonds, Series 2021B (Federally Taxable) (the “2021B Bonds” and collectively with the 2021A Bonds, the “2021 Bonds”), secured under an Amended and Restated Bond Indenture dated as of November 1, 2009, as supplemented and amended by a Nineteenth Supplemental Bond Indenture (the “Nineteenth Supplemental Bond Indenture”) dated as of December 1, 2009 (as supplemented and amended by the Nineteenth Supplemental Bond Indenture, the “Original Bond Indenture”), as thereafter supplemented from time to time each such Supplemental Indenture by and between the Airport Trustees and BOKF, National Association (the “Bond Trustee”). The Original Bond Indenture will be further supplemented by a Thirtieth Supplemental Bond Indenture, dated as of October 1, 2021 (the “Thirtieth Supplemental Bond Indenture”), by and between the Airport Trustees and the Bond Trustee. The Original Bond Indenture, as previously supplemented and as further supplemented by the Thirtieth Supplemental Bond Indenture, is hereinafter referred to as the “Indenture”.

The 2021 Bonds are issuable as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the 2021 Bonds. The 2021 Bonds will be available to purchasers only under the book-entry system maintained by DTC through brokers and dealers which are, or which act through, participants in DTC in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the 2021 Bonds purchased. See “BOOK-ENTRY ONLY SYSTEM.” Payments of principal of, premium, if any, and interest on the 2021 Bonds will be made to purchasers of the 2021 Bonds by DTC through its participants. The 2021 Bonds shall bear interest at the rates and mature on the dates as set forth on the inside cover hereof.

Interest on the 2021 Bonds will be payable on December 1, 2021, and semiannually on each June 1 and December 1 thereafter and shall mature and bear interest at the rates per annum as provided on the inside cover.

The proceeds of the 2021A Bonds will be applied to refund all or a portion of the Airport Trustees outstanding General Airport Revenue Bonds Refunding Series 2010C, and the proceeds of the 2021B Bonds will be applied to refund all or a portion of the Airport Trustees outstanding General Airport Revenue Bonds, Series 2013A and General Airport Revenue Bonds, Series 2015A (collectively, the “Refunded Bonds”). A portion of the proceeds of the 2021A Bonds and 2021B Bonds will also be applied to pay costs of issuance of the 2021A Bonds and 2021B Bonds, respectively. The 2021 Bonds will be payable from certain Net Revenues (as defined herein) derived from the operation of the Airports (as defined herein) which are deposited in certain funds and accounts established under the Indenture. See “Security for the 2021 Bonds” herein.

The purchase and ownership of the 2021 Bonds involve investment risk and may not be suitable for all investors. This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the 2021 Bonds. Investors are advised to read the entire Official Statement, including any portion hereof included by reference, to obtain information essential to the making of an informed decision, giving particular attention to the matters discussed under “RECENT DEVELOPMENTS-COVID-19 PANDEMIC” and “BONDHOLDERS’ RISKS”, and specifically the discussion under “BONDHOLDERS’ RISKS—COVID-19 Pandemic”.

**THE 2021 BONDS ARE NOT (I) AN INDEBTEDNESS OF THE STATE OF OKLAHOMA OR OF THE CITY OF TULSA OR OF ANY MUNICIPALITY OR POLITICAL SUBDIVISION OF THE STATE OF OKLAHOMA, (II) A GENERAL OBLIGATION OF THE AIRPORT TRUSTEES OR A CHARGE UPON ANY REVENUES OF THE AIRPORT TRUSTEES NOT SPECIFICALLY PLEDGED UNDER THE INDENTURE, OR (III) A PERSONAL OBLIGATION OF THE AIRPORT TRUSTEES. THE REAL PROPERTY AND IMPROVEMENTS COMPRISING THE AIRPORTS HAVE NOT BEEN PLEDGED OR MORTGAGED TO SECURE PAYMENT OF THE 2021 BONDS OR ANY OTHER BONDS. THE AIRPORT TRUSTEES HAVE NO TAXING POWER.**



The scheduled payment of principal of and interest on the 2021 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2021 Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See “Bond Insurance”.

The 2021 Bonds will be issued subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Certain legal matters in connection with the 2021 Bonds will be passed upon for the Airport Trustees by its special counsel, Conner & Winters, LLP, Tulsa, Oklahoma, and for the Underwriters by Hilborne & Weidman, a Professional Corporation, Tulsa, Oklahoma. It is expected that the 2021 Bonds in definitive form will be ready for delivery to DTC in New York, New York, on October 5, 2021 (the “2021 Delivery Date”).

**RBC Capital Markets  
BOK Financial Securities, Inc.**

**\$1,975,000**  
**TRUSTEES OF THE TULSA AIRPORTS IMPROVEMENT TRUST**  
**General Airport Revenue Refunding Bonds,**  
**Series 2021A (Subject to AMT)**

<u>Maturity (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Base Number: 899647 CUSIP*</u>
2022	\$ 320,000	4.000%	102.454	0.250%	SW2
2023	420,000	4.000%	106.019	0.350%	SX0
2024	445,000	4.000%	109.415	0.430%	SY8
2025	465,000	4.000%	112.390	0.570%	SZ5
2026	325,000	4.000%	114.940	0.730%	TA9

The 2021A Bonds are not subject to optional redemption prior to maturity.

**\$55,980,000**  
**TRUSTEES OF THE TULSA AIRPORTS IMPROVEMENT TRUST**  
**General Airport Revenue Refunding Bonds,**  
**Series 2021B (Federally Taxable)**

<u>Maturity (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Base Number: 899647 CUSIP*</u>
2023	\$ 795,000	0.496%	100.000	0.496%	TB7
2024	1,640,000	0.854%	100.000	0.854%	TC5
2025	2,475,000	1.181%	100.000	1.181%	TD3
2026	2,650,000	1.381%	100.000	1.381%	TE1
2027	2,480,000	1.625%	100.000	1.625%	TF8
2028	2,510,000	1.825%	100.000	1.825%	TG6
2029	2,560,000	1.994%	100.000	1.994%	TH4
2030	2,605,000	2.094%	100.000	2.094%	TJ0
2031	2,650,000	2.224%	100.000	2.224%	TK7
2032	2,410,000	2.324%	100.000	2.324%	TL5
2033	2,465,000	2.474%	100.000	2.474%	TM3
2034	2,530,000	2.574%	100.000	2.574%	TN1
2035	2,595,000	2.724%	100.000	2.724%	TP6
2036	2,660,000	2.794%	100.000	2.794%	TQ4
2037	2,740,000	2.894%	100.000	2.894%	TR2

\$20,215,000 3.099% Term Series 2021B Bonds due June 1, 2045 – Yield 3.099% (CUSIP\* 899647 TS0)

Series 2021B Bonds maturing on or after June 1, 2032, shall be subject to optional redemption prior to maturity on and after June 1, 2031, in whole or in part on any date, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus unpaid accrued interest to the date of redemption.

\* CUSIP numbers have been assigned by an organization not affiliated with the Airport Trustees and are included solely for the convenience of the bondholders. The Airport Trustees shall not be responsible for the selection or use of CUSIP numbers.

## REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, any such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sales of the 2021 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Airport Trustees and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information and this Official Statement is not to be construed as the promise or guarantee of the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the 2021 Bonds or the advisability of investing in the 2021 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “Appendix H - Specimen Municipal Bond Insurance Policy”.

This Official Statement contains statements that are “forward-looking” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate”, “intend”, “expect” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE 2021 BONDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE 2021 BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2021 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

*(The Balance of this Page Intentionally Left Blank)*

**TRUSTEES OF THE TULSA AIRPORTS IMPROVEMENT TRUST**

**and**

**MEMBERS OF THE TULSA AIRPORT AUTHORITY**

Joe Robson..... Chair  
Kent Harrell ..... Vice Chair  
Jeff Stava ..... Trustee and Member  
Mary E. Smith Crofts..... Trustee and Member  
G.T. Bynum, Mayor ..... Trustee and Member

**ADMINISTRATION OF THE TULSA AIRPORTS IMPROVEMENT TRUST**

Alexis Higgins, A.A.E. .... Chief Executive Officer  
Fabio Spino ..... Chief Financial Officer  
Jeff Shaw, C.M. .... TAIT Secretary and Director of Risk and Legal Services  
Patti Colbry..... Director, Human Resources  
Bryan Crook, C.M..... Director, Customer Experience  
Jonathan Gobbo, C.M..... Director, Real Estate  
Andrew Pierini, C.M..... Director, Air Service and Marketing  
Frank Relja, P.E. .... Director, Engineering and Planning  
James Rockholt, C.M. .... Chief Information Officer  
Shawn Chittum, C.M. .... Director of Airport Operations

**CONSULTANTS**

RSM US LLP ..... Independent Auditors  
Conner & Winters, LLP ..... Special Counsel to the Airport Trustees  
Hawkins Delafield & Wood LLP ..... Bond Counsel  
Hilltop Securities, Inc. .... Financial Advisor

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION .....	1	Bond Insurance Policy .....	37
RECENT DEVELOPMENTS - COVID-19 PANDEMIC .....	2	Build America Mutual Assurance Company .....	37
PURPOSE OF THE 2021 BONDS .....	3	BONDHOLDERS' RISKS .....	39
SOURCES AND USES OF FUNDS .....	4	General .....	39
REFUNDING PLAN .....	5	Airline Industry .....	39
AUTHORITY AND SECURITY FOR THE 2021 BONDS .....	5	Effect of Signatory Airline Bankruptcies .....	41
Authority for the 2021 Bonds .....	5	Effect of Concessionaire and Non-Airline Tenant	
Security for the 2021 Bonds .....	5	Bankruptcies .....	41
GROSS REVENUES .....	7	Regulations and Restrictions Affecting Tulsa International	
FUNDS NOT GROSS REVENUES .....	10	Airport .....	41
AIRPORT-AIRLINE-AIRLINE USE AND LEASE		Ability to Collect Passenger Facility Charges .....	42
AGREEMENTS .....	10	Environmental Regulations .....	43
DESCRIPTION OF THE 2021 BONDS .....	11	Natural Disasters .....	43
General .....	11	Climate Change Issues and Possible New Regulations .....	43
Optional Redemption .....	11	Cybersecurity .....	43
Mandatory Redemption from Sinking Funds .....	11	FAA Reauthorization .....	44
Extraordinary Optional Redemption .....	12	Secondary Market Risk .....	44
Selection of 2021 Bonds for Redemption .....	12	PANDEMICS - COVID-19 Pandemic .....	44
Notice of Redemption .....	12	McGirt v. Oklahoma .....	45
BOOK-ENTRY ONLY SYSTEM .....	13	Bond Insurance Risk Factors with Respect to the	
INFORMATION PERTAINING TO THE AUTHORITY		2021 Bonds .....	45
AND THE TRUST .....	14	VERIFICATION .....	46
Airport Trustees and Authority Members .....	15	RATINGS .....	46
Authority Administration .....	16	LEGAL MATTERS .....	46
DESCRIPTION OF THE AIRPORTS AND PLANNED		UNDERWRITING .....	46
AIRPORTS IMPROVEMENTS .....	18	LITIGATION .....	47
Tulsa International Airport .....	18	TAX MATTERS .....	47
R.L. Jones, Jr. Airport .....	20	Miscellaneous .....	51
Planned Airports Improvements .....	21	INDEPENDENT AUDITORS .....	51
Estimated 5-Year Cost Of Airports Improvements (FY2022-		CONTINUING DISCLOSURE .....	51
FY2026) .....	21	MISCELLANEOUS .....	52
Passenger Facility Charge .....	22		
OPERATING AND FINANCIAL STATISTICS .....	22	Appendix A - Proposed Form of Opinion of	
Airline Market Shares Enplaned Passengers .....	23	Bond Counsel .....	A-1
Summary Of Overall Airport Activities .....	24	Appendix B - Audited Financial Statements of Tulsa	
Average Daily Scheduled Flights .....	24	Airports Improvement Trust as of	
Airline and Air Cargo Landed Weight .....	25	June 30, 2020 and for the year then	
Summary of Historical Revenues and Expenses and Debt		ended .....	B-1
Service Coverage .....	26	Appendix C - Unaudited June 30, 2021 Interim Financial	
MANAGEMENT DISCUSSION .....	27	Statements .....	C-1
Discussion of Operations .....	27	Appendix D - Summary of Certain Provisions of the	
Financial Performance and Position - Fiscal Year 2021 .....	27	Airport-Airline Use and Lease Agreements .....	D-1
Cybersecurity .....	29	Appendix E - Summary of Certain Provisions	
Transportation Network Companies and Commerical		of the Lease .....	E-1
Ground Transportation Policy .....	29	Appendix F - Summary of Certain Provisions	
Debt Service Requirements .....	30	of the Indenture .....	F-1
Additional Debt Plans .....	30	Appendix G - Form of Continuing Disclosure	
THE TULSA METROPOLITAN AREA .....	31	Agreement .....	G-1
Population .....	31	Appendix H - Specimen Municipal Bond Insurance	
City of Tulsa Demographic and Economic Statistics .....	32	Policy .....	H-1
City of Tulsa Prinicpal Employers .....	33		
INFORMATION CONCERNING THE SIGNATORY			
AIRLINES .....	37		
Airline Information .....	37		
BOND INSURANCE .....	37		

[THIS PAGE INTENTIONALLY LEFT BLANK]

## OFFICIAL STATEMENT

**\$1,975,000**  
**TRUSTEES OF THE TULSA**  
**AIRPORTS IMPROVEMENT TRUST**

**General Airport Revenue Refunding Bonds**  
**Series 2021A (Subject to AMT)**

**\$55,980,000**  
**TRUSTEES OF THE TULSA**  
**AIRPORTS IMPROVEMENT TRUST**

**General Airport Revenue Refunding Bonds**  
**Series 2021B (Federally Taxable)**

### INTRODUCTION

This Official Statement of The Trustees of the Tulsa Airports Improvement Trust (the “Airport Trustees” or the “Trust” or “TAIT”), including the cover page and the Appendices hereto is provided to furnish information in connection with the sale of the 2021 Bonds. The 2021 Bonds will be secured under the Amended and Restated Bond Indenture, dated as of November 1, 2009, as supplemented and amended by a Nineteenth Supplemental Bond Indenture dated as of December 1, 2009 (collectively the “Original Bond Indenture”), as previously supplemented from time to time by Supplemental Indentures each by and between the Airport Trustees and BOKF, National Association (the “Bond Trustee”). The Original Bond Indenture will be further supplemented by a Thirtieth Supplemental Bond Indenture, dated as of October 1, 2021 (the “Thirtieth Supplemental Bond Indenture”), by and between the Airport Trustees and the Bond Trustee (the Original Bond Indenture, as previously supplemented and as further supplemented by the Thirtieth Supplemental Bond Indenture, hereinafter referred to as the “Indenture”). The 2021 Bonds, together with all other Outstanding Bonds and any Additional Bonds issued under the Indenture, are herein collectively referred to as the “Bonds”.

The Trust was created by a Trust Indenture, dated as of March 1, 1967 (the “Trust Indenture”), for the purpose, among other things, of financing improvements at the Tulsa International Airport (“TIA” or the “Airport”) and subsequently, Richard Lloyd Jones, Jr. Airport (“R.L. Jones Airport” or “RVS” and, collectively with TIA, the “Airports”) on behalf of the City of Tulsa, Oklahoma (the “City”). The Trust Indenture provides that the Airport Trustees consist of the members of the Tulsa Airport Authority (the “Authority”), an agency of the City established under the City Charter to operate and maintain the airports of the City (including and consisting of the Airports). Under a lease dated as of October 1, 1978, as amended on November 25, 1987, June 30, 1989, June 1, 2000, and December 8, 2005, and as Amended and Restated on December 23, 2013, effective January 1, 2014 (as amended and restated, the “Lease” or the “Restated Lease Agreement”), the City has leased the Airports and the income derived therefrom to the Airport Trustees, and the Airport Trustees have agreed to operate and maintain the Airports on behalf of the City pursuant to the provisions of the Indenture and the Lease.

The 2021 Bonds are special limited obligations of the Airport Trustees, payable solely from and secured solely by the Trust Estate (as defined herein). **The 2021 Bonds are not (i) an indebtedness of the State of Oklahoma or the City of Tulsa or of any municipality or political subdivision of the State of Oklahoma, (ii) a general obligation of the Airport Trustees or a charge upon any revenues of the Airport Trustees not specifically pledged under the Indenture, or (iii) a personal obligation of the Airport Trustees. The real property and improvements comprising the Airports have not been pledged or mortgaged to secure payment of the 2021 Bonds or any other Bonds. The Airport Trustees have no taxing power.** See “AUTHORITY AND SECURITY FOR THE 2021 BONDS” for a description of the security for the Bonds, including the 2021 Bonds.

The scheduled payment of principal of and interest on the 2021 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2021 Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.

The cover page of this Official Statement and this Introduction contain certain information for general reference only. Investors are advised to read this entire Official Statement to obtain information essential to the making of an informed investment decision. This Official Statement contains descriptions of the Airport Trustees, the Airports, a summary of the provisions of the 2021 Bonds, the security for the Bonds, and the sources of Gross Revenues of the Airport Trustees. Appendices to this Official Statement include the proposed form of the opinion of Bond Counsel, the audited financial statements of the Trust, and summaries of certain provisions of the Airport-Airline Use and Lease Agreements, the Lease, the Indenture and the form of Continuing Disclosure Agreement, and the form of specimen municipal bond insurance policy. All references to agreements and documents are qualified in their entirety by the definitive forms of such agreement and documents. All references to the Indenture and to the 2021 Bonds are qualified by the definitive forms of the Indenture and 2021 Bonds. Any statement or information

involving matters of opinion or estimates are represented as opinions or estimates made in good faith, but no assurance can be given that facts will materialize as so opined or estimated.

## **RECENT DEVELOPMENTS-COVID-19 PANDEMIC**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. The COVID-19 pandemic and resulting restrictions have severely disrupted, and continue to disrupt, the economies of the United States and other countries, leading to volatility in the securities markets. The COVID-19 pandemic has resulted in increased business failures, worker layoffs, changed commuting patterns, and consumer and business bankruptcies. Such impacts are expected to continue, particularly in the face of the Delta variant.

Airports in the United States have been acutely impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 pandemic. The pandemic has adversely affected domestic and international travel and travel-related industries. Airlines are reporting unprecedented downturns in passenger volumes and have expressed expectations for reduced levels of passenger volumes which, in turn, has resulted in airlines significantly reducing flights.

The United States government, the Federal Reserve Board and foreign governments took legislative and regulatory actions and implemented measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Safety Act (the "CARES Act"), approved by the United States Congress and signed by the President on March 27, 2020, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines.

Provisions of the CARES Act, which provide \$10 billion of assistance to airports, include the following: (i) \$3.7 billion to be allocated among all commercial service airports throughout the nation based on calendar year 2018 enplanements for all commercial service airports (according to calendar year 2018 data provided by the FAA, the Airport was the 80<sup>th</sup> busiest airport in the United States in terms of enplaned passengers), (ii) \$3.7 billion to be allocated among all commercial service airports based on a formula that includes as its factors the fiscal year 2018 debt service for a given airport as a percentage of the combined debt service for all commercial service airports, and the airport's ratio of unrestricted reserves to respective debt service, (iii) \$2 billion to be apportioned in accordance with the Airport Improvement Program entitlement formulas, subject to CARES Act formula revisions, (iv) \$500 million to pay a federal share of the costs of making grants under the Further Consolidated Appropriations Act, 2020 (Public Act 116-94), with unused amounts to be distributed to airports according to the allocations described in (i) and (ii), and (iii) \$100 million reserved for general aviation airports. With the exception of any funds allocated to TAIT under (iv) above, CARES Act funds received by TAIT are eligible to be used for any lawful purpose in accordance with the FAA guidelines set out in the funding grant.

TAIT filed for and was awarded CARES Act funds totaling \$15,704,550. TIA received \$15,547,550 and R.L. Jones Airport received \$157,000 in CARES Act funding. The airport sponsor may use these funds for any purpose for which airport revenues may be lawfully used. CARES Act grant recipients should follow the FAA's Policy and Procedures Concerning the Use of Airport Revenues ("Revenue Use Policy"), 64 Federal Register 7696 (64 FR 7696), as amended by 78 Federal Register 55330 (78 FR 55330). The Revenue Use Policy defines permitted uses of airport revenue. In addition to the detailed guidance in the Revenue Use Policy, the CARES Act states the funds may not be used for any purpose not related to the airport. Additionally, by accepting this grant, TAIT agreed to continue to employ, through December 31, 2020, at least 90 percent of the number of individuals employed by TAIT as of March 27, 2020. As a condition of receiving Federal assistance under this award, TAIT must comply with audit requirements as established under 2 CFR part 200. Subpart F requires non-Federal entities that expend \$750,000 or more in Federal awards to conduct a single or program specific audit for that year. These funds were fully utilized by TAIT in Fiscal Year 2020 and Fiscal Year 2021 with the final draw conducted in March 2021 for the TIA portion of the CARES Act funds. TAIT used these funds to reimburse the Airports for general operating expenses.

TAIT also received in total \$5,259,520 in funding relief under the Airport Coronavirus Response Grant Program ("ACRGP"). Of this relief grant TIA received \$5,202,520 and RVS received \$57,000. These grants were used in full by TAIT in Fiscal Year 2021 to reimburse the Airports for general operating expenses. Additionally, TAIT was awarded \$322,922 for TIA concessionaires to provide relief from rent and minimum annual guarantees obligations to each eligible airport concession.

TAIT estimates it will receive approximately \$13.97 million from the third round of funding under the American Rescue Plan Act of 2021. Such funds will be used primarily to reimburse general operating expenses and provide some concessionaire relief in 2022.

The Airport, similar to other airports around the nation, has seen declines in many financial and operating metrics subsequent to the outbreak of COVID-19 in the United States. Passenger enplanements and parking revenues significantly declined beginning mid-March 2020. Rental car transactions and demand for parking and ground transportation services, including, but not limited to, those provided by taxis, executive cars, Uber and Lyft, have also decreased significantly.

Domestic air travel throughout the nation has been severely impacted. Based on enplanements reported by the airlines at the Airport, for Fiscal Year 2020, enplanements declined by approximately 27.58% when compared to Fiscal Year 2019. Passenger enplanements decreased 45.26% during Fiscal Year 2021, as compared to Fiscal Year 2019. Airlines at the Airport are making changes to their flight schedules on a regular basis, and are evaluating their fall and winter flight schedules. TAIT anticipates the reduced level of scheduled airline service to continue and cannot predict the duration. TAIT experienced an increase in activity March 2021, which has carried forward through July 2021. TIA is still below 2019 enplaned passenger levels. TIA has commitments from airlines to increase current service to 25 direct destination cities, the most non-stop flights in its history.

In response to the COVID-19 pandemic, TAIT has continued an increased level of sanitization procedures throughout the Airport. The Airport remains under a federal mask mandate through January 12, 2022. The staff of the Airport is actively enforcing this mandate. TAIT will continue to assess and implement opportunities to reduce costs and adjust operations to keep the Airport safe and efficient in response to the ongoing changes caused by the COVID-19 pandemic.

With the recent increase in activities that the aviation industry is experiencing, as a whole, TAIT forecasts for fiscal year 2022 a 6.77% increase in budgeted revenues from previous fiscal year 2021, as well as a forecasted increase for fiscal year 2022 in enplaned passenger activity of 21% over the unaudited fiscal year 2021 enplaned passenger level.

TAIT cannot predict (i) the duration or extent of the COVID-19 pandemic or another outbreak or pandemic (such as the recent Delta Variant); (ii) the implementation, scope or duration of restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at the Airport, or whether all airlines will cease operations at the Airport or shut down in response to such restrictions or warnings, (iii) what effect any the COVID-19 pandemic-related restrictions or warnings may have on air travel, including to and from the Airport, the retail and services provided by Airport concessionaires, Airport costs or TAIT revenues; (iv) whether and to what extent the COVID-19 pandemic may disrupt the local, state, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Airport-related construction, the cost of both construction and borrowed money, sources of funds, schedule or implementation of TAIT's CIP (as hereinafter defined), or other TAIT operations, or the airline and travel industry, generally; or (v) whether or to what extent TAIT may provide deferrals, forbearances, adjustments or other changes to TAIT's arrangements with the Airlines and its other tenants and concessionaires. Prospective investors should assume that the restrictions and limitations related to the COVID-19 pandemic, and the current upheaval to the air travel industry and the national and global economies, may increase at least over the near term, recovery may be prolonged and, therefore, will have an adverse impact on TAIT revenues and operations. Future outbreaks, pandemics or events outside of TAIT's control may further reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in TAIT revenues.

## **PURPOSE OF THE 2021 BONDS**

The proceeds of the 2021A Bonds will be applied to refund all or a portion of the Airport Trustees outstanding General Airport Revenue Bonds Refunding Series 2010C, and the proceeds of the 2021B Bonds will be applied to refund all or a portion of the Airport Trustees outstanding General Airport Revenue Bonds, Series 2013A and General Airport Revenue Bonds, Series 2015A (collectively, the "Refunded Bonds"). A portion of the proceeds of the 2021A Bonds and 2021B Bonds will also be applied to pay costs of issuance of the 2021A Bonds and 2021B Bonds, respectively.

## SOURCES AND USES OF FUNDS

The following table summarizes the estimated sources and uses of funds related to the 2021A Bonds.

Sources:

Principal Amount of the 2021A Bonds	\$1,975,000.00
Original Issue Premium of the 2021A Bonds	\$181,197.85
Debt Service Fund Contribution	\$186,050.00
Bond Reserve Fund Contribution	<u>\$62,986.07</u>
Total	\$2,405,233.92

Uses:

Deposit to 2021A Escrow Fund	\$2,375,696.11
Cost of Issuance <sup>(1)</sup>	<u>\$29,537.81</u>
Total	<u>\$2,405,233.92</u>

(1) Includes all costs of issuance, including an underwriting discount, bond insurance premium, fees for legal counsel and other expenses, the payment of which is contingent upon the issuance of the 2021A Bonds.

The following table summarizes the estimated sources and uses of funds related to the 2021B Bonds.

Sources:

Principal Amount of the 2021B Bonds	\$55,980,000.00
Debt Service Fund Contribution	\$898,504.17
Bond Reserve Fund Contribution	<u>\$1,380,972.80</u>
Total	\$58,259,476.97

Uses:

Deposit to 2021B Escrow Fund	\$57,395,885.71
Cost of Issuance <sup>(1)</sup>	<u>\$863,591.26</u>
Total	<u>\$58,259,476.97</u>

(1) Includes all costs of issuance, including an underwriting discount, bond insurance premium, fees for legal counsel and other expenses, the payment of which is contingent upon the issuance of the 2021B Bonds.

## **REFUNDING PLAN**

In connection with the issuance of the 2021 Bonds on the 2021 Delivery Date, the Airport Trustees expect to enter into an Escrow Deposit Agreement (the “Escrow Agreement”) with BOKF, National Association as Bond Trustee and escrow trustee (the “Escrow Trustee”). The Escrow Agreement will provide for the call, payment, and redemption of the Refunded Bonds. The refunding is being undertaken to achieve debt service savings. The Escrow Agreement creates a special and irrevocable escrow deposit account to be held by the Escrow Trustee and applied solely to the payment of the Refunded Bonds. Proceeds of the 2021 Bonds required to carry out the plan of refunding will be deposited with the Escrow Trustee, together with additional cash, and held in cash and/or invested in Governmental Obligations that will mature and bear interest at rates sufficient to pay the principal of and accrued interest coming due on the redemption date of the Refunded Bonds. The money and Governmental Obligations and earnings thereon described above will be held solely for the benefit of the owners of the Refunded Bonds.

This Official Statement does not constitute notice or an advance notice of redemption of the Refunded Bonds. The refunding of the Refunded Bonds is conditioned upon the receipt of proceeds of the 2021 Bonds, the delivery of which is subject to the conditions of the Bond Purchase Agreement (as defined herein).

### **AUTHORITY AND SECURITY FOR THE 2021 BONDS**

#### **Authority for the 2021 Bonds**

The 2021 Bonds are being issued pursuant to the Indenture by the Airport Trustees. The Tulsa Airports Improvement Trust, a public trust of the State of Oklahoma (the “State”), was created pursuant to a Trust Indenture, dated as of March 1, 1967 (the “Trust Indenture”), under the authority of and pursuant to Title 60, Oklahoma Statutes 2011, Sections 176 et seq., as amended, and other laws. Under the relevant statutes, the Airport Trustees are an agency of the State and are a regularly constituted authority of the City (as beneficiary of the Trust Indenture) for the performance of the functions for which the Trust was created.

THE 2021 BONDS ARE NOT (I) AN INDEBTEDNESS OF THE STATE OF OKLAHOMA OR OF THE CITY OF TULSA OR OF ANY MUNICIPALITY OR POLITICAL SUBDIVISION OF THE STATE OF OKLAHOMA; (II) A GENERAL OBLIGATION OF THE AIRPORT TRUSTEES OR A CHARGE UPON ANY REVENUES OR ASSETS OF THE AIRPORT TRUSTEES NOT SPECIFICALLY PLEDGED UNDER THE INDENTURE; OR (III) A PERSONAL OBLIGATION OF THE AIRPORT TRUSTEES. THE REAL PROPERTY AND IMPROVEMENTS COMPRISING THE AIRPORTS HAVE NOT BEEN PLEDGED OR MORTGAGED TO SECURE PAYMENT ON THE 2021 BONDS OR ANY OTHER BONDS. THE AIRPORT TRUSTEES HAVE NO TAXING POWER.

#### **Security for the 2021 Bonds**

Bonds issued by the Trust are special limited obligations of the Airport Trustees which are secured solely by and payable from a pledge of and lien on the Trust Estate. The Indenture defines the Trust Estate as the moneys, assets, agreements, contract rights, property interests and other rights and interests of the Airport Trustees granted, bargained, sold, alienated, demised, released, conveyed, transferred, assigned, confirmed, pledged with and set out into the Bond Trustee in trust by the Airport Trustees in the preambles and recitals of the Indenture after the payment of Operating Expenses (as defined in the Indenture). Upon the issuance of the 2021 Bonds, there will be \$155,185,000 Outstanding principal amount of Bonds subject to the Indenture. The Indenture prohibits the issuance of obligations with a superior lien on Net Revenues than the Bonds; however, Subordinate Obligations are permitted to be issued. Any Additional Bonds or Refunding Bonds will have a lien on parity to the lien of the Bonds. Certain revenues (such as PFCs) are not available to pay certain long-term debt of the Airport Trustees. See “FUNDS NOT GROSS REVENUES”.

Summarized below are certain portions of the Indenture, and certain other information, which bear on the security for the 2021 Bonds.

### *Rate Covenant*

The Indenture provides that the Airport Trustees will impose, prescribe, adjust, enforce and collect rates, rentals, fees and charges for the use and services of the Airports at levels sufficient to generate Gross Revenues, plus Dedicated Revenues, if any, in an amount at least equal to the total of (a) an amount equal to 125% of the Debt Service due during the Fiscal Year; (b) an amount equal to estimated and budgeted Operating Expenses during the Fiscal Year; and (c) an amount equal to the aggregate of deficiencies in any fund or account (or so much as is required to be repaid during the Fiscal Year) held under the Indenture (the “Rate Covenant”). The Airport Trustees’ Fiscal Year commences July 1 of each calendar year and ends on June 30 of the following calendar year. In the event a certificate filed with the Bond Trustee shows that the Airport Trustees have failed to comply with the Rate Covenant, the Airport Trustees are obligated within 60 days of such filing to engage an Airport Consultant (the “Airport Consultant”) to make recommendations as to the revision of the schedule of rentals, rates, fees and other charges, its Operating Expenses or the method of operation of the Airports in order to satisfy, as quickly as possible, the aforesaid rate covenant. The Airport Consultant shall file copies of its recommendations with the Airport Trustees and the Bond Trustee and, so long as the Airport Trustees substantially comply in a timely fashion with such recommendations in all material respects, the Airport Trustees will not be deemed to have defaulted in the performance of their duties under the Indenture and, consequently, there is not an Event of Default under the Indenture unless the Airport Trustees fail to meet the Rate Covenant in the second full Fiscal Year after engaging the Airport Consultant.

### *Outstanding Bonds; Additional Bonds*

The Indenture authorizes the issuance of one or more additional series of Bonds on a parity with the Outstanding Bonds (any such bonds hereafter issued are herein referred to as “Additional Bonds”). In order to issue Additional Bonds under the Indenture, the following conditions must be met: (A) the Airport 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 the City for the Airport upon request of the Airport Trustees shall have been made; and (B) the Accountant or Airport Consultant shall have certified that for any 12 consecutive months out of the 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, equal at least 125% of the Debt Service on all Bonds Outstanding as of the end of such 12-month period plus Debt Service on such Additional Bonds to be issued; or the Net Revenues, as estimated by the Accountant or the Airport Consultant, to be derived either (i) in each of the five Fiscal Years following the Fiscal Year in which such additional Bonds are issued; or (ii) in each of the three Fiscal Years following the Fiscal Year in which the Airport Trustees estimate a substantial portion of the project to be financed from the proceeds of such Additional Bonds will be placed in continuous service or commercial operation, whichever is later, plus any Dedicated Revenues for such period will equal not less than 125% of the Debt Service in each such Fiscal Year on all Bonds to be Outstanding upon the issuance of such Additional Bonds and including such Additional Bonds. For purposes of such calculation, Net Revenues derived prior to such 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 12-month period.

### *Reserve Fund*

As additional security for the Bonds, the Indenture establishes a Bond Reserve Fund (and accounts therein) as a reserve for the payment of principal of and interest and premium, if any, on the Bonds for which such accounts of the Bond Reserve Fund are available and will be used and applied by the Bond Trustee solely for such purposes. The Bond Reserve Fund is established for all of the Bonds, including the 2021 Bonds (with the exception of the 2016A Bonds, which are not secured by the Bond Reserve Fund). There is required to be deposited in the Bond Reserve Fund an amount in cash and investments which shall be equal to the Bond Reserve Requirement as defined below unless there is deposited to the credit of the Bond Reserve Fund a surety bond or an insurance policy satisfying the provisions of the Indenture. The Bond Reserve Requirement is the least of (i) maximum annual debt service on all Bonds Outstanding on the date of issuance of the 2021 Bonds, including the 2021 Bonds and excluding the 2016A Bonds, (ii) 125% of the average annual Debt Service on all Bonds Outstanding on the date of issuance of the 2021 Bonds, including the 2021 Bonds and excluding the 2016A Bonds, and (iii) 10% of the stated principal amount of all Bonds Outstanding on the date of issuance of the 2021 Bonds, including the 2021 Bonds and

excluding the 2016A Bonds. The Bond Reserve Requirement is expected to be fully funded with cash and investments at closing from cash and investments currently held in the Bond Reserve Fund. The Bond Reserve Requirement for each series of the Bonds for which the Bond Reserve Fund is available is established by the Supplemental Indenture providing for issuance of such series. The Bond Reserve Fund shall be valued at least annually. Any deficiency caused by a decrease in the value of investments or surety policies held in the Bond Reserve Fund shall be restored in six (6) equal consecutive monthly installments and any deficiency caused by required withdrawals from the Bond Reserve Fund shall be restored in twelve (12) equal consecutive monthly installments.

The Indenture also establishes an Operating Reserve Fund which is required to be maintained in an amount equal to one-fourth of the estimated and budgeted Operating Expenses of the Airport for the then current Fiscal Year and an Airport Improvement Fund. Moneys deposited 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 Bond Fund, the Bond Reserve Fund and the Airport Improvement Fund are not sufficient therefore. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Application of Gross Revenues; Special Funds” included in Appendix F to this Official Statement.

### GROSS REVENUES

“Gross Revenues” under the Indenture are defined to mean and include all income, revenues and moneys derived from the Airports by the Airport 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 (i) 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 Airport Trustees pursuant to the Indenture or otherwise derived from or arising through the operation and management of the Airports by the Airport Trustees under the Lease, or derived from the rental of all or part of the Airports or from the sale or rental of any commodities or goods in connection with the Airports; (ii) to the extent provided in the Indenture, earnings on the investment of the proceeds of Bonds; (iii) to the extent provided in the Indenture, earnings on the investment of moneys held under the Indenture and the proceeds of the sale of any such investments; and (iv) to the extent provided in the Indenture, income derived by the Airport Trustees under the Lease, or otherwise derived by the Airport Trustees and deemed Gross Revenues pursuant to the Indenture. The Indenture excludes from the definition of “Gross Revenues” (a) moneys received as proceeds from the sale of Bonds or any other bonds, notes or evidences 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 Airports; (b) any arbitrage earnings (including any funds on deposit in the Rebate Fund) which are required to be paid to the U.S. Government; (c) the proceeds of any Support Facility, (d) passenger facility charges and state and/or Federal grants, and (e) any non-cash revenue items. Passenger facility charges, as Dedicated Revenues, are pledged to the payment of the 2021B Bonds. SEE “FUNDS NOT GROSS REVENUES – Dedicated Revenues”.

Gross Revenues are derived from, among other things, the following:

*Airport-Airline Use and Lease Agreements.* Effective July 1, 2019, the Airport Trustees and American Airlines, Delta Air Lines, Southwest Airlines and United Airlines (herein referred as the “Signatory Airlines”) have entered into separate Airport-Airline Use and Lease Agreements on substantially identical terms (herein sometimes referred to as “Use and Lease Agreements”) which terminate on June 30, 2024 (herein referred as the “Initial Term”); provided, however, that each Signatory Airline, upon the consent of the Airport, has two, three-year extension options to extend the term of its Use and Lease Agreement to up to June 30, 2030 (herein referred as the “Extended Term”). The Signatory Airlines account for 93% of the Fiscal Year 2021 enplanements.

These new Use and Lease Agreements deviate from the previous use and lease agreements as revenue sharing is now based on the Airport being profitable and the number of days liquid cash on hand at Fiscal Year end of the Airport Trustees, as follows:

<b>Revenue Sharing Thresholds</b>	
<b>Days of Cash</b>	<b>Revenue Share</b>
Less than 365	0%
365	10%
400	25%
487	30%
609	40%
730	50%

For the Initial Term, the rates, fees and charges are fixed and are based on the rates, fees and charges approved by the Airport Trustees as of July 1, 2017. Consequently, unlike other commercial airports, the rates and charges at the Airport will not be affected by TAIT’s receipt of CARES Act or ACRGP funds or how the Airport Trustees allocated such funds in the form of operating expense reimbursements. The Use and Lease Agreements provide a procedure during the Initial Term for a midyear adjustment to the Signatory Airline landing fees if the Airport Trustees determine that the then current estimates of the amounts required to be collected through the Signatory Airline landing fees will be 10% lower or higher than the original annual budget. During the Extended Term, these midyear adjustments apply to all rates, fees and charges.

The Airport Trustees have also executed Cargo Carrier Use and Lease Agreements (herein referred to as the “Signatory Cargo Carrier Use and Lease Agreements”) with cargo carriers FedEx and UPS (herein referred to as the “Signatory Cargo Airlines”) which terminate on June 30, 2024; provided, however, that each Signatory Cargo Airline, upon the consent of the Airport, has two, three-year extension options to extend the term of its Signatory Cargo Carrier Use and Lease Agreement to up to June 30, 2030. The Signatory Cargo Carrier Use and Lease Agreements grant the same airfield rights and privileges to the Signatory Cargo Airlines that have signed such agreements as the Use and Lease Agreement to the Signatory Airlines provided that the Signatory Cargo Airlines have a facility lease either directly or indirectly through a third party, that demonstrates a commitment to continue serving TIA through June 30, 2024. While the Bonds are secured in part by a pledge of the revenues derived under the Use and Lease Agreements and the Signatory Cargo Carrier Use and Lease Agreements, the Bonds are not a debt of the Signatory Airlines or the Signatory Cargo Airlines.

Some airlines and cargo carriers are not party to a Use and Lease Agreement, opting to enter into short-term (annual) “Non-Signatory” agreements. Due to the short-term nature of these agreements, terminal rental rates and airfield landing fee rates are historically 50% higher than rates charged to the Signatory Airlines. The current rates are 25% higher than the rates charged to the Signatory Airlines.

See “AIRPORT-AIRLINE USE AND LEASE AGREEMENTS” for additional information on the Use and Lease Agreements and Signatory Cargo Carrier Use and Lease Agreements. See “BONDHOLDERS’ RISKS” herein for a discussion of certain risks relating to the airline industry generally.

*Extraordinary Coverage Protection.* The Use and Lease Agreements include a provision for Extraordinary Coverage Protection which allows the adjustment of rates upon 30-days’ prior written notice to the Signatory Airlines if it is estimated that the Airport Trustees will not meet the Rate Covenant requirements for any Fiscal Year during the term of the Use and Lease Agreements.

See “AIRPORT-AIRLINE USE AND LEASE AGREEMENTS” herein and “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT-AIRLINE USE AND LEASE AGREEMENTS” included in Appendix D to this Official Statement for additional details.

*Terminal Rental Rates.* Terminal Rental Rates are calculated under a commercial compensatory methodology. A commercial compensatory methodology provides for an allocation of the terminal building’s total operating expense over the square feet of leasable space, including ticket counter areas, hold room, office, operations, baggage make-up, baggage claim and TIA offices.

Under the Use and Lease Agreements, gates are leased on a preferential use basis, whereby a Signatory Airline is assigned priority use of a particular aircraft boarding gate or gates, but the Airport has the right to assign such gate position or positions to other carriers if no common use gates are available and/or if certain gate utilization rates are not met. In Fiscal Year 2020, revenue earned through Terminal Rental Rates was approximately \$7.1

million and in Fiscal Year 2021 unaudited revenue earned through terminal rental rate was approximately \$7.5 million.

*Landing Fees.* Landing fees are calculated according to a cost center residual methodology which essentially provides for a breakeven financial result in the Airfield cost center. Any deficit or surplus in the financial operations of R.L. Jones Airport is also included in the landing fee calculation. In Fiscal Year 2020, revenue earned through total landing fees paid was approximately \$7.0 million and in Fiscal Year 2021 unaudited revenue earned through landing fees was approximately \$6.0 million.

*Fuel Flowage Fee.* Effective January 1, 1984, a fuel flowage fee was implemented, pursuant to a City of Tulsa Fuel Flowage Fee Ordinance and Regulation which provides a 10¢ per gallon charge for all fuel consumed, dispensed, or sold at the Airports with the exception of fuel delivered to be sold or dispensed to, or consumed by, air carriers or cargo carriers with scheduled service and a license to operate at TIA. In Fiscal Year 2020 and unaudited 2021, fuel flowage fees were approximately \$0.7 million and \$0.6 million respectively.

*Customer Facility Charges.* The Customer Facility Charge (“CFC”) is a charge imposed on all rental car agreements emanating from TIA, collected by the rental car concessionaires and remitted monthly to TIA. The proceeds from the CFC’s are designated by the Airport Trustees for rental car facility improvements at TIA, including related debt service. The CFC was last increased on August 1, 2010 from \$2.60 to \$4.00 per transaction day. In Fiscal Year 2020 the revenue earned through the CFC was approximately \$2.7 million and in Fiscal Year 2021 on an unaudited basis was approximately \$2.0 million.

*Concession Revenues.* The major sources of concession revenues include (a) restaurant services, which are currently under a ten year contract expiring November 30, 2028 with one two year option to extend through November 30, 2030 to DN TUL LLC who acquired Creative Food Group TUL, LLC’s business through an assignment and assumption of Creative Food Group TUL, LLC’s lease, (b) gift shops and newsstands which are currently under a new ten year contract expiring May 30, 2029 with one two year term to extend through May 31, 2031 to the HG Tulsa Retailers JV, (c) automobile rentals which are under concession leases expiring February 28, 2022, to Avis Budget Car Rental, LLC, EAN Holdings, LLC, and The Hertz Corporation car rental brands, and (d) a Hilton Garden hotel and a Clarion hotel under leases expiring October 31, 2062 and October 31, 2048, respectively. In Fiscal Year 2020, concession revenues were approximately \$5.4 million. In May 2021 the removal of the Clarion hotel began to make way for a new hotel to open on its location. The Fiscal Year 2021 unaudited, concession revenues were approximately \$4.3 million.

*Parking Revenues.* Effectively July 1, 2019, the TIA parking facility is being operated under a management agreement with LAZ Parking Texas, L.L.C., which expires June 30, 2020, subject to four one-year extension options. Currently TIA is in the second of the four one-year options with LAZ Parking Texas, L.L.C. In Fiscal Year 2020, gross parking revenues totaled approximately \$7.6 million, resulting in net parking revenues of \$5.7 million after expenses. In Fiscal Year 2021 unaudited, gross parking revenues totaled approximately \$5.2 million, resulting in an unaudited net parking revenue of \$4.4 million after expenses. See “MANAGEMENT DISCUSSION – Transportation Network Companies and Commercial Ground Transportation Policy” for additional information.

*General Aviation Activities.* TIA has several fixed base operators, including but not limited to Atlantic Aviation, Bizjet International Sales and Support, Inc., Premier Jet Center, Inc. dba Legacy Jet, Sparrow Hawk, Inc., Tulsair Beechcraft, Inc. and US Aviation Company. Bizjet International Sales and Support, Inc. provided fixed base operations throughout fiscal year 2019 and made the determination to cease fixed base operations in October, 2019. Fixed base operators generally have a 25-year ground lease for their own structures which are financed by the individual fixed base operator. In Fiscal Year 2020, revenues generated from general aviation activities at TIA totaled approximately \$0.9 million, while revenues generated from general aviation activities at RVS totaled approximately \$1.1 million. In Fiscal Year 2021 unaudited, revenues generated from general aviation activities at TIA totaled approximately \$0.7 million, while revenues generated from general aviation activities at RVS totaled approximately \$1.2 million.

*Other Aeronautical – Hangar, Cargo Space and Ground Rents.* TIA leases land, office and cargo space that has access to the airfield. Airlines, cargo carriers, and related service companies such as American Airlines, ARCP FE Tulsa, FAA, Southwest Airlines, and U.S. Customs Service lease such land, office and cargo space. In addition, TIA receives building and hangar rentals from single tenants based on the twenty-year amortization of the appraised valuation of their structure and estimated structural maintenance requirements including rent received from the American Engineering & Maintenance Base and certain Spirit AeroSystems facilities. In Fiscal Year 2020,

Other Aeronautical – Hangar, Cargo Space and Grounds Rents totaled approximately \$2.9 million. In Fiscal Year 2021 unaudited, Other Aeronautical – Hangar, Cargo Space and Grounds Rents totaled approximately \$2.8 million.

*Other Operating Revenue.* Advertising, along with other revenue sources such as security and utility reimbursements, and landside building and ground rental activity generated revenues of approximately \$2.9 million in Fiscal Year 2020 and \$2.4 million in Fiscal Year 2021 on an unaudited basis.

## **FUNDS NOT GROSS REVENUES**

*Dedicated Revenues.* Passenger Facility Charges (“PFCs”) are not included in the definition of Gross Revenues. However, the Indenture permits the Airport Trustees to pledge certain receipts (such as PFCs) that are not included in the definition of Gross Revenues to the payment of certain Bonds if the Airport Trustees irrevocably dedicate such receipts as Dedicated Revenues. On September 9, 2021, the Airport Trustees adopted a resolution dedicating 1.25 times debt service on the following outstanding bonds, subject to the following larger amounts, \$50,025,000 of PFCs for the 2021B Bonds in connection with the refunding of the 2013A Bonds and up to \$2,700,000 per year of PFCs as Dedicated Revenues for the 2021B Bonds in connection with the refunding of the 2013A Bonds. Historically, the Airport Trustees have applied PFCs to debt service on certain Outstanding Bonds issued to finance Federal Aviation Administration (“FAA”) approved PFC projects. Application of PFC receipts to any purpose other than an approved PFC project or Debt Service on Bonds issued to finance an approved PFC project would constitute a violation of the federal law and regulations applicable to PFCs and could result in termination of the authority of the Airport Trustees to impose such PFC or a reduction in federal grants. Should a resolution be adopted by the Trustees, Dedicated Revenues would be added to Gross Revenues for purposes of determining compliance with the Rate Covenant and the Additional Bonds test, and would be available to pay debt service on the 2021B Bonds issued to refinance projects authorized to be financed with PFCs pursuant to the PFC Acts. See “DESCRIPTION OF THE AIRPORTS AND PLANNED AIRPORTS IMPROVEMENTS – Passenger Facility Charge” and “DESCRIPTION OF THE AIRPORTS AND PLANNED AIRPORTS IMPROVEMENTS – Passenger Facility Charge”.

*Federal Grants.* The Airport and Airway Improvement Act created the Airport Improvement Program (“AIP”), which is administered by the FAA and funded by the Airport and Airway Trust Fund. This fund is financed by federal aviation user taxes. Grants are available to airport operators in the form of entitlement funds and discretionary funds. Entitlement funds are apportioned annually based upon the number of enplaned passengers and cargo tonnage; discretionary funds are available at the discretion of the FAA based upon a national priority system. The Airport Trustees were awarded grants from the FAA and the Oklahoma Aeronautics Commission of approximately \$13.2 million in Fiscal Year 2020 and approximately \$2.7 million in Fiscal Year 2021 on an unaudited basis.

See “DESCRIPTION OF THE AIRPORTS AND PLANNED AIRPORTS IMPROVEMENTS” – “Planned Airports Improvements” and “Estimated 5-Year Cost Of Airports Improvements (FY 2022-FY 2026)”.

## **AIRPORT-AIRLINE USE AND LEASE AGREEMENTS**

As discussed under “AUTHORITY AND SECURITY FOR THE 2021 BONDS – Security for the 2021 Bonds - Rate Covenant”, “GROSS REVENUES”, and “FUNDS NOT GROSS REVENUES”, the Airport Trustees have entered into separate but substantially identical Use and Lease Agreements with the Signatory Airlines. Under the Use and Lease Agreements, the Signatory Airlines pay Terminal Rental Rates calculated according to a typical commercial compensatory methodology, allocating the Terminal Building’s total operating expense over the square feet of leasable space, including ticket counter areas, holdroom, upper level offices, operations, baggage makeup, baggage claim area and offices, administrative offices, and unenclosed lower level space. Landing fees are calculated according to a cost center residual methodology which essentially provides for a breakeven financial result in the airfield cost center. The Use and Lease Agreements each include a provision for “extraordinary coverage protection” which permits the Airport Trustees to adjust Signatory Airline rates upon 30 days written notice if the Airport Trustees estimate it will not meet its rate covenant. See “AUTHORITY AND SECURITY FOR THE 2021 BONDS - Security for the 2021 Bonds – Rate Covenant” herein and “GROSS REVENUES”, and “FUNDS NOT GROSS REVENUES” herein and “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT-AIRLINE USE AND LEASE AGREEMENTS” and “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenant as to Rates, Rentals, Fees and Charges” included in Appendix D and Appendix F, respectively, to this Official Statement.

The Use and Lease Agreements include a pre-approved capital improvement program (the “Pre-Approved CIP”). The Pre-Approved CIP contains a list of planned capital expenditures and a corresponding funding plan by the Airports that was agreed to by the Signatory Airlines. The Use and Lease Agreements provide the Airport Trustees with the right to include capital and operating expenses associated with projects in the Pre-Approved CIP in the calculation of airline rentals, fees and charges.

While the Bonds, including but not limited to the 2021 Bonds, are secured in part by a pledge of revenues, including revenues received by the Airport Trustees pursuant to the Airport-Airline Use and Lease Agreements and the Signatory Cargo Carrier Use and Lease Agreements, the Bonds, including but not limited to the 2021 Bonds, are not a debt of the Signatory Airlines or the Signatory Cargo Airlines. Each Use and Lease Agreement is for a term continuing until June 30, 2024, unless otherwise terminated, and pursuant to each Use and Lease Agreement, each Signatory Airline, upon the consent of the Airport, has two, three-year options to extend the term of its Use and Lease Agreement to up to June 30, 2030. Each Signatory Cargo Carrier Use and Lease Agreement is for a term continuing until June 30, 2024, unless otherwise terminated, and pursuant to each Signatory Cargo Carrier Use and Lease Agreement, each Signatory Cargo Carrier, upon the consent of the Airport, has two, three-year options to extend the term of its Signatory Cargo Carrier Use and Lease Agreement to up to June 30, 2030.

## **DESCRIPTION OF THE 2021 BONDS**

### **General**

The 2021 Bonds will be dated the date of delivery thereof and will bear interest at the rates and will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement. Interest on the 2021 Bonds will be payable beginning on December 1, 2021, and semiannually on each June 1 and December 1 thereafter to maturity.

The 2021 Bonds will be issued in fully registered form and when issued, will be registered in the name of Cede & Co., as a nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as the securities depository (the “Securities Depository”) for the 2021 Bonds. Individual purchases will be made in book-entry form only in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the 2021 Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein.

### **Optional Redemption**

The Series 2021A Bonds are not subject to optional redemption prior to maturity.

The Series 2021B Bonds maturing on or after June 1, 2032, shall be subject to optional redemption prior to maturity on and after June 1, 2031, in whole or in part on any date, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus unpaid accrued interest to the date of redemption.

### **Mandatory Redemption from Sinking Funds**

The 2021B Bonds maturing on June 1, 2045 are subject to redemption from moneys required to be credited to the Principal Account in the Bond Fund in amounts sufficient to redeem on June 1 of each year with respect to such maturity the principal amount of such 2021B Bonds specified for each of the years shown below, together with the interest accrued thereon to the date fixed for the redemption thereof:

## 2021B Bonds Due June 1, 2045

Year (June 1)	<u>Principal Amount</u>
<u>2038</u>	\$ 2,815,000
<u>2039</u>	2,905,000
<u>2040</u>	2,995,000
<u>2041</u>	3,080,000
2042	3,185,000
2043	3,280,000
2044	965,000
2045*	990,000

\*Stated maturity.

The moneys required to be credited to the Principal Account in the Bond Fund are to be applied to the redemption of the 2021B Bonds maturing on June 1, 2045, in part from time to time by lot at the principal amount thereof plus accrued interest to the date fixed for redemption, or to the purchase of such 2021B Bonds at prices not greater than the then applicable redemption price thereof plus accrued interest.

### **Extraordinary Optional Redemption**

The 2021 Bonds are subject to optional redemption, in whole at any time, at a redemption price equal to the principal amount of the 2021 Bonds to be redeemed, together with the interest accrued thereon to the date fixed for the redemption thereof, in the event of the destruction or damage to all or substantially all of the Airport, or the condemnation of the Airport; provided, however, that such redemption shall not exceed the amount of funds provided therefor by the Trustees. (See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT-AIRLINE USE AND LEASE AGREEMENTS – Damage or Destruction; Insurance; Indemnity" included in Appendix D to this Official Statement).

### **Selection of 2021 Bonds for Redemption**

Promptly upon selecting the 2021 Bonds for redemption, the Bond Trustee shall notify the Registrar and Paying Agent of the 2021 Bonds to be redeemed.

### **Notice of Redemption**

Notice of redemption of 2021 Bonds shall be given by the Registrar and Paying Agent for and on behalf of the Airport Trustees, by first class mail, postage prepaid, not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date, to the Airport Trustees and the Owner of each 2021 Bond to be redeemed at the address shown on the registration books of the Registrar and Paying Agent on the date such notice is mailed. Each notice of redemption shall be in the form provided by the Bond Trustee, and shall state the CUSIP number of the 2021 Bonds to be redeemed, the principal amount to be redeemed from such Owner, the redemption date (and if accrued interest will not be paid on the redemption date, the date it will be paid), the redemption price, the place of redemption and that the 2021 Bonds must be presented at such place to collect the redemption price, the source of the funds to be used for such redemption and shall also state that the interest on the 2021 Bonds designated for redemption shall cease to accrue from and after such date. If applicable, such notice shall also state that the 2021 Bonds called for redemption may be purchased by or for the account of the Airport Trustees in lieu of redemption at a price not to exceed the redemption price of such 2021 Bonds.

Any notice of optional redemption may state that such redemption shall be conditional upon the receipt by the Bond Trustee on the date fixed for redemption of moneys sufficient to pay in full the redemption price of such 2021 Bonds (unless the Bond Trustee shall be in receipt of such moneys at the time such notice is given). If the redemption notice states that it is conditional and such moneys shall not be so received by the date fixed for redemption (i) such notice of redemption shall be of no force and effect; (ii) the Airport Trustees shall not redeem such 2021 Bonds; and (iii) the Bond Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received and that such redemption did not occur. In such event, the Bond Trustee shall promptly return 2021 Bonds which it has received to the Owners thereof.

The Registrar and Paying Agent shall give the foregoing notices by first class mail, postage prepaid, to the Owners of the 2021 Bonds at their addresses as shown on the bond registration books kept by the Registrar. Failure to give any notice of redemption as to any particular 2021 Bonds or any defect therein shall not affect the validity of the call for redemption of any other 2021 Bonds.

### **BOOK-ENTRY ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2021 Bonds. The 2021 Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2021 Bond certificate will be issued for each maturity of the 2021 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchase of 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2021 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmations from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2021 Bonds, except in the event that use of the book-entry only system for the 2021 Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2021 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Redemption proceeds, distributions, and dividend payments on the 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Airport Trustees or Bond Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Trustee, or Airport Trustees, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Airport Trustees or Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

### **INFORMATION PERTAINING TO THE AUTHORITY AND THE TRUST**

The Airport has been in continuous operation since 1928 and is currently operated by the Trust.

The Trust was created for the benefit of the City and the specific public purposes set forth in the Trust Indenture. The legality of similar municipal trusts has been sustained by the Supreme Court of Oklahoma, although the Supreme Court has not addressed the validity of the Trust itself.

The Trust entered into an Amended and Restated Lease Agreement with the City effective January 1, 2014 (the "Restated Lease Agreement"), to enhance operational efficiency, economy and service to the airlines serving TIA and reduce operating costs. The Restated Lease Agreement created more autonomy for the Trust, but continued the same underlying lease arrangements with the City. As a result of the Restated Lease Agreement, many of the financial and management services previously provided to the Trust by the City were undertaken by the Trust and the employees at the Airports were hired by the Trust upon termination of their employment with the City, effective January 1, 2014.

Under the Trust Indenture, the Trustees are empowered, among other things:

- (1) to acquire interests in real and personal property;
- (2) to alter and modify any and all airport improvements, buildings and structures located on any leasehold estate acquired by the Trust, and to erect, construct and install additional buildings, structures, fixtures, equipment and facilities therefor;
- (3) to incur indebtedness to cover the cost thereof and to refinance such indebtedness;

(4) to lease or sublease such premises with or without such improvements and to secure the payment of such indebtedness by the assignment of all or any part of the rents and income that may be derived thereunder, with full power and authority to enforce all terms and conditions of, and to modify and cancel or otherwise terminate, the same; and

(5) to acquire by lease, purchase, devise, bequest or otherwise, and to plan, establish, develop, construct, enlarge, improve, maintain, equip, operate and regulate any and all physical properties designed or needful for utilization in the furnishing and providing of services in connection with the Airports.

Pursuant to the Trust Indenture, when any person has been appointed and qualified as a member of the Authority, he or she is thereupon deemed to have accepted an appointment as an Airport Trustee, and continues as such as long as he or she remains a member of the Authority.

Under the Restated Lease Agreement, the City has leased, assigned and pledged to the Trust the following:

- (1) the Airports;
- (2) all unexpired and future Airport-Airline Use and Lease Agreements with Signatory Airlines, Cargo Carrier Use and Lease Agreements with Signatory Cargo Carriers, and all other unexpired leases and contracts executed, or to be executed by the City and third parties, regarding the Airports or any goods or services provided at the Airports;
- (3) all income, revenues and money derived from the operation and management of the Airports, or the furnishing and supplying of the services, facilities, and commodities and including income derived from any Special Facility Lease (as defined in the Bond Indenture), or from the sale or rental of any commodities or goods in connection with the Airport; and
- (4) all property, real or personal, property rights and privileges acquired in the name of the City, for use in connection with the Airports, including all other property (real, personal, mixed or otherwise), additions, expansions and improvements, now or hereafter constructed or acquired belonging to or pertaining to the Airports.

#### **Airport Trustees and Authority Members**

*Joe Robson*, Chair, is President of The Robson Companies, Inc., developer of Forest Ridge and Forest Ridge Golf Club, an 800 acre Master Planned Community in Broken Arrow, Oklahoma. Mr. Robson is a graduate of Southern Methodist University and the Graduate Builders Institute – National Association of Home Builders. He has served on the Board of Directors of the National Association of Home Builders and as President of the Tulsa Home Builders Association and the Oklahoma State Builders Association. Mr. Robson has been a Director of the Oklahoma State Chamber of Commerce and Industry and the Metropolitan Tulsa Chamber of Commerce as well as the Broken Arrow Chamber of Commerce and the Broken Arrow Economic Development Corporation, including service as Chairman of each entity, and on the Broken Arrow Public Schools Foundation

*G.T. Bynum*, Mayor and Airport Trustee Ex-Officio – Mayor Bynum was sworn in as the 40th Mayor of Tulsa on December 5, 2016. Prior to his election as Mayor, Bynum served for eight years on the Tulsa City Council. During that time, he was elected as the youngest City Council Chairman in Tulsa history. Throughout his time in Tulsa city government, Mayor Bynum has focused on fiscal restraint, public safety, and infrastructure. He led the successful effort to enact the largest streets improvement package in the city's history, authored the first city sales tax cut in Tulsa history, crafted budget amendments putting Tulsa Police Department helicopters back into service and doubling the number of Police academies, authored legislation creating the first municipal rainy day fund in Oklahoma, and coordinated efforts to establish the first municipal veterans treatment court in the United States. Mayor Bynum previously worked as the managing partner of Capitol Ventures, and before that in the United States Senate for Senators Don Nickles and Tom Coburn. He has also worked on the senior management team of a national real estate firm and for the American Red Cross. Mayor Bynum has served on the boards of directors for Leadership Oklahoma, Leadership Tulsa, and the Tulsa Historical Society. He also served on the Board of Regents for the University of Science and Arts of Oklahoma, and is currently a member of the Augustinian Advancement Advisory Council. Mayor Bynum is a graduate of Villanova University, and is a graduate of Leadership Oklahoma and Leadership Tulsa.

*Mary E. Smith Crofts*, Airport Trustee, has served the state's aerospace industry for over a decade including service as Executive Director of the Oklahoma Aerospace & Defense Alliance, Vice President of Economic Development for the Tulsa Metro Chamber and Director of Marketing and Business Development for the Tulsa Airport Authority where she was also responsible for air service development and creation/management of the Aerospace Alliance of Tulsa. During her tenure on Airport staff, Ms. Crofts received her professional designation as a Certified Member of the American Association of Airport Executives. She previously served on the Oklahoma Aeronautics Commission, the Oklahoma Space Industry Development Authority (OSIDA), the Oklahoma Aerospace Alliance Advisory Group, the Tulsa Air and Space Museum, and as Chair of the Tulsa Economic Development Commission. Ms. Crofts received her degree from Illinois State University, is a licensed private pilot, and a graduate of Leadership Tulsa and Leadership Oklahoma.

*Jeff Stava*, Airport Trustee, is Chief Operating Officer of the Tulsa Community Foundation, oversees the George Kaiser Family Foundation's real estate portfolio, and is the Project Director for the Gathering Place for Tulsa's River Parks development project. He also serves as the executive director of the Tulsa Beautification Foundation (a Tulsa Community Foundation supporting organization) where he supports projects including downtown revitalization, economic development, neighborhood improvement and beautification. Formerly, Mr. Stava was President and CEO of Outdoor Innovations and Sports Wire, LLC. Mr. Stava is Chair of the Tulsa Industrial Authority, a founding member of the Visit Tulsa Capital Campaign Oversight Committee, on the Board of Governors for Catholic Charities and a member of Young Presidents Organization. Mr. Stava is a graduate of Baylor University with a degree in Business Administration, Operations Management.

*Kent Harrell*, Airport Trustee, is President and owner of Harrell Energy Co. in Tulsa. Mr. Harrell graduated from the University of Oklahoma with a BBA in Petroleum Land Management and has served his industry as a Director of Tulsa Association of Petroleum Landmen ("TAPL") and American Association of Petroleum Landmen, Board Member, Secretary and Chairman of the Oklahoma Independent Petroleum Association ("OIPA"), Co-Founder and Chairman of the Natural Gas Policy Committee of the OIPA, and founding member of the Oklahoma Energy Resources Board. Mr. Harrell received a Lifetime Achievement Award from TAPL, was a Service Award recipient of OIPA's and its first Member of the Year, and the Wildcatters Club of Oklahoma selected him as a Hall of Honor recipient. His community service includes tenure on the Gilcrease Museum Board, the Thomas Gilcrease Museum Trust Advisory Council, the Gilcrease National Board, presidencies of the Summit Club of Tulsa and the Petroleum Club of Tulsa, and board membership of Tulsa Zoo Management, Inc. Mr. Harrell was a Co-Founder and Board Member of Summit Bank of Tulsa and serves on the Advisory Board of Commerce Bank, Tulsa.

### **Authority Administration**

The administrative staff of the Authority includes the following management personnel:

*Alexis Higgins, A.A.E.*, Chief Executive Officer, a 20-year employee of Tulsa Airports Improvement Trust, Ms. Higgins was named Chief Executive Officer in March 2019 after serving previously as Chief Operating Officer and Deputy Director of Marketing & Community Relations. As Chief Executive Officer, she develops organizational policy, administers all activities associated with the operation of Tulsa International Airport and Richard L. Jones, Jr. Airport, and sets the organization's annual and strategic business plans. She graduated *cum laude* from the University of Tulsa Business School, where she was named Outstanding Marketing Graduate, with a degree in Marketing and double minors in Management and Russian Language. She achieved the professional designation of Accredited Airport Executive from the American Association of Airport Executives in June 2010. In addition to her work at the Airport, she serves on the board of the Tulsa Air and Space Museum and supports Challenge Air for Kids by serving on their Tulsa Fly Day event committee.

*Fabio Spino*, Chief Financial Officer, joined Tulsa Airports Improvement Trust in February 2015 as the Accounting Manager and was elevated to Chief Financial Officer in July 2018 upon the retirement of the former Deputy Director of Finance and Administration. Mr. Spino earned a Bachelor of Science in Business Administration, Finance from the University of Rhode Island and a Master of Business Administration from Norwich University, where he completed the program *summa cum laude*. Mr. Spino was elected a member of Delta Mu Delta, an International Business Honors Society while completing his Master's program. Mr. Spino has over twenty years' experience in finance ranging from banking to real estate, working for such organizations as AMB Property Corporation, JP Morgan Chase, and Boston Financial Data Services. Prior to joining Tulsa Airports Improvement Trust, Mr. Spino held positions with Franklin Street Properties Inc. in Wakefield Massachusetts in an investment firm specializing in and focusing on the asset class of real estate. Mr. Spino was the Assistant Controller

for Symes Associates Inc., located in Beverly Massachusetts, a private real estate management and development firm.

*Jeff Shaw*, C.M., ACP, TAIT Secretary and Director of Risk and Legal Services and TAIT Secretary, joined Tulsa Airports Improvement Trust in June, 2011. Mr. Shaw holds a certified paralegal designation with an advanced certification in trademarks. He currently works with all Airport departments to ensure that risk management and insurance issues are properly addressed as well as managing, supervising, and directing all outsourced legal work.

Mr. Shaw began his career in 1994, as a litigation paralegal at Gardere Wynne Sewell LLP, concentrating on complex environmental defense litigation involving historical oilfield operations, Resource Conservation and Recovery Act (RCRA) and Superfund (CERCLA) and other issues, including significant environmental matters at San Francisco International Airport and Miami International Airport. Mr. Shaw also assisted a trade group of federal oil and gas lease holders in crafting federal legislation that came to be known as the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (FOGRSFA). In early Fall of 2001, Mr. Shaw went to work at the Tulsa, Oklahoma law firm Hall, Estill, Hardwick, Gable, Golden and Nelson, PC, again focusing on complex litigation defense, primarily large-scale construction litigation involving multinational Deepwater Gulf of Mexico SPAR and Tension Leg Platform (TLP) construction issues. He has assisted “at the table” in numerous state and federal trials in many jurisdictions, and has also managed complex, large-scale document productions.

Mr. Shaw graduated from Tulsa Community College with a degree in paralegal studies in 1996 with honors, and was admitted Phi Theta Kappa.

*Patti Colbry*, Director of Human Resources, joined Tulsa Airports Improvement Trust in February of 2016, after relocating to Tulsa from West Michigan. She holds her Bachelor’s degree in Interpersonal and Public Communications with a minor in Business Administration from Central Michigan University. In 2010, Ms. Colbry earned the accreditation of Professional in Human Resources (PHR) while serving as HR Manager at a large Michigan manufacturing company. At Tulsa Airports Improvement Trust, she was promoted to the position of Director of Human Resources in May of 2017, with responsibility over all human resources functions including employee staffing, retention, development, relations, compensation, benefits and compliance. In addition to her work in Human Resources, Ms. Colbry currently chairs the Tulsa Airports Improvement Trust Safety Committee and Charitable Giving Committee.

*Bryan Crook*, C.M. Director of Customer Experience, joined Tulsa Airports Improvement Trust in April 1989 as a Building Maintenance Worker, then worked as the High Security Locksmith for 22 years. Mr. Crook was promoted to Building Maintenance Supervisor in 2014, and then in 2017 Mr. Crook was promoted to Building Maintenance Manager. In his current role, attained in March 2019, he oversees all aspects and touchpoints that impact the customer’s total experience and satisfaction at the Airport. Mr. Crook graduated *summa cum laude* from Oklahoma Wesleyan University with his Bachelor’s degree in Business Administration in 2016.

*Jonathan Gobbo*, C.M. Director of Real Estate, joined Tulsa Airports Improvement Trust in April of 2019. Mr. Gobbo is a United States Marine Corps veteran with a combat tour in Iraq in 2004-2005. He was Honorably Discharged at the rank of Staff Sergeant in 2011. Mr. Gobbo is a graduate of Oklahoma State University with a BS in Business Administration with an Emphasis in Entrepreneurship and a member of Sigma Chi Fraternity. Before joining Tulsa Airports Improvement Trust, Mr. Gobbo was the Director of Commercial Real Estate for KW Commercial (the commercial arm of Keller Williams Realty) in eastern Oklahoma and he brings over 14 years of real estate experience to the team.

*Andrew Pierini*, C.M. Director of Air Service Development and Marketing, joined Tulsa Airports Improvement Trust in April 2019. Mr. Pierini has broad experience from both the airline and aircraft manufacturing industries, most recently working in the Commercial Sales and Marketing organization for the Boeing Company, where he supported sales campaigns and consulted with airlines globally in expanding their route networks and fleet requirements. Mr. Pierini started his career at Southwest Airlines where he worked in Network Planning with roles focusing on network strategy and capacity planning, both domestically and abroad. Mr. Pierini holds a bachelor’s degree in Aviation Management from the University of Oklahoma and a Master of Business Administration degree from Embry-Riddle Aeronautical University.

*Frank Relja*, PE, Director, Engineering and Planning, joined Tulsa Airports Improvement Trust as Airports Facilities Engineer in July, 1995, became Senior Engineering in July, 2000, moved into the Facilities Section Chief

position in August, 2004, and was appointed to his current position in July, 2016. Prior employment included Project Manager for the consulting firm HNTB, (1987-1995), Design Engineer and Estimator for JEM Engineering, (1985-1987) and Inspector for the Missouri Department of Transportation, (1983-1985). He attended the University of Missouri-Rolla (Missouri S&T) and earned a Bachelor of Science Degree in Civil Engineering. Mr. Relja is a Registered Professional Engineer in the State of Oklahoma, a member of the Order Of The Engineer, and Oklahoma Airports Operators Association.

*James Rockholt*, C.M., Chief Information Officer, joined Tulsa Airports Improvement Trust in August 2006 as a Senior Local-Area Network Analyst. Mr. Rockholt took over responsibilities of Information Technology Manager in August 2012, and was appointed to his current position in April 2016. Mr. Rockholt is responsible for the information technology strategy, cybersecurity, computer systems, and telecommunications required to support the organization's objectives and goals. Mr. Rockholt graduated from the University of Tulsa Business School with a major in Management Information Systems and a minor in Marketing. He is a Certified Member of the American Association of Airport Executives and a member of Information Systems Security Association.

*Shawn Chittum*, C.M., ACE, Director of Airport Operations has over 24 years of experience in the aviation field with 14 years in direct airfield operations roles. Prior to joining Tulsa Airports Improvement Trust, Mr. Chittum was an Airside/Landside Operations Manager with the Houston Airport System. Mr. Chittum earned his commercial pilots license, flight instructor license, and associate degree from Spartan School of Aeronautics at R.L. Jones, Jr. Airport in Tulsa Oklahoma. Mr. Chittum then went on to complete his Bachelor of Science degree in Aviation with a minor in Aviation Safety from Embry Riddle Aeronautical University. He has also received his Certified Member designation from the American Association of Airports Executives, as well as designation as an Airport Certified Member for operations. In addition to his professional experience, Mr. Chittum has also served on local corporate advisory boards, civic organizations, and as chairman of charitable events in the Houston area.

## **DESCRIPTION OF THE AIRPORTS AND PLANNED AIRPORTS IMPROVEMENTS**

### **Tulsa International Airport**

TIA, which began operations in 1928, is located within the limits of the City of Tulsa, approximately seven miles from the central business district. TIA encompasses approximately 4,926 acres, the majority of which are used for TIA operations or reserved for future TIA growth. The remainder of the acreage is used for an Air National Guard facility, facilities for Spirit Aerosystems, Inc. ("Spirit"), and the American Airlines Maintenance and Engineering Center.

The FAA classifies TIA as a small hub. A small hub is defined as a community enplaning less than 0.25% of the total passengers enplaned on certificated route air carriers scheduled service in the United States.

*Runway Complex.* TIA's runway pattern consists of two parallel North/South runways and an East/West runway, which are designed to accommodate 90 peak hour aircraft flight operations under visual flight conditions and a maximum of 50 peak hour operations under instrument flight conditions. The primary North/South (18L/36R) runway is a concrete grooved runway, separated by 5,000 feet from the secondary runway, is 9,999 feet long and 150 feet wide, with high intensity edge lights, and precision approach path indicators. This runway was entirely reconstructed, with reconstruction completed in July of 2014, and has Category II instrument landing approach system for runway 36R and a Category I instrument landing approach system for runway 18L. The lighting system and all other field lighting at TIA are supported by two alternate sources of commercial power, with an electric power generator as a third source.

The secondary North/South (18R/36L) runway is constructed of grooved asphalt and is used predominantly by general aviation traffic. This runway has High Intensity Edge Lights with Runway End Identification Lights and Precision Approach Path Indicators. It is currently 6,101 feet long and 150 feet wide. This runway was extended 600 feet to its present length in 1985. This runway has a Category I instrument landing system for approaches from the north. All approaches are equipped with RNAV (GPS).

The East/West (08/26) runway is a concrete grooved runway which is 7,376 feet long and 150 feet wide. This runway has High Intensity Edge Lights, Runway End Identification Lights, Precision Approach Path Indicators, and RNAV (GPS) and VOR/DME instrument approach procedures to both ends of the runway.

The primary North/South (18L/36R) runway and the East/West (08/26) runway are designed to accommodate the heaviest commercial or military aircraft that are currently in service. The approaches and departures on all three runways are supported by the latest ASR 9 Radar system which is incorporated in the facilities of the Tulsa Air Traffic Control Tower.

*Terminal Area.* The air-line passenger terminal, which has approximately 568,151 square feet of usable space and 22 gates, is located on the south edge of TIA between the two parallel North/South runways. Access to the terminal is provided by expressways on the North, East and South sides of TIA and is supplemented by a major arterial street system around the perimeter of TIA. In addition, rail service is available on the North and South perimeters and an inland water port is located within five miles of the terminal building. The terminal uses a two-finger, two-level, concourse configuration with upper level gate lobbies. The central portion of the terminal, located between the concourses, houses passenger ticketing and commercial ground transportation. Each concourse has its own baggage claim area on the upper level located directly across from the public parking lot and is connected by a walkway to commercial ground transportation in the center terminal. Waiting areas, shops, offices and dining facilities are also located on the upper level.

*Parking Garage.* In 2018, TIA completed a project to reconstruct and expand the existing parking garage. The expansion included a covered third level that provides additional public covered parking and which allowed the Airport to reclaim covered parking on the facility's lower level by moving rental car operations to the covered second level. The parking garage now offers approximately 2,256 transient covered parking spaces.

*General Aviation Facilities.* Thirty major hangars have been constructed for general aviation activities at TIA. The principal suppliers of service to general aviation traffic are six fixed base operators, which provide fueling and other aviation services. There are approximately 174 general aviation aircraft based at TIA.

*Other Facilities.* The Oklahoma Air National Guard, 138th Fighter Wing, is located in the extreme northeast section of TIA air operations area. This facility is located on 100.44 acres of land and employs approximately 1,000 civilians and military personnel. The Guard currently maintains General Dynamics F-16 aircraft.

The Army Aviation Support Facility, 1st Battalion 245th Aviation, located east of TIA employs 90 military and civilian personnel. They currently maintain 15 UH-60 military helicopter aircraft. The Army National Guard and Air National Guard have agreed to supplement emergency rescue services at TIA should a major disaster occur.

American Airlines ("American") Maintenance, Repair and Overhaul Center ("MROC"), located on 244 acres along the central eastern edge of TIA, is American's worldwide headquarters for maintenance and engineering. The MROC is American's largest overhaul base and the world's largest maintenance facility featuring 3.3 million square feet of hangar and shop space stretching across 33 acres with six aircraft hangars in which heavy maintenance, repair and overhaul work is performed on Boeing and Airbus aircraft, as well as overhaul work on Pratt & Whitney and GE engines. The City of Tulsa owns the land and most of the buildings at the MROC where approximately 5,200 employees provide major overhaul, inspection and maintenance for American's fleet.

In April 2016, Tulsa voters approved an extension of the City of Tulsa's Vision 2025 tax initiative which included funding for additional infrastructure improvements at the MROC. The City's infrastructure development at the MROC included modifying, enlarging, and enhancing three (3) doors at two (2) hangars on the base premises to allow new larger aircraft to be repaired and maintained at the MROC, as well as other significant upgrades. In addition, DXC Technology Services (formerly HP Enterprises Services) ("DXC") employs between 500-1,000 people at its facility adjacent to the MROC. DXC provides computer reservation and related services to American and other commercial companies.

On February 28, 2020, American announced the largest private economic development investment in the history of the City of Tulsa. The improvement plan consists of a seven-year, \$550 million rehabilitation of the MROC. The improvements include a new 193,000-square-foot hangar with the capacity to accommodate two wide-body aircraft or up to six narrow-body aircraft. Also included will be a new 132,000 square-foot base support building for administrative offices.

A former federal government defense facility known as Air Force Plant No. 3 occupies 332 acres of land and is located contiguous to the southeast section of TIA. In 1994, the United States Department of the Air Force leased a portion (86 acres with facilities) to the City of Tulsa. On May 10, 1995, the United States Department of

the Air Force leased to the City the remainder of Air Force Plant No. 3 containing 246 acres with facilities and improvements thereon (the "1995 Lease"). In 1994, legislation was approved by the United States and signed by the President (Section 2831, Public Law No. 103-337, Oct. 5, 1994) which permitted the facility to be transferred to the City. In December 1999, the U.S. Air Force transferred to the City by Quit Claim Deed the ownership of Air Force Plant No. 3.

In 1994, the Airport Trustees subleased approximately 56 acres of the Air Force Plant No. 3 and related facilities to Rockwell International Corporation ("Rockwell") for use as facilities in support of military and commercial contracts. This lease was assigned to the Boeing Company ("Boeing") upon its purchase of Rockwell's Defense and Aerospace Operations in 1997. In May of 1998, the City leased a major portion of Building 1 at Air Force Plant No. 3 to Boeing for the manufacture of various aircraft components and parts. In 2005, Boeing leases and assets at the Airport were transferred to Mid-Western Aircraft Systems, Inc. In July 2005, Mid-Western Aircraft Systems, Inc. changed its name to Spirit Aerosystems, Inc. ("Spirit").

Spirit is a non-original equipment manufacturer (OEM), aircraft parts designer and manufacturer of commercial aero-structures. Spirit employs approximately 1,250 people at TIA and another 250 in McAlester, Oklahoma. Spirit is the world's largest Tier 1 aerospace manufacturing company. Boeing is currently Spirit's most significant customer. In Tulsa, Spirit manufactures wing components for many Boeing products. On December 9, 2014, Spirit announced the sale of its Gulfstream wing work packages at Spirit's facility at TIA to Triumph Group Inc., a Pennsylvania-based international supplier of aerospace components and systems. The sale to Triumph Aerostructures Tulsa, L.L.C. ("Triumph") closed on December 30, 2014, and includes both the G650 and G280 wing programs. On December 19, 2018, Spirit announced new jobs in Tulsa that will assist in their increase in production of the Boeing 737. Phase one of plant improvements and workforce expansion was scheduled to begin in 2019. However, phase one has been delayed until the Boeing 737 MAX aircraft production resumes. Spirit has expressed that they remain committed to their investment in Tulsa operations, with facility improvements continuing and employment levels expected to return to prior levels following resumption of production of the Boeing 737 MAX aircraft. Throughout 2022 Spirit intends to further invest in equipment, tooling and upgrades to facilities.

The remaining portion of Building 1 at Air Force Plant No. 3 is leased to IC of Oklahoma LLC, who converted the facility to a state of the art school bus manufacturing plant. IC of Oklahoma LLC currently employs more than 1,000 people at its Tulsa manufacturing facility. These employees put nearly 11,000 new school buses on the road each year.

The City of Tulsa leased a portion of the Air Force Plant No. 3 contiguous to TIA to TranAlliance Tulsa, LLC ("TranAlliance") in 1999 for sublease to Federal Express for air cargo. In March 2014, with the approval of Airport Trustees, TranAlliance assigned the sublease to ARCP FE Tulsa, LLC. The facility continues to be used by Federal Express for air cargo.

### **R.L. Jones, Jr. Airport**

R. L. Jones, Jr. Airport ("RVS"), which began operations in 1958 to serve as a reliever airport for TIA, is located in the southwestern quadrant of the City of Tulsa, adjacent to the City of Jenks. Presently, RVS encompasses approximately 752 acres and is bounded on the south by 91st Street South, on the north by 81st Street South, on the east by the Midland Valley Railroad tracks, and on the west by Elwood Avenue.

*Runway Complex.* RVS' runway pattern consists of two parallel North/South runways and an East/West runway. All three runways are constructed of asphalt. The East/West (13/31) runway and the North/South (19L/01R) runway have a single-wheel gross weight bearing capacity of 70,000 pounds, and are equipped with Medium Intensity Runway Lights and Visual Approach Slope Indicators. The primary North/South (19R/01L) runway has a single-wheel gross weight bearing capacity of 60,000 pounds.

The primary North/South (19R/01L) runway is 5,102 feet long and 100 feet wide, with High Intensity Edge Lights, Precision Approach Path Indicators. Runway 01L has a Category I Instrument Landing System. The secondary North/South (19L/01R) runway is 4,208 feet long and 100 feet wide. The East/West (13/31) runway is 2,641 feet long and 50 feet wide. The latter two runways have Medium Intensity Edge Lights and Visual Approach Slope Indicators.

Runway 19R/01L is served by a parallel taxiway system located to the east of the runway which connects the runway with the apron and hangar areas located on the western portion of RVS property. Both ends of Runway

13/31 are served by short parallel taxiways which connect the runway ends with the parallel taxiway systems serving the main runways. In addition, several stub taxiways connect the aircraft parking apron areas and hangar areas with the major taxiways serving the runways. The taxiways are surfaced with asphalt and are 30 to 40 feet in width.

*Other Facilities.* RVS is served by an FAA Air Traffic Control Tower. The tower is equipped with a repeater radar unit (STARS) which receives a radar signal generated from the radar antenna located at TIA.

RVS is serviced by miscellaneous aircraft repair, maintenance and dealer hangars. There are two active licensed full service fixed base operators at RVS providing full service through fuel sales, flight instruction, aircraft rental and maintenance. Flight instruction is principally provided by six service providers (Spartan School of Aeronautics, Riverside Flight Center, Tulsa Community College, Christiansen Aviation, Destinations EFC and Riverside Jet Center).

In addition, RVS is served by many hangar structures of various types including large fixed base operators, industry, flight school, and maintenance hangars, small commercial aviation, undivided T-hangars, T-hangars, and executive and condominium hangars. There are approximately 500 aircraft based at RVS.

In 1998, the Tulsa Technology Center, an Oklahoma vocational technical school, acquired a 33-acre tract and constructed a \$38 million campus contiguous to the R.L. Jones Airport and have entered into an access agreement with the Airport Trustees for use of the R.L. Jones Airport for flight and training operations.

### Planned Airports Improvements

The approved Airport Trustees’ Fiscal Year 2022-2026 Capital Improvement Plan (CIP) identifies projects and potential non-operating funding sources to complete improvements to airside and landside facilities at TIA and R.L. Jones, Jr. Airport. The CIP is updated annually and covers a 5-year planning horizon. Anticipated funding sources for improvements include eligible Federal financial assistance (AIP Grants), Passenger Facility Charges and local funding or a combination thereof when applicable.

The following table sets forth the estimated costs of airports improvements for the Fiscal Years 2022-2026:

**Estimated 5-Year Cost Of Airports Improvements (FY2022-FY2026) <sup>(1)(3)</sup>**  
**(Dollars in Thousands)**

	<u>Payable by Airport</u>	<u>Estimated<sup>(2)</sup> Federal Assistance</u>	<u>Estimated Total Cost<sup>(1)</sup></u>
Terminal Building Improvements	3,690	800	4,490
Airfield Improvements	15,782	73,323	89,105
Parking and Roadway Improvements (Landslide)	1,438	3,942	5,380
R. L. Jones, Jr. CIP	354	3,941	4,295
Total Estimated Cost of Improvements	\$21,264	\$82,006	\$103,270

(1) Estimated costs provided by Airport Staff.

(2) Amounts not funded from federal grants must be funded from available Airport Trustees’ funds and other sources, including Passenger Facility Charges and proceeds of Bonds. Figures for R.L. Jones, Jr. also include estimated State Assistance.

(3) See “RECENT DEVELOPMENTS - COVID-19 PANDEMIC” and “BONDHOLDERS’ RISKS – COVID-19 Pandemic”.

Parking and Roadway Improvements (Landside) identified in the Fiscal Year 2022-2026 Capital Improvement Plan includes rehabilitation of entrance roads, and repair and construction of access/ perimeter road as well as pavement resealing projects at TIA. The largest components of terminal building improvements at TIA consist of replacing revolving doors in the ticket area with vestibules and replacing terminal escalators. Major airfield improvements at TIA include building a new air traffic control tower, construction of a new general aviation inspection facility and improving the runway safety area RW18R-36L with RW 36. The Capital Improvement Plan for R.L Jones Jr consists of connector taxiway rehabilitation RW 1L-19R to TW A, rehabilitation and widening of runway 13/31, updating the airport masterplan, and a pavement rehabilitation design only project for taxiway A, J, Z, NE hangar area perimeter road, and west side road.

The staff of Tulsa Airports Improvement Trust anticipates that other capital improvements may also occur in the future. There is no assurance that any such future capital improvements will occur or that the improvements referred to above represent all potential future capital improvements.

### **Passenger Facility Charge**

As part of the Budget Reconciliation Act of 1990, commercial airports such as TIA are authorized to collect a Passenger Facility Charge (a “PFC”) of either \$1.00, \$2.00, or \$3.00 per enplaned passenger to be used for certain projects to preserve or enhance airport capacity, security or safety; to mitigate the effects of aircraft noise; or to enhance airline competition. On January 24, 2001, Congress enacted the AIR-21 Act which added a PFC rate of \$4.50. According to The Wendell H. Ford Aviation Investment and Reform Act for the 21<sup>st</sup> Century, operators of large and medium hub airports that choose to collect PFCs of up to \$3.00 per passenger have their FAA entitlements to grants-in-aid reduced by an amount equal to one-half of the projected revenues to be derived from such charges, subject to a cap of 50% of such entitlements. If the PFC per passenger is more than \$3.00 the entitlements are reduced by 75% of the projected revenues from PFCs, subject to 75% cap of such entitlements. At present TIA is classified as a small hub and the preceding reductions do not apply. PFCs are available to pay debt service on certain long-term debt of the Airport Trustees, consisting of all or a portion of the 2020A, and 2021B Bonds as of the date hereof. See “AUTHORITY AND SECURITY FOR THE 2021 Bonds – Security for the 2021 Bonds - Rate Covenant and “GROSS REVENUES – Dedicated Revenues.”

Passenger Facility Charge applications contain funding for projects that are either completed or are at various stages of completion. Current PFC collections are authorized pursuant to approval of all of the applications. Each individual application is specific to the projects and amounts to be funded by PFCs as well as the level of PFC to be charged. TIA increased the PFC level on December 1, 2010, from \$3.00 to \$4.50. As of June 30, 2021, the Trust has six (6) open PFC applications and is authorized to collect \$203,959,387 of PFC revenue until April 1, 2034.

## **OPERATING AND FINANCIAL STATISTICS**

Set forth under this heading are certain operating and financial statistics. See “INFORMATION CONCERNING THE SIGNATORY AIRLINES”. Historical operating and financial statistics may not be indicative of future operating and financial results. See "RECENT DEVELOPMENTS-COVID-19 PANDEMIC" and "BONDHOLDERS' RISKS—COVID-19 Pandemic".

TIA is served by a diverse group of air carriers including Allegiant Air (“Allegiant”), American Airlines, Breeze Airways, Delta Air Lines (“Delta”), Frontier Airlines (“Frontier”), Southwest Airlines (“Southwest”), and United Airlines (“United”), along with their regional affiliates. Since March 2020, the Airport dealt with the impact of the COVID-19 pandemic on both flight schedules and passenger traffic. For Fiscal Year 2021, American (mainline and regional affiliates) enplaned the largest share of passengers at TIA with 36.0%, followed by Southwest with 32.26%. Traffic continues to rebound strongly in Tulsa, with June 2021 passenger enplanements at 45% of June 2019 pre-pandemic enplanements.

Recent significant changes to air service at TIA include Breeze Airways’ entrance into the TIA market, with new, year-round nonstop service to Tampa, New Orleans, and San Antonio. American Airlines will be adding year-round service to three new destinations beginning November 2021, Austin, Miami, and Washington D.C. Other changes from American include their new nonstop service to Phoenix extending to year-round service, and adding a second daily flight to Los Angeles beginning in August 2021. Delta Air Lines increased their Tulsa to Salt Lake City service to twice daily, year- round beginning March 2021. Allegiant Air also added year-round, twice weekly service to Austin beginning November 2021. With such changes in air service, TIA now has direct nonstop service to 25 destinations, the most in the history of TIA. See “MANAGEMENT DISCUSSION – Discussion of Operations” for additional discussion of air carrier activity at TIA.

The Airport’s passenger base is almost exclusively Origin & Destination (“O&D”) (i.e., passengers beginning or ending their trips at the Airport) at 98.6% in Fiscal Year 2020.

**AIRLINE MARKET SHARES ENPLANED PASSENGERS**  
**Tulsa International Airport**

Airline	2017		2018		2019		2020		2021 unaudited	
	Number	% of Total	Number	% of Total						
Allegiant Air	56,979	4.13%	56,095	3.92%	54,152	3.59%	42,761	3.91%	40,073	4.85%
American	336,958	24.41%	333,806	23.33%	318,662	21.11%	237,009	21.68%	182,527	22.09%
American Connection / Compass					5,790	0.38%	15,778	1.44%		
American Eagle	19,456	1.41%	9,167	0.64%	21,129	1.40%	11,748	1.07%	33,553	4.06%
American/Express Jet	8,190	0.59%								
American/Mesa dba Envoy	12,582	0.91%	28,937	2.02%	48,848	3.23%	62,710	5.74%	39,171	4.74%
American/Republic									4,092	0.50%
American/Sky West	2,467	0.18%	8,284	0.58%	535	0.04%	439	0.04%	16,900	2.05%
American/US Airways	45,931	3.33%	32,367	2.26%	23,480	1.56%	14,681	1.34%	19,487	2.36%
Breeze									681	0.08%
Delta	100,063	7.25%	112,414	7.86%	101,820	6.75%	77,515	7.09%	43,071	5.21%
Delta Connection / ASA/ Express Jet	47,812	3.46%	32,250	2.25%	5,879	0.39%				
Delta / GoJet					505	0.03%				
Delta Connection / Compass	3,578	0.26%			64	0.00%	72	0.01%		
Delta /Pinnacle/Endeavor	5,629	0.41%	2,240	0.16%	43,110	2.86%	28,647	2.62%	20,330	2.46%
Delta Connection / SkyWest	35,693	2.59%	58,295	4.07%	62,697	4.15%	41,642	3.81%	25,571	3.09%
Frontier			19,545	1.37%	43,876	2.91%	10,872	0.99%	13,321	1.61%
Miami Air	272	0.02%	348	0.02%			168	0.02%		
Southwest	454,881	32.96%	486,535	34.00%	497,107	32.93%	354,720	32.45%	266,510	32.26%
United	48,970	3.55%	33,421	2.34%	66,273	4.39%	39,385	3.60%	7,873	0.95%
United / Air Wisconsin			3,885	0.27%	12,609	0.84%	5,094	0.47%	618	0.07%
United / CommutAir									19,279	2.33%
United Express / Express Jet	94,854	6.87%	61,202	4.28%	70,527	4.67%	40,423	3.70%	2,192	0.27%
United Express / GoJet	21,313	1.54%	19,884	1.39%	15,482	1.03%	12,684	1.16%	15,426	1.87%
United Express / Mesa	17,128	1.24%	38,963	2.72%	41,403	2.74%	23,533	2.15%	26,371	3.19%
United Express / SkyWest	33,912	2.46%	57,828	4.04%	43,319	2.87%	46,842	4.29%	44,558	5.39%
United Express / Trans State	10,402	0.75%	2,731	0.19%	18,915	1.25%	17,076	1.56%		
United Express/Republic Airways	20,498	1.49%	30,218	2.11%	9,375	0.62%	7,991	0.73%	3,883	0.47%
Sun Country/MN Airlines	1,992	0.14%	1,418	0.10%	1,504	0.10%	1,014	0.09%		
Via			520	0.04%	1,836	0.12%				
Other	739	0.05%	556	0.04%	556	0.04%	315	0.03%	740	0.09%
<b>Totals</b>	<b>1,380,299</b>	<b>100.00%</b>	<b>1,430,909</b>	<b>100.00%</b>	<b>1,509,453</b>	<b>100.00%</b>	<b>1,093,119</b>	<b>100.00%</b>	<b>826,227</b>	<b>100.00%</b>

Note: For Fiscal Year ended June 30.

### Summary of Overall Airport Activities

	Fiscal Year Ended June 30,				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u> <u>unaudited</u>
Enplaned Passengers	1,380,299	1,430,909	1,509,453	1,093,119	826,227
Air Freight Activity (tons)	55,379	68,541	69,789	62,546	58,655
Aircraft Operations - TUL	111,640	101,519	93,428	79,625	76,465
Aircraft Operations - RVS	195,175	189,910	186,282	182,532	169,508

### Average Daily Scheduled Flights

	<u>June 30, 2017</u>		<u>June 30, 2018</u>		<u>June 30, 2019</u>		<u>June 30, 2020</u>		<u>June 30, 2021 unaudited</u>	
	<u>Daily Arrivals &amp; Departures</u>	<u>% of Total</u>	<u>Daily Arrivals &amp; Departures</u>	<u>% of Total</u>	<u>Daily Arrivals &amp; Departures</u>	<u>% of Total</u>	<u>Daily Arrivals &amp; Departures</u>	<u>% of Total</u>	<u>Daily Arrivals &amp; Departures</u>	<u>% of Total</u>
American Airlines	24	24.20%	24	25.26%	28	27.73%	26	27.73%	21.1	32%
Delta Air Lines	17	17.20%	15	15.79%	15	14.85%	12	14.85%	16.8	26%
Southwest Airlines	27	27.30%	26	27.37%	25	24.75%	22	24.75%	14.8	23%
United Airlines	28	28.30%	27	28.42%	30	27.70%	24	27.70%	9.8	15%
Allegiant Air	3	3.00%	2	2.11%	2	1.98%	2	1.98%	2.2	3%
Other	0	0.00%	1	1.05%	1	0.99%	1	0.99%	0.7	1%
Total	99	100.00%	95	100.00%	101	100.00%	101	100.00%	65.3	100.00%

### Airline and Air Cargo Landed Weight

(in Pounds)

Airline / Air Cargo Carrier	FY 2017		FY 2018		FY 2019		FY 2020		FY 2021	
	Number	% of Total								
Allegiant Air, LLC	59,111,065	2.93%	56,879,128	2.62%	54,937,404	2.39%	48,578,590	2.54%	55,169,341	3.42%
American	398,264,600	19.76%	399,341,523	18.42%	417,147,318	18.11%	330,462,916	17.30%	254,559,020	15.79%
American/Compass					6,745,500	0.29%	20,836,100	1.09%	0	0.00%
American Eagle / Envoy	20,491,343	1.02%	38,342,870	1.77%	66,526,710	2.89%	87,761,650	4.60%	41,520,760	2.57%
American / Express Jet	9,626,554	0.48%		0.00%	67,000	0.00%	0	0.00%	0	0.00%
American/ Mesa	14,077,000	0.70%	11,808,000	0.54%	25,528,800	1.11%	17,001,100	0.89%	45,386,800	2.81%
American/ Republic									4,638,980	0.29%
American/ SkyWest	4,002,000	0.20%	11,319,000	0.52%	1,340,000	0.06%	670,000	0.04%	26,982,200	1.67%
American/ US Airways / PSA	51,906,800	2.58%	41,906,500	1.93%	28,702,900	1.25%	18,808,800	0.98%	25,067,200	1.55%
Breeze Aviation Group, Inc.									1,331,664	0.08%
Delta	125,777,300	6.24%	136,666,800	6.30%	118,601,320	5.15%	103,931,919	5.44%	77,971,520	4.83%
Delta Connection (Compass)	5,144,223	0.26%		0.00%	75,177	0.00%	89,000	0.00%	0	0.00%
Delta Connection (ASA) (Express Jet)	62,842,800	3.12%	38,355,200	1.77%	6,566,000	0.29%	0	0.00%	0	0.00%
Delta (Pinnacle) (Endeavor)	8,082,700	0.40%	3,023,000	0.14%	50,951,400	2.21%	35,348,400	1.85%	31,992,600	1.98%
Delta/Republic/GoJet		0.00%	74,957	0.00%	670,000	0.03%	0	0.00%	0	0.00%
Delta Connection (SkyWest)	45,298,500	2.25%	76,463,324	3.53%	80,631,893	3.50%	58,792,879	3.08%	48,404,367	3.00%
Frontier		0.00%	23,294,029	1.07%	48,781,434	2.12%	9,982,301	0.52%	15,272,508	0.95%
Southwest	581,014,000	28.83%	606,890,000	28.00%	600,816,000	26.08%	496,144,000	25.98%	402,924,800	24.99%
Sun Country / MN Airlines	6,002,700	0.30%	4,139,500	0.19%	5,413,100	0.24%	5,086,300	0.27%	1,901,900	0.12%
United	76,639,000	3.80%	48,948,100	2.26%	94,326,500	4.10%	57,018,600	2.99%	12,925,200	0.80%
United / Air Wisconsin		0.00%	3,995,000	0.18%	14,382,000	0.62%	6,110,000	0.32%	799,000	0.05%
United Express / CommutAir									20,362,862	1.26%
United Express / Express Jet	98,844,210	4.90%	63,630,842	2.94%	73,297,994	3.18%	49,613,330	2.60%	3,032,646	0.19%
United Express / GoJet	25,929,000	1.29%	25,594,000	1.18%	18,023,000	0.78%	23,992,000	1.26%	24,827,000	1.54%
United Express / Mesa	22,395,100	1.11%	49,583,800	2.29%	57,448,300	2.49%	37,256,600	1.95%	39,247,600	2.43%
United Express/Republic	28,518,630	1.42%	40,584,250	1.87%	13,613,040	0.59%	12,055,680	0.63%	6,461,700	0.40%
United Express / SkyWest	37,798,100	1.88%	63,418,000	2.93%	49,633,500	2.15%	54,760,500	2.87%	62,189,600	3.86%
United Express / Transtates	11,683,150	0.58%	2,866,500	0.13%	19,773,270	0.86%	18,071,300	0.95%	0	0.00%
<b>Other Non-Sig Passenger Carrier</b>	3,037,698	0.15%	4,388,712	0.20%	10,690,661	0.46%	2,181,850	0.11%	11,804,100	0.73
Air Transport	1,584,000	0.08%	86,413,000	3.99%	93,060,000	4.04%	40,675,000	2.13%	0	0.00%
Ameriflight	9,021,420	0.45%	1,250,000	0.06%	11,300	0.00%	1,645,200	0.09%	672,200	0.04%
Federal Express	187,344,900	9.30%	193,309,300	8.92%	197,361,700	8.57%	184,344,900	9.65%	192,923,700	11.96%
Federal Express-Empire	11,719,267	0.58%	17,409,840	0.80%	16,179,996	0.70%	15,360,765	0.80%	12,595,966	0.78%
Federal Express - Mountain Air Cargo dba		0.00%	166,456	0.01%	94,136	0.00%	47,068	0.00%	36,160	0.00%
Martinaire	4,292,500	0.21%	4,309,500	0.20%	4,080,000	0.18%	4,284,000	0.22%	3,493,500	0.22%
Surburban Air		0.00%	3,381,000	0.16%	4,073,300	0.18%	4,121,600	0.22%	4,202,100	0.26%
UPS	99,767,200	4.95%	103,816,960	4.79%	111,087,280	4.82%	126,080,800	6.60%	144,163,440	8.94%
Oher Cargo	5,183,798	0.26%	6,174,992	0.28%	12,776,930	0.55%	38,630,806	2.02%	39,800,541	2.47%
<b>Totals</b>	<b>2,015,399,558</b>	<b>100.00%</b>	<b>2,167,744,083</b>	<b>100.00%</b>	<b>2,303,414,863</b>	<b>100.00%</b>	<b>1,909,743,954</b>	<b>100.00%</b>	<b>1,612,660,805</b>	<b>100.00%</b>

**Tulsa Airports Improvement Trust**  
**Summary Of Historical Revenues And Expenses And Debt Service Coverage\***  
**(Year Ended June 30)**  
**(Amounts in Thousands)**

	for the fiscal year ended June 30,				
	2017	2018	2019	2020	2021 unaudited
<b>Revenues</b>					
Landing fees - signatory and non-signatory	\$ 7,498	\$ 8,100	\$ 6,763	\$ 7,004	\$ 5,946
Passenger airline terminal revenue	5,983	6,073	3,502	6,320	6,783
Other aeronautical revenue	3,576	3,670	3,773	4,536	4,332
Nonaeronautical terminal revenue	2,189	2,490	2,760	2,593	1,749
Other nonaeronautical operating revenue	13,388	15,544	16,491	13,021	10,584
R. L. Jones Airport revenue	1,079	1,094	1,121	1,132	1,177
Okmulgee	72	95	110	0	0
<b>Total Revenues</b>	<b>\$ 33,785</b>	<b>\$ 37,066</b>	<b>\$ 34,520</b>	<b>\$ 34,605</b>	<b>\$ 30,571</b>
<b>Non-operating revenues</b>					
Interest available for Debt Service	\$ 248	\$ 402	\$ 653	\$ 667	\$ 226
Customer Facility Charges	3,126	3,190	3,297	2,652	2,037
Other	103	104	141	125	51
<b>Total gross revenues before transfers</b>	<b>\$ 3,477</b>	<b>\$ 3,696</b>	<b>\$ 4,091</b>	<b>\$ 3,444</b>	<b>\$ 2,314</b>
<b>Expenses</b>					
Personnel Compensation and Benefits	\$ 10,444	\$ 11,269	\$ 11,309	\$ 12,084	\$ 10,831
Service Contracts	6,946	6,962	7,049	6,413	5,222
Materials, Equipment & Supplies	1,278	2,049	1,671	1,564	962
Utilities & Communications	1,597	1,653	1,703	1,614	1,502
Insurance, Claims & Settlements	304	314	300	494	613
Other operating expenses	714	897	1,008	1,079	724
Operating capital equipment purchases	914	1,522	1,027	1,513	697
<b>Total expenses</b>	<b>\$ 22,197</b>	<b>\$ 24,665</b>	<b>\$ 24,067</b>	<b>\$ 24,761</b>	<b>\$ 20,551</b>
<b>Revenue Subtotal</b>	<b>\$ 15,065</b>	<b>\$ 16,097</b>	<b>\$ 14,544</b>	<b>\$ 13,288</b>	<b>\$ 12,326</b>
<b>Other Revenue</b>					
Transferred funds and funds available	\$ 6,873	\$ 6,286	\$ 7,223	\$ 12,181	\$ 11,537
PFC Revenue dedicated to debt service	5,706	6,246	6,246	6,245	4,816
<b>Total Other Revenue</b>	<b>\$ 12,579</b>	<b>\$ 12,535</b>	<b>\$ 13,469</b>	<b>\$ 18,426</b>	<b>\$ 16,353</b>
<b>Net Revenue Available</b>	<b>\$ 27,644</b>	<b>\$ 28,632</b>	<b>\$ 30,583</b>	<b>\$ 31,716</b>	<b>\$ 28,551</b>
<b>Debt Service</b>	<b>\$ 17,457</b>	<b>\$ 15,653</b>	<b>\$ 15,416</b>	<b>\$ 15,310</b>	<b>\$ 16,022</b>
<b>Debt Service Coverage</b>	<b>1.58</b>	<b>1.83</b>	<b>1.98</b>	<b>2.07</b>	<b>1.78</b>

Source: Tulsa Airports Improvement Trust audit for the respective year unless noted otherwise.

\* Please refer to the sections titled "Security for the 2021 Bonds", "Security for the 2021 Bonds – Rate Covenant", "Gross Revenues" and "Funds Not Gross Revenues" and the "Summary of Certain Provisions of the Indenture – Gross Revenues, Application of Gross Revenues and Covenants as to Rates, Rentals, Fees and Charges" included as Appendix F to this Official Statement for a discussion of the security for the 2021 Bonds, and calculation of the rate covenant by the Airport Trustees. The preceding table includes PFC Revenue dedicated to debt service in the calculation of debt service coverage, as well as the debt service payable by PFC Revenue dedicated to debt service, but PFC Revenue is not available to pay debt service on bonds that were not issued to fund PFC eligible Projects.

## MANAGEMENT DISCUSSION

The City of Tulsa, located in northeastern Oklahoma, is the second largest city in the State. Tulsa is the central city of the Tulsa Metropolitan Statistical Area (the “Tulsa MSA”). The City is approximately 193 square miles in size whereas the Tulsa MSA covers approximately 5,161 square miles. The Tulsa MSA is comprised of seven counties: Okmulgee, Creek, Osage, Pawnee, Rogers, Tulsa and Wagoner counties. In 2019, the aggregate population of the Tulsa MSA was estimated to be 991,561 or 25 percent of the population of the state of Oklahoma.

Tulsa’s major industries are aerospace (including aerospace manufacturing and aviation), health care, energy, machinery and electrical equipment manufacturing, transportation, distribution and logistics. Several clusters, or groups of companies within industries that buy or sell to each other in the manufacture of goods for export from the area, have disproportionately large concentrations of employment relative to the U.S. concentrations and are positioned to grow within the Tulsa MSA.

In the five-year period ending 2019, nearly all sectors in the Tulsa economy showed positive average annual growth. The highest growth occurred in the (i) construction and (ii) leisure and hospitality sectors with 3.7% and 3.4% annual average growth, respectively. Tulsa’s target sectors of mining, manufacturing, transportation, business and professional service, and health services experienced growth in during such period. While Tulsa was heavily impacted by the pandemic, Tulsa saw an increase in large out-of-state companies developing distribution and other facilities near the airport.

### Discussion of Operations

Passenger enplanements decreased 45.26% during Fiscal Year 2021 to 826,227. Year-over-year seat capacity at TIA decreased 22.7% for Fiscal Year 2021 due to the COVID-19 pandemic; however, the general trend continues to see capacity returning toward pre-pandemic levels. United Airlines had the largest decrease in capacity, with a 40.9% decrease in seats for Fiscal Year 2021. Delta decreased capacity by 23.7%, while American and Southwest removed 20.8% and 20.6% of their capacity, respectively. Ultra-low-cost carrier Frontier Airlines increased their TIA capacity by 55.9%, as they increased their frequency on nonstop service to Denver (DEN). Allegiant Airlines capacity was up 7.8%, as they launched nonstop service to Nashville and increased capacity to Destin/Ft. Walton Beach. Breeze Airways began service to Tulsa in June 2021, with nonstop service to Tampa, Florida. Breeze expanded their portfolio from Tulsa by adding service to New Orleans and San Antonio in July 2021. Tulsa was the fifth city to be added to Breeze's route network across the United States. American Airlines launched new seasonal nonstop service to Phoenix beginning in November 2020, and it was quickly increased to daily, year-round service. In addition, American announced they will begin nonstop service to Washington D.C., Miami, and Austin in November 2021. Allegiant announced nonstop service to Austin and Phoenix in November 2021 and Sarasota in December 2021. This will result in TIA having 25 nonstop destinations, the most in TIA history.

### Financial Performance and Position – Fiscal Year 2021

Financial statements for the fiscal year ended June 30, 2021 unaudited (Fiscal Year 2021) showed an increase of approximately \$7.2 million in the financial position of TIA over the prior year primarily due to a \$17 million increase in Noncapital Grant Revenue.

Long-term debt of the Airport Trustees, net of the current portion due, decreased from approximately \$158.4 million in Fiscal Year 2020 to \$149.8 million in Fiscal Year 2021 unaudited with the refinancing of the Airport Trustees General Airport Revenue Refunding Bonds Series 2020A.

Over the next year, the Airport Trustees will continue to focus on reducing costs and increasing revenues. Revenue growth will focus on air service development, rental car and public parking facilities, hotel development, airfield hangar development, and development of vacant landside property.

In response to the COVID-19 pandemic, TAIT has continued an increased level of sanitization procedures throughout the Airport. The Airport remains under a Federal mask mandate through January 12, 2022. The Airport is actively enforcing this mandate. TAIT will continue to assess and implement opportunities to reduce costs and adjust operations to keep the Airport safe and efficient in response to ongoing changes necessitated by the impact of the COVID-19 pandemic.

The United States government, the Federal Reserve Board and foreign governments took legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Safety Act (the "CARES Act"), approved by the United States Congress and signed by the President on March 27, 2020, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. Provisions of the CARES Act, which provide \$10 billion of assistance to airports, include the following: (i) \$3.7 billion to be allocated among all commercial service airports throughout the nation based on calendar year 2018 enplanements for all commercial service airports (according to calendar year 2018 data provided by the FAA, the Airport was the 80th busiest airport in the United States in terms of enplaned passengers), (ii) \$3.7 billion to be allocated among all commercial service airports based on a formula that includes as its factors the fiscal year 2018 debt service for a given airport as a percentage of the combined debt service for all commercial service airports, and the airport's ratio of unrestricted reserves to respective debt service, (iii) \$2 billion to be apportioned in accordance with the Airport Improvement Program entitlement formulas, subject to CARES Act formula revisions, (iv) \$500 million to pay a federal share of the costs of making grants under the Further Consolidated Appropriations Act, 2020 (Public Act 116-94), with unused amounts to be distributed to airports according to the allocations described in (i) and (ii), and (iii) \$100 million reserved for general aviation airports. With the exception of any funds allocated to TAIT under (iv) above, CARES Act funds received by TAIT are eligible to be used for any lawful purpose.

TAIT filed for and was awarded CARES Act funds totaling \$15,704,550. TIA received \$15,547,550 and R.L. Jones Airport received \$157,000 in CARES Act funding. The airport sponsor may use these funds for any purpose for which airport revenues may be lawfully used. CARES Act grant recipients should follow the FAA's Policy and Procedures Concerning the Use of Airport Revenues ("Revenue Use Policy"), 64 Federal Register 7696 (64 FR 7696), as amended by 78 Federal Register 55330 (78 FR 55330). The Revenue Use Policy defines permitted uses of airport revenue. In addition to the detailed guidance in the Revenue Use Policy, the CARES Act states the funds may not be used for any purpose not related to the Airports. Additionally, by accepting this grant, TAIT agreed to continue to employ, through December 31, 2020, at least 90 percent of the number of individuals employed by TAIT as of March 27, 2020. These funds were fully utilized in TAIT fiscal years 2020 and 2021 to reimburse the Airports for general operating expenses with the final draw conducted in March 2021 for the TIA portion of the CARES Act.

In April 2021, the Trustees accepted and approved FAA Airport Coronavirus Response Grant Program (ACRGP) Grant Offer - Grant Number 3-40-0099-099-2021 for TIA in an amount not-to-exceed \$5,202,520 and for R.L. Jones Airport, in an amount not-to-exceed \$57,000.00 Grant Number 3-40-0098-036-2021. These grants were used in full by TAIT in fiscal year 2021 to reimburse the Airports for general operating expenses.

The purpose of this ACRGP Grant is to prevent, prepare for, and respond to coronavirus. Funds provided under this ACRGP Grant Agreement must only be used for purposes directly related to the airport. Such purposes can include the reimbursement of an airport's operational and maintenance expenses or debt service payments in accordance with the limitations prescribed in the Act. ACRGP Grants may be used to reimburse airport operational and maintenance expenses directly related to TIA and R.L. Jones Airport incurred no earlier than January 20, 2020.

Additionally, TAIT was awarded in April 2021 FAA Airport Coronavirus Response Grant Program (ACRGP) Grant Offer - Grant Number 3-40-0099-100-2021, for TIA, in an amount not-to-exceed \$322,922.00 for TIA concessionaires. The purpose of this ACRGP Grant is to provide relief from rent and minimum annual guarantees (MAG) obligations to each eligible airport concession at TIA, in accordance with the Coronavirus Response and Relief Appropriations Act.

TAIT estimates it will receive approximately \$13.97 million from the third round of funding under ACRGP. Such funds will be used primarily to reimburse general operating expenses and provide some concessionaire relief in 2022.

While the future is uncertain, since March of 2021 TIA is experiencing an increase in activities such as enplaned passengers, landed weights and parking. While TIA is still feeling the effects of the pandemic, TAIT is seeing an increase in new airline routes and the addition of Breeze Aviation Group, a low-cost non-signatory passenger air carrier. TAIT has slowly thawed the hiring freeze implemented in March 2020, by hiring essential workers to fill operations positions. The privatization of Aircraft Rescue Fire Fighting coupled with other cost of saving methods has allowed TAIT to stream line expenses which in-turn allows for more financial flexibility. TAIT is actively seeking ways to decrease expenses, increase revenues and maintain a high level of customer service.

## **CyberSecurity**

TAIT uses WatchGuard Firewall for antivirus protection, with updates to information technology systems pushed to all user computers after review and approval by the Head of Information Technology of TAIT. Firewalls and consistent system updates are used to keep TAIT's information technology system secure. Access to the information technology systems is restricted to appropriate parties to the fullest extent possible.

TAIT keeps a full back up of the contents of its Information Technology System off-site, which is not connected to the TAIT Information Technology System. Consequently, if the TAIT Information Technology System is jeopardized by an attempted cyberattack, TAIT has a separate operational information technology system that backs up the data every 24 hours. All computer systems interfacing with the Federal Aviation Administration, including the flight tower, are the responsibility of the Federal Aviation Administration, including protection against and recovery from cyberattack.

## **Transportation Network Companies and Commercial Ground Transportation Policy**

In August and September 2017, respectively, the Trust entered into Operating Agreements with Lyft, Inc. ("Lyft") and Raiser, LLC ("Uber"), containing substantially similar terms and conditions, to provide TIA passengers pre-arranged transportation services at TIA. Both agreements automatically renew for one-year periods. Effective January 2019, the renewed agreement with both Lyft and Uber increased the per trip fee from one dollar to two dollars per pick up at the airport. The trip fee totaled \$96,316 in revenue for Fiscal Year 2021 unaudited. This a decline from 2020 of \$188,971, which is a direct result of decrease in activity due to the pandemic.

In February, 2018, the Airport Trustees approved a Commercial Ground Transportation Policy ("Policy"). Contemporaneously with the approval, the City of Tulsa Ordinances governing TIA were also amended to provide enforcement of the Policy. The Policy implemented a fee schedule for hotel courtesy shuttles, limousines, off airport parking services, and other commercial ground transportation vehicles. The fees and the Policy were implemented to capture: (1) the costs associated with promoting safe and efficient use of limited TIA landside traffic capacity in order to meet a public need; (2) the benefit conferred on the various classes of commercial operators due to the development, operation, and maintenance of TIA; (3) the magnitude or frequency of use of TIA facilities by the various categories of operators including but not limited to roadways, parking areas, and the landside and airside facilities at TIA which generates the base of operators' customers; (4) the costs of general day-to-day maintenance and repair of the roadway, curbing, curb cut-outs, and pedestrian walkway; (5) long-term wear and tear on the roadway; (6) costs of lighting, signage, and roadway striping; (7) the reduction in parking and hotel revenues associated with providing curbside access; and (8) costs associated with managing and policing the congestion and traffic flow on TIA roadways and in courtesy parking areas provided by the Trust. Lyft and Uber are required to follow the non-fee portions of the Commercial Ground Transportation Policy.

### Debt Service Requirements

The debt service requirements for all Outstanding Bonds after the issuance of the 2021 Bonds are set forth below

FYE (6/30)	<u>Outstanding Debt Service</u>			<u>General Airport Revenue Refunding Bonds, Series 2021A and General Airport Revenue Refunding Bonds, Series 2021B (Federally Taxable)</u>			Total Debt Service
	<u>Principal</u> <sup>(1)</sup>	<u>Interest</u>	<u>Total P+I</u>	<u>Principal</u>	<u>Interest</u>	<u>Total P+I</u>	
2022	\$ 7,590,000.00	\$ 4,139,523.20	\$ 11,729,523.20	\$ 320,000.00	\$ 948,126.72	\$ 1,268,126.72	\$ 12,997,649.92
2023	7,675,000.00	3,787,649.50	11,462,649.50	1,215,000.00	1,433,495.00	2,648,495.00	14,111,144.50
2024	5,875,000.00	3,431,049.40	9,306,049.40	2,085,000.00	1,412,751.80	3,497,751.80	12,803,801.20
2025	5,375,000.00	3,174,434.70	8,549,434.70	2,940,000.00	1,380,946.20	4,320,946.20	12,870,380.90
2026	5,580,000.00	2,955,364.70	8,535,364.70	2,975,000.00	1,333,116.46	4,308,116.46	12,843,481.16
2027	6,090,000.00	2,725,184.70	8,815,184.70	2,480,000.00	1,283,519.96	3,763,519.96	12,578,704.66
2028	4,895,000.00	2,474,659.70	7,369,659.70	2,510,000.00	1,243,219.96	3,753,219.96	11,122,879.66
2029	4,045,000.00	2,277,479.70	6,322,479.70	2,560,000.00	1,197,412.46	3,757,412.46	10,079,892.16
2030	4,200,000.00	2,120,979.70	6,320,979.70	2,605,000.00	1,146,366.06	3,751,366.06	10,072,345.76
2031	4,370,000.00	1,956,604.70	6,326,604.70	2,650,000.00	1,091,817.36	3,741,817.36	10,068,422.06
2032	4,545,000.00	1,783,547.20	6,328,547.20	2,410,000.00	1,032,881.36	3,442,881.36	9,771,428.56
2033	4,725,000.00	1,601,524.70	6,326,524.70	2,465,000.00	976,872.96	3,441,872.96	9,768,397.66
2034	4,920,000.00	1,407,071.00	6,327,071.00	2,530,000.00	915,888.86	3,445,888.86	9,772,959.86
2035	5,115,000.00	1,211,205.26	6,326,205.26	2,595,000.00	850,766.66	3,445,766.66	9,771,971.92
2036	5,320,000.00	1,007,571.20	6,327,571.20	2,660,000.00	780,078.86	3,440,078.86	9,767,650.06
2037	5,530,000.00	795,733.66	6,325,733.66	2,740,000.00	705,758.46	3,445,758.46	9,771,492.12
2038	815,000.00	575,537.50	1,390,537.50	2,815,000.00	626,462.86	3,441,462.86	4,832,000.36
2039	855,000.00	540,350.00	1,395,350.00	2,905,000.00	539,226.00	3,444,226.00	4,839,576.00
2040	890,000.00	497,900.00	1,387,900.00	2,995,000.00	449,200.06	3,444,200.06	4,832,100.06
2041	935,000.00	453,700.00	1,388,700.00	3,080,000.00	356,385.00	3,436,385.00	4,825,085.00
2042	985,000.00	407,250.00	1,392,250.00	3,185,000.00	260,935.80	3,445,935.80	4,838,185.80
2043	1,030,000.00	358,337.50	1,388,337.50	3,280,000.00	162,232.66	3,442,232.66	4,830,570.16
2044	1,090,000.00	307,175.00	1,397,175.00	965,000.00	60,585.46	1,025,585.46	2,422,760.46
2045	1,145,000.00	250,450.00	1,395,450.00	990,000.00	30,680.10	1,020,680.10	2,416,130.10
2046	1,150,000.00	190,837.50	1,340,837.50	-	-	-	1,340,837.50
2047	1,210,000.00	130,462.50	1,340,462.50	-	-	-	1,340,462.50
2048	1,275,000.00	66,937.50	1,341,937.50	-	-	-	1,341,937.50
<b>Total</b>	<b>\$97,230,000.00</b>	<b>\$40,628,520.52</b>	<b>\$137,858,520.52</b>	<b>\$57,955,000.00</b>	<b>\$20,218,727.08</b>	<b>\$78,173,727.08</b>	<b>\$216,032,247.60</b>

<sup>1</sup> Excludes principal of refunded bonds

### Additional Debt Plans

TAIT has no additional debt plans as of the date hereof. TAIT has and will continue to monitor opportunities to refinance outstanding bonds to realize a reduction in interest expense.

## THE TULSA METROPOLITAN AREA

The City of Tulsa, located in northeastern Oklahoma, is the second largest city in the State. Tulsa is the central city of the Tulsa Metropolitan Statistical Area (the “Tulsa MSA”). The City is approximately 193 square miles in size whereas the Tulsa MSA covers approximately 5,161 square miles. The Tulsa MSA is composed of Okmulgee, Creek, Osage, Pawnee, Rogers, Tulsa and Wagoner counties.

### Population

The Tulsa MSA had a population of approximately 1,006,411 in 2020 as determined by the U.S. Bureau of the Census’ Data Services. The following table represents population trends of the Tulsa MSA, the City of Tulsa, the State of Oklahoma, and the United States since 1980.

<b><u>Population</u></b>				
<b><u>(thousand)</u></b>				
<b><u>Calendar Year</u></b>	<b><u>City of Tulsa</u></b>	<b><u>Tulsa MSA</u></b>	<b><u>Oklahoma</u></b>	<b><u>United States</u></b>
1980 .....	361	696	3,025	226,546
1990 .....	367	745	3,146	248,710
2000 .....	393	861	3,454	282,162
2001 .....	392	868	3,465	285,040
2002 .....	391	875	3,486	287,727
2003 .....	387	877	3,500	290,211
2004 .....	382	878	3,517	292,892
2005 .....	381	882	3,536	295,561
2006 .....	382	893	3,578	298,363
2007 .....	384	906	3,617	301,290
2008 .....	386	916	3,642	304,060
2009 .....	389	929	3,687	307,006
2010 .....	392	940	3,760	309,338
2011 .....	393	945	3,785	311,644
2012 .....	395	952	3,815	314,657
2013 .....	398	962	3,850	316,882
2014.....	400	969	3,875	319,252
2015.....	403	980	3,904	321,622
2016.....	403	987	3,921	323,961
2017.....	402	991	3,931	326,275
2018.....	401	996	3,943	328,592
2019.....	402	999*	3,968*	330,987*
2020.....	403	1,006	3,959	331,449

<b><u>Average annual percent change</u></b>				
1980-1990 .....	1.66%	7.04%	4.00%	9.78%
1990-2000 .....	7.08%	15.44%	9.69%	13.15%
2000-2010 .....	-0.25%	9.30%	8.92%	9.92%
2010-2020 .....	-7.24%	9.49%	9.22%	8.79%

Note: Tulsa MSA includes the counties of Creek, Okmulgee, Osage, Pawnee, Rogers, Tulsa, and Wagoner.

Source: U.S. Census Bureau, Population Estimates Program, Census 2000 and 2010, and 2020 Population Estimates, [www.census.gov](http://www.census.gov) accessed June 2020.

\*Projected data from [www.growmetrotulsa.com](http://www.growmetrotulsa.com); and [worldpopulationreview.com](http://worldpopulationreview.com), [fred.stlouisfed.org](http://fred.stlouisfed.org)

**CITY OF TULSA (Tulsa MSA)  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Years**

<u>Year</u>	<u>Population</u>	<u>MSA Per Capita Personal Income</u>	<u>Median Age</u>	<u>Percent of High School Graduates</u>	<u>Unemployment Rate</u>
2020	1,006,411	\$56,540	35.1	N/A	4.4%
2019	999,348	\$58,593	35.1	89.4%	3.3%*
2018	995,747	\$57,597	35.5	87.0%	3.6%
2017	990,706	\$51,841	36.9	88.4%	4.5%
2016	987,201	\$48,256	36.8	88.1%	5.0%
2015	981,005	\$54,222	N/A	N/A	4.4%
2014	970,107	\$45,477	34.8	86.7%	4.5%
2013	962,944	\$55,674	34.5	86.7%	5.3%
2012	953,210	\$50,913	34.6	86.7%	5.3%
2011	946,118	\$46,007	34.7	86.7%	6.2%
2010	939,978	\$41,322	37.3	86.8%	7.3%

Sources: Population - U.S. Department of Commerce, Bureau of the Census  
 Per Capita Personal Income - U.S. Bureau of Economic Analysis  
 Median Age and High School Graduates – Tulsa Regional Chamber  
 Unemployment Rate - Oklahoma Employment Security Commission  
 \*Projected data from [www.growmetrotulsa.com](http://www.growmetrotulsa.com) , [www.towncharts.com](http://www.towncharts.com)

**CITY OF TULSA  
PRINCIPAL EMPLOYERS  
2020**

<b>Tulsa MSA Major Employers</b>	<b>2020 Employee Range</b>	<b>Products / Services</b>
AAON	<b>1,000 + Employees</b>	Manufactures Air Conditioning/Heating Units
AEP/PUBLIC SERVICE COMPANY OF OKLAHOMA		Electric Utility
ALORICA, INC.		Customer Tech Service
AMERICAN AIRLINES MAINTENANCE BASE		Aircraft Maintenance
AT&T (TELEPHONE, WIRELESS & DIRECTV)		Telecommunications
BAKER HUGHES (ALL LOCATIONS)		Manufactures Oil Field Machinery & Equipment
BANK OF OKLAHOMA		Banking
BLUE CROSS AND BLUE SHIELD OF OKLAHOMA		Insurance, Customer Service Center
BROKEN ARROW PUBLIC SCHOOLS		Public Schools
CENTURYLINK		Wireless Telecomm Carriers (Except Satellite)
CHEROKEE HARD ROCK HOTEL AND CASINO		Hotel & Casino
CITY OF TULSA		City Government
ENTERPRISE HOLDINGS INC		Rent-a-car Services
HILLCREST HEALTHCARE SYSTEM		Health Care
IC OF OKLAHOMA LLC		Manufactures truck & bus bodies
JENKS PUBLIC SCHOOLS		Public Schools
LOWE'S HOME CENTERS, LLC		Home and Garden Retail
MACY'S FULFILLMENT CENTER		Operates a Consumer Fulfillment Center
NORDAM GROUP		Aircraft Parts & Auxiliary Equipment
ONEOK		Natural Gas Transmission
OSU MEDICAL CENTER		Hospital
OU-TULSA SCHUSTERMAN CENTER		Higher Education
OWASSO PUBLIC SCHOOLS		Public Schools
QUIKTRIP		Convenience Stores
REASOR'S (ALL LOCATIONS)		Grocery Stores
RIVER SPIRIT CASINO		Casino
SAINT FRANCIS HEALTHCARE SYSTEM		Health Care
SPIRIT AEROSYSTEMS		Manufactures aircraft parts & equipment
ST. JOHN HEALTH SYSTEM		Health Care
TARGET CORP		Retail
TULSA COMMUNITY COLLEGE		Community College
TULSA COUNTY		County Government
TULSA PUBLIC SCHOOLS		Public Schools

U.S. POSTAL SERVICES Multiple locations in the MSA Tulsa, OK		Postal Services
UNION PUBLIC SCHOOLS		Public School
UNIVERSITY OF TULSA		University
VERIZON BUSINESS		Communication Services
WAL-MART/SAM'S CLUB		Retail
WHIRLPOOL CORPORATION		Manufactures household gas ranges; manufactures household electric ranges; wholesales electrical major appliances
WILLIAMS COMPANIES		Oil & Gas
AMERISTAR FENCE PRODUCTS INC	<b>500-999 EMPLOYEES</b>	Manufactures ornamental iron or steel fences or posts
ASPLUNDH TREE EXPERT CO		Landscaping Services
AVIS BUDGET GROUP		Reservation Center
BAMA COMPANIES		Manufacturers Frozen Bakery Products
CANCER TREATMENT CENTERS OF AMERICA		Specialty Hospital
CAP TULSA		Other Individual and Family Services
CAPITAL ONE AUTO FINANCE		Telemarketing Services
CITY OF BROKEN ARROW		City Government
COX COMMUNICATIONS INC		Cable Television
DISH NETWORK		Satellite Telecommunication Services
DXC TECHNOLOGY (FORMERLY HP ENTERPRISE SERVICES)		Systems engineering, computer support; data center
FAMILY & CHILDREN'S SERVICES, INC.		Social and Rehabilitation Services
FLIGHT SAFETY INTL INC		Aircraft Flight Training Equip (Mfrs)
HELMERICH & PAYNE INC		Oil & Gas Well Drilling Service
HOLLYFRONTIER		Petroleum Refining
HOME DEPOT		
JOHN ZINK CO LLC		Manufactures industrial combustion control instruments
KIMBERLY-CLARK		Manufactures toilet tissue stock; manufactures sanitary paper products
MAGELLAN MIDSTREAM HOLDINGS LP		Pipeline Transportation Of Crude Oil
MATRIX SERVICE COMPANY		Oil & Gas Pipeline & Related Structures Construction
MAZZIO'S		Restaurants
MELTON TRUCK LINES INC		Trucking-Heavy Hauling
MUSCOGEE (CREEK) NATION HEALTH SYSTEM		Health Systems Agency
ONE GAS		Natural Gas Utility
ORAL ROBERTS UNIVERSITY		Higher Education
OSU-TULSA AND OSU CENTER FOR HEALTH SCIENCES		Higher Education
ROGERS STATE UNIVERSITY		Higher Education
SAND SPRINGS PUBLIC SCHOOLS		Elementary & Public Schools
TULSA TECHNOLOGY CENTER	Other Aircraft Parts And Auxiliary Equipment Manufacturing	
U.S. CELLULAR	Vocational School	

UNITED PARCEL SERVICE INC		Customer Support
WEBCO INDUSTRIES		Courier Services, Air: Parcel Delivery, Private
WPX ENERGY		Manufactures steel & iron tubes; wholesales metal tubing
ZEECO INC		Oil & Gas Exploration & Development
A G EQUIPMENT CO		Manufactures Industrial Gas Burners
ANCHOR GLASS CONTAINER CORP	<b>250-499 EMPLOYEES</b>	Whol Industrial Machinery & Equipment
ARDAGH GROUP		Manufactures Glass Containers
ARVEST BANK		Glass Container Manufacturing
BIXBY SCHOOL DISTRICT		Commercial Bank
BNSF RAILWAY CO		Elementary/Secondary School
CALLIDUS TECHNOLOGIES LLC		Railroad Line-Haul Operator
CHEROKEE NATION BUSINESSES		Fabricated Burners, Flares, Gas/Liquid Incinerators
CIMAREX ENERGY CO		Aircraft Parts and Equipment
CITY OF CLAREMORE		Crude Petroleum & Natural Gas Production
CITY OF OWASSO		City Government
CLAREMORE INDIAN HOSPITAL		City Government
COCA-COLA ENTERPRISES		Hospital
COMMUNITY CARE MANAGED HEALTH		Call Center
CYMSTAR LLC		Health Maintenance Organization (HMO)
DOUBLETREE WARREN PLACE & DOWNTOWN		Flight Simulation & Training System Provider
EDUCATIONAL DEVELOPMENT CORP		Hotel
EMSA		Publisher
ENOVATION CONTROLS		Ambulance Service
EXTERRAN INC		Motor Starters & Controllers, Electric
FABRICUT INC		Heavy Construction Equipment Rental
FINTUBE		Fabrics, Yarns, And Knit Goods Wholesaler
FLINTCO		Tubing Metral Fabricators
GLENPOOL PUBLIC SCHOOL DIST		Nonresidential Construction Industrial Building Construction
HARSCO INDUSTRIAL AIR-X-CHANGERS		Public Elementary/Secondary School
HILTI INC		Power Boiler & Heat Exchanger Manufacturing
IBM		Manufactures Metal Fasteners & Power Hand Drills And Drilling Tools
IPACESETTERS		Computer Related Consulting Services
JOHN CHRISTNER TRUCKING LLC		Telemarketing Services
KAISER-FRANCIS OIL COMPANY		Trucking Operator-Nonlocal
KELVION INC. THERMAL SOLUTIONS		Oil And Gas Exploration & Production
MARRIOTT-TULSA SOUTHERN HILLS	Manufactures Heat Exchangers, Condensers & Components; Manufactures Metal Plate Air Coolers	
MATHIS BROTHERS FURNITURE CO	Hotel	
MCELROY MANUFACTURING INC	Furniture Store	
MICAHTEK INC	Manufactures Foundry Machinery & Equipment	
MID-CONTINENT GROUP	Data Processing/Preparation	

MILL CREEK LUMBER & SUPPLY CO	Surety Insurance Carrier
NATIONAL STEAK PROCESSORS	Whol Lumber/Plywood/Millwork
NAVICO INC	Manufactures Prepared Beef Products From Purchased Beef; Poultry Slaughtering & Processing
OKLAHOMA STATE UNIVERSITY INSTITUTE OF TECHNOLOGY 1801 E 4th St	Manufactures Navigational Systems & Instruments
OKLAHOMA SURGICAL HOSPITAL LLC	University
OKMULGEE MEMORIAL HOSPITAL	General Hospital
OSAGE CASINO	General Hospital
PACESETTER CLAIMS SERVICE	Casino
PARAGON INDUSTRIES INC	Insurance
PENNWELL CORP	Manufactures Steel Pipe & Tubes
PEPSI BOTTLING GROUP	Publishing
RAMSEY WINCH CO	Manufactures Bottled & Canned Soft Drinks
RENAISSANCE HOTEL	Manufactures Winches
SEMGROUP CORP	Hotel
SKIATOOK PUBLIC SCHOOLS	Crude Petroleum Pipeline; Manufactures Asphalt Paving Mixtures & Blocks; Petroleum Bulk Station
T D WILLIAMSON INC	Public Elementary/Secondary School
THE CROSBY GROUP INC	Manufactures Cast Iron Pressure Pipe & Fittings
TRC PIPELINE SERVICES	Manufactures Hardware; Manufactures Metal Tackle Blocks; Manufactures Iron Or Steel Forgings; Manufactures Metal Pulleys
TULSA CITY-COUNTY LIBRARY	Oil & Gas Field Services
TULSA WORLD MEDIA CO.	Public Library
UNARCO INDUSTRIES INC	Newspaper Publishing
UNIT CORPORATION	Manufactures hopping carts, baskets & Bags.
UPS CUSTOMER CENTER	Oil & Gas Producers
VALMONT INDUSTRIES INC	Mailing & Shipping Services
WALDEN'S MACHINE	Steel Fabricator
	Manufactures Precision-Machine Parts & Assemblies For The Aerospace Industry

Source: Tulsa Regional Chamber

## INFORMATION CONCERNING THE SIGNATORY AIRLINES

### Airline Information

A majority of the airlines serving TIA (or their respective parent corporations) are subject to the information requirements of the Securities Exchange Act of 1934, and in accordance therewith file reports and other information with the Securities and Exchange Commission (the “Commission” or the “SEC”). Certain information, including financial information as of particular dates, concerning the airlines (or their respective parent corporations) is disclosed in certain reports and statements filed with the Commission. Such reports and statements may be inspected and copied at the public reference facilities maintained by the Commission at Securities and Exchange Commission Headquarters, 450 Fifth Street, N.W., Washington, D.C. 20549, or at the eleven regional offices of the Commission located throughout the country. Copies of such material may also be obtained from the Commission at prescribed rates. Written requests for such material should be addressed to the Public Reference Section, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information about the Public Reference Section by calling the Commission at (202) 942-8088. The Commission maintains a website (at <http://www.sec.gov>) that contains information about the SEC, including the addresses of the regional offices, as well as reports, proxy and information statements and other information regarding reporting companies under the Exchange Act, including the airlines (or their parent corporations). In addition, each airline is required to file periodic reports of financial and operating statistics with the United States Department of Transportation (the “USDOT”). Such reports may be inspected in the Office of Airline Statistics, Research and Special Programs, United States Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590, and copies of such reports can be obtained from the USDOT at prescribed rates. The information under this caption is for informational purposes only, is not intended to be incorporated by reference into this Official Statement and will not be subject to update by the Airport Trustees. See “CONTINUING DISCLOSURE” herein.

Neither the Airport Trustees nor the Underwriters undertake any responsibility for or make any representation as to the accuracy or completeness of (i) any reports and statements filed with the Commission or the USDOT, or (ii) any material contained on the Commission’s websites as described in the preceding paragraph, including, but not limited to, updates of information on the Commission website or links to other internet sites accessed through the Commission’s website.

## BOND INSURANCE

### Bond Insurance Policy

Concurrently with the issuance of the 2021 Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the 2021 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the 2021 Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the 2021 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the 2021 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 2021 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the 2021 Bonds, nor does it guarantee that the rating on the 2021 Bonds will not be revised or withdrawn.

#### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$488.6 million, \$165.5 million and \$323.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the 2021 Bonds or the advisability of investing in the 2021 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

#### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [www.buildamerica.com/videos](http://www.buildamerica.com/videos). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [www.buildamerica.com/credit-profiles](http://www.buildamerica.com/credit-profiles). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the Airport Trustees or the underwriter for the 2021 Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the 2021 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the 2021 Bonds, whether at the initial offering or otherwise.

## **BONDHOLDERS' RISKS**

### **General**

The Airport Trustees' ability to generate Gross Revenues depends primarily upon sufficient levels of aviation activity and passenger traffic at TIA. The achievement of passenger traffic will depend partly on the profitability of the airline industry, including their ability to access capital and the ability of individual airlines to provide sufficient capacity to meet demand for air travel generally. A weak economy, war, pandemic illness, geophysical event, and the treat of terrorist activity typically reduce demand for air travel. A reduction in passenger traffic would also result in a reduction in PFC revenues. Additionally, reductions in originating and destination passenger travel would result in lower concessions, parking and rental car revenues. A decrease in aviation activity at TIA would likely result in an increase in landing fees and terminal rentals to offset TIA's cost of providing these services as required by the Airport-Airline Use and Lease Agreements. As landing fees and terminal rentals rise, airlines could elect to discontinue service at TIA. A continued reduction in the number of airlines operating at TIA could have an adverse impact on TIA's competitiveness to attract and retain air service.

In considering the matters set forth in this Official Statement, prospective purchasers should carefully review all investment considerations set forth throughout this Official Statement, and should specifically consider certain risks associated with the 2021 Bonds. There follows a discussion of some, but not necessarily all, of the possible considerations and risks which should be carefully evaluated by prospective purchasers of the 2021 Bonds prior to purchasing 2021 Bonds. Prospective purchasers should evaluate the risks and merits of an investment in the 2021 Bonds and may wish to confer with their own legal, tax and financial advisors before considering the purchase of the 2021 Bonds.

### **Airline Industry**

**General.** Key factors that affect airline traffic at TIA and the financial condition of the airlines, and therefore, the amount of Net Revenues available for payment of the 2021 Bonds, include local, regional, national and international economic and political considerations; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline fares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of TIA and competition from other airports; and business travel substitutes, including teleconferencing, videoconferencing and web-casting.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and local economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events. Other business decisions by airlines, such as the reduction or elimination of service to unprofitable markets, increasing the use of smaller, regional jets and changing hubbing strategies have also affected air traffic at TIA in the past and could have a more pronounced effect in future.

A few of the factors affecting the airline industry including, regional and national economic conditions, costs of aviation fuel, international conflicts and threats of terrorism and structural changes in the travel market are discussed below.

**Economic Conditions.** Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. In 2008, the U.S. economy experienced a recession followed by weak growth in the following years, which has strengthened in recent years through March 2020. The U.S. economy was in the midst of the longest expansion in history prior to the COVID-19 pandemic commencing in March 2020, and it is not known if such growth will resume in future or for how long it may continue if resumed. There can be no assurance that a recession, weak economic conditions or other national and global fiscal concerns will not have an adverse effect on the air transportation industry in the future.

**Cost of Aviation Fuel.** Airline earnings are significantly affected by changes in the price of aviation fuel. According to the Air Transport Association, fuel, along with labor costs, is one of the largest components of airline operations, and continues to be an important and uncertain determinate of an air carrier's operating economics. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world (particularly in the oil-producing nations in the Middle East and North Africa), Organization of Petroleum Exporting Countries policy, the rapid growth of economies such as China and India, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather.

**International Conflict and Threat of Terrorism.** The increased threat and occurrence worldwide of terrorism has had, and may continue to have a negative impact on air travel. TIA cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001 and other more recent attacks in the U.S. and around the world, the likelihood of future air transportation disruptions or the impact on TIA or the airlines operating at TIA from such incidents or disruptions.

**Structural Changes in the Travel Market.** Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. As a result, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially short-haul destinations. Additionally, consumers have become more price sensitive. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares. In addition, the availability of fully transparent price information on the internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel, have made business customers more amenable to communications substitutes such as tele-and video-conferencing.

**Uncertainties of the Airline Industry.** The Airport Trustees' ability to derive Gross Revenues from its operation of TIA depends on many factors, many of which are not subject to the Airport Trustees' control. Revenues may be affected by the ability of the Signatory Airlines, individually and collectively, to meet their respective obligations under the Airport-Airline Use and Lease Agreements and the Signatory Cargo Airlines, individually and collectively, to meet their respective obligations under the Signatory Cargo Carrier Use and Lease Agreements.

The financial strength and stability of airlines serving TIA are key determinants of future airline traffic. In addition, individual airline decisions regarding level of service at TIA will affect total enplanements. No assurance can be given as to the levels of aviation activity that will be achieved at TIA. There is no assurance that TIA, despite demonstrated level of airline service and operations in the past, will continue to maintain such levels in future.

The continued presence of the airlines serving TIA, and the levels at which that service will be provided, are a function of a variety of factors. Future airline traffic of TIA will be affected by, among other things, the growth or decline in the population of the Tulsa MSA and the overall economy of the service region of TIA as well

as by national and international economic conditions, acts of war and terrorism, pandemic illness, federal regulatory actions, airline service, air fare levels and the operation of the air traffic control system.

Demands on the national air traffic control system may cause aircraft delays and restrictions, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. These restrictions affect airline schedules and passenger traffic nationwide. The Federal Aviation Administration is gradually automating and enhancing the computer, radar, and communications equipment of the air traffic control system and assisting in the development of additional airfield capacity through the construction of new runways and the more effective use of existing runways. However, increasing demands on the national air traffic control and airport systems could cause increased delays and restrictions in the future.

### **Effect of Signatory Airline Bankruptcies**

Currently, most of the gates and related facilities at TIA are preferentially leased to the Signatory Airlines pursuant to Airport-Airline Use and Lease Agreements. In the event of bankruptcy proceedings involving any Signatory Airline, the debtor or its bankruptcy trustee must determine whether to assume or reject its agreements with the Airport Trustees (a) within 60 days (or later if ordered by the court) with respect to its Airport-Airline Use and Lease Agreement or leases of non-residential real property, or (b) prior to the confirmation of a plan or reorganization with respect to any other agreement. However, bankruptcy courts are courts of equity and can, and often do, grant exceptions to these statutory limitations. In the event of assumption and/or assignment of any agreement to a third party, the airline would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable Airport-Airline Use and Lease Agreement or other agreements.

Rejection of an Airport-Airline Use and Lease Agreement or other agreement by any Signatory Airline that is a debtor in a bankruptcy proceeding would give rise to an unsecured claim of the Airport Trustees against the debtor's estate for damages, the amount of which may be limited by the United States Bankruptcy Code. However, the amounts unpaid as a result of a rejection of an Airport-Airline Use and Lease Agreement by a Signatory Airline in bankruptcy would be included in the calculation of the fees and charges of the remaining Signatory Airlines under their Airport-Airline Use and Lease Agreements, however, there is no guarantee the other airlines could withstand such required increase. "SUMMARY OF CERTAIN PROVISIONS OF AIRPORT-AIRLINE USE AND LEASE AGREEMENTS" included in Appendix D to this Official Statement.

Whether or not an Airport-Airline Use and Lease Agreement is assumed or rejected in a bankruptcy proceeding, it is not possible to predict the subsequent level of utilization of the gates leased under such agreement. Decreased utilization of gates could have a material adverse effect on Airport operations, as well as on Gross Revenues and ultimately on the cost to the airlines of operating at the Airport.

With respect to any airline that may seek bankruptcy protection under the laws of a foreign country, the Airport Trustees are unable to predict what types of orders or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States. Typically, foreign airline bankruptcy proceedings obtain an order in the United States to support and complement the foreign proceedings and stay the actions of creditors in the United States.

### **Effect of Concessionaire and Non-Airline Tenant Bankruptcies**

A bankruptcy of a concessionaire and non-airline tenant would raise hardships similar to those described above in connection with airline bankruptcies. The COVID-19 pandemic has severely and negatively affected demand for goods and services at the Airport. It is possible that concessionaires will file for bankruptcy protection in the future. See "RECENT DEVELOPMENTS – COVID-19 PANDEMIC."

### **Regulations and Restrictions Affecting Tulsa International Airport**

The operations of TIA are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Airport-Airline Use and Lease Agreements and Signatory Cargo Carriers Use and Lease Agreements, the federal acts authorizing the imposition and collection and

use of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. TIA also has been required to implement enhanced security measures mandated by the FAA, Department of Homeland Security and TIA management.

It is not possible to predict whether future restrictions or limitations on TIA operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects at TIA, whether additional requirements will be funded by the federal government or require funding by the Airport Trustees, or whether such restrictions or legislation or regulations would adversely affect Gross Revenues.

#### **Ability to Collect Passenger Facility Charges.**

Certain outstanding Bonds of the Airport Trustees are not secured by or payable from PFCs, PFCs are used to pay debt service on certain Bonds of the Airport Trustees, including the 2021B Bonds issued to refinance projects eligible to be funded with PFCs pursuant to the PFC Acts. A decrease in the collection of PFCs would result in a significant increase in airline cost under the Airport-Airline Use and Lease Agreements. See “BONDHOLDERS’ RISKS - General”

The ability of the Airport Trustees to annually collect sufficient revenues from PFCs (“PFC Revenues”) depends upon a number of factors including the operations of TIA, the number of enplanements at TIA, the use of TIA by collecting air carriers, and the efficiency and ability of the collecting air carriers to collect and remit PFCs to the Airport Trustees. The Airport Trustees rely upon the collecting air carriers’ collection and remittance of PFCs and both the Airport Trustees and the FAA rely upon the air carriers’ reports of enplanements and collections. There can be no assurance as to what passenger traffic and PFC revenues of TIA will be in the future. For a discussion of the possible impact of a decrease in enplaned passengers see “BONDHOLDERS’ RISKS – General.”

There is no assurance that the PFC federal legislation will not be repealed or amended or that the regulations with respect to PFCs (“PFC Regulations”) or the Airport Trustees’ approvals from the FAA will not be amended in a manner that would adversely affect the Airport Trustees’ ability to collect and use PFC Revenues in amounts sufficient to make timely payments of all or a portion of the principal and interest on those Bonds secured by Dedicated Revenues, which may include PFCs.

The FAA may terminate the Airport Trustees’ authority to impose PFCs, subject to informal and formal procedural safeguards, if the FAA determines that (i) the Airport Trustees are in violation of certain provisions of the Noise Act (as defined herein) relating to airport noise and access restrictions, (ii) PFC Revenues are not being used for approved PFC funded projects in accordance with the FAA’s approvals or with the federal legislation permitting PFCs and the PFC Regulations, (iii) implementation of projects financed with PFC Revenues does not commence within the time periods specified in the federal legislation permitting PFCs and the PFC Regulations, or (iv) the Airport Trustees are otherwise in violation of the federal legislation permitting PFCs, the PFC Regulations or the PFC approvals.

The federal legislation permitting PFCs provides that PFCs collected by the airlines constitute funds held in trust for the beneficial interest of the eligible agency imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in their financial statements. However, the airlines are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. In the event of a bankruptcy, the federal legislation permitting PFCs, as amended in December 2003, provides that (1) PFCs are and remain funds held in trust on behalf of the eligible agency imposing the PFC, (2) the airline in bankruptcy may not grant to any third party any security or other interest in PFC revenue, and (3) the airline in bankruptcy must segregate in a separate account PFC revenue equal to its average monthly PFC liability. Despite these enhanced statutory protections, it is unclear whether the Airport Trustees would be able to recover the full amount of PFC funds collected or accrued with respect to an airline in the event of a liquidation or cessation of business. The Airport Trustees also cannot predict whether an airline operating at TIA that files for bankruptcy would have properly accounted for PFCs owed to the Airport Trustees or whether the bankruptcy estate would have sufficient monies to pay the Airport Trustees in full the PFCs owed by such airline. All airlines operating at TIA are current in the payment of PFCs owed to the Airport Trustees.

See “GROSS REVENUES – Dedicated Revenues” and “DESCRIPTION OF THE AIRPORTS AND PLANNED AIRPORTS IMPROVEMENTS - Passenger Facility Charge”.

### **Environmental Regulations**

The FAA has jurisdiction over flying operations generally, including personnel, aircraft, ground facilities and other technical matters, as well as certain environmental matters. Environmental regulations of general applicability (such as hazardous waste handling and disposition requirements, underground storage tank rules, stormwater permitting requirements, and the like) which are enforced by the United States Environmental Protection Agency and the Oklahoma Department of Environmental Quality, not FAA, apply to airports; compliance with those requirements may impose costs on the Airports from time to time.

### **Natural Disasters**

In the event of a major natural disaster, including, among others, extreme weather events and seismic events, TIA could sustain extensive damage, which could, in a worst case, necessitate the closing of all or a portion of operations for an extended period of time. In addition, a major natural disaster could adversely affect the economy of the Tulsa MSA, which could have a negative impact on passenger traffic and consequently revenues of TIA.

Further, the Airports could sustain damage as a result of other events, such as terrorist attacks, fires and explosions, spills of hazardous substances, strikes, lockouts, sabotage, wars, blockades, riots, etc. While the Airport Trustees have attempted to address the risk of loss through the purchase of insurance, certain of these events may not be covered by insurance.

### **Climate Change Issues and Possible New Regulations**

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

### **Cybersecurity**

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

## **FAA Reauthorization**

The United States House of Representatives in April, 2018, and the United States Senate in October, 2018, passed a five-year FAA Reauthorization Act of 2018 that sets annual authority for the AIP at \$3.35 billion each year through 2023, and on October 5, 2018, then President Trump signed the bill into law. If such legislation is not renewed in future, and AIP grants are reduced or put on hold, this could create an adverse impact on operations at airports nationwide, including but not limited to TIA.

## **Secondary Market Risk**

The Underwriters are not obligated to make a secondary market in the 2021 Bonds, and no assurance can be given that a secondary market will exist for the 2021 Bonds. Purchasers of the 2021 Bonds should assume that the 2021 Bonds will be illiquid and should be prepared to hold the 2021 Bonds to final maturity.

## **PANDEMICS - COVID-19 Pandemic**

A pandemic may materially adversely impact the operational and financial results of the Airports. The COVID-19 pandemic has resulted in a widespread health crisis that has adversely affected businesses and economies worldwide. The full impact of COVID-19 is unknown and continues to be rapidly evolving. Social distancing guidelines, and travel restrictions have adversely affected the economies and financial markets of many countries, resulting in an economic downturn that has negatively impacted, and may continue to negatively impact, the local economy, the airline industry and transportation in general. TAIT's financial condition and result of operations, and the financial conditions and results of operation of the airlines serving TAIT, have been, and will continue, to be adversely affected by the COVID-19 pandemic. TAIT cannot predict the outcome of many factors related to COVID-19 that could materially adversely affect the airport's financial condition or results of operation. Such factors include, but are not limited to:

- (1) the duration or extent of the COVID-19 pandemic or another outbreak, pandemic, or force majeure event;
- (2) the scope or duration of social distancing guidelines, and other restrictions on travel, gatherings or any other activities, and the extent to which airlines may change services at the Airport;
- (3) the extent of the adverse effects due to COVID-19 or whether other outbreak or pandemic-related restrictions or warnings may have an adverse effect on air travel, including to and from the Airport, concession and services provided by the Airport concessionaires, TAIT's costs or revenues;
- (4) whether and to what extent COVID-19 or another outbreak or pandemic may disrupt the local, State, national or global economy or supply chain, or whether any such disruption may adversely impact TAIT-related construction, the cost, source of funds, schedule or implementation of the FY 2022 – FY 2026 CIP or other TAIT operations;
- (5) the extent to which the COVID-19 outbreak or another outbreak or pandemic, or the resultant disruption to the local, State, national or global economies, may result in changes in demand for air travel, including long-term changes in consumer behavior and the operations of other businesses, or may have an impact on the airlines or concessionaires service at the Airport or the airline and travel industry, generally;
- (6) whether or to what extent TAIT may provide deferrals, payment plans or other changes to the Airport's arrangements with airlines, tenants and concessionaires; or
- (7) to what extent COVID-19 or any of the foregoing may continue to have a material adverse effect on the finances and operations of the Airports.

Prospective purchaser of the 2021 Bonds should assume that the restrictions and limitations related to COVID-19 pandemic, and the current upheaval to the air travel industry and the national and global economies, may

increase at least over the near term, that recovery to pre-COVID-19 levels may be prolonged, and therefore, have an adverse impact on TAIT's ability to generate sufficient Revenues to meet its Rate Covenant.

### **McGirt v. Oklahoma**

On July 9, 2020, the U.S. Supreme Court announced their decision in the case of *McGirt v. Oklahoma*. The Court held that for purposes of the federal Major Crimes Act, land reserved for the Muscogee Creek Nation, within the State of Oklahoma, remains a reservation for the Muscogee Creek Nation. The holding of the U.S. Supreme Court itself is limited to the application of criminal law within the boundaries of the Muscogee Creek Nation reservation. However, the *McGirt* decision may have implications broader than the narrow holding of the Court. It is not currently possible to know the extent of those implications. The Airport Trustees do not anticipate the *McGirt* decision will affect its business operations and is working closely with State officials to monitor the implementation of the decision and any related litigation that may affect the Airport Trustees or the Airports.

### **Bond Insurance Risk Factors with Respect to the 2021 Bonds**

TAIT has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the 2021 Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the 2021 Bonds when all or some becomes due, any owner of the 2021 Bonds shall have a claim under the applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The payment of principal and interest in connection with mandatory or optional prepayment of the 2021 Bonds by TAIT which is recovered by TAIT from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by TAIT at such time and in such amounts as would have been due absence such prepayment by the TAIT unless BAM chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of BAM without appropriate consent. BAM may direct and must consent to any remedies and BAM's consent may be required in connection with amendments to any applicable bond documents. Such provisions relating to BAM's right of consent and direction of remedies have been incorporated into the Thirtieth Supplemental Bond Indenture and made part of the Indenture.

In the event BAM is unable to make payment of principal and interest as such payments become due under the Policy, the 2021 Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event BAM becomes obligated to make payments with respect to the 2021 Bonds, no assurance is given that such event will not adversely affect the market price of the 2021 Bonds or the marketability (liquidity) for the 2021 Bonds.

The long-term rating on the 2021 Bonds assigned by S&P is dependent in part on the financial strength of BAM and its claim paying ability. BAM's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of BAM and of the rating assigned by S&P on the 2021 Bonds insured by BAM will not be subject to downgrade and such event could adversely affect the market price of the 2021 Bonds or the marketability (liquidity) for the 2021 Bonds. See description of RATINGS herein.

The obligations of BAM are general obligations of BAM and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the TAIT nor the Underwriters nor any of their advisors or counsel have made independent investigation into the claims paying ability of BAM and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Thus, when making an investment decision, potential

investors should carefully consider the ability of the TAIT to pay principal and interest on the 2021 Bonds and the claims paying ability of BAM, particularly over the life of the investment. See “BOND INSURANCE” herein for further information provided by BAM and the Policy, which includes further instructions for obtaining current financial information concerning BAM.

## **VERIFICATION**

Causey Demgen & Moore P.C. (the "Verification Agent") will independently verify, and issue a report thereon, the arithmetical accuracy of the computations included in schedules provided to them by the Financial Advisor to the Airport Trustees on behalf of the Airport Trustees indicating that the amount to be deposited under the Escrow Agreement which, when invested in Federal Securities, will be sufficient to pay the redemption price of and interest on the General Airport Revenue Bonds Refunding Series 2010C, the General Airport Revenue Bonds, Series 2013A and the General Airport Revenue Bonds, Series 2015A on and to their redemption dates. Such verification will be based solely on assumptions and information supplied by the Financial Advisor to the Airport Trustees on behalf of the Airport Trustees. Furthermore, the Verification Agent will have restricted its procedures to verifying the arithmetical accuracy of such computations and will not have made any study or evaluation of the assumptions and information on which the computations were based and, accordingly, will not express an opinion on such assumptions and information, the reasonableness of such assumptions, or the achievability of future events. Such verification, information, and assumptions will be relied upon by Bond Counsel in rendering its opinion described herein.

## **RATINGS**

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”) is expected to assign a rating to the Series 2021 Bonds of “AA” based upon the Policy to be issued concurrently with the delivery of the 2021 Bonds by Build America Mutual Assurance Company. In addition, as noted on the cover hereof, S&P has assigned an underlying rating to the 2021 Bonds of “A-” with a Positive Outlook based upon the credit of the Airport Trustees. Moody’s Investors Service has assigned a rating to the 2021 Bonds of “Baa1” with a Stable Outlook based upon the credit of the Airport Trustees. Such ratings reflect only the views of such organizations at the time such ratings are given, and the Airport Trustees and the Underwriters make no representation as to the appropriateness of such ratings. An explanation of the significance of such ratings may be obtained only from such rating agencies. The Airport Trustees furnished such ratings agencies with certain information and materials relating to the 2021 Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgement of the rating agency originally establishing such rating, circumstances so warrant. None of the Underwriters or the Airport Trustees have undertaken any responsibility to bring to the attention of the owners of the 2021 Bonds any proposed revision or withdrawal of a rating of the 2021 Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of a rating could have an adverse effect on the market price and marketability of the 2021 Bonds.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance, sale and delivery of the 2021 Bonds are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Airport Trustees by Conner & Winters, LLP, Tulsa, Oklahoma and for the Underwriters by Hilborne & Weidman, A Professional Corporation, Tulsa, Oklahoma.

## **UNDERWRITING**

The 2021 Bonds are being purchased by the Underwriters identified on the cover page hereof for whom RBC Capital Markets, LLC is acting as Representative (the “Underwriters”), pursuant to a Bond Purchase Agreement with the Trustees (the “Bond Purchase Agreement”). The Underwriters have agreed to purchase the 2021 Bonds from the Airport Trustees subject to the terms of the Bond Purchase Agreement. The Underwriters have agreed to purchase the 2021A Bonds at a price of \$2,149,356.61 (representing the par amount of the 2021A

Bonds, less the Underwriters' discount of \$6,841.24 and plus an original issue premium of \$181,197.85). The Underwriters have agreed to purchase the 2021B Bonds at a price of \$55,678,385.87 (representing the par amount of the 2021B Bonds, less the Underwriters' discount of \$301,614.13).

The Bond Purchase Agreement provides that the Underwriters will purchase all the 2021 Bonds if any are purchased and will make a public offering of the 2021 Bonds at the initial public offering prices shown on the inside cover of this Official Statement. The obligation of the Underwriters to pay for the 2021 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement including delivery of certain opinions of counsel.

One of the Underwriters of the 2021 Bonds is BOK Financial Securities, Inc. ("BOKF Securities"). BOKF Securities and BOKF, National Association ("BOKF, NA," which serves as Bond Trustee for the 2021 Bonds) are both wholly-owned subsidiaries of BOK Financial Corporation ("BOKF"), a bank holding company organized under the laws of the State of Oklahoma. Thus, BOKF Securities and BOKF, NA are affiliated, but BOKF Securities is not a bank. Affiliates of BOKF Securities may provide banking services or engage in other transactions with the Airport Trustees. BOKF and BOKF, NA are not responsible for the obligations of BOKF Securities.

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

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

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

## LITIGATION

There is not now pending or, to the knowledge of the Airport Trustees, threatened any litigation restraining or enjoining the issuance or delivery of the 2021 Bonds or questioning or affecting the validity of the 2021 Bonds, the proceedings and authority under which they are to be issued or the delivery of this Official Statement. There is no litigation pending or, to the knowledge of the Airport Trustees, threatened which in any manner challenges or threatens the creation, organization or existence of the Airport Trustees or the Airport, nor is the title of the present members or officers of the Airport Trustees to their respective offices being contested. Further, there are no legal proceedings pending or, to the knowledge of the Airport Trustees, threatened against the Airport Trustees or affecting the Airports that if determined adversely to the Airport Trustees or the Airports that would have a material adverse effect on the Airport Trustees or the Airports. See "BONDHOLDERS' RISKS – McGirt v. Oklahoma" for discussion of the Supreme Court decision.

## TAX MATTERS

### *Opinion of Bond Counsel – 2021A Bonds*

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Airport Trustees, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2021A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103

of the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion is expressed as to such exclusion of interest on any 2021A Bond for any period during which the 2021A Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” of the facilities financed with the proceeds of the 2021A Bonds or a “related person”, and (ii) interest on the 2021A Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Airport Trustees in the Federal Tax Certificate executed in connection with the 2021A Bonds, and Bond Counsel has assumed compliance by the Airport Trustees with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2021A Bonds from gross income under Section 103 of the Code.

In the opinion of Bond Counsel to the Airport Trustees, interest on the 2021A Bonds is exempt, under existing statutes, from personal income taxes imposed by the State of Oklahoma or any political subdivisions thereof.

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

#### *Certain Ongoing Federal Tax Requirements and Covenants*

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

#### *Certain Collateral Federal Tax Consequences*

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

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

### *Bond Premium*

In general, if an owner acquires a 2021A Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2021A Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that 2021A Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

### *Information Reporting and Backup Withholding*

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

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

### *Miscellaneous*

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

Prospective purchasers of the 2021A Bonds should consult their own tax advisors regarding the foregoing matters.

### *Taxable Bonds – 2021B Bonds*

In the opinion of Bond Counsel to the Airport Trustees, interest on the 2021B Bonds (the “Taxable Bonds”) (i) is included in gross income for federal income tax purposes pursuant to the Code and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of Oklahoma or any political subdivision thereof.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Taxable Bonds by original purchasers of the Taxable Bonds who are “U.S. Holders,” as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Taxable Bonds will be held as “capital assets”; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Bonds as a position in a “hedge” or “straddle,” U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S. Holders of Taxable Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Each U.S. Holder of a Taxable Bond with a maturity not longer than one year (a “Short-Term Taxable Bond”) is subject to rules of Sections 1281 through 1283 of the Code, if such U.S. Holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Taxable Bond is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and “acquisition discount” with respect to, the Short-Term Taxable Bond accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant-interest-rate basis using daily compounding. “Acquisition discount” means the excess of the stated redemption price of a Short-Term Taxable Bond at maturity over the U.S. Holder’s tax basis therefor.

A U.S. Holder of a Short-Term Taxable Note not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the U.S. Holder’s regular method of tax accounting, unless such U.S. Holder irrevocably elects to accrue acquisition discount currently.

#### *Disposition and Defeasance*

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the Taxable Bond.

The Airport Trustees may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the Indenture of the Taxable Bonds (a “defeasance”). (See Appendix F, “Summary of Certain Provisions of the Indenture” herein). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

#### *Information Reporting and Backup Withholding*

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Taxable Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Taxable Bond and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup

withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

#### *U.S. Holders*

The term "U.S. Holder" means a beneficial owner of a Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

#### *Miscellaneous*

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Taxable Bonds under state law and could affect the market price or marketability of the Taxable Bonds.

Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

#### **Miscellaneous**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2021 Bonds under state law and could affect the market price or marketability of the 2021 Bonds.

Prospective purchasers of the 2021 Bonds should consult their own tax advisors regarding the foregoing matters.

See Appendix A for the proposed form of opinion of Bond Counsel.

### **INDEPENDENT AUDITORS**

The basic financial statements of the Tulsa Airports Improvement Trust as of June 30, 2020 and for the year then ended, included in Appendix B to this Official Statement, have been audited by RSM US LLP, independent auditors, as stated in their report appearing therein. Such financial statements are the latest available audited financial statements of the Tulsa Airports Improvement Trust.

### **CONTINUING DISCLOSURE**

#### *General*

The Airport Trustees and the Bond Trustee will execute a Continuing Disclosure Agreement on the date of issuance of the 2021 Bonds, the form of which is set forth as Appendix G to this Official Statement, pursuant to which the Airport Trustees will covenant and agree, for the benefit of the holders of the 2021 Bonds, consistent with Rule 15c2-12, to provide: annual financial information and operating data for the Airport Trustees, including audited financial statements of the Airport Trustees for each fiscal year of the Airport Trustees, commencing with their fiscal year ending June 30, 2021; in a timely manner, not in excess of ten Business Days after the occurrence of the event, notices of certain events with respect to the 2021 Bonds, including (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers or their failure to perform; (vi) with respect to the 2021 Bonds,

adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the 2021 Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of 2021 Bondholders, if material; (viii) bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitutions or sale of property securing repayment of the 2021 Bonds, if material; (xi) ratings changes; (xii) bankruptcy, insolvency, receivership or similar event of the obligated person; (xiii) the consummation of a merger, consolidation or acquisition involving the Airport Trustees or substantially all of the assets of the Airport Trustees, the entry into a definitive agreement to undertake such action, or the termination of a definitive agreement relating to any such agreement, if material; (xiv) appointment of a successor or additional bond trustee or the change of name of the bond trustee, if material; (xv) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties, and notice of any failure of the Airport Trustees to provide required annual financial information referred to above will be filed by or on behalf of the Airport Trustees with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”) and with the Bank. The continuing obligation of the Airport Trustees to provide annual financial information and notices referred to above will terminate when the 2021 Bonds are no longer outstanding. Any failure by the Airport Trustees to comply with the foregoing will not constitute a default with respect to the 2021 Bonds.

If information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. As a result, the parties to the agreement do not anticipate that it often will be necessary to amend the informational undertakings.

In the past five years, the Issuer believes that it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

The Airport Trustees have engaged HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., Dallas, Texas as dissemination agent under the Continuing Disclosure Agreement to assist with future compliance in accordance with the terms of the Continuing Disclosure Agreement. See “Appendix G – Form of Continuing Disclosure Agreement”.

## MISCELLANEOUS

The financial data and other information contained herein has been obtained from the Airport Trustees’ records, audited financial statements and other sources which are believed to be reliable.

All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions and are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions of such statutes, documents and resolutions. For further information, reference should be made to the complete statutes, documents and resolutions, copies of which will be furnished by the Airport Trustees upon request.

The statements contained in this Official Statement, and in other information provided by the Airport Trustees, that are not purely historical, are forward-looking statements, including statements regarding the Airport Trustees’ expectations, hopes, intentions or strategies regarding the future, and whether or not expressly so stated, are intended as such and not representations of fact. All forward-looking statements included in this Official Statement are based on information available to the Airport Trustees on the date hereof, and the Airport Trustees assume no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates that are inherently subject to numerous risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be

taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

This Official Statement is not to be construed as a contract or agreement with the purchasers or holders of any of the 2021 Bonds. This Official Statement is submitted only in connection with the offer and sale of the 2021 Bonds and may not be reproduced or used in whole or in part for any other purpose. This Official Statement has been duly authorized and approved by the Airport Trustees.

TRUSTEES OF THE TULSA AIRPORTS  
IMPROVEMENT TRUST

By: /s/ Joe Robson  
Chair

[THIS PAGE INTENTIONALLY LEFT BLANK]

PROPOSED FORM OF OPINION OF BOND COUNSEL

Date of Delivery

Trustees of the Tulsa Airports  
Improvement Trust  
Tulsa International Airport  
Tulsa, Oklahoma

Ladies and Gentlemen:

TRUSTEES OF THE TULSA AIRPORTS IMPROVEMENT TRUST  
GENERAL AIRPORT REVENUE REFUNDING BONDS,  
SERIES 2021A, \$1,975,000  
AND  
GENERAL AIRPORT REVENUE REFUNDING BONDS,  
FEDERALLY TAXABLE REFUNDING SERIES 2021B, \$55,980,000

At your request we have examined into the validity of the General Airport Revenue Refunding Bonds, consisting of \$1,975,000 Series 2021A (Subject to AMT) (the “2021A Bonds”) and the General Airport Revenue Refunding Bonds, consisting of \$55,980,000 Series 2021B (Federally Taxable) (the “2021B Bonds”) and together with the 2021A Bonds, the “2021 Bonds”), of the Trustees of the Tulsa Airports Improvement Trust (hereinafter called the “Trustees”), an agency of the State of Oklahoma and the regularly constituted authority of the City of Tulsa, Oklahoma (hereinafter called the “City”).

The 2021 Bonds recite (i) that they are issued under the authority of and pursuant to and in full compliance with the Constitution and statutes of the State of Oklahoma and a Bond Indenture dated as of December 1, 1984, as amended and restated by an Amended and Restated Bond Indenture dated as of November 1, 2009, as previously supplemented and amended (the “Bond Indenture”), and as further supplemented by a Thirtieth Supplemental Bond Indenture, dated as of October 1, 2021 (the “Thirtieth Supplemental Bond Indenture”) each executed by the Trustees and BOKF, National Bank., as trustee (the “Bank”); (ii) that they are payable solely from and secured solely by the revenues and other moneys of the Trustees pledged to the payment thereof by the Bond Indenture and the Thirtieth Supplemental Bond Indenture which revenues and other moneys so pledged consist of the rates, rentals, fees and charges, and other moneys derived by the Trustees from their leasehold interest in and operation of certain airport properties and facilities, including Tulsa International Airport, specified in the Bond Indenture and the Thirtieth Supplemental Bond Indenture (iii) that they are equally and ratably secured solely by the moneys and assets in the trust estate assigned, pledged, charged, and confirmed to the Bank in the Bond Indenture and the Thirtieth Supplemental Bond Indenture, including the aforesaid revenues and other moneys and (iv) with respect to the 2021A Bonds, and no other Bonds under the Bond Indenture, that they are also secured by a pledge of certain passenger facility charges when received in accordance with the Thirtieth Supplemental Bond Indenture.

The 2021 Bonds are dated, bear interest, mature, are subject to redemption and are secured as set forth in the Bond Indenture and Thirtieth Supplemental Bond Indenture.

We have examined (i) the Constitution and statutes of the State of Oklahoma; (ii) the Charter of the City of Tulsa, Oklahoma; (iii) an executed or certified copy of the Amended and Restated Lease dated as of December 23, 2013 (effective January 1, 2014), between the City and the Trustees under which the City has leased to the Trustees certain airport properties and facilities, including Tulsa International Airport, and the income derived therefrom (the "Lease"), and certified or executed copies of the proceedings of the City and the Trustees approving the Lease and authorizing the execution and delivery of the Lease by the City and the Trustees; (iv) an executed or certified copy of the Bond Indenture and the Thirtieth Supplemental Bond Indenture; (v) certified or executed copies of the proceedings of the Trustees authorizing the issuance of the 2021 Bonds and the execution and delivery by the Trustees of the Bond Indenture and the Thirtieth Supplemental Bond Indenture; and (vi) such other papers, instruments, documents and proceedings as we have deemed necessary or advisable. We have also examined an executed and authenticated 2021A Bond and 2021B Bond.

In our opinion:

1. The 2021 Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of Oklahoma and the Bond Indenture and the Thirtieth Supplemental Bond Indenture and constitute valid, binding and enforceable special obligations of the Trustees, payable solely from and secured solely by the revenues and other moneys of the Trustees pledged to the payment thereof by the Bond Indenture and the Thirtieth Supplemental Bond Indenture.

2. The Bond Indenture and the Thirtieth Supplemental Bond Indenture have been duly authorized, executed and delivered by the Trustees; the provisions of the Bond Indenture and the Thirtieth Supplemental Bond Indenture are valid, binding and enforceable in accordance with their terms; and the holders of the 2021 Bonds are entitled to the security and benefits of the Bond Indenture and the Thirtieth Supplemental Bond Indenture.

3. Assuming compliance by the Trustees with the tax covenants made in the proceedings relating to the issuance of the 2021A Bonds, under existing statutes and court decisions, (i) interest on the 2021A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any bond for any period during which the 2021A Bond is held by a person who, within the meaning of Section 147(a) of the Code is a "substantial user" of the facilities financed with the proceeds of the 2021A Bonds or a "related person", and (ii) interest on the 2021A Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering this opinion we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Trustees in the Federal Tax Certificate executed in connection with the 2021A Bonds, and we have assumed compliance by the Trustees with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2021A Bonds from gross income under Section 103 of the Code.

4. The interest on the 2021B Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

5. It is also our opinion that under the existing laws of the State of Oklahoma, interest on the 2021 Bonds is exempt from Oklahoma income taxation.

We express no opinion regarding other Federal or State of Oklahoma tax consequences arising with respect to the 2021A Bonds except as expressly stated herein. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update our opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2021A Bonds, or under state and local tax law.

It is to be understood that the rights of the holders of the 2021 Bonds under the Bond Indenture and the Thirtieth Supplemental Bond Indenture and under such 2021 Bonds and the enforceability of such rights may be subject to the exercise of judicial discretion, to the sovereign police powers of the State of Oklahoma and the

constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting the relief of debtors.

We express no opinion as to the accuracy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the 2021 Bonds. Our services did not include financial or other non-legal advice.

This opinion letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion letter to reflect any future actions, facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any reason whatsoever.

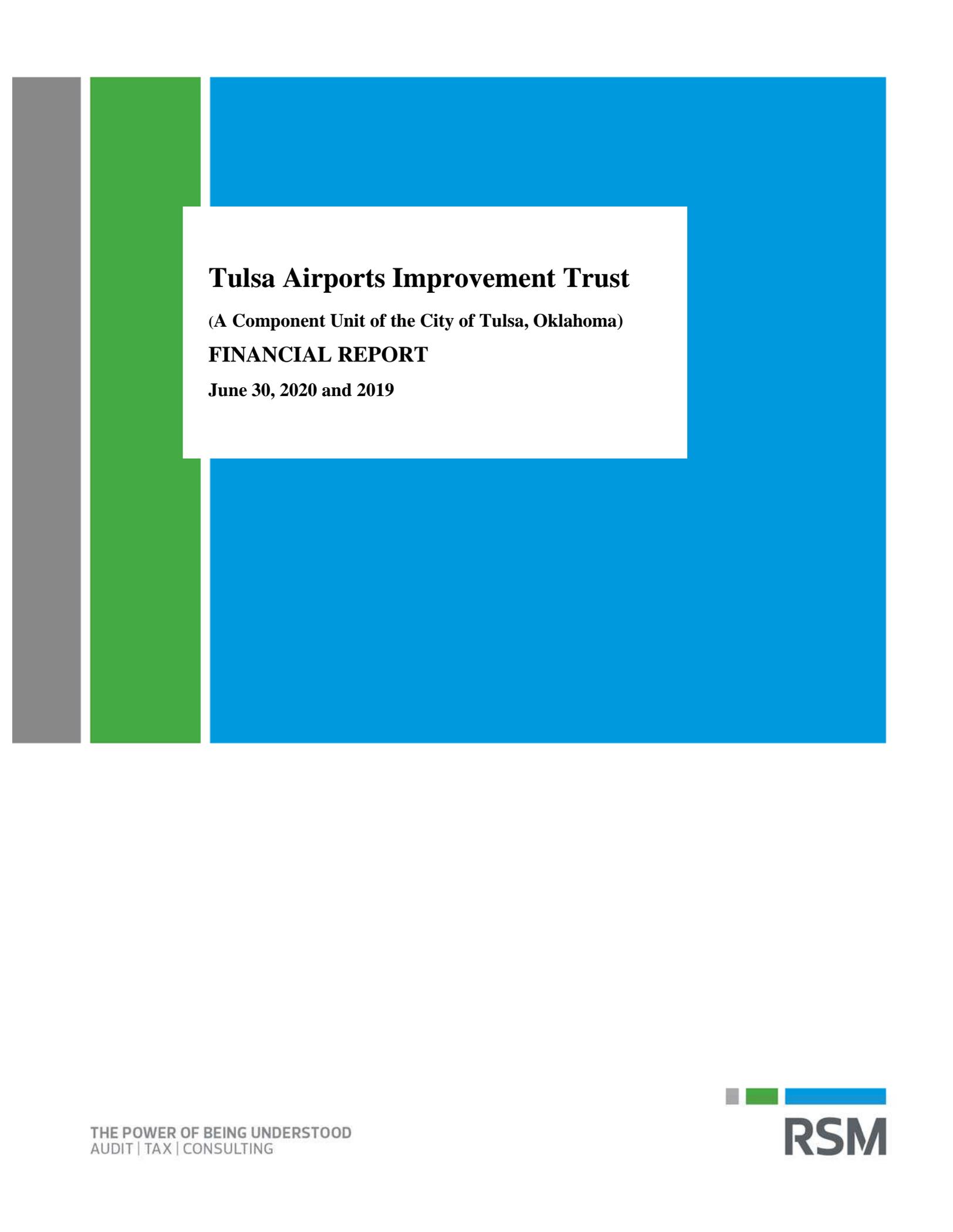
Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF  
TULSA AIRPORTS IMPROVEMENT TRUST  
AS OF JUNE 30, 2020 AND FOR THE YEAR  
THEN ENDED**

[THIS PAGE INTENTIONALLY LEFT BLANK]



# **Tulsa Airports Improvement Trust**

**(A Component Unit of the City of Tulsa, Oklahoma)**

## **FINANCIAL REPORT**

**June 30, 2020 and 2019**

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Index**  
**June 30, 2020 and 2019**

---

	<b>Page</b>
<b>Independent Auditor’s Report</b>	1
<b>Management’s Discussion and Analysis</b>	3
<b>Basic Financial Statements</b>	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	14
Statements of Cash Flows	15
Notes to Basic Financial Statements	16
<b>Required Supplementary Information</b>	
Municipal Employees’ Retirement Plan	38
<b>Supplementary Information</b>	
Detailed Schedules of Operating Revenue	39
<b>Other Information (Unaudited)</b>	
Schedule of Insurance in Force	40
Schedule of Net Revenues Available for Debt Service and Debt Coverage	41
Schedule of Funds on Deposit and Invested	42
Five-Year Construction in Progress	45
Monthly Enplaned Passengers	45
Average Daily Scheduled Flights	46
Airline Enplaned Passengers	47
Airline – Air Cargo Landed Weight	48

## Independent Auditor's Report

Board of Trustees  
Tulsa Airports Improvement Trust

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Tulsa Airports Improvement Trust (TAIT), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise TAIT's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TAIT, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed schedules of operating revenue information, listed in the table of contents as supplementary information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The accompanying Other Information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**RSM US LLP**

Kansas City, Missouri  
December 3, 2020

**Tulsa Airports Improvement Trust  
(A Component Unit of the City of Tulsa, Oklahoma)  
Management's Discussion and Analysis  
June 30, 2020 and 2019**

---

As management of the Tulsa Airports Improvement Trust (“TAIT”), we offer readers of TAIT’s financial statements this narrative overview and analysis of the financial activities of TAIT for the fiscal years ended June 30, 2020 and 2019.

Following Management’s Discussion and Analysis are the financial statements of TAIT together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements. We encourage readers to consider the information presented here in conjunction with TAIT’s financial statements.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Enplaned Passengers	<b>1,093,119</b>	1,509,453	1,430,909
Airfreight (Tons)	<b>62,546</b>	69,789	68,541
Airline/Aircraft Movements (TUL)	<b>79,625</b>	93,428	101,519
Airline/Aircraft Movements (RVS)	<b>182,532</b>	186,282	189,910
Landed weights	<b>1,909,743,954</b>	2,303,599,863	2,167,744,083

**Airport Activities Highlights**

Tulsa Airports Improvement Trust operates Tulsa International Airport (TUL) and R.L. Jones, Jr. Airport (RVS). As of June 30, 2020 there are six airlines serving Tulsa International Airport, along with several charter carriers, and two signatory mainline freight carriers, one non-signatory mainline freight carrier and several non- mainline freight carriers.

Tulsa’s passenger activity decreased in FY20 to 1,093,119, down from the 1,509,453 in FY19. For FY20, Southwest Airlines enplaned the largest share of passengers at Tulsa International Airport with 32% of enplanements, followed by American Airlines (mainline and regional affiliates) with 31%. The market share of mainline carriers decreased to 64.8% in FY20 from 65.2% in FY19, while the market share of regional affiliates increased to 35.2% in FY20 from 34.8% in FY19.

Year-over-year seat capacity at TUL decreased 17.0% for FY21 due to the COVID-19 pandemic. Airline capacity reductions began in April 2020, and continued through June 2020. United Airlines had the largest decrease in capacity, with a 23.1% decrease in seats for FY21. Delta decreased capacity by 21.8%, while Southwest and American removed 13.2% and 9.6% of their capacity, respectively. Ultra-low-cost carrier Frontier Airlines decreased their TUL capacity by 78.8%, as they temporarily exited the TUL market entirely, eventually returning with nonstop service to Denver (DEN). Allegiant Airlines capacity was slightly down 1.8%. In total for FY21, nearly 345,000 seats on 2,900 flights were removed due to the pandemic. New nonstop routes from Southwest Airlines to Baltimore and Allegiant Air to San Diego were also postponed due to COVID-19. Despite these headwinds, Allegiant Air launched new nonstop service to Nashville in June 2020, and American Airlines announced new daily nonstop service to Phoenix beginning in November 2020. Allegiant also expanded seasonality from Tulsa to Destin/Ft. Walton Beach and Las Vegas in summer 2020.

# **Tulsa Airports Improvement Trust**

## **(A Component Unit of the City of Tulsa, Oklahoma)**

### **Management's Discussion and Analysis**

#### **June 30, 2020 and 2019**

---

#### **Financial Position Summary as of June 30, 2020** (in thousands of dollars)

- The assets and deferred outflows of resources of TAIT exceeded liabilities and deferred inflows of resources at the close of the most recent year by \$289,653.
- Net position increased \$9,796 from \$279,857 at June 30, 2019 to \$289,653 at June 30, 2020.
- Total liabilities decreased \$11,453 from \$199,221 at June 30, 2019 to \$187,768 at June 30, 2020.
- Cash and cash equivalents decreased \$315 from \$29,792 at June 30, 2019 to \$29,477 at June 30, 2020.

#### **Overview of the Financial Statements**

The Trust is reported by the City of Tulsa, Oklahoma (the City) as a discretely presented component unit in the City's Comprehensive Annual Financial Report. The primary function of TAIT is to operate and maintain the City's two airports and finance capital improvements.

This discussion and analysis is intended to serve as an introduction to TAIT's financial statements. The basic financial statements include: 1) Statements of Net Position, 2) Statements of Revenues, Expenses, and Changes in Net Position, 3) Statements of Cash Flows, and 4) Notes to the Financial Statements.

#### **Financial Statements**

The Trust's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America, promulgated by the Governmental Accounting Standards Board ("GASB"). The Trust is structured as a single-purpose business-type activity with revenues recognized when earned and expenses recognized when incurred. The Statement of Net Position includes all of TAIT's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of TAIT is improving or deteriorating. All of TAIT's current year revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows provides information about cash receipts, cash payments, and changes in cash resulting from operating, investing, and capital financing activities.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Management's Discussion and Analysis**  
**June 30, 2020 and 2019**

---

**Summary of Net Position**

*(in thousands of dollars)*

	2020	2019	2018
<b>Assets</b>			
Current and other assets	\$ 62,188	\$ 68,112	\$ 50,801
Capital assets, net	406,275	400,047	400,716
Total assets	<u>468,463</u>	<u>468,159</u>	<u>451,517</u>
<b>Deferred outflows of resources</b>	<u>9,263</u>	<u>11,589</u>	<u>11,847</u>
<b>Liabilities</b>			
Current and other liabilities	13,340	15,545	17,903
Long-term debt outstanding	174,428	183,676	168,937
Total liabilities	<u>187,768</u>	<u>199,221</u>	<u>186,840</u>
<b>Deferred inflows of resources</b>	<u>305</u>	<u>670</u>	<u>809</u>
<b>Net position</b>			
Net investment in capital assets	268,830	260,554	252,981
Restricted	10,185	11,545	11,434
Unrestricted	10,638	7,758	11,300
Total net position	<u>\$ 289,653</u>	<u>\$ 279,857</u>	<u>\$ 275,715</u>

The largest portion (93%) of TAIT's net position as of June 30, 2020 and 2019, represent investment in capital assets less related debt outstanding to acquire those capital assets. The Trust uses the capital assets to provide safe, secure, and user-friendly services to its passengers and visitors at its airports. Although TAIT's investment in capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations and specifically identified nonoperating revenues.

**Summary of Changes in Net Position**

*(in thousands of dollars)*

	2020	2019	2018
Operating revenues	\$ 34,605	\$ 34,520	\$ 37,066
Nonoperating revenues, including capital grants	25,406	20,965	17,852
Total revenues	<u>60,011</u>	<u>55,485</u>	<u>54,918</u>
Operating expenses	41,619	42,364	40,201
Nonoperating expenses	8,596	8,979	9,524
Total expenses	<u>50,215</u>	<u>51,343</u>	<u>49,725</u>
Increase in net position	<u>\$ 9,796</u>	<u>\$ 4,142</u>	<u>\$ 5,193</u>

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Management's Discussion and Analysis**  
**June 30, 2020 and 2019**

---

- FY20 operating revenues, which consist primarily of rents and service fees, increased 0.2%. In the latter half of FY20, TAIT along with all airports and airlines were impacted by the COVID-19 pandemic. The operating revenue experienced a significant decrease due to travel restrictions and stay at home orders. TAIT was fortunate to be through three quarters of the fiscal year and was recognizing a 4.7% increase in actual to budgeted revenues. FY19 operating revenues decreased 6.9% due to recognizing the FY18 net revenue share agreement and FY19 net revenue share cap agreements with Signatory Airlines in FY19.
- Nonoperating revenues increased 21% in FY20 due to an increase in the level of federal grant receipts which included CARES Act funds totaling \$4.3M in grants recognized in FY20 and an increase in fair value of investments. Nonoperating revenues increased 17.4% in FY19 due to an increase in the level of federal grant receipts and an increase in fair value of investments.
- Operating expenses decreased \$745 for FY20 due to TAIT management's quick and early response to the increased financial pressure caused by the pandemic. Operating expenses increased \$2,163 for FY19 due to increased personnel compensation as well as increased depreciation expense as capital projects were completed and closed.
- Nonoperating expenses decreased for FY20 by 4.3% from FY19 primarily due to a reduction in interest expense, amortization of bond expenses, and bond issuance costs. FY19 nonoperating expenses decreased by 5.7% due to a reduction in bond issuance costs.

**Summary of Cash Flow Activities**

The following shows a summary of the major sources and uses of cash and cash equivalents. Cash equivalents are defined as cash and highly liquid investments with an original maturity of three months or less.

<i>(in thousands of dollars)</i>	2020	2019	2018
<b>Cash flows</b>			
Provided by operating activities	\$ 9,794	\$ 13,233	\$ 13,435
Provided by non-capital and related financing activities	1,338	43	17
Provided by (used in) capital and related financing activities	(18,678)	2,828	(11,223)
Provided by (used in) investing activities	7,231	(6,017)	444
Net increase (decrease) in cash and cash equivalents	(315)	10,087	2,673
<b>Cash and cash equivalents</b>			
Beginning of year	29,792	19,705	17,032
End of year	\$ 29,477	\$ 29,792	\$ 19,705

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Management's Discussion and Analysis**  
**June 30, 2020 and 2019**

---

**Capital Assets** (in thousands of dollars)

The Trust's investment in capital assets amounted to \$406,275 (net of accumulated depreciation). The Trust paid \$24,486 and \$21,032 related to the acquisition and construction of capital assets for the years ended June 30, 2020 and 2019, respectively.

<i>(in thousands of dollars)</i>	<b>2020</b>	2019	2018
Land and improvements	\$ 386,527	\$ 370,141	\$ 355,309
Easements	70,838	70,838	70,838
Buildings	275,914	274,538	269,805
Art	261	275	275
Equipment	26,492	25,539	22,202
	<b>760,032</b>	741,331	718,429
Less: Accumulated depreciation	361,597	(344,832)	(328,409)
Construction-in-progress	7,840	3,548	10,696
Capital assets, net	<b>\$ 406,275</b>	\$ 400,047	\$ 400,716

**Long-Term Debt** (in thousands of dollars)

At June 30, 2020, TAIT had outstanding long-term portion of general revenue bonds of \$158,389. The bonds are collateralized by and payable from the revenues of TAIT. The bonds mature per a set schedule with the last maturity occurring on June 1, 2048.

	<i>(in thousands of dollars)</i>		
	<b>2020</b>	2019	2018
Revenue bonds	<b>\$ 158,389</b>	\$ 168,886	\$ 156,422

The Trust's long-term debt decreased by \$10,497 in FY20 and increased by \$12,464 in FY19. Fiscal Year 2019 increased with the issuance of the Airport Trustees General Airport Revenue Bond Series 2018A of \$19.8 million.

**Signatory Airline Rates and Charges**

Effective July 1, 2018 to allow completion of negotiations of a new five year Airline-Airport Use and Lease Agreements and Cargo Carrier Use and Lease Agreements in the ordinary course, the Airport Trustees and the Signatory Airlines and Signatory Cargo Airlines approved a one year amendment that extends the current Airline-Airport Use and Lease Agreements and Cargo Carrier Use and Lease Agreements to June 30, 2019. In connection with the one year extension, the rate making process was eliminated through the agreement to extend current rates and charges and placing a cap on certain signatory airline revenues paid to the Airport Trustees at the amount received over past years, or approximately \$11.5 million annually.

# **Tulsa Airports Improvement Trust**

## **(A Component Unit of the City of Tulsa, Oklahoma)**

### **Management's Discussion and Analysis**

#### **June 30, 2020 and 2019**

---

TAIT entered into a new Signatory Airline Use and Lease Agreement for a term beginning July 1, 2019 and continuing until June 30, 2024, unless otherwise terminated in accordance with its terms. During the initial Term only, rates, fees and charges do not change. Pursuant to each Use and Lease Agreement, each Signatory Airline, upon the consent of the Airport, has the option to extend the term of its Agreement for two additional three year terms, or to June 30, 2030. The revenue sharing component of the Airport-Airline Use and Lease Agreement is based upon Airport liquidity thresholds ("Days of Cash", as defined under the Agreement). The first threshold is met when the Airport reaches 365 Days of Cash. When the Airport reaches this threshold, the revenue share to the Signatory Airlines will be 10% of net revenues. As the Days of Cash thresholds go up (400 days, 487 days, 609 days, 730 days) the net revenue share scales up in increments of 25%, 30%, and 40%, respectively. The maximum threshold is 730 Days of Cash and the net revenue share would be 50%. Provided the threshold for liquidity is met in any given fiscal year, the revenue share is allocated to each signatory based upon their market share at the Airport.

Signatory Airline Terminal rental rates for FY20, FY19, and FY18 ranged from \$24.22 to \$96.88 per square foot. Signatory landing fees were \$3.62 per 1000 lbs for FY20, FY19, and FY18.

#### **Economic Factors**

The City of Tulsa, located in northeastern Oklahoma, is the second largest city in the State. Tulsa is the central city of the Tulsa Metropolitan Statistical Area (the "Tulsa MSA"). The City is approximately 193 square miles in size whereas the Tulsa MSA covers approximately 5,161 square miles. The Tulsa MSA is comprised of seven counties: Okmulgee, Creek, Osage, Pawnee, Rogers, Tulsa and Wagoner counties. In 2019, the aggregate population of the Tulsa MSA was estimated to be 991,561 or 25% percent of the population of the state of Oklahoma.

Tulsa's major industries are aerospace (including aerospace manufacturing and aviation), health care, energy, machinery and electrical equipment manufacturing, transportation, distribution and logistics. Several clusters, or groups of companies within industries that buy or sell to each other in the manufacture of goods for export from the area, have disproportionately large concentrations of employment relative to the U.S. concentrations and are positioned to grow within the Tulsa MSA.

Pre-COVID 19, the five-year period ending 2019, nearly all sectors in the Tulsa economy showed positive average annual growth. The highest growth occurred in the (i) construction and (ii) leisure and hospitality sectors with 3.7% and 3.4% annual average growth, respectively. Tulsa's target sectors of mining, manufacturing, transportation, business and professional service, and health services experienced growth in during such period.

#### **COVID-19**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. Many states and local governments in the United States, including Oklahoma and the City of Tulsa, have issued "stay at home" or "shelter in place" orders, which severely restrict movement and limit businesses and activities to essential functions. Additionally, a growing number of nations have effectively closed their borders by restricting entry and exit only to essential travel.

# **Tulsa Airports Improvement Trust**

## **(A Component Unit of the City of Tulsa, Oklahoma)**

### **Management's Discussion and Analysis**

#### **June 30, 2020 and 2019**

---

The COVID-19 pandemic and resulting restrictions have severely disrupted, and continue to disrupt, the economies of the United States and other countries, leading to volatility in the securities markets. Many of these markets have lost significant value and may continue to do so. Increased business failures, worker layoff, and consumer and business bankruptcies have begun and are expected to continue in the near future.

Airports in the United States have been acutely impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 pandemic. The pandemic has adversely affected domestic and international travel and travel-related industries. Airlines are reporting unprecedented downturns in passenger volumes and have expressed expectations for reduced levels of passenger volumes which, in turn, has resulted in airlines significantly reducing flights.

The United States government, the Federal Reserve Board and foreign governments took legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Safety Act (the "CARES Act"), approved by the United States Congress and signed by the President on March 27, 2020, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines.

Provisions of the CARES Act, which provide \$10 billion of assistance to airports, include the following: (i) \$3.7 billion to be allocated among all commercial service airports throughout the nation based on calendar year 2018 enplanements for all commercial service airports (according to calendar year 2018 data provided by the FAA, the Airport was the 80th busiest airport in the United States in terms of enplaned passengers), (ii) \$3.7 billion to be allocated among all commercial service airports based on a formula that includes as its factors the fiscal year 2018 debt service for a given airport as a percentage of the combined debt service for all commercial service airports, and the airport's ratio of unrestricted reserves to respective debt service, (iii) \$2 billion to be apportioned in accordance with the Airport Improvement Program entitlement formulas, subject to CARES Act formula revisions, (iv) \$500 million to pay a federal share of the costs of making grants under the Further Consolidated Appropriations Act, 2020 (Public Act 116-94), with unused amounts to be distributed to airports according to the allocations described in (i) and (ii), and (iii) \$100 million reserved for general aviation airports. With the exception of any funds allocated to TAIT under (iv) above, CARES Act funds received by TAIT are eligible to be used for any lawful purpose.

TAIT filed for and was awarded CARES Act funds totaling \$15,704,550. Tulsa International Airport (TUL) received \$15,547,550 and R.L. Jones Jr. (RVS) received \$157,000 in CARES Act funding. The airport sponsor may use these funds for any purpose for which airport revenues may be lawfully used. CARES grant recipients should follow the FAA's Policy and Procedures Concerning the Use of Airport Revenues ("Revenue Use Policy"), 64 Federal Register 7696 (64 FR 7696), as amended by 78 Federal Register 55330 (78 FR 55330). The Revenue Use Policy defines permitted uses of airport revenue. In addition to the detailed guidance in the Revenue Use Policy, the CARES Act states the funds may not be used for any purpose not related to the airport. Additionally by accepting this grant, the airport agreed to continue to employ, through December 31, 2020, at least 90 percent of the number of individuals employed by the airport as of March 27, 2020.

**Tulsa Airports Improvement Trust  
(A Component Unit of the City of Tulsa, Oklahoma)  
Management's Discussion and Analysis  
June 30, 2020 and 2019**

---

As a condition of receiving Federal assistance under this award, the airport must comply with audit requirements as established under 2 CFR part 200. Subpart F requires non-Federal entities that expend \$750,000 or more in Federal awards to conduct a single or program specific audit for that year.

The Airport, similar to other airports around the nation, has seen declines in many financial and operating metrics subsequent to the outbreak of COVID-19 in the United States. Passenger enplanements and parking revenues significantly declined beginning mid-March 2020 and such decrease is currently continuing. Rental car transactions and demand for parking and ground transportation services, including, but not limited to, those provided by taxis, executive cars, Uber and Lyft, have also decreased significantly. The above described declines may accelerate as additional flight cancellations are announced and new reduced scheduled service becomes effective.

Domestic air travel throughout the nation has been severely impacted. Based on enplanements reported by the airlines at the Airport, for the month of March, enplanements declined by approximately 58.91% when compared to the same period in 2019. Airlines at the Airport are making changes to their flight schedules on a daily basis, and are evaluating their spring and summer flight schedules. TAIT anticipates the reduced level of scheduled airline service to continue and cannot predict the duration. TAIT also cannot predict if there will be a nationwide order to restrict travel within the United States, which could lead to a cessation of operations at the Airport requiring significant cost-cutting measures.

The Airport is also experiencing significant reductions in operations at concessions within the Airport. Many concessionaires have closed operations at the Airport as a result of the COVID-19 pandemic. On April 1, 2020, Oklahoma Governor Kevin Stitt issued an executive order prohibiting on premises dining or consumption at restaurants or bars until April 30, 2020, and as a result the Airport bars are closed, a number of Airport restaurants are closed and the restaurants that remain open are offering takeaway only.

TAIT has received and is receiving requests for rate relief and other forms of financial restructuring of agreements from airlines and Airport concessionaires, including rental car companies. The Airport Trustees have agreed to permit such Airport tenants to defer the payment of rent for the months of April, May and June, with payment in accordance with lease terms resuming as of July 1, 2020. Any tenant that desires to take advantage of the offered deferment of rent must sign a contract with TAIT that requires repayment of all such deferred rent, no later than December 31, 2020.

In response to the COVID-19 pandemic, TAIT is proactively implementing a number of temporary measures intended to mitigate operational and financial impacts to TAIT, including: a hiring freeze; eliminating non-business critical travel; cancelling employee attendance at industry conferences; limiting overtime and training; restricting discretionary contracts and task orders; requiring remote working for non-essential employees; and reducing capital and maintenance spending by identifying projects that could safely be delayed. Increased sanitization procedures have been implemented at the Airport and the childrens' play areas have been closed. TAIT is also reducing certain contractor staffing levels at the Airport, such as parking and customer service personnel, and is consolidating all employee surface parking lot use into the long-term parking garage. TAIT cannot predict whether these measures will be sufficient to mitigate the negative effects of the COVID-19 pandemic.

**Tulsa Airports Improvement Trust  
(A Component Unit of the City of Tulsa, Oklahoma)  
Management's Discussion and Analysis  
June 30, 2020 and 2019**

---

However, TAIT will continue to assess and implement opportunities to reduce costs and adjust operations to keep the Airport safe and efficient in response to the ongoing changes caused by COVID-19. TAIT expects its budget for the fiscal year beginning July 1, 2020 to reflect these ongoing measures.

TAIT cannot predict (i) the duration or extent of the COVID-19 pandemic or another outbreak or pandemic; (ii) the scope or duration of restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at the Airport, or whether all airlines will cease operations at the Airport or shut down in response to such restrictions or warnings, (iii) what effect any COVID-19 pandemic-related restrictions or warnings may have on air travel, including to and from the Airport, the retail and services provided by Airport concessionaires, Airport costs or TAIT revenues; (iv) whether and to what extent the COVID-19 pandemic may disrupt the local, state, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Airport-related construction, the cost of both construction and borrowed money, sources of funds, schedule or implementation of TAIT's CIP (as hereinafter defined), or other TAIT operations, or the airline and travel industry, generally; or (v) whether or to what extent TAIT may provide deferrals, forbearances, adjustments or other changes to TAIT's arrangements with the Airlines and its other tenants and concessionaires. Prospective investors should assume that the restrictions and limitations related to COVID-19, and the current upheaval to the air travel industry and the national and global economies, will increase at least over the near term, recovery may be prolonged and, therefore, will have an adverse impact on TAIT revenues and operations. Future outbreaks, pandemics or events outside of TAIT's control may further reduce demand for travel, which in turn could cause a decrease in passenger activity at the Airport and declines in TAIT revenues.

**Contacting TAIT's Financial Management**

Questions about this report or requests for additional financial information can be directed to the Chief Financial Officer, 7777 E. Apache St., Room A217, Tulsa, OK 74115.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Statements of Net Position**  
**June 30, 2020 and 2019**

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 18,208	\$ 17,249
Cash and cash equivalents - restricted	719	1,735
Investments - restricted	1,345	1,546
Investments	203	-
Receivables		
Trade, less allowance for doubtful accounts of \$205 and \$35, respectively	2,218	2,140
Intergovernmental receivable	4,535	3,017
Customer facility charges receivable	127	315
Inventories	1,392	1,517
Other current assets	396	407
Total current assets	<u>29,143</u>	<u>27,926</u>
<b>Noncurrent assets</b>		
Cash and cash equivalents - restricted	10,550	10,808
Investments - restricted	22,175	28,364
Passenger facility charges receivable - restricted	192	862
Accrued interest receivable - restricted	-	24
Capital assets not being depreciated	151,512	147,234
Capital assets, net of accumulated depreciation	254,763	252,813
Advance to primary government	128	128
Total noncurrent assets	<u>439,320</u>	<u>440,233</u>
Total assets	<u>468,463</u>	<u>468,159</u>
<b>Deferred Outflows of Resources</b>		
Deferred charges on refunding	7,004	9,185
Pension related amounts	2,259	2,404
Total deferred outflows of resources	<u>\$ 9,263</u>	<u>\$ 11,589</u>

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

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Statements of Net Position, continued**  
**June 30, 2020 and 2019**

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,588	\$ 3,153
Current portion of compensated absences	191	118
Other accrued expenses	29	158
Unearned revenue	676	529
Current portion of bonds payable	8,690	8,441
Liabilities payable from restricted assets:		
Accounts payable	1,514	2,437
Customer deposits	34	47
Accrued interest payable	618	662
Total current liabilities	<u>13,340</u>	<u>15,545</u>
<b>Noncurrent liabilities</b>		
Compensated absences	865	998
Other accrued expenses	-	43
Net pension liability	15,174	13,749
Bonds payable, including premium	158,389	168,886
Total noncurrent liabilities	<u>174,428</u>	<u>183,676</u>
Total liabilities	<u>187,768</u>	<u>199,221</u>
<b>Deferred inflows of resources, pension related amounts</b>	<u>305</u>	<u>670</u>
<b>Net position</b>		
Net investment in capital assets	<u>268,830</u>	<u>260,554</u>
Restricted for:		
Restricted by bond indenture for operations	6,224	6,646
Debt service	796	733
Capital projects	2,982	3,985
Other purposes	183	181
Total restricted net position	<u>10,185</u>	<u>11,545</u>
Unrestricted	<u>10,638</u>	<u>7,758</u>
Total net position	<u>\$ 289,653</u>	<u>\$ 279,857</u>

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

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2020 and 2019**

<i>(in thousands of dollars)</i>	<u>2020</u>	<u>2019</u>
<b>Operating revenue</b>		
<b>Aeronautical operating revenues</b>		
Landing fees - signatory and non-signatory	\$ 7,004	\$ 6,763
Passenger airline terminal revenue - signatory and non-signatory	6,320	3,502
Other aeronautical revenue	4,535	3,773
Total aeronautical revenue	<u>17,859</u>	<u>14,038</u>
<b>Non-aeronautical operating revenue</b>		
Terminal revenues	2,593	2,760
Rental car revenues	4,437	5,085
Parking revenues	7,342	10,195
Other non-aeronautical operating revenue	1,242	1,211
Total non-aeronautical operating revenue	<u>15,614</u>	<u>19,251</u>
Revenue from R. L. Jones, Jr. Airport	1,132	1,121
Revenue from Okmulgee Airport	-	110
Total operating revenues	<u>34,605</u>	<u>34,520</u>
<b>Operating expenses</b>		
Personnel compensation and benefits	13,230	13,074
Service contracts	6,413	7,049
Materials, equipment & supplies	1,564	1,671
Utilities and communications	1,614	1,703
Insurance, claims	494	300
Other	1,079	1,008
Total operating expenses, excluding depreciation	<u>24,394</u>	<u>24,805</u>
Net operating income before depreciation	10,211	9,715
Depreciation	17,225	17,559
Net operating (loss)	<u>(7,014)</u>	<u>(7,844)</u>
<b>Nonoperating revenues (expenses)</b>		
Investment income and change in fair value of investments	1,004	1,523
Interest expense	(7,873)	(7,972)
Amortization of bond discount/premium and deferred charges on refunding	(301)	(412)
Debt issuance costs	(422)	(595)
Passenger facility charges	4,201	5,940
Customer facility charges	2,652	3,297
Federal grants noncapital	4,290	-
Other, net	15	30
Net nonoperating revenues (expenses)	<u>3,566</u>	<u>1,811</u>
<b>Capital contributions and grants</b>		
Federal grants	12,849	10,168
State grants	395	-
Other contributions - City of Tulsa	-	7
Total capital contributions and grants	<u>13,244</u>	<u>10,175</u>
<b>Increase in net position</b>	9,796	4,142
<b>Net position, beginning of year</b>	<u>279,857</u>	<u>275,715</u>
<b>Net position, end of year</b>	<u>\$ 289,653</u>	<u>\$ 279,857</u>

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

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Cash received from customers, including cash deposits	\$ 34,674	\$ 34,619
Cash payments to suppliers for goods and services	(12,798)	(10,069)
Cash payments to employees for services	(12,082)	(11,317)
Net cash provided by operating activities	<u>9,794</u>	<u>13,233</u>
<b>Cash flows from non-capital and related financing activities</b>		
Proceeds from non-capital grants, donations and reimbursements	<u>1,338</u>	<u>43</u>
Net cash provided by non-capital and related financing activities	<u>1,338</u>	<u>43</u>
<b>Cash flows from capital and related financing activities</b>		
Construction and purchase of capital assets	(24,486)	(21,032)
Interest paid on long-term debt	(7,684)	(7,922)
Passenger facility charges received	4,872	5,958
Customer facility charges received	2,840	3,276
Proceeds from issuance of long-term debt	15,965	19,825
Premium received, on debt issuance	2,302	1,447
Principal paid on long-term debt	(8,441)	(8,020)
Payments to escrow agent for debt refunding	(18,426)	-
Debt issuance costs	(422)	(595)
Proceeds from sale of capital assets	67	96
Other, net	59	-
Proceeds from state grants	395	-
Proceeds from federal capital grants	<u>14,281</u>	<u>9,795</u>
Net cash provided by (used in) capital and related financing activities	<u>(18,678)</u>	<u>2,828</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(49,404)	(32,481)
Proceeds from sale or maturity of investments	55,609	25,542
Interest received on investments	<u>1,026</u>	<u>922</u>
Net cash provided by (used in) investing activities	<u>7,231</u>	<u>(6,017)</u>
Net increase (decrease) in cash and cash equivalents	(315)	10,087
<b>Cash and cash equivalents</b>		
Beginning of year	<u>29,792</u>	<u>19,705</u>
End of year	<u>\$ 29,477</u>	<u>\$ 29,792</u>

(continued)

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

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Statements of Cash Flows, continued**  
**Years Ended June 30, 2020 and 2019**

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</b>		
Current unrestricted cash and cash equivalents	\$ 18,208	\$ 17,249
Current restricted cash and cash equivalents	719	1,735
Noncurrent restricted cash and cash equivalents	<u>10,550</u>	<u>10,808</u>
Total cash and cash equivalents	<u>\$ 29,477</u>	<u>\$ 29,792</u>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>		
Operating loss	\$ (7,014)	\$ (7,844)
Adjustments to reconcile operating activities to net cash provided by operating activities:		
Depreciation	17,225	17,559
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable, trade	(78)	120
Decrease (increase) in inventories	125	63
Decrease in other current and noncurrent assets	(7)	519
(Decrease) increase in unearned revenue	147	(21)
Increase in accounts payable and accrued liabilities	(1,810)	1,199
Change in pension-related amounts	1,206	1,638
Net cash provided by operating activities	<u>\$ 9,794</u>	<u>\$ 13,233</u>
<b>Noncash investing activities:</b>		
Appreciation of fair value of investments	<u>\$ 92</u>	<u>\$ 75</u>
<b>Noncash capital and financing activities:</b>		
Capital asset acquisitions included in accounts payable	<u>\$ (923)</u>	<u>\$ (4,039)</u>
Capital contributions	<u>\$ -</u>	<u>\$ 7</u>
Federal capital grant revenue included in receivables	<u>\$ 1,570</u>	<u>\$ 3,002</u>
Passenger facility charge revenue included in receivables	<u>\$ 192</u>	<u>\$ 862</u>
Customer facility charge revenue included in receivables	<u>\$ 127</u>	<u>\$ 315</u>
<b>Noncash noncapital and financing activities:</b>		
Federal noncapital grant revenue included in receivables	<u>\$ 2,952</u>	<u>\$ -</u>

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

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars)**  
**June 30, 2020 and 2019**

---

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF BUSINESS** - The Tulsa Airports Improvement Trust (the “Trust or “TAIT” or the “Airports”) was organized in 1967 as a public trust with the City of Tulsa (the "City") as its sole beneficiary. The Trust's purpose is to operate, maintain, construct, improve and/or lease airport facilities serving the City and to incur indebtedness as may be necessary to provide such facilities. Any indebtedness is payable solely from revenues of TAIT, as it has no authority to levy taxes. All revenues generated by the Airports must be used for airport purposes.

Effective January 1, 2014, the City of Tulsa and the Tulsa Airports Improvement Trust entered into an Amended and Restated Lease Agreement for the land encompassing Tulsa International Airport and R.L. Jones Jr. Airport. The lease agreement shall end on December 31, 2023, or on such later date on which all Bonds of the Trustees issued in connection with the Airports have been paid or provision for the payment thereof has been made. The Trust shall have the option to extend the terms for up to four periods of ten years each.

The accompanying financial statements include the accounts and activity of TAIT and the Tulsa Airport Authority (TAA). All amounts in the notes to the financial statements, unless otherwise indicated, are expressed in thousands of dollars.

**BASIS OF ACCOUNTING AND PRESENTATION-** The financial statements of TAIT are prepared in accordance with generally accepted accounting principles (“GAAP”) as applied to business-type activities of governmental units. The Governmental Accounting Standards Board (“GASB”) is the standard-setting body for governmental accounting and financial reporting.

The financial statements of TAIT have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows/outflows from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Investment income and voluntary nonexchange transactions are included in nonoperating revenues and expenses, as well as debt related expenses.

**REPORTING ENTITY** – The Trust and TAA trustees are appointed by the Mayor and approved by City Council. The Trust is a component unit of the City and is included in the City’s comprehensive annual report as a discretely presented component unit.

**CASH AND CASH EQUIVALENTS** – The Trust considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**, continued

**INVESTMENTS** - Investments consist of obligations of the U.S. Treasury and various federal agencies and instrumentalities, certificates of deposit and money market funds. These investments are held by bond trustees (with the exception of the certificates of deposit) and invested in accordance with the requirements and terms of various bond indentures. Investments in the U.S. Treasury and federal agencies are recorded at fair value. Investments in certificates of deposit and money market funds are recorded at amortized cost. The Trust experienced an increase in the fair value of investments of approximately \$17 and \$570 for the years ended June 30, 2020 and June 30, 2019, respectively.

**FAIR VALUE MEASUREMENTS** –Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Trust categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input – Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the Authority’s own assumptions as there is little, if any, related activity.

**Hierarchy** – The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

**Inputs** – If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**INVENTORIES** - Inventories consist principally of consumable supplies and replacement parts for fixtures and equipment. Inventories are stated at the lower of cost (first-in, first-out) or market.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**, continued

**RESTRICTED ASSETS** – Certain cash, cash equivalents and investments of TAIT are restricted under the terms of its bond indentures. Other assets are restricted by TAIT’s collection of passenger facility charges.

**CAPITAL ASSETS** - Capital assets are carried at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 20 to 50 years for buildings, 5 to 20 years for roads, ramps, and runways, 3 to 20 years for equipment, and 1 to 20 years for leasehold improvements. When assets are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in nonoperating revenues and expenses. Costs of maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized. Interest incurred during construction periods is expensed.

**BOND DISCOUNTS/PREMIUMS** - Discounts/premiums on revenue bonds are being accreted/amortized over the life of the bonds to which they relate, using a method which approximates the effective interest method.

**DEFERRED CHARGES ON REFUNDING** - Deferred charges on refunding represents the difference in the reacquisition price and the net carrying amount of the old debt. These charges are presented as a deferred outflow of resources, amortized using a method which approximates the effective interest method, and recognized as a component of amortization expense over the term of the old or new debt, whichever is shorter.

**COMPENSATED ABSENCES** - Vacation leave is granted to all regular and part-time employees. The annual amount of vacation time accrued varies from 14 to 26 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount which may be earned in one calendar year. Accumulated vacation leave vests and TAIT is obligated to make payment even if the employee terminates. Full-time employees accrue 1 day (8 hours) of sick leave for each full calendar month of service and may accrue a maximum of 150 working days (1,200 hours) of sick leave. Employees may convert accrued sick leave in excess of 120 days (960 hours) to vacation leave, provided the total accrued vacation leave does not exceed the maximum allowed under the Vacation Policy. Upon retirement (age 55 or older) or death, employees with at least 120 days (960 hours) of accrued sick leave will receive payment for accrued sick leave at a rate of 1 day of pay for every 2 days of sick leave up to a maximum of 75 days (600 hours) of pay, at the employee’s rate of pay at the time of separation. The liability for compensated absences attributable to TAIT is charged to operating expenses during the period earned by the employee and a corresponding liability is established.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**, continued

**DEFERRED OUTFLOW/INFLOW OF RESOURCES** - Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be reported as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Trust records deferred outflows of resources and deferred inflows of resources related to its participation in the Municipal Employees' Retirement Plan (MERP).

**UNEARNED REVENUE** - Unearned revenue represents payments and/or revenue received but not recognized since it has not yet been earned. Unearned revenue primarily consists of rental payments received in advance.

**PENSIONS** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of MERP and additions to/deductions from MERP's fiduciary net position have been determined on the same basis as they are reported by MERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**FEDERAL AND STATE GRANTS** - Contributions resulting from federal and state grants are generally restricted for the acquisition or construction of property and equipment. Funding provided from government grants is considered earned when all eligibility requirements have been satisfied, primarily as a result of the approved capital outlays or expenditures being incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency. Any liability for reimbursement which may arise as the result of audits of grant funds is not believed to be material. Federal grants receivable represent the earned portions, based on the related expenditures, of various grants that have not been remitted by the grantor. The unexpended portions of such grants are properly not reflected in the financial statements and as of June 30, 2020 and 2019, totaled \$11,511 and \$10,081, respectively.

**NET POSITION** - Net Position of TAIT represents the difference between assets, liabilities and deferred inflows/outflows of resources. The net position of TAIT is comprised of these categories:

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**, continued

**NET INVESTMENT IN CAPITAL ASSETS** - reflects TAIT's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Net investment in capital assets, excludes unspent bond proceeds of \$24,143 and \$31,086 as of June 30, 2020 and 2019, respectively. The Trust uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.

**RESTRICTED NET POSITION** - represents resources that are subject to enabling legislation adopted by TAIT or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**UNRESTRICTED NET POSITION** - represents remaining assets and deferred outflows of resources less remaining liabilities and deferred inflows of resources that do not meet the definition of net investment in capital assets or restricted.

The Trust first applies restricted resources when an expense or outlay is incurred for purposes for which both restricted and unrestricted resources are available.

**OPERATING RESERVE** - The Trust has an operating reserve, which was established in the Amended and Restated Bond Indenture ("Indenture"). The Indenture requires the reserve to be established and maintained at approximately one-fourth of the estimated and budgeted operating expenses (excluding depreciation and certain other costs as defined in the Indenture) of TAIT. The reserve can be used to pay operating expenses or to pay interest, principal and premium on bonds.

**FEDERAL INCOME TAXES** - The Trust, as a political subdivision of the State of Oklahoma with the City of Tulsa as beneficiary, is excluded from taxation under Section 115(1) of the Internal Revenue Code.

**REVENUES AND EXPENSES** - Operating revenues consist principally of landing and operating fees charged to airlines using the airport facilities, fuel sales fees, parking fees, and concession fees and rentals. Long-term use and lease agreements govern the rates charged to the major airlines using the airport. Under the terms of these agreements, the airlines have agreed to pay amounts which, when combined with other revenues, will be sufficient to pay operating and maintenance costs of the airports and the annual debt service on TAIT's outstanding revenue bonds for which the Trust's revenues are pledged as collateral.

Operating expenses consist of all costs incurred to administer the airport system, including depreciation of capital assets. All revenues and expenses not meeting these descriptions are considered nonoperating revenues and expenses or capital grants, contributions and charges.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

1. **NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**, continued

**PASSENGER FACILITY CHARGE** - In 1990, the United States Congress enacted the Aviation Safety and Capacity Expansion Act (“ASCEA”) of 1990, which allows public agencies controlling commercial service airports to charge eligible enplaning passengers at the airport a \$1, \$2, or \$3 passenger facility charge, or PFC. In 2000, the U.S. Congress passed the Aviation Investment and Reform Act for the 21st Century (“AIR-21”), which allowed airports to levy a PFC of \$4.00 or \$4.50 per eligible enplaned passenger.

The proceeds from PFCs are to be used to finance eligible airport-related projects that preserve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers.

Effective August 1, 1992, TAIT began the assessment of a \$3.00 PFC, which increased to \$4.50 in November 2010. The charge is collected by all carriers and remitted to TAIT, less a minor handling fee. The proceeds from the PFC are restricted for use by TAIT for certain FAA-approved capital improvement projects and debt payments. PFC revenues are reflected as nonoperating revenues when collected by the Airlines. As of June 30, 2020, TAIT has submitted a total of ten applications. Under the six approved open applications TAIT is authorized to collect \$157,977 of PFC revenue until August 1, 2034.

**CUSTOMER FACILITY CHARGE** - Effective July 1, 2004, TAIT began the assessment of a Customer Facility Charge (“CFC”). Effective August 1, 2010, this rate was set at \$4.00. The charge is collected by all rental car concessionaires and remitted to TAIT. The proceeds from the CFC are designated for use by TAIT for certain rental car capital improvement projects, industry operating costs, and debt service requirements. CFC revenues are reflected in nonoperating revenues and are recognized as earned (when the rental transaction occurs).

**CAPITAL CONTRIBUTIONS** – Capital contributions include cash payments made by other governments for facility improvements, and are recognized as revenue when eligibility requirements have been satisfied, as a result of expenditures incurred. Capital contributions also include donated assets, which are recorded at their acquisition value.

**USE OF ESTIMATES** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates.

2. **CASH AND INVESTMENTS**

**INVESTMENTS** - In accordance with the bond indentures and state statutes, authorized investments consist of obligations of the U.S. Treasury, agencies and instrumentalities, certain municipal bonds, and money market accounts.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

2. **CASH AND INVESTMENTS**, continued

The Trust's investments as of June 30, 2020 are as follows:

(in thousands of dollars)

Type	Carrying Value	June 30, 2020 Maturities in Years			Fair Value Measurement
		Less than 1	1-5	6-10	
Investments reported at fair value:					
US Treasury Bill	\$ 1,335	\$ 1,335	\$ -	\$ -	Level 2
Federal National Mortgage Association	1	-	1	-	Level 2
Federal Farm Credit Banks	16,199	-	-	16,199	Level 2
	<u>17,535</u>	<u>\$ 1,335</u>	<u>\$ 1</u>	<u>\$ 16,199</u>	
Investments reported at amortized cost:					
Certificates of deposit	203				
	<u>\$ 17,738</u>				

The Trust's investments as of June 30, 2019 are as follows:

(in thousands of dollars)

Type	Carrying Value	June 30, 2019 Maturities in Years			Fair Value Measurement
		Less than 1	1-5	6-10	
Investments reported at fair value:					
US Treasury Bill	\$ 8,317	\$ 8,317	\$ -	\$ -	Level 2
Federal Home Loan Bank	18,075	-	18,075	-	Level 2
Federal National Mortgage Association	1,320	-	1,320	-	Level 2
Federal Home Loan Mortgage Corporation	1,996	-	1,996	-	Level 2
	<u>29,708</u>	<u>\$ 8,317</u>	<u>\$ 21,391</u>	<u>\$ -</u>	
Investments reported at amortized cost:					
Certificates of deposit	202				
	<u>\$ 29,910</u>				

**INTEREST RATE RISK** – The Trust does not have a formal policy limiting its exposure to fair value losses arising from rising interest rates. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. See charts above for maturity dates of investments held.

**CREDIT RISK** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

2. **CASH AND INVESTMENTS**, continued

Investments – At June 30, 2020 and 2019, TAIT’s investments in U. S. agencies obligations not directly guaranteed by the U. S. government were rated AA+ and Aaa by Standard & Poor’s and Moody’s, respectively. TAIT’s U.S. Treasury Bills are not subject to credit risk disclosures.

**CUSTODIAL CREDIT RISK** – For deposits, custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, TAIT will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Deposits and investments – The Trust’s deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized at least 110% of the amount that is not federally insured. At June 30, 2020 and 2019 there were no deposits or money market accounts exposed to custodial credit risk. All of the underlying securities for TAIT’s investments in U.S. agency obligations at June 30, 2020 and 2019 are registered in TAIT’s name.

**CONCENTRATION OF CREDIT RISK** – The Trust places no limit on the amount that may be invested in any one issuer.

Investments – At June 30, 2020 and 2019, TAIT’s investment in Federal Home Loan Bank (“FHLB”) constituted 0% and 60%, respectively, of its total investments. At June 30, 2020 and 2019, TAIT’s investment in Federal Home Loan Mortgage Corporation constituted 0% and 7%, respectively, of its total investments. At June 30, 2020 and 2019, TAIT’s investment in Federal National Mortgage Association constituted 0% and 4%, respectively, of its total investments. At June 30, 2020 and 2019, TAIT’s investment in Federal Farm Credit Banks constituted 91% and 0%, respectively, of its total investments. Money market accounts and certificates of deposit are not subject to concentration of credit risk disclosure.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

**3. CAPITAL ASSETS**

The changes in capital assets during 2020 and 2019 are summarized as follows:

<b>2020:</b> <i>(in thousands of dollars)</i>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Capital assets not being depreciated</b>					
Land	\$ 72,573	\$ -	\$ -	\$ -	\$ 72,573
Easements	70,838	-	-	-	70,838
Artwork	276	-	(15)	-	261
Construction-in-progress	3,548	22,050	-	(17,758)	7,840
Total capital assets not being depreciated	<u>147,235</u>	<u>22,050</u>	<u>(15)</u>	<u>(17,758)</u>	<u>151,512</u>
<b>Capital assets being depreciated</b>					
Land improvements	297,568	25	(16)	16,377	313,954
Buildings	274,539	-	-	1,375	275,914
Equipment	25,539	1,488	(541)	6	26,492
Total capital assets being depreciated	<u>597,646</u>	<u>1,513</u>	<u>(557)</u>	<u>17,758</u>	<u>616,360</u>
<b>Accumulated depreciation</b>					
Land improvements	189,271	8,126	(16)	-	197,381
Buildings	143,300	7,397	-	-	150,697
Equipment	12,263	1,702	(446)	-	13,519
Total accumulated depreciation	<u>344,834</u>	<u>17,225</u>	<u>(462)</u>	<u>-</u>	<u>361,597</u>
Total capital assets being depreciated, net	<u>252,812</u>	<u>(15,712)</u>	<u>(95)</u>	<u>17,758</u>	<u>254,763</u>
Capital assets, net	<u>\$ 400,047</u>	<u>\$ 6,338</u>	<u>\$ (110)</u>	<u>\$ -</u>	<u>\$ 406,275</u>
<b>2019:</b> <i>(in thousands of dollars)</i>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Capital assets not being depreciated</b>					
Land	\$ 72,573	\$ -	\$ -	\$ -	\$ 72,573
Easements	70,838	-	-	-	70,838
Artwork	275	-	-	-	275
Construction-in-progress	10,696	16,031	(54)	(23,125)	3,548
Total capital assets not being depreciated	<u>154,382</u>	<u>16,031</u>	<u>(54)</u>	<u>(23,125)</u>	<u>147,234</u>
<b>Capital assets being depreciated</b>					
Land improvements	282,736	-	(676)	15,508	297,568
Buildings	269,805	-	(5)	4,738	274,538
Equipment	22,202	1,034	(576)	2,879	25,539
Total capital assets being depreciated	<u>574,743</u>	<u>1,034</u>	<u>(1,257)</u>	<u>23,125</u>	<u>597,645</u>
<b>Accumulated depreciation</b>					
Land improvements	181,981	7,956	(666)	-	189,271
Buildings	135,248	8,056	(5)	-	143,299
Equipment	11,180	1,547	(465)	-	12,262
Total accumulated depreciation	<u>328,409</u>	<u>17,559</u>	<u>(1,136)</u>	<u>-</u>	<u>344,832</u>
Total capital assets being depreciated, net	<u>246,334</u>	<u>(16,525)</u>	<u>(121)</u>	<u>23,125</u>	<u>252,813</u>
Capital assets, net	<u>\$ 400,716</u>	<u>\$ (494)</u>	<u>\$ (175)</u>	<u>\$ -</u>	<u>\$ 400,047</u>

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

**4. REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES**

The changes in revenue bonds payable and other long-term liabilities during 2020 are summarized as follows:

*(in thousands of dollars)*

<b>Series and Maturity Dates</b>	<b>Issue (Authorized) Amount</b>	<b>Interest Rate</b>	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>	<b>Portion Due Within One Year</b>
<b>Revenue bonds</b>							
Series 2010A, 2021	\$ 5,770	4.57% - 5.00%	\$ 1,395	\$ -	\$ (680)	\$ 715	\$ 715
Series 2010B, 2021	8,215	6.00% - 6.50%	1,885	-	(915)	970	970
Series 2010C, 2026	13,520	4.00% - 5.25%	3,525	-	(580)	2,945	610
Series 2013A, 2043	33,665	5.00% - 5.25%	31,775	-	(695)	31,080	730
Series 2013B, 2024	3,275	1.39% - 5.09%	2,070	-	(255)	1,815	265
Series 2015A, 2045	44,045	2.00% - 5.00%	35,130	-	(3,210)	31,920	3,155
Series 2015C, 2045	895	2.00% - 4.25%	815	-	(20)	795	20
Series 2015D, 2028	24,395	2.00% - 5.00%	19,985	-	(19,985)	-	-
Series 2016A, 2027	1,500	3.82%	830	-	(96)	734	100
Series 2017A, 2037	54,180	1.89% - 3.98%	53,370	-	(50)	53,320	160
Series 2018A, 2048	19,825	4.00% - 5.25%	19,825	-	-	19,825	-
Series 2020A, 2028	15,965	5.00%	-	15,965	-	15,965	1,965
Total revenue bonds payable			170,605	15,965	(26,486)	160,084	8,690
<b>Unamortized discount (premium)</b>			(6,722)	(2,302)	2,029	(6,995)	-
Total revenue bonds payable, net			177,327	18,267	(28,515)	167,079	8,690
<b>Other long-term liabilities</b>							
Compensated absences			1,116	798	(858)	1,056	191
Net pension liability			13,749	1,425	-	15,174	-
Total other long-term liabilities			14,865	2,223	(858)	16,230	191
Total long-term liabilities			\$ 192,192	\$ 20,490	\$ (29,373)	\$ 183,309	\$ 8,881

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

4. **REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES, continued**

The changes in revenue bonds payable and other long-term liabilities during 2019 are summarized as follows:

2019:

(in thousands of dollars)

Series and Maturity Dates	Issue (Authorized) Amount	Interest Rate	Beginning Balance	Increase	Decrease	Ending Balance	Portion Due Within One Year
Revenue bonds							
Series 2010A, 2021	\$ 5,770	4.57 - 5.00%	\$ 2,050	\$ -	\$ (655)	\$ 1,395	\$ 680
Series 2010B, 2021	8,215	6.00 - 6.50%	2,740	-	(855)	1,885	915
Series 2010C, 2026	13,520	4.00 - 5.25%	4,110	-	(585)	3,525	580
Series 2013A, 2043	33,665	5.00 - 5.62%	32,435	-	(660)	31,775	695
Series 2013B, 2024	3,275	1.38 - 5.08%	2,325	-	(255)	2,070	255
Series 2015A, 2045	44,045	2.00 - 5.00%	38,155	-	(3,025)	35,130	3,210
Series 2015C, 2045	895	2.00 - 4.25%	835	-	(20)	815	20
Series 2015D, 2028	24,395	2.00 - 5.00%	21,835	-	(1,850)	19,985	1,940
Series 2016A, 2027	1,500	3.82%	915	-	(85)	830	96
Series 2017A, 2037	54,180	1.88 - 3.97%	53,400	-	(30)	53,370	50
Series 2018A, 2048	19,825	4.00 - 5.25%	-	19,825	-	19,825	-
Total revenue bonds payable			158,800	19,825	(8,020)	170,605	8,441
Unamortized discount (premium)			(5,642)	(1,447)	367	(6,722)	-
Total revenue bonds payable, net			164,442	21,272	(8,387)	177,327	8,441
Other long-term liabilities							
Compensated absences			990	683	(557)	1,116	118
Net pension liability			11,449	2,300	-	13,749	-
Total other long-term liabilities			12,439	2,983	(557)	14,865	118
Total long-term liabilities			\$ 176,881	\$ 24,255	\$ (8,944)	\$ 192,192	\$ 8,559

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

4. **REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES**, continued

Pursuant to the Amended and Restated Bond Indenture dated November 1, 2009 and various supplemental bond indentures (the "Indentures"), TAIT has issued revenue bonds for the purpose of constructing improvements to the airport facilities and refunding prior issues of revenue bonds. The bonds issued are collateralized by and payable from the revenues of TAIT. The Indentures provide, among other things, for the establishment of certain restricted accounts for the receipt and expenditure of the bond proceeds and for the pledged revenues to be administered by a trustee bank. The TAIT revenue bonds are subject to acceleration if TAIT defaults.

For the purposes of complying with the Rate Covenant, the Indenture requires that Airport Trustees impose, adjust, enforce and collect such rates, rentals, fees and charges 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 accounts (or so much as is required to be repaid during such Fiscal year) held under the Indenture.

**REVENUES PLEDGED** - The Trust has pledged future gross revenues derived from the operation of the airports to repay all of its revenue bonds issued. Proceeds from the bonds provided financing for various capital projects and debt refundings. The bonds are payable solely from gross revenues and are payable through 2048. Annual principal and interest payments on the bonds required 29% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$248,172. Principal and interest paid for the year was \$16,125, excluding the debt refunding. Net revenues available for debt services (after reducing by operating expenses) in fiscal years 2020 and 2019 were \$31,716 and \$30,583, respectively.

**DEFEASED DEBT - Series 2000A Revenue Bonds** – The Trust has placed the proceeds of refunding bonds and cash received from a tenant of TAIT, in irrevocable escrow accounts held and managed by bank trustees, and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow accounts and the defeased bonds are not included in TAIT's financial statements. The defeased 2000A Revenue bonds are considered extinguished and had an outstanding balance of \$0 and \$960 at June 30, 2020 and 2019, respectively.

**ECONOMIC GAIN/LOSS ON REFUNDING – General Revenue Bonds, Refunding Series** – On March 4, 2020, the Trust issued the Series 2020A Revenue Bonds in the amount of \$15,965. The proceeds of this issue were used to advance refund the Airport Trustees General Airport Revenue Bonds, Taxable Refunding Series 2015D, and to pay the costs of issuance of the 2020A Bonds. This transaction will reduce debt service payments by approximately \$2,763 over the next 8 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$2,123. This refunding resulted in a deferred gain of (\$1,254), which will be amortized over the life of the new bonds.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

4. **REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES**, continued

**FUTURE MATURITIES**

Future maturities of revenue bonds are as follows:

*(in thousands of dollars)*

Fiscal Year	Principal	Interest	Total
2021	\$ 8,690	\$ 7,415	\$ 16,105
2022	8,134	6,976	15,110
2023	8,218	6,599	14,817
2024	7,292	6,216	13,508
2025	7,686	5,890	13,576
2026-2030	35,314	24,489	59,803
2031-2035	34,895	17,164	52,059
2036-2040	27,585	9,353	36,938
2041-2045	18,635	3,598	22,233
2046-2048	3,635	388	4,023
	<u>\$ 160,084</u>	<u>\$ 88,088</u>	<u>\$ 248,172</u>

5. **PENSION AND RETIREMENT BENEFITS**

**Plan description:** Employees of TAIT are provided with pensions through the Municipal Employee Retirement Plan (MERP)—a cost-sharing multiple-employer defined benefit pension plan administered by the City of Tulsa (City). MERP provides retirement, disability and death benefits which are established by City ordinance to plan members and beneficiaries. MERP’s financial statements and required supplementary information are included in the City of Tulsa’s Comprehensive Annual Financial Report (CAFR). The report may be obtained by writing to the City of Tulsa Controller, 175 E. 2<sup>nd</sup> Street, Tulsa, Oklahoma 74103.

**Benefits provided:** MERP provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee’s highest 30 months of pensionable wages during the last five-years of service and a multiplier based on the years of service. Employees entering the plan prior to July 1, 2018, are eligible for full retirement at age 65 and at least 5 years of service or when the years of service plus the employee’s age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 2.5% per year prior to age 65. Employees entering the plan on or after July 1, 2018, are eligible for full retirement at age 65, with at least 5 years of service, or when the years of service plus the employee’s age equals or exceeds 90. Reduced benefits are available after age 60 and 5 years of service (Early Retirement). Benefits for Early Retirement are reduced 6.0% per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement. Death benefits for vested participants are, at the spouse’s election, a refund of contribution plus interest or a life annuity of 50% of the member’s accrued benefit determined based on final average earnings and service as of the date of death.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

5. **PENSION AND RETIREMENT BENEFITS, continued**

**Contributions:** Contributions are set per City of Tulsa ordinance. Employees were required to contribute 6.5% of their pensionable wages for the years ended June 30, 2020 and 2019. The Trust was required to contribute 15.5% of pensionable wages for the years ended June 30, 2020 and 2019. The Trust is also responsible for Actuarially Determined Employer Contributions (ADEC) that exceed the 15.5% of payroll. Actual contributions to the pension plan from TAIT were \$1,207 and \$1,126 for the years ended June 30, 2020 and 2019, respectively.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2020, TAIT reported a liability of \$15,174 for its proportionate share of the net pension liability. The liability for June 30, 2019 was \$13,749. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Standard update procedures were used to roll forward the total pension liability to June 30, 2020. The Trust's proportion of the net pension liability was based on TAIT's share of contributions to the pension plan relative to the contributions of all participating governments. At June 30, 2020 and 2019, TAIT's proportion was 5.9750% and 5.8549%, respectively.

For the years ended June 30, 2020 and 2019, TAIT recognized pension expense of \$2,420 and \$2,764, respectively. At June 30, 2020 and 2019, TAIT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>2020:</b>		
Differences between expected and actual plan experience	\$ 26	\$ (263)
Changes of assumptions	851	-
Net difference between projected and actual earnings on pension plan investments	1,022	-
Changes in proportion and differences between Trust contributions and proportionate share of contributions	360	(42)
Total	<u>\$ 2,259</u>	<u>\$ (305)</u>

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

5. **PENSION AND RETIREMENT BENEFITS, continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
2019:		
Differences between expected and actual plan experience	\$ 65	\$ (459)
Changes of assumptions	1,594	-
Net difference between projected and actual earnings on pension plan investments	410	-
Changes in proportion and differences between Trust contributions and proportionate share of contributions	335	(211)
Total	<u>\$ 2,404</u>	<u>\$ (670)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2020, will be recognized in pension expense as follows:

Years ended June 30:

2021	\$ 418
2022	720
2023	616
2024	200
	<u>\$ 1,954</u>

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement. The assumptions remained the same from the prior year.

Inflation	2.50%
Salary increases	3.50-11.25%, including inflation
Investment rate of return	7.00% compounded annually, net of investment expense and including inflation

Mortality rates were based on the RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Generational mortality improvements with Scale MP-2015 are from the table's base year of 2014.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

5. **PENSION AND RETIREMENT BENEFITS, continued**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed income	24%	1.16%
Domestic equity	36	6.19
International equity	24	6.59
Real estate	8	4.24
Commodities	3	0.50
Timber	4	3.80
Cash	1	0.11
	100%	

**Discount rate:** The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating employers will be made as specified in MERP's funding policy. Beginning July 1, 2017, and all future years, it is assumed that the employer contribution rate will be 15.50% of payroll, which is the actuarially determined contribution rate. Based on those assumptions, MERP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

5. **PENSION AND RETIREMENT BENEFITS, continued**

**Sensitivity of TAIT’s proportionate share of the net pension liability to changes in the discount rate:** The following presents TAIT’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what TAIT’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
<b>2020:</b>			
Trust's proportionate share of the net pension liability	\$ 20,382	\$ 15,174	\$ 10,831
<b>2019:</b>			
Trust's proportionate share of the net pension liability	\$ 18,717	\$ 13,749	\$ 9,605

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the City of Tulsa’s CAFR, which can be located at [www.cityoftulsa.org](http://www.cityoftulsa.org).

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

**6. RENTAL INCOME FROM OPERATING LEASES**

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

Minimum future rentals under non-cancellable operating leases as of June 30, 2020, are as follows (presented on a calendar year basis):

*(In thousands of dollars)*

2021	\$	12,413
2022		11,704
2023		11,414
2024		11,558
2025		9,726
2026 -2030		38,545
2031 -2035		8,041
2036 -2040		5,122
2041 -2045		2,184
2046 -2050		1,689
2051 -2055		1,075
2056 -2060		316
	<u>\$</u>	<u>113,787</u>

Under the Use and Lease Agreements between the airlines and TAIT, the airlines have agreed to pay rates, fees and charges determined prior to the beginning of each fiscal year in an amount sufficient (a) to pay 125% of the debt service on bonds secured by the bond indenture; (b) to pay operating expense for the next succeeding fiscal year; (c) to provide for any deficiencies in the funds or accounts held under the bond indenture.

TAIT entered into a new Signatory Airline Use and Lease Agreement for a term beginning July 1, 2019 and continuing until June 30, 2024, unless otherwise terminated in accordance with its terms. During the initial Term only, rates, fees and charges do not change. Pursuant to each Use and Lease Agreement, each Signatory Airline, upon the consent of TAIT, has the option to extend the term of its Agreement for two additional three year terms, or to June 30, 2030. The revenue sharing component of the Airport-Airline Use and Lease Agreement is based upon TAIT liquidity thresholds (“Days of Cash”, as defined under the Agreement). The first threshold is met when the TAIT reaches 365 Days of Cash. When the TAIT reaches this threshold, the revenue share to the Signatory Airlines will be 10% of net revenues. As the Days of Cash thresholds go up (400 days, 487 days, 609 days, 730 days) the net revenue share scales up in increments of 25%, 30%, and 40%, respectively. The maximum threshold is 730 Days of cash and the net revenue share would be 50%. Provided the threshold for liquidity is met in any given fiscal year, the revenue share is allocated to each signatory based upon their market share at TAIT.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

7. **RISK MANAGEMENT**

The Trust maintains commercial insurance coverage for property and equipment, bodily injury, automotive (personal liability and property damage off-airport), workers compensation on all employees and liability insurance coverage for its board members and directors. The Trust's current health and welfare insurance policies cover an 18-month period ending December 31, 2020. There were no significant reductions in TAIT's insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years.

8. **COMMITMENTS AND CONTINGENCIES**

As of June 30, 2020, TAIT had open commitments for construction projects of approximately \$5,285, which will be primarily funded by the FAA, revenue, and discretionary funds.

There are other various suits and claims pending against TAIT which have arisen in the course of operating TAIT. Management believes any losses resulting from any such actions will not have a material adverse impact on the financial position or results of operations of TAIT.

9. **RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2020 and 2019, TAIT conducted the following transactions with related parties.

<i>(In thousands of dollars)</i>	<u>2020</u>	<u>2019</u>
Payments to City of Tulsa - General Fund for support services	<u>\$ 52</u>	<u>\$ 52</u>
Payments to City of Tulsa - General Fund for fire services	<u>\$ 1,935</u>	<u>\$ 1,871</u>
Capital contribution from the City of Tulsa	<u>\$ -</u>	<u>\$ 7</u>

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

**10. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for TAIT beginning with its fiscal year ending June 30, 2022, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the Trust must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. TAIT's management has not yet determined the effect this statement will have on the financial statements.

**11. MAJOR CUSTOMERS**

The Trust has four customers that provide in excess of 10% of the enplaned passengers. Southwest Airlines enplaned the largest share of passengers in both fiscal year 2020 and 2019 at 32% and 33%, respectively. American Airlines, Delta Airlines and United Airlines also exceeded 10% in fiscal year 2020 at 31%, 14% and 18%, respectively and for 2019 at 28%, 14% and 18%, respectively.

**12. SUBSEQUENT EVENTS**

The spread of COVID-19, a novel strain of coronavirus, is altering the behaviour of businesses and people throughout the United States. Further, financial markets have experienced significant volatility attributed to coronavirus concerns. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which the coronavirus impacts the Trust's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted.

Airports in the United States have been acutely impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 pandemic. The pandemic has adversely affected domestic and international travel and travel-related industries. Airlines are reporting unprecedented downturns in passenger volumes and have expressed expectations for reduced levels of passenger volumes which, in turn, has resulted in airlines significantly reducing flights.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Notes to Basic Financial Statements (in thousands of dollars), continued**  
**June 30, 2020 and 2019**

---

12. **SUBSEQUENT EVENTS**, continued

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Trust. To date, the Trust is experiencing reductions in capacity that fluctuates monthly from all passenger air carriers. When budgeting for fiscal year 2021, the revenue budget was reduced by 22% in anticipation of the reduction in air service and all other revenues streams impacted by this reduction. Currently within the first quarter of fiscal year 2021, the trust is experiencing a 5% reduction in actual to budgeted revenue. With CARES Act Funds, the Trust is able to close some of the financial gap as it was awarded \$15.5 million for TUL and \$157 thousand for RVS respectively. With the combination of CARES Act funding and liquid days of cash on hand the trust anticipates covering any revenue short falls for operating, debt service and capital expenses. Additionally as required by the Trust's bond indenture, the Trust holds a debt service reserve. As of the close of the first quarter fiscal year 2021 these reserve funds hold slightly more than one year's worth of the trust's annual debt service.

Accordingly, management cannot presently estimate the overall operational and financial impact to the Trust, but such an impact could have a material adverse effect on the financial condition of the Trust.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Required Supplementary Information (in thousands of dollars)**  
**Municipal Employees' Retirement Plan**  
**June 30, 2020**

**Schedule of Proportionate Share of the Net Pension Liability**

Year	Trust's Proportion of Net Pension Liability	Trust's Proportionate Share of Net Pension Liability	Trust's Covered Payroll	Trust's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2020	5.9750%	\$ 15,174	\$ 7,774	195.19%	65.22%
2019	5.8549%	13,749	7,265	189.25%	66.91%
2018	5.8319%	11,449	6,929	165.23%	70.61%
2017	5.5364%	10,938	6,696	163.35%	69.39%
2016	5.9357%	12,840	6,848	187.50%	65.62%
2015	5.8186%	7,288	6,316	115.39%	77.13%

\* Information prior to 2015 is not available.

**Schedule of Employer Contributions - Last Ten Years**

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Trust's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 1,371	\$ 1,205	\$ 166	\$ 7,774	15.5%
2019	1,126	1,126	-	7,265	15.5%
2018	1,074	1,074	-	6,929	15.5%
2017	770	770	-	6,696	11.5%
2016	785	785	-	6,848	11.5%
2015	748	748	-	6,316	11.8%
2014	665	659	-	N/A	N/A
2013	672	840	-	N/A	N/A
2012	720	700	-	N/A	N/A
2011	572	358	-	N/A	N/A

Changes of assumptions. In 2016, amounts reported as changes of assumptions resulted primarily from changes in the mortality table and discount rate from 7.75% to 7.5%. In 2019, the inflation rate decreased from 3.00% to 2.50%, salary increases changed from 4.00% – 11.75% to 3.5% – 11.25%, and investment rate of return (and discount rate) decreased from 7.50% to 7.00%.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Supplementary Information**  
**Detailed Schedules of Operating Revenue**  
**Years Ended June 30, 2020 and 2019**

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
<b>Aeronautical operating revenues</b>		
<b>Landing fees - signatory and non-signatory</b>		
Passenger airline landing fees	\$ 5,376	\$ 5,293
Cargo airline landing fees	1,585	1,427
Military joint use fees	43	43
Total landing fees	<u>7,004</u>	<u>6,763</u>
<b>Passenger airline terminal revenue - signatory and non-signatory</b>		
Airline terminal rentals	3,899	3,238
Baggage system rentals	2,223	2,016
Other terminal area airline fees	198	(1,752)
Total terminal area passenger airline fees	<u>6,320</u>	<u>3,502</u>
Total landing fees and terminal area passenger airline revenues	<u>13,324</u>	<u>10,265</u>
<b>Other Aeronautical Revenue</b>		
FBO revenue	792	897
Hangar, cargo space and ground rents	2,102	1,803
Fuel flowage fees	696	791
Security reimbursements	115	133
Other aeronautical revenue	830	149
Total other aeronautical revenue	<u>4,535</u>	<u>3,773</u>
Total Aeronautical Revenue	<u>17,859</u>	<u>14,038</u>
<b>Non-Aeronautical Operating Revenue</b>		
<b>Terminal Revenues</b>		
Food and beverage	691	919
Retail	784	751
Other terminal concessions and revenue (excludes rental car counter space)	1,118	1,090
Total non-aeronautical Terminal Revenue	<u>2,593</u>	<u>2,760</u>
<b>Other Non-Aeronautical Operating Revenue</b>		
Rental car revenues	4,437	5,085
Parking revenues	7,342	10,195
Hotel revenues	190	244
Ground rents and facilities leases (excludes aeronautical & car rental)	526	547
Other non-aeronautical revenue	526	420
Total Other Non-Aeronautical Operating Revenues	<u>13,021</u>	<u>16,491</u>
Total Non-Aeronautical Operating Revenue	<u>15,614</u>	<u>19,251</u>
<b>Revenue from R. L. Jones, Jr. Airport</b>	1,132	1,121
<b>Revenue from Okmulgee Airport</b>	-	110
Total operating revenues	<u>\$ 34,605</u>	<u>\$ 34,520</u>

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Schedule of Insurance in Force (Unaudited)**  
**Year Ended June 30, 2020**

---

<b>Policy Coverage</b>	<b>Issuer</b>	<b>Limit of Liability</b>	<b>Self Insurance</b>	<b>Expiration Date</b>	<b>Premium</b>
Primary coverage on bodily injury, single limit bodily injury and property damage liability.	Phoenix Aviation Managers, Inc	Up to \$1,000,000 for any one accident or Aggregate Limit of \$25,000,000.	None	11/20/2021	\$ 72,500
Property damage (including boilers and machinery and scheduled automotive equipment) fire and extended coverage.	Public Entity Property Insurance Program	Real and personal property damage not to exceed \$375,000,000 with \$100,000 deductible.	None	7/01/2021	\$ 233,124
Automotive personal liability and property damage off-airport.	Mid-Continent Casualty Co.	Excess of \$250,000 up to \$1,000,000 bodily injury and property damage, combined single limit, each occurrence and in the aggregate.	None	7/19/2021	\$ 36,667
Workers compensation insurance	Compsource	Bodily injury by accident, \$1,000,000 each accident; Disease \$1,000,000 each employee	None	10/01/2020	\$ 174,767
Directors and Officers Liability	Navigators Specialty Insurance Co.	\$1,000,000 all loss, \$100,000 non-monetary, \$500,000 add excess	None	6/22/2021	\$ 28,267

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Schedule of Net Revenues Available for Debt Service and Debt Coverage**  
**(Unaudited)**  
**Year Ended June 30, 2020**

---

<b>Gross revenues as defined by the Bond Indenture as supplemented</b>	
Operating revenue	\$ 34,605,417
Interest available for debt service (1)	666,800
Airport Improvement Fund balance (2)	800,000
Airport Improvement Fund transfers (2)	11,381,462
PFC funds available for debt service (3)	6,244,608
CFC revenues	2,651,728
Other nonoperating	125,354
Total gross revenues	<u>56,475,369</u>
<b>Gross expenses as defined by the Bond Indenture as supplemented</b>	
Combined operating expenses, excluding non-cash pension expense	23,246,501
Capitalized expenditures classified as operating expenses in accordance with the Bond Indenture as supplemented	1,512,839
Total operating expenses	<u>24,759,340</u>
<b>Net revenues available for debt service</b>	<u><u>\$ 31,716,029</u></u>
<b>Debt service (4)</b>	\$ 15,310,237
<b>Debt coverage</b>	2.07

- (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 as well as the opening balance in the fund.
- (3) PFC are Dedicated Revenues, which the Trustee have dedicated to pay an amount up to 1.25 times principal and or interest on the Bonds.
- (4) The Bond Indenture defines debt service as the aggregate amount required to be deposited during the year in the Bond fund to provide for the payment of interest (to the extent not capitalized) and principal on the Bonds.

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Schedule of Funds on Deposit and Invested (Unaudited)**  
**Year Ended June 30, 2020**

DESCRIPTION	DUE DATE	INTEREST RATE	YIELD AT MARKET	PAR VALUE	INVESTMENT COST	MARKET VALUE
<b>Revenue Funds</b>						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.00%	7,181,807	\$ 7,181,807	\$ 7,181,807
Revenue Receipts Demand Deposit Account	On Demand	0.00%	0.00%	25,455	25,455	25,455
Parking Receipts Demand Deposit Account	On Demand	0.00%	0.00%	674	674	674
Total Revenue Funds					<u>7,207,936</u>	<u>7,207,936</u>
<b>Coverage Account</b>						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.00%	4,005,453	4,005,453	4,005,453
Total Coverage Account					<u>4,005,453</u>	<u>4,005,453</u>
<b>Commerce Bank</b>						
Commerce Bank - Time Deposit 6220649706	11/30/2020	0.35%	0.35%	50,701	50,701	50,701
Commerce Bank - Time Deposit 6220649739	11/30/2020	0.35%	0.35%	152,103	152,103	152,103
Total Commerce Bank					<u>202,804</u>	<u>202,804</u>
<b>Customer Facility Charge Account</b>						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.00%	943,350	943,350	943,350
Total Customer Facility Charge Accounts					<u>943,350</u>	<u>943,350</u>
<b>Passenger Facility Charge Revenue Fund</b>						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.00%	2,216,191	2,216,191	2,216,191
PFC Demand Deposit Account	On Demand	0.00%	0.00%	73,758	73,758	73,758
Total Passenger Facility Charge Revenue Fund					<u>2,289,949</u>	<u>2,289,949</u>
<b>Operating Reserve Fund</b>						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.00%	90,196	90,196	90,196
EXXON MOBIL CORP CP DUE 01/25/21	1/25/2021	0.00%	0.76%	1,000,000	994,396	994,396
FFCB @ 2.230% DUE 01/06/2027	1/6/2027	2.23%	2.23%	2,000,000	2,003,052	2,012,180
FFCB @ 2.400% DUE 12/16/2027	12/16/2027	2.40%	2.40%	3,100,000	3,100,000	3,126,691
FNMA POOL #20086	7/1/2024	5.00%	5.00%	193	193	194
FNMA POOL #4593	5/1/2024	4.70%	4.70%	801	855	807
Total Operating Reserve Fund					<u>6,188,692</u>	<u>6,224,464</u>
<b>Airport Improvement Fund</b>						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.00%	500,000	500,000	500,000
Total Airport Improvement Fund					<u>500,000</u>	<u>500,000</u>

(Continued)

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Schedule of Funds on Deposit and Invested (Unaudited)**  
**Year Ended June 30, 2020**

DESCRIPTION	DUE DATE	INTEREST RATE	YIELD AT MARKET	PAR VALUE	INVESTMENT COST	MARKET VALUE
<b>Bond Principal and Interest Accounts</b>						
BLACKROCK LIQ FEDFD-CSH RES #00U3 2010A	On Demand	0.00%	0.00%	3,616	\$ 3,616	\$ 3,616
US TREASURY BILL 05/20/2021 2010A	5/20/2021	0.00%	0.00%	59,000	58,947	58,917
BLACKROCK LIQ FEDFD-CSH RES #00U3 2010B	On Demand	0.00%	0.00%	1,161	1,161	1,161
US TREASURY BILL 05/20/2021 2010B	5/20/2021	0.00%	0.00%	80,000	79,928	79,887
US TREASURY BILL 11/27/2020 2010B	11/27/2020	0.00%	0.00%	5,000	4,998	4,997
BLACKROCK LIQ FEDFD-CSH RES #00U3 2010C	On Demand	0.00%	0.00%	1,016	1,016	1,016
US TREASURY BILL 05/20/2021 2010C	5/20/2021	0.00%	0.00%	50,000	49,955	49,930
US TREASURY BILL 11/27/2020 2010C	11/27/2020	0.00%	0.00%	12,000	11,996	11,992
BLACKROCK LIQ FEDFD-CSH RES #00U3 2013A Int	On Demand	0.00%	0.00%	858	858	858
US TREASURY BILL 11/27/2020 2013A Int	11/27/2020	0.00%	0.00%	140,000	139,956	139,910
BLACKROCK LIQ FEDFD-CSH RES #00U3 2013A Prin	On Demand	0.00%	0.00%	901	901	901
US TREASURY BILL 05/20/2021 2013A Prin	5/20/2021	0.00%	0.00%	60,000	59,946	59,915
BLACKROCK LIQ FEDFD-CSH RES #00U3 2013B Int	On Demand	0.00%	0.00%	423	423	423
US TREASURY BILL 05/20/2021 2013B Int	11/27/2020	0.00%	0.00%	7,000	6,998	6,996
BLACKROCK LIQ FEDFD-CSH RES #00U3 2013B Prin	On Demand	0.00%	0.00%	305	305	305
US TREASURY BILL 05/20/2021 2013B Prin	5/20/2021	0.00%	0.00%	45,000	44,959	44,937
BLACKROCK LIQ FEDFD-CSH RES #00U3 2015A Int	On Demand	0.00%	0.00%	42	42	42
US TREASURY BILL 11/27/2020 2015A Int	11/27/2020	0.00%	0.00%	133,000	132,958	132,915
BLACKROCK LIQ FEDFD-CSH RES #00U3 2015A Prin	On Demand	0.00%	0.00%	1,153	1,153	1,153
US TREASURY BILL 05/20/2021 2015A Prin	5/20/2021	0.00%	0.00%	262,000	261,764	261,631
BLACKROCK LIQ FEDFD-CSH RES #00U3 2015C Int	On Demand	0.00%	0.00%	2,638	2,638	2,638
BLACKROCK LIQ FEDFD-CSH RES #00U3 2015C Prin	On Demand	0.00%	0.00%	1,667	1,667	1,667
BLACKROCK LIQ FEDFD-CSH RES #00U3 2015D Int	On Demand	0.00%	0.00%	39,202	39,202	39,202
BLACKROCK LIQ FEDFD-CSH RES #00U3 2016A Int	On Demand	0.00%	0.00%	2,334	2,334	2,334
BLACKROCK LIQ FEDFD-CSH RES #00U3 2016A Prin	On Demand	0.00%	0.00%	8,200	8,200	8,200
BLACKROCK LIQ FEDFD-CSH RES #00U3 2017 Prin	On Demand	0.00%	0.00%	515	515	515
US TREASURY BILL 05/20/2021 2017 Prin	5/20/2021	0.00%	0.00%	17,000	16,985	16,976
BLACKROCK LIQ FEDFD-CSH RES #00U3 2017 Int	On Demand	0.00%	0.00%	477	477	477
US TREASURY BILL 11/27/2020 2017 Int	11/27/2020	0.00%	0.00%	165,000	164,948	164,894
BLACKROCK LIQ FEDFD-CSH RES #00U3 2018 Prin	On Demand	0.00%	0.00%	3,537	3,537	3,537
BLACKROCK LIQ FEDFD-CSH RES #00U3 2018 Int	On Demand	0.00%	0.00%	341	341	341
US TREASURY BILL 11/27/2020 2018 Int	11/27/2020	0.00%	0.00%	82,000	81,974	81,948
BLACKROCK LIQ FEDFD-CSH RES #00U3 2018 CINT	On Demand	0.00%	0.00%	518,556	518,556	518,556
BLACKROCK LIQ FEDFD-CSH RES #00U3 2020 COI	On Demand	0.00%	0.00%	7,258	7,258	7,258
BLACKROCK LIQ FEDFD-CSH RES #00U3 2020A Interest	On Demand	0.00%	0.00%	542	542	542
US TREASURY BILL 11/27/2020	11/27/2020	0.00%	0.00%	66,000	65,979	65,958
BLACKROCK LIQ FEDFD-CSH RES #00U3 2020A Principal	On Demand	0.00%	0.00%	897	897	897
US TREASURY BILL 05/20/2021	5/20/2021	0.00%	0.00%	163,000	162,853	162,770
Total Bond Principal and Interest Accounts					1,940,783	1,940,212
<b>Construction Funds</b>						
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.00%	7,002,197	7,002,197	7,002,197
NATIXIS NY BRANCH CP DUE 08/31/2020	8/31/2020	0.00%	1.00%	5,000,000	4,980,080	4,980,080
Total Construction Funds					\$ 11,982,277	\$ 11,982,277

(Continued)

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Schedule of Funds on Deposit and Invested (Unaudited)**  
**Year Ended June 30, 2020**

DESCRIPTION	DUE DATE	INTEREST RATE	YIELD AT MARKET	PAR VALUE	INVESTMENT COST	MARKET VALUE
<b>Bond Reserve Funds</b>						
BLACKROCK LIQ FEDFD-CSH RES #00U3 - Tax Exempt	On Demand	0.00%	0.00%	\$ 269,498	\$ 269,498	\$ 269,498
FFCB @ 1.350% DUE 11/04/2027	11/4/2027	1.35%	1.35%	2,000,000	2,001,746	2,000,080
FFCB @ 2.400% DUE 12/16/2027	12/16/2027	2.40%	1.50%	2,000,000	2,000,000	2,017,220
BLACKROCK LIQ FEDFD-CSH RES #00U3 - Taxable	On Demand	0.00%	0.00%	305,181	305,181	305,181
FFCB @ 1.350% DUE 11/04/2027	11/4/2027	1.35%	1.35%	2,000,000	2,001,746	2,000,080
FFCB @ 2.400% DUE 12/16/2027	12/16/2027	2.40%	1.50%	5,000,000	5,000,000	5,043,050
Total Bond Reserve Funds					<u>11,578,171</u>	<u>11,635,109</u>
<b>Capital Projects Clearing Fund</b>						
Grant Receipts Demand Deposit Account	On Demand	0.00%	0.00%	1,000	1,000	1,000
BLACKROCK LIQ FEDFD-CSH RES #00U3	On Demand	0.00%	0.00%	538,591	538,591	538,591
Total Capital Projects Clearing Fund					<u>539,591</u>	<u>539,591</u>
<b>Other Funds</b>						
ICS Deposit Account	On Demand	0.25%	0.25%	4,484,629	4,484,629	4,484,629
BLACKROCK LIQ FEDFD-CSH RES #00U3 SPEC PGRM	On Demand	0.00%	0.00%	344,489	344,489	344,489
BLACKROCK LIQ FEDFD-CSH RES #00U3 STATE GRANT	On Demand	0.00%	0.00%	183,002	183,002	183,002
General Operating Deposit Account	On Demand	0.00%	0.00%	241,369	241,369	241,369
Special Programs Demand Deposit Account	On Demand	0.00%	0.00%	80,936	80,936	80,936
Payroll Demand Deposit Account	On Demand	0.00%	0.00%	303,152	303,152	303,152
Arvest Bank Demand Deposit Account	On Demand	0.00%	0.00%	88,935	88,935	88,935
Petty Cash	On Demand	0.00%	0.00%	2,500	2,500	2,500
Total Other Funds					<u>5,729,012</u>	<u>5,729,012</u>
Total Funds on Deposit and Invested					<u>\$ 53,108,018</u>	<u>\$ 53,200,157</u>

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Other Information (Unaudited)**  
**Year Ended June 30, 2020**

---

**Five Year Construction In Progress** – The Airport’s total estimated cost for the years ending 2021 through 2025 (in thousands):

	<u>Total</u>	<u>Federal</u>	<u>Local</u>
Airfield	47,595	\$ 29,321	\$ 18,274
Terminal	2,670	-	2,670
Landslide	4,750	-	4,750
R.L. Jones, Jr.	4,287	3,934	353
Total Estimated Cost	<u>\$ 59,302</u>	<u>\$ 33,255</u>	<u>\$ 26,047</u>

**Monthly Enplaned Passengers** – The following table is a summary presentation of the monthly enplaned passengers for the past five calendar years:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	95,061	94,979	99,274	104,504	104,444
February	92,295	91,635	94,170	100,646	99,746
March	107,894	116,942	112,353	120,220	53,652
April	105,538	109,419	119,958	119,016	5,137
May	125,223	130,587	138,128	142,857	17,784
June	130,343	133,482	145,456	142,978	38,293
July	124,759	129,121	143,302	143,738	58,136
August	111,063	116,857	127,719	126,539	54,038
September	112,387	107,552	120,448	122,033	54,386
October	119,812	129,805	136,698	135,003	61,267
November	117,507	120,605	129,418	119,197	N/A (1)
December	117,727	117,630	121,647	127,553	N/A (1)
Annual	<u>1,359,609</u>	<u>1,398,614</u>	<u>1,488,571</u>	<u>1,504,284</u>	<u>546,883</u>

(1) Not available

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Other Information (Unaudited)**  
**Year Ended June 30, 2020**

---

**Average Daily Scheduled Flights:**

Airline	2016		2017		2018		2019		2020	
	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total
Allegiant Air	4	4.00%	3	3.00%	2	2.11%	2	1.98%	2	2.33%
American	26	26.00%	24	24.20%	24	25.26%	28	27.72%	26	27.73%
Delta	16	16.00%	17	17.20%	15	15.79%	15	14.85%	12	13.95%
Southwest	25	25.00%	27	27.30%	26	27.37%	25	24.75%	22	25.58%
United	29	29.00%	28	28.30%	27	28.42%	30	29.70%	24	27.91%
Other	-	0.00%	-	0.00%	1	1.05%	1	0.99%	-	0.00%
	<u>100</u>	<u>100.00%</u>	<u>99</u>	<u>100.00%</u>	<u>95</u>	<u>100.00%</u>	<u>101</u>	<u>100.00%</u>	<u>86</u>	<u>100.00%</u>

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Other Information (Unaudited)**  
**Year Ended June 30, 2020**

**Airline Enplaned Passengers:**

Airline	2016		2017		2018		2019		2020	
	Number	% of Total								
Allegiant Air	42,882	3.13%	56,979	4.13%	56,095	3.92%	54,152	3.59%	42,761	3.91%
American	293,879	21.48%	336,958	24.41%	333,806	23.33%	318,662	21.11%	237,009	21.68%
American / Compass	-	0.00%	-	0.00%	-	0.00%	5,790	0.38%	15,778	1.44%
American Eagle / Envoy	39,387	2.88%	19,456	1.41%	9,167	0.64%	21,129	1.40%	11,748	1.07%
American/ Express Jet	22,280	1.63%	8,190	0.59%	-	0.00%	-	0.00%	-	N/A
American /Mesa /Envoy	15,739	1.15%	12,582	0.91%	28,937	2.02%	48,848	3.24%	62,710	5.74%
American / PSA / US Airways	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	N/A
American / US Airways	42,385	3.10%	45,931	3.33%	32,367	2.26%	23,480	1.56%	14,681	1.34%
American/ SkyWest	-	0.00%	2,467	0.18%	8,284	0.58%	535	0.04%	439	0.04%
Delta	107,113	7.83%	100,063	7.25%	112,414	7.86%	101,820	6.75%	77,515	7.09%
Delta Connection / ASA/ Express Jet	40,665	2.97%	47,812	3.46%	32,250	2.25%	5,879	0.39%	-	N/A
Delta Connection / Compass	1,096	0.08%	3,578	0.26%	-	0.00%	64	0.00%	72	0.01%
Delta / GoJet	-	0.00%	-	0.00%	-	0.00%	505	0.03%	-	N/A
Delta /Pinnacle/Endeavor	3,879	0.28%	5,629	0.41%	2,240	0.16%	43,110	2.86%	28,647	2.62%
Delta Connection / SkyWest	37,421	2.73%	35,693	2.59%	58,295	4.07%	62,697	4.15%	41,642	3.81%
Frontier	-	0.00%	-	0.00%	19,545	1.37%	43,876	2.91%	10,872	0.99%
Miami Air	-	0.00%	272	0.02%	348	0.02%	-	0.00%	168	0.02%
Southwest	461,705	33.74%	454,881	32.96%	486,535	34.00%	497,107	32.93%	354,720	32.45%
Sun Country / MN Airlines	2,377	0.17%	1,992	0.14%	1,418	0.10%	1,504	0.10%	1,014	0.09%
United	44,506	3.25%	48,970	3.55%	33,421	2.34%	66,273	4.39%	39,385	3.60%
United / Air Wisconsin	-	0.00%	-	0.00%	3,885	0.27%	12,609	0.84%	5,094	0.47%
United Express / Express Jet	96,252	7.03%	94,854	6.87%	61,202	4.28%	70,527	4.67%	40,423	3.70%
United Express / GoJet	20,765	1.52%	21,313	1.54%	19,884	1.39%	15,482	1.03%	12,684	1.16%
United Express / Mesa	38,057	2.78%	17,128	1.24%	38,963	2.72%	41,403	2.74%	23,533	2.15%
United Express/ Republic	-	0.00%	20,498	1.49%	30,218	2.11%	9,375	0.62%	7,991	0.73%
United Express / SkyWest	41,347	3.02%	33,912	2.46%	57,828	4.04%	43,319	2.87%	46,842	4.29%
United Express / Trans State	15,729	1.15%	10,402	0.75%	2,731	0.19%	18,915	1.25%	17,076	1.56%
Via Air	-	0.00%	-	0.00%	520	0.04%	1,836	0.12%	-	N/A
Other	836	0.06%	739	0.05%	556	0.04%	556	0.04%	315	0.03%
	<u>1,368,300</u>	100.00%	<u>1,380,299</u>	100.00%	<u>1,430,909</u>	100.00%	<u>1,509,453</u>	100.00%	<u>1,093,119</u>	100.00%

**Tulsa Airports Improvement Trust**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**Other Information (Unaudited)**  
**Year Ended June 30, 2020**

**Airline – Air Cargo Landed Weight (in pounds):**

Airline / Air Cargo Carrier	FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
	Pounds	% of Total								
Allegiant Air, LLC	42,722,015	2.18%	59,111,065	2.93%	56,879,128	2.62%	54,937,404	2.39%	48,578,590	2.54%
American	352,657,500	17.97%	398,264,600	19.76%	399,341,523	18.42%	417,147,318	18.11%	330,462,916	17.30%
American / Compass	-	N/A	-	N/A	-	N/A	6,745,500	0.29%	20,836,100	1.09%
American Eagle / Envoy	44,145,231	2.25%	20,491,343	1.02%	38,342,870	1.77%	66,526,710	2.89%	87,761,650	4.60%
American / Express Jet	23,687,292	1.21%	9,626,554	0.48%	-	N/A	67,000	0.00%	-	N/A
American / Envoy / Mesa	20,633,000	1.05%	14,077,000	0.70%	11,808,000	0.54%	25,528,800	1.11%	17,001,100	0.89%
American / SkyWest	-	N/A	4,002,000	0.20%	11,319,000	0.52%	1,340,000	0.06%	670,000	0.04%
American / US Airways	48,805,000	2.49%	51,906,800	2.58%	41,906,500	1.93%	28,702,900	1.25%	18,808,800	0.98%
Compass	-	N/A	-	N/A	74,950	0.00%	-	N/A	-	N/A
Delta	134,310,600	6.85%	125,777,300	6.24%	136,666,800	6.30%	118,601,320	5.15%	103,931,919	5.44%
Delta / Compass	-	N/A	5,144,223	0.25%	-	N/A	-	N/A	-	N/A
Delta Connection (ASA) (Express Jet)	51,082,900	2.60%	62,842,800	3.12%	38,355,200	1.77%	6,566,000	0.29%	-	N/A
Delta Connection (Compass)	1,275,143	0.06%	-	N/A	-	N/A	75,177	0.00%	89,000	0.00%
Delta (Pinnacle) (Endeavor)	5,473,100	0.28%	8,082,700	0.40%	3,023,000	0.14%	50,951,400	2.21%	35,348,400	1.85%
Delta / Republic	-	N/A	-	N/A	74,957	0.00%	670,000	0.03%	-	N/A
Delta Connection (SkyWest)	45,409,200	2.31%	45,298,500	2.25%	76,463,324	3.53%	80,631,893	3.50%	58,792,879	3.08%
Frontier	-	N/A	-	N/A	23,294,029	1.07%	48,781,434	2.12%	9,982,301	0.52%
Southwest	556,814,000	28.37%	581,014,000	28.83%	606,890,000	28.00%	600,816,000	26.08%	496,144,000	25.98%
Sun Country / Mn Airlines	6,307,500	0.32%	6,002,700	0.30%	4,139,500	0.19%	5,413,100	0.23%	5,086,300	0.27%
United	67,996,200	3.46%	76,639,000	3.80%	48,948,100	2.26%	94,326,500	4.10%	57,018,600	2.99%
United / Air Wisconsin	-	N/A	-	N/A	3,995,000	0.19%	14,382,000	0.62%	6,110,000	0.32%
United Express / Express Jet	100,204,680	5.11%	98,844,210	4.90%	63,630,842	2.94%	73,297,994	3.18%	49,613,330	2.60%
United Express / GoJet	23,919,000	1.22%	25,929,000	1.29%	25,594,000	1.18%	18,023,000	0.78%	23,992,000	1.26%
United Express / Mesa	51,456,300	2.62%	22,395,100	1.11%	49,583,800	2.29%	57,448,300	2.49%	37,256,600	1.95%
United Express / Republic	-	N/A	28,518,630	1.41%	40,584,250	1.87%	13,613,040	0.59%	12,055,680	0.63%
United Express / SkyWest	46,724,800	2.38%	37,798,100	1.87%	63,418,000	2.93%	49,633,500	2.16%	54,760,500	2.87%
United Express / Transtates	18,102,600	0.92%	11,683,150	0.58%	2,866,500	0.13%	19,773,270	0.86%	18,071,300	0.95%
US Airways Charter	-	N/A								
Other Non-Sig Passenger Carriers	3,377,230	0.17%	5,176,698	0.26%	4,313,762	0.20%	10,690,661	0.46%	2,181,850	0.11%
Air Transport	-	N/A	-	N/A	86,413,000	3.99%	93,060,000	4.04%	40,675,000	2.13%
Ameriflight	7,933,046	0.41%	9,021,420	0.45%	1,250,000	0.06%	11,300	0.00%	1,645,200	0.09%
Federal Express	199,551,300	10.17%	187,344,900	9.30%	193,309,300	8.92%	197,361,700	8.57%	184,344,900	9.65%
Federal Express / Empire	9,746,492	0.50%	11,719,267	0.58%	17,409,840	0.80%	16,179,996	0.70%	15,360,765	0.80%
Federal Express / Mountain Air Cargo	202,616	0.01%	-	N/A	166,456	0.01%	94,136	0.00%	47,068	0.00%
Martinaire	4,454,000	0.23%	4,292,500	0.21%	4,309,500	0.20%	4,080,000	0.18%	4,284,000	0.22%
Surburban Air	-	N/A	-	N/A	3,381,000	0.16%	4,073,300	0.18%	4,121,600	0.22%
UPS	88,398,720	4.50%	99,767,200	4.95%	103,816,960	4.79%	111,087,280	4.82%	126,080,800	6.60%
Other Cargo Carriers	7,056,364	0.36%	4,628,798	0.23%	6,174,992	0.28%	12,961,930	0.56%	38,630,806	2.02%
<b>Totals</b>	<b>1,962,445,829</b>	<b>100.00%</b>	<b>2,015,399,558</b>	<b>100.00%</b>	<b>2,167,744,083</b>	<b>100.00%</b>	<b>2,303,599,863</b>	<b>100.02%</b>	<b>1,909,743,954</b>	<b>100.00%</b>



[THIS PAGE INTENTIONALLY LEFT BLANK]

**UNAUDITED JUNE 30, 2021 INTERIM  
FINANCIAL STATEMENTS**

TAIT has reported to the Airport Trustees the un-audited fiscal year 2021 results of operations. While TIA saw a slow start to the fiscal year like many airports, TIA has experienced an increase in activity which resulted in increased revenues from March 2021 through June 30, 2021. This resulted in preliminary revenue numbers being recorded at 0.29% higher than budget. Fiscal year 2021 unaudited actual revenue of \$32,829,633 versus fiscal year 2021 budget revenues of \$32,736,202 netted an increase of \$93,431 in revenue over budget.

TAIT reduced its operating expense budget by approximately 3.96% from fiscal year 2020 of \$25,763,198 to fiscal year 2021 of \$24,743,243, a \$1,019,955 reduction. TAIT implemented a few expense reduction measures such as contracting the Airfield Rescue and Fire Fighting (ARFF) service from the City of Tulsa to Pro-Tec Fire Services, a private contractor, reducing the expense by approximately \$1 million annually. That, coupled with a more cost-conscious approach, allowed preliminary fiscal year 2021 operating expenses to come in at \$19,855,101, or 20% below budget of \$24,743,243, a reduction in preliminary operating expenses versus budget of about \$4.9 million.

The financial information as of and for the year ended June 30, 2020 is derived from the audited financial statements contained in Appendix B. The unaudited financial information as of and for the year ended June 30, 2021 has been prepared by management and RSM US LLP, our independent auditor, has not been engaged nor have they performed any procedures on this information.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**Tulsa Airports Improvement Trust**  
**Unaudited Statement of Net Position**  
**For the Twelve Months ending 6/30**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 30,725,303	\$ 18,208,474
Cash and cash equivalents - restricted	1,121,349	719,697
Investments	(66,082)	202,804
Investments - restricted	688,600	1,344,572
Receivables		
Trade, less allowance for doubtful accounts	1,040,184	2,217,803
Customer facility charges receivables	229,328	126,588
Grants receivable	3,977,975	4,535,019
Inventory	1,664,929	1,392,149
Accrued interest receivable	30,430	42,011
Other Current assets	281,680	354,328
Total current assets	<u>39,693,696</u>	<u>29,143,445</u>
<b>Noncurrent assets</b>		
Cash and cash equivalents - restricted	10,915,773	10,549,841
Investments	3,800,000	
Investments - restricted	17,410,937	22,174,777
Passenger facility charges receivable - restricted	192,152	192,152
Accrued interest receivable - restricted		
Non-depreciable capital assets	151,983,134	151,511,782
Depreciable capital assets, net	245,909,072	254,762,915
Advance to primary government	847	128,097
Total noncurrent assets	<u>430,211,915</u>	<u>439,319,564</u>
Total assets	<u>469,905,611</u>	<u>468,463,009</u>
<b>Deferred outflows of resources</b>		
Deferred charges on refunding	6,428,331	7,004,445
Pension related amounts	2,258,789	2,258,789
Total deferred outflows of resources	<u>\$ 8,687,120</u>	<u>\$ 9,263,234</u>

**Tulsa Airports Improvement Trust**  
**Unaudited Statement of Net Position, continued**  
**For the Twelve Months ending 6/30**

	<u>2021</u>	<u>2020</u>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,628,432	\$ 1,587,709
Accounts payable - restricted	2,790,102	1,513,706
Customer deposits - restricted	48,816	33,864
Current portion of vested compensated absences	191,174	191,174
Unearned revenue	303,888	675,947
Litigation settlement	0	28,666
Current portion of notes, bonds and capital lease obligation	8,133,639	8,689,710
Accrued interest payable - restricted	581,448	618,033
Total current liabilities	<u>13,677,499</u>	<u>13,338,809</u>
<b>Noncurrent liabilities</b>		
Vested compensated absences	866,428	866,428
Net pension liability	15,174,308	15,174,308
Litigation settlement		
Notes and bonds payable, net - restricted	149,787,817	158,389,047
Total noncurrent liabilities	<u>165,828,553</u>	<u>174,429,783</u>
Total liabilities	<u>179,506,052</u>	<u>187,768,592</u>
<b>Deferred inflows of resources:</b>		
Pension related amounts	<u>305,788</u>	<u>305,788</u>
<b>Net position</b>		
Invested in capital assets, net of related debt	260,177,724	268,829,877
Restricted for		
Operations	6,603,955	6,224,463
Debt service	707,426	796,362
Capital projects	5,701,409	2,982,115
Other purposes	183,048	183,002
Total restricted net assets	<u>13,195,838</u>	<u>10,185,942</u>
Unrestricted	25,723,792	10,636,042
Total net position	<u>\$ 299,097,354</u>	<u>\$ 289,651,861</u>

**Tulsa Airports Improvement Trust**  
**Unaudited Statement of Revenues, Expenses and Changes in Net Position**  
**for the 12 months ending 6/30**

	<b>2021</b>	<b>2020</b>
<b>Operating revenue</b>		
<b>Aeronautical operating revenue</b>		
Landing fees - sig, nonsig and military joint use fees	\$ 5,945,777	\$ 7,004,374
Passenger airline terminal revenue - sig and nonsig	6,783,068	6,320,315
Other aeronautical revenue	4,331,889	4,535,514
<b>Total aeronautical revenue</b>	<b>17,060,734</b>	<b>17,860,203</b>
<b>Non-aeronautical operating revenue</b>		
Terminal Revenues	1,748,659	2,592,855
Rental car revenues	3,989,689	4,436,932
Parking revenues	5,441,823	7,341,607
Other non-aeronautical revenue	1,152,872	1,242,139
<b>Total non-aeronautical operating revenues</b>	<b>12,333,044</b>	<b>15,613,533</b>
<b>Revenue from R. L. Jones, Jr. Airport</b>	<b>1,177,142</b>	<b>1,131,682</b>
<b>Total operating revenues</b>	<b>30,570,920</b>	<b>34,605,418</b>
<b>Operating expenses</b>		
Personnel compensation and benefits	10,830,822	13,230,387
Service contracts	5,222,075	6,412,548
Materials, equipment & supplies	962,367	1,563,852
Utilities & communications	1,501,646	1,613,812
Insurance, claims & settlements	613,405	493,598
Other	724,786	1,080,371
<b>Total operating expenses, excluding depreciation</b>	<b>19,855,101</b>	<b>24,394,568</b>
<b>Net operating income (loss) before depreciation</b>	<b>10,715,819</b>	<b>10,210,850</b>
<b>Depreciation</b>	<b>17,960,327</b>	<b>17,224,860</b>
<b>Net operating income (loss)</b>	<b>(7,244,508)</b>	<b>(7,014,010)</b>
<b>Nonoperating revenues (expenses), net</b>		
Investment income	245,200	983,176
Net (decrease) increase in fair value of investments	(508,128)	16,902
Interest expense	(7,378,444)	(7,872,673)
Amortization of bond discount/premium	(108,528)	(300,528)
Bond issuance cost	(47,625)	(422,435)
Passenger facility charges	2,830,297	4,201,340
Customer facility charges	2,037,296	2,651,728
Noncapital grants	17,017,794	4,290,058
Gain or (loss) on sale of capital assets	(15,580)	(43,145)
Other, net	10,674	58,548
<b>Net nonoperating revenues (expenses)</b>	<b>14,082,956</b>	<b>3,562,971</b>
<b>Capital contributions and grants</b>		
Federal grants	2,606,927	12,849,456
State grants	118	395,113
<b>Total capital contributions and grants</b>	<b>2,607,045</b>	<b>13,244,569</b>
<b>Increase in net position</b>	<b>\$ 9,445,493</b>	<b>\$ 9,793,530</b>

[THIS PAGE INTENTIONALLY LEFT BLANK]

**SUMMARY OF CERTAIN PROVISIONS OF  
THE AIRPORT-AIRLINE USE AND LEASE AGREEMENTS**

Each Airline with which the Airport Trustees have entered into a separate Airport-Airline Use and Lease Agreement is hereinafter referred to as a “Signatory Airline”. All Airport-Airline Use and Lease Agreements are substantially identical, with the principal difference being the amount of space leased and thus the specific dollar amount of rentals payable thereunder.

The following is a summary of certain provisions of the Airport-Airline Use and Lease Agreements. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to all of the terms and provisions of the Airport-Airline Use and Lease Agreements, copies of which are available for inspection at the principal offices of the Airport Trustees and the Bond Trustee. Capitalized words or phrases have the meanings given such words or phrases in the Airport-Airline Use and Lease Agreements. The Airport-Airline Use and Lease Agreements are sometimes referred to, both in this summary and in this Official Statement, merely as “Use and Lease Agreements”. The definitions of words and phrases in the Use and Lease Agreements do not necessarily correspond with the definitions of similar words and phrases in the Bond Indenture and the Lease.

**Term**

Each Use and Lease Agreement is for a term beginning July 1, 2019 and continuing until June 30, 2024, unless otherwise terminated in accordance with its terms. Pursuant to each Use and Lease Agreement, each Signatory Airline, upon the consent of the Airport, has the option to extend the term of its Use and Lease Agreement for two additional three-year terms, or to June 30, 2030. Notwithstanding the expiration of the term of the Use and Lease Agreements, the rate covenants of the Airport Trustees contained in the Bond Indenture will continue to be effective. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenant as to Rates, Rentals, Fees and Charges”.

**Use of Airport and Related Facilities**

Each Signatory Airline is entitled to use of the Airport in common with others authorized to do so. Such use includes the right (i) to use facilities, equipment and improvements at the Airport for the operation of an Air Transportation Business for the carriage by Aircraft of persons, cargo or property as a common airline for compensation or hire, or the carriage of mail, by Aircraft, in commerce (ii) to land, take-off, load, unload, repair, condition, service, park and store Aircraft and other equipment; (iii) to hire and train personnel; and (iv) to purchase gasoline, fuel, lubricating oil, grease, food and any other materials and supplies. A Signatory Airline's space is characterized as its Leased Premises, which includes its Exclusive Use Premises, its Preferential Use Premises and its Ramp Premises. As indicated by its designation, Exclusive Use Premises is that portion of its Leased Premises which the Signatory Airline has exclusive use of under the Use and Lease Agreement, such as Ticket Counter Positions, operations areas, and training offices. Preferential Use Premises means Gate Positions within a Signatory Airline's Leased Premises which the Signatory Airline has Preferential Use of under its Use and Lease Agreement, but the Airport Trustees have the right to reassign one or more of such Gate Positions to another Signatory Airline if (i) the Airport Trustees determine that there is a reasonable need for the preferential use of such Gate Position(s) by another Signatory Airline and (ii) certain gate utilization rates are not met by the Signatory Airline already holding such Gate Positions.

**Terminal Rents**

Terminal Rents are calculated according to a typical commercial compensatory methodology. A typical commercial compensatory methodology provides for an allocation of the Terminal total operating expense over the square feet of four different classes of leasable space. Class 1 space (ticket counters, holdrooms and upper level offices) is \$96.88 per square foot; Class 2 space (ticket counter offices, baggage claim area, baggage claim offices) is \$72.66 per square foot; Class 3 space (Airline operations space, baggage makeup area) is \$48.44 per square foot; and Class 4 space (unenclosed lower level space) is \$24.22 per square foot. The amount of Terminal Rents,

including baggage fees, the Signatory Airlines are required to pay in Fiscal Year 2019 were capped, in the aggregate among all Signatory Airlines, at \$5.0 million. The current Airport-Airline Use and Lease Agreement does not contain a cap on Terminal Rents. Under the terms of the current Airport-Airline Use and Lease Agreement, Terminal Rents will not increase during the primary term, beginning July 1, 2019 through June 30, 2024. During the extended terms (after June 30, 2024), Terminal Rental Rates may be adjusted annually.

### **Revenue Sharing**

The revenue sharing component of the Airport-Airline Use and Lease Agreement is based upon Airport liquidity (“Days of Cash”) thresholds. The first threshold is met when the Airport reaches 365 Days of Cash. When the Airport reaches this threshold, the revenue share to the Signatory Airlines will be 10% of net revenues. As the Days of Cash thresholds go up (400 days, 487 days, 609 days, 730 days) the net revenue share scales up in increments of 25%, 30%, 40% and 50%, respectively. The maximum threshold is 730 Days of Cash. Provided the threshold for liquidity is met in any given fiscal year, the revenue share is allocated to each signatory based upon their market share at the Airport.

The previous Airport-Airline Use and Lease Agreement provided for a straight 50% net revenue share to the Signatory Airlines.

### **Landing Fees**

Each Signatory Airline is also required to pay a landing fee based on landings of Aircraft at the Airport. For each landing by a Signatory Airline at the Airport it is assumed that the weight of the Aircraft is the maximum certificated gross landed weight, in 1,000 pound units, as stated in the flight operations manual for such aircraft (the "Maximum Landed Weight"). The amount Signatory Airlines are required to pay in Fiscal Year 2019 were capped, in the aggregate amount all Signatory Airlines at \$6.5 million. The current Airport-Airline Use and Lease Agreement, effective July 1, 2019, does not contain a cap on Landing Fees. The monthly Landing Fee owed by an Airline is based on the Maximum Landed Weight of each Revenue Aircraft Arrival landing at the Airport. The Landing Fee for Fiscal Year 2020 is \$3.62 per 1,000 pounds of Gross Maximum Landed Weight, which is the same as the Year 2019 rate.

### **Extraordinary Coverage Protection**

Under the Use and Lease Agreement, the “Extraordinary Coverage Protection” provision allows the Airport Trustees to adjust the Terminal Rental Rates, Signatory Passenger Airline Loading Bridge Rental Rates and Signatory Landing Fee Rates upon thirty (30) days’ written notice if the Airport Trustees estimate it will not meet the Rate Covenant requirements for any Fiscal Year during the term of the Use and Lease Agreement.

### **Rentals, Charges and Landing Fees for Non-Signatory Airlines**

Non-Signatory Airlines pay a premium over the Terminal Rents, Per Turn Common Use Gates Rents, Baggage System fees, and Jet Bridge Maintenance Fees for any given fiscal year applicable to Signatory Airlines for the use of Common Use Gates. In addition, the Non-Signatory Landing Fee Rate included a twenty five percent (25%) premium over the Signatory Landing Fee Rate.

### **Agreement Not to Offer More Favorable Terms**

During the term of the Use and Lease Agreements, the Airport Trustees are not permitted to enter into any agreement with any other airline containing materially more favorable terms than those provided in the Use and Lease Agreements or grant to any airline providing Scheduled Service at the Airport rights or privileges with respect to the Airport that are not accorded a Signatory Airline under its Use and Lease Agreement, unless the same rights, terms and privileges are concurrently made available to such Signatory Airline.

## **Capital Expenditures**

The Use and Lease Agreements includes a “pre-approved” capital improvement program. In addition to the Capital Projects included in the pre-approved capital improvement program, the Airport Trustees may include increased expenses of up to 10% over the pre-approved Capital Projects during the primary term. During any extended term of the Use and Lease Agreement, any new Capital Project with a net cost (i.e., gross costs less any federal or State grants or PFC revenues) to TAIT of less than \$1,000,000, may be included in Signatory Airlines’ Rents, and as long as the sum of all capital expenditures for new Capital Projects in a Fiscal Year do not exceed Five Million and 00/100 (\$5,000,000) Dollars, may be added to Signatory Airlines’ Rent. The upper amount may be adjusted annually based on the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average All Items Index beginning July 2020.

Future proposed Capital Projects which exceed the threshold annual allowances and are not otherwise exempt, must follow the Signatory Airline Consultation Process, under which Capital Projects are deemed approved by the Signatory Airlines unless they are specifically disapproved by a Majority-in-Interest.

## **Maintenance and Operation of Airport**

The Airport Trustees shall use reasonable efforts to efficiently maintain and operate the Airport in an orderly, clean, neat, safe and sanitary condition and in a state of reasonably good repair consistent with airports of similar size. In addition, the Airport Trustees must maintain and operate the Airport facilities to conform to the requirements of the FAA, TSA and other governmental agencies and regulatory authorities having jurisdiction over the Airport. The Airport Trustees must also use their reasonable efforts to keep the Airport and its approaches free from obstruction, congestion and interference for the safe, convenient and proper use of the Airport by the Signatory Airlines.

## **Damage or Destruction; Insurance; Indemnity**

In the event that any improvements owned by the Airport Trustees or the City on a Signatory Airline's Leased Premises are partially or totally damaged by fire, explosion, the elements, public enemy or other similar casualty for which such Signatory Airline is not responsible:

(i) If the damage directly or indirectly affects its use of its Leased Premises but does not render such space untenantable, the damage must be repaired with due diligence by the Airport Trustees at the expense of the Airport Trustees with no rent abatement.

(ii) If the damage renders its Leased Premises or any portion thereof untenantable but capable of being repaired, it must be repaired with due diligence by the Airport Trustees at the expense of the Airport Trustees. Rents shall be paid up to the date of such damage and thereafter will abate until such time as the space or such portion thereof is restored to usable condition by the Airport Trustees.

(iii) If the damage renders its Leased Premises or any portion thereof untenantable and incapable of being repaired, the Airport Trustees must notify the Signatory Airline of the projected time required for the repair within a period of sixty (60) days from the date of the damage, but the Airport Trustees are under no obligation to replace or reconstruct such Leased Premises or portion thereof. Rents payable with respect to such space must be proportionally paid up to the date of such damage and thereafter will abate until replacement or reconstructed space is available for use by the Signatory Airline. If the damaged space has not been restored to usable condition for the Signatory Airline, or the Airport Trustees are not diligently pursuing such restoration within twelve (12) months after the date of the damage or destruction, the Signatory Airline will have the right to terminate the Use and Lease Agreement only to the extent it relates to the damaged space as of the date of damage or destruction.

Each Signatory Airline must carry and keep in force (i) commercial general liability, bodily injury and property damage insurance by an insurance company authorized and qualified to do business in the State of Oklahoma in an amount not less than \$300,000,000 combined single limit; (ii) auto liability insurance in an amount

not less than \$3,000,000 combined single limit; (iii) employer's liability insurance in an amount not less than \$1,000,000 and (iv) workers' compensation insurance as required by law.

Each Signatory Airline must indemnify, protect, defend and hold completely harmless the Airport Trustees, the Authority and the City, and their trustees, officers, agents, volunteers and employees from and against all liability, losses, suits, causes of action, claims, judgments, expenses, penalties, fines, demands, proceedings (including, without limiting the generality of the foregoing, Worker's Compensation) or costs of any kind resulting from any accident or injury to, or death of, any person or damage to any property, including all reasonable costs for investigation and defense thereof (including attorney fees, court costs, consultant and expert fees), arising out of or alleged to arise out of the Signatory Airline's use, occupancy or operations of its Leased Premises or at the Airport, or the rights, licenses or privileges granted to it under its Use and Lease Agreement, or the acts or omissions of Signatory Airline's officers, agents, employees, contractors, subcontractors, licensees, suppliers or invitees, regardless of where the injury, death or damage may occur, except to the extent such injury, death or damage is caused by the sole negligence or willful misconduct of the Airport Trustees, the Authority and the City, and their trustees, officers, agents, volunteers and employees. The Airport Trustees must give the Signatory Airline notice of any such liability, loss, suit, claim or demand with respect to such indemnification and the Signatory Airline shall defend the same to the extent of the Signatory Airline's interest therein.

### **Assignment or Sublease**

A Signatory Airline may not assign, sublet or encumber Signatory Airline's Leased Premises without the prior written consent of the Airport Trustees, except that a Signatory Airline may (i) assign its Use and Lease Agreement or sublet the entire Signatory Airline's Leased Premises to any entity which owns all of the issued and outstanding common stock of Signatory Airline or to a wholly owned subsidiary corporation or (ii) assign its Use and Lease Agreement to (a) any entity resulting from the consolidation or merger of Signatory Airline into or with any other business organization or (b) any person, firm, corporation or other entity acquiring all of the issued and outstanding capital stock, partnership interests or membership interests (as applicable) or all or substantially all of the assets of Signatory Airline. Notwithstanding any such assignment or sublease, Signatory Airline shall remain liable to the Airport Trustees for the performance and observance of all of the terms, conditions, agreements and covenants to be performed by it under its Use and Lease Agreement.

The Airport Trustees may transfer or assign the Use and Lease Agreements to any successor-in-interest to whom the Airport may be sold or assigned; however, the successor-in-interest shall execute and deliver to the Airport Trustees, with a copy to the Signatory Airlines, an instrument assuming the obligations of the Airport Trustees and the City under the Use and Lease Agreements.

### **Defaults**

The following are events of default as to the Signatory Airlines under the Use and Lease Agreements:

1. If Signatory Airline shall fail to pay when due and owing any Rents payable under the Use and Lease Agreement, and such nonpayment shall continue for thirty (30) days after Signatory Airline's receipt of written notice;
2. If Signatory Airline shall (i) mortgage, pledge, or encumber any portion of its interest in its Use and Lease Agreement, or (ii) subject the Signatory Airline's Leased Premises to any lien or encumbrance of whatsoever nature, and in either case, such encumbrance is not discharged within sixty (60) days after the Signatory Airline becoming aware of such encumbrance;
3. If Signatory Airline shall transfer or assign, either voluntarily or by operation of law, any portion of its interest in its Use and Lease Agreement;
4. If Signatory Airline shall terminate its corporate or other legal structure, except as permitted in the Use and Lease Agreement;

5. If Signatory Airline shall fail to comply with the insurance provisions imposed by the Use and Lease Agreement;
6. If Signatory Airline shall file a petition requesting relief or instituting proceeding under any act, state or federal, relating to the subject of bankruptcy or insolvency, or an involuntary petition in bankruptcy or any other similar proceeding shall be instituted against Signatory Airline and continue for ninety (90) days; or a receiver of all or substantially all of the property or assets of Signatory Airline shall be appointed and the receiver shall not be dismissed for sixty (60) days or if Signatory Airline shall make any assignment for the benefit of Signatory Airline's creditors insofar as the enumerated remedies for default are provided for or permitted in such state or federal code;
7. If Signatory Airline shall fail to observe or perform any conditions, covenants, obligations, or requirements or terms under the Use and Lease Agreement or commits an event of default as provided in the Use and Lease Agreement and such breach, failure, or event of default shall continue remedied or uncured for thirty (30) days after written notice specifying such default, provided Signatory Airline may be granted such additional time as is reasonably required to correct any such default if Signatory Airline has instituted corrective action and is diligently pursuing the same.

Whenever an event of default by Signatory Airline shall occur and the same shall not have been cured or remedied by Signatory Airline, Airport Trustees may pursue any available right or remedy at law or equity, including termination. At their exclusive option, Airport Trustees may deliver to Signatory Airline written notice of termination, specifying the date upon which the Use and Lease Agreement will terminate. In the event of termination, Signatory Airline's rights, licenses and privileges granted pursuant to this Agreement and to possession of Signatory Airline's Leased Premises shall cease immediately. Upon termination of the Agreement, Signatory Airline shall be liable for payment of all Rents accrued through date of termination in addition to said Rents as may be payable under its Use and Lease Agreement.

In addition to all other remedies available to a Signatory Airline, the Use and Lease Agreement shall be subject to termination by a Signatory Airline, at its election, should any one or more of the following events occur:

1. The abandonment of the Airport facility for longer than sixty (60) days;
2. The issuance of an order or injunction by any court of competent jurisdiction preventing or restraining the use of the Airport facility in such a manner as to substantially restrict Signatory Airline from conducting its Air Transportation Business at the Airport, where such order or injunction was not caused by any act or omission of Signatory Airline; provided that such order or injunction remain in force of such injunction for at least sixty (60) days;
3. The breach by the Airport Trustees of any of the material terms, covenants or conditions of the Use and Lease Agreement to be kept, performed and observed by the Airport Trustees, and the failure of the Airport Trustees to remedy such breach for a period of thirty (30) days after receipt of written notice from Signatory Airline of the existence of such breach;
4. The assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of the Airport or its facilities in such a manner as to substantially restrict Signatory Airline from conducting its Air Transportation Business at the Airport if such restriction by continued for a period of sixty (60) days or more;
5. The destruction of a significant portion of the Airport or its facilities due to fire, earthquake or any other causes; or

6. If TAIT files a petition requesting relief or instituting proceeding under any act, state or federal, relating to the subject of bankruptcy or insolvency, or an involuntary petition in bankruptcy or any other similar proceeding.

### **Condemnation**

If at any time during the Term, Signatory Airline's Leased Premises or the improvements located thereon or any portion thereof shall be taken by exercise of the power of eminent domain by a governmental entity other than the Airport Trustees, the Authority, or the City, the proceeds and awards in the condemnation proceedings shall be divided, and Rents required under the Use and Lease Agreement shall be adjusted in such manner as shall be just and equitable. If the Airport Trustees and Signatory Airline are unable to agree upon a just and equitable division of proceeds and adjustment of Rents within thirty (30) days after rendition of any condemnation award, the matters then in dispute shall be submitted for determination by a court of competent jurisdiction. If Signatory Airline's Leased Premises are taken wholly by condemnation, the Use and Lease Agreement shall terminate.

### **Signatory Cargo Carrier Use and Lease Agreements**

The Airport Trustees have also entered into Signatory Cargo Carrier Use and Lease Agreements with certain cargo carriers. Each of the Signatory Cargo Carrier Use and Lease Agreements contains nearly identical provisions to those located in the Airport-Airline Use and Lease Agreements described above. In order to be eligible to enter into a Signatory Cargo Carrier Use and Lease Agreement with the Airport Trustees, a cargo carrier must also have a valid facility lease agreement with TAIT or a third party operating on the Airport to serve the Airport for at least the same term as the Signatory Airport-Airline Use and Lease Agreements. Cargo facilities are leased on a per square foot rental rate which is based on local market rates for similar type facilities. Cargo carriers also pay additional miscellaneous fees and charges applicable to the cargo carrier's activities at the Airport from a "Schedule of Rates, Fees and Charges" set forth as a schedule to such cargo carrier's Signatory Cargo Carrier Use and Lease Agreement.

## SUMMARY OF CERTAIN PROVISIONS OF THE LEASE

The following is a summary of certain provisions of the Lease between the City, acting by and through the Authority, and the Airport Trustees. Such summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to all of the terms and provisions of the Lease, as it currently exists, or as may be hereafter amended with the consent of the Airport Trustees and the City, copies of which are available for inspection at the principal offices of the Airport Trustees and the Bond Trustee. Capitalized words or phrases have the meanings given such words or phrases in the Lease. The definitions of words and phrases in the Lease do not necessarily correspond with the definitions of similar words and phrases in the Bond Indenture and the Use and Lease Agreements.

### Leased Property

Under the terms of the Lease, the City has leased to the Airport Trustees all of the City's interest, rights, duties and obligations in and to (i) the Airports, defined in the Lease to include, *inter alia*, the Tulsa International Airport, the R. L. Jones Airport and all other airports or heliports, other than police and emergency fire heliports of the City, and related facilities owned, leased or acquired by the City; (ii) all unexpired and future Use and Lease Agreements and all other unexpired leases and contracts executed or to be executed by the City and third parties regarding the Airports or any goods or services provided at the Airports; and (iii) all Airport Income, defined in the Lease as all income, revenues, and moneys derived from the operation and management of the Airports, or the furnishing and supplying of the services, facilities, and commodities thereof, and, without limiting the generality of the foregoing, shall include all income, revenues and moneys derived from the rates, rentals, fees, and charges fixed, imposed, and collected, or otherwise derived from or arising through the operation and management of the Airports, or derived from the rental of all or part of the Airports, including income derived from any Special Facility Lease (as defined in the Bond Indenture), or from the sale or rental of any commodities or goods in connection with the Airports; and (iv) all property, real or personal, tangible or intangible, together with all rights and privileges appertaining or relating thereto, which may be acquired in the name of the City for use in connection with the Airports; provided all such property, including all income therefrom, immediately upon its acquisition shall be part of the premises demised and leased under the Lease.

### Term of Lease

The original Lease by and between the City of Tulsa, Oklahoma, by and through the Tulsa Airport Authority, and the Tulsa Airports Improvement Trust was for a term commencing on October 1, 1978 and ending on June 30, 2013, or on such later date on which all Bonds of the Airport Trustees issued in connection with the Airports have been paid or provision for the payment thereof has been made (the "Term"). The Term may be extended for one extended term of 25 years, at the option of the Airport Trustees, upon complying with certain terms and conditions set forth in the Lease. On December 28, 2011, the Airport Trustees provided notice to the City of Tulsa that they did not intend to exercise the option to extend the term of the Lease but would continue to lease, occupy, operate and maintain the Airports subject to all covenants, terms, conditions, and restrictions of the Lease until the Airport Trustees Amended and Restated Bond Indenture dated November 1, 2009 and any Bonds of the Trustees issued in connection with the Airports, then in existence or issued thereafter, have been paid or provision for the payment thereof have been made. On December 23, 2013, an Amended and Restated Lease Agreement was approved by the City and the Airport Trustees for a term beginning January 1, 2014 through December 31, 2023, or such later date on which all Bonds of the Trustees issued in connection with the Airports have been paid or provision for the payment thereof has been made. TAIT has an option to extend the Term for up to four (4) periods of ten (10) years each.

## **Rent**

During the Term and any extended term of the Lease, the Trust shall pay to the City an annual rental of \$1.00 and other good and valuable consideration.

The City shall not require the Airport Trustees to pay any other rentals, assessments, fees or charges, in lieu of tax or otherwise, for the rights granted by the City to the Airport Trustees in the Lease.

## **Operation and Maintenance of the Airports**

The Airport Trustees have covenanted in the Lease to operate and maintain the Airports as a revenue-producing enterprise in the most efficient manner consistent with sound economy, public advantage and the protection of the holders of the Bonds and to assure that the Airports will be financially self-sufficient and self-sustaining. TAIT shall consult with the City of Tulsa and the Mayor's Office for large scale development projects on the TAIT leasehold that are to the benefit of TAIT and the City of Tulsa. The Airport Trustees shall operate and maintain the Airports in accordance with the requirements imposed: (i) on the Airport Trustees pursuant to the terms and conditions of the Bond Indenture, (ii) the Use and Lease Agreements, and (iii) as an airport operator, as defined by applicable federal law. Neither the City nor the Airport Trustees shall take any action which shall impede or impair the authority or the ability of the Airport Trustees to fulfill all such requirements.

The Airport Trustees have covenanted and agreed in the Lease that at all times during the Term they shall operate and maintain the Airports in such a manner so as to keep all of the properties constituting the Airports 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 Airport Trustees are authorized and empowered to make repairs, construct additions and improvements, extensions and betterments to the Airports, all of which shall be economically sound, so that at all times the business carried on at the Airports can be conducted in an efficient manner and at reasonable cost. All such repairs to and construction at the Airports shall be financed by the Airport Trustees, or otherwise paid from Airport Income.

The Airport Trustees have further agreed to develop an (a) annual Business Plan that includes annual goals and performance measures established by TAIT, including Airport financial performance, employee and tenant satisfaction, and rates and charges metric benchmarks for the industry, and (b) an annual updated property development plan. TAIT will undergo an assessment every five years by an independent Airport Consultant pursuant to Section 7.1(f) of the Tulsa Airports Improvement Trust Amended and Restated Bond Indenture, and shall file that report with the City Clerk of the City of Tulsa. The report shall include recommendations for any changes in the operation, maintenance and repair of such properties, including changes recommended in the schedule of rates, rentals, fees or charges to provide Gross Revenue sufficient to pay all amounts required under the Bond Indenture. The report will include an analysis of performance trends relative to the baseline conditions at the beginning of the 5-year cycle.

## **Additional Covenants of the Airports Trustees**

*Covenant as to Rates, Rentals, Fees and Charges; Use of Airport Income.* The Airport Trustees have covenanted to impose and revise whenever necessary a schedule of rates, rentals, privileges fees, Passenger Facility Charges, user fees and other fees and charges for the use and services of and the privileges, facilities and commodities conferred or furnished at the Airports such that the Airports will at all times be financially self-sufficient and self-sustaining and will produce Airport Income at least sufficient (i) to pay the principal of and interest and premium, if any, on all Bonds when due (whether at maturity or upon required redemption prior to maturity or otherwise); (ii) to pay when due all other claims, charges or obligations payable from the Airport income; and (iii) and to carry out all provisions and covenants of the Bond Indenture, any Special Obligation Bond Indenture and the Amended and Restated Lease Agreement.

The Airport Trustees covenant and agree to use the Airport Income at all times during the Term exclusively to serve the public and to promote the common good. In furtherance of such objectives, the Airport Trustees shall use the Airport Income: (i) to operate and maintain the Airports; and (ii) to effect additions and improvements to,

and expansions and betterments of, the Airports, and for preserving and protecting the institutional and functional integrity of the Airports in such a manner as shall be reasonably related to the promotion and development of the Airports as destinations of air commerce and as industrial or commercial site.

*Defense of Interest in Airports.* The Airport Trustees have covenanted to continually defend their interest in the Airports for the benefit of the City and the holders of all Bonds against the claims and demands of all persons. The Airport Trustees have agreed that if any defect (other than certain Permitted Encumbrances) is discovered in the title to the Airports they will promptly take such action as may be necessary or proper to remedy or cure the same on behalf of and for the benefit of the City.

*Filing and Recording of Lease; Instruments of Further Assurance.* The Airport Trustees have covenanted to perform or cause to be performed such further acts, as may be reasonable and necessary to carry out the purposes of the Lease, including the filing, registration, recording, re-filing, re-registration, or re-recording of the Amended and Restated Lease Agreement.

*To Complete Acquisitions and Constructions Promptly.* The Airport Trustees have covenanted to proceed with all reasonable dispatch to complete the acquisition and construction of any properties on or to be made a part of the Airports, the costs of which are to be paid from the proceeds of Bonds or from any other moneys held under the Bond Indenture or any Special Obligation Bond Indenture.

*Other Leases and Contracts.* The Airport Trustees have covenanted to perform and enforce all contractual obligations undertaken by TAIT under leases or agreements pertaining to or respecting the Airports.

*Employment of Competent Personnel.* The Airports Trustees have covenanted to employ competent, qualified personnel to operate and maintain the Airports and establish and enforce reasonable policies, procedures, rules, regulations and standards governing the employment of said personnel.

*Books and Accounts; Audits.* In accordance with the terms and conditions of the Bond Indenture, the Airport Trustees have covenanted to maintain and keep proper books, records and accounts of all dealings and transactions relating to the Airports. Such accounts shall show the amount of Airport Income available for the purpose of the Bond Indenture and the Lease, and the application of such Airport Income to the purposes specified in the Bond Indenture and the Lease and all financial transactions in connection therewith.

In accordance with the terms and conditions of the Bond Indenture, the Airport Trustees shall cause the financial accounts to be audited by external, independent certified public accountants or a firm of external, independent CPAs utilized by the City; provided it is understood that the CPAs so utilized shall maintain independent client responsibility to the Airport Trustees.

*Not to Encumber or Dispose of Airport Properties; Condemnation.* The Airport Trustees will not create or give, or permit to be created or given, any mortgage, lien, pledge, charge or other encumbrance upon any real or personal property constituting the Airports or upon the Airport Income and the moneys held under the Bond Indenture or any Special Obligation Bond Indenture without the prior written consent of the City and other than in compliance with the terms and conditions of the Bond Indenture and any Special Obligation Bond Indenture.

The Airport Trustees may execute leases, licenses, easements, and other agreements pertaining to the Airports according to the schedule of rates, rentals, fees and charges of the Airport, which rates, rentals, fees and charges shall be part of the Airport Income and which properties shall remain part of the Airports. Any such leasing shall be consistent with the provisions of the Bond Indenture and the Lease, and no lease may be entered into which might impair or diminish the security of and payment for the Bonds. The Airport Trustees may also enter into one or more Special Facility Leases in accordance with the provisions of the Bond Indenture.

The Airport Trustees may convey and dispose of any property which has been or which shall be purchased with Airport Income or proceeds from the issuance of Bonds, subject to the provision in the Lease requiring consents and approvals. All such conveyances and dispositions shall be in accordance with the terms and conditions of the Bond Indenture and any Special Facility Bond Indenture.

*Insurance.* The Airport Trustees will carry insurance policies payable to the Airport Trustees, the City, the corporate trustee under the Bond Indenture and the corporate trustee under any Special Obligation Bond Indenture, as their interest may appear, against risks, accidents or casualties at least to the extent required by the Bond Indenture, by any Special Obligation Bond Indenture and by the Use and Lease Agreements, and may create special funds for self-insurance against risks to the extent permitted by such agreements. The Airport Trustees may obtain any other insurance with respect to the Airports or the use and occupancy thereof that they may wish to carry or to obtain any insurance in amounts greater than those specifically provided for in the Lease. To the extent permitted by law, the Airport Trustees shall be permitted to self-insure the risks identified above.

*Payment of Taxes and Claims by the Airport Trustees.* The Airport Trustees have agreed to pay when due all taxes, assessments of other governmental charges lawfully imposed upon the Airports or upon the Airport Income, or any required payments in lieu thereof, and all lawful claims for labor, materials and supplies furnished or supplied to the Airports, and keep the Airports and the Airport Income free from judgments, mechanics' and materialmen's liens, and free from all other liens, claims, demands or encumbrances of whatsoever prior nature or character. The Airport Trustees may contest by appropriate proceedings the applicability or validity of any such tax, assessment or governmental charge or payment in lieu thereof, or any claim for labor, material or supplies for work completed or materials or supplies furnished, so long as such contest or proceeding does not impair the security or the payment of the Bonds.

*Prosecution and Defense of Suits.* The Airport Trustees will promptly take such action as may be necessary and proper to remedy or cure any defect in or cloud upon the title to the Airports (except for Permitted Encumbrances), whether now existing or hereafter developing, and will prosecute and defend all such suits, actions and other proceedings as may be appropriate for such purpose, including the defense of their leasehold interest in the Airports.

*Protection of Security.* The Airport Trustees have agreed not to take any action which might prejudice the security or the payment of the Bonds. The Airport 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 Airports. The Airport Trustees will not take any action which might impair or diminish the rights, payment or security of the Bonds.

*Compliance with Governmental Requirements; Performance of All Obligations and Covenants Under the Agreement.* The Airport Trustees have covenanted to operate and maintain the Airports to comply with all Governmental Requirements, including those required in order that Tulsa International Airport and Richard Lloyd Jones, Jr. Airport or other airport operated by TAIT, may be utilized for federally approved or allowable activity under the purview of the U.S. Department of Transportation.

## **Covenants of the City**

The City has covenanted and agreed with the Airport Trustees as follows:

*Quiet Enjoyment.* Unless the Airport Trustees shall have defaulted in their obligations under the Lease, they shall have quiet enjoyment of the Airports.

*Cooperation; Condemnation.* The City will cooperate with the Airport Trustees so that such Airport Trustees can efficiently operate the Airports and the other property leased to them under the Lease and meet all obligations payable from Airport Income in the manner and amount provided in the Lease.

The City will also, upon the written request of the Airport Trustees, at any time during the Term of the Lease, promptly institute and diligently prosecute appropriate proceedings in eminent domain to condemn such real

property and interests therein as may be necessary or appropriate, in the opinion of the Airport Trustees, to preserve and protect the institutional or functional integrity of the Airports and to promote the further development of the Airports and the City as a destination for air commerce. The costs and expenses of such proceedings and the damage awards resulting therefrom will be paid by the Airport Trustees unless otherwise agreed to by the parties to the Lease. Title to all such properties and interest so condemned will be taken in the name of the City and, upon title vesting in the City, shall be included in the premises leased to the Airport Trustees under the Lease.

*No Competing Facilities.* The City will not acquire or permit to be acquired any competing facilities unless such facilities are made a part of the Airports and the income therefrom is treated the same as Airport Income under the Lease

### **Issuance of Bonds by Airport Trustees**

The Airport Trustees have agreed to undertake additions and improvements to the Airports from time to time and finance the costs of such additions and improvements, from any available moneys of the Airport Trustees including Bonds. The Airport Trustees may (i) incur indebtedness secured by the Bond Indenture for the Airports; (ii) incur indebtedness secured by one or more Special Obligation Bond Indentures for properties subject to a Special Facility Lease as defined in the Bond Indenture; and (iii) incur subordinate lien indebtedness for any lawful purpose. The Airport Trustees may not incur any indebtedness unless the particular facilities to be financed or purpose for such borrowing and the documents securing such indebtedness are first approved by the City as required by law.

### **Title to Real Property**

All land acquired and improvements (including all additions, extensions and betterments) made by the Airport Trustees to the Airports shall be deemed property leased under the Lease, and title thereto shall vest in the City, upon completion of the project in which the land is acquired or the improvements are made. The Airport Trustees agree to execute all instruments and to take all such other actions necessary to vest title to such property in the City. All other property held or acquired by the Airport Trustees shall remain in the Airport Trustees.

### **Default; Remedies on Default**

Neither the City nor the Airport Trustees shall be in default in the performance of any of their obligations under the Lease until either party shall have failed to perform such obligations for thirty (30) days or such additional time as is reasonably required to correct any such failure of performance, after notice from the other party specifying the non-performance.

In the event of a default under the Lease, the aggrieved party may enforce its rights thereunder by appropriate judicial proceedings.

### **Miscellaneous Provisions**

*Promulgation of Rules and Regulations.* Any governmental rule or regulation with respect to the use and operation of the Airports adopted or imposed by the Airport Trustees is subject to the City's approval.

*Nondiscrimination.* The Airport Trustees shall not discriminate against any person or group of persons in any manner prohibited by any Governmental Requirement.

*Right of Ingress and Egress.* Any authorized representative of the City has the right to enter upon the premises of the Airports at any reasonable time for the purpose of inspection or for any purpose incident to the enforcement of its rights or the performance of its obligations under the Lease or in the exercise of any of its governmental functions, subject to compliance with the Airport Security Plan and all Governmental Requirements.

*Assignment or Subletting.* The City and the Airport Trustees have agreed not to assign, sell, sublease or otherwise dispose of the Lease or its or their interest, rights, duties and obligations thereunder except as provided in the Lease.

***(Remainder of Page Intentionally Blank)***

**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

The following is a summary of certain provisions of the Indenture. Such summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to all of the terms and provisions of the Indenture, copies of which are available for inspection at the principal offices of the Airport Trustees and the Bond Trustee. Capitalized words or phrases which are not defined in this Official Statement or conventionally capitalized have the meanings given such words or phrases in the Indenture. The definitions of words and phrases in the Indenture do not necessarily correspond with the definitions of similar words and phrases in the Lease and the Use and Lease Agreements.

**Definition of Certain Terms**

“*Accountant*” shall mean the independent certified public accountant or firm of independent certified public accountants of recognized standing employed by the Airport Trustees to perform the audit required by, and possessing the qualifications specified in, the Indenture.

“*Airport Improvement Fund*” shall mean the special trust fund of the Airport Trustees designated as the “Tulsa Airports Improvement Trust Airport Improvement Fund” created and established under, and to be held and administered by the Bond Trustee as provided in the Indenture.

“*Airport Special Reserve Fund*” shall mean the fund, and any accounts therein, held under the Original Bond Indenture prior to the effectiveness of the Amended and Restated Bond Indenture and eliminated as of the date of Amended and Restated Bond Indenture.

“*Bond*” or “*Bonds*” shall mean any indebtedness secured on a parity under the Indenture, 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 the Indenture including, but not limited to, any Additional Bonds issued pursuant to the Indenture at any time Outstanding, any Refunding Bonds issued pursuant to the Indenture at any time Outstanding and any Support Facility Obligation with payments due and owing to the provider of a Support Facility, but shall not include any Special Obligation Bonds as defined in the Indenture.

“*Bond Counsel*” shall mean any attorney at law or firm of attorneys selected by the Airport 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 Bond Trustee.

“*Bond Fund*” shall mean the special trust fund of the Airport Trustees designated as the “Tulsa Airports Improvement Trust Bond Fund” created and established under the Indenture, and to be held and administered by the Bond Trustee.

“*Bond Reserve Account*” shall mean the account or accounts of such name in the Bond Reserve Fund as created and described in the Indenture and a Supplemental Indenture.

“*Bond Reserve Fund*” shall mean the special trust fund of the Airport Trustees designated as the “Tulsa Airports Improvement Trust Bond Reserve Fund” created and established under, and to be held and administered by the Bond Trustee as provided in the 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.

“*Commercial Paper*” shall mean notes or other obligations of the Airport 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 Airport Trustees.

“*Commercial Paper Program*” shall mean a Program authorized by the Airport 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 Airport Trustees designated as the “Tulsa Airports Improvement Trust Construction Fund” created and established under, and to be held and administered by the Bond Trustee as provided in the 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 the 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 the 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. The Indenture provides express directions as to how Debt Service for Variable Rate Bonds, Commercial Paper and Support Facility Obligations is calculated.

“*Dedicated Revenues*” means passenger facility and other similar charges, state and/or federal grants or other moneys that are not Gross Revenues under the Indenture, but which the Airport Trustees have dedicated to pay an amount equal to 1.25 times principal of and/or interest on Bonds in the manner provided in the Indenture.

“*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 Airport Trustees as established from time to time by the Airport Trustees, which as of the date of effectiveness of the 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.

“*Governmental 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 (2) nationally recognized bond rating agencies in the highest rating category; and, in either case, are legal investments for

fiduciaries in both New York and Oklahoma. (See “Discharge of Liens and Pledges; Bonds No Longer Outstanding Under Indenture” herein).

“*Gross Revenues*” shall mean and include all income, revenues and moneys derived from the Airports by the Airport 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 (i) 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 Airport Trustees pursuant to the Indenture or otherwise derived from or arising through the operation and management of the Airports by the Airport Trustees under the Lease, or derived from the rental of all or part of the Airports or from the sale or rental of any commodities or goods in connection with the Airports; (ii) to the extent provided in the Indenture, earnings on the investment of the proceeds of Bonds; (iii) to the extent provided in the Indenture, earnings on the investment of moneys held under the Indenture and the proceeds of the sale of any such investments; and (iv) to the extent provided in the Indenture, income derived by the Airport Trustees under the Lease, or otherwise derived by the Airport Trustees and deemed Gross Revenues pursuant to the Indenture. The term “Gross Revenues” shall not include (a) moneys received as proceeds from the sale of Bonds or any other bonds, notes or evidences 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 Airports; (b) any arbitrage earnings (including any funds on deposit in the Rebate Fund) which are required to be paid to the U.S. Government; (c) the proceeds of any Support Facility, (d) passenger facility charges and state and/or Federal grants, and (e) any non-cash revenue items.

“*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 under the Indenture 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 the Indenture, such obligations of any such State or political subdivision are rated in either of the two (2) highest rating categories by two (2) 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 the 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 (2) 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 Bond Trustee) 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 Bond Trustee 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 Bond Trustee of legal title to, or the grant to Bond Trustee 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 separated 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 Bond Trustee; *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-n” 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 (2) 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.

“*Net Revenues*” shall mean Gross Revenues less Operating Expenses.

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

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

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

(iii) costs of salaries, wages and other compensation of officers and employees at the Airports 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;

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

(v) taxes, assessments and other governmental charges, or payments in lieu thereof, lawfully imposed on the Airports 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 Airports or otherwise imposed on the Airports or the operation thereof or income therefrom;

(vi) costs of utility services;

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

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

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

(x) costs of carrying out the provisions of the Indenture, including Bond 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 Airports or the Gross Revenues; and costs of recording, mailing and publication; and

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

provided, however, that (A) for the purpose of certain sections of the Indenture, 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 of the Indenture, 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 Airports leased for industrial, governmental or other non-aviation purposes.

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

"*Outstanding*" when used with respect to any Bond, shall have the construction given to such word in the Indenture.

"*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 Airport Trustees where the items described in the Indenture have been filed with the Bond Trustee, (b) wherein the Airport 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 the 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 Airport 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 Airport Trustees pursuant to the Indenture.

"*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 Airport Trustees.

"*Remarketing Agent*" shall mean any Remarketing Agent appointed by the Airport 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 Airport Trustees designated as the “Tulsa Airports Improvement Trust Revenue Fund” created and established under, and to be held and administered by the Bond Trustee as provided in the Indenture.

“*Special Facility*” shall have the meaning given such term in the Indenture.

“*Special Obligation Bond*” shall mean bonds issued pursuant to the Indenture 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 Airport 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 Airport Trustees has been paid in full and the Airport 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 the Indenture; provided, however, that the Airport Trustees may henceforth by Supplemental Indenture elect (a) to have the provisions of the 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 the Indenture and payable on a subordinate basis from Net Revenues unless specifically designated by the Airport Trustees as a “Subordinate Obligation” in a Supplemental Indenture or other written instrument.

“*Supplemental Indenture*” shall mean any indenture entered into by the Bond Trustee and the Airport Trustees pursuant to and in compliance with the provisions of the Indenture 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 the Indenture amending or supplementing the provisions of the Indenture as originally executed or as theretofore amended or supplemented.

“*Support Agreement*” shall mean the agreement, if any, entered into by the Airport 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, 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; 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 Airport 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 Estate*” shall mean the moneys, assets, agreements, contract rights, property interests and other rights and interests of the Airport Trustees granted, bargained, sold, alienated, demised, released, conveyed, transferred, assigned, confirmed, pledged with and set out into the Bond Trustee in trust by the Airport Trustees in the preambles and recitals of the Indenture after the payment of Operating Expenses.

“*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.

### **Authorization of Issuance of Bonds and Other Indebtedness**

*Bonds.* The Indenture provides for the issuance of Bonds of the Airport Trustees which may be issued from time to time in accordance with the terms and conditions of the Indenture. The Bonds, including principal thereof and interest and premium, will be payable solely from the Net Revenues of the Airport and other moneys specified in the Indenture, which are pledged and charged to the Bonds (which for purposes of this paragraph include any Support Facility Obligations related to Bonds), to 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 the Indenture. Except with respect to any account of the Bond Reserve Fund established for the benefit of only certain Bonds or as otherwise specifically provided in the Indenture, the Bonds (which for purposes of this paragraph include any Support Facility Obligations related to the Bonds) will be equally and ratably secured by the assignments, pledges and charges made or created under the Indenture 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 thereof 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 of the Indenture under which the Bonds are issued.

The Bonds are not (i) an indebtedness of the State of Oklahoma or of the City of Tulsa or of any municipality or political subdivision of the State of Oklahoma; (ii) a general obligation of the Airport Trustees or a charge upon any other revenue or assets of the Airport Trustees not specifically pledged under the Indenture; or (iii) a personal obligation of any of the Airport Trustees.

*Additional Bonds.* The Airport Trustees may issue one or more series of Additional Bonds by means of a Supplemental Indenture or Supplemental Indentures, but only upon compliance with the following conditions:

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

(2) 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 received during such period on the accrual basis of accounting plus Dedicated Revenues 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 Airport 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 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 2(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 following such 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 Indenture authorizes the issuance of Variable Rate Bonds pursuant to a Supplemental Indenture or Supplemental Indentures. The Supplemental Indenture or Supplemental Indentures providing for the issuance of such Variable Rate Bonds may provide for the Airport Trustees to obtain Support Facilities or alternate Support Facilities and enter into Support Agreements in connection therewith; to enter into Support Facility Agreements in connection therewith that provide that the Airport 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); to enter into Remarketing Agreements and appoint Remarketing Agents; 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; 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 rate or rates; to provide for the establishment of special funds and accounts in connection with the issuance of such Variable Rate Bonds; to provide for special redemption or purchase provisions for such Variable Rate Bonds; and to establish notice provisions in connection with the purchase, redemption, delivery or tender of such Variable Rate Bonds.

*Refunding Bonds.* The Airport Trustees may issue one or more series of Refunding Bonds by means of a Supplemental Indenture to refund any Outstanding Bonds.

*Subordinate Indebtedness.* The Airport Trustees may approve Supplemental Indentures which provide for the issuance of Subordinate Obligations for any corporate use or purpose of the Airport Trustees relating to the Airports 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 Airport 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.

### **Application of Bond Proceeds; Construction Fund**

The Indenture creates a Construction Fund to be held and administered by the Bond Trustee. In the event of the issuance of a series of Additional Bonds for the purposes of paying the Costs of Construction, the Airport 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 Airport 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.

*Costs of Construction.* The term "Costs of Construction" is defined in the Indenture to include, generally, all costs and expenses necessary or desirable and pertaining or incident to construction of any project, as estimated or otherwise ascertained by the Airport Trustees as specified in the Indenture.

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 upon filing with the Bond Trustee a requisition for such payment signed by an individual authorized by the Airport 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 Airport 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 the particular Construction Account and specifying the purpose and circumstances of such obligation in reasonable detail.

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

When 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 must be transferred by the Bond Trustee 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 applicable tax covenants in the Indenture.

#### **Application of Gross Revenues; Special Funds**

The Indenture creates several additional funds and accounts, all of which are to be held and administered by the Bond Trustee.

All Gross Revenues and certain other moneys are required to be set aside as collected and, except as otherwise provided in the Indenture, deposited in the Revenue Fund. The moneys in the Revenue Fund and securities in which such moneys may from time to time be invested shall be applied by the Bond Trustee, as necessary and in accordance with the budget for the Airport Trustees, to pay and provide for the payment of all current Operating Expenses. Thereafter, such funds shall be applied as follows:

FIRST: The Bond Trustee is required to deposit in the Bond Fund the Net Revenues 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, and moneys on deposit to the Bond Fund may be used solely for such purposes. Supplemental to the foregoing provisions of this paragraph, 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 the Indenture; (ii) any amounts held thereunder which, at the option and in the discretion of the Airport Trustees, may be applied to the purchase or redemption of Bonds as is permitted by the provisions of the Indenture; (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 Airport 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. The Supplemental Indenture providing for the issuance of a series of Bonds shall state whether the Bond Trustee 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 Bond Trustee, 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. Unless moneys are on deposit in the Construction Interest Account for such payment on the 25<sup>th</sup> 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 applicable Supplemental Indenture, an amount such that, if the same amount were so credited to each such Interest Account on the 25<sup>th</sup> day of each succeeding month until the next Interest Payment Date amounts on credit to each such Interest Account on the 25<sup>th</sup> 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 Bond Trustee 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.

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 Bond Trustee shall transfer from the Revenue Fund on the 25<sup>th</sup> 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 25<sup>th</sup> of each succeeding month, until the next principal payment date, amounts on credit in the Principal Account on the 25<sup>th</sup> 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 Bond Trustee 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 Bond Trustee, 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 Airport Trustees issue any Subordinate Obligations, the Airport Trustees may direct the Bond Trustee to establish such additional Funds as the Airport 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 the Indenture.

SECOND: The Airport Trustees are authorized to specify in any Supplemental Indenture that an account or accounts of the Bond Reserve Fund shall be maintained for such series of Bonds and the provisions with respect thereto or, so long as the rating on the Bonds is maintained, that no account of the Bond Reserve Fund is being created for such series of Bonds. Any account so created may be pledged to and secure one or more series of Bonds, as described in such 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 the Indenture or the applicable Supplemental Indenture. The moneys in the Bond Reserve Fund shall be used and applied by the Bond Trustee solely for the purpose of paying the principal of and interest and premium, if any, on the applicable series of 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 Bond Trustee without further authorization or direction whenever there are insufficient moneys on credit to any Interest Account or Principal Account in the Bond Fund for such purposes.

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 the Bond Trustee shall retire at maturity or 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 apply such total to such retirement or redemption.

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 Bond Trustee of a surety bond or an insurance policy payable to the Bond Trustee for the benefit of the Bondholders or a letter of credit entitling the Bond Trustee to draw on an amount equal to the difference between the Bond Reserve Requirement and the sum then to the credit of the applicable account in 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 the Indenture, 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 Airport Trustees issue Subordinate Obligations, the Airport Trustees may direct the Bond Trustee to establish such accounts as they deem necessary and proper and provide reasonable reserves for the payment of such bonds, notes, or other evidences of indebtedness, but no such deposits or credits may be made until all required deposits and credits to the Bond Fund, Operating Reserve Fund and the Bond Reserve Fund have been made.

THIRD: The moneys on deposit in the Operating Reserve Fund shall be maintained in an amount equal to one-fourth of the estimated and budgeted Operating Expenses for the then current Fiscal Year. If at the end of any Fiscal Year, moneys credited to the Operating Reserve Fund are less than the amount required, the Bond Trustee shall remedy the deficiency by depositing the appropriate amount in the Operating Reserve Fund (after making the required deposits and credits to the Bond Fund and the Bond Reserve Fund). Moneys on credit to the Operating Reserve Fund shall be applied solely for the purpose of paying Operating Expenses, or to the payment of interest, principal and premium on the Bonds if amounts on deposit in the Bond Funds, the Bond Reserve Fund and the Airport Improvement Funds are insufficient therefore, and such amounts shall be so used and applied without further authorization whenever there are insufficient moneys on deposit in the Operating Reserve Fund for such purpose.

FOURTH: At the end of each Fiscal Year, after making all required deposits and credits summarized above and deposits to any fund established for the payment of Subordinate Obligations, all remaining Net Revenues must be paid into the Airport Improvement Fund. Moneys and securities on deposit in the Airport Improvement Fund may be expended at any time and from time to time for the Costs of Construction of any capital improvement project reasonably related to the Airports, or, at the end of each Fiscal Year, to make payments into any fund or account under the Indenture, including the Revenue Fund. Money or securities paid into the Revenue Fund shall be considered as Gross Revenues for the next ensuing Fiscal Year.

If at any time the moneys and securities on deposits 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, the Bond Trustee is required to transfer to the account in the Bond Fund in which such insufficiency exists, from the Airport Improvement Fund an amount sufficient to permit the payment of the principal of and interest and premium, if any, on the Bonds when due.

### **Investment of Moneys; Rebate Fund**

Moneys in the Revenue Fund, Bond Fund and Airport Improvement Fund shall be invested and reinvested by the Bond Trustee, at the direction of the Airport Trustees, to the extent reasonable and practicable in Investment Securities so as to mature in the amounts and at the times so that the payments required to be made from such Funds may be made when due. Moneys on credit to the Bond Reserve Fund shall be invested 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 in the Construction Fund and credited to a Construction Account therein shall be invested and reinvested to the extent reasonably practicable in Investment Securities maturing in such amounts and at such times as is anticipated by the Airport Trustees that such moneys 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 Bond Trustee to the extent reasonably practicable in Investment Securities maturing in such amounts and at such times so that the transfers required to be made therefrom can be made when due. Earnings from investment of moneys on deposit in the Construction Account are to be credited to such Account during the construction period to be used and applied to the Costs of Construction and thereafter shall be transferred to the Principal Account of the Bond Fund. Moneys on deposit in the Construction Fund and credited to a Construction Interest Account therein are to be invested in Investment Securities maturing in such amounts and at such times so that the required transfers to the Interest Account in the Bond Fund to be made therefrom can be made when due. Unless the Bond Trustee is notified by the Airport Trustees to deposit earnings in the Rebate Fund pursuant to the Indenture, all earnings on and income from investments of moneys in such Funds (other than a Construction Account in the Construction Fund) shall be deposited in the Revenue Fund, for use and application as are all other moneys deposited in that Fund.

At the request of the Airport Trustees, the Bond Trustee shall establish and maintain a Rebate Fund. The Bond Trustee shall, at the direction of the Airport Trustees, create separate accounts and subaccounts within the Rebate Fund as the Airport Trustees deem necessary. At the direction of the Airport Trustees, any investment earnings in any fund created hereunder may be transferred to the Rebate Fund and held thereunder to fulfill the Airport Trustees' obligations to make rebate payments to the United States of America as required under Section 148(f) of the Code. The Bond Trustee shall make information in its possession regarding the Bonds and investments under the Indenture available to the Airport Trustees and shall make deposits and disbursements from the Rebate Fund in accordance with the written instructions received from the Airport Trustees, and shall invest the amounts held in the Rebate Fund, if any, pursuant to additional written instructions from the Airport Trustees. Anything in the Indenture to the contrary notwithstanding, the immediately preceding sentence the paragraph below may be superseded or amended by new instructions delivered by the Airport Trustees and accompanied by an opinion of Bond Counsel addressed to the Bond Trustee 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.

If a Rebate Fund is established and if a deposit is made to such Rebate Fund, the Bond Trustee shall upon receipt of written direction from the Airport 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 Bond Trustee shall, upon direction from the Airport Trustees, transfer such amount to the Airport Trustees. Records of the determinations required by this Section and the instructions must be retained by the Bond Trustee until six (6) years after the Bonds are no longer Outstanding.

## **Covenants as to Rates, Rentals, Fees and Charges**

The Airport Trustees are required to impose such schedules of rates, rentals, fees and charges for the use and services of the Airport, and to revise the same whenever necessary, and collect the income, receipts and other moneys derived therefrom, so that the Airports 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 the Indenture. Furthermore such rates, rentals, fees and charges must ensure that Dedicated Revenues plus Gross Revenues will equal at least (i) an amount equal to 125% of the 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 under the Indenture to be repaid during such Fiscal Year) held under the Indenture.

## **Additional Covenants**

Under the Indenture, the Airport Trustees have additionally covenanted as follows:

*Payment of Principal, Premium, if Any, and Interest.* The Airport Trustees will duly and punctually pay, or cause to be paid, but solely from the Net Revenues and other moneys pledged under the Indenture, the principal of and interest and premium, if any, on each and every Bond as provided in the Indenture.

*Completion of Improvements.* The Airport Trustees will proceed with all reasonable dispatch to complete the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of any properties, the costs of which are to be paid from the proceeds of Bonds or from any other moneys held under the Indenture.

*Operation and Maintenance.* The Airport Trustees will maintain, preserve, keep and operate, or cause to be maintained, preserved, kept and operated, the properties constituting the Airports (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, and will from time to time construct additions and improvements thereto which are economically sound, so that at all times the business carried on in connection therewith shall be properly and advantageously conducted in an efficient manner and at a reasonable cost.

The Airport Trustees will operate and maintain the Airports, or cause to be operated and maintained, as a revenue-producing enterprise and will manage the same in the most efficient manner consistent with sound economy and public advantage and the protection of the Bondholders and so as to assure that the Airports will be financially self-sufficient and self-sustaining.

*Negative Pledges.* The Airport Trustees will not 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 certain payments and credits from the Net Revenues to be made to the Bond Reserve Fund and to various accounts in the Bond 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 that of the Bonds and the interest thereon or to that of the funds referred to above.

The Airport 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 Airports or upon the Net Revenues and the moneys held under the Indenture, other than the liens, pledges and charges specifically created therein or specifically permitted thereby.

*Sale, Lease or Other Disposition of Property.* The Airport Trustees shall not sell, lease, sublease or otherwise dispose of all, or substantially all, of the properties constituting the Airports without simultaneously depositing in accordance with the Indenture, cash or Governmental Obligations in an amount sufficient so that no Bonds are to be Outstanding under the Indenture, except that (i) the Airport Trustees may execute leases and other agreements of or pertaining to properties constituting the Airports in connection with the operation of the Airports and in the normal and customary course of business, according to the schedule of rates, rentals, fees and charges of the Airports, and the revenues from such leasing shall be a part of the Gross Revenues and such properties shall remain part of the Airports, but any such leasing must not be inconsistent with the provisions of the Indenture and must not impair or diminish the security of and payment for the Bonds; (ii) the Airport Trustees may enter into Special Facility Leases; and (iii) the Airport Trustees may sell, sublease or otherwise dispose of any portion of the properties and facilities (real or personal) comprising a part of the Airports the disposal of which will not impede or prevent the use of the Airports or its facilities and which the Airport Trustees have determined has 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 Airport Trustees as the proceeds of any such sale, lease, sublease or other disposition of such properties will (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) become Gross Revenues and be deposited in the Revenue Fund. The deposit and redemption described in the prior sentence is not required if the Airports are transferred, in whole, to another governmental authority or public trust who assumes all obligations of the Airport Trustees and is rated no lower than the Airport Trustees at the time of transfer.

*Condemnation.* In the event any Airports properties are taken by the exercise of the power of eminent domain, the amount of the award received by the Airport Trustees as a result of such taking shall be applied to any lawful purpose consistent with the Lease as then in effect, including the redemption or purchase of the Bonds and the acquisition or construction of additional revenue-producing properties to constitute a part of the Airports.

*Insurance.* The Airport Trustees will carry insurance with responsible insurers with policies payable to the Airport 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 similar properties, including but not limited to liability, property and automobile insurance. From time to time the Airport Trustees shall seek the advice and counsel of an independent insurance consultant or consultants with respect to the insurance program of the Airports, including the placement of insurance and the establishment of its self-insurance fund or funds. All such insurance shall be taken out and maintained for the benefit of those as provided in the Indenture.

In the event of any loss or damage to the properties constituting the Airports covered by insurance or by self-insurance, the Airport Trustees will promptly repair, replace or reconstruct the damage or destroyed property; *provided* that, to the extent permitted by the Lease, no such repair, replacement or construction will be required if the Airport Trustees find that it is not in their best interest and the failure to repair, replace or reconstruct will not prevent compliance with the Indenture or impair the security or the payment of the Bonds. The Airport Trustees will apply the proceeds of any insurance policy or policies or self-insurance fund or funds as specified in the Indenture.

*Payment of Other Obligations.* The Airport 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 Airports or any part thereof or upon the Gross Revenues, or any required payment in lieu thereof, as well as all lawful claims for labor, materials and supplies furnished or supplied to the Airports or any part thereof, when the same shall become due and payable, and keep the Airports 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. However, the Airport Trustees may, in good faith, contest 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. During the period of any such contest and appeal even though such contest or proceeding may result in a judgment or lien against the Airports or any part thereof or the Gross Revenues, the Airport Trustees may permit the contested items to remain unpaid or unsatisfied 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 so long as such contest or proceeding does not impair the security or the payment of the Bonds.

*Covenant as to Security.* The Airport Trustees shall not take any actions as might prejudice the security or the payment of the Bonds according to their terms. The Airport 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 Airports. The Airport Trustees shall not take any action by which the rights, payment or security of the Bonds might be impaired or diminished.

## **Amendments**

The Bond Trustee and the Airport 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 or supplemental to the Indenture for the following purposes:

(i) providing for the issuance of Additional Bonds, Refunding Bonds or Subordinate Obligations pursuant to the provisions of the Indenture;

(ii) to make any changes or modifications or amendments, additions or deletions 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 the Indenture or any Supplemental Indenture which are technical wording corrections or are required for the purpose of curing any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained therein, or to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable;

(B) to add additional covenants and agreements of the Airport Trustees for the purpose of further securing the payment of the Bonds;

(C) to surrender any right, power or privilege reserved to or conferred upon the Airport Trustees by the terms of the Indenture;

(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 the Indenture;

(E) to grant to or confer upon the Bondholders 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 Bond Trustee for the benefit of the Bondholders any additional rights, duties, remedies, power or authority;

(F) to prescribe further limitations and restrictions upon the issuance of Additional Bonds and the incurring of indebtedness by the Airport Trustees payable from the Net Revenues;

(G) to modify in any other respect any of the provisions of the 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 agencies; *provided* that such modifications shall have no material adverse effect as to any Bond or Bonds which are then Outstanding;

(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 Airport Trustees and funded after the deposits in the Revenue Fund, the Bond Fund, the Bond Reserve Fund and the Operating Reserve Fund.

With the consent of the holders of not less than sixty percent (60%) of the Bonds then Outstanding, the Airport Trustees and the Bond Trustee may amend the provisions of the Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture or any Supplemental Indenture, or modifying or amending the rights and obligations of the Airport Trustees and the Bond Trustee under the Indenture, or modifying in any manner the rights of the holders of the Bonds then Outstanding; *provided* that without the specific consent of the holder of each Bond affected thereby, no such amendment may: (i) change the fixed maturity date for the payment of the principal of any Bond 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 redemption premium) payable upon the redemption or prepayment thereof; (ii) reduce the percentage of Bonds the holders of which are required to consent to any such Supplemental Indenture amending or supplementing the Indenture; (iii) give to any Bond or Bonds any preference over any other Bond or Bonds (except with respect to the Bond Reserve Fund); (iv) permit the creation of a mortgage or lien upon properties constituting a part of the Airport; (v) 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 by the Indenture for the payment of the Bonds; or (vi) deprive any holder of the Bonds of the security afforded by the Indenture.

#### **Events of Default; Remedies**

Under the Indenture, the happening of one or more of the following events constitutes an Event of Default:

(i) if payment of the principal of and premium, if any (or the redemption price), on any Bond is not made when due; or

(ii) if the payment of any installment of interest on any Bond is not made when due; or

(iii) if the respective monthly credits to the Principal Account in the Bond Fund with respect to a series of Bonds are not 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

(iv) unless all of the Bonds then Outstanding have been called for retirement or for redemption, if the Airport or any building, structure or facility constituting a part thereof is destroyed or damaged so as to reduce the aggregate of the Gross Revenues below the amount covenanted to be produced and maintained under the Indenture and the Airport 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 of the Indenture 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 paragraph shall require the repair, 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

(v) if the rate covenant of the Airport Trustees is not met, and at the end of the second full fiscal year after receiving the recommendations of the Airport Consultant, the Airport Trustees fail to meet the necessary coverage requirements; or

(vi) if the Airport Trustees fail in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture (other than the section relating to the rate covenant) or in any Supplemental Indenture, and such failure continues for ninety (90) days after written notice specifying such failure and requiring it to be remedied has been given to the Airport Trustees by the Bond Trustee or to the Bond Trustee and the Airport Trustees by the holders of not less than twenty percent (20%) of the principal amount of the Bonds then Outstanding or any trustee or committee therefor; *provided* that if any such failure cannot be cured or corrected within such 90-day period, it will not constitute an Event of Default under the Indenture if curative or corrective action is instituted within such period and diligently pursued until the failure of performance is cured or corrected; or

(vii) if any proceedings are instituted with the consent or acquiescence of the Airport Trustees for the purpose of effecting a composition between the Airport 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 the Indenture, or for the purpose of adjusting the claims of such creditors, pursuant to any federal or State statute now or hereafter enacted; or

(viii) if an order or decree is entered with the consent or acquiescence of the Airport Trustees or without the consent or acquiescence of the Airport Trustees and such order or decree is not vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof appointing a receiver of the Airports or any of the buildings, structures and facilities constituting a part thereof; or

(xi) 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 assumes custody or control of the Airports or of any of the buildings, structures and facilities constituting a part thereof, and such custody or control is not terminated within ninety (90) days from the date of assumption of such custody or control; or (2) any court of competent jurisdiction approves of any petition for the reorganization of the Airports or rearrangement or readjustment of the obligations of the Airport Trustees under the Indenture; or

(x) if the Airport Trustees are for any reason rendered incapable of fulfilling their obligations under the Indenture; or

(ix) if the Bond Trustee 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.

The Bond Trustee shall give written notice by mail to all the registered holders of Bonds of all Events of Default known to the Bond Trustee within ninety (90) days after the occurrence thereof, unless the Event of Default shall have been cured before the giving of such notice. However, in certain circumstances, under the Indenture, the Bond Trustee may withhold such notice if there is a good faith determination that the withholding of such notice is in the best interest of the holders of the Bonds.

Upon the occurrence of an Event of Default and at any time thereafter while such Event of Default continues, the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding or the Bond Trustee, in either case by appropriate notice, may declare the principal of all Bonds then Outstanding immediately due and payable, and such principal will thereupon become and be immediately due and payable.

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 action instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under the Indenture, moneys sufficient to make the required payment or payments shall have accumulated in the Bond Fund and if the charges, compensation, expenses, disbursements, advances and liabilities of the Bond Trustee and all other amounts then payable by the Airport Trustees under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Bond Trustee, and every other Event of Default known to the Bond Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this paragraph) shall have been remedied to the satisfaction of the Bond Trustee, 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 (i), (ii) or (iii) above, the Airport 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 Bond Trustee may, and upon the written request or direction of the holders of not less than a majority in principal amount of the Bonds then Outstanding shall, in accordance with the Indenture, rescind and annul such declaration and its consequences.

If any one or more of the Events of Default occurs and is continuing, subject to the provisions, limitations and conditions summarized above, the Bond Trustee (i) for and on behalf of the holders of the Bonds, will have the same rights under the Indenture which are possessed by any holders of the Bonds; (ii) will 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 Bond Trustee and of the holders of the Bonds recognized in any judicial proceedings relative to the Airport Trustees, their creditors or their property; 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 is required to, proceed to protect and enforce all rights of the Bondholders and the Bond Trustee under and as permitted by the Indenture and the laws of the State of Oklahoma by such means and by such appropriate judicial proceedings as are suitable or deemed by it most effective, including any actions, suits or proceedings at law or in equity or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture, or in aid of execution of any power granted in the Indenture, or to enforce any other legal or equitable right vested in the holders of the Bonds or the Bond Trustee by the Indenture or by law, or for the appointment of a receiver. The holders of not less than a majority in principal amount of the Bonds at the time Outstanding shall be authorized and empowered, after providing indemnification satisfactory to the Bond Trustee, (i) to direct the time, method and place of conducting any proceeding for any remedy to be taken by the Bond Trustee or available to the Bond Trustee or available to the holders of the Bonds, or exercising any power conferred upon the Bond Trustee under the Indenture; or (ii) 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 Bond Trustee shall waive any Event of Default and its consequences upon the written request of the holders of such majority.

No Bondholder shall have any rights to institute any action in equity or at law for the execution of any trust under the Indenture or for any other remedy under the Indenture unless such holder previously shall have given to the Bond Trustee written notice of the Event of Default on account of which such action 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 Bond Trustee after the rights to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Bond Trustee a reasonable opportunity either to proceed to exercise the powers granted under the Indenture or to institute such action, in its or their name, and the Bond Trustee 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 secured by the Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right thereunder except in the manner therein provided; that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit of all holders of such Outstanding Bonds; and that any individual rights of action or other rights given to one or more of such holders by law are restricted by the Indenture to the rights and remedies provided therein.

Notwithstanding any other provision of the Indenture, the right of any Bondholder 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 such Bondholder 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 the Indenture upon any property subject to the lien thereof.

No remedy by the terms of the Indenture conferred upon or reserved to the Bond Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy is cumulative and in addition to any other remedy given to the Bondholders under the Indenture or existing at law, in equity or by statute.

## Special Obligation Bonds and Special Facility Leases

Notwithstanding anything in the Indenture to the contrary, the Airport Trustees may enter into contracts, leases, subleases or other agreements pursuant to which the Airport 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 Airport 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. A Special Facility Lease shall be entered into between the Airport Trustees, as lessor, and the user or occupier of such Special Facility, as lessee, pursuant to which the lessee shall agree to pay the Airport 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 summary 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 Airport Trustees as a result of the Special Facility Lease and the issuance and servicing of such Special Obligation Bonds;

2. 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 1 above of this summary of Special Obligation Bonds shall provide for payment to the Airport 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 Airport Trustees; shall be free and clear of all charges under such Special Facility Lease; shall be in addition to the rentals required by subparagraph 1 above of this summary of Special Obligation Bonds, and shall constitute Gross Revenues and be paid into the Revenue Fund, to be used and applied as are other moneys deposited therein; and

3. 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 1 above of this summary of Special Obligation Bonds 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 Airport Trustees and costs associated with any related Support Facility, shall be paid to the Airport Trustees for their 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.

The term "Special Facility Lease" means a lease or sublease pursuant to which the lessee or sublessee agrees to pay to the Airport Trustees the required rentals as summarized above and to pay in addition 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 Airport Trustees pursuant to such lease or sublease (exclusive of the ground rental or additional rental in lieu thereof) shall be paid free and clear of all charges and whether or not the leased or subleased property is used and occupied, or capable of being used and occupied, by the lessee or sublessee.

Anything in the Indenture to the contrary notwithstanding, the Airport Trustees may issue Special Obligation Bonds for a Special Facility on ground then constituting part of the Airports or on ground not then constituting part of the Airports (which ground may then be owned or leased by the Airport 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 the Indenture. Such Special Obligation Bonds (i) shall be payable solely from facility rentals payable pursuant to the Special Facility Lease entered into with respect to the 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 under the Indenture; (iii) shall mature within both the useful life of the Special Facility (as estimated by the Airport 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 certain additional conditions under the Indenture have been met.

Special Obligation Bonds may be refunded by an issue of refunding Special Obligation Bonds in accordance with the provisions of the Indenture. Special Obligation Bonds may also be refunded by Additional Bonds if (i) all Special Obligation Bonds then Outstanding and unpaid pertaining to the particular Special Facility are refunded at one (1) time from such Additional Bonds or are then otherwise retired; and (ii) the conditions contained in the Indenture for the issuance of Refunding Bonds are complied with upon such refunding, and, for the purposes of any such refunding, such refunding will be considered as though the Airport 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 Airports, 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 Airport Trustees from the Special Facility for which such 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 constitute Gross Revenues, such Special Facility will, unless contrary to law, then constitute part of the Airport for all purposes of the 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 will thereafter constitute part of the Airport for all purposes of the Indenture.

#### **Discharge of Liens and Pledges; Bonds No Longer Outstanding Under the Indenture**

The obligations of the Airport Trustees under the Indenture and the liens, pledges, charges, trusts, assignments, covenants and agreements of the Airport Trustees therein made or provided for, shall be fully discharged and satisfied as to any Bond and such Bond will no longer be deemed to be Outstanding thereunder when such Bond has been cancelled, or has been purchased by the Bond Trustee from moneys in the Bond Fund held by it under the Indenture, or when payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest thereon to the due date thereof either (i) has been made or caused to be made in accordance with the terms thereof; or (ii) has been provided for by irrevocably depositing with the Bond Trustee 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, (a) moneys sufficient to make such payment, or (b) 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 Bond Trustee and the Registrar and Paying Agent pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Bond Trustee and such Registrar and Paying Agent. At such time as a Bond is deemed to be no longer Outstanding under the Indenture, such Bond will cease to draw interest from the due date thereof and, except for the purposes of any such payment from such moneys or Governmental Obligations, will no longer be secured by or entitled to the benefits of the Indenture.

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated October 1, 2021 (the “Agreement”), by and between the Trustees of the Tulsa Airports Improvement Trust (the “Issuer”) and BOKF, National Association, as Bond Trustee (the “Bond Trustee”), under an Amended and Restated Bond Indenture, dated as of November 1, 2009, as supplemented and amended by a Nineteenth Supplemental Bond Indenture dated as of December 1, 2009 (collectively the Original Bond Indenture”), as further supplemented and amended, and as further supplemented by a Thirtieth Supplemental Bond Indenture dated as of October 1, 2021 (the “Thirtieth Supplemental Bond Indenture” and, together with the Original Bond Indenture, as supplemented and amended, the “Indenture”), each between the Issuer and the Bond Trustee, is executed and delivered in connection with the issuance of the Issuer’s \$1,975,000 principal amount of the Trustees of the Tulsa Airports Improvement Trust General Airport Revenue Refunding Bonds, Series 2021A (the “Series 2021A Bonds”) and \$55,980,000 principal amount of the Trustees of the Tulsa Airports Improvement Trust General Airport Revenue Refunding Bonds, Series 2021B (Federally Taxable) (the “Series 2021B Bonds” and collectively with the Series 2021A Bonds, the “Bonds”).

Capitalized terms used in this Agreement which are not otherwise defined in the Indenture shall have the respective meanings specified above or in Article IV hereof. Pursuant to Section 6.2 of the Thirtieth Supplemental Bond Indenture, the parties agree as follows:

## ARTICLE I

The Undertaking

SECTION 1.1. Purpose. This Agreement shall constitute a written undertaking for the benefit of the holders of the Bonds, and is being executed and delivered solely to assist the Underwriter in complying with subsection (b)(5) of the Rule.

SECTION 1.2. Annual Financial Information. (a) The Issuer shall provide or cause to be provided Annual Financial Information with respect to each Fiscal Year of the Issuer, commencing with its Fiscal Year ending June 30, 2021, by no later than December 31, 2021 and each December 31 thereafter to the MSRB. In addition, the Issuer shall provide or cause to be provided its Audited Financial Statements for Fiscal Year ending June 30, 2021 by no later than December 31, 2021 to the MSRB.

Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to EMMA, the current Internet Web Site of which is [www.emma.msrb.org](http://www.emma.msrb.org).

(b) The Issuer shall provide, in a timely manner, by a date not in excess of 10 Business Days after the occurrence of any failure of the Issuer to provide the Annual Financial Information by the dates specified in subsection (a) above to the MSRB.

SECTION 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Issuer shall provide or cause to be provided Audited Financial Statements, when and if available, to the MSRB.

Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to EMMA.

SECTION 1.4. Material Event Notices. (a) If a Material Event occurs, the Issuer shall provide, or cause to be provided in a timely manner, not in excess of ten Business Days after the occurrence of the event, a notice of Material Event to (i) the MSRB and (ii) the Bond Trustee. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this

Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Indenture.

(b) Upon any legal defeasance of Bonds, the Issuer shall provide notice of such defeasance to (i) the MSRB and (ii) the Bond Trustee, which notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

(c) The Bond Trustee shall promptly advise the Issuer whenever, in the course of performing its duties as Bond Trustee under the Indenture, the Bond Trustee has actual notice of an occurrence which, if material, would require the Issuer to provide a Material Event Notice hereunder; *provided, however*, that the failure of the Bond Trustee so to advise the Issuer shall not constitute a breach by the Bond Trustee of any of its duties and responsibilities under this Agreement or the Indenture.

SECTION 1.5. Obligations. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or Material Event Notice, in addition to that which is required by this Agreement. If the Issuer chooses to do so, the Issuer shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or Material Event Notice.

SECTION 1.6. Suspension of Obligations. Anything herein to the contrary notwithstanding, the obligations to file Annual Financial Information, Audited Financial Statements, Material Event Notices and additional information pursuant to Sections 1.2, 1.3, 1.4 and 1.5 hereof may be suspended for so long as the Bonds are eligible for exception from the requirements of the Rule pursuant to Section 15c2-12(d)(1)(iii) thereof, provided that notice of such suspension is filed promptly to the extent and in the manner that otherwise would be required for Annual Financial Information, Audited Financial Statements, Material Event Notices and such additional information.

SECTION 1.7. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 1.8. Previous Non-Compliance. During the past five years, the Issuer believes that it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

## ARTICLE II

### Operating Rules

SECTION 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information (but not Material Event Notices) by specific reference to documents (i) available to the public on the EMMA Internet Web Site or (2) filed with the SEC.

SECTION 2.2. Submission of Information. Annual Financial Information may be provided in one document or a set of documents, and at one time or in part from time to time.

SECTION 2.3. Material Event Notices. Each notice of a Material Event hereunder shall indicate that it is a notice of a Material Event and shall include the CUSIP number of the Issuer or the CUSIP numbers of the Bonds.

SECTION 2.4. Dissemination Agents. The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required by the Issuer under this

Agreement, and revoke or modify any such designation. The Issuer has engaged HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., Dallas, Texas as dissemination agent under this Agreement to assist with future compliance in accordance with the terms of this Agreement.

SECTION 2.5. Transmission of Information and Notices. Unless otherwise required by law, notices, documents and information provided to the MSRB shall all be provided in an electronic format as prescribed by the MSRB (currently, portable document format (pdf) which must be word searchable except for non-textual elements) and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 2.6. Fiscal Year. (a) Annual Financial Information shall be provided at least annually notwithstanding any Fiscal Year longer than 12 calendar months. The Issuer's current Fiscal Year ends on June 30, and the Issuer shall promptly notify (i) the MSRB and (ii) the Bond Trustee of each change in its Fiscal Year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any Fiscal Year longer than 12 calendar months.

### ARTICLE III

#### Effective Date; Termination; Amendment and Enforcement

SECTION 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The obligations of the Issuer and the Bond Trustee under this Agreement shall terminate upon a legal defeasance pursuant to Article XI of the Indenture, prior redemption or payment in full of all of the Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (1) delivers to the Bond Trustee an opinion of Counsel, addressed to the Issuer and the Bond Trustee, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

SECTION 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) of this Section 3.2), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule up to the date of such amendment, as well as any change in circumstances, (3) the Issuer shall have delivered to the Bond Trustee an opinion of Counsel, addressed to the Issuer and the Bond Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have delivered to the Bond Trustee an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel or the Bond Trustee) and acceptable to the Bond Trustee, addressed to the Issuer and the Bond Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Bonds; or (ii) the holders of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of holders of Bonds pursuant to the Indenture as in effect at the time of the amendment, and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) This Agreement may be amended and any provision of this Agreement may be waived, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement, which is applicable to this Agreement, (2) the Issuer shall have delivered to the Bond Trustee an opinion of Counsel, addressed to the Issuer and the Bond Trustee, to the

effect that performance by the Issuer and the Bond Trustee under this Agreement as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule, and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(c) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the Fiscal Year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of such amendment shall be provided by the Issuer to the MSRB.

SECTION 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of (i) the holders from time to time of the Bonds, except that (ii) the Beneficial Owners of Bonds shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (i) and in subsection (ii) of this Section.

(b) The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Bonds, or by the Bond Trustee on behalf of the holders of Outstanding Bonds; or (ii) in the case of challenges to the adequacy of financial statements, financial information and operating data so provided, by the Bond Trustee on behalf of the holders of Outstanding Bonds; *provided, however,* that the Bond Trustee shall not be required to take any enforcement action except at the direction of 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 of the Indenture), who shall have provided the Bond Trustee with adequate security and indemnity satisfactory to the Bond Trustee. The holders' and Bond Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third-party beneficiary status of Beneficial Owners of Bonds pursuant to subsection (a) of this Section, Beneficial Owners shall be deemed to be holders of bonds for purposes of this subsection (b).

(c) Any failure by the Issuer or the Bond Trustee to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State of Oklahoma, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State of Oklahoma; *provided, however,* that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

(e) In case any one or more of the provisions of this Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

## ARTICLE IV

### Definitions

SECTION 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively:

(i) the financial information and operating data with respect to the Issuer for each Fiscal Year of the Issuer of the type contained in the Official Statement under the following captions:

- “AUTHORITY AND SECURITY FOR THE BONDS”;
- “GROSS REVENUES”;
- “FUNDS NOT GROSS REVENUES”;
- “DESCRIPTION OF THE AIRPORTS AND PLANNED AIRPORT IMPROVEMENTS” “— Estimated 5-Year Cost of Airports Improvements (FY2022-FY2026)”;
- “OPERATING AND FINANCIAL STATISTICS” (including the tables “Summary of Overall Airport Activities”, “Average Daily Scheduled Flights”, and “Airline and Air Cargo Landed Weight” thereunder);
- “TULSA AIRPORTS IMPROVEMENT TRUST SUMMARY OF HISTORICAL REVENUES AND EXPENSES AND DEBT SERVICE COVERAGE”;
- “APPENDIX B: Audited Financial Statements of Tulsa Airports Improvement Trust as of June 30, 2020 and for the year then ended”;

and (ii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, when and if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(1)(i) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it relates have been materially changed or discontinued, a statement to that effect may be provided in lieu of such financial information and operating data.

Nothing in this Agreement shall be deemed to impose any obligation on the Issuer to prepare or cause to be prepared audited financial statements to the extent audited financial statements of the Issuer are not required to be prepared under federal or State law as in effect from time to time.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by the State of Oklahoma or the Indenture. Audited Financial Statements shall be prepared in accordance with GAAP; *provided, however*, that the Issuer may from time to time, if required by federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(c) shall include a reference to the specific federal or State law or regulation describing such accounting principles.

(3) “Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds

through nominees, depositories, or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

(4) “*Business Day*” means any day of the year other than (a) a Saturday or Sunday, (b) any day on which banks located in Tulsa, Oklahoma or the city in which the Office of the Trustee is located are required or authorized by law to remain closed, or (c) any day on which the New York Stock Exchange is closed.

(5) “Counsel” means nationally recognized bond counsel or counsel expert in federal securities laws.

(6) “EMMA” means the Electronic Municipal Market Access system for municipal securities disclosure or any other electronic format or system prescribed by the MSRB for purposes of the Rule.

(7) “Financial Obligation” means a debt obligation; derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or a guarantee of either a debt obligation or a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation. The term financial obligation does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(8) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

(9) “Internet Web Site” means the MSRB’s Electronic Municipal Market Access (EMMA) system, presently at <http://emma.msrb.org>, or at such other place as may be designated from time to time by the MSRB.

(10) “Material Event” means any of the following events with respect to the Bonds, whether relating to the Issuer or otherwise, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) with respect to the Bonds, adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;

- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) consummation of a merger, consolidation, or acquisition involving an obligated person, or the sale of all or substantially all the assets of the obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(11) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(12) “Official Statement” means a “final official statement”, as defined in paragraph (f)(3) of the Rule.

(13) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(14) “SEC” means the United States Securities and Exchange Commission.

(15) “State” means the State of Oklahoma.

(16) “Underwriter” means RBC Capital Markets, LLC, as the representative of the underwriters and initial purchaser of the Bonds.

(17) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

## ARTICLE V

### Miscellaneous

SECTION 5.1. Duties, Immunities and Liabilities of Bond Trustee. Article VI of the Indenture is hereby made applicable to this Agreement as if this Agreement were, solely for this purpose, contained in the Indenture.

SECTION 5.2. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

TRUSTEES OF THE TULSA AIRPORTS  
IMPROVEMENT TRUST

By: \_\_\_\_\_  
Name: Joe Robson  
Title: Chair

BOKF, NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Name: Jennifer Monnot  
Title: Assistant Vice President

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

[THIS PAGE INTENTIONALLY LEFT BLANK]



## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIAL MEMBER

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

[THIS PAGE INTENTIONALLY LEFT BLANK]



